

SUPPLEMENTAL SUBMISSION

Notice of Proposed Submission and Request for Consent by:

Little Sisters of the Poor of Los Angeles

Re: Asset Purchase Agreement

with

G and E Healthcare Services. L.L.C. (Or Its Nominee)

Prepared for the

Office of the Attorney General

California Department of Justice

Healthcare Rights & Access Section

1. (Cal. Code Regs., tit.11 sec.999.5 subd (d)(1)(B).) A copy of any and all schedules, exhibits, and other documents referenced in or forming part of the Asset Purchase Agreement and referred to therein, including the following:

a. **Related Documents:**

- i. Management and Operations Transfer Agreement (“MOTA”)
- ii. Interim Management Agreement (“IMA”)
- iii. Interim Sublease (“ISL”)

b. **Exhibits A through H identified as the following:**

- Exhibit A - Legal Description of Land
- Exhibit B - Allocation of Purchase Price
- Exhibit C - Due Diligence Materials
- Exhibit D - Permitted Exceptions
- Exhibit E - Form of Deed
- Exhibit F - Form of Bill of Sale
- Exhibit G - Form of Assignment and Assumption Agreement
- Exhibit H - Form of FIRPTA Affidavit

c. **Schedules**

- Schedule 1(a)(iii) Personal Property
- Schedule 1(a)(viii) Permits
- Schedule 1(c) Excluded Assets
- Schedule 6(a)(i) Leases
- Schedule 9(k) Required Consents
- Schedule 9(n) Litigation and Other Proceedings
 - Schedule 9(p)(xi) Limits to Participation in Medicaid (“Medi-Cal”) Program
 - Schedule 9(p)(xii) Pending Actions or Proceedings by Administrative Agencies
 - Schedule 9(p)(xv) Accounts Receivable Subject to Liens or Used as Collateral
 - Schedule 9(p)(xix) Pending Medicaid or Private Insurance Company Reimbursement Audits
 - Schedule 9(p)(xx) Compliance with Building and Fire Codes and HCAI Regulations
 - Schedule 9(p)(xxvii) Leases Affecting Real Property
- Schedule 9(p)(xxviii) Payment of Quality Assurance and Bed Taxes
- Schedule 9(r)(i) Employment Matters
- Schedule 9(r)(ii) Employment Matters
- Schedule 9(r)(iii) Employment Claims
- Schedule 9(s) Insurance

Exhibit 23 is a copy of the following documents related to the Asset Purchase Agreement dated May 26, 2021 (Exhibit 2 Bates p. 0012): (i.) Management and Operations Transfer Agreement (“MOTA”); (ii.) Interim Management Agreement (“IMA”); and (iii.) Interim Sublease (“ISL”). **Exhibit 24** is a copy of the Exhibits to the Asset Purchase Agreement. And **Exhibit 25** is a copy of the Schedules to the Asset Purchase Agreement.

Exhibit 23

Section 999.5(d)(1)(B)

MANAGEMENT AND OPERATIONS TRANSFER AGREEMENT

JEANNE JUGAN RESIDENCE

This MANAGEMENT AND OPERATIONS TRANSFER AGREEMENT (this “Agreement”) is made and entered into as of this ___ day of _____, 2021 (the “Effective Date”), by and between THE LITTLE SISTERS OF THE POOR OF LOS ANGELES, a California nonprofit corporation (the “Licensee”), and 9 GEM HEALTHCARE SERVICES, LLC, a California limited liability company (the “New Operator”).

RECITALS

A. WHEREAS, Licensee has agreed to sell to New Operator, pursuant to the Bill of Sale in the form attached hereto as Exhibit “A” and incorporated herein by this reference (the “Bill of Sale”) and otherwise on the terms and conditions set forth in this Agreement, the operations of the Facility and certain of its assets;

B. WHEREAS, Licensee is the licensed operator of that certain 27-bed skilled nursing facility commonly known as “Jeanne Jugan Residence”, located at 2100 S Western Avenue, San Pedro, California 90732 (the “Facility”);

C. WHEREAS, Licensee is currently engaged in the business of providing nursing services and operating the duly licensed and Medi-Cal certified skilled nursing facility located at the Facility;

D. WHEREAS, effective as of the Operations Transfer Date (as such term is defined below), New Operator will lease the Facility from 9 GEM CAPITAL GROUP, LLC, a California limited liability company (“Lessor”) pursuant to an Operating Lease dated as of _____, 2021 (the “Lease”);

E. WHEREAS, within thirty (30) days after the Operations Transfer Date, as defined herein, New Operator will file its Change of Ownership Application with the California Department of Public Health (“CDPH”) and the 855A form with the fiscal intermediary for the Facility, (collectively, the “CHOW”) pursuant to which New Operator will obtain its own license to operate the Facility and obtain the Permits, as defined herein;

F. WHEREAS, New Operator and Licensee have further agreed that New Operator will manage the Facility for Licensee on and after the Operations Transfer Date to the Transition Date (as defined below);

G. WHEREAS, in order to facilitate a transition of operational and financial responsibility from Licensee to New Operator in a manner which will ensure the continued operation of the Facility after the Operations Transfer Date in compliance with the Lease and applicable law and in a manner which does not jeopardize the health and welfare of the residents of the Facility, Licensee and New Operator are desirous of documenting the terms and conditions on which New Operator will manage the Facility for Licensee as of the Operations Transfer Date and certain other terms and conditions relevant to the transition of operational and financial responsibility from Licensee to New Operator; and

H. WHEREAS, New Operator and Licensee have further agreed that New Operator will manage the Facility for Licensee for the Management Period (as defined below). In conjunction therewith, New Operator and Licensee will enter into an Interim Sublease, the form of which is attached hereto as Exhibit “B” and incorporated herein by this reference (the “Interim Sublease”).

