



April 17, 2026

TO: Legal Counsel

News Media

Salinas Californian

El Sol

Monterey County Herald

Monterey County Weekly

KION-TV

KSBW-TV/ABC Central Coast

KSMS/Entravision-TV

The next regular meeting of the **FINANCE COMMITTEE - COMMITTEE OF THE WHOLE** of **SALINAS VALLEY HEALTH**<sup>1</sup> will be held **MONDAY, APRIL 20, 2026, AT 4:00 P.M., HEART CENTER TELECONFERENCE ROOM, SALINAS VALLEY HEALTH MEDICAL CENTER, 450 E. ROMIE LANE, SALINAS, CALIFORNIA.**

(For Public Access Information Visit <https://www.salinasvalleyhealth.com/about-us/healthcare-district-information-reports/board-of-directors/board-committee-meetings-virtual-link/>.)

A handwritten signature in black ink, appearing to read "Allen Radner".

Allen Radner, MD  
President/Chief Executive Officer

Committee Voting Members: **Victor Rey, Jr.**, Chair, **Joel Hernandez Laguna**, Vice Chair, **Allen Radner, MD**, President/CEO, **Iftikhar Hussain**, Chief Financial Officer, and **Steven Regwan, DO**, Medical Staff Member

Advisory Non-Voting Members: Sanjeev Tandon, Community Member

**FINANCE COMMITTEE  
COMMITTEE OF THE WHOLE  
SALINAS VALLEY HEALTH<sup>1</sup>**

**MONDAY, APRIL 20, 2026, 4:00 P.M.  
HEART CENTER TELECONFERENCE ROOM**

**Salinas Valley Health Medical Center  
450 E. Romie Lane, Salinas, California**

**(Visit [SalinasValleyHealth.com/virtualboardmeeting](https://www.SalinasValleyHealth.com/virtualboardmeeting) for Public Access Information)**

**AGENDA**

1. Call to Order / Roll Call
2. Public Comment

This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on issues or concerns within the jurisdiction of this District Board, which are not otherwise covered under an item on this agenda.

3. Approve Minutes of the Finance Committee Meeting of March 23, 2026 (REY)
  - Motion/Second
  - Public Comment
  - Action by Committee/Roll Call Vote
4. Consider Recommendation for Board Approval of the Renewal of Prime Perfusion, Inc. Services Agreement (HYLAND)
  - Staff Report
  - Committee Questions to Staff
  - Public Comment
  - Committee Discussion/Deliberation
  - Motion/Second
  - Action by Committee/Roll Call Vote

<sup>1</sup>Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

5. Consider Recommendation for Board Approval of Budget Augmentation for the Brunken MRI Project and Construction Contract Award to SSB Construction (HYLAND)
  - Staff Report
  - Committee Questions to Staff
  - Public Comment
  - Committee Discussion/Deliberation
  - Motion/Second
  - Action by Committee/Roll Call Vote
  
6. Consider Recommendation for Board Approval of Commercial Purchase Agreement and Joint Escrow Instructions between Salinas Valley Memorial Healthcare System and M 2 S Inc, an Alaska Corporation, for the Purchase of 1188 Padre Drive, Salinas, California and Approval of Resolution 2026-02 Authorizing Purchase of Real Property (MILLER/MCCOY)
  - Staff Report
  - Committee Questions to Staff
  - Public Comment
  - Committee Discussion/Deliberation
  - Motion/Second
  - Action by Committee/Roll Call Vote
  
7. Financial and Statistical Review (HUSSAIN)
  
8. Review Balanced Scorecard (HUSSAIN)
  
9. FY2027 Budget Plan Review (HUSSAIN)
  
10. Adjournment

The next Finance Committee Meeting is scheduled for Tuesday, **May 26, 2026** at 4:00 p.m.

<sup>1</sup>Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

This Committee meeting may be attended by Board Members who do not sit on this Committee. In the event that a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.

The Salinas Valley Health (SVH) Committee packet is available at the Committee Meeting, electronically at <https://www.salinasvalleyhealth.com/about-us/healthcare-district-information-reports/board-of-directors/meeting-agendas-packets/2026/>, and in the SVH Human Resources Department located at 611 Abbott Street, Suite 201, Salinas, California, 93901. All items appearing on the agenda are subject to action by the SVH Board.

Requests for a disability related modification or accommodation, including auxiliary aids or Spanish translation services, in order to attend or participate in-person at a meeting, need to be made to the Board Clerk during regular business hours at 831-759-3208 at least forty-eight (48) hours prior to the posted time for the meeting in order to enable the District to make reasonable accommodations.

*CALL TO ORDER*  
*ROLL CALL*

*(Chair to call the meeting to order)*

*PUBLIC COMMENT*

**DRAFT SALINAS VALLEY HEALTH<sup>1</sup>**  
**FINANCE COMMITTEE**  
**COMMITTEE OF THE WHOLE**  
**MEETING MINUTES MARCH 23, 2026**

Committee Member Attendance:

Voting Members Present: **Victor Rey, Jr.**, Chair, **Allen Radner, M.D.**, President/CEO, **Iftikhar Hussain**, CFO

Voting Members Absent: **Joel Hernandez Laguna**, Vice Chair, **Steven Regwan, D.O.**, Medical Staff Member

Advisory Non-Voting Members Present:

In person: Clement Miller, COO, Gary Ray, CLO, Timothy Albert, MD, CCO

Via teleconference: Michelle Childs, CHRO, Carla Spencer, CNO

Other Board Members Present, Constituting Committee of the Whole:

Via teleconference: Rolando Cabrera, M.D. and Isaura Arreguin

In Person: Catherine Carson

**1. CALL TO ORDER/ROLL CALL**

A quorum was present and Chair Victor Rey, Jr., called the meeting to order at 4:01 p.m. in the Heart Center Teleconference Room.

**2. PUBLIC COMMENT:** None.

**3. APPROVAL OF MINUTES FROM THE FINANCE COMMITTEE MEETING OF FEBRUARY 23, 2026**

Approve the minutes of the February 23, 2026 Finance Committee meeting. The information was included in the Committee packet.

**PUBLIC COMMENT:** None.

**COMMITTEE MEMBER DISCUSSION:** None.

**MOTION:**

Upon motion by Committee Member Hussain, and second by Committee Member Dr. Radner, the minutes of the February 23, 2026 Finance Committee are approved as presented.

**ROLL CALL VOTE:**

Ayes: Chair Rey, Dr. Radner, Hussain;

Nays: None;

Abstentions: None;

Absent: Vice Chair Hernandez Laguna, Dr. Regwan.

**Motion Carried.**

<sup>1</sup>Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

**4. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF PROJECT FUNDING AND AWARD CONSTRUCTION CONTACT TO AVILA CONSTRUCTION FOR THE SALINAS VALLEY HEALTH RYAN RANCH SERVER ROOM DEVELOPMENT PROJECT**

Facilities Management is pursuing activities to upgrade the existing Information Technology (IT) server room and add a new backup generator at the 5 Lower Ragsdale Drive medical office building. This project will establish the infrastructure needed for the Information Technology team to eliminate costly offsite expenses. Over a 10-year period of time, this project will save the Hospital an estimate \$10MM+ paying for itself within the first 2/3 years.

A full report was included in the packet.

**PUBLIC COMMENT:** None.

**COMMITTEE MEMBER DISCUSSION:** None.

**MOTION:**

Upon motion by Committee Member Hussain and second by Committee Member Dr. Radner, the Finance Committee recommendation to Board of Directors (i) to approve the total estimated project cost for the SVH Ryan Ranch Server Room Development Project in the amount of \$3,000,000 and (ii) award construction contract to Avila Construction for SVH Ryan Ranch Server Room Development Project in the amount \$2,468,219.00.

**ROLL CALL VOTE:**

Ayes: Chair Rey, Dr. Radner, Hussain;

Nays: None;

Abstentions: None;

Absent: Vice Chair Hernandez Laguna, Dr. Regwan.

**Motion Carried.**

**5. CONSIDER RECOMMENDATION FOR BOARD CONTRACT AWARD TO VIZIENT, INC. FOR VIZIENT DATA CONNECTOR (VDC) AND CLINICAL DATA BASE (CDB)**

The Vizient, Inc. Clinical Data Base (CDB) and Vizient Data Connector (VDC) together are a powerful healthcare analytics platform that helps hospitals benchmark performance, identify improvement opportunities, and ensure regulatory compliance. By providing high -quality, transparent data on patient outcomes - such as mortality, length of stay, complications, and readmissions - CDB enables organizations to reduce care variation, optimize resource utilization and improve documentation and coding.

A full report was included in the packet.

**PUBLIC COMMENT:** Director Carson noted she is familiar with this platform and its potential to enhance quality and patient outcomes, quality hospital benchmarking and provide robust dashboards, reporting and advanced analytics. Highly recommends the Committee move forward for Board approval.

**COMMITTEE MEMBER DISCUSSION:** Dr. Albert stated the VDC and CDB platforms should be operational in September.

**MOTION:**

Upon motion by Committee Member Dr. Radner, and second by Committee Member Hussain, the Finance Committee recommends Board approval of Contract Award to Vizient, Inc. for Vizient Data Connector (VDC) and Clinical Data Base (CDB) in the amount of \$1,400,782.

**ROLL CALL VOTE:**

Ayes: Chair Rey, Hussain, Dr. Radner;

Nays: None;

Abstentions: None;

Absent: Vice Chair Hernandez Laguna, Dr. Regwan.

**Motion Carried.**

**6. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF IATRIC SYSTEMS 3-YEAR SERVICE AGREEMENT FOR PATIENT PRIVACY MANAGED SERVICES**

Salinas Valley Health (SVH) intends to continue its partnership with Iatric Systems for Patient Privacy Managed Services. This service provides proactive auditing of Patient Health Information (PHI) access, utilizing custom-built interfaces and AI to identify and vet suspicious incidents

A full report was included in the packet.

**PUBLIC COMMENT:** None.

**COMMITTEE MEMBER DISCUSSION:** Philip Katzenberger, Director of Health Information Management (HIM), confirmed Iatric systems is currently in use and with Board approval services will extend three (3) more years.

**MOTION:**

Upon motion by Committee Member Hussain and second by Committee Member Dr. Radner, the Finance Committee recommends Board approval of Iatric Systems 3-year Service Agreement for Patient Privacy Managed Services in the amount of \$594,000.00.

**ROLL CALL VOTE:**

Ayes: Chair Rey, Hussain, Dr. Radner;

Nays: None;

Abstentions: None;

Absent: Vice Chair Hernandez Laguna, Dr. Regwan.

**Motion Carried.**

## **7. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF THE GE HEALTHCARE OEC MEDICAL SYSTEMS SEVEN (7) YEAR SERVICE AGREEMENT TO INCLUDE THREE (3) ELITE 31 SYSTEMS**

This request seeks approval to consolidate service coverage for three (3) Elite 31 systems under a single service agreement.

A full report was included in the packet.

**PUBLIC COMMENT:** None.

**COMMITTEE MEMBER DISCUSSION:** None.

### **MOTION:**

Upon motion Committee Member Hussain, and second by Committee Member Dr. Radner the Finance Committee recommends Board approval of the GE Healthcare OEC Medical Systems Seven (7) year Service Agreement to include Three (3) Elite 31 Systems in the amount of \$482,538.00.

### **ROLL CALL VOTE:**

Ayes: Chair Rey, Hussain, Dr. Radner;

Nays: None;

Abstentions: None;

Absent: Vice Chair Hernandez Laguna, Dr. Regwan.

**Motion Carried.**

## **8. FINANCIAL AND STATISTICAL REVIEW**

An update was received from Iftikhar Hussain, CFO, on the Financial Performance Review for the month of January 2026. Highlights included a report of \$5.6 million net from CCAH, Payor mix, Consolidated Operating Margin, Operating Margin YTD as of 1/31/26 at 3.9%, Accounts Receivable Days Trend with Legacy and Epic Detail, Medi-Cal and Other Supplemental Payments. The month of January shows a decrease in overtime and contract labor.

A full report was included in the packet.

**PUBLIC COMMENT:** None

**COMMITTEE MEMBER DISCUSSION:** Committee discussed improvement (reduction) in the length of stay from prior year.

## **9. CLOSED SESSION**

Chair Rey announced that the items to be discussed in Closed Session are; (1) *Report Involving Trade Secret – Report Involving New Programs and Services*. The meeting recessed into Closed Session under the Closed Session Protocol at 4:27 p.m.

## **10. RECONVENE OPEN SESSION / REPORT ON CLOSED SESSION**

The Board reconvened Open Session at 4:31 p.m. Chair Rey announced that in Closed Session, the Board received; (1) *Report Involving Trade Secret – Report Involving New Programs and Services*. No action was taken.

## **11. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF THE DA VINCI XI LEASE UPGRADE TO THE DA VINCI 5 (DV5)**

Board Approval is requested to upgrade Salinas Valley Health's leased da Vinci Xi robotic system to the da Vinci 5 (DV5) platform. Transitioning to a single robotic platform will support consistent operating room workflows, improve staff proficiency, and reduce equipment complexity across perioperative services.

A full report was included in the packet.

**PUBLIC COMMENT:** None

**COMMITTEE MEMBER DISCUSSION:** None

### **MOTION:**

Upon motion Committee Member Hussain, and second by Committee Member Dr. Radner the Finance Committee recommends Board to (i) approve a 60-month lease agreement with Intuitive Surgical for the da Vinci 5 (DV5) robotic surgical platform in an amount not to exceed \$2,700,000, (ii) approve a 4-year service agreement in an amount not to exceed \$900,000, and (iii) approve a 4-year software subscription in an amount not to exceed \$340,000, for a total contract cost not to exceed the amount of \$3,940,000.

### **ROLL CALL VOTE:**

Ayes: Chair Rey, Hussain, Dr. Radner;

Nays: None;

Abstentions: None;

Absent: Vice Chair Hernandez Laguna, Dr. Regwan.

**Motion Carried.**

## **12. ADJOURNMENT**

There being no other business, the meeting was adjourned at 4:34 p.m. The next Finance Committee Meeting is scheduled for Monday, **April 20, 2026** at 4:00 p.m.

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Victor Rey, Jr., Chair  
Finance Committee

# Finance Committee Board Paper

Agenda Item: **Consider Recommendation for Board Approval of the Renewal of Prime Perfusion, Inc. Services Agreement**

Executive Sponsor: Alysha Hyland, Chief Administrative Officer

Date: April 23, 2026

## Executive Summary

The Perioperative Services Department requests Board approval to renew the existing Perfusion Services Agreement between Salinas Valley Memorial Healthcare System and Prime Perfusion, Inc. for an additional two (2) year term through March 2028. This renewal represents a standard extension with no changes to the current scope of services, staffing model, or contractual terms and conditions. Approval will ensure the continuation of uninterrupted perfusion services in support of the Cardiac Service Line.

## Background/Situation

Prime Perfusion, Inc. provides essential perfusion services required for open-heart surgery and related cardiovascular procedures. Perfusionists play a critical role in operating cardiopulmonary bypass equipment and maintaining patient stability during surgery, making them integral members of the cardiovascular surgical team. A national shortage of qualified perfusionists and sustained demand for these highly specialized services, makes a stable and reliable provider is essential. Prime Perfusion has consistently met performance expectations and supports 24/7 coverage requirements for the organization’s cardiac surgery and structural heart programs. This renewal reflects a continuation of the existing agreement and ensures ongoing alignment with operational needs, supporting continuity of care and service reliability without disruption.

## Timeline/Review Process to Date

- March 2026 – Renewal discussions initiated
- April 2026 – Renewal agreement finalized
- April 2026 – Recommendation for Board approval of Services Agreement renewal

## Strategic Plan Alignment

Renewal of the Prime Perfusion, Inc. Services Agreement will enable the organization to continue delivering high-quality cardiac surgical care while supporting the ongoing growth of the structural heart program.

## Pillar/Goal Alignment

Service    People    Quality    Finance    Growth    Community

## Financial/Quality/Safety/Regulatory Implications

Key Contract Terms	Vendor: Prime Perfusion, Inc.
1. Proposed effective date	5/1/2026
2. Term of agreement/Renewal	2-year extension/Renewal Every 2 years
4. Termination provision(s)	60-day notice without cause, immediately with cause
5. Payment Terms	Monthly @ \$72,351.74
6. Annual cost	\$868,220.93
7. Cost over life of agreement	\$1,736,441.86
8. Budgeted (indicate y/n)	Y

## Recommendation

**SVH Administration requests that the Finance Committee make a recommendation to the SVH Board of Directors to approve Renewal of Prime Perfusion, Inc. Services Agreement in the amount of \$1,736,441.86.**

## Attachments

- Second Amendment (Salinas - Prime) (3-12-26)
- Prime Perfusion Checklist for Competitive Solicitation

**SECOND AMENDMENT TO  
PERFUSION SERVICES AGREEMENT**

This SECOND AMENDMENT TO PERFUSION SERVICES AGREEMENT (“Second Amendment”) is effective as of the last signature date below by and between Salinas Valley Memorial Healthcare System, a local health care district organized and operating pursuant to Division 23 of the California Health and Safety Code, operating as Salinas Valley Health (“Hospital”) and Prime Perfusion, Inc., an Oregon corporation (“Company”).

A. Hospital and Company are parties to that certain Perfusion Services Agreement dated April 2, 2024 (the “Agreement”).

B. Hospital and Company desire to amend the Agreement as set forth in this Second Amendment.

The parties agree as follows:

1. Term and Termination. The term set forth in Section 4(a) of the Agreement is hereby extended for an additional two years to May 31, 2028.

2. Miscellaneous Provisions. The terms and conditions of the Agreement are incorporated as if set forth herein. The foregoing recitals are incorporated by this reference. Except as provided in Section 1 of this Second Amendment, the terms and provisions of the Agreement remain in full force and effect and are unmodified. Any future reference to the Agreement will be deemed to be a reference to the Agreement as amended by this Second Amendment. This Second Amendment may be executed and delivered in any number of counterparts, all of which together constitute one instrument, and may be executed and delivered by electronic means.

The parties have caused this Second Amendment effective as of the last date set forth below.

SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM

By: \_\_\_\_\_  
Allen Radner, MD, President/CEO

Date: \_\_\_\_\_

PRIME PERFUSION INC.

By: \_\_\_\_\_  
Morgan Leder, CCP, MPS, President

Date: \_\_\_\_\_

**BOARD or CEO Packet Submission Checklist**

**Recommendation: Approval by the Board for Renewal of Prime Perfusion, Inc. Services Agreement**

The original of this completed/fully signed checklist and all required supporting documents are to be hand-delivered to reviewer listed below:

- X **BOARD or CEO PAPER** – required for all submissions; see attached instructions/sample
- X **KEY CONTRACT TERMS** – required for all submissions – see table in Board/CEO Paper
- X **CONTRACT** – negotiated final contract with vendor signature
- X **PROCUREMENT PROCESS DOCUMENTATION** – required for all submissions requiring Board/CEO review/approval per Procurement Management Policy (see policy for details; indicate which sub-category is applicable):

- If for **data processing/telecommunications goods/services** of \$25,000 or more, check applicable option and include documentation: **VP IT must review.**
  - RFP documentation *unless sole source or GPO applies.*
  - If Sole source – provide detailed justification
  - If GPO, submit qualifying verification from Materials Management

- X If for **professional/other services or medical/surgical equipment and supplies** \$400,000 or more, check applicable option and include documentation:
  - RFP documentation *unless sole source or GPO applies.*

X If Sole source – provide detailed justification

This agreement represents a renewal of an existing perfusion services contract with no changes to scope, service model, or terms. Prime Perfusion, Inc. is an established provider fully integrated into the organization’s cardiac surgery and structural heart programs, providing critical 24/7 coverage. Given the highly specialized nature of perfusion services, the national shortage of qualified perfusionists, and the importance of maintaining continuity of care, transitioning to a new provider at this time would introduce unnecessary operational and clinical risk.

If GPO, submit qualifying verification from Materials Management

- If for **non-medical materials/supplies/Public Works** \$25,000 or more, check applicable option and include documentation:
  - RFP/Invitation for bids documentation
  - If Sole source – provide detailed justification
  - If GPO, submit qualifying verification from Materials Management

Legal counsel/Contract Administrator/Specialist reviewed: No \_\_\_ or Yes X By Whom: Natalie James

**SUBMITTED BY DEPARTMENT DIRECTOR OR DEPARTMENT ADMINISTRATOR:**

Aisha D. Huebner  
Aisha D. Huebner (Apr 9, 2026 10:00:03 PDT)  
 Signature

Director of Perioperative Services  
 Title/Dept.

04/09/2026  
 Date

**REVIEWED BY: (In the following order) – If Capital; Axiom approval in lieu of signature.**

VP IT: (if applicable) \_\_\_\_\_

Date: \_\_\_\_\_

Director Supply Chain: \_\_\_\_\_

Date: \_\_\_\_\_

# Finance Committee Board Paper

Agenda Item: **Consider Recommendation for Board Approval of Budget Augmentation for the Brunken MRI Project and Construction Contract Award to SSB Construction.**

Executive Sponsors: Alysha Hyland, Chief Administrative Officer

Date: April 16, 2026

## Executive Summary

Salinas Valley Health authorized the purchase of a new Canon 1.5T MRI for installation at 626 Brunken in January 2025. In February 2025, a total project budget of \$3,367,810 was approved by the Board to procure Canon equipment and service agreements, design, and construct improvements associated with installation of the new MRI equipment. Award of the construction contract is the next step in the executing of the project. As a result of the conditions discovered during the design phase, i.e. the building is built from prefabricated modules, construction is more complex than the initial estimates assumed. This added complexity as well as the incorporation of program elements not previously included is reflected in the construction bids received. Therefore, approval of a budget augmentation will be required to award the construction contract.

## Timeline

- January 2025 approval for installation of Canon 1.5T MRI
- February 2025 approval of total project budget
- April 2026 Request for budget augmentation and approval to award construction contract.

## Meeting our Mission, Vision, Goals—Strategic Plan Alignment

With the organization’s clinic MRI scanner reaching end of life and the current demand growing, it is imperative for Salinas Valley Health to replace the aging scanner with one that will meet the needs of the organization and the community going forward. Adding a 1.5 Tesla magnet to the 626 Brunken location will give SVH the ability to do prostate and breast MRI’s including biopsies which are vital to our Oncology program and Breast cancer patients. Placing an upgraded MRI scanner at our outpatient location will also allow our organization to expand cardiac services by developing a site with the most up to date equipment Cannon has to offer.

**Pillar/Goal Alignment:**  Service  People  Quality  Finance  Growth  Community

## Financial/Quality/Safety/Regulatory Implications

1. Current Approved Project Budget	\$3,367,810
2. Budget Augmentation Request	\$642,000
3. Revised Project Budget	\$4,009,810
4. Amount of Construction Contract	\$1,254,050
5. Construction Contract Time	120 Days from Notice To Proceed to Substantial Completion
6. Payment Terms	Percentage of completion progress payments. Net 30.
7. Budgeted	Yes

## Recommendation

**SVH Administration requests that the Finance Committee make a recommendation to the SVH Board of Directors to approve (i) increase to the approved budget in the amount of \$642,000 and (ii) award of construction contract to SSB Construction in the amount of \$1,254,050.**

# Finance Committee Board Paper

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Agenda Item: **Consider Recommendation for Board Approval of Commercial Purchase Agreement and Joint Escrow Instructions between Salinas Valley Memorial Healthcare System and M 2 S Inc, an Alaska Corporation, for the Purchase of 1188 Padre Drive, Salinas, California and Approval of Resolution 2026-02 Authorizing Purchase of Real Property**

Executive Sponsor: Clement Miller, Chief Operations Officer  
Brad McCoy, Vice President of Construction, Real Estate & Facilities

Date: April 23, 2026

## Executive Summary

The Salinas Valley Health (SVH) Leadership Team has been in negotiations with M 2 S, Inc. (M2S) for several months and has reached agreement with the building ownership to purchase the property located at 1188 Padre Drive, Salinas, California. The building consists of 33,780 square feet of gross space sited on a .91 acre parcel with a partial sub terranean parking garage. Approximately 27,826 square feet is net rentable/useable space. There is currently nearly 6,798 square feet of vacant space in the building that Salinas Valley Health plans to occupy for specific initiatives of the District with all remaining leases in the building terminating around mid-2027. Once the current tenant leases expire, SVH will occupy the remaining suites with District departments that will allow SVH to facilitate its overall master plan.

The District’s broker, Greg Findley of Cushman & Wakefield, Administration, and Legal Counsel have reviewed due diligence documentation, including active leases and property inspection reports. Having completed this review, Administration recommends that the District proceed with the Closing of Escrow.

## Timeline

- September 2025: SVH begins discussions with owner regarding an Off market direct sale to SVH.
- January 2, 2026: SVH receives Independent Appraisal Report and begins negotiations with M2S.
- February 9, 2026: SVH and M2S Agrees to terms of Purchase Agreement and Joint Escrow Instructions and SVH begins review of due diligence documentation.
- April 23, 2026 SVH Administration requests SVH Board approval to complete purchase of property.

## Meeting our Mission, Vision, Goals

### Strategic Plan Alignment

The purchase of this building serves as a key initial step for the new Emergency Department Hospital Expansion project. The on-campus ED Expansion project will require additional parking to facilitate the planned expansion which requires several existing buildings near the hospital to be demolished and converted into surface parking. The users currently located in the to-be-demolished buildings will, for the most part, be relocated to the new location on Padre Drive. Additionally, the acquisition of this building will facilitate the relocation of various administrative and support units from existing leases that located throughout the Salinas area into a consolidated location thereby increasing operational efficiencies and creating savings in lease expenses over the long-term, promoting cost efficiencies.

### Pillar/Goal Alignment

- Service  
  People  
  Quality  
  Finance  
  Growth  
  Community

## Financial/Quality/Safety/Regulatory Implications

The purchase price for the Padre Drive property has been negotiated in the amount of **eight million fifty thousand dollars (\$8,050,000.00)** which is supported by an independent appraisal to be fair market value and commercially reasonable.

## Recommendation

**SVMH Administration requests that the Finance Committee make a recommendation to the SVH Board of Directors for (i) approval of Commercial Purchase Agreement and Joint Escrow Instructions between Salinas Valley Memorial Healthcare System and M 2 S Inc, an Alaska Corporation, for the Purchase of 1188 Padre Drive, Salinas, California and (ii) approval of Resolution 2026-02 Approving Purchase of 1188 Padre Drive, Salinas, California and (Authorizing the SVH President/CEO to Execute the Purchase Documents.**

## Attachments

- Commercial Purchase Agreement and Joint Escrow Instructions
- Resolution No. 2026-02 Approving the Purchase of 1188 Padre Drive, Salinas, California and Authorizing the President/CEO to Execute the Purchase Documents



**CIVIL §§ 2079.13 - 2079.24 (2079.16 APPEARS ON THE FRONT)**

**2079.13.** As used in this section and §§ 2079.7 and 2079.14 to 2079.24, inclusive, the following terms have the following meanings:

(a) "Agent" means a person acting under provisions of Title 9 (commencing with § 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with § 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. The agent in the real property transaction bears responsibility for that agent's salespersons or broker associates who perform as agents of the agent. When a salesperson or broker associate owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the salesperson or broker associate functions. (b) "Buyer" means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes a vendee or lessee of real property. (c) "Commercial real property" means all real property in the state, except (1) single-family residential real property, (2) dwelling units made subject to Chapter 2 (commencing with § 1940) of Title 5, (3) a mobilehome, as defined in § 798.3, (4) vacant land, or (5) a recreational vehicle, as defined in § 799.29. (d) "Dual agent" means an agent acting, either directly or through a salesperson or broker associate, as agent for both the seller and the buyer in a real property transaction. (e) "Listing agreement" means a written contract between a seller of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer, including rendering other services for which a real estate license is required to the seller pursuant to the terms of the agreement. (f) "Seller's agent" means a person who has obtained a listing of real property to act as an agent for compensation. (g) "Listing price" is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the seller's agent. (h) "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. (i) "Offer to purchase" means a written contract executed by a buyer acting through a buyer's agent that becomes the contract for the sale of the real property upon acceptance by the seller. (j) "Real property" means any estate specified by subdivision (1) or (2) of § 761 in property, and includes (1) single-family residential property, (2) multiunit residential property with more than four dwelling units, (3) commercial real property, (4) vacant land, (5) a ground lease coupled with improvements, or (6) a manufactured home as defined in § 18007 of the Health and Safety Code, or a mobilehome as defined in § 18008 of the Health and Safety Code, when offered for sale or sold through an agent pursuant to the authority contained in § 10131.6 of the Business and Professions Code. (k) "Real property transaction" means a transaction for the sale of real property in which an agent is retained by a buyer, seller, or both a buyer and seller to act in that transaction, and includes a listing or an offer to purchase. (l) "Single-family residential property" or "single-family residential real property" means any of the following: (1) Real property improved with one to four dwelling units, including a leasehold exceeding one year's duration. (2) A unit in a residential stock cooperative, condominium, or planned unit development. (3) A mobilehome or manufactured home when offered for sale or sold through a real estate broker pursuant to § 10131.6 of the Business and Professions Code. (m) "Sell," "sale," or "sold" refers to a transaction for the transfer of real property from the seller to the buyer and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of § 2985, and transactions for the creation of a leasehold exceeding one year's duration. (n) "Seller" means the transferor in a real property transaction and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor of real property. (o) "Buyer's agent" means an agent who represents a buyer in a real property transaction. (p) "Buyer-broker representation agreement" means a written contract between a buyer of real property and a buyer's agent by which the buyer's agent has been authorized by the buyer to provide services set forth in subdivision (a) of § 10131 of the Business and Professions Code for or on behalf of the buyer for which a real estate license is required pursuant to the terms of the contract.