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants of the parties set forth herein, it is hereby agreed as follows:

1. **Operations Transfer Date.** For purposes of this Agreement and any and all approvals related to the Facility pursuant to that certain Asset Purchase Agreement dated May 26, 2021 (“APA”), the “Operations Transfer Date” shall be 12:00:01 Pacific Time on _____, provided the Conditions Precedent (as defined below) have been waived or satisfied in full. “Conditions Precedent” means: (a) the execution and delivery of the Bill of Sale, the form of which is attached hereto as Exhibit “A”, (b) the execution and delivery by Licensee and New Operator of the Interim Sublease in the form attached hereto as Exhibit “B”; (c) the execution and delivery by Licensee and New Operator of the Assignment and Assumption of Contracts in the form attached hereto as Exhibit “C”; (d) the execution and delivery by Licensee and New Operator of the Assignment and Assumption of Admission Agreements in the form attached hereto as Exhibit “D”; (e) the execution and delivery of the Business Associate Addendum in the form attached hereto as Exhibit “E”; and (f) 9 GEM CAPITAL GROUP, LLC, a California limited liability company, or its nominee (“Landlord”) has closed on the purchase of the real property and improvements comprising the Facility on or before the Operations Transfer Date .

2. **Management of the Facility.** Commencing on the Operations Transfer Date and ending on the Transition Date (this period being known as the “Management Period”), Licensee hereby appoints New Operator as its sole and exclusive manager of the Facility. Licensee shall cooperate with New Operator in all respects to make the transition in management of the Facility to New Operator as smooth as possible. Unless sooner terminated by either party, this Agreement shall terminate by its terms on the Transition Date.

2.1. In connection with New Operator’s assumption of operational and financial responsibility for the Facility, Licensee shall provide to New Operator its Medi-Cal provider number(s), submitter i.d., National Provider Identifier (“NPI”) and any other identifying numbers which Licensee may use to bill for services provided to patients (of any payor source) at the Facility (collectively, the “Provider Numbers”). Notwithstanding the foregoing, Licensee shall remain ultimately responsible for the daily operational decisions and the care delivered to the residents at the Facility during the Management Period and accordingly, Licensee shall have the right to confer and consult with New Operator on any administrative, business, or management matters concerning the operation of the Facility during the Management Period; provided, however, such ultimate responsibility shall not relieve New Operator from its obligations specified in this Section 2, all of which shall apply during the Management Period.

2.2. For purposes hereof, the “Billing Period” shall mean the period on and after the Operations Transfer Date to the date on which a Medi-Cal provider

agreement has been issued to the New Operator by the Medi-Cal Provider Certification office and a Medi-Cal billing number has been issued to New Operator by the Medi-Cal Provider Enrollment office (collectively, the “Tie-In”). The Tie-In is complete when the Provider Number(s) have been assigned over and transferred to New Operator, allowing New Operator to bill directly for services provided at the Facility.

2.3. New Operator shall arrange (utilizing Facility personnel as appropriate), and pay at its sole cost and expense, for the provision of the bookkeeping, accounting, and administrative functions, including, but not limited to, the following, as reasonably necessary for the efficient and proper operation of the Facility:

2.3.1. Preparation and maintenance of business records, financial and other reports;

2.3.2. Establishment and administration of accounting procedures and controls;

2.3.3. Financial and business planning;

2.3.4. Processing and payment of accounts payable;

2.3.5. Billing, processing and collection of accounts receivable, including the billing and completion of any reports and forms that may be required by insurance companies, governmental agencies, or other third-party payors; and

2.3.6. Providing and processing of all employee record keeping, payroll accounting (including social security and other payroll tax reporting), and benefits for all employees of the Facility.

2.4. New Operator shall arrange for the maintenance, repair, trash removal, and janitorial services which may be necessary to maintain the Facility and equipment in a clean and safe condition, in compliance with applicable law, and in good repair in accordance with standards established by the Lease.

2.5. New Operator shall arrange for the utilities reasonably required for operation of the Facility, including, but not limited to, telephone, electricity, gas, water and refuse disposal.

2.6. New Operator shall arrange for the provision and replenishment, as New Operator deems necessary and as necessary to meet any minimum requirements established under applicable law, of all supplies and inventory used in the Facility. Licensee’s only obligation with respect thereto shall be to ensure that the levels of supplies and inventory at the Facility, including, without limitation, perishable food, non-perishable food and central supplies, other than medical, housekeeping and laundry supplies, on the Operations Transfer Date is in condition, quantity and quality sufficient

to meet the regular operating needs of the Facility for at least seven (7) days of operating in accordance with the policies of Licensee at the Facility.

2.7. Subject to Section 9 below, New Operator shall hire all employees whom New Operator determines to be necessary to effectively and efficiently operate the Facility as employees-at-will. New Operator shall be responsible for all aspects of administration of employees, including hiring, training, supervision, and termination. Except as otherwise determined by New Operator and Licensee (i.e., general supervision from New Operator's employees who are not permanently assigned to the Facility), all employees so hired shall be employed by New Operator. During the Management Period, New Operator shall maintain worker's compensation insurance as required by law and employer's liability insurance in accordance with the New Operator's standard policy. Termination decisions with respect to employees shall be made by New Operator in a manner consistent with applicable law and policies at the Facility

2.8. New Operator, on behalf of the Facility, shall arrange for maintenance of the payroll records of all employees, for the issuance of paychecks to employees, and for the payment and withholding from such paychecks of appropriate amounts for income tax, social security, unemployment insurance, and for all benefits including vacations, holidays, sick leave and other benefits in accordance with the approved policies.

2.9. New Operator shall have the right, in its sole discretion, to revise the fee schedules for the services rendered by the Facility, provided that New Operator shall consult with Licensee before doing so.

2.10. New Operator shall have the right to change the name of the Facility during the Management Period if and when it chooses to do so, at New Operator's sole costs, and as permitted by applicable agreements and applicable law, and shall indemnify, defend and hold Licensee harmless to any trademark or service mark violations or other legal actions arising therefrom. Licensee shall cooperate with New Operator to execute the required documents for CDPH approval of any name change during the Management Period.

2.11. In conformity with applicable law, Licensee and New Operator shall not discriminate against Medi-Cal patients who request services at the Facility.

2.12. New Operator shall comply with any and all codes, ordinances, rules, regulations, and requirements of all federal, state, and municipal authorities now in force, or which may hereafter be in force, pertaining to the Facility and its operations.

2.13. New Operator shall procure and maintain during the Management Period all insurance necessary and appropriate to the operation and maintenance of the Facility.