**2079.14.** (a) A copy of the disclosure form specified in § 2079.16 shall be provided in a real property transaction as follows: (1) The seller's agent, if any, shall provide the disclosure form to the seller before entering into a listing agreement. (2) The buyer's agent shall provide the disclosure to the buyer as soon as practicable before the execution of a buyer-broker representation agreement and execution of the buyer's offer to purchase. If the offer to purchase is not prepared by the buyer's agent, the buyer's agent shall present the disclosure form to the buyer not later than the next business day after receiving the offer to purchase from the buyer. (b) The agent providing the disclosure form specified in § 2079.16 shall obtain a signed acknowledgment of receipt from the buyer or seller except as provided in § 2079.15.

**2079.15.** In any circumstance in which the seller or buyer refuses to sign an acknowledgment of receipt pursuant to § 2079.14, the agent shall set forth, sign, and date a written declaration of the facts of the refusal.

**2079.16** Reproduced on Page 1 of this AD form.

**2079.17(a)** As soon as practicable, the buyer's agent shall disclose to the buyer and seller whether the agent is acting in the real property transaction as the buyer's agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the buyer's agent prior to or coincident with execution of that contract by the buyer and the seller, respectively. (b) As soon as practicable, the seller's agent shall disclose to the seller whether the seller's agent is acting in the real property transaction as the seller's agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the seller's agent prior to or coincident with the execution of that contract by the seller. (c) The confirmation required by subdivisions (a) and (b) shall be in the following form:

Seller's Brokerage Firm	DO NOT COMPLETE. SAMPLE ONLY	License Number _____
Is the broker of (check one): <input type="checkbox"/> the seller; or <input type="checkbox"/> both the buyer and seller. (dual agent)		
Seller's Agent	DO NOT COMPLETE. SAMPLE ONLY	License Number _____
Is (check one): <input type="checkbox"/> the Seller's Agent. (salesperson or broker associate) <input type="checkbox"/> both the Buyer's and Seller's Agent. (dual agent)		
Buyer's Brokerage Firm	DO NOT COMPLETE. SAMPLE ONLY	License Number _____
Is the broker of (check one): <input type="checkbox"/> the buyer; or <input type="checkbox"/> both the buyer and seller. (dual agent)		
Buyer's Agent	DO NOT COMPLETE. SAMPLE ONLY	License Number _____
Is (check one): <input type="checkbox"/> the Buyer's Agent. (salesperson or broker associate) <input type="checkbox"/> both the Buyer's and Seller's Agent. (dual agent)		

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by § 2079.14. An agent's duty to provide disclosure and confirmation of representation in this section may be performed by a real estate salesperson or broker associate affiliated with that broker.

**2079.18** (Repealed pursuant to AB-1289)

**2079.19** The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

**2079.20** Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically prohibited by this article if the requirements of § 2079.14 and § 2079.17 are complied with.

**2079.21 (a)** A dual agent may not, without the express permission of the seller, disclose to the buyer any confidential information obtained from the seller.

(b) A dual agent may not, without the express permission of the buyer, disclose to the seller any confidential information obtained from the buyer. (c) "Confidential information" means facts relating to the client's financial position, motivations, bargaining position, or other personal information that may impact price, such as the seller is willing to accept a price less than the listing price or the buyer is willing to pay a price greater than the price offered. (d) This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

**2079.22** Nothing in this article precludes a seller's agent from also being a buyer's agent. If a seller or buyer in a transaction chooses to not be represented by an agent, that does not, of itself, make that agent a dual agent.

**2079.23 (a)** A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship. (b) A lender or an auction company retained by a lender to control aspects of a transaction of real property subject to this part, including validating the sales price, shall not require, as a condition of receiving the lender's approval of the transaction, the homeowner or listing agent to defend or indemnify the lender or auction company from any liability alleged to result from the actions of the lender or auction company. Any clause, provision, covenant, or agreement purporting to impose an obligation to defend or indemnify a lender or an auction company in violation of this subdivision is against public policy, void, and unenforceable.

**2079.24** Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

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AD REVISED 12/24 (PAGE 2 OF 2)



**DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP (AD PAGE 2 OF 2)**

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CALIFORNIA  
ASSOCIATION  
OF REALTORS®

# COMMERCIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

(C.A.R. Form CPA, Revised 12/25)

Date Prepared: February 9, 2026

**1. OFFER:**

- A. THIS IS AN OFFER FROM See Text Overflow Addendum (C.A.R. Form TOA) paragraph 1 ("Buyer").  
 Individual(s),  A Corporation,  A Partnership,  An LLC,  Other \_\_\_\_\_
- B. THE PROPERTY to be acquired is 1188 Padre Drive, Salinas, CA, situated  
 in Salinas (City), Monterey (County), California, 93901 (Zip Code),  
 Assessor's Parcel No(s). 002-586-003 ("Property").  
 (Postal/Mailing address may be different from city jurisdiction. Buyer is advised to investigate.)
- C. THE TERMS OF THE PURCHASE ARE SPECIFIED BELOW AND ON THE FOLLOWING PAGES.
- D. Buyer and Seller are referred to herein as the "Parties." Brokers and Agents are not Parties to this Agreement.

**2. AGENCY:**

- A. **DISCLOSURE:** The Parties each acknowledge receipt of a "Disclosure Regarding Real Estate Agency Relationship" (C.A.R. Form AD) if represented by a real estate licensee. Buyer's Agent is not legally required to give to Seller's Agent the AD form Signed by Buyer. Seller's Agent is not legally obligated to give to Buyer's Agent the AD form Signed by Seller.
- B. **CONFIRMATION:** The following agency relationships are hereby confirmed for this transaction.
- Seller's Brokerage Firm** Cushman & Wakefield U.S., Inc. License Number 01880493  
 Is the broker of (check one):  the Seller; or  both the Buyer and Seller (Dual Agent).  
**Seller's Agent** Greg Findley License Number 01170453  
 Is (check one):  the Seller's Agent (Salesperson or broker associate); or  both the Buyer's and Seller's Agent (Dual Agent).
- Buyer's Brokerage Firm** Cushman & Wakefield U.S., Inc. License Number 01880493  
 Is the broker of (check one):  the Buyer; or  both the Buyer and Seller (Dual Agent).  
**Buyer's Agent** Greg Findley License Number 01170543  
 Is (check one):  the Buyer's Agent (Salesperson or broker associate); or  both the Buyer's and Seller's Agent (Dual Agent).
- C.  More than one Brokerage represents  Seller,  Buyer. See, Additional Broker Acknowledgement (C.A.R. Form ABA).
- D. **POTENTIALLY COMPETING BUYERS AND SELLERS:** The Parties each acknowledge receipt of a  "Possible Representation of More than One Buyer or Seller - Disclosure and Consent" (C.A.R. Form PRBS).

**3. TERMS OF PURCHASE AND ALLOCATION OF COSTS:** The items in this paragraph are contractual terms of the Agreement. Referenced paragraphs provide further explanation. This form is 17 pages. The Parties are advised to read all 17 pages.

Para #	Paragraph Title or Contract Term	Terms and Conditions	Additional Terms
A	5, 5B (cash) Purchase Price	\$ <u>8,050,000.00</u>	<input checked="" type="checkbox"/> All Cash
B	Close Of Escrow (COE)	<input checked="" type="checkbox"/> <u>75</u> Days after Acceptance OR <input type="checkbox"/> on _____ (date)	
C	39A Expiration of Offer	3 calendar days after all Buyer Signature(s) or (date) at 5PM or <input type="checkbox"/> AM <input type="checkbox"/> PM	
D(1)	5A(1) Initial Deposit Amount	\$ <u>250,000.00</u> ( <u>3.11</u> % of purchase price) (% number above is for calculation purposes and is not a contractual term)	within 3 (or _____) business days after Acceptance by wire transfer OR <input type="checkbox"/>
D(2)	5A(2) <input type="checkbox"/> Increased Deposit	See attached Increased Deposit Addendum (C.A.R. Form IDA)	
E(1)	5C(1) Loan Amount(s): First Interest Rate Points	\$ _____ ( _____ % of purchase price) Fixed rate or <input type="checkbox"/> Initial adjustable rate, • not to exceed _____ % • Buyer to pay up to _____ points to obtain rate above	Conventional or, if checked, <input type="checkbox"/> Seller Financing <input type="checkbox"/> Assumed Financing <input type="checkbox"/> Subject To Financing <input type="checkbox"/> Other: _____
E(2)	5C(2) Additional Financed Amount Interest Rate Points	\$ _____ ( _____ % of purchase price) Fixed rate or <input type="checkbox"/> Initial adjustable rate • not to exceed _____ % • Buyer to pay up to _____ points to obtain rate above	Conventional or, if checked, <input type="checkbox"/> Seller Financing <input type="checkbox"/> Assumed Financing <input type="checkbox"/> Subject To Financing <input type="checkbox"/> Other: _____
E(3)	7A Occupancy Type	Investment OR <input type="checkbox"/>	
F	5D Balance of Down Payment	\$ <u>7,800,000.00</u>	
		<b>PURCHASE PRICE TOTAL</b>	\$ <u>8,050,000.00</u>
<b>G SELLER PAYMENT TO COVER BUYER EXPENSES AND COSTS</b>			
G(1)	5E <input type="checkbox"/> Seller Credit to Buyer	\$ _____	For closing costs
G(2)	ADDITIONAL SELLER CREDIT TERMS (does not include buyer broker compensation): <u>None</u>		

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Buyer's Initials SVH/ADR

Seller's Initials JD

**COMMERCIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (CPA PAGE 1 OF 17)**



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G(3)	21A	<input type="checkbox"/> Seller Payment for Buyer's Obligation to compensate Buyer's Broker	Seller agrees to pay to Buyer's Broker, out of the transaction proceeds, _____ % of the final purchase price AND, if applicable \$ _____ OR, if checked <input type="checkbox"/> \$ _____.	
H(1)	5B	Verification of All Cash (sufficient funds)	Attached to the offer or <input type="checkbox"/> 3 (or _____) Days after Acceptance	
H(2)	6A	Verification of Down Payment and Closing Costs	Attached to the offer or <input type="checkbox"/> 3 (or _____) Days after Acceptance	
H(3)	6B	Verification of Loan Application	Attached to the offer or <input type="checkbox"/> 3 (or _____) Days after Acceptance <input type="checkbox"/> Prequalification <input type="checkbox"/> Preapproval	
<b>I Intentionally Left Blank</b>				
J	19	Final Verification of Condition	5 (or _____) Days prior to COE	
K	26	Assignment Request	17 (or _____) Days after Acceptance	
<b>L</b>		<b>CONTINGENCIES</b>	<b>TIME TO REMOVE CONTINGENCIES</b>	<b>CONTINGENCY REMOVED</b>
L(1)	8A	Loan(s)	17 (or _____) Days after Acceptance	<input checked="" type="checkbox"/> No loan contingency
L(2)	8B	Appraisal: Appraisal contingency based upon appraised value at a minimum of purchase price or <input type="checkbox"/> \$ _____	17 (or _____) Days after Acceptance	<input checked="" type="checkbox"/> No appraisal contingency Removal of appraisal contingency does not eliminate appraisal cancellation rights in FVAC.
L(3)	8C, 15	Investigation of Property	17 (or <u>60</u> ) Days after Acceptance	REMOVAL OR WAIVER OF CONTINGENCY: Any contingency in L(1)-L(8) may be removed or waived by checking the applicable box above or attaching a Contingency Removal (C.A.R. Form CR-B) and checking the applicable box therein. Removal or Waiver at time of offer is against Agent advice. See paragraph 8l. <input type="checkbox"/> CR attached
		Informational Access to Property	17 (or <u>60</u> ) Days after Acceptance	
		Buyer's right to access the Property for informational purposes only is <b>NOT</b> a contingency and does <b>NOT</b> create additional cancellation rights for Buyer.		
L(4)	8D	Insurance	17 (or <u>60</u> ) Days after Acceptance	
L(5)	8E, 17A	Review of Seller Documents	17 (or <u>60</u> ) Days after Acceptance, or 5 Days after Delivery, whichever is later	
L(6)	8F, 16A	Preliminary ("Title") Report	17 (or <u>60</u> ) Days after Acceptance, or 5 Days after Delivery, whichever is later	
L(7)	8G, 11D	Common Interest Disclosures Per by Civil Code § 4525 or this Agreement	17 (or <u>60</u> ) Days after Acceptance, or 5 Days after Delivery, whichever is later	
L(8)	8H, 9B(6)	Review of leased or liened items (E.g. solar panels or propane tanks)	17 (or <u>60</u> ) Days after Acceptance, or 5 Days after Delivery, whichever is later	
L(9)	8K	Sale of Buyer's Property Sale of Buyer's property is not a contingency, UNLESS checked here: <input type="checkbox"/> C.A.R. Form COP attached		
<b>M</b>		<b>Possession</b>	<b>Time for Performance</b>	<b>Additional Terms</b>
M(1)		Vacant Units; Tenant Occupied Units being delivered subject to tenant rights	Upon notice of recordation On COE date	<input type="checkbox"/> Tenant Occupied Unit(s) to be delivered vacant (#s _____)
M(2)	7D	Seller Occupied Units to be delivered vacant	Upon Notice of recordation, OR <input type="checkbox"/> 6 PM or <input type="checkbox"/> AM/ <input type="checkbox"/> PM COE date or, if checked below, <input type="checkbox"/> _____ days after COE (29 or fewer days) <input type="checkbox"/> _____ days after COE (30 or more days)	C.A.R. Form SIP attached if 29 or fewer days. C.A.R. Form CL attached if 30 or more days.
<b>N</b>		<b>Documents/Fees/Compliance</b>	<b>Time for Performance</b>	
N(1)	17A	Seller Delivery of Documents	7 (or <u>10</u> ) Days after Acceptance	
N(2)	22B	Sign and return Escrow Holder General Provisions, Supplemental Instructions	5 (or _____) Days after Delivery	
N(3)	11D(2)	Time to pay fees for ordering HOA Documents	3 (or _____) Days after Acceptance	
N(4)	10B(1)	Install smoke alarm(s), CO detector(s), water heater bracing	7 (or _____) Days after Acceptance	
N(5)	31	Evidence of representative authority	3 Days after Acceptance	
<b>O Intentionally Left Blank</b>				
<b>P Items Included and Excluded</b>				
P(1)	9	Items Included - All items specified in Paragraph 9B are included and the following, if checked:		
		<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____
P(2)	9	Excluded Items:		
		<input type="checkbox"/> _____	<input type="checkbox"/> _____	<input type="checkbox"/> _____



Q Allocation of Costs					
Q	Para #	Item Description	Who Pays (if Both is checked, cost to be split equally unless Otherwise Agreed)	Additional Terms	
Q(1)	10A	Natural Hazard Zone Disclosure Report, including tax information	<input type="checkbox"/> Buyer <input checked="" type="checkbox"/> Seller <input type="checkbox"/> Both _____  <input type="checkbox"/> Provided by: <b>Seller Choice</b>	<input type="checkbox"/> Environmental <input type="checkbox"/> Other _____	
Q(2)	15B(1)(D)	Environmental Survey	<input checked="" type="checkbox"/> Buyer <input type="checkbox"/> Seller <input type="checkbox"/> Both _____		
Q(3)		_____ Report	<input type="checkbox"/> Buyer <input type="checkbox"/> Seller <input type="checkbox"/> Both _____		
Q(4)		_____ Report	<input type="checkbox"/> Buyer <input type="checkbox"/> Seller <input type="checkbox"/> Both _____		
Q(5)	10B(1)	Smoke alarms, CO detectors, water heater bracing	<input checked="" type="checkbox"/> Buyer <input type="checkbox"/> Seller <input type="checkbox"/> Both _____		
Q(6)	10A, 10B(2)	Government Required Point of Sale inspections, reports	<input checked="" type="checkbox"/> Buyer <input type="checkbox"/> Seller <input type="checkbox"/> Both _____		
Q(7)	10B(2)	Government Required Point of Sale corrective/remedial actions	<input checked="" type="checkbox"/> Buyer <input type="checkbox"/> Seller <input type="checkbox"/> Both _____		
Q(8)	22B	Escrow Fees	<input type="checkbox"/> Buyer <input type="checkbox"/> Seller <input checked="" type="checkbox"/> Both <b>50/50</b> <input type="checkbox"/> Each to pay their own fees		Escrow Holder: <b>Chicago Title Company, Salinas, CA</b>
Q(9)	16	Owner's title insurance policy	<input type="checkbox"/> Buyer <input checked="" type="checkbox"/> Seller <input type="checkbox"/> Both _____		Title Company (If different from Escrow Holder): _____
Q(10)		Buyer's Lender title insurance policy	Buyer		Unless Otherwise Agreed, Buyer shall purchase any title insurance policy insuring Buyer's lender.
Q(11)		County transfer tax, fees	<input type="checkbox"/> Buyer <input checked="" type="checkbox"/> Seller <input type="checkbox"/> Both _____		
Q(12)		City transfer tax, fees	<input type="checkbox"/> Buyer <input type="checkbox"/> Seller <input type="checkbox"/> Both _____		
Q(13)	11D(2)	HOA fee for preparing disclosures	Seller		
Q(14)		HOA certification fee	Buyer		
Q(15)		HOA transfer fees	<input type="checkbox"/> Buyer <input type="checkbox"/> Seller <input type="checkbox"/> Both _____	Unless Otherwise Agreed, Seller shall pay for separate HOA move-out fee and Buyer shall pay for separate move-in fee. Applies if separately billed or itemized with cost in transfer fee.	
Q(16)		Private transfer fees	Seller, or if checked, <input type="checkbox"/> Buyer <input type="checkbox"/> Both		
Q(17)	10B(4)	Installation of safety features, required by law	<input checked="" type="checkbox"/> Buyer <input type="checkbox"/> Seller <input type="checkbox"/> Both _____		
Q(18)		_____ fees or costs	<input type="checkbox"/> Buyer <input type="checkbox"/> Seller <input type="checkbox"/> Both _____		
R	12	Additional Tenancy Documents: <input checked="" type="checkbox"/> Income and Expense Statements <input checked="" type="checkbox"/> Tenant Estoppel Certificate			
S	OTHER TERMS: _____				

4. PROPERTY ADDENDA AND ADVISORIES: (check all that apply)

A. PROPERTY TYPE ADDENDA: This Agreement is subject to the terms contained in the Addenda checked below:

- Probate Agreement Purchase Addendum (C.A.R. Form PA-PA)  Residential Units Purchase Addendum (RU-PA)
- Other \_\_\_\_\_

B. OTHER ADDENDA: This Agreement is subject to the terms contained in the Addenda checked below:

- Addendum # 1 (C.A.R. Form ADM)  Assumed Financing Addendum (C.A.R. Form AFA)
- Back Up Offer Addendum (C.A.R. Form BUO)  Short Sale Addendum (C.A.R. Form SSA)
- Court Confirmation Addendum (C.A.R. Form CCA)  Seller Intent to Exchange Addendum (C.A.R. Form SXA)
- Septic, Well, Property Monument and Propane Addendum (C.A.R. Form SWPI)
- Buyer Intent to Exchange Addendum (C.A.R. Form BXA)
- Other \_\_\_\_\_

C. BUYER AND SELLER ADVISORIES: (Note: All Advisories below are provided for reference purposes only and are not intended to be incorporated into this Agreement.)

- Buyer's Investigation Advisory (C.A.R. Form BIA)  Fair Housing and Discrimination Advisory (C.A.R. Form FHDA)
- Wire Fraud Advisory (C.A.R. Form WFA)  Cal. Consumer Privacy Act Advisory (C.A.R. Form CCPA)
- (Parties may also receive a privacy disclosure from their own Agent.)
- Wildfire Disaster Advisory (C.A.R. Form WFDA)  Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)
- Trust Advisory (C.A.R. Form TA)  Probate Advisory (C.A.R. Form PA)
- REO Advisory (C.A.R. Form REO)  Other: \_\_\_\_\_
- Other: \_\_\_\_\_



**5. ADDITIONAL TERMS AFFECTING PURCHASE PRICE:** Buyer represents that funds will be good when deposited with Escrow Holder.

**A. DEPOSIT:**

- (1) **INITIAL DEPOSIT:** Buyer shall deliver deposit directly to Escrow Holder. If a method other than wire transfer is specified in paragraph 3D(1) and such method is unacceptable to Escrow Holder, then upon notice from Escrow Holder, delivery shall be by wire transfer.
- (2) **RETENTION OF DEPOSIT:** Paragraph 36, if initialed by all Parties or otherwise incorporated into this Agreement, specifies a remedy for Buyer's default. Buyer and Seller are advised to consult with a qualified California real estate attorney: (i) Before adding any other clause specifying a remedy (such as release or forfeiture of deposit or making a deposit non-refundable) for failure of Buyer to complete the purchase. Any such clause shall be deemed invalid unless the clause independently satisfies the statutory liquidated damages requirements set forth in the Civil Code; and (ii) Regarding possible liability and remedies if Buyer fails to deliver the deposit.

**B. ALL CASH OFFER:** If an all cash offer is specified in paragraph 3A, no loan is needed to purchase the Property. This Agreement is NOT contingent on Buyer obtaining a loan. Buyer shall, within the time specified in paragraph 3H(1), Deliver written verification of funds sufficient for the purchase price and closing costs.

**C. LOAN(S):**

- (1) **FIRST LOAN:** This loan will provide for conventional financing UNLESS Seller Financing (C.A.R. Form SFA), Subject To Financing, Assumed Financing, or Other is checked in paragraph 3E(1).
- (2) **ADDITIONAL FINANCED AMOUNT:** If an additional financed amount is specified in paragraph 3E(2), that amount will provide for conventional financing UNLESS Seller Financing (C.A.R. Form SFA), Subject To Financing, Assumed Financing, or Other is checked in paragraph 3E(2).
- (3) **BUYER'S LOAN STATUS:** Buyer authorizes Seller and Seller's Authorized Agent to contact Buyer's lender(s) to determine the status of any Buyer's loan specified in paragraph 3E, or any alternate loan Buyer pursues, whether or not a contingency of this Agreement. If the contact information for Buyer's lender(s) is different from that provided under the terms of paragraph 6B, Buyer shall Deliver the updated contact information within 1 Day of Seller's request.
- (4) **ASSUMED OR SUBJECT TO FINANCING:** Seller represents that Seller is not delinquent on any payments due on any loans. If the Property is acquired subject to an existing loan, Buyer and Seller are advised to consult with legal counsel regarding the ability of an existing lender to call the loan due, and the consequences thereof.
- (5) Buyer shall, within the time specified in paragraph 3E(1), Deliver to Seller written notice (C.A.R. Form RR or AEA) (i) of any lender requirements that Buyer requests Seller to pay for or otherwise correct or (ii) that there are no lender requirements.

**D. BALANCE OF PURCHASE PRICE (DOWN PAYMENT, paragraph 3F) (including all-cash funds)** to be deposited with Escrow Holder pursuant to Escrow Holder instructions.

**E. LIMITS ON CREDITS TO BUYER:** Any credit to Buyer as specified in paragraph 3G(1) or Otherwise Agreed, from any source, for closing or other costs that is agreed to by the Parties ("Contractual Credit") shall be disclosed to Buyer's lender, if any, and made at Close Of Escrow. If the total credit allowed by Buyer's lender ("Lender Allowable Credit") is less than the Contractual Credit, then (i) the Contractual Credit from Seller shall be reduced to the Lender Allowable Credit, and (ii) in the absence of a separate written agreement between the Parties, there shall be no automatic adjustment to the purchase price to make up for the difference between the Contractual Credit and the Lender Allowable Credit.

**6. ADDITIONAL FINANCING TERMS:**

- A. VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS:** Written verification of Buyer's down payment and closing costs, within the time specified in paragraph 3H(2) may be made by Buyer or Buyer's lender or loan broker pursuant to paragraph 6B.
- B. VERIFICATION OF LOAN APPLICATIONS:** Buyer shall Deliver to Seller, within the time specified in paragraph 3H(3) a letter from Buyer's lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in paragraph 3E. If any loan specified in paragraph 3E is an adjustable rate loan, the prequalification or preapproval letter shall be based on the qualifying rate, not the initial loan rate.
- C. BUYER STATED FINANCING:** Seller is relying on Buyer's representation of the type of financing specified (including, but not limited to, as applicable, all cash, amount of down payment, or contingent or non-contingent loan). Seller has agreed to a specific closing date, purchase price, and to sell to Buyer in reliance on Buyer's specified financing. Buyer shall pursue the financing specified in this Agreement, even if Buyer also elects to pursue an alternative form of financing. Seller has no obligation to cooperate with Buyer's efforts to obtain any financing other than that specified in this Agreement but shall not interfere with closing at the purchase price on the COE date (paragraph 3B) even if based upon alternate financing. Buyer's inability to obtain alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.

**7. CLOSING AND POSSESSION:**

- A. OCCUPANCY:** Buyer intends to occupy the Property as indicated in paragraph 3E(3). Occupancy may impact available financing.
- B. CONDITION OF PROPERTY ON CLOSING:** Unless Otherwise Agreed: (i) the Property shall be delivered "As-Is" in its PRESENT physical condition as of the date of Acceptance; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; (iii) Except as specified in paragraph 9C, Seller is not responsible to repair any holes left after the removal of any wall hangings (such as pictures and mirrors), brackets, nails or other fastening devices; and (iv) all debris and personal property not included in the sale shall be removed by Close Of Escrow or at the time possession is delivered to Buyer, if not on the same date. If items are not removed when possession is delivered to Buyer, all items shall be deemed abandoned. Buyer, after first Delivering to Seller written notice to remove the items within 3 Days, may pay to have such items removed or disposed of and may bring Legal Action, as per this Agreement, to receive reasonable costs from Seller.
- C. Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition. Seller and Agents may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property improvements may not be built according to code, in compliance with current Law, or have had all required permits issued and/or finalized.**
- D. SELLER REMAINING IN POSSESSION AFTER CLOSE OF ESCROW:** If Seller has the right to remain in possession after Close Of Escrow pursuant to paragraph 3M(2) or as Otherwise Agreed, (i) the Parties are advised to consult with their insurance and legal advisors for information about liability and damage or injury to persons and personal and real property; (ii) Buyer is advised to consult with Buyer's lender about the impact of Seller's occupancy on Buyer's loan; and (iii) consult with a qualified California real estate attorney where the Property is located to determine the ongoing rights and responsibilities of both Buyer and Seller with regard to each other, including possible tenant rights, and what type of written agreement to use to document the relationship between the Parties.
- E. At Close Of Escrow:** (i) Seller assigns to Buyer any assignable warranty rights for items included in the sale; and (ii) Seller shall Deliver to Buyer available Copies of any such warranties. Agents cannot and will not determine the assignability of any warranties.