2.14. Funds received by New Operator which relate to the Quality and Accountability Supplemental Payment ("QASP") owed to Licensee for dates prior to the Operations Transfer Date shall be remitted by New Operator to the Licensee promptly

within ten (10) days after the receipt of such QASP from the applicable regulatory agency. The amount of the QASP due to Licensee shall be calculated as follows: the QASP shall be multiplied by a fraction, the numerator of which shall be the number of days the Licensee operated the Facility in the year for which QASP are being made and the denominator of which shall be the number of days in the year for which QASP are being made. New Operator and Licensee hereby acknowledge that payments made for QASP fees are paid based on the state fiscal year of July 1-June 30 (the “SFY”), and that payments for the prior year are received in approximately April of the calendar year following the SFY. For example, payments made to operators in April 2022 will be for SFY July 1, 2020-June 30, 2021 and payments made to operators in April 2023 will be for SFY July 1, 2021-June 30, 2022.

2.15. Notwithstanding anything herein to the contrary, Licensee and New Operator will cooperate in good faith to facilitate the Facility continuing to receive goods and services as applicable, for a period of up to ninety (90) days after the Operations Transfer Date, under the master therapy, medical supplies, pharmacy and housekeeping/laundry master contracts the Licensee (or its applicable affiliate) has with the third party vendors who provide such goods and services immediately prior to the Operations Transfer Date; provided, however, that the goods and services that the Facility receives on and after the Operations Transfer Date under such contracts shall be at the sole cost of New Operator and New Operator shall, without limiting the generality of New Operator’s obligations under Section 17 (Indemnification), indemnify Licensee (and/or its applicable affiliate) for any costs or other Loss that they may incur as a result of the accommodations provided to the Facility under this paragraph.

3. Billings, Collections and Accounts Receivable.

3.1. New Operator shall, on behalf of Licensee, bill patients and payors and use its commercially reasonable efforts to collect all cash revenue resulting from Facility operations during the Billing Period. Licensee agrees to cooperate with New Operator to make available such billing and accounting information and to provide such financial records for review as shall be reasonably necessary to accomplish the billing and collection of patient charges for services provided for in this Section 3.1 and to cooperate with New Operator in the completion of reports and claim forms as necessary to procure payments and reimbursement from governmental agencies, insurance carriers or other third-party payors. During the Billing Period, Licensee authorizes New Operator to do the following:

3.1.1. To bill patients in Licensee’s name, on Licensee’s behalf, and under Licensee’s Provider Numbers, specifically including, without limitation, services provided to Medi-Cal patients during the Billing Period, and the resulting revenue will be treated as revenue of Licensee (subject to New Operator’s right to direct the use of such funds as herein provided and subject to New Operator’s right to the Management Fee).

3.1.2. To collect accounts receivable

resulting from such billing in Licensee's name and on Licensee's behalf.

3.1.3. To receive payments from insurance companies, prepayments from health care plans, and payments from all other third-party payors.

3.1.4. Starting thirty (30) days after the Operations Transfer Date, to take possession of and endorse in the name of Licensee any notices, checks, money orders, insurance payments, and other instruments received in payment of the accounts receivable arising from periods on and after the Operations Transfer Date and deposit them directly in New Operator's account; and

3.1.5. To initiate legal proceedings in accordance with policies reasonably approved by Licensee to collect any accounts or monies owed to the Facility or Licensee related to the Facility during the Management Period

3.2. For a period of sixty (60) days after the Operations Transfer Date, New Operator and the persons designated by New Operator shall have view access to the bank account(s) with the depository bank of Licensee in which Medi-Cal payments are deposited (hereinafter referred to as "**Licensee's Bank Account**"). On or before the date that is sixty (60) days after the Operations Transfer Date ("**Bank Account Additional Signatories Date**"), Licensee shall execute such documentation as may be required by its depository banks to add such person or persons designated by New Operator as signatories on the Licensee's Bank Account. From and after the Bank Account Additional Signatories Date, (a) Licensee shall have no right to withdraw funds from Licensee's Bank Account, issue checks on Licensee's Bank Account, or otherwise instruct the bank with respect to the disposition of any funds deposited into Licensee's Bank Account, without obtaining the prior written consent of the New Operator, and (b) New Operator may withdraw funds from Licensee's Bank Account, issue checks on the Licensee's Bank Account, or otherwise instruct the bank with respect to the disposition of any funds deposited into Licensee's Bank Account.

3.3. New Operator shall have the right to open one or more bank accounts for the Facility in the name of Licensee (the "Management Account"), the authorized signatories of which shall consist solely of persons designated by New Operator. Licensee agrees that it will not take any actions that interfere with the transfer of funds for services rendered by New Operator, on and after the Operations Transfer Date, into the Management Account, nor will Licensee remove, withdraw or authorize the removal or withdrawal of any such funds from the Management Account. Amounts deposited into Licensee's bank accounts for any reason and relating to operations of the Facility after the Operations Transfer Date shall within five (5) business days, be transferred by Licensee into the Management Account. Licensee expressly authorizes New Operator to endorse checks made payable to Licensee with respect to periods on and after the Operations Transfer Date and to deposit the same in the Management Account.

3.4. All cash revenue received during the Management Period related to operating revenues for services rendered by New Operator on and after the Operations Transfer Date shall be under the control of New Operator, rather than Licensee. All funds received before, during or after the Management Period related to the operating revenues for services rendered by Licensee prior to the Operations Transfer Date shall be disbursed as follows: the collected cash revenue related to services rendered by Licensee prior to the Operations Transfer Date shall be remitted to Licensee within five (5) business days of receipt, together with applicable remittance advices.

3.4.1. If Licensee directly or indirectly receives any such cash revenue during the Management Period which relates to the Management Period, Licensee shall immediately forward any such receipts to New Operator, together with the applicable remittance advices, within five (5) business days, for deposit in the Management Account. If New Operator directly or indirectly receives any cash revenue during the Management Period which relates to the period prior to the Management Period, New Operator shall within five (5) business days forward any such receipts to Licensee, together with applicable remittance advices.

3.4.2. New Operator shall use the cash revenues which relate to the operation of the Facility during the Management Period, or, if necessary, make available additional cash, to pay for expenses incurred during the Management Period, including both expenses paid during such period and expenses which are due after the Management Period but which were incurred during the Management Period.

3.5. In furtherance and not in limitation of the allocation of revenues provided for in Sections 3.4 and 3.4.1 of this Agreement, New Operator and Licensee agree as follows:

3.5.1. If such payments either specifically indicate on the accompanying remittance advice, or if the parties agree, that they relate to the period prior to the Operations Transfer Date, they shall be retained or forwarded to Licensee, along with the applicable remittance advice in accordance with the provisions of Section 3.4 above.

3.5.2. If such payments indicate on the accompanying remittance advice, or if the parties agree, that they relate to the period from and after the Operations Transfer Date, they shall be forwarded or retained by New Operator, along with the applicable remittance advice, in accordance with the provisions of Sections 3.4 and 3.4.1.

3.5.3. If such payments specifically indicate

on the accompanying remittance advice, or if the parties agree, that they relate to the period prior to the Operations Transfer Date, they shall be forwarded to Licensee, along with the applicable remittance advice in accordance with the provisions of Sections 3.4 and 3.4.1.

3.5.4. If such payments indicate on the accompanying remittance advice, or if the parties agree, that they relate to periods for which both parties are entitled to reimbursement under the terms hereof, the portion thereof which relates to the period prior to the Operations Transfer Date shall be disbursed in accordance with the provisions of Section 3.4 and the balance shall be retained by or remitted to New Operator in accordance with the provisions of Sections 3.4 and 3.4.1.

3.5.5. Any payments received by New Operator on and after the Operations Transfer Date, from or on behalf of private pay patients with outstanding balances as of the Operations Transfer Date, which fail to designate the period to which they relate (an “Undesignated Payment”), will, for a sixty (60) day period after the Operations Transfer Date, first be applied by New Operator to reduce the patients’ pre-Operations Transfer Date balances, with any excess applied to reduce any balances due for services rendered by New Operator from and after the Operations Transfer Date; after said sixty (60) day period such Undesignated Payment may be retained by New Operator to reduce the patient’s post-Operations Transfer Date balances, with any excess remitted to Licensee to reduce any balances due for services rendered by Licensee prior to the Operations Transfer Date.

3.5.6. All amounts owing to Licensee or New Operator under this Section 3.5 shall be settled within five (5) business days after the payment was received.

3.5.7. In the event the parties mutually determine that any third-party payors or private pay residents are entitled to a refund of payments, the portion thereof that relates to the period on and after the Operations Transfer Date shall be paid by New Operator and the portion thereof that relates to the period prior to the Operations Transfer Date shall be paid by Licensee to such third-party payor or private pay resident.

3.5.8. In the event the parties mutually determine that any payment hereunder was misapplied by the parties, the party which erroneously received said payment shall remit the same to the other within five (5) business days after said determination is made.

3.5.9. Until the earlier of (i) the date that Licensee receives payment of all accounts receivable attributed to the operation of the Facility prior to the Operations Transfer Date, and (ii) twelve (12) months after the Operations Transfer Date, New Operator shall provide Licensee with an accounting before the end each month setting forth all amounts received by New Operator during the preceding month with respect to the accounts receivable of Licensee which are set forth in the schedule provided by Licensee to New Operator within no more than thirty (30) days after the Operations Transfer Date. New Operator shall deliver such accounting to _____.

3.5.10. Upon ten (10) days after written request, and for a period of twelve (12) months after the Operations Transfer Date, Licensee agrees to provide New Operator with an accounting setting forth all amounts received by Licensee during the preceding month with respect to payments from the residents of the Facility which are due and owing to New Operator in accordance with the terms of this Section 3.5, which accounting shall be accompanied by applicable remittance advices.

3.5.11. Licensee and New Operator shall have the right to inspect, no more frequently than once per month, all cash receipts of the other party during weekday business hours on reasonable prior notice in order to confirm such party's compliance with the obligations imposed on it under this Section 3.5.

3.5.12. New Operator shall use its commercially reasonable efforts to cooperate in the collection of the accounts receivable which accrued prior the Operations Transfer Date. Licensee shall be responsible for any further billing and/or collections of the Licensee's accounts receivable arising prior to the Operations Transfer Date and New Operator shall not have any responsibility related to the collection of accounts receivable relating to services performed prior to the Operations Transfer Date other than the obligation of reasonable cooperation set forth herein. Such commercially reasonable efforts shall include but not be limited to providing any requested documentation within New Operator's possession or control relating to Licensee's defense of Recovery Audit Contractors ("RAC") and other audits.

3.5.13. Licensee, at the request of New Operator or New Operator's accounts receivable lender shall provide New Operator with a security interest in New Operator's Accounts Receivable (as defined below) and will execute and deliver to New Operator's accounts receivable lender such reasonable documents related thereto, including, but not limit to, a consent to a collateral assignment of this Agreement, reasonably requested by New

Operator's accounts receivable lender. For the purposes of this Agreement, "New Operator's Accounts Receivable" shall mean present and future Accounts (as defined in the Uniform Commercial Code) and any books and records relating thereto, in each case arising from or related to services delivered at the Facility on or after the Operation Transfer Date and any proceeds thereof. Furthermore, if requested by New Operator's accounts receivable lender, Licensee will direct payments belonging to New Operator under the terms of this Agreement to such accounts receivable lender.

4. Management Fee.

4.1. During the Management Period, New Operator shall be entitled to a fee from Licensee (the "Management Fee") equal to the Facility's operating revenues less all operating expenses, resulting from operation of the Facility, in each case during the Management Period, calculated in accordance with New Operator's standard bookkeeping practices.

4.2. If the Facility incurs losses during the Management Period, New Operator shall be responsible for such losses and shall indemnify, protect, defend and hold Licensee harmless from all claims, demands, liability, and losses related thereto, including payment of the New Operator's obligation under the Lease and license renewal fees, but not including any expense that relates to operation of the Facility for the period prior to the Operations Transfer Date except for expenses for inventory and supplies which were ordered by Licensee in the ordinary course of business prior to the Operations Transfer Date and received and accepted by New Operator after the Operations Transfer Date.

4.3. The Management Fee is based upon revenues earned and expenses incurred during the Management Period, as determined in accordance with New Operator's standard bookkeeping practices. New Operator has no responsibility to pay for expenses during the Management Period which were incurred prior to the Operations Transfer Date, it being understood and agreed that revenues and expenses will be prorated in the manner set forth in Section 10.