- F. Seller shall, on Close Of Escrow unless Otherwise Agreed and even if Seller remains in possession, provide keys, passwords, codes and/or means to operate all locks, mailboxes, security systems, alarms, home automation systems, intranet and Internet-connected devices included in the purchase price, garage door openers, and all items included in either **paragraph 3P** or **paragraph 9**. If the Property is a condominium or located in a common interest development, Seller shall be responsible for securing or providing any such items for Association amenities, facilities, and access. Buyer may be required to pay a deposit to the Owners' Association ("HOA") to obtain keys and accessible HOA facilities.
8. **CONTINGENCIES AND REMOVAL OF CONTINGENCIES:**
- A. **LOAN(S):**
- (1) This Agreement is, **unless otherwise specified in paragraph 3L(1) or an attached CR form**, contingent upon Buyer obtaining the loan(s) specified. If contingent, Buyer shall act diligently and in good faith to obtain the designated loan(s). **If there is no appraisal contingency or the appraisal contingency has been waived or removed, then failure of the Property to appraise at the purchase price does not entitle Buyer to exercise the cancellation right pursuant to the loan contingency if Buyer is otherwise qualified for the specified loan and Buyer is able to satisfy lender's non-appraisal conditions for closing the loan.**
  - (2) Buyer is advised to investigate the insurability of the Property as early as possible, as this may be a requirement for lending. Buyer's ability to obtain insurance for the Property, including fire insurance, is part of Buyer's Insurance contingency. Failure of Buyer to obtain insurance may justify cancellation based on the Insurance contingency but not the loan contingency.
  - (3) Buyer's contractual obligations regarding deposit, balance of down payment and closing costs **are not contingencies** of this Agreement, unless Otherwise Agreed.
  - (4) If there is an appraisal contingency, removal of the loan contingency shall not be deemed removal of the appraisal contingency.
  - (5) **NO LOAN CONTINGENCY:** If "No loan contingency" is checked in **paragraph 3L(1)**, obtaining any loan specified is NOT a contingency of this Agreement. If Buyer does not obtain the loan specified, and as a result is unable to purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.
- B. **APPRAISAL:**
- (1) This Agreement is, **unless otherwise specified in paragraph 3L(2) or an attached CR form**, contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the amount specified in **paragraph 3L(2)**, without requiring repairs or improvements to the Property. Appraisals are often a reliable source to verify square footage of the subject Property. However, the ability to cancel based on the measurements provided in an appraisal falls within the Investigation of Property contingency. The appraisal contingency is solely limited to the value determined by the appraisal. For any cancellation based upon this appraisal contingency, Buyer shall Deliver a Copy of the written appraisal to Seller, upon request by Seller.
  - (2) **NO APPRAISAL CONTINGENCY:** If "No appraisal contingency" is checked in **paragraph 3L(2)**, then Buyer may not use the loan contingency specified in **paragraph 3L(1)** to cancel this Agreement if the sole reason for not obtaining the loan is that the appraisal relied upon by Buyer's lender values the property at an amount less than that specified in **paragraph 3L(2)**. If Buyer is unable to obtain the loan specified solely for this reason, Seller may be entitled to Buyer's deposit or other legal remedies.
  - (3) **FAIR APPRAISAL ACT NOTICE:**
    - (A) Any appraisal of the property is required to be unbiased, objective, and not influenced by improper or illegal considerations, including, but not limited to, any of the following: race, color, religion (including religious dress, grooming practices, or both), gender (including, but not limited to, pregnancy, childbirth, breastfeeding, and related conditions, and gender identity and gender expression), sexual orientation, marital status, medical condition, military or veteran status, national origin (including language use and possession of a driver's license issued to persons unable to provide their presence in the United States is authorized under federal law), source of income, ancestry, disability (mental and physical, including, but not limited to, HIV/AIDS status, cancer diagnosis, and genetic characteristics), genetic information, or age.
    - (B) If a buyer or seller believes that the appraisal has been influenced by any of the above factors, the seller or buyer can report this information to the lender or mortgage broker that retained the appraiser and may also file a complaint with the Bureau of Real Estate Appraisers at <https://www2.brea.ca.gov/complaint/> or call (916) 552-9000 for further information on how to file a complaint.
- C. **INVESTIGATION OF PROPERTY:** This Agreement is, as specified in **paragraph 3L(3)**, contingent upon Buyer's acceptance of the condition of, and any other matter affecting, the Property.
- D. **INSURANCE:** This Agreement is, as specified in **paragraph 3L(4)**, contingent upon Buyer's assessment of the availability and approval of the cost for any insurance policy desired under this Agreement.
- E. **REVIEW OF SELLER DOCUMENTS:** This Agreement is, as specified in **paragraph 3L(5)**, contingent upon Buyer's review and approval of Seller's documents required in **paragraph 17A**.
- F. **TITLE:**
- (1) This Agreement is, as specified in **paragraph 3L(6)**, contingent upon Buyer's ability to obtain the title policy provided for in **paragraph 16G** and on Buyer's review of a current Preliminary Report and items that are disclosed or observable even if not on record or not specified in the Preliminary Report, and satisfying Buyer regarding the current status of title. Buyer is advised to review all underlying documents and other matters affecting title, including, but not limited to, any documents or deeds referenced in the Preliminary Report and any plotted easements.
  - (2) Buyer has **5 Days** after receipt to review a revised Preliminary Report, if any, furnished by the Title Company and cancel the transaction if the revised Preliminary Report reveals material or substantial deviations from a previously provided Preliminary Report.
- G. **CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES (IF APPLICABLE):** This Agreement is, as specified in **paragraph 3L(7)**, contingent upon Buyer's review and approval of Common Interest Disclosures required by Civil Code § 4525 and under **paragraph 11D** ("CI Disclosures").
- H. **BUYER REVIEW OF LEASED OR LIENED ITEMS CONTINGENCY (IF APPLICABLE):** Buyer's review of and ability and willingness to assume any lease, maintenance agreement or other ongoing financial obligation, or to accept the Property subject to any lien, disclosed pursuant to **paragraph 9B(6)**, is, as specified in **paragraph 3L(8)**, a contingency of this Agreement. Any assumption of the lease shall not require any financial obligation or contribution by Seller. Seller, after first Delivering a Notice to Buyer to Perform, may cancel this Agreement if Buyer, by the time specified in **paragraph 3L(8)**, refuses or is unable to enter into any necessary written agreements to accept responsibility for all obligations of Seller-disclosed leased or liened items.



- I. **REMOVAL OR WAIVER OF CONTINGENCIES WITH OFFER:** Buyer shall have no obligation to remove a contractual contingency unless Seller has provided all required documents, reports, disclosures, and information pertaining to that contingency. If Buyer does remove a contingency without first receiving all required information from Seller, Buyer is relinquishing any contractual rights that apply to that contingency. If Buyer removes or waives any contingencies without an adequate understanding of the Property's condition or Buyer's ability to purchase, Buyer is acting against the advice of Agent.
- J. **REMOVAL OF CONTINGENCY OR CANCELLATION:**
  - (1) For any contingency specified in paragraph 3L, 8, or elsewhere, Buyer shall, within the applicable period specified, remove the contingency or cancel this Agreement.
  - (2) For the contingencies for review of Seller Documents, Preliminary Report, and Condominium/Planned Development Disclosures, Buyer shall, within the time specified in paragraph 3L or 5 Days after Delivery of the applicable Seller Documents, Preliminary Report, or CI Disclosures, whichever occurs later, remove the applicable contingency in writing or cancel this Agreement.
  - (3) If Buyer does not remove a contingency within the time specified, Seller, after first giving Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), shall have the right to cancel this Agreement.
- K. **SALE OF BUYER'S PROPERTY:** This Agreement and Buyer's ability to obtain financing are NOT contingent upon the sale of any property owned by Buyer unless the Sale of Buyer's Property (C.A.R. Form COP) is checked as a contingency of this Agreement in paragraph 3L(9).
- 9. **ITEMS INCLUDED IN AND EXCLUDED FROM SALE:**
  - A. **NOTE TO BUYER AND SELLER:** Items listed as included or excluded in the Multiple Listing Service (MLS), flyers, marketing materials, or disclosures are NOT included in the purchase price or excluded from the sale unless specified in this paragraph or paragraph 3P or as Otherwise Agreed. Any items included herein are components of the Property and are not intended to affect the price. All items are transferred without Seller warranty.
  - B. **ITEMS INCLUDED IN SALE:**
    - (1) All EXISTING fixtures and fittings that are attached to the Property;
    - (2) EXISTING electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar power systems, built-in appliances and appliances for which special openings or encasements have been made (whether or not included in paragraph 3P), window and door screens, awnings, shutters, window coverings (which includes blinds, curtains, drapery, shutters or any other materials that cover any portion of the window) and any associated hardware and rods, attached floor coverings, television antennas, satellite dishes, air coolers/conditioners, pool/spa equipment (including, but not limited to, any cleaning equipment such as motorized/automatic pool cleaners, pool heaters, pool nets, pool covers), garage door openers/remote controls, mailbox, in-ground landscaping, water features and fountains, water softeners, water purifiers, light bulbs (including smart bulbs) and all items specified as included in paragraph 3P, if currently existing and owned by Seller at the time of Acceptance.  
**Note:** If Seller does not intend to include any item specified as being included above because it is not owned by Seller, whether placed on the Property by Agent, stager, tenant, or other third party, the item should be listed as being excluded in paragraph 3P(2) or excluded by Seller in a counter offer.
    - (3) Security System includes any devices, hardware, software, or control units used to monitor and secure the Property, including but not limited to, any motion detectors, door or window alarms, and any other equipment utilized for such purpose. If checked in paragraph 3P, all such items are included in the sale, whether hard wired or not.
    - (4) Home Automation (Smart Home Features) includes any electronic devices and features including, but not limited to, thermostat controls, kitchen appliances not otherwise excluded, and lighting systems, that are connected (hard wired or wirelessly) to a control unit, computer, tablet, phone, or other "smart" device. Any Smart Home devices and features that are physically affixed to the real property, and also existing light bulbs, are included in the sale. Buyer is advised to use paragraph 3P(1) or an addendum to address more directly specific items to be included. Seller is advised to use a counter offer to address more directly any items to be excluded.
    - (5) Non-Dedicated Devices: All smart home and security system control devices are included in the sale, except for any non-dedicated personal computer, tablet, or phone used to control such features. Buyer acknowledges that a separate device and access to wifi or Internet may be required to operate some smart home features and Buyer may have to obtain such device after Close Of Escrow. Seller shall de-list any devices from any personal accounts and shall cooperate with any transfer of services to Buyer. Buyer is advised to change all passwords and ensure the security of any smart home features.
    - (6) **LEASED OR LIENED ITEMS AND SYSTEMS:** Seller, within the time specified in paragraph 3N(1), shall (i) disclose to Buyer if any item or system specified in paragraph 3P or 9B or otherwise included in the sale is leased, or not owned by Seller, or is subject to any maintenance or other ongoing financial obligation, or specifically subject to a lien or other encumbrance or loan, and (ii) Deliver to Buyer all written materials (such as lease, warranty, financing, etc.) concerning any such item.
    - (7) Seller represents that all items included in the purchase price, unless Otherwise Agreed, (i) are owned by Seller and shall be transferred free and clear of liens and encumbrances, except the items and systems identified pursuant to paragraph 9B(6), and (ii) are transferred without Seller warranty regardless of value. Seller shall cooperate with the identification of any software or applications and Buyer's efforts to transfer any services needed to operate any Smart Home Features or other items included in this Agreement, including, but not limited to, utilities or security systems.
    - (8) A complete inventory of all personal property of Seller currently used in the operation of the Property and included in the purchase price shall be delivered to Buyer within the time specified in paragraph 3N(1).
    - (9) Seller shall deliver title to the personal property by Bill of Sale, free of all liens and encumbrances, and without warranty of condition.
    - (10) As additional security for any note in favor of Seller for any part of the purchase price, Buyer shall execute a UCC-1 Financing Statement to be filed with the Secretary of State, covering the personal property included in the purchase, replacement thereof, and insurance proceeds.
  - C. **ITEMS EXCLUDED FROM SALE:** Unless Otherwise Agreed, the following items are excluded from sale: (i) All items specified in paragraph 3P(2); (ii) audio and video components (such as flat screen TVs, speakers and other items) if any such item is not itself attached to the Property, even if a bracket or other mechanism attached to the component or item is attached to the Property; (iii) furniture and other items secured to the Property for earthquake or safety purposes. Unless otherwise specified in paragraph 3P(1), brackets attached to walls, floors or ceilings for any such component, furniture or item will be removed and holes or other damage shall be repaired, but not painted.



**10. ALLOCATION OF COSTS:**

- A. INSPECTIONS, REPORTS, TESTS, AND CERTIFICATES:** Paragraphs 3Q(1), (2), (3), and (4) only determine who is to pay for the inspection, report, test, certificate or service mentioned; **it does not determine who is to pay for any work recommended or identified in any such document. Agreements for payment of required work should be specified elsewhere in paragraph 3Q, or 3S, or in a separate agreement (such as C.A.R. Forms RR, RRRR, ADM or AEA).** Any reports in these paragraphs shall be Delivered in the time specified in Paragraph 3N(1).
- B. GOVERNMENT REQUIREMENTS AND CORRECTIVE OR REMEDIAL ACTIONS:**
  - (1) **LEGALLY REQUIRED INSTALLATIONS AND PROPERTY IMPROVEMENTS:** Any required installation of smoke alarm or carbon monoxide device(s) or securing of water heater shall be completed within the time specified in **paragraph 3N(4)** and paid by Party specified in **paragraph 3Q(5)**. If Buyer is to pay for these items, Buyer, as instructed by Escrow Holder, shall deposit funds into escrow or directly to the vendor completing the repair or installation. Prior to Close Of Escrow, Seller shall Deliver to Buyer written statement(s) of compliance in accordance with any Law, unless Seller is exempt. If Seller is to pay for these items and does not fulfill Seller's obligation in the time specified, and Buyer incurs costs to comply with lender requirements concerning those items, Seller shall be responsible for Buyer's costs.
  - (2) **POINT OF SALE REQUIREMENTS:**
    - (A) Point of sale inspections, reports and repairs refer to any such actions required to be completed before or after Close Of Escrow that are required in order to close under any Law and paid by the Party specified in **paragraphs 3Q(6)** and **3Q(7)** and any such repair, shall be completed prior to final verification of Property, unless Otherwise Agreed. If Buyer agrees to pay for any portion of such repair, Buyer, shall (i) directly pay to the vendor completing the repair or (ii) provide an invoice to Escrow Holder, deposit funds into escrow sufficient to pay for Buyer's portion of such repair and request Escrow Holder pay the vendor completing the repair.
    - (B) Buyer shall be provided, within the time specified in **paragraph 3N(1)**, unless Parties Otherwise Agree to another time period, a Copy of any required government-conducted or point-of-sale inspection report prepared pursuant to this Agreement or in anticipation of this sale of the Property.
  - (3) **REINSPECTION FEES:** If any repair in **paragraph 10B(1)** is not completed within the time specified and the lender requires an additional inspection to be made, Seller shall be responsible for any corresponding reinspection fee. If Buyer incurs costs to comply with lender requirements concerning those items, Seller shall be responsible for those costs.
  - (4) **INSTALLATION OF SAFETY FEATURES:**
    - (A) The following installations shall be completed prior to final verification of condition unless Otherwise Agreed: (i) approved fire extinguisher(s), sprinkler(s), and hose(s), if required by law; and (ii) drain cover and anti-entrapment device or system meeting the minimum requirements permitted by the U.S. Consumer Products and Safety Commission for any pool or spa.
    - (B) If Buyer is to pay for these installations, Buyer, as instructed by Escrow Holder, shall deposit funds into escrow or directly to the vendor completing the installation.
  - (5) **INFORMATION AND ADVICE ON REQUIREMENTS:** Buyer and Seller are advised to seek information from a knowledgeable source regarding local and State mandates and whether they are point of sale requirements or requirements of ownership. Agents do not have expertise in this area and cannot ascertain all of the requirements or costs of compliance.

**11. SELLER DISCLOSURES**

- A. WITHHOLDING TAXES:** Buyer and Seller hereby instruct Escrow Holder to withhold the applicable required amounts to comply with federal and California withholding Laws and forward such amounts to the Internal Revenue Service and Franchise Tax Board, respectively. However, no federal withholding is required if, prior to Close Of Escrow, Seller Delivers (i) to Buyer and Escrow Holder a fully completed affidavit (C.A.R. Form AS) sufficient to avoid withholding pursuant to federal withholding Law (FIRPTA); **OR** (ii) to a qualified substitute (usually a title company or an independent escrow company) a fully completed affidavit (C.A.R. Form AS) sufficient to avoid withholding pursuant to federal withholding Law **AND** the qualified substitute Delivers to Buyer and Escrow Holder an affidavit signed under penalty of perjury (C.A.R. Form QS) that the qualified substitute has received the fully completed Seller's affidavit and the Seller states that no federal withholding is required; **OR** (iii) to Buyer other documentation satisfying the requirements under Internal Revenue Code § 1445 (FIRPTA). No withholding is required under California Law if, prior to Close Of Escrow, Escrow Holder has received sufficient documentation from Seller that no withholding is required, and Buyer has been informed by Escrow Holder.
- B. NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES:** This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov/>. To seek further information about possible transmission pipelines near the Property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Website. (Neither Seller nor Agent are required to check this website. If Buyer wants further information, Agent recommends that Buyer obtain information from this website during Buyer's investigation contingency period. Agents do not have expertise in this area.)
- C. NATURAL AND ENVIRONMENTAL HAZARDS:** Seller shall, within the time specified in **paragraph 3N(1)**, if required by Law: (i) Deliver to Buyer the earthquake guide and environmental hazards booklet, and for all residential property with 1-4 units and any manufactured or mobile home built before January 1, 1960, fully complete and Deliver the Residential Earthquake Risk Disclosure Statement; and (ii) even if exempt from the obligation to provide a NHD, disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.
- D. CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES:**
  - (1) Seller shall, within the time specified in **paragraph 3N(1)**, disclose to Buyer whether the Property is a condominium or is located in a planned development, other common interest development, or otherwise subject to covenants, conditions, and restrictions (C.A.R. Form CSPQ).



- (2) If the Property is a condominium or is located in a planned development or other common interest development with a HOA, Seller shall, within the time specified in **paragraph 3N(3)**, order from, and pay any required fee as specified in **paragraph 3Q(13)** for the following items to the HOA (C.A.R. Form HOA-IR) unless Seller has otherwise Delivered to Buyer the most current version of any such document: (i) Copies of any documents required by Law (C.A.R. Form HOA-RS); (ii) disclosure of any pending or anticipated claim or litigation by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings; (v) the names and contact information of all HOAs governing the Property; (vi) pet restrictions; and (vii) smoking restrictions ("CI Disclosures"). Seller shall itemize and Deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Seller shall, as directed by Escrow Holder, deposit funds into escrow or direct to HOA or management company to pay for any of the above.
- E. **SOLAR POWER SYSTEMS:** For properties with any solar panels or solar power systems, Seller shall, within the time specified in **paragraph 3N(1)**, Deliver to Buyer all known information about the solar panels or solar system. Seller shall use the Solar Advisory and Questionnaire (C.A.R. Form SOLAR).
- F. **WATER CONSERVING PLUMBING DEVICES:** Civil Code § 1101.5 requires all multi-family residential and commercial real property be equipped with water-conserving plumbing devices. Seller shall, within the time specified in **paragraph 3N(1)**, disclose in writing whether the property includes any noncompliant plumbing fixtures. Seller may use C.A.R. Form SPQ or ESD. See C.A.R. Form WCMD for more information.
- G. **SURVEY, PLANS, AND ENGINEERING DOCUMENTS:** Seller, within the time specified in **paragraph 3N(1)**, shall provide to Buyer, Copies of surveys, plans, specifications, and engineering documents, if any, prepared on Seller's behalf or in Seller's possession.
- H. **PERMITS:** Seller, within the time specified in **paragraph 3N(1)**, shall provide to Buyer, if in Seller's possession, copies of all permits and approvals, certificates of occupancy, conditional use permits, development plans, and licenses and permits pertaining to the operation of the Property.
- I. **STRUCTURAL MODIFICATIONS:** Seller, within the time specified in **paragraph 3N(1)**, shall in writing disclose to Buyer, known structural additions or alterations to, or the installation, alteration, repair or replacement of, significant components of the structure(s) upon the Property.
- J. **GOVERNMENTAL COMPLIANCE:** Within the time specified in **paragraph 3N(1)**,  
 (1) Seller shall disclose to Buyer any improvements, additions, alterations, or repairs to the Property made by Seller, or known to Seller to have been made, without required governmental permits, final inspections, and approvals  
 (2) Seller shall disclose to Buyer if Seller has actual knowledge of any notice of violations of Law filed or issued against the Property.
- K. **VIOLATION NOTICES:** Within the time specified in **paragraph 3N(1)**, Seller shall disclose any notice of violations of any Law filed or issued against the Property and actually known to Seller
- L. **BALCONIES, EXTERIOR STAIRWAYS AND OTHER ELEVATED ELEMENTS:** For properties with any building containing 3 or more dwelling units with elevated balconies, stairways or other elements, Seller shall, within the time specified in **paragraph 3N(1)**, Deliver to Buyer the Wooden Balcony and Stairs Addendum (C.A.R. Form WBSA) and comply with its terms.
- M. **KNOWN MATERIAL FACTS:** Seller shall, within the time specified in **paragraph 3N(1)**, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including, but not limited to, known insurance claims within the past five years, or provide Buyer with permission to contact insurer to get such information (C.A.R. Form ARC), and make any and all other disclosures required by Law.
- N. **COMMERCIAL SELLER PROPERTY QUESTIONNAIRE:** Seller shall, within the time specified in **paragraph 3N(1)**, complete and provide Buyer with a Commercial Seller Property Questionnaire (C.A.R. Form CSPQ).
- O. **SUBSEQUENT DISCLOSURES:** In the event Seller, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information, or representations previously provided to Buyer, Seller shall promptly Deliver a subsequent or amended disclosure or notice, in writing, covering those items. **However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies of which Buyer is otherwise aware or which are disclosed in reports provided to or obtained by Buyer or ordered and paid for by Buyer.**
12. **TENANCY RELATED DISCLOSURES:** Within the time specified in **paragraph 3N(1)**, and subject to Buyer's right of review, Seller shall disclose, make available or Deliver, as applicable, to Buyer, the following information:
- A. **RENTAL/SERVICE AGREEMENTS:** (i) All current leases, rental agreements, service contracts, and other agreements pertaining to the operation of the Property; (ii) A rental statement including names of tenants, rental rates, period of rental, date of last rent increase, security deposits, rental concessions, rebates or other benefits, if any, and a list of delinquent rents and their duration. Seller represents that no tenant is entitled to any rebate, concession, or other benefit, except as set forth in these documents. Seller represents that the documents to be furnished are those maintained in the ordinary and normal course of business.
- B. **INCOME AND EXPENSE STATEMENTS:** If checked in **paragraph 3R**, the books and records for the Property, if any, including a statement of income and expense for the 12 months preceding Acceptance. Seller represents that the books and records are those maintained in the ordinary and normal course of business and used by Seller in the computation of federal and state income tax returns.
- C. **TENANT ESTOPPEL CERTIFICATES:** If checked in **paragraph 3R**, Tenant Estoppel Certificates (C.A.R. Form TEC). Tenant Estoppel Certificates shall be completed by Seller or Seller's agent and delivered to tenant(s) for tenant(s) to sign and acknowledge: (i) that tenant(s)' rental or lease agreements are unmodified and in full force and effect, (or if modified, stating all such modifications); (ii) that no lessor defaults exist; and (iii) stating the amount of any prepaid rent or security deposit. Seller shall exercise good faith to obtain tenant(s)' signature(s), but Seller cannot guarantee tenant(s)' cooperation. In the event Seller cannot obtain signed Tenant Estoppel Certificates within the time specified above, Seller shall notify Buyer and provide the unsigned one that was provided to tenant(s). If, after the time specified for Seller to Deliver the TEC to Buyer, any tenant(s) sign and return a TEC to Seller, Seller shall Deliver that TEC to Buyer.
- D. **SELLER REPRESENTATIONS:** Unless otherwise disclosed under **paragraph 11, paragraph 12**, or under any disclosure Delivered to Buyer:  
 (1) Seller represents that Seller has no actual knowledge that any tenant(s): (i) has any current pending lawsuit(s), investigation(s), inquiry(ies), action(s), or other proceeding(s) affecting the Property of the right to use and occupy it; (ii) has any unsatisfied mechanics or materialman lien(s) affecting the Property; and (iii) is the subject of a bankruptcy. If Seller receives any such notice, prior to Close Of Escrow, Seller shall immediately notify Buyer.  
 (2) Seller represents that no tenant is entitled to any rebate, concessions, or other benefit, except as set forth in the rental service agreements.  
 (3) Seller represents that the documents to be furnished are those maintained in the ordinary and normal course of business and the income and expense statements are and used by Seller in the computation of federal and state income tax returns.



**13. CHANGES DURING ESCROW:**

- A. Prior to Close Of Escrow, Seller may engage in the following acts ("Proposed Changes"), subject to Buyer's rights in **paragraph 13B: (i)** rent or lease any vacant unit or other part of the premises; **(ii)** alter, modify, or extend any existing rental or lease agreement; **(iii)** enter into, alter, modify, or extend any service contract(s); or **(iv)** change the status of the condition of the Property.
- B. (1) At least **7 Days** prior to any Proposed Changes, Seller shall Deliver written notice to Buyer of such Proposed Change.  
 (2) Within **5 Days** after receipt of such notice, Buyer, in writing, may give Seller notice of Buyer's objection to the Proposed Changes in which case Seller shall not make the Proposed Changes.

**14. SECURITY DEPOSITS AND UNEARNED RENT:** Security deposits, if any, to the extent they have not been applied by Seller in accordance with any rental agreement and current Law, and all prepaid but unearned rents, if any, shall be transferred to Buyer on Close Of Escrow. Seller shall notify each tenant regarding the security deposit, in compliance with the California Civil Code.

**15. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:**

- A. Buyer shall, within the time specified in **paragraph 3L(3)**, have the right, at Buyer's expense unless Otherwise Agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations").
- B. Buyer Investigations include, but are not limited to:
  - (1) Inspections regarding any physical attributes of the Property or items connected to the Property, such as:
    - (A) A general inspection.
    - (B) An inspection for lead-based paint and other lead-based paint hazards.
    - (C) An inspection specifically for wood destroying pests and organisms. Any inspection for wood destroying pests and organisms shall be prepared by a registered Structural Pest Control company; shall cover the main building and attached structures; may cover detached structures; shall NOT include water tests of shower pans on upper level units unless the owners of property below the shower consent; shall NOT include roof coverings; and, if the Property is a unit in a condominium or other common interest subdivision, the inspection shall include only the separate interest and any exclusive-use areas being transferred, and shall NOT include common areas; and shall include a report ("Pest Control Report") showing the findings of the company which shall be separated into sections for evident infestation or infections (Section 1) and for conditions likely to lead to infestation or infection (Section 2).
    - (D) A phase one environmental survey, paid for and obtained by the party indicated in **paragraph 3Q(2)**. If Buyer is responsible for obtaining and paying for the survey, Buyer shall act diligently and in good faith to obtain such survey within the time specified in **paragraph 3L(3)**. Buyer has **5 Days** after receiving the survey to remove this portion of the Buyer's Investigation contingency.
  - (2) Investigations of any other matter affecting the Property, other than those that are specified as separate contingencies. Buyer Investigations do not include, among other things, an assessment of the availability and cost of general homeowner's insurance, flood insurance, and fire insurance. See, Buyer's Investigation Advisory (C.A.R. Form BIA) for more.
- C. Without Seller's prior written consent, Buyer shall neither make nor cause to be made: **(i)** invasive or destructive Buyer Investigations, except for minimally invasive testing required to prepare a Pest Control Report, which shall not include any holes or drilling through stucco or similar material; or **(ii)** inspections by any governmental building or zoning inspector or government employee, unless required by Law.
- D. Seller shall make the Property available for all Buyer Investigations. Seller is not obligated to move any existing personal property. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is delivered to Buyer. Buyer shall, **(i)** by the time specified in **paragraph 3L(3)**, complete Buyer Investigations and satisfy themselves as to the condition of the Property, and either remove the contingency or cancel this Agreement, and **(ii)** by the time specified in **paragraph 3L(3)** or **3 Days** after receipt of any Investigation report, whichever is later, give Seller at no cost, complete Copies of all such reports obtained by Buyer, which obligation shall survive the termination of this Agreement. This Delivery of Investigation reports shall not include any appraisal.
- E. **Buyer indemnity and Seller protection for entry upon the Property:** Buyer shall: **(i)** keep the Property free and clear of liens; **(ii)** repair all damage arising from Buyer Investigations; and **(iii)** indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-Responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination of this Agreement.