5. Change of Ownership.

5.1. Effective on the Operations Transfer Date, Licensee shall assign to New Operator its Medi-Cal provider agreement.

5.2. Within thirty (30) days of the Operations Transfer Date, New Operator shall have filed all its CHOW applications for the issuance of the licenses and permits to operate the Facility including acceptance of assignment of the Medi-Cal provider agreement and Provider Numbers (the "Permits"). New Operator shall diligently proceed with securing the Permits and shall, (a) from time to time, upon request of Licensee, advise Licensee of the status of New Operator's efforts to secure the Permits, and (b) promptly advise Licensee once the anticipated Transition Date is known to New

Operator. New Operator shall be solely responsible for any and all costs associated with the CHOW process. Licensee agrees to execute all documentation required by CDPH or the Centers for Medicaid and Medicare Services (“CMS”) in connection with its review and approval of New Operator’s CHOW. The date upon which CDPH issues the new Permits to New Operator for the Facility and the Provider Numbers have been issued or transferred to New Operator pursuant to the Tie- In shall be called the “Transition Date”.

5.3. Promptly upon receipt of a request therefore from Licensee, New Operator will provide Licensee with copies of its licensure applications and any further documents submitted by New Operator to CDPH in response to any requests from such Governmental Authority and with copies of its Permits.

5.4. Licensee shall otherwise cooperate with New Operator, to the extent commercially reasonably, in order to facilitate the issuance of the new Permits and shall not voluntarily surrender its Permits or Medi-Cal provider agreement.

5.5. Pursuant to Health and Safety Code Section 1267.61(a), at least ninety (90) days prior to the Operations Transfer Date, the Licensee shall have given written notice of the proposed change in licensee or management company to all residents of the facility and their representatives that contains all of the following information applicable to the proposed change:

(a) The name and address of the prospective licensee, transferee, assignee, lessee, property owner, or the licensee’s parent company and management company, if applicable.

(b) A list of all prospective licensee or prospective management company’s owners or shareholders and their ownership percentages.

(c) A list of directors, officers, board members, and property owners of the prospective licensee and, if existing, a list of directors, officers, and board members of the prospective licensee’s parent company and proposed management company.

(d) The expected date of sale, assignment, lease, or other change.

5.6. Provided that New Operator has provided Licensee with the information necessary to provide the notice at least three (3) business days prior to the due date of the notice, to the extent Licensee cannot comply with the notification requirements, Licensee shall be responsible for the civil penalty of one hundred dollars (\$100) per day for each day the notice is delayed pursuant to Health and Safety Code Section 1267.61(d).

6. Admission Agreements. On the Operations Transfer Date, Licensee and New Operator will enter into an Assignment and Assumption of Admissions Agreements in the form attached hereto as Exhibit “D”, pursuant to which Licensee will assign to New Operator, and New Operator will assume, all of Licensee’s right, title and interest in and to and obligations accruing on and after the Operations Transfer Date under the admission agreements with the

persons who are residing at the Facility on the Operations Transfer Date (the “Assigned Admission Agreements”); provided, however, that the Assignment and Assumption of Admissions Agreements shall specifically provide that nothing therein shall be construed as imposing any liability on New Operator for the acts or omissions of Licensee under the Assigned Admission Agreements prior to the Operations Transfer Date.

7. Transfer of Resident Funds.

7.1. On the Operations Transfer Date, Licensee shall deliver to New Operator all cash held for and on behalf of residents at the Facility (collectively the “Resident Funds”).

7.2. On the Operations Transfer Date, Licensee hereby agrees to transfer to New Operator the Resident Funds and New Operator hereby agrees that it will accept such Resident Funds in trust for the residents/responsible parties and be solely accountable to the residents/responsible parties for such Resident Funds in accordance with the terms of this Agreement and applicable statutory and regulatory requirements.

7.3. Within ten (10) days after the Operations Transfer Date, Licensee shall prepare a final reconciliation comparing the actual Resident Funds balance on the Operations Transfer Date to the amount of the Resident Funds transferred to New Operator on the Operations Transfer Date, and, to the extent the former exceeds the latter, Licensee shall remit such excess to New Operator or to the extent the latter exceeds the former, New Operator shall remit such excess to Licensee.

7.4. New Operator shall have no responsibility as to the applicable resident/responsible party and regulatory authorities for any shortfall in the event the Resident Funds delivered by Licensee to New Operator pursuant to Section 7.2 are demonstrated to be less than the full amount of the Resident Funds for such resident as of the Operations Transfer Date or for claims which arise from actions or omissions of Licensee with respect to the Resident Funds prior to the Operations Transfer Date but all of the foregoing shall be and remain the responsibility of Licensee and Licensee shall indemnify, defend, protect and hold New Operator harmless from the same.

7.5. Except as specifically set forth herein, upon transfer of the Resident Trust Funds to New Operator, Licensee shall have no responsibility to the applicable resident/responsible party and regulatory authorities with respect to any Resident Funds delivered to New Operator. Licensee shall indemnify, defend, protect and hold New Operator harmless with respect to any actions or omissions of New Operator with respect to the Resident Funds on and after the Operations Transfer Date.

8. Cost Reports. At the end of the Management Period, Licensee shall timely prepare and file with the appropriate Medi-Cal agency any final cost reports with respect to its operation of the Facility which are required to be filed by law under the terms of the Medi-Cal program. New Operator shall cooperate fully with Licensee by providing the Licensee all necessary financial and accounting information reasonably required by Licensee to enable Licensee to timely submit such cost reports. Prior to filing, and upon request from New

Operator, Licensee agrees to provide New Operator with copies of its final terminating cost report. Within five (5) business days after a request by New Operator, Licensee shall provide New Operator with copies of such cost reports, together with copies of any amendments thereto and correspondence related to such final cost reports. Licensee shall pay for any costs related to the preparation or filing of cost reports or Medi-Cal cost audits for any period prior to the Operations Transfer Date and New Operator shall pay any costs related to the preparation or filing of costs reports or Medi-Cal cost audits for periods on and following the Operations Transfer Date. In the event Licensee fails to timely file any cost report, New Operator shall have the right to do so on Licensee's name and at Licensee's expense.

9. Employees.

9.1. Licensee shall terminate the employment of all of the Facility employees effective as of 11:59 p.m. on the day immediately prior to the Operations Transfer Date. Unless otherwise agreed by Licensee and New Operator, on the Operations Transfer Date Licensee shall pay directly to such employees any and all unpaid wages, all earned and accrued employee wages and benefits (including, without limitation, vacation, holiday pay and paid time off). New Operator acknowledges that Licensee has provided New Operator with a list of all Facility employees and Licensee shall permit New Operator, in cooperation and coordination with Licensee, to meet with all employees of the Facility prior to the Operations Transfer Date and to advise them of New Operator's proposed plans with respect to the hiring of the employees of the Facility and the benefits which will be offered to the employees of the Facility after the Operations Transfer Date.

9.2. On the Operations Transfer Date, New Operator shall make written offers of employment to all of the employees of the Facility for the sixty (60) day transition period following the Operations Transfer Date. New Operator shall not discharge without cause an employee (other than the nursing home administrator or the Director of Nurses) ("**Retained Employees**") during the 60-day transition period in accordance with California Health and Safety Code section 1267.62. Further, during that 60-day period, no Retained Employee of the Facility shall suffer any reduction in wages, benefits, or other terms and conditions of employment as a result of the transfer or change of ownership in accordance with California Health and Safety Code section 1267.62.

9.3. It is the understanding and belief of Licensee and New Operator that Licensee may be required to give notice to the employees of the Facility of the "closure" thereof under the Worker Adjustment and Retraining Notification Act (the "**WARN Act**") or under comparable State law; provided, however, New Operator has advised the Licensee that (a) it does not want Licensee to deliver any such notices to the employees, (b) in accordance with Section 9.2 above, it presently intends to offer employment on an "at-will" basis to more than two-thirds of the employees of the Facility who, as of the Operations Transfer Date, work at the Facility, and (c) in reliance on such statements New Operator has agreed that a closure notice will not be provided to the employees of the Facility as of the Operations Transfer Date.

9.4. New Operator agrees to cooperate with Licensee to provide

information concerning which employees are to be retained by New Operator and the service descriptions and salary levels for any such retained employees. Such employees who will be retained by the New Operator as of the Operations Transfer Date are referred to in this Agreement as the “Retained Employees.”

9.5. Licensee acknowledges and agrees that New Operator is not assuming any of Licensee’s obligations to its employees under Section 601, et seq. of ERISA and Section 4980B of the Internal Revenue Code (“COBRA”) or otherwise. New Operator agrees to cooperate with Licensee in providing information concerning which employees, if any, are retained by New Operator after the Operations Transfer Date. Notwithstanding the foregoing, New Operator will offer to the Retained Employees the right to participate in New Operator’s health insurance program as of the Operations Transfer Date subject to any and all applicable waiting periods, eligibility requirements and exclusions for pre-existing conditions.

9.6. New Operator hereby agrees to indemnify, protect, defend and hold harmless Licensee from any loss, cost or expense Licensee actually incurs as a result of a failure to give any required notice under the WARN Act or any comparable state law.

10. Costs and Prorations.

10.1. As between New Operator and Licensee, Facility revenues (including, without limitation, any amount paid to Licensee prior to the Operations Transfer Date for services to be rendered on and after the Operations Transfer Date from social security payments, private pay patients’ security deposits and prepayments, applied income payments, resident trust prepayments, etc.), Facility operating expenses (other than the Retained Liabilities (defined below)), rent payments, utility charges for the billing period in which the Operations Transfer Date occurs, real and personal property taxes (except as otherwise provided herein) and prepaid expenses, the premiums for any flood insurance coverage which may be in effect with respect to the Facility and provide coverage for the benefit of New Operator with respect to a period which extends beyond the Operations Transfer Date and other related items of revenue or expense attributable to the Facility shall be prorated between Licensee and New Operator as of the Operations Transfer Date. In general, such prorations shall be made so that as between New Operator and Licensee, Licensee shall be reimbursed for prepaid expense items to the extent that the same are applied to expenses attributable to periods on and after the Operations Transfer Date and Licensee shall be charged for unpaid expenses to the extent that the same are attributable to periods prior to the Operations Transfer Date, provided, however, prepaid license or permit fees shall not be a proratable expense. This provision shall be implemented by New Operator remitting to Licensee any invoices (or the applicable portion thereof in the case of invoices which cover periods both prior to and after the Operations Transfer Date) which describe goods or services provided to the Facility before the Operations Transfer Date and by New Operator assuming responsibility for the payment of any invoices (or portions thereof) which describe goods or services provided to the Facility on and after the Operations Transfer Date; provided, however, that notwithstanding any provision of this Agreement to the contrary, any and all deposits paid by Licensee with respect to the Facility, including without limitation, any and all lease,

security and/or utility deposits paid to, and/or cash or other collateral held by, any landlord, utility, insurance company or surety shall remain the sole and exclusive property of Licensee, and New Operator shall have no right or interest therein or thereto.

10.2. All such prorations shall be made on the basis of actual days elapsed in the relevant accounting or revenue period and shall be based on the most recent information available to Licensee. Utility charges which are not metered and read on the Operations Transfer Date shall be estimated based on prior charges, and shall be prorated upon receipt of statements therefor as of the Operations Transfer Date. CDPH licensing fees shall not be prorated. New Operator shall obtain its own insurance coverage covering all periods commencing on and after the Operations Transfer Date and for the duration of the Management Period.

10.3. All amounts which are subject to proration under the terms of this Agreement and which require adjustment after the Operations Transfer Date shall be settled within ten (10) days after the Operations Transfer Date or, in the event the information necessary for such adjustment is not available within said ten (10) day period, then within seven (7) business days of receipt of information by either party necessary to settle the amounts subject to proration.

10.4. On the Operations Transfer Date, Licensee may remove from the Facility any petty cash and any other funds maintained at or for the Facility immediately prior to the Operations Transfer Date, other than Resident Funds, which shall be handled in the manner set forth in Section 7.