**16. TITLE AND VESTING:**

- A. **PRELIMINARY REPORT:** Buyer shall, within the time specified in **paragraph 3N(1)**, be provided a current Preliminary Report by the person responsible for paying for the title report in **paragraph 3Q(9)**. If Buyer is responsible for paying, Buyer shall act diligently and in good faith to obtain such Preliminary Report within the time specified. The Preliminary Report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. The company providing the Preliminary Report shall, prior to issuing a Preliminary Report, conduct a search of the General Index for all Sellers except banks or other institutional lenders selling properties they acquired through foreclosure (REOs), corporations, and government entities.
- B. **CONDITION OF TITLE:** Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except for: **(i)** monetary liens of record unless Buyer is assuming those obligations or taking the Property subject to those obligations; and **(ii)** those matters which Seller has agreed to remove in writing. For any lien or matter not being transferred upon sale, Seller will take necessary action to deliver title free and clear of such lien or matter.
- C. **DISCLOSURE TO BUYER:** Seller shall, within the time specified in **paragraph 3N(1)**, disclose to Buyer all matters known to Seller affecting title, whether of record or not.
- D. **FEDERAL REPORTING REQUIREMENT - GEOGRAPHIC TARGETING ORDER:** If Buyer is a legal entity and the Property purchase price is at least \$300,000 and the purchase price is made without a bank loan or similar form of external financing, a Geographic Targeting Order (GTO) issued by the Financial Crimes Enforcement Network, U.S. Department of the Treasury, requires title companies to collect and report certain information about the Buyer, depending on where the Property is located. Buyer agrees to cooperate with the title company's effort to comply with the GTO.
- E. **SELLER DELIVERY OF INFORMATION:** Seller shall within **7 Days** after request, give Escrow Holder necessary information to clear title.



**F. DEED AND VESTING:** Buyer shall, after Close Of Escrow, receive a recorded grant deed or any other conveyance document required to convey title (For example, for stock cooperative or tenancy in common, respectively, an assignment of stock certificate or assignment of Seller's interest in the real property), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's vesting instructions. The recording document shall contain Buyer's post-closing mailing address to enable Buyer's receipt of the recorded conveyance document from the County Recorder. **THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.**

**G. TITLE INSURANCE POLICY:** Buyer shall receive a Standard Coverage Owner's CLTA policy of title insurance. An ALTA policy or the addition of endorsements may provide greater coverage for Buyer. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and shall pay any increase in cost.

**17. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS:** The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR-B, CR-S or CC).

**A. SELLER DELIVERY OF DOCUMENTS:** Seller shall, within the time specified in paragraph 3N(1), Deliver to Buyer all reports, disclosures and information ("Reports") for which Seller is responsible to provide Buyer as specified in paragraphs 9B(6), 9B(8), 10, 11A, 11C-N, 12, 16A, 16C, 31, and, if applicable, C.A.R. Form SWPI.

**B. BUYER REVIEW OF DOCUMENTS; REPAIR REQUEST; CONTINGENCY REMOVAL OR CANCELLATION**

- (1) Buyer has the time specified in paragraph 3 to perform Buyer Investigations; review all disclosures, Reports, lease documents to be assumed by Buyer pursuant to paragraph 9B(6), and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property.
- (2) Buyer may, within the time specified in paragraph 3L(3), request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests (C.A.R. Form RR or RRRR). If Seller does not agree or does not respond, Buyer is not contractually entitled to have the repairs or other requests made and may only cancel based on contingencies in this Agreement.
- (3) Buyer shall, by the end of the times specified in paragraph 3L (or as Otherwise Agreed), Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement (C.A.R. Form CR-B or CC). Buyer is advised not to remove contingencies related to review of documents until after the documents have been Delivered. If Delivery of any Report occurs after a contractual contingency pertaining to that Report has already been waived or removed, the Delivery of the Report does not revive the contingency.
- (4) **Continuation of Contingency:** Even after the end of the time specified in paragraph 3L and before Seller cancels, if at all, pursuant to paragraph 17C, Buyer retains the right, in writing, to either (i) remove remaining contingencies, or (ii) cancel this Agreement based on a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to paragraph 17C(1).

**C. SELLER RIGHT TO CANCEL:**

- (1) **SELLER RIGHT TO CANCEL; BUYER CONTINGENCIES:** If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement, then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.
- (2) **SELLER RIGHT TO CANCEL; BUYER CONTRACT OBLIGATIONS:** Seller, after first Delivering to Buyer a Notice to Buyer to Perform, may cancel this Agreement if, by the time specified in this Agreement, Buyer does not take the following action(s): (i) Deposit funds as required by paragraph 3D(1) or 3D(2) or if the funds deposited pursuant to paragraph 3D(1) or 3D(2) are not good when deposited; (ii) Deliver updated contact information for Buyer's lender(s) as required by paragraph 5C(3); (iii) Deliver verification, or a satisfactory verification if Seller reasonably disapproves of the verification already provided, as required by paragraph 5B or 6A; (iv) Deliver a letter as required by paragraph 6B; (v) In writing assume or accept leases or liens specified in paragraph 8H; (vi) Cooperate with the title company's effort to comply with the GTO as required by paragraph 16E; (vii) Provide evidence of authority to Sign in a representative capacity as specified in paragraph 31; (viii) Sign or initial a separate liquidated damages form for an increased deposit as required by paragraph 5A(2) and 37; or (ix) Perform any additional Buyer contractual obligation(s) included in this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees allocated to Seller in this Agreement and already paid by Escrow prior to cancellation of this Agreement and notification to Escrow.
- (3) **SELLER RIGHT TO CANCEL; SELLER CONTINGENCIES:** Seller may cancel this Agreement by good faith exercise of any Seller contingency included in this Agreement, or Otherwise Agreed, so long as that contingency has not already been removed or waived in writing.

**D. BUYER RIGHT TO CANCEL:**

- (1) **BUYER RIGHT TO CANCEL; SELLER CONTINGENCIES:** If, by the time specified in this Agreement, Seller does not Deliver to Buyer a removal of the applicable contingency or cancellation of this Agreement, then Buyer, after first Delivering to Seller a Notice to Seller to Perform (C.A.R. Form NSP), may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees allocated to Seller in the Agreement and already paid by Escrow prior to cancellation of this Agreement and notification to Escrow.
- (2) **BUYER RIGHT TO CANCEL; SELLER CONTRACT OBLIGATIONS:** If, by the time specified, Seller has not Delivered any item specified in paragraph 3N(1) or Seller has not performed any Seller contractual obligation included in this Agreement by the time specified, Buyer, after first Delivering to Seller a Notice to Seller to Perform, may cancel this Agreement.
- (3) **BUYER RIGHT TO CANCEL; BUYER CONTINGENCIES:** Buyer may cancel this Agreement by good faith exercise of any Buyer contingency included in paragraph 8, or Otherwise Agreed, so long as that contingency has not already been removed in writing.

**E. NOTICE TO BUYER OR SELLER TO PERFORM:** The Notice to Buyer to Perform or Notice to Seller to Perform shall: (i) be in writing; (ii) be Signed by the applicable Buyer or Seller; and (iii) give the other Party at least 2 Days after Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A Notice to Buyer to Perform or Notice to Seller to Perform may not be Delivered any earlier than 2 Days prior to the Scheduled Performance Day to remove a contingency or cancel this Agreement or meet an obligation specified in paragraph 17, except for Close of Escrow which shall be Delivered under the terms of paragraph 17G, whether or not the Scheduled Performance Day falls on a Saturday, or Sunday or legal holiday. If a Notice to Buyer to Perform or Notice to Seller to Perform is incorrectly Delivered or specifies a time less than the agreed time, the notice shall be deemed invalid and void. However, if the notice is for multiple items, the notice shall be valid for all contingencies and contractual actions for which the Delivery of the notice is within the time permitted in the Agreement and void as to the others. Seller or Buyer shall be required to Deliver a new Notice to Buyer to Perform or Notice to Seller to Perform with the specified timeframe.



**F. EFFECT OF REMOVAL OF CONTINGENCIES:**

- (1) **REMOVAL OF BUYER CONTINGENCIES:** If Buyer removes any contingency or cancellation rights, unless Otherwise Agreed, Buyer shall conclusively be deemed to have: (i) completed all Buyer investigations, and review of Reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for the non-delivery of any Reports, disclosures or information outside of Seller's control and for any Repairs or corrections pertaining to that contingency or cancellation right, or for the inability to obtain financing.
- (2) **REMOVAL OF SELLER CONTINGENCIES:** If Seller removes any contingency or cancellation rights, unless Otherwise Agreed, Seller shall conclusively be deemed to have: (i) satisfied themselves regarding such contingency, (ii) elected to proceed with the transaction; and (iii) given up any right to cancel this Agreement based on such contingency.

**G. DEMAND TO CLOSE ESCROW:**

Before Buyer or Seller may cancel this Agreement for failure of the other Party to close escrow pursuant to this Agreement, Buyer or Seller must first Deliver to the other Party a Demand to Close Escrow (C.A.R. Form DCE). The DCE shall: (i) be Signed by the applicable Buyer or Seller; and (ii) give the other Party at least **3 Days** after Delivery to close escrow. A DCE may not be Delivered any earlier than **3 Days** prior to the Scheduled Performance Day for the Close Of Escrow. If a DCE is incorrectly Delivered or specifies a time less than the agreed time, the DCE shall be deemed invalid and void and Seller or Buyer shall be required to Deliver a new DCE.

**H. EFFECT OF CANCELLATION ON DEPOSITS:**

If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, the Parties agree to Sign and Deliver mutual instructions to cancel the sale and escrow and release deposits, if any, to the Party entitled to the funds, less (i) fees and costs paid by Escrow Holder on behalf of that Party, if required by this Agreement; and (ii) any escrow fee charged to that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. **A release of funds will require mutual Signed release instructions from the Parties, judicial decision or arbitration award. A Party may be subject to a civil penalty of up to \$1,000 for refusal to Sign cancellation instructions if no good faith dispute exists as to which Party is entitled to the deposited funds (Civil Code § 1057.3). Note: Neither Agents nor Escrow Holder are qualified to provide any opinion on whether either Party has acted in good faith or which Party is entitled to the deposited funds. Buyer and Seller are advised to seek the advice of a qualified California real estate attorney regarding this matter.**

**18. REPAIRS:** Repairs shall be completed prior to final verification of condition unless Otherwise Agreed. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. Buyer acknowledges that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain invoices and paid receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of invoices and paid receipts and statements to Buyer prior to final verification of condition.

**19. FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final verification of the Property condition within the time specified in **paragraph 3J, NOT AS A CONTINGENCY OF THE SALE**, but solely to confirm: (i) the Property is maintained pursuant to **paragraph 7B**; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. Form VP).

**20. PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless Otherwise Agreed, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, Seller rental payments, HOA regular assessments due prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. Seller shall pay any HOA special or emergency assessments due prior to Close Of Escrow. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special or emergency assessments that are due after Close Of Escrow. Property will be reassessed upon change of ownership. Any supplemental tax bills delivered to Escrow Holder prior to closing shall be prorated and paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller (see C.A.R. Form SPT or SBSA for further information). Seller agrees all service fees, maintenance costs and utility bills will be paid current up and through the date of Close Of Escrow. **TAX BILLS AND UTILITY BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER.** Prorations shall be made based on a 30-day month.

**21. BROKERS AND AGENTS:**

**A. COMPENSATION:**

- (1) **Broker Compensation:** Seller or Buyer, or both, as applicable, agree to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. The amount of compensation, if a percentage, will be based on the final purchase price. Buyer is advised that Buyer's Broker should not receive compensation from any source in excess of the amount in the buyer representation agreement. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
- (2) **Third party beneficiary:** Seller acknowledges and agrees that Buyer's Broker is a third-party beneficiary of this Agreement and may pursue Seller for failure to pay the amount specified in this Agreement.

**B. SCOPE OF DUTY:**

Buyer and Seller acknowledge and agree that Agent: (i) Does not decide what price Buyer should pay or Seller should accept; (ii) Does not guarantee the condition of the Property; (iii) Does not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) Does not have an obligation to conduct an inspection of common areas or areas off the site of the Property; (v) Shall not be responsible for identifying defects on the Property, in common areas, or offsite unless such defects are visually observable by an inspection of reasonably accessible areas of the Property or are known to Agent; (vi) Shall not be responsible for inspecting public records or permits concerning the title or use of Property; (vii) Shall not be responsible for identifying the location of boundary lines or other items affecting title; (viii) Shall not be responsible for verifying square footage, representations of others or information contained in Investigation reports, Multiple Listing Service, advertisements, flyers or other promotional material; (ix) Shall not be responsible for determining the fair market value of the Property or any personal property included in the sale; (x) Shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller; and (xi) Shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.



**22. JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:**

- A. ESCROW INSTRUCTION PARAGRAPHS:** The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: paragraphs 1, 3A, 3B, 3D-G, 3N(2), 3Q, 3S, 4A, 4B, 5A(1-2) 5D, 5E, 10B(2)(A), 10B(3), 10B(4)(B), 11A, 11D(2), 16 (except 16D), 17H, 20, 21A, 22, 26, 31, 32, 35, 39, and 40. If a Copy of the separate compensation agreement(s) provided for in paragraph 21A is deposited with Escrow Holder by Agent, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned.
  - B. ESCROW HOLDER GENERAL PROVISIONS:** Buyer and Seller will receive Escrow Holder's general provisions, if any, directly from Escrow Holder. To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller shall Sign and return Escrow Holder's general provisions or supplemental instructions within the time specified in paragraph 3N(2). Buyer and Seller shall execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow and, as directed by Escrow Holder, within 3 Days, shall pay to Escrow Holder or HOA or HOA management company or others any fee required by paragraphs 3, 8, 10, 11, or elsewhere in this Agreement.
  - C. COPIES; STATEMENT OF INFORMATION; TAX WITHHOLDING INSTRUCTIONS:** A Copy of this Agreement including any counter offer(s) and addenda shall be delivered to Escrow Holder within 3 Days after Acceptance. Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement. Escrow Holder shall provide Seller's Statement of Information to Title Company when received from Seller, if a separate company is providing title insurance. If Seller delivers an affidavit to Escrow Holder to satisfy Seller's FIRPTA obligation under paragraph 11A, Escrow Holder shall deliver to Buyer, Buyer's Agent, and Seller's Agent a Qualified Substitute statement that complies with federal Law. If Escrow Holder's Qualified Substitute statement does not comply with federal law, the Parties instruct escrow to withhold all applicable required amounts under paragraph 11A.
  - D. BROKER COMPENSATION:**
    - (1) **Payment:** Agents are not a party to the escrow except for the sole purpose of receiving compensation pursuant to paragraph 21A. If a Copy of the separate compensation agreement(s), including if applicable paragraph 3G(3) of this Agreement, is deposited with Escrow Holder by Agent, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). Buyer's obligation to pay Buyer's Broker shall be offset by any amount that Seller pays Buyer's Broker. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraph 21A, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement.
    - (2) **Compensation Disclosure:** Escrow Holder shall provide to Buyer a closing statement or other written documentation disclosing the amount of compensation paid to Buyer's Broker. Escrow Holder shall provide to Seller a closing statement or other written documentation disclosing: (i) the amount of compensation paid to Seller's Broker; and (ii) if applicable pursuant to paragraph 3G(3) or other mutual instruction of the parties, the amount paid by Seller for Buyer's Broker compensation. Escrow Holder's obligation pursuant to paragraph 22D, is not intended to alter any preexisting practice of Escrow Holder to issue, as applicable, joint or separate closing statements. Escrow Holder's obligation pursuant to paragraph 22D is independent of, but may be satisfied by, any closing statement mandated by Buyer's lender.
  - E. INVOICES:** Buyer and Seller acknowledge that Escrow Holder may require invoices for expenses under this Agreement. Buyer and Seller, upon request by Escrow Holder, within 3 Days or within a sufficient time to close escrow, whichever is sooner, shall provide any such invoices to Escrow Holder.
  - F. VERIFICATION OF DEPOSIT:** Upon receipt, Escrow Holder shall provide Buyer, Seller, and each Agent verification of Buyer's deposit of funds pursuant to paragraph 5A(1) and C.A.R. Form IDA. Once Escrow Holder becomes aware of any of the following, Escrow Holder shall immediately notify each Agent: (i) if Buyer's initial or any additional deposit or down payment is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if Buyer and Seller instruct Escrow Holder to cancel escrow.
  - G. DELIVERY OF AMENDMENTS:** A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 3 Days after mutual execution of the amendment.
- 23. SELECTION OF SERVICE PROVIDERS:** Agents do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Agent or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.
- 24. MULTIPLE LISTING SERVICE ("MLS"):** Agents are authorized to report to the MLS that an offer has been accepted and, upon Close Of Escrow, the sales price and other terms of this transaction shall be provided to the MLS to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS. Buyer acknowledges that: (i) any pictures, videos, floor plans (collectively, "Images") or other information about the Property that has been or will be inputted into the MLS or internet portals, or both, at the instruction of Seller or in compliance with MLS rules, will not be removed after Close Of Escrow; (ii) California Civil Code § 1088(c) requires the MLS to maintain such Images and information for at least three years and as a result they may be displayed or circulated on the Internet, which cannot be controlled or removed by Seller or Agents; and (iii) Seller, Seller's Agent, Buyer's Agent, and MLS have no obligation or ability to remove such Images or information from the Internet.
- 25. ATTORNEY FEES AND COSTS:** In any Legal Action between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 37A.

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- 26. ASSIGNMENT/NOMINATION:** Buyer shall have the right to assign all of Buyer's interest in this Agreement to Buyer's wholly-owned entity or trust that exists at the time of such assignment. Otherwise, Buyer shall not assign all or any part of Buyer's interest in this Agreement without first obtaining Seller's separate written consent to a specified assignee (C.A.R. Form AOAA). Seller shall not unreasonably withhold such consent. Prior to any assignment, Buyer shall disclose to Seller the name of the assignee and the amount of any monetary consideration between Buyer and assignee. Seller's withholding of consent shall be deemed reasonable if: (i) Buyer is to receive any monetary or other consideration for the assignment; (ii) Buyer makes any misrepresentation(s) to Seller about any aspect of the assignment; or (iii) Buyer Delivers an assignment request to Seller after the time specified in **paragraph 3K**. Buyer shall provide assignee with all documents related to this Agreement including, but not limited to, the Agreement and any disclosures. If assignee is Buyer's wholly-owned entity or trust, that assignee does not need to re-sign or initial all documents provided. Whether or not an assignment requires seller's consent, at the time of assignment, assignee shall deliver a letter from assignee's lender that assignee is prequalified or preapproved as specified in **paragraph 6B**. Should assignee fail to deliver such letter, Seller, after first giving assignee a Notice to Buyer to Perform, may terminate the assignment. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement unless Otherwise Agreed by Seller. Parties shall provide any assignment agreement to Escrow Holder within **1 Day** after the assignment. Any nomination by Buyer shall be subject to the same procedures, requirements, and terms as an assignment as specified in this paragraph.
- 27. SUCCESSORS AND ASSIGNS:** This Agreement shall be binding upon, and inure to the benefit of, Buyer and Seller and their respective successors and assigns, except as otherwise provided herein.
- 28. ENVIRONMENTAL HAZARD CONSULTATION:** Buyer and Seller acknowledge: (i) Federal, state, and local legislation impose liability upon existing and former owners and users of real property, in applicable situations, for certain legislatively defined, environmentally hazardous substances; (ii) Agent(s) has/have made no representation concerning the applicability of any such Law to this transaction or to Buyer or to Seller, except as otherwise indicated in this Agreement; (iii) Agent(s) has/have made no representation concerning the existence, testing, discovery, location, and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property; and (iv) Buyer and Seller are each advised to consult with technical and legal experts concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property.
- 29. AMERICANS WITH DISABILITIES ACT:** The Americans With Disabilities Act ("ADA") prohibits discrimination against individuals with disabilities. The ADA affects almost all commercial facilities and public accommodations. Residential properties are not typically covered by the ADA, but may be governed by its provisions if used for certain purposes. The ADA can require, among other things, that buildings be made readily accessible to the disabled. Different requirements apply to new construction, alterations to existing buildings, and removal of barriers in existing buildings. Compliance with the ADA may require significant costs. Monetary and injunctive remedies may be incurred if the Property is not in compliance. A real estate broker or agent does not have the technical expertise to determine whether a building is in compliance with ADA requirements, or to advise a principal on those requirements. Buyer and Seller are advised to contact a qualified California real estate attorney, contractor, architect, engineer, or other qualified professional of Buyer or Seller's own choosing to determine to what degree, if any, the ADA impacts that principal or this transaction.
- 30. COPIES:** Seller and buyer each represent that Copies of all reports, certificates, approvals, and other documents that are furnished to the other are true, correct, and unaltered Copies of the original documents, if the originals are in the possession of the furnishing party.
- 31. LEGALLY AUTHORIZED SIGNER:** Wherever the signature or initials of the Legally Authorized Signer identified in **paragraphs 39** or **40** appear on this Agreement or any related documents, it shall be deemed to be in a representative capacity for the entity described and not in an individual capacity, unless otherwise indicated. The Legally Authorized Signer (i) represents that the entity for which that person is acting already exists and is in good standing to do business in California and (ii) shall Deliver to the other Party and Escrow Holder, within **3 Days** after Acceptance, evidence of authority to act in that capacity (such as but not limited to: applicable portion of the trust or Certification Of Trust (Probate Code § 18100.5)), letters testamentary, court order, power of attorney, corporate resolution, or formation documents of the business entity).
- 32. DEFINITIONS and INSTRUCTIONS:** The following words are defined terms in this Agreement, shall be indicated by initial capital letters throughout this Agreement, and have the following meaning whenever used:
- "Acceptance"** means the time the offer or final counter offer is fully executed, in writing, by the recipient Party and is Delivered to the offering Party or that Party's Authorized Agent.
  - "Agent"** means the Broker, salesperson, broker-associate or any other real estate licensee licensed under the brokerage firm identified in **paragraph 2B**.
  - "Agreement"** means this document and any counter offers and any incorporated addenda or amendments, collectively forming the binding agreement between the Parties. Addenda and amendments are incorporated only when Signed and Delivered by all Parties.
  - "As-Is"** condition: Seller shall disclose known material facts and defects as specified in this Agreement. Buyer has the right to inspect the Property and, within the time specified, request that Seller make repairs or take other corrective action, or exercise any contingency cancellation rights in this Agreement. Seller is only required to make repairs specified in this Agreement or as Otherwise Agreed.
  - "Authorized Agent"** means an individual real estate licensee specified in the Real Estate Broker Section.
  - "C.A.R. Form"** means the most current version of the specific form referenced or another comparable form agreed to by the Parties.
  - "Close Of Escrow"**, including "COE", means the date the grant deed, or other evidence of transfer of title, is recorded for any real property, or the date of Delivery of a document evidencing the transfer of title for any non-real property transaction.
  - "Copy"** means copy by any means including photocopy, facsimile and electronic.
  - Counting Days** is done as follows unless Otherwise Agreed: (1) The first Day after an event is the first full calendar date following the event, and ending at 11:59 pm. For example, if a Notice to Buyer to Perform (C.A.R. form NBP) is Delivered at 3 pm on the 7th calendar day of the month, or Acceptance of a counter offer is personally received at 12 noon on the 7th calendar day of the month, then the 7th is Day "0" for purposes of counting days to respond to the NBP or calculating the Close Of Escrow date or contingency removal dates and the 8th of the month is Day 1 for those same purposes. (2) All calendar days are counted in establishing the first Day after an event. (3) All calendar days are counted in determining the date upon which performance must be completed, ending at 11:59 pm on the last day for performance ("Scheduled Performance Day"). (4) After Acceptance, if the Scheduled Performance Day for any act required by this Agreement, including Close Of Escrow, lands on a Saturday, Sunday, or Legal Holiday, the performing party shall be allowed to perform on the next day that is not a Saturday, Sunday or Legal Holiday ("Allowable Performance Day"), and ending at 11:59 pm. "Legal Holiday" shall mean any holiday or optional bank holiday under Civil Code §§ 7 and 7.1 and any holiday under Government Code § 6700. (5) For the purposes of COE, any day that the Recorder's office in the County where the Property is located is closed or any day that the lender or Escrow Holder under this Agreement is closed, the COE shall occur on the next day the Recorder's office in that County, the lender, and the Escrow Holder are open. (6) COE is considered Day 0 for purposes of counting days Seller is allowed to remain in possession, if permitted by this Agreement.



- J. "Day" or "Days" means calendar day or days. However, delivery of deposit to escrow is based on business days.
- K. "Deliver", "Delivered" or "Delivery" of documents, unless Otherwise Agreed, means and shall be effective upon personal receipt of the document by Buyer or Seller or their Authorized Agent. Personal receipt means (i) a Copy of the document, or as applicable, link to the document, is in the possession of the Party or Authorized Agent, regardless of the Delivery method used (i.e. e-mail, text, other). A document, or as applicable link to a document, shall be deemed to be "in possession" if it is located in the inbox for the applicable Party or Authorized Agent; or (ii) an electronic Copy of the document, or as applicable, link to the document, has been sent to the designated electronic delivery address specified in the Real Estate Broker Section, unless Otherwise Agreed in C.A.R. Form DEDA. After Acceptance, Agent may change the designated electronic delivery address for that Agent by, in writing, Delivering notice of the change in designated electronic delivery address to the other Party (C.A.R. Form DEDA). Links could be, for example, to DropBox or Google Drive or other functionally equivalent program. If the recipient of a link is unable or unwilling to open the link or download the documents or otherwise prefers Delivery of the documents directly, Recipient of a link shall notify the sender in writing, within **3 Days** after Delivery of the link (C.A.R. Form RFR). In such case, Delivery shall be effective upon Delivery of the documents and not the link. Failure to notify sender within the time specified above shall be deemed consent to receive, and recipient opening, the document by link.
- L. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Unless Otherwise Agreed, Buyer and Seller agreed to the use of Electronic Signatures. Buyer and Seller agree that electronic means will not be used by either Party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other Party.
- M. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
- N. "Legal Action" means a lawsuit or legal proceeding in arbitration or court.
- O. "Legally Authorized Signer" means an individual who has authority to Sign for the principal as specified in **paragraph 39 or paragraph 40**.
- P. "Otherwise Agreed" means an agreement in writing, signed by both Parties and Delivered to each.
- Q. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
- R. "Sign" or "Signed" means either a handwritten or Electronic Signature on an original document, Copy or any counterpart.
- 33. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
- 34. **TERMS AND CONDITIONS OF OFFER:** This is an offer to purchase the Property on the terms and conditions herein. The individual Liquidated Damages and Arbitration of Disputes paragraphs are incorporated in this Agreement if initialed by all Parties or if incorporated by mutual agreement in a Counter Offer or addendum. **If at least one but not all Parties initial, a Counter Offer is required until agreement is reached.** Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance and to market the Property for backup offers after Acceptance. The Parties have read and acknowledge receipt of a Copy of the offer and agree to the confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing. By signing this offer or any document in the transaction, the Party Signing the document is deemed to have read the document in its entirety.
- 35. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the Parties are incorporated in this Agreement. Its terms are intended by the Parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Except as Otherwise Agreed, this Agreement shall be interpreted, and disputes shall be resolved in accordance with the Laws of the State of California. **Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.**

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36. LIQUIDATED DAMAGES:

If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. Buyer and Seller agree that this amount is a reasonable sum given that it is impractical or extremely difficult to establish the amount of damages that would actually be suffered by Seller in the event Buyer were to breach this Agreement. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award. AT THE TIME OF ANY INCREASED DEPOSIT BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION INCORPORATING THE INCREASED DEPOSIT AS LIQUIDATED DAMAGES (C.A.R. FORM DID).