10.5. In addition to any other costs for which New Operator is responsible under this Agreement, New Operator shall be solely responsible for all costs, fees and expenses incurred by it in connection with the transfer of operations of the Facility as contemplated hereunder, including but not limited to the cost of any training of the Facility's employees which it may elect to undertake with the approval of Licensee, which approval shall not be unreasonably withheld, conditioned or delayed, provided such training is conducted in a manner which does not disrupt the operation of the Facility prior to the Operations Transfer Date, and the cost of any due diligence that it undertakes in furtherance of such transfer of operations, including but not limited to, the costs of any examination or copying by New Operator or its agents of any books, records, patient files or other operational or fiscal information and data of any kind of Licensee or the Facility. In furtherance and not in limitation of the foregoing, in the event that in the process of any such employee training and/or due diligence examinations Licensee shall incur any out of pocket costs or expenses related to the use of its employees, equipment and/or the provision of any such information, New Operator shall, within seven (7) days after a written demand therefor accompanied by reasonably detailed supporting documentation, reimburse Licensee for all of such out of pocket costs and expenses.

11. Access to Records.

11.1. On the Operations Transfer Date, Licensee shall deliver to New Operator all records necessary to the efficient, continued operation of the Facility. Nothing

herein shall be construed as precluding Licensee from removing from the Facility (a) the originals of the financial records which relate to its operations at the Facility, including all accounts payable and accounts receivable records; provided, however, Licensee shall leave copies of such records at the Facility in order to facilitate the provisions of this Agreement, (b) all proprietary materials related to its overall corporate operations, (c) the originals of all performance improvement data, (d) originals of employee records for all former employees not employed by New Operator, (e) copies of Retained Employee records, (f) copies of patient records for all former patients no longer residing at the Facility, (g) copies of records for all current patients residing at the facility, and (h) legacy records stored either on-site or off-site. Notwithstanding anything to the contrary in this Agreement, Licensee and New Operator agree that all information, records and data collected or maintained regarding Facility residents shall be confidential. Licensee, New Operator, and their respective employees and agents shall maintain the confidentiality of all Facility resident information received in accordance with applicable California and federal laws, including HIPAA, the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-91) (“HIPAA”) the Health Information Technology for Economic and Clinical Health Act Public Law 111-005 (“HITECH”) and the regulations issued in connection therewith. No employee or agent of Licensee or New Operator shall discuss, transmit or narrate in any manner any Facility resident information of a personal, medical, or other nature except as a necessary part of providing services to the resident, effectuating a transfer of the Facility operations, or otherwise fulfilling its obligations under this Agreement or under law. The obligations under this Section 11.1 shall survive the termination of this Agreement, whether by rescission or otherwise as amended and the regulations issued in connection therewith.

11.2. On and after the Operations Transfer Date, New Operator shall allow Licensee and its agents and representatives to have reasonable access to (upon reasonable prior notice and during normal business hours), and to make copies of, the books and records and supporting material of the Facility relating to the period prior to and including the Operations Transfer Date, to the extent reasonably necessary to enable Licensee to among other things investigate and defend malpractice, employee or other claims, to file or defend cost reports and tax returns, RAC audits and other audits to complete/revise, as needed, any patient assessments which may be required for Licensee to seek reimbursement for services rendered prior to the Operations Transfer Date and to verify accounts receivable collections due Licensee.

11.3. Licensee shall have the right, at Licensee’s sole cost and expense, five (5) days after the delivery of a reasonable request therefore to New Operator to enter the Facility and remove originals or copies of any such records delivered to New Operator; provided, however, that if directed by Licensee in its request to New Operator, New Operator shall within such five (5) day period, forward such records to Licensee, at Licensee’s sole cost and expense, to the address designated by Licensee; and provided, further, that if, for purposes of litigation involving a patient or employee to whom such record relates, an officer of or counsel for Licensee certifies that an original of such record must be produced in order to comply with applicable law or the order of a court of competent jurisdiction in connection with such litigation then the records so delivered or removed shall be an original. Licensee’s request to New Operator to enter the Facility

shall be made in writing and state the date upon which the entry to the Facility is required. Any record so removed shall promptly be returned to New Operator following its use, and nothing herein shall be interpreted to prohibit New Operator from retaining copies of any such documents. Nothing hereinabove shall limit, reduce or restrict the Licensee's access to the Facility during the term of the Management Period in connection with any of the Licensee's rights, duties or obligations under this Agreement or that are required statutorily as the Licensee of the Facility.

11.4. New Operator agrees to maintain such books, records and other materials comprising records of the Facility's operations, including, but not limited to, patient records and records of patient funds, to the extent required by law, which relate to the period preceding the Operations Transfer Date and which have been delivered to New Operator by Licensee in conjunction herewith. If upon the expiration of any legislatively mandated retention period for such books and records, New Operator decides to dispose of or destroy such books and records, New Operator shall, upon receipt of a written request from Licensee, allow Licensee a reasonable opportunity to remove such books and records, at Licensee's sole cost and expense, from the Facility.

12. Operating Contracts. Any contracts entered into by Licensee prior to the Operations Transfer Date involving the operations of the Facility and/or reimbursements for such operations are referred to herein as "Operating Contracts." Licensee shall provide New Operator with a list and copies of all Operating Contracts at least forty-five (45) days prior to the Operations Transfer Date. At least fifteen (15) days prior to the Operations Transfer Date, New Operator shall, in its sole and absolute discretion, identify which Operating Contracts of Licensee it desires to assume as of the Operations Transfer Date, and shall identify all such assumed Operating Contracts to Licensee in writing. Licensee hereby assigns to New Operator, as of the Operations Transfer Date, the Operating Contracts so identified to Licensee, in each case to the extent the applicable contract is assignable pursuant to its terms (collectively, the "Assigned Contracts"), and New Operator agrees to assume the same, provided, however, New Operator shall not assume any obligations or liabilities arising thereunder prior to the Operations Transfer Date. For the avoidance of doubt, any and all Operating Contracts which are not Assigned Contracts shall remain the sole responsibility of Licensee.

13. Proprietary Information and Materials. New Operator acknowledges and agrees that any and all proprietary and confidential materials and information located at and used in connection with the operation of the Facility, which are not being transferred to New Operator pursuant to this Agreement, shall be and remain the property of Licensee, and accordingly, that Licensee shall remove all of such materials and information from the Facility on or immediately before the Operations Transfer Date.