Buyer's Initials SVH ABR

Seller's Initials JD / \_\_\_\_\_

37. MEDIATION:

- A. The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. The mediation shall be conducted through the C.A.R. Dispute Resolution Center for Real Estate ([www.consumermediation.org](http://www.consumermediation.org)) or through any other mediation provider or service mutually agreed to by the Parties. The Parties also agree to mediate any disputes or claims with Agents(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Agent. Mediation fees, if any, shall be divided equally among the Parties involved, and shall be recoverable under the prevailing party attorney fees clause. If, for any dispute or claim to which this paragraph applies, any Party (i) commences Legal Action without first attempting to resolve the matter through mediation, or (ii) before commencement of Legal Action, refuses to mediate after a request has been made, then that Party shall not be entitled to recover attorney fees, even if they would otherwise be available to that Party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.
- B. ADDITIONAL MEDIATION TERMS: (i) Exclusions from this mediation agreement are specified in paragraph 38B; (ii) The obligation to mediate does not preclude the right of either Party to seek a preservation of rights under paragraph 38C; and (iii) Agent's rights and obligations are further specified in paragraph 38D. These terms apply even if the Arbitration of Disputes paragraph is not initiated.

38. ARBITRATION OF DISPUTES:

- A. The Parties agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The Parties also agree to arbitrate any disputes or claims with Agents(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Agent. The arbitration shall be conducted through any arbitration provider or service mutually agreed to by the Parties. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of transactional real estate Law experience, unless the Parties mutually agree to a different arbitrator. Enforcement of, and any motion to compel arbitration pursuant to, this agreement to arbitrate shall be governed by the procedural rules of the Federal Arbitration Act, and not the California Arbitration Act, notwithstanding any language seemingly to the contrary in this Agreement. The Parties shall have the right to discovery in accordance with Code of Civil Procedure § 1283.05. The arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction.
- B. EXCLUSIONS: The following matters are excluded from mediation and arbitration: (i) Any matter that is within the jurisdiction of a probate, small claims or bankruptcy court; (ii) an unlawful detainer action; and (iii) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code § 2985.
- C. PRESERVATION OF ACTIONS: The following shall not constitute a waiver nor violation of the mediation and arbitration provisions: (i) the filing of a court action to preserve a statute of limitations; (ii) the filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, provided the filing party concurrent with, or immediately after such filing, makes a request to the court for a stay of litigation pending any applicable mediation or arbitration proceeding; or (iii) the filing of a mechanic's lien.
- D. AGENTS: Agents shall not be obligated nor compelled to mediate or arbitrate unless they agree to do so in writing. Any Agents(s) participating in mediation or arbitration shall not be deemed a party to this Agreement.
- E. "NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials SVH / ABR

Seller's Initials JD / \_\_\_\_\_



**39. OFFER**

**A. EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit, if any, shall be returned to Buyer unless by the date and time specified in **paragraph 3C**, the offer is Signed by Seller and a Copy of the Signed offer is Delivered to Buyer or Buyer's Authorized Agent. **Seller has no obligation to respond to an offer made.**

**B.  ENTITY BUYERS:** (Note: If this paragraph is completed, a Representative Capacity Signature Disclosure (C.A.R. Form RCSD) is not required for the Legally Authorized Signers designated below.)

(1) **Non-Individual (entity) Buyers:** One or more Buyers is a trust, corporation, LLC, probate estate, partnership, holding a power of attorney or other entity.

(2) **Full entity name:** The following is the full name of the entity (if a trust, enter the complete trust name; if under probate, enter full name of the estate, including case #): **Salinas Valley Memorial Healthcare System, a California Local Health Care District**

(3) **Contractual Identity of Buyer:** For purposes of this Agreement, when the name described below is used, it shall be deemed to be the full entity name.

(A) If a trust: The trustee(s) of the trust or a simplified trust name (ex. John Doe, co-trustee, Jane Doe, co-trustee or Doe Revocable Family Trust);

(B) If Property is sold under the jurisdiction of a probate court: The name of the executor or administrator, or a simplified probate name (John Doe, executor, or Estate (or Conservatorship) of John Doe).

(4) **Legally Authorized Signer:**

(A) This Agreement is being Signed by a Legally Authorized Signer in a representative capacity and not in an individual capacity. See **paragraph 31** for additional terms.

(B) The name(s) of the Legally Authorized Signer(s) is/are: **Dr. Allen Radner**

**C.** The CPA has 17 pages. Buyer acknowledges receipt of, and has read and understands, every page and all attachments that make up the Agreement.

**D. BUYER SIGNATURE(S):**

(Signature) By, *[Signature]* / CEO Date: **2/9/2026**

Printed name of BUYER: **Salinas Valley Memorial Healthcare System, a California Local Health Care District**

Printed Name of Legally Authorized Signer: **Dr. Allen Radner** Title, if applicable, **CEO**

(Signature) By, \_\_\_\_\_ Date: \_\_\_\_\_

Printed name of BUYER: \_\_\_\_\_

Printed Name of Legally Authorized Signer: \_\_\_\_\_ Title, if applicable, \_\_\_\_\_

IF MORE THAN TWO SIGNERS, USE Additional Signature Addendum (C.A.R. Form ASA).

**40. ACCEPTANCE**

**A. ACCEPTANCE OF OFFER:** Seller warrants that Seller is the owner of the Property or has the authority to execute this Agreement. Seller accepts the above offer and agrees to sell the Property on the above terms and conditions. Seller has read and acknowledges receipt of a Copy of this Agreement and authorizes Agent to Deliver a Signed Copy to Buyer.

**Seller's acceptance is subject to the attached Counter Offer or Back-Up Offer Addendum, or both, checked below.**

Seller shall return and include the entire agreement with any response.

**Seller Counter Offer** (C.A.R. Form SCO or SMCO)

**Back-Up Offer Addendum** (C.A.R. Form BUO)

**B.  ENTITY SELLERS:** (Note: If this paragraph is completed, a Representative Capacity Signature Disclosure form (C.A.R. Form RCSD) is not required for the Legally Authorized Signers designated below.)

(1) **Non-Individual (entity) Sellers:** One or more Sellers is a trust, corporation, LLC, probate estate, partnership, holding a power of attorney or other entity.

(2) **Full entity name:** The following is the full name of the entity (if a trust, enter the complete trust name; if under probate, enter full name of the estate, including case #): **M 2 S Inc, an Alaska corporation**

(3) **Contractual Identity of Seller:** For purposes of this Agreement, when the name described below is used, it shall be deemed to be the full entity name.

(A) If a trust: The trustee(s) of the trust or a simplified trust name (ex. John Doe, co-trustee, Jane Doe, co-trustee or Doe Revocable Family Trust);

(B) If Property is sold under the jurisdiction of a probate court: The name of the executor or administrator, or a simplified probate name (John Doe, executor, or Estate (or Conservatorship) of John Doe).

(4) **Legally Authorized Signer:**

(A) This Agreement is being Signed by a Legally Authorized Signer in a representative capacity and not for him/herself as an individual. See **paragraph 31** for additional terms.

(B) The name(s) of the Legally Authorized Signer(s) is/are: **James Dankworth**

**C.** The CPA has 17 pages. Seller acknowledges receipt of, and has read and understands, every page and all attachments that make up the Agreement.

**D. SELLER SIGNATURE(S):**

(Signature) By, **JAMES DANKWORTH** Date: **02/11/2026**

Printed name of SELLER: **M 2 S Inc, an Alaska Corporation**

Printed Name of Legally Authorized Signer: **James Dankworth** Title, if applicable, **OWNER**

(Signature) By, \_\_\_\_\_ Date: \_\_\_\_\_

Printed name of SELLER: \_\_\_\_\_

Printed Name of Legally Authorized Signer: \_\_\_\_\_ Title, if applicable, \_\_\_\_\_

IF MORE THAN TWO SIGNERS, USE Additional Signature Addendum (C.A.R. Form ASA).



**REAL ESTATE BROKERS SECTION:**

- 1. Real Estate Agents are not parties to the Agreement between Buyer and Seller.
- 2. Agency relationships are confirmed as stated in paragraph 2.
- 3. Presentation of Offer: Pursuant to the National Association of REALTORS® Standard of Practice 1-7, if Buyer's Agent makes a written request, Seller's Agent shall confirm in writing that this offer has been presented to Seller.
- 4. Agents' Signatures and designated electronic delivery address:

A. Buyer's Brokerage Firm Cushman & Wakefield U.S., Inc. DRE Lic. # 01880493  
 By Greg Findley Greg Findley DRE Lic. # 01170543 Date 02/10/2026  
Greg Findley (Feb 10, 2026 16:57:31 PST)  
 By \_\_\_\_\_ DRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_  
 Address 328-B Main Street City Salinas State CA Zip 93901  
 Email greg.findley@cushwake.com Phone # (831)755-1639

- More than one agent from the same firm represents Buyer. Additional Agent Acknowledgement (C.A.R. Form AAA) attached.
- More than one brokerage firm represents Buyer. Additional Broker Acknowledgement (C.A.R. Form ABA) attached.

Designated Electronic Delivery Address(es): Email above or \_\_\_\_\_  
 Attached DEDA: If Parties elect to have an alternative Delivery method, such method may be indicated on C.A.R. Form DEDA.

B. Seller's Brokerage Firm Cushman & Wakefield U.S., Inc. DRE Lic. # 01880493  
 By Greg Findley Greg Findley DRE Lic. # 01170453 Date 02/10/2026  
Greg Findley (Feb 10, 2026 16:57:31 PST)  
 By \_\_\_\_\_ DRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_  
 Address 328-B Main Street City Salinas State CA Zip 93901  
 Email greg.findley@cushwake.com Phone # (831)755-1639

- More than one agent from the same firm represents Seller. Additional Agent Acknowledgement (C.A.R. Form AAA) attached.
- More than one brokerage firm represents Seller. Additional Broker Acknowledgement (C.A.R. Form ABA) attached.

Designated Electronic Delivery Address(es) (To be filled out by Seller's Agent): Email above or \_\_\_\_\_  
 Attached DEDA: If Parties elect to have an alternative Delivery method, such method may be indicated on C.A.R. Form DEDA.

Buyer's Initials SWH ABR Seller's Initials JD

**ESCROW HOLDER ACKNOWLEDGMENT:**

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked,  a deposit in the amount of \$ \_\_\_\_\_), Counter Offer numbers \_\_\_\_\_ and \_\_\_\_\_, and agrees to act as Escrow Holder subject to paragraph 22 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised by \_\_\_\_\_ that the date of Acceptance of the Agreement is \_\_\_\_\_  
 Escrow Holder \_\_\_\_\_ Escrow # \_\_\_\_\_  
 By \_\_\_\_\_ Date \_\_\_\_\_

Address \_\_\_\_\_  
 Phone/Fax/E-mail //

Escrow Holder has the following license number # \_\_\_\_\_  
 Department of Financial Protection and Innovation,  Department of Insurance,  Department of Real Estate.

PRESENTATION OF OFFER: GF / \_\_\_\_\_ Seller's Brokerage Firm presented this offer to Seller on 2/10/2026 (date).  
 Broker or Designee Initials

OFFER NOT ACCEPTED: \_\_\_\_\_ / \_\_\_\_\_ No Counter Offer is being made. This offer was not accepted by Seller \_\_\_\_\_ (date)  
 Seller's Initials

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CPA REVISED 12/25 (PAGE 17 OF 17)



**COMMERCIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (CPA PAGE 17 OF 17)**



## BUYER'S INVESTIGATION ADVISORY

(C.A.R. Form BIA, Revised 6/25)

1. **IMPORTANCE OF PROPERTY INVESTIGATION:** Unless otherwise specified in the Agreement, the physical condition of the land and improvements being purchased is not guaranteed by either Seller or Brokers. You have an affirmative duty to exercise reasonable care to protect yourself, including discovery of the legal, practical and technical implications of disclosed facts, and the investigation and verification of information and facts that you know or that are within your diligent attention and observation. A Broker's inspection is a limited visual inspection (see C.A.R. Form AVID), and a Broker is not qualified to conduct the investigations listed below nor will Broker conduct the investigations checked below by Buyer. For these reasons, you should conduct thorough inspections, investigations, tests, surveys and other studies (Inspections and Investigations) of the Property personally and with appropriate professionals (see C.A.R. Form SBSA), who should provide written reports of their Inspections. A general physical inspection typically does not cover all aspects of the Property nor items affecting the Property that are not physically located on the Property. If any professionals recommend further investigations, including a recommendation by a pest control operator to inspect inaccessible areas of the Property, you should contact qualified experts to conduct such additional investigations.
2. **BROKER OBLIGATIONS:** Brokers do not have expertise in all areas and therefore cannot advise you on many items, such as those listed below. If Broker gives you referrals to other professionals, Broker does not guarantee their performance.
3. **YOU ARE STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO THE FOLLOWING. IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.**
  - A. **GENERAL CONDITION OF THE PROPERTY, ITS SYSTEMS AND COMPONENTS:** Foundation, roof (condition, age, leaks, useful life), plumbing, heating, air conditioning, electrical, mechanical, security, pool/spa (cracks, leaks, operation), other structural and non-structural systems and components, fixtures, built-in appliances, any personal property included in the sale, and energy efficiency of the Property.
  - B. **SQUARE FOOTAGE, AGE, BOUNDARIES:** Square footage, room dimensions, lot size, age of improvements and boundaries. Any numerical statements regarding these items are APPROXIMATIONS ONLY and have not been verified by Seller and cannot be verified by Brokers. Fences, hedges, walls, retaining walls and other barriers or markers do not necessarily identify true Property boundaries.
  - C. **WOOD DESTROYING PESTS:** Presence of, or conditions likely to lead to the presence of wood destroying pests and organisms.
  - D. **SOIL STABILITY:** Existence of fill or compacted soil, expansive or contracting soil, susceptibility to slippage, settling or movement, and the adequacy of drainage.
  - E. **WATER AND UTILITIES; WELL SYSTEMS AND COMPONENTS; WASTE DISPOSAL:** Water and utility availability, use restrictions and costs. Water quality, adequacy, condition, and performance of well systems and components. The type, size, adequacy, capacity and condition of sewer and septic systems and components, connection to sewer, and applicable fees.
  - F. **ENVIRONMENTAL HAZARDS:** Potential environmental hazards, including, but not limited to, asbestos, lead-based paint and other lead contamination, radon, methane, other gases, fuel oil or chemical storage tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, and other substances, materials, products, or conditions (including mold (airborne, toxic or otherwise), fungus or similar contaminants).
  - G. **EARTHQUAKES AND FLOODING:** Susceptibility of the Property to earthquake/seismic hazards and propensity of the Property to flood.
  - H. **FIRE, HAZARD, AND OTHER INSURANCE:** The availability and cost of necessary or desired insurance may vary. The location of the Property in a seismic, flood or fire hazard zone, and other conditions, such as the age of the Property and the claims history of the Property and Buyer, may affect the availability and need for certain types of insurance. Buyer should explore insurance options early as this information may affect other decisions, including the removal of loan and insurance contingencies.
  - I. **BUILDING PERMITS, ZONING, GOVERNMENTAL REQUIREMENTS, AND ADDRESS:** Permits, inspections, certificates, zoning, other governmental limitations, restrictions, and requirements affecting the current or future use of the Property, its development or size. Postal/mailling address and zip code may not accurately reflect the city which has jurisdiction over the Property.
  - J. **RENTAL PROPERTY RESTRICTIONS:** The State, some counties, and some cities impose restrictions that limit the amount of rent that can be charged, the maximum number of occupants, and the right of a landlord to terminate a tenancy. Dead bolt or other locks and security systems for doors and windows, including window bars, should be examined to determine whether they satisfy legal requirements.
  - K. **SECURITY AND SAFETY:** State and local Law may require the installation of barriers, access alarms, self-latching mechanisms and/or other measures to decrease the risk to children and other persons of existing swimming pools and hot tubs, as well as various fire safety and other measures concerning other features of the Property.
  - L. **UTILITIES; SEWER; INTERNET:** Availability of gas, electric, water, sewer, garbage, internet and other services. The provider and quality of service may vary by location.
  - M. **SOLAR POWER SYSTEM:** The existence of a solar power system; whether it is owned, leased, financed, or otherwise subject to obligations, such as a power purchase agreement or maintenance agreement; the condition of and costs associated with the system.



### BUYER'S INVESTIGATION ADVISORY (BIA PAGE 1 OF 2)

**N. NEIGHBORHOOD, AREA, SUBDIVISION CONDITIONS; PERSONAL FACTORS:** Neighborhood or area conditions, including schools, law enforcement, crime statistics, registered felons or offenders, fire protection, other government services, availability, adequacy and cost of internet connections or other technology services and installations, commercial, industrial or agricultural activities, existing and proposed transportation, construction and development that may affect noise, view, or traffic, airport noise, noise or odor from any source, wild and domestic animals, other nuisances, hazards, or circumstances, protected species, wetland properties, botanical diseases, historic or other governmentally protected sites or improvements, cemeteries, facilities and condition of common areas of common interest subdivisions, and possible lack of compliance with any governing documents or Homeowners' Association requirements, conditions and influences of significance to certain cultures and/or religions, and personal needs, requirements and preferences of Buyer.

**By signing below, Buyer acknowledges that they have received a copy of this Buyer Investigation Advisory, and they have read and understand its terms. Buyer is encouraged to read it carefully.**

Buyer Antony / CEO *Salinas Valley Memorial Healthcare System, a California* Date 2/9/2026  
Buyer \_\_\_\_\_ Date \_\_\_\_\_

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**BIA REVISED 6/25 (PAGE 2 OF 2)**



**BUYER'S INVESTIGATION ADVISORY (BIA PAGE 2 OF 2)**

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# POSSIBLE REPRESENTATION OF MORE THAN ONE BUYER OR SELLER - DISCLOSURE AND CONSENT

(C.A.R. Form PRBS, Revised 6/25)

1. **BROKER AGENCY RELATIONSHIP WITH MULTIPLE PRINCIPALS:** A real estate broker ("Brokerage"), whether a corporation, partnership or sole proprietorship, may legally represent more than one buyer or seller. This multiple representation can occur through a sole proprietor Brokerage; or through a salesperson or broker acting under the Brokerage's license ("Associate Licensee"). Associate Licensees under a Brokerage's license may be working out of the same or different office locations, and may or may not know one another. Clients of the Brokerage may have similar goals and may compete against each other for the same property or the same pool of prospective buyers. Some buyers and sellers prefer to work with individual, sole proprietor brokerages, some with brokerages that have multiple licensees, and others with large brokerage companies that have multiple offices and may have a regional, statewide or a national or international presence. Each has its own advantages. It is important for buyers and sellers to understand how the Brokerage representation of multiple buyers or sellers may impact them under various situations.
  - A. **MULTIPLE BUYERS:** Brokerage (individually or through any of its Associate Licensees) may work with many prospective buyers at the same time. These prospective buyers may have an interest in, and make offers on, the same properties. Some of these properties may be listed by the Brokerage. Whether Brokerage is large or small, it is possible that one Associate-Licensee (agent 1) working with a buyer may not be aware that another Associate-Licensee (agent 2) is working with a different buyer who is interested in viewing or making an offer on the same property as agent 1's client, and vice-versa. Brokerage will not limit or restrict any buyer from making an offer on any specific property, whether or not the Brokerage represents other buyers interested in the same property.
  - B. **MULTIPLE SELLERS:** Brokerage (individually or through its Associate Licensees) may have listings on many properties at the same time. As a result, Brokerage will attempt to find buyers for each of those listed properties. Some listed properties may appeal to the same prospective buyers. Some properties may attract more prospective buyers than others. Some of these prospective buyers may be represented by Brokerage and some may not. Brokerage will market all listed properties to all prospective buyers, whether or not Brokerage has other listed properties that may appeal to the same prospective buyers.
  - C. **DUAL AGENCY IN A TRANSACTION:** California law allows a brokerage to represent both a buyer and a seller in a transaction (Civil Code § 2079 et seq.).
    - (1) **Brokerage Dual Agency:** If one Associate-Licensee from the Brokerage is working with a buyer and another Associate-Licensee from the same Brokerage is working with a seller on the same transaction, the Brokerage is considered a dual agent with fiduciary duties to both buyer and seller. In that situation, each individual Associate Licensee working on the transaction is also considered a dual agent having the same knowledge and responsibility as the Brokerage.
    - (2) **Single Agent Dual Agency:** Another form of dual agency occurs when an individual Associate-Licensee is working with both the buyer and seller in the same transaction. In that situation, both the Brokerage company and the individual Associate-Licensee are dual agents with fiduciary duties to each side of the transaction. There is no one approach to this situation. Some brokerages allow the single agent dual agent to continue to represent both parties, as that Associate-Licensee is the chosen agent of the principal. Some brokerages recommend that the broker or an office manager get involved if there is a dispute between the buyer and seller. Some brokerages will require that the broker or an office manager assist the Associate-Licensee with one principal or the other, even if the parties do not have a dispute. Whether one of these approaches, or another, is taken in a single agent dual agency will depend on the circumstances and the brokerage policy. Regardless of the approach, the Associate-Licensee and Brokerage shall conduct activity consistent with the terms in paragraph 2C.
2. **ACKNOWLEDGEMENT AND CONSENT:**
  - A. **OFFERS ARE NOT NECESSARILY CONFIDENTIAL:** Buyer is advised that seller or listing agent may disclose the existence, terms, or conditions of buyer's offer to other interested buyers and agents unless all parties and their agent have signed a written confidentiality agreement, (C.A.R. Form NDA). In the absence of a signed NDA, Buyer consents to such disclosure. Whether any such information is actually disclosed depends on many factors, such as current market conditions, the prevailing practice in the real estate community, the listing agent's marketing strategy, and the instructions of the seller.
  - B. **MULTIPLE BUYERS OR SELLERS:** If Seller is represented by Brokerage, Seller acknowledges that Brokerage may represent prospective buyers of Seller's property and consents to Brokerage acting as a dual agent for both Seller and buyer in that transaction. If Buyer is represented by Brokerage, Buyer acknowledges that Brokerage may represent sellers of property that Buyer is interested in acquiring and consents to Brokerage acting as a dual agent for both Buyer and seller with regard to that property.
  - C. **DUAL AGENCY IN A TRANSACTION:** In the event of dual agency, Seller and Buyer agree that: (i) a dual agent may not, without the express permission of the respective party, disclose to the other party confidential information, including, but not limited to, facts relating to either the buyer's or seller's financial position, motivations, bargaining position, or other personal information that may impact price, including the Seller's willingness to accept a price less than the listing price or the Buyer's willingness to pay a price greater than the price offered; and (ii) except as set forth above, a dual agent is obligated to disclose known facts materially affecting the value or desirability of the Property to both parties. Seller and Buyer should discuss with a dual agent the details and parameters of this requirement. Seller and/or Buyer consents to allowing Brokerage to act as a dual agent in a transaction.

PRBS REVISED 6/25 (PAGE 1 OF 2)



## POSSIBLE REPRESENTATION OF MORE THAN ONE BUYER OR SELLER (PRBS PAGE 1 OF 2)

Cushman & Wakefield U.S., Inc., 1 Lower Ragsdale Drive, Building 1, Suite 100 Monterey CA 93940  
Michael Schoeder

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Phone: 8316472105 Fax: 8316472116  
[www.lwof.com](http://www.lwof.com)

1188 Padre Drive,

By signing below, Buyer and/or Seller acknowledge that each has received a copy of this Possible Representation of More Than One Buyer or Seller – Disclosure and Consent, and each has read, understands, and agrees to its terms and consents to the agency possibilities disclosed.

Buyer *Ami Q...* Salinas Valley Memorial Healthcare System, a California Local Health Care Date 2/9/2026  
Buyer \_\_\_\_\_ Date \_\_\_\_\_

Seller JAMES DANKWORTH M 2 S Inc, an Alaska Corporation Date 02/11/2026  
Seller JAMES DANKWORTH (Feb 11, 2026 12:05:53 PST) Date \_\_\_\_\_

Buyer's Brokerage Firm Cushman & Wakefield U.S., Inc. DRE Lic # 01880493  
By Greg Findley DRE Lic # 01170543 Date 02/10/2026  
Greg Findley 026 16:57:31 PST

Seller's Brokerage Firm Cushman & Wakefield U.S., Inc. DRE Lic # 01880493  
By Greg Findley DRE Lic # 01170453 Date 02/10/2026  
Greg Findley 026 16:57:31 PST

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# FAIR HOUSING AND DISCRIMINATION ADVISORY

(C.A.R. Form FHDA, Revised 12/24)

1. **EQUAL ACCESS TO HOUSING FOR ALL:** All housing in California is available to all persons. Discrimination as noted below is prohibited by law. Resources are available for those who have experienced unequal treatment under the law.
2. **FEDERAL AND STATE LAWS PROHIBIT DISCRIMINATION AGAINST IDENTIFIED PROTECTED CLASSES:**
  - A. **FEDERAL FAIR HOUSING ACT ("FHA")** Title VIII of the Civil Rights Act; 42 U.S.C. §§ 3601-3619; Prohibits discrimination in sales, rental or financing of residential housing against persons in protected classes;
  - B. **CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT ("FEHA")** California Government Code ("GC") §§ 12900-12996, 12955; 2 California Code of Regulations ("CCR") §§ 12005-12271; Prohibits discrimination in sales, rental or financing of housing opportunity against persons in protected classes by providers of housing accommodation and financial assistance services as related to housing;
  - C. **CALIFORNIA UNRUH CIVIL RIGHTS ACT ("Unruh")** California Civil Code ("CC") § 51; Prohibits business establishments from discriminating against, and requires full and equal accommodation, advantages, facilities, privileges, and services to persons in protected classes;
  - D. **AMERICANS WITH DISABILITIES ACT ("ADA")** 42 U.S.C. §§ 12181-12189; Title III of the ADA prohibits discrimination based on disability in public accommodations; and
  - E. **OTHER FAIR HOUSING LAWS:** § 504 of Rehabilitation Act of 1973 29 U.S.C. § 794; Ralph Civil Rights Act CC § 51.7; California Disabled Persons Act; CC §§ 54-55.32; any local city or county fair housing ordinances, as applicable.
3. **POTENTIAL LEGAL REMEDIES FOR UNLAWFUL DISCRIMINATION: Violations of fair housing laws may result in monetary civil fines, injunctive relief, compensatory and/or punitive damages, and attorney fees and costs.**
4. **PROTECTED CLASSES/CHARACTERISTICS:** Whether specified in Federal or State law or both, discrimination against persons based on that person's belonging to, association with, or perceived membership in, certain classes or categories, such as the following, is prohibited. Other classes, categories or restrictions may also apply.