14. Computer Software and Hardware. Licensee shall transfer its accounts receivable data and MDS data in electronic form to New Operator on or before the Operations Transfer Date. Upon request and during normal business hours as agreed between Licensee and New Operator, prior to the Operations Transfer Date, Licensee will give New Operator such access to the Facility as it may be reasonably need to ensure that New Operator's telephone and computer systems are fully operational as of the Operations Transfer Date;

provided, that such access rights shall be exercised by New Operator in a manner which is not disruptive to the operations at the Facility.

15. Representations and Warranties.

15.1. Licensee hereby represents and warrants to New Operator, as of the date hereto and if different, as of the Operations Transfer Date and subject to the Disclosure Schedule attached as Exhibit F, that:

15.1.1. Licensee has all necessary power and authority to operate and carry on its business as it is now being conducted. Licensee has the power and authority to execute and deliver this Agreement to New Operator, and to perform its obligations under this Agreement, and to undertake the transactions contemplated hereby.

15.1.2. All payroll taxes and employee wages for the period prior to the Operations Transfer Date are or will be timely paid in full and current and all required tax returns have been or will be timely filed with the applicable taxing authority and are or will be accurate in all material respects.

15.1.3. Licensee is in all material respects in compliance with all laws and regulations applicable to it and the Facility, including without limitation all laws and regulations related to employment matters and pay practices.

15.1.4. The Facility and/or Facility employees are not party to a collective bargaining agreement with any union. Neither Licensee nor the Facility has any employment contracts, whether written or verbal, with any employees.

15.1.5. The execution, delivery and performance of this Agreement has been duly authorized by Licensee, and this Agreement constitutes the valid and binding obligation of Licensee, fully enforceable in accordance with its terms, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

15.1.6. Licensee has good valid and marketable title to the Acquired Assets (as defined in the Bill of Sale attached hereto as Exhibit "A", the "Acquired Assets") subject to liens of record. Effective on the Operation Transfer Date, New Operator will own, with good, valid and marketable title, the Acquired Assets, free and clear of any liens and encumbrances.

15.1.7. Licensee and the Facility (including,

without limitation, as it relates to the Facility's pharmacies, laboratories, outpatient therapy departments and all other ancillary departments, if any, located at the Facility or owned or operated by Licensee or any affiliate of Licensee for the benefit of the Facility) holds or possesses, and is, in all material respects, in compliance with, all material franchises, licenses, permits, certificates, authorizations, consents, grants, rights and other approvals of governmental authorities necessary to (i) occupy, maintain, operate and use the Facility as it is currently used, (ii) conduct its business, and maintain, operate and use its assets, as currently conducted, maintained and operated, and (iii) obtain reimbursement under any government programs and under all contracts, programs and other arrangements with third-party payors, insurers or fiscal intermediaries from which the Facility received reimbursement (collectively, the "Licensee's Permits").

15.1.8. Except with respect to Medi-Cal's share of costs and credit balance audits, neither the Licensee nor the Facility has any outstanding overpayments or refunds due to any government program, there are no pending RAC, Zone Program Integrity Contractors ("ZPIC") or other program integrity audits, or any amounts owed to any third party payer that will not have been paid in full by the Operations Transfer Date and neither Licensee nor the Facility owes, overpayments, refunds, any provider, bed or similar taxes or quality assurance fees or other payments to any government program, or has, any other liability with respect thereto, relating to any event or circumstance existing or occurring at any time prior to the Operations Transfer Date.

15.1.9. There are no liens for any Tax that is due and payable prior to the Operations Transfer Date upon any Acquired Asset or any asset of Licensee.

The term "Tax" or "Taxes" means all net income, capital gains, gross income, gross receipts, sales, use, transfer, ad valorem, franchise, profits, license, capital, withholding, payroll, employment, excise, goods and services, severance, stamp, occupation, premium, property, escheat, assessments, qualify assurance fees, provider bed taxes or other similar governmental charges of any kind whatsoever, together with any interest, fines and any penalties, additions to tax or other additional amounts incurred, accrued with respect thereto, assessed, charged or imposed under applicable federal, state, local or foreign tax law; provided that any interest, penalties, additions to tax or additional amounts that relate to Taxes for any taxable period (including, without limitation, any portion of any taxable period ending before the Operations Transfer Date) shall be deemed to be Taxes for such period, regardless of when such items are incurred, accrued, assessed or charged. References to Licensee shall be deemed to include any predecessor to such person from which Licensee incurs a liability for Taxes as a result of transferee liability. There is no contract or any award, decision, injunction, judgment, order, decree, ruling, subpoena or verdict entered, issued, made or rendered by any Governmental

Authority to which Licensee is a party or by which Licensee or any of its assets or business are bound that has or could reasonably be expected to have the effect of prohibiting or impairing any business practice of Licensee, any acquisition of assets, property or rights (tangible or intangible) by Licensee (or New Operator following the Operations Transfer Date) or the conduct of the business

15.1.10. The Medi-Cal provider agreement, certificate of need, if applicable, certification, governmental license, permit, regulatory agreement or other agreements and approvals, including certificates of operation, completion and occupancy, and state nursing facility licenses or other licenses required by Health Care Authorities for the legal use, occupancy and operation of each Facility (collectively, the “Licenses”) have been obtained by Licensee and maintained in full force and effect, including approved provider status in any approved third-party payor program. Licensee owns and possesses and holds free from restrictions or conflicts with the rights of others, all such Licenses.

(a) Other than security interests granted to the Facility’s landlord which will be released on or prior to the Operations Transfer Date, the License (i) has not been (A) transferred to any location other than the Facility or (B) pledged as collateral security, (ii) is held free from restrictions or known conflicts that would materially impair the use or operation of the Facility as intended, and (iii) has not been provisional, probationary, or restricted in any way.

(b) Licensee has never taken any action to rescind, withdraw, revoke, amend, modify, supplement or otherwise alter the nature, tenor or scope of any License or applicable provider payment program participation.

15.1.23 Except as otherwise expressly permitted by the terms of this Agreement, during the period from the Execution Date to the Operations Transfer Date (the “Interim Period”), Licensee shall