Race (and race traits)	Color	Ancestry	National Origin	Religion
Age	Sex, Sexual Orientation	Gender, Gender Identity, Gender expression	Marital Status	Familial Status (family with a child or children under 18)
Citizenship	Immigration Status	Primary Language	Military/Veteran Status	Source of Income (e.g., Section 8 Voucher)
Medical Condition	Disability (Mental & Physical)	Genetic Information	Criminal History (non-relevant convictions)	Any Arbitrary Characteristic or Intersectionality

5. **THE CALIFORNIA DEPARTMENT OF REAL ESTATE REQUIRES TRAINING AND SUPERVISION TO PREVENT HOUSING DISCRIMINATION BY REAL ESTATE LICENSEES:**
  - A. California Business & Professions Code ("B&PC") § 10170.5(a)(4) requires 3 hours of training on fair housing for DRE license renewal; Real Estate Regulation § 2725(f) requires brokers who oversee salespersons to be familiar with the requirements of federal and state laws relating to the prohibition of discrimination.
  - B. Violation of DRE regulations or real estate laws against housing discrimination by a real estate licensee may result in the loss or suspension of the licensee's real estate license. B&PC § 10177(l)(1); 10 CCR § 2780
6. **REALTOR® ORGANIZATIONS PROHIBIT DISCRIMINATION:** NAR Code of Ethics Article 10 prohibits discrimination in employment practices or in rendering real estate license services against any person because of race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity by REALTORS®.
7. **WHO IS REQUIRED TO COMPLY WITH FAIR HOUSING LAWS?**  
 Below is a non-exclusive list of providers of housing accommodations or financial assistance services as related to housing who are most likely to be encountered in a housing transaction and who must comply with fair housing laws.
  - Sellers
  - Landlords/Housing Providers
  - Sublessors
  - Real estate licensees
  - Real estate brokerage firms
  - Property managers
  - Mobilehome parks
  - Homeowners Associations ("HOAs");
  - Banks and Mortgage lenders
  - Insurance companies
  - Government housing services
  - Appraisers
8. **EXAMPLES OF CONDUCT THAT MAY NOT BE MOTIVATED BY DISCRIMINATORY INTENT BUT COULD HAVE A DISCRIMINATORY EFFECT:**
  - A. Prior to acceptance of an offer, asking for or offering buyer personal information or letters from the buyer, especially with photos. Those types of documents may inadvertently reveal, or be perceived as revealing, protected status information thereby increasing the risk of (i) actual or unconscious bias, and (ii) potential legal claims against sellers and others by prospective buyers whose offers were rejected.
  - B. Refusing to rent (i) an upper-level unit to an elderly tenant out of concern for the tenant's ability to navigate stairs or (ii) a house with a pool to a person with young children out of concern for the children's safety.
9. **EXAMPLES OF UNLAWFUL OR IMPROPER CONDUCT BASED ON A PROTECTED CLASS OR CHARACTERISTIC:**
  - A. Refusing to negotiate for a sale, rental or financing or otherwise make a housing opportunity unavailable; failing to present offers due to a person's protected status;
  - B. Refusing or failing to show, rent, sell or finance housing; "channeling" or "steering" a prospective buyer or tenant to or away from a particular area due to that person's protected status or because of the racial, religious or ethnic composition of the neighborhood;
  - C. "Blockbusting" or causing "panic selling" by inducing a listing, sale or rental based on the grounds of loss of value of property, increase in crime, or decline in school quality due to the entry or prospective entry of people in protected categories into the neighborhood;
  - D. Making any statement or advertisement that indicates any preference, limitation, or discrimination;

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 FHDA REVISED 12/24 (PAGE 1 OF 2)



## FAIR HOUSING AND DISCRIMINATION ADVISORY (FHDA PAGE 1 OF 2)

- E. Inquiring about protected characteristics (such as asking tenant applicants if they are married, or prospective purchasers if they have children or are planning to start a family);
- F. Using criminal history information before otherwise affirming eligibility, and without a legally sufficient justification;
- G. Failing to assess financial standards based on the portion of the income responsible by a tenant who receives government subsidies (such as basing an otherwise neutral rent to income ratio on the whole rent rather than just the part of rent that is the tenant's responsibility);
- H. Denying a home loan or homeowner's insurance;
- I. Offering inferior terms, conditions, privileges, facilities or services;
- J. Using different qualification criteria or procedures for sale or rental of housing such as income standards, application requirements, application fees, credit analyses, sale or rental approval procedures or other requirements;
- K. Harassing a person;
- L. Taking an adverse action based on protected characteristics;
- M. Refusing to permit a reasonable modification to the premises, as requested by a person with a disability (such as refusing to allow a tenant who uses a wheelchair to install, at their expense, a ramp over front or rear steps, or refusing to allow a tenant with a disability from installing, at their own expense, grab bars in a shower or bathtub);
- N. Refusing to make reasonable accommodation in policies, rules, practices, or services for a person with a disability (such as the following, if an actual or prospective tenant with a disability has a service animal or support animal):
  - (i) Failing to allow that person to keep the service animal or emotional support animal in rental property,
  - (ii) Charging that person higher rent or increased security deposit, or
  - (iii) Failing to show rental or sale property to that person who is accompanied by the service animal or support animal, and;
- O. Retaliating for asserting rights under fair housing laws.

**10. EXAMPLES OF POSITIVE PRACTICES:**

- A. Real estate licensees working with buyers or tenants should apply the same objective property selection criteria, such as location/neighborhood, property features, and price range and other considerations, to all prospects.
- B. Real estate licensees should provide complete and objective information to all clients based on the client's selection criteria.
- C. Real estate licensees should provide the same professional courtesy in responding to inquiries, sharing of information and offers of assistance to all clients and prospects.
- D. Housing providers should not make any statement or advertisement that directly or indirectly implies preference, limitation, or discrimination regarding any protected characteristic (such as "no children" or "English-speakers only").
- E. Housing providers should use a selection process relying on objective information about a prospective buyer's offer or tenant's application and not seek any information that may disclose any protected characteristics (such as using a summary document, e.g. C.A.R. Form SUM-MO, to compare multiple offers on objective terms).

**11. FAIR HOUSING RESOURCES:** If you have questions about your obligations or rights under the Fair Housing laws, or you think you have been discriminated against, you may want to contact one or more of the sources listed below to discuss what you can do about it, and whether the resource is able to assist you.

- A. Federal: [https://www.hud.gov/program\\_offices/fair\\_housing\\_equal\\_opp](https://www.hud.gov/program_offices/fair_housing_equal_opp)
- B. State: <https://calcivilrights.ca.gov/housing/>
- C. Local: local Fair Housing Council office (non-profit, free service)
- D. DRE: <https://www.dre.ca.gov/Consumers/FileComplaint.html>
- E. Local Association of REALTORS®. List available at: <https://www.car.org/en/contactus/rosters/localassociationroster>.
- F. Any qualified California fair housing attorney, or if applicable, landlord-tenant attorney.

**12. LIMITED EXCEPTIONS TO FAIR HOUSING REQUIREMENTS:** No person should rely on any exception below without first seeking legal advice about whether the exception applies to their situation. Real estate licensees are not qualified to provide advice on the application of these exceptions.

- A. Legally compliant senior housing is exempt from FHA, FEHA and Unruh as related to age or familial status only;
- B. An owner of a single-family residence who resides at the property with one lodger may be exempt from FEHA for rental purposes, PROVIDED no real estate licensee is involved in the rental;
- C. An owner of a single-family residence may be exempt from FHA for sale or rental purposes, PROVIDED (i) no real estate licensee is involved in the sale or rental and (ii) no discriminatory advertising is used, and (iii) the owner owns no more than three single-family residences. Other restrictions apply;
- D. An owner of residential property with one to four units who resides at the property, may be exempt from FHA for rental purposes, PROVIDED no real estate licensee is involved in the rental; and
- E. Both FHA and FEHA do not apply to roommate situations. See, *Fair Housing Council v Roommate.com LLC*, 666 F.3d 1216 (2019).
- F. Since both the 14th Amendment of the U.S. Constitution and the Civil Rights Act of 1866 prohibit discrimination based on race; the FHA and FEHA exemptions do not extend to discrimination based on race.

Buyer/Tenant and Seller/Housing Provider have read, understand and acknowledge receipt of a copy of this Fair Housing & Discrimination Advisory.

Buyer/Tenant  / CEO Salinas Valley Memorial Healthcare System, a California Date 2/9/2026

Buyer/Tenant \_\_\_\_\_ Date \_\_\_\_\_

Seller/Housing Provider JAMES DANKWORTH M 2 S Inc, an Alaska Corporation Date 02/11/2026

Seller/Housing Provider \_\_\_\_\_ Date \_\_\_\_\_

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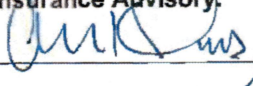




**BUYER HOMEOWNERS' INSURANCE ADVISORY**  
(C.A.R. Form BHIA, 6/24)

- 1. IMPORTANCE OF OBTAINING PROPERTY INSURANCE:** If the property you are purchasing is destroyed or damaged due to natural disaster or accident or some other event, insurance may be available to help with the cost of repair or rebuilding. In the absence of property insurance, the homeowner would be responsible for the full expense. If the property is purchased with a loan, or refinanced, the lender will require an insurance policy protecting its interest. Insurance policies can cover damage due to one or more of the following: fire, flood, earthquake and other causes. The policy or an insurance broker should be consulted to determine when coverage applies and whether a supplement or rider can be purchased to provide additional coverage or if a separate policy is necessary.
- 2. PROPERTY INSURANCE AND PURCHASE CONTRACT TERMS:** Your real estate purchase contract may contain a contingency that gives you the right to legally cancel the agreement within a specified time if you are unable to obtain or afford property insurance. This cancellation right may be a specific contingency pertaining to insurance or may be part of an overall investigation contingency. If buyer waives or removes the applicable contingency before determining the availability and cost of property insurance, buyer is acting against the advice of broker. Additionally, if the property is part of an HOA, lenders may require and buyers will want to know that the HOA has adequate insurance to cover the areas for which the HOA is responsible.
- 3. CALIFORNIA'S PROPERTY INSURANCE MARKET:** Some insurance carriers in California have stopped issuing new property insurance policies and others are limiting the number and location of new policies, due to rising replacement costs and an increase in natural disasters. These changes may affect both the availability and cost of insurance. However, over 50 insurance carriers are admitted to sell property insurance in California so it may be possible to obtain insurance even if some carriers will not write a new policy covering the property you intend to buy. An insurance broker may also be able to find a non-admitted insurance carrier offering to insure the property you intend to buy. Because locating an affordable insurance policy could take time and effort, buyers are advised to make all insurance inquiries as early in the home buying process as possible.
- 4. INSURANCE CONDITIONS:** Many insurance carriers impose physical condition standards before issuing a policy, or reserve the right to cancel policies even after they are issued, if certain minimum standards are not confirmed in an inspection or otherwise. Physical conditions standards could include, but are not limited to, prohibition of "knob and tube" electrical wiring, requirements related to piping/plumbing materials, standards related to the age and/or quality of the roof or foundation, minimal safety standards related to handrails, tripping hazards, and defensible space requirements.
- 5. RESOURCES:** The California Department of Insurance (DOI) maintains a website addressing Residential Home insurance. Resources on this State government webpage include: (i) Top Ten tips for Finding Residential Insurance; (ii) Residential Insurance Company Contact List; (iii) Home Insurance Finder; and (iv) information on other insurance issues. The webpage also includes information on how to contact the DOI, and suggestions on what to do if you cannot find insurance. The webpage and link to other documents is located at <https://www.insurance.ca.gov/01-consumers/105-type/5-residential/index.cfm>.
- 6. BROKER RECOMMENDATION:** Buyer is advised to explore available property insurance options early in the home buying process and to consult with a qualified insurance professional of buyer's choosing to understand insurance availability and cost prior to removal of any related contingencies. Real estate brokers do not have expertise in this area.

By signing below, Buyer acknowledges that Buyer has read, understands, and has received a copy of this Buyer Homeowners' Insurance Advisory.

Buyer  / CE V Salinas Valley Memorial Healthcare System, a California Local Date 2/9/2026

Buyer \_\_\_\_\_ Date \_\_\_\_\_

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WIRE FRAUD AND ELECTRONIC FUNDS TRANSFER ADVISORY (C.A.R. Form WFA, Reviewed 6/25)

WIRE FRAUD AND ELECTRONIC FUNDS TRANSFERS ADVISORY:

The ability to communicate and conduct business electronically is a convenience and reality in nearly all parts of our lives. At the same time, it has provided hackers and scammers new opportunities for their criminal activity. Many businesses have been victimized and the real estate business is no exception.

While wiring or electronically transferring funds is a welcome convenience, we all need to exercise extreme caution. Emails attempting to induce fraudulent wire transfers have been received and have appeared to be legitimate. Reports indicate that some hackers have been able to intercept emailed transfer instructions, obtain account information and, by altering some of the data, redirect the funds to a different account. It also appears that some hackers were able to provide false phone numbers for verifying the wiring or funds transfer instructions. In those cases, the victim called the number provided to confirm the instructions, and then unwittingly authorized a transfer to somewhere or someone other than the intended recipient.

ACCORDINGLY, YOU ARE ADVISED:

- 1. Obtain phone numbers and account numbers only from Escrow Officers, Property Managers, or Housing Providers at the beginning of the transaction.
2. DO NOT EVER WIRE OR ELECTRONICALLY TRANSFER FUNDS PRIOR TO CALLING TO CONFIRM THE TRANSFER INSTRUCTIONS. ONLY USE A PHONE NUMBER YOU WERE PROVIDED PREVIOUSLY. Do not use any different phone number or account number included in any emailed transfer instructions.
3. Orally confirm the transfer instruction is legitimate and confirm the bank routing number, account numbers and other codes before taking steps to transfer the funds.
4. Avoid sending personal information in emails or texts. Provide such information in person or over the telephone directly to the Escrow Officer, Property Manager, or Housing Provider.
5. Take steps to secure the system you are using with your email account. These steps include creating strong passwords, using secure WiFi, and not using free services.

If you believe you have received questionable or suspicious wire or funds transfer instructions, immediately notify your bank, and the other party, and the Escrow Office, Housing Provider, or Property Manager. The sources below, as well as others, can also provide information:

Federal Bureau of Investigation: https://www.fbi.gov/; the FBI's IC3 at www.ic3.gov; or 310-477-6565
National White Collar Crime Center: http://www.nw3c.org/
On Guard Online: https://www.onguardonline.gov/

NOTE: There are existing alternatives to electronic and wired fund transfers such as cashier's checks.

The term "Housing Provider" also includes Landlord or Rental Property Owner.

By signing below, Buyer/Tenant and Seller/Housing Provider acknowledge that each has received a copy of this Wire Fraud and Electronic Funds Transfer Advisory, and each has read and understands its terms.

Buyer/Tenant [Signature] Salinas Valley Memorial Healthcare System, a California Date 2/9/2026
Buyer/Tenant \_\_\_\_\_ Date \_\_\_\_\_
Seller/Housing Provider JAMES DANKWORTH M 2 S Inc, an Alaska Corporation Date 02/11/2026
Seller/Housing Provider \_\_\_\_\_ Date \_\_\_\_\_

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WFA REVIEWED 6/25 (PAGE 1 OF 1)

WIRE FRAUD AND ELECTRONIC FUNDS TRANSFER ADVISORY (WFA PAGE 1 OF 1)

Cushman & Wakefield U.S., Inc., 1 Lower Ragsdale Drive, Building 1, Suite 100 Monterey CA 93940 Phone: 8316472105 Fax: 8316472116 1188 Padre Drive, Michael Schoeder Produced with Lone Wolf Transactions (zipForm Edition) 717 N Harwood St, Suite 2200, Dallas, TX 75201 www.lwolf.com




**CALIFORNIA CONSUMER PRIVACY ACT ADVISORY,  
DISCLOSURE AND NOTICE**  
(C.A.R. Form CCPA, Revised 12/22)

The California Consumer Privacy Act (commencing with Civil Code § 1798.100) ("CCPA"), as amended by California voters in 2020, grants to California residents certain rights in their private, personal information ("PI") that is collected by companies with whom they do business. Under the CCPA, PI is defined broadly to encompass non-public records information that could reasonably be linked directly or indirectly to you. PI could potentially include photographs of, or sales information about, your property.

During the process of buying and selling real estate your PI will be collected and likely shared with others, including real estate licensees, a Multiple Listing Service, real estate internet websites, service providers, lenders, and title and escrow companies, to name several possibilities. Businesses that are covered by the CCPA are required to grant you various rights in your PI, including the right to know what PI is collected, the right to know what PI is sold or shared and to whom, the right to request that the business correct or delete your PI, the right to "opt out" or stop the transfer of your PI to others, and the right to limit the use of certain PI which is considered "sensitive." You may get one or more notices regarding your CCPA rights from businesses you interact with in a real estate transaction. However, not all businesses that receive or share your PI are obligated to comply with the CCPA. Moreover, businesses that are otherwise covered under the CCPA may have a legal obligation to maintain PI, notwithstanding your instruction to the contrary. For instance, regardless of whether they are covered by CCPA, under California law, brokers and Multiple Listing Services are required to maintain their records for 3 years. If you wish to exercise your rights under CCPA, where applicable, you should contact the respective business directly.

You can obtain more information about the CCPA and your rights under the law from the State of California Department of Justice ([oag.ca.gov/privacy/ccpa](http://oag.ca.gov/privacy/ccpa)). Additionally, the California Privacy Protection Agency is authorized to promulgate regulations which may further clarify requirements of the CCPA ([cpa.ca.gov/regulations/](http://cpa.ca.gov/regulations/)).

I/we acknowledge receipt of a copy of this California Consumer Privacy Act Advisory, Disclosure and Notice.

Buyer/Seller/Landlord/Tenant  Date 2/9/2026  
*Salinas Valley Memorial Healthcare System, a California Local Health Care District*

Buyer/Seller/Landlord/Tenant JAMES DANKWORTH Date 02/11/2026  
JAMES DANKWORTH (Feb 11, 2026 12:05:53 PST)

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**CALIFORNIA CONSUMER PRIVACY ACT ADVISORY (CCPA PAGE 1 OF 1)**

<small>Cushman &amp; Wakefield U.S., Inc., 1 Lower Ragsdale Drive, Building 1, Suite 100 Monterey CA 93940 Michael Schoeder</small>	<small>Phone: 8316472105 Produced with Lone Wolf Transactions (zipForm Edition) 717 N Harwood St, Suite 2200, Dallas, TX 75201</small>	<small>Fax: 8316472116 <a href="http://www.lwolf.com">www.lwolf.com</a></small>	<small>1188 Padre Drive,</small>
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ADDENDUM No. 1
(C.A.R. Form ADM, Revised 6/25)

The following terms and conditions are hereby incorporated in and made a part of the Purchase agreement, OR [ ] Residential Lease or Month-to-Month Rental Agreement, [ ] Other
dated [ ] on property known as 1188 Padre Drive, Salinas, CA
Salinas, CA 93901 ("Property/Premises"),
between Salinas Valley Memorial Healthcare System, a California Local Health Care District ("Buyer/Tenant")
and M 2 S Inc, an Alaska Corporation ("Seller/Housing Provider").
The term "Housing Provider" also includes Landlord or Rental Property Owner. Buyer/Tenant and Seller/Housing Provider are referred to as the "Parties."

FORM USE NOTES: This form is intended to be used in Buyer-Seller or Tenant-Housing Provider transactions. For all other situations requiring an addendum, use an Addendum - Generic (C.A.R. form ADM-GEN).

- A change or addition to a previously provided Seller Property Questionnaire (SPQ), Real Estate Transfer Disclosure Statement (TDS), or other disclosure, may be made on an Amendment to Prior Disclosure (C.A.R. Form APD), and it may give the Buyer a right to rescind.
To change the terms of already executed agreement, use the Amendment to Existing Agreement (C.A.R. form AEA).

Section 3.L (10) - Board Approval - Seller acknowledges that Buyer is a California Healthcare District organized under California Law, and therefore is required to have any and all purchases involving real property to be approved at a regular meeting of the Board of Directors. This agreement is contingent upon Buyer receiving approval by the Board of Directors of Salinas Valley Memorial Healthcare System within sixty (60) days after Acceptance.

By signing below, Buyer and Seller acknowledge that each has received a copy of this Addendum, and each has read, understands, and agrees to its terms.

Buyer/Tenant [Signature] / CGO Salinas Valley Memorial Healthcare System, a Date 2/9/2026
Buyer/Tenant Date
Seller/Housing Provider JAMES DANKWORTH M 2 S Inc, an Alaska Corporation Date 02/11/2026
Seller/Housing Provider JAMES DANKWORTH (Feb 11, 2026 12:05:53 PST) Date

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ADM REVISED 6/25 (PAGE 1 OF 1)



ADDENDUM (ADM PAGE 1 OF 1)

**RESOLUTION NO. 2026-02  
OF THE BOARD OF DIRECTORS OF  
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**APPROVING THE PURCHASE OF 1188 PADRE DRIVE, SALINAS, CALIFORNIA AND  
AUTHORIZING THE PRESIDENT/CEO TO EXECUTE THE PURCHASE DOCUMENTS**

WHEREAS, Salinas Valley Memorial Healthcare System (“SVMHS”), a California Local Health Care District, has the power to purchase real property;

WHEREAS, aware that there could be an opportunity for the purchase of commercial office real property building in South Salinas, SVMHS obtained an appraisal for the property located at 1188 Padre Drive, Salinas, California (“Real Property”) in January, 2026;

WHEREAS, on February 9, 2026, SVMHS entered into a Commercial Purchase Agreement and Joint Escrow Instructions with the M 2 S, Inc., an Alaska Corporation for the purchase and sale of the real property located at 1188 Padre Drive, Salinas, California to SVMHS for the amount of \$8,050,000 subject to the approval of the terms and conditions of the purchase by the District’s Board of Directors;

WHEREAS, the Board of Directors has deemed that the purchase price of \$8,050,000 is determined to be at or below the fair market value for the Real Property based on the recent appraisal prepared for the District;

WHEREAS, the Board of Directors believe it is in the best interest of SVMHS and the residents of the District to locate additional administrative office space in close proximity to the main hospital campus to assist in facilitation of additional capital improvement projects, and to consolidate the relocation of numerous administrative functions subject to leasehold interests in the Salinas area in a single location for purposes of operational and financial efficiencies; and

WHEREAS, the Board of Directors believe it is in the best interests of SVMHS to authorize Dr. Allen Radner, President/Chief Executive Officer of SVMHS to execute and accept any and all documents necessary to effectuate the purchase of the Real Property;

NOW THEREFORE IT IS HEREBY ORDERED AND DIRECTED THAT:

1. The Commercial Purchase Agreement and Joint Escrow Instructions, dated February 9, 2026 between SVMHS and M 2 S, Inc., an Alaskan Corporation which provides for the purchase of the Real Property located at 1188 Padre Drive, California for a sales price of Eight Million Fifty Thousand Dollars (\$8,050,000.00), is approved.
2. Dr. Allen Radner, President/Chief Executive Officer of SVMHS is authorized to execute and accept any and all documents necessary to effectuate the purchase of the Real Property pursuant to the terms of the Commercial Purchase Agreement and Joint Escrow Instructions.
3. Any officer of the Board of Directors or Dr. Allen Radner, President/Chief Executive Officer of SVMHS, is authorized to execute any and all documents necessary to carry out the intent of this Resolution for and on behalf of the Board of Directors of SVMHS.

This Resolution 2026-02 was adopted at a Regular Meeting of the Board of Directors of the District on April 23, 2026, by the following vote.

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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Board Member  
Salinas Valley Memorial Healthcare System

# Financial Performance Review

## February 2026

### Finance Committee

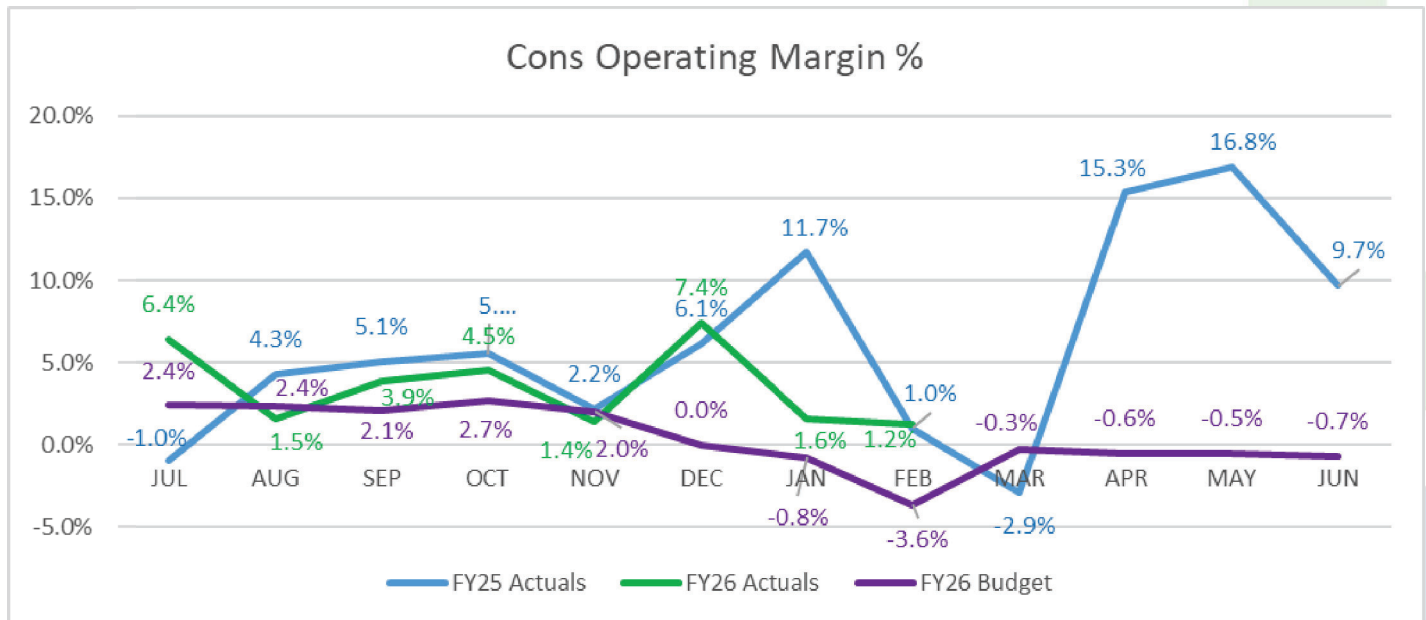
Iftikhar Hussain  
Chief Financial Officer

## Consolidated Financial Results February 2026

Consolidated					\$ in Millions	Consolidated				
Month						YTD				
Feb		Bud Variance (unfav)				Feb		Bud Variance (unfav)		
Actual	Budget	Prior Year	\$	%	Actual	Budget	Prior Year	\$	%	
\$ 68.6	\$ 65.9	\$ 68.1	\$ 2.7	4.1%	Operating Revenue	\$ 584.0	\$ 552.7	\$ 545.6	\$ 31.3	5.7%
67.9	68.3	67.4	0.4	0.6%	Operating Expense	562.9	547.6	520.8	(15.3)	-2.8%
<b>0.7</b>	<b>(2.4)</b>	<b>0.7</b>	<b>3.1</b>	<b>129.2%</b>	<b>Income from Operations</b>	<b>21.1</b>	<b>5.1</b>	<b>24.8</b>	<b>16.0</b>	<b>313.7%</b>
1.2%	-3.6%	1.0%	4.8%	133.33%	Operating Margin %	3.6%	0.9%	4.6%	2.7%	300.0%
					Op. margin % full year target		3.0%			
6.1	2.5	6.3	3.6	144.0%	Non Operating Income	20.3	19.8	26.4	0.5	2.5%
<b>6.8</b>	<b>0.1</b>	<b>7.0</b>	<b>6.7</b>	<b>6700.0%</b>	<b>Net Income</b>	<b>41.4</b>	<b>24.9</b>	<b>51.2</b>	<b>16.5</b>	<b>66.3%</b>
10.0%	0.1%	10.2%	9.9%	9900.00%	Net Income Margin %	7.1%	4.5%	9.4%	2.6%	57.8%

Results for the year include \$25.4 million in supplemental payments.

# Consolidated Operating Margin



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# Key Financial Indicators

Indicator Metric	YTD 2/28/2026	Budget	S&P A+ Rated	YTD Prior Year
Operating Margin*	3.6%	0.4%	4.0%	4.6%
Total Margin*	7.1%	4.0%	6.6%	9.4%
EBITDA Margin**	8.3%	5.4%	13.6%	9.0%
Days of Cash*	366	317	249	365
Days of Accounts Payable*	53	45	-	46
Days of Net Accounts Receivable***	78	60	49	67
Supply Expense as % NPR	15.0%	14.6%	-	14.6%
Labor Expense as % NPR	52.4%	55.7%	53.7%	52.1%
Operating Expense per APD*	7,541	7,205	-	6,676

— All metrics above are consolidated for SVH except Operating Expense per APD  
 \*These metrics have **not** been adjusted for normalizing items  
 \*\*Metric based on Operating Income (consistent with industry standard)  
 \*\*\*Metric based on 365 days average net revenue (consistent with industry standard)

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# Executive Summary: Volume Trends

- Admissions and Census
  - YTD Admissions and observations are 1.6% higher than PY
  - YTD ADC is 6% lower than PY due to length of stay improvement
  - Monthly admissions trend is similar to PY with higher volume in the winter months
  - YTD ER volumes same as PY.
- Deliveries have decreased consistent with demographic trends
- Cath Lab – YTD cases are 6% higher than PY
- Procedure Volume for the year show growth.
  - Strong growth in Infusion services
  - YTD Surgical volume is 2.5% higher than PY. Inpatient cases picked up in the last 2 months.

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## Volume Summary – February 2026

Actual	Prior Year	Feb Bud	Bud Var	Key Statistics	YTD	YTD-PY	YTD Feb Bud	YTD Bud Var
<b>Inpatient</b>								
115	125	114	↑ 1%	ADC	109	116	114	↓ -4%
958	997	841	↑ 14%	Admissions	7,704	7,860	6,459	↑ 19%
110	128	118	↓ -7%	Deliveries	864	942	1,023	↓ -16%
2.1	2.0	2.3	↓ -9%	Medicare Traditional ALOS CMI Adjusted	2.1	2.3	2.3	↓ -10%
1.67	1.65	1.75	↓ -5%	Medicare Traditional Case Mix	1.72	1.73	1.75	↓ -2%
<b>Emergency Room</b>								
4,702	4,395	4,203	↑ 12%	ER OP Visits	36,427	36,402	36,477	↓ 0%
734	768	649	↑ 13%	ER IP Admissions	6,006	6,076	5,632	↑ 7%
<b>Procedures</b>								
160	131	132	↑ 21%	IP Surgeries	1,229	1,155	1,144	↑ 7%
260	273	264	↓ -2%	OP Surgeries	2,398	2,382	2,295	↑ 4%
366	310	301	↑ 22%	Cath Lab	2,602	2,460	2,614	↓ 0%
1,132	1,051	1,046	↑ 8%	OP Infusion Cases	10,009	9,111	9,078	↑ 10%
305	235	366	↓ -17%	MRI Procedures	2,530	2,110	3,172	↓ -20%
1,865	1,913	1,958	↓ -5%	CT Scans	15,759	15,877	16,995	↓ -7%
<b>Observation Cases</b>								
201	179	138	↑ 46%	Obs Cases	1,563	1,265	1,195	↑ 31%

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# Executive Summary: February Financial Performance – Continued

## Cost and Utilization:

- **Worked FTEs** on a per Adjusted ADC basis were **4%** unfavorable at **6.9** - compared to a target of **6.7**
- **Payor Mix** among primary insurers ended the month close to budget except for Medicare, up 6% from forecast
- **Non-Operating Income** was over budget by \$3.6 Million due to higher investment income
- **Days in AR** at **78** is trending over target. EPIC Days stable at a favorable 47 days unchanged from January
- **Days Cash on Hand** increased to 366 days on higher cash collections dollars up 5% from budget

Key Metrics	Prior 3 Months			Current Month		Year-To-Date	
	Nov-25 Actual	Dec-25 Actual	Jan-26 Actual	Feb-26 Actuals	Feb-26 Budget	FY26 YTD Actuals	FY25 YTD Prior Year Actuals
Total Gross Revenue	\$ 260,736	\$ 279,453	\$ 299,889	\$ 286,944	\$ 276,253	\$ 2,302,166	\$ 2,205,673
Medicare %	47%	45%	49%	47%	46%	46%	46%
Medicaid %	30%	29%	27%	29%	29%	29%	29%
Commercial %	20%	22%	20%	21%	21%	21%	21%
All Other %	4%	4%	4%	4%	4%	4%	4%

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## Accounts Receivable – AR Days Trend



Find additional detail in-system on the HB Overview Dashboard (AR Summary component) or using the AR Snapshot and Open AR Model in SlicerDicer

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# Medi-Cal and Other Supplemental Payments

## IGTs & Other Significant YTD Items

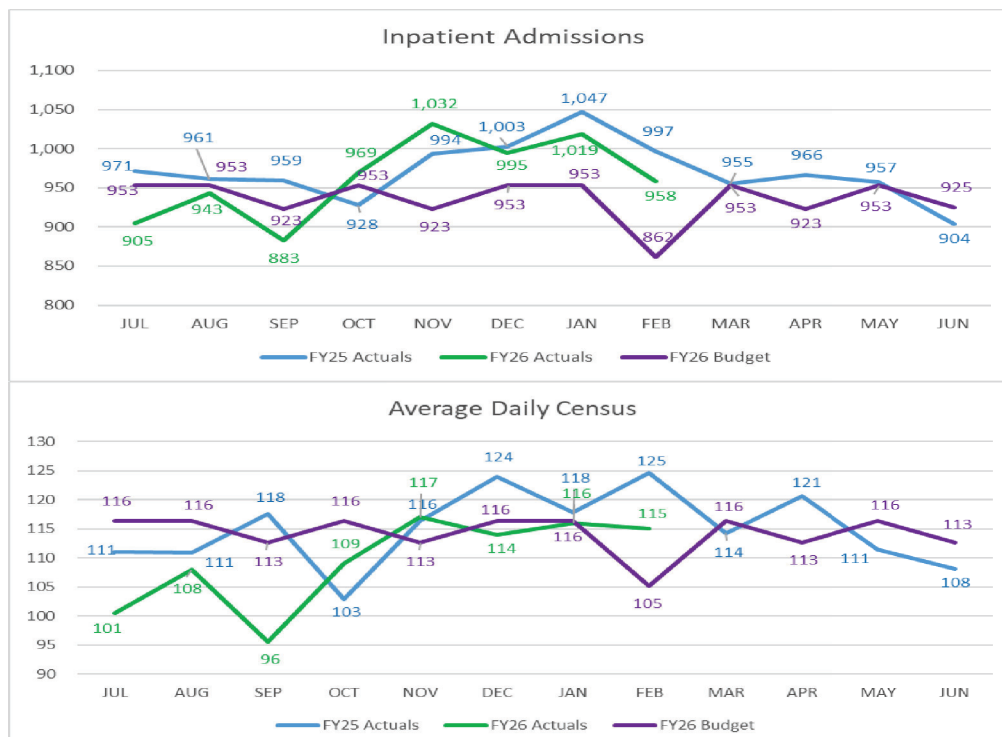
FY 2026			
Date	Payor	Description	Amount
Oct 2025	CAAH	Direct Payment Program (net) Phase 2- CY 2023	\$4,474,778
Oct 2025	CAAH	DMPH-Quality Incentive Payment CY 2024 Interim	\$3,326,677
Dec 2025	CAAH	CAAH-EPIC Training & Implementation Grant	\$12,000,000
Jan 2026	CAAH	Voluntary Rate Range-CY 2024 (net)	\$5,579,554
<b>Total FY 2026</b>			<b>\$25,381,009</b>

FY 2025			
Date	Payor	Description	Amount
Jan 2025	CAAH	Voluntary Rate Range-CY 2023 (net)	\$4,639,758
Apr 2025	CAAH	Medi-Cal Quality Incentive Program (net)	\$7,045,692
Apr 2025	DHCS	Medi-Cal OP Supplemental (net) CY 2023-24	\$1,398,017
Apr 2025	CAAH	Direct Payment Program (net) Phase 1- CY 2023	\$4,797,482
May 2025	CAAH	NDPH HQAF (net) Program Year-2024	\$4,270,850
Jun 2025	DHCS	Medi-Cal Rate Range (net) CY 2024-25	\$2,305,245
Multiple Dates	FEMA	Grant Funds (net) FY2025	\$6,260,697
<b>Total FY 2025</b>			<b>\$30,717,741</b>

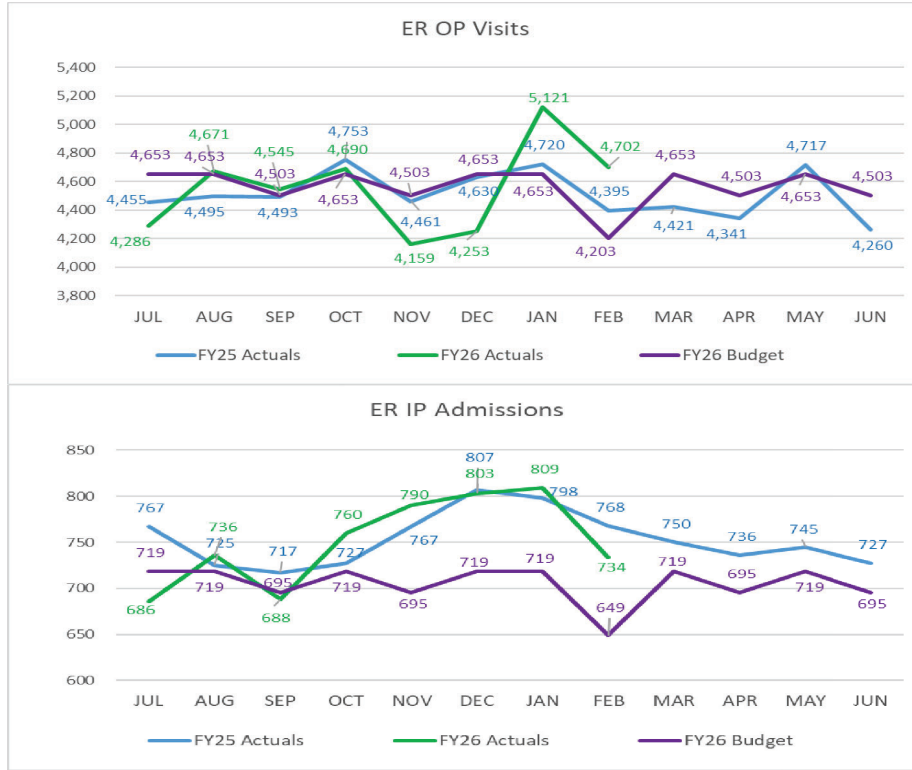
9

## Volume Trends – Admissions & ADC

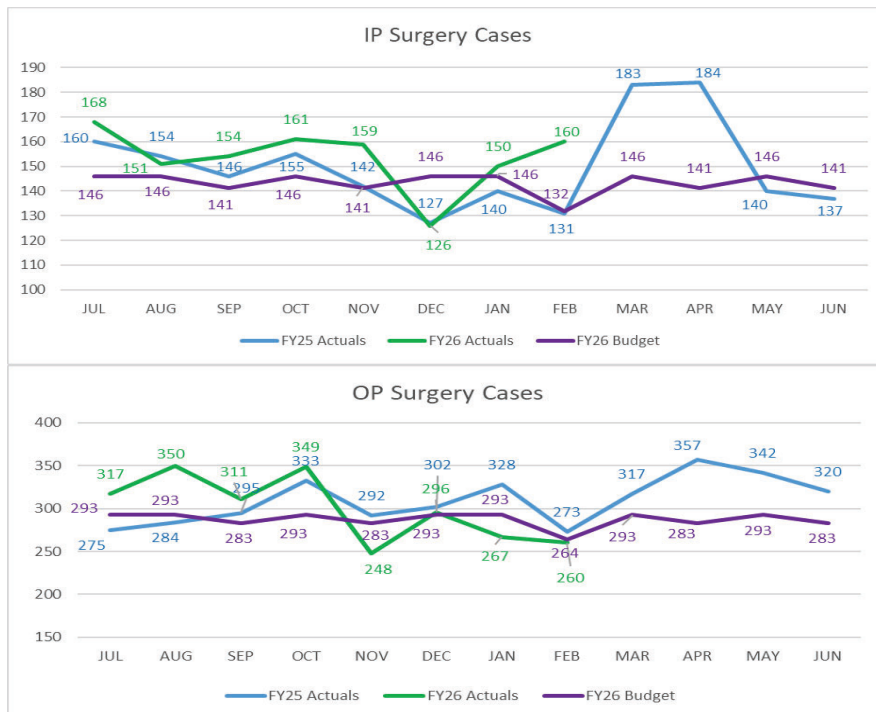


10

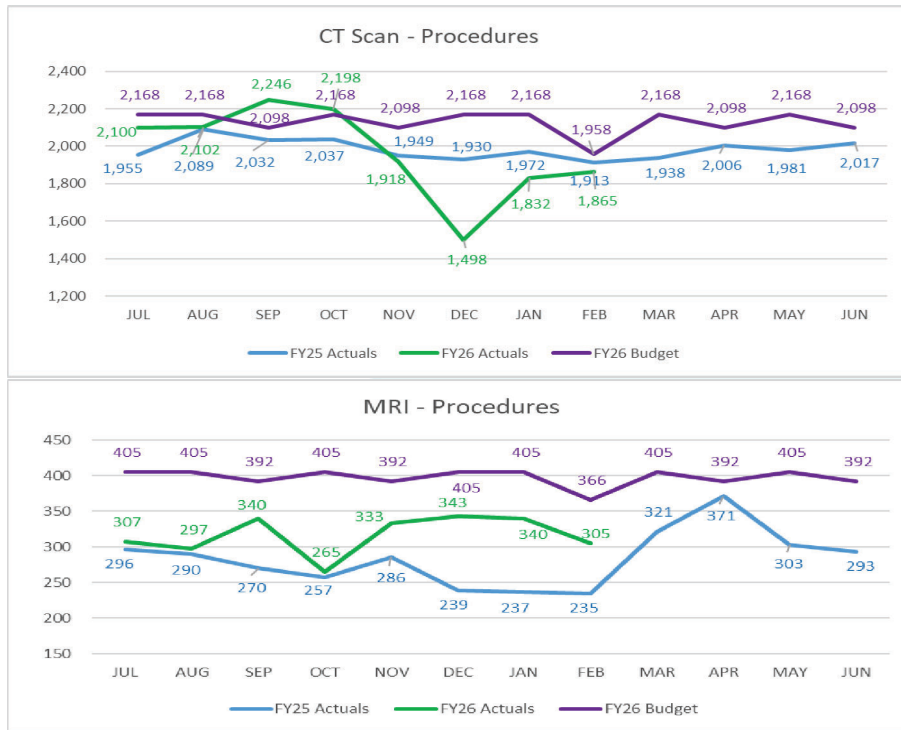
# Volume Trends – ER



# Volume Trends - Surgery Cases



# Volume Trends - Imaging



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## Labor Productivity Key Indicators

Current Month					Year-to-Date			
Prior Year	Actual	Budget	Variance (in FTE)		Prior Year	Actual	Budget	Variance (in FTE)
1,674.6	1,731.2	1,638.2	(93.1 FTE)	Worked FTE	1,587.3	1,686.6	1,597.3	(89.3 FTE)
5.9%	5.1%	4.5%	(10.1 FTE)	Overtime as a % of Worked Hours	4.7%	4.8%	4.6%	(2.7 FTE)
3.9%	5.0%	3.0%	(35.9 FTE)	Contract Labor as a % of Worked Hours	4.3%	6.3%	3.1%	(54.1 FTE)

14

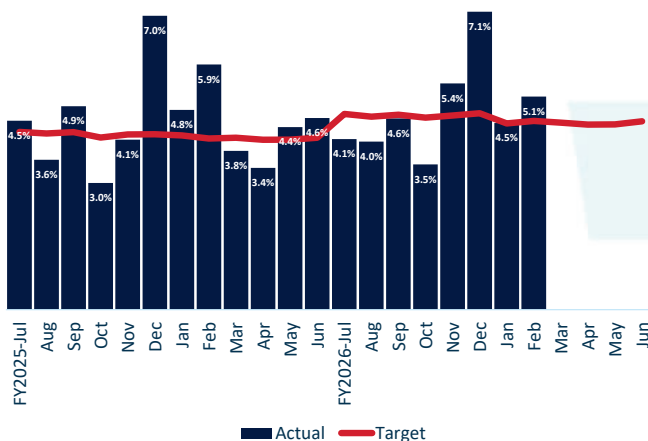
# Labor Productivity

## As of February 2026 Year-to-Date

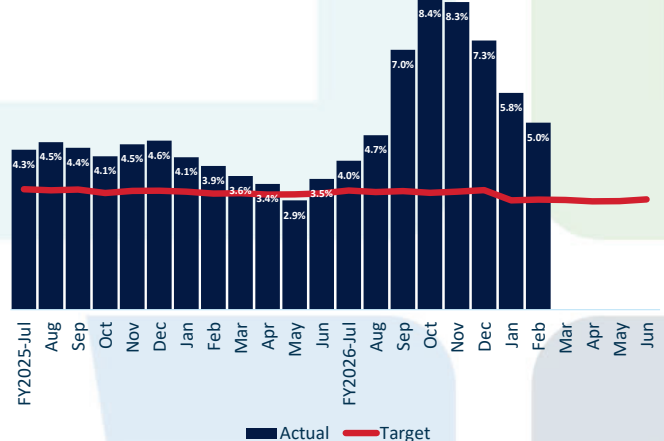
- Worked FTE:** Worked FTE is unfavorable to budget by 93.1 in the month and 89.3 on a year-to-date basis. The variance is primarily driven by:
  - Contract Labor:** Both the current month and year-to-date contract labor utilization is higher than budget. The impact is a negative FTE variance of 35.9 in February and 54.1 on a year-to-date basis.
  - Approved but Unbudgeted FTE:** Approved cyber security, Workday and system analyst positions were inadvertently not added to the budget resulting in a negative variance of 9 FTE.
- Overtime:** Overtime as a percent of Worked FTE is 5.1% in the month and 4.8% on a year-to-date basis; both are greater than budget resulting in an unfavorable FTE variance.
- Contract Labor:** Contract labor usage is over budget at 5.0% of Worked FTE in the month and 6.3% on a year-to-date basis.
  - The increase is driven by the Epic implementation and filling roles that have been challenging to recruit.

# Overtime & Contract Labor Trends

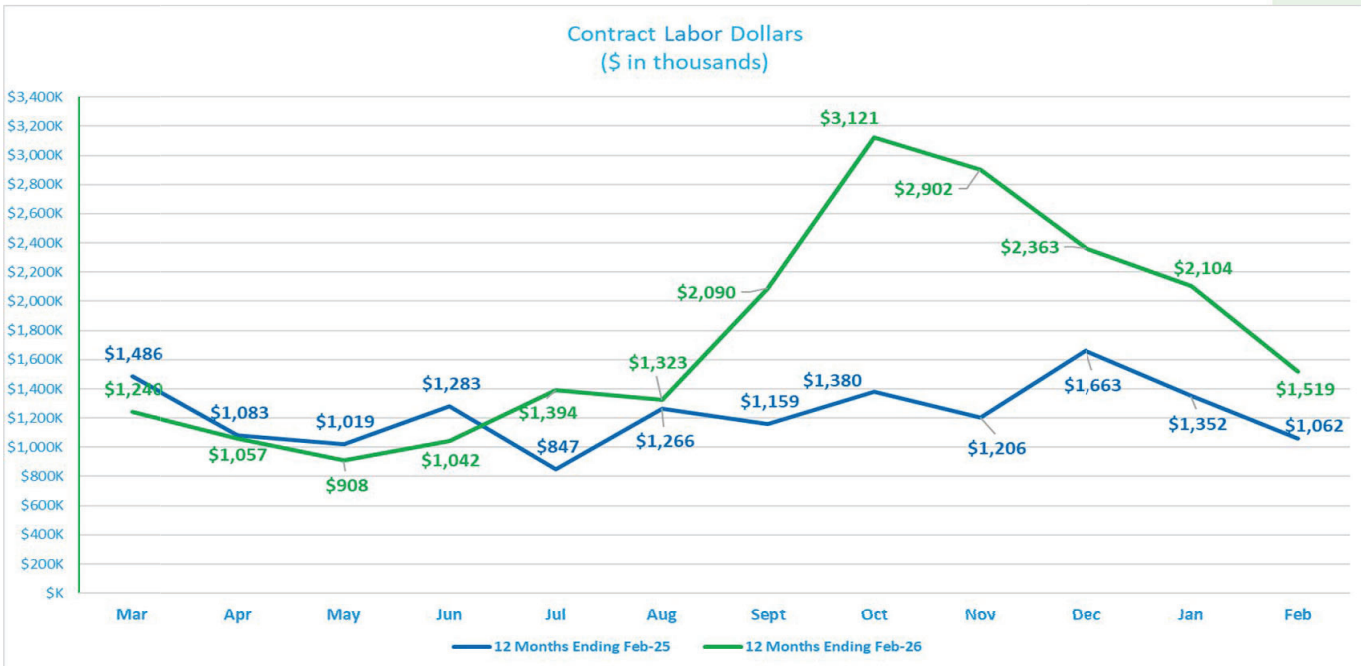
Overtime as a Percent of Worked FTE



Contract Labor as a Percent of Worked FTE

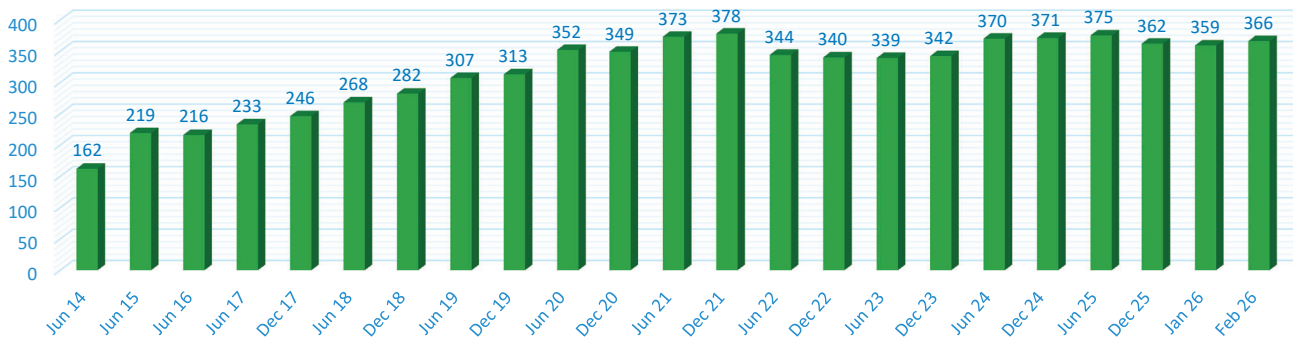


# Contract Labor Trends

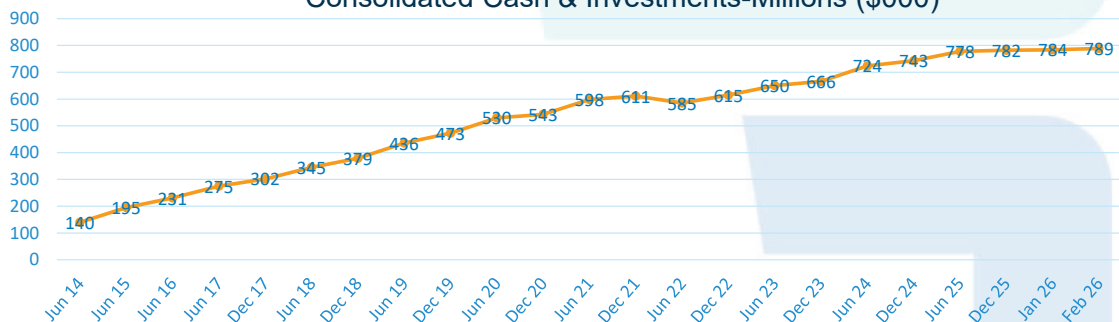


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Days Cash on Hand = 366 Days (\$789M) - February 2026



Consolidated Cash & Investments-Millions (\$000)



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**Salinas Valley Health - Consolidated  
Change in Days Cash on Hand**

	February		YTD	
	Days	Dollars	Days	Dollars
<b>Sources of cash:</b>				
Net income (loss) from operations	0	794,789	10	21,101,618
Add back depreciation/amortization	2	3,797,294	12	26,629,737
Non-operating income (loss)	3	6,084,765	9	20,326,660
Decrease (increase) in supplies inventory-SVHMC	(0)	(32,439)	1	2,487,018
Increase (decrease) in SVHMC accounts pay & accrued exp-SVHMC	9	18,428,476	8	17,447,808
<b>Total sources of cash</b>	<b>13</b>	<b>29,072,885</b>	<b>41</b>	<b>87,992,841</b>
<b>Uses of cash:</b>				
Increase (decrease) in net patient accounts receivable SVHMC	2	5,092,532	11	23,268,307
Increase (decrease) in other current assets SVHMC	2	4,765,622	1	2,899,948
Increase in SBITA Renewals net of liability	-	-	-	-
Increase in right of use lease assets	-	-	-	-
Capital and strategic investments	2	4,481,806	17	36,864,282
Pension plan deposits	0	1,000,060	4	8,000,478
<b>Total uses of cash</b>	<b>7</b>	<b>15,340,020</b>	<b>33</b>	<b>71,033,015</b>
<b>Net cash flow</b>	<b>6</b>	<b>13,732,865</b>	<b>8</b>	<b>16,959,826</b>
Beginning cash and investments	359	784,143,268	375	778,250,925
<b>Ending cash and investments</b>	<b>366</b>	<b>788,595,021</b>	<b>366</b>	<b>788,595,021</b>

**Capital Expenditures Includes:**

Epic Acute Installation	\$ 43,218	\$ 16,998,386
Master Plan Retro Fit	1,431,133	3,617,691
5 Lower Ragsdale - Roof Replacement	506,652	2,406,005
Training Rooms Basement Annex	189,567	1,883,457
Angio/Special Procedures Suite	8,309	913,986
Workday Finance, SCM, Planning, and Analytics	7,254	873,409
Medical Center Campus Colorization	14,436	811,000

# Questions/Comments

SALINAS VALLEY HEALTH MEDICAL CENTER  
SUMMARY INCOME STATEMENT  
February 28, 2026

	<b>Month of February</b>		<b>Seven months ended February 28</b>	
	<b>Current Year</b>	<b>Prior Year</b>	<b>Current Period YTD</b>	<b>Prior Year YTD</b>
<b>Operating revenue:</b>				
Net patient revenue	\$ 57,142,639	\$ 54,516,711	\$ 470,122,731	\$ 453,254,455
Other operating revenue	1,373,278	1,694,161	28,614,499	12,329,327
Total operating revenue	<u>58,515,917</u>	<u>56,210,872</u>	<u>498,737,231</u>	<u>465,583,782</u>
Total operating expenses	53,169,361	50,742,627	446,312,189	401,823,202
Total non-operating income	<u>921,160</u>	<u>1,076,136</u>	<u>(14,819,081)</u>	<u>(13,871,022)</u>
<b>Operating and non-operating income</b>	<b><u>\$ 6,267,716</u></b>	<b><u>\$ 6,544,381</u></b>	<b><u>\$ 37,605,961</u></b>	<b><u>\$ 49,889,559</u></b>

SALINAS VALLEY HEALTH MEDICAL CENTER  
 BALANCE SHEETS  
 February 28, 2026

	<b>Current year</b>	<b>Prior year</b>
Current assets	\$ 463,236,828	\$ 428,751,376
Assets whose use is limited or restricted by board	182,741,501	172,635,521
Capital assets	259,565,528	257,042,931
Other assets	405,282,755	306,744,310
Deferred pension outflows	55,438,539	85,734,219
	<u>\$ 1,366,265,151</u>	<u>\$ 1,250,908,357</u>
 LIABILITIES AND EQUITY:		
Current liabilities	\$ 128,585,810	\$ 94,679,340
Long term liabilities	42,680,004	20,803,488
Lease deferred inflows	2,579,024	1,023,943
Pension liability	79,394,685	90,863,576
Net assets	<u>1,113,025,628</u>	<u>1,043,538,009</u>
	<u>\$ 1,366,265,151</u>	<u>\$ 1,250,908,357</u>

**SALINAS VALLEY HEALTH MEDICAL CENTER**  
**SCHEDULES OF NET PATIENT REVENUE**  
**February 28, 2025**

Current Year	Prior Year		Current YTD	Prior YTD
		<b>Patients days:</b>		
		By payer:		
1,563	1,715	Medicare	12,991	13,935
904	1,071	Medi-Cal	7,804	8,380
595	580	Commercial insurance	4,962	4,888
143	104	Other patient	959	878
<b>3,205</b>	<b>3,470</b>	<b>Total patient days</b>	<b>26,716</b>	<b>28,081</b>
		<b>Gross revenue:</b>		
132,306,796	128,243,309	Medicare	1,057,879,588	1,008,862,430
82,184,061	82,778,197	Medi-Cal	672,392,787	645,258,201
59,661,323	56,782,245	Commercial Insurance	494,448,741	464,669,241
12,438,914	10,785,176	Other patient	94,085,471	86,883,237
<b>286,591,094</b>	<b>278,588,926</b>	<b>Gross revenue</b>	<b>2,318,806,587</b>	<b>2,205,673,109</b>
		<b>Deductions from revenue:</b>		
194,480	(10,996)	Administrative adjustments	3,043,492	1,247,749
375,235	1,465,312	Charity care	5,397,823	5,147,446
		Contractual adjustments:		
43,942,968	42,554,010	Medicare outpatient	392,664,710	337,000,369
45,199,649	51,797,958	Medicare inpatient	396,371,532	387,572,449
1,453,674	1,434,515	Medi-Cal traditional outpatient	9,649,916	12,308,580
6,111,956	4,763,009	Medi-Cal traditional inpatient	29,816,303	39,573,349
40,627,001	39,487,262	Medi-Cal managed care outpatient	338,046,047	315,709,838
31,609,166	29,567,261	Medi-Cal managed care inpatient	223,847,258	209,407,799
25,825,879	26,107,623	Commercial insurance outpatient	215,900,119	212,531,551
26,041,141	20,786,028	Commercial insurance inpatient	165,928,243	175,907,775
5,899,647	5,499,453	Uncollectible accounts expense	49,551,046	43,865,877
4,466,141	620,781	Other payors	19,763,244	12,145,872
<b>231,746,937</b>	<b>224,072,215</b>	<b>Deductions from revenue</b>	<b>1,849,979,732</b>	<b>1,752,418,654</b>
<b>54,844,157</b>	<b>54,516,711</b>	<b>Net patient revenue</b>	<b>468,826,855</b>	<b>453,254,455</b>
		<b>Gross billed charges patient type:</b>		
130,592,408	133,648,249	Inpatient	1,047,024,275	1,036,328,078
122,468,864	115,163,534	Outpatient	994,401,542	915,498,459
33,553,769	29,777,143	Emergency room	278,282,902	253,846,572
<b>286,615,042</b>	<b>278,588,926</b>	<b>Total</b>	<b>2,319,708,719</b>	<b>2,205,673,109</b>

**SALINAS VALLEY HEALTH MEDICAL CENTER**  
**STATEMENTS OF REVENUE AND EXPENSES - ('000)**  
**February 28, 2026**

Actuals	Budget	\$ Variance	% Variance		Actuals YTD	Budget YTD	\$ Variance YTD	% Variance YTD
				<b>Operating revenue:</b>				
286,615,042	276,252,924	10,362,118	-3.8%	Gross billed charges	2,319,708,719	2,309,034,967	10,673,752	-0.5%
229,472,403	222,258,055	7,214,348	-3.2%	Deductions from revenue	1,849,585,987	1,855,370,342	(5,784,355)	0.3%
<b>57,142,639</b>	<b>53,994,869</b>	<b>3,147,769</b>	<b>-5.8%</b>	<b>Net patient revenue</b>	<b>470,122,731</b>	<b>453,664,625</b>	<b>16,458,107</b>	<b>-3.6%</b>
1,373,278	1,721,629	(348,351)	20.2%	Other operating revenue	28,614,499	13,773,031	14,841,469	-107.8%
<b>58,515,917</b>	<b>55,716,498</b>	<b>(2,799,419)</b>	<b>-5.0%</b>	<b>Total operating revenue</b>	<b>498,737,231</b>	<b>467,437,655</b>	<b>(31,299,575)</b>	<b>6.7%</b>
				<b>Operating expenses:</b>				
19,522,869	18,457,413	1,065,456	-5.8%	Salaries and wages	157,964,413	150,612,983	7,351,430	-4.9%
3,195,148	3,034,033	161,115	-5.3%	Compensated absences	27,954,676	28,778,751	(824,075)	2.9%
4,495,207	7,874,692	(3,379,486)	42.9%	Employee benefits	58,221,244	63,427,306	(5,206,063)	8.2%
8,688,116	8,185,792	502,324	-6.1%	Supplies, food, and linen	74,144,152	70,887,618	3,256,534	-4.6%
7,291,669	4,617,535	2,674,134	-57.9%	Purchased department functions	41,166,038	36,473,288	4,692,750	12.9%
2,824,957	2,603,945	221,012	-8.5%	Medical Fees	22,303,664	20,902,832	1,400,832	-6.7%
1,866,402	1,393,381	473,021	-33.9%	Other Fees	22,227,545	11,811,889	10,415,656	-88.2%
3,678,028	3,835,264	(157,236)	4.1%	Depreciation	25,568,365	24,164,199	1,404,166	-5.8%
1,606,965	1,891,622	(284,657)	15.0%	All other expense	16,762,093	15,981,555	780,538	4.9%
<b>53,169,361</b>	<b>51,893,679</b>	<b>1,275,683</b>	<b>-2.5%</b>	<b>Total Operating expenses</b>	<b>446,312,189</b>	<b>423,040,421</b>	<b>23,271,768</b>	<b>-5.5%</b>
<b>5,346,556</b>	<b>3,822,820</b>	<b>(1,523,736)</b>	<b>-39.9%</b>	<b>Income from operations</b>	<b>52,425,042</b>	<b>44,397,235</b>	<b>(8,027,807)</b>	<b>-18.1%</b>
				<b>Non-operating Income:</b>				
23,619	216,667	(193,048)	89.1%	Donations	725,865	1,733,333	(1,007,468)	58.1%
500,550	500,550	0	0.0%	Property taxes	4,004,401	4,004,401	0	0.0%
4,712,526	1,240,914	3,471,612	-279.8%	Investment Income	11,286,065	9,938,283	1,347,782	-13.6%
(4,315,534)	(6,018,701)	1,703,167	28.3%	Income from subsidiaries	(30,835,412)	(37,671,015)	6,835,604	18.1%
<b>921,160</b>	<b>(4,060,570)</b>	<b>4,981,731</b>	<b>122.7%</b>	<b>Total non-operating income</b>	<b>(14,819,081)</b>	<b>(21,994,998)</b>	<b>7,175,917</b>	<b>32.6%</b>
<b>6,267,716</b>	<b>(237,751)</b>	<b>(6,505,467)</b>	<b>2,736.3%</b>	<b>Operating and non-operating income</b>	<b>37,605,961</b>	<b>22,402,237</b>	<b>(15,203,724)</b>	<b>67.9%</b>

**SALINAS VALLEY HEALTH MEDICAL CENTER**  
**BALANCE SHEETS**  
**February 28, 2026**

	<b>Current Year</b>	<b>Prior Year</b>
<b>ASSETS</b>		
Current assets:		
Cash and Cash Equivalents	\$ 289,122,841	\$ 274,334,444
Patient accounts receivable, net of estimated uncollectibles	153,023,551	128,401,203
Supplies inventory at cost	5,714,540	8,867,838
Current portion of lease receivable	527,163	845,963
Other current assets	14,848,733	16,301,928
Total current assets	463,236,828	428,751,376
Assets whose use is limited or restricted by board	182,741,501	172,635,521
Capital assets:		
Land and construction in process	57,336,579	46,953,904
Other capital assets, net of depreciation	202,228,949	210,089,028
Total capital assets	259,565,528	257,042,931
Other assets:		
Right of use assets, net of amortization	10,101,111	8,155,239
Long term lease receivable	2,133,347	214,212
Subscription assets, net of amortization	56,929,158	8,805,987
Investment in securities	280,269,042	266,953,469
Investment in SVMC	12,986,028	958,828
Investment in Aspire/CHI/Coastal	1,592,657	1,697,096
Investment in other affiliates	17,723,430	21,515,850
Net Pension Asset	23,015,808	(2,088,543)
Goodwill	532,173	532,173
Total other assets	405,282,755	306,744,310
Deferred Pension Outflows	55,438,539	85,734,219
Total assets	\$ 1,366,265,151	\$ 1,250,908,357
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	87,732,968	61,322,089
Due to third party payors	4,755,781	4,542,353
Current portion of self-insurance liability	21,540,414	22,984,197
Current subscription liability	5,729,297	3,014,765
Current portion of lease liability	3,748,483	2,815,935
Current portion of compensated absences	5,078,868	-
Total current liabilities	128,585,810	94,679,340
Long term portion of workers comp liability	11,655,972	12,078,720
Long term portion of lease liability	6,885,883	5,331,788
Long term subscription liability	12,085,995	3,392,980
Long term portion of compensated absences	12,052,154	-
Total Liabilities	171,265,814	115,482,829
Lease deferred inflows	2,579,024	1,023,943
Pension Liability	79,394,685	90,863,576
Net Assets:		
Invested in capital assets, net of related debt	259,565,528	257,042,931
Unrestricted	853,460,100	786,495,078
Total Net Assets	1,113,025,628	1,043,538,009
Total liabilities and net assets	\$ 1,366,265,151	\$ 1,250,908,357

**SALINAS VALLEY HEALTH MEDICAL CENTER**  
**STATEMENTS OF REVENUE AND EXPENSES - ('000)**  
**February 28, 2026**

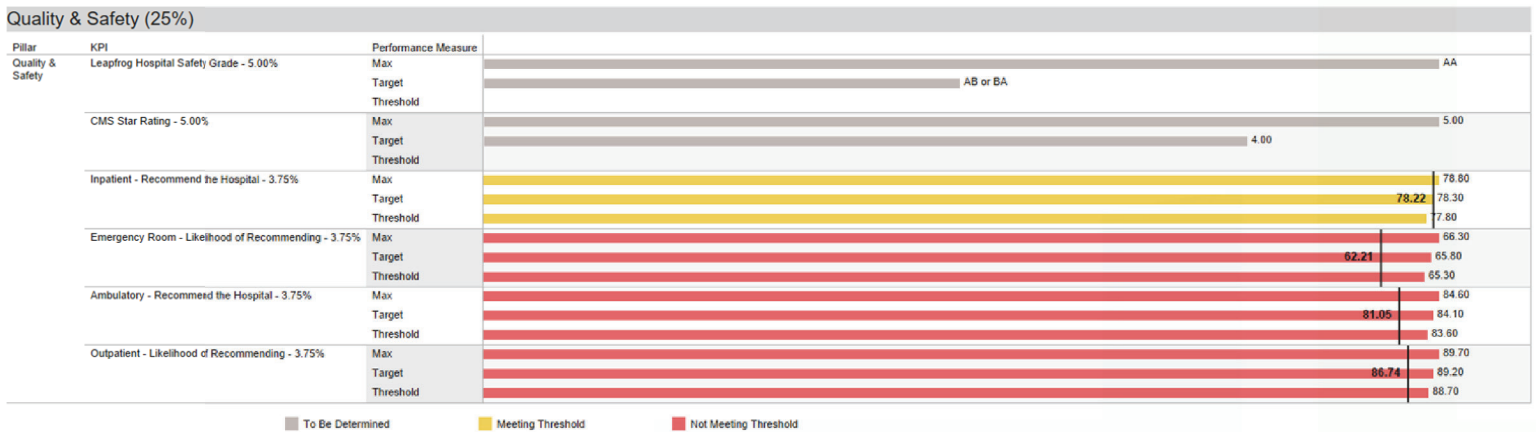
Actuals	Budget	\$ Variance	% Variance		Actuals YTD	Budget YTD	\$ Variance YTD	% Variance YTD
<b>Operating revenue:</b>								
286,615,042	276,252,924	10,362,118	-3.8%	Gross billed charges	2,319,708,719	2,309,034,967	10,673,752	-0.5%
229,472,403	222,258,055	7,214,348	-3.2%	Deductions from revenue	1,849,585,987	1,855,370,342	(5,784,355)	0.3%
<b>57,142,639</b>	<b>53,994,869</b>	<b>3,147,769</b>	<b>-5.8%</b>	<b>Net patient revenue</b>	<b>470,122,731</b>	<b>453,664,625</b>	<b>16,458,107</b>	<b>-3.6%</b>
1,373,278	1,721,629	(348,351)	20.2%	Other operating revenue	28,614,499	13,773,031	14,841,469	-107.8%
<b>58,515,917</b>	<b>55,716,498</b>	<b>(2,799,419)</b>	<b>-5.0%</b>	<b>Total operating revenue</b>	<b>498,737,231</b>	<b>467,437,655</b>	<b>(31,299,575)</b>	<b>6.7%</b>
<b>Operating expenses:</b>								
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1,606,965	1,891,622	(284,657)	15.0%	All other expense	16,762,093	15,981,555	780,538	4.9%
<b>53,169,361</b>	<b>51,893,679</b>	<b>1,275,683</b>	<b>-2.5%</b>	<b>Total Operating expenses</b>	<b>446,312,189</b>	<b>423,040,421</b>	<b>23,271,768</b>	<b>-5.5%</b>
<b>5,346,556</b>	<b>3,822,820</b>	<b>(1,523,736)</b>	<b>-39.9%</b>	<b>Income from operations</b>	<b>52,425,042</b>	<b>44,397,235</b>	<b>(8,027,807)</b>	<b>-18.1%</b>
<b>Non-operating Income:</b>								
23,619	216,667	(193,048)	89.1%	Donations	725,865	1,733,333	(1,007,468)	58.1%
500,550	500,550	0	0.0%	Property taxes	4,004,401	4,004,401	0	0.0%
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(4,315,534)	(6,018,701)	1,703,167	28.3%	Income from subsidiaries	(30,835,412)	(37,671,015)	6,835,604	18.1%
<b>921,160</b>	<b>(4,060,570)</b>	<b>4,981,731</b>	<b>122.7%</b>	<b>Total non-operating income</b>	<b>(14,819,081)</b>	<b>(21,994,998)</b>	<b>7,175,917</b>	<b>32.6%</b>
<b>6,267,716</b>	<b>(237,751)</b>	<b>(6,505,467)</b>	<b>2,736.3%</b>	<b>Operating and non-operating income</b>	<b>37,605,961</b>	<b>22,402,237</b>	<b>(15,203,724)</b>	<b>67.9%</b>

# Balanced Scorecard

Fiscal Year 2026 Year-to-Date

As of March 2026

Operating Margin As of February 2026



- Leapfrog Hospital Safety Grade: Leapfrog A requires performance above national averages in infection rates, patient safety indicators, hand hygiene monitoring, etc.
  - Measured in the Spring and Fall. Target equates to receiving an A and B in the two measurement periods; the maximum is set at receiving an A in both periods.
  - Not eligible for a threshold payment
- CMS Star Rating: Based on weighted measures, including mortality, safety of care, readmissions, patient experience, and timely/effective care.
  - Not eligible for a threshold payment
- Recommend the Hospital / Likelihood of Recommending
  - Source: Press Ganey and measured monthly based on Received Date
  - Based on top box scores (highest response possible on the survey scale: Yes, Definitely Yes, Always)
  - FY2026 threshold set at FY2025 performance (baseline) with the target being a 0.5 point increase from baseline and the maximum set at a 1 point increase from baseline.

People (15%)

Pillar	KPI	Performance Measure	Value	Target	Threshold
People	Safety Culture Index - Prevention and Reporting - 15.00%	Max	4.15		
		Target	4.12		
		Threshold	4.09		

■ Data Available on or Before 7/31/2026

- Source: Press Ganey 2026 Employee Engagement Survey
- Current Pulse 4.16
- Results will be measured annually and will be available on or before July 31, 2026



Operations (20%)

Pillar	KPI	Performance Measure	Value	Target	Threshold
Operations	EPIC Implementation and Staff Training - 7.00%	Max	2,350		
		Target	2,100		2,554
		Threshold	1		
Expand Retail Pharmacy to 24/7 - 6.50%		Max	1 Self Service Med Locker		
		Target	Retail Pharmacy 24/7 - OPENED		
		Threshold	Bargaining Complete		
Increase Meds to Beds - 6.50%		Max	60		
		Target	40		243
		Threshold	20		

■ Target Reached

•Epic Inpatient Implementation: A key milestone for this project's go-live success on November 8, 2025 is ensuring that all physicians and staff complete the required training and demonstrate readiness through the End User Proficiency Assessment (EUPA).

Source:

Population	Number of Users	Tracking System	Training Type	EUPA?
Non-Provider Role	1595	HealthStream	Live Class	Yes
Asynchronous Role	688	HealthStream	Self-Led Videos	Yes
Provider & Scribe Role	392	Epic U	Live Class	Yes
<b>Total</b>	<b>2675</b>			

•SVH Retail Pharmacy: The retail pharmacy is currently open an average of 10 hours per day. Expanding to 24/7 will allow for expanded meds to beds services in all departments, while allowing for advanced support of the emergency department. The placement of a medication dispensing locker will provide staff and patients with increased options to discreetly pick up their requested medications.

•Meds to Beds (M2B): The M2B program was designed to ensure that patients leave the hospital with their prescribed medications, reducing the risk of rehospitalization due to medication adherence. Source: Retail pharmacy M2B admin report



**Finance (20%)**

Pillar	KPI	Performance Measure	Max	Target	Threshold
Finance	Operating Margin - 20.00%	Max	4.00		
		Target		3.00	3.61
		Threshold		2.40	

■ Target Reached

\*Any award requires meeting threshold operating margin target of 2.4%.



**Growth (15%)**

Pillar	KPI	Performance Measure	Max	Target	Threshold
Growth	Salinas Valley Ventures - 5.00%	Max	Threshold +2 Portfolio Companies		
		Target		Threshold +1 Portfolio Companies	Threshold +4 Portfolio Companies
		Threshold		PM Hired and Onboarded	
340B - Implementation of Pharmacotherapy Clinic and rollout to service lines - 5.00%		Max	2 Service Lines		
		Target		1 Service Line	
		Threshold		Establish Program w FTEs	
SVHC Expansion - 5.00%		Max	3 Service Lines or Locations		
		Target		2 Service Lines or Locations	4 Service Lines or Locations
		Threshold		1 Service Line or Location	

■ Target Reached

\*Salinas Valley Health Ventures (SVHV): SVHV is designed to support operational efficiencies, clinical quality and access, and the adoption of innovative technologies. The early goals are partnerships with companies that can provide immediate support for SVH's strategic goals while also providing an opportunity for long-term financial returns.

\*Implementation of Pharmacotherapy Clinic (PTC): Implementation of a PTC will provide patients and physicians a partner in managing medication utilization, in addition to supporting the organization's effort in expanding access to 340B savings for all eligible patients.

\*SVH Clinics Expansion of Service Lines or Locations: Access to care and expansion of clinical capabilities are critical elements of our mission to serve the healthcare needs of our community. The clinic system's goal is to continue to grow in service line depth as well as locations of service.



Community & Service (5%)

Pillar	KPI	Performance Measure	Max	Target	Threshold	YTD Results	Performance to Target	Payout Percent
Community & Service	Operationalizing Vaccinations for Children (VFC) Approval with an increase in no cost vaccinations and immunizations for eligible children ages birth to 18 years of age - 2.50%	Max	100	50	25	134		
		Target						
	Develop an aligned outreach program in coordination with Community Schools in the Salinas Valley Health Service area, and establish school engagement - 2.50%	Max	20	15	10	52.8		
		Target						
		Threshold						

■ Target Reached

\*Vaccinations for Children (VFC): Operationalizing Vaccinations for Children (VFC) Approval with an increase in no cost vaccinations and immunizations for eligible children ages birth to 18 years of age, via the Mobile Clinic

Source: California Immunization Registry (CAIR)

\*School engagement/participation: Develop an aligned outreach program in coordination with Community Schools in the Salinas Valley Health Service Area and establish school engagement.

Organizational Goals by Pillar	Threshold	Target	Max
Establish school engagement/participation	4 (10%)	6 (15%)	7 (20%)

There are 5 School Districts awarded funds in our Service Area: North Monterey County Unified (4 schools), Soledad Unified (8 schools), Alisal Union School District (12 schools), Salinas City Elementary School District (9 schools), Salinas Union High School District (3 schools). Districts/Schools not yet applied/awarded: Chualar, Gonzales, Greenfield (currently in application)

Source: Smartsheet, Community Schools Initiative Tracker. Success is measured by the percent of total schools participating. Total eligible schools: 36.



FY2026 Balanced Scorecard (AIP)

Pillar	Measure	Weight	Threshold	Target	Max	YTD Results	Performance to Target	Payout Percent
Quality and Safety	<i>Leapfrog Hospital Safety Grade</i>	5.00%	NA	Grade AB or BA	Grade AA	Grade AX	0.0%	0.0%
	<i>CMS Star Rating</i>	5.00%	NA	4 Stars	5 Stars	N/A	0.0%	0.0%
	<i>Inpatient - Recommend the Hospital</i>	3.75%	77.8	78.3	78.8	78.2	99.9%	3.5%
	<i>Emergency Room - Likelihood of Recommending</i>	3.75%	85.3	85.8	86.3	82.2	94.5%	0.0%
	<i>Ambulatory - Recommend the Hospital</i>	3.75%	83.6	84.1	84.6	81.0	96.4%	0.0%
	<i>Outpatient - Likelihood of Recommending</i>	3.75%	88.7	89.2	89.7	86.7	97.2%	0.0%
	<b>Subtotal</b>	25.00%						3.5%
People	<i>Safety Culture Index: Prevention and Reporting</i>	15.00%	4.09	4.12	4.15	N/A	0.0%	0.0%
Operations	<i>EPIC Inpatient Implementation: Go Live 11/8/2025, Complete Epic training for physicians and staff with a 100% pass rate on the End User Proficiency Assessment</i>	7.00%	Go Live 11/8/2025	Train 2100 Users by 11/8/2025	Train 2350 Users by 11/30/2025	Train 2350 Users by 11/30/2025	150.0%	10.5%
	<i>SVH Retail Pharmacy: Expansion of Hours of Operation to 24/7</i>	6.50%	Completion of Bargaining	Open 24/7 Retail Pharmacy	Implement 1 Self Service Medication Dispensing Locker	Open 24/7 Retail Pharmacy	100.0%	6.5%
	<i>Increase Meds to Beds by X%</i>	6.50%	20%	40%	60%	243%	606.8%	9.8%
	<b>Subtotal</b>	20.00%						26.8%
Finance	<i>Operating Margin %</i>	20.00%	2.4%	3.0%	4.0%	3.8%	120.4%	26.1%
Growth	<i>Salinas Valley Ventures</i>	5.00%	Principle Manager Hired and Onboarded by End of CY2025	Threshold Plus One (1) Portfolio Company Engaged	Threshold Plus Two (2) or More Portfolio Companies Engaged	Threshold Plus Four (4) or More Portfolio Companies Engaged	150.0%	7.5%
	<i>340B - Implementation of a pharmacotherapy clinic designed to optimize medication use and improve patient outcomes</i>	5.00%	Establish Program with Completion of Necessary Hires	Establish One (1) Service Line	Establish Two (2) Service Lines	Establish Two (2) Service Lines	150.0%	7.5%
	<i>Salinas Valley Health Clinic: Expansion of service lines and locations</i>	5.00%	1 Service Line or Location	2 Service Lines or Locations	3 Service Lines or Locations	Service Lines or Location	150.0%	7.5%
	<b>Subtotal</b>	15.00%						22.5%
Community & Service	<i>Operationalizing Vaccinations for Children (VFC) Approval with an increase in no cost vaccinations and immunizations for eligible children ages birth to 18 years of age.</i>	2.50%	25	50	100	134.0	268.0%	3.8%
	<i>Develop an aligned outreach program in coordination with Community Schools in the Salinas Valley Health Service area, and establish school engagement.</i>	2.50%	10%	15%	20%	52.8%	351.8%	3.8%
	<b>Subtotal</b>	5.00%						7.5%
	<b>Initial Funding</b>							86.3%
	<b>Finance Regulator</b>							150.0%
	<b>Total Funding</b>							86.3%

# FY2027 Budget Plan

Finance Committee

April 20, 2026

## FY2027 Budget: Calendar

February – March	Finance develops baseline operating budget
April 20	Finance Committee review of budget plan
April 24	Finalize capital plan
April 6 – 24	Directors and managers develop operating budget plans
April 6 – 24	Budget for SVHC, Doctors on Duty and the Foundation
April 27 – May 15	Leadership Working Group review – operating and capital
May 22	Capital plan presented at Physician Leaders Dinner
June 4	Operating budget and capital plan presented at Board Budget Workshop
June 11	Operating budget and capital plan presented to the Medical Executive Committee
June 22	Operating budget and capital plan presented to the Finance Committee
June 25	Operating budget and capital plan presented to the Board for approval

# Strategic Considerations

## HR1 Revenue Headwinds will Lower Margin

### Preliminary Numbers

	FY 2023	FY 2024	FY 2025	FY 2026 P	FY 2027 P
<b>Gross Patient Revenue</b>	<b>3,044,348</b>	<b>3,228,547</b>	<b>3,621,651</b>	<b>3,716,755</b>	<b>3,902,593</b>
<b>Net patient service revenues</b>	<b>726,870</b>	<b>752,195</b>	<b>814,635</b>	<b>822,839</b>	<b>847,524</b>
Yield %	23.9%	23.3%	22.5%	22.1%	21.7%
Other Revenues	22,478	22,801	31,719	52,122	40,122
<b>Total operating revenues</b>	<b>749,348</b>	<b>774,996</b>	<b>846,354</b>	<b>874,962</b>	<b>887,647</b>
<b>Total operating expenses</b>	<b>721,916</b>	<b>745,960</b>	<b>794,705</b>	<b>848,811</b>	<b>874,275</b>
<b>Operating income</b>	<b>27,432</b>	<b>29,036</b>	<b>51,649</b>	<b>26,151</b>	<b>13,371</b>
Operating margin %	3.7%	3.7%	6.1%	3.0%	1.5%
<b>NONOPERATING REVENUE AND EXPENSES</b>					
<b>Nonoperating income (loss), net</b>	<b>38,662</b>	<b>48,542</b>	<b>51,804</b>	<b>24,505</b>	<b>29,144</b>
<b>TOTAL MARGIN</b>	<b>66,094</b>	<b>77,578</b>	<b>103,453</b>	<b>50,656</b>	<b>42,515</b>
<b>TOTAL MARGIN %</b>	<b>8.8%</b>	<b>10.0%</b>	<b>12.2%</b>	<b>5.8%</b>	<b>4.8%</b>

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# Strategic Considerations

## High Capital Needs

### Preliminary Numbers

	FY2024	FY2025	FY2026 YID	FY2027 Budget Requests	FY2028 Projection	FY2029 Projection	FY2030 Projection	FY2031 Projection	Moody's System: AI
Routine	\$ 6,204,923	\$ 9,683,056	\$ 5,442,154	\$ 7,226,914	\$ 5,961,708	\$ 6,271,879	\$ 6,899,067	\$ 7,588,974	
Projects	\$ 22,291,784	\$ 33,316,160	\$ 10,733,554	\$ 7,404,726	\$ 11,422,747	\$ 6,271,879	\$ 7,574,117	\$ 7,588,974	
Facility Plan			\$ 8,970,076	\$ 79,051,452	\$ 80,100,000	\$ 102,900,000	\$ 115,500,000	\$ 69,000,000	
<b>Total Capital Spend</b>	<b>\$ 28,496,707</b>	<b>\$ 42,999,216</b>	<b>\$ 25,145,784</b>	<b>\$ 93,683,093</b>	<b>\$ 97,484,456</b>	<b>\$ 115,443,758</b>	<b>\$ 129,973,184</b>	<b>\$ 84,177,947</b>	
Depreciation Expense	\$ 29,727,931	\$ 31,134,359	\$ 25,568,365	\$ 54,301,984	\$ 57,017,083	\$ 62,718,791	\$ 68,990,670	\$ 75,889,737	
Capital Spending Ratio - Total	96%	138%	98%	173%	171%	184%	188%	111%	140%
Capital Spending Ratio - Routine	21%	31%	21%	13%	10%	10%	10%	10%	

**Notes:**

- \*\* Projects are defined as capital projects with a CIP account; equipment is a capital project without a CIP account.
- \*\* FY2027 strategic capital budget was sourced from the 5 - 10 year Major Capital Project Projection
- \*\* \$5 million was added to strategic capital in fiscal years 2027 - 2031
- \*\* Routine and Project capital is forecasted at 10% of depreciation
- \*\* The FY2027 budgeted depreciation is estimated by annualizing FY2026 YID actual results.

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## Facility Needs

1. Emergency Department (60-65K visits)
2. Parking (233 Stalls)
3. Medical Office Space
4. Operating Room
5. Pharmacy Expansion
6. Seismic



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## New Systems



- Workday Implemented in August, EPIC in November
- Adaptive Planning, Workday's budgeting and forecasting tool, will be used to develop the FY2027 operating budget
- Axiom used in prior years will now only be used for:
  - Capital Planning & Tracking
  - FY 2026 Productivity Reporting
- Finance will be meeting with leaders to develop departmental budgets

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# SVHMC Budget Assumption: Non Labor Expenses

- Inflation: Incorporates projected increases as provided by Vizient
  - Supplies: Inflation ranges from 2.3% - 5.0% based on category
  - Repairs & Maintenance: 3.7%
  - Software Expenses: 4.5%
  - Purchased Services: 3.5%
  - Utilities: Inflation ranges from 1.3% - 5.0% based on category
- Medical supply expense will be driven by changes in volumes

*ADJOURNMENT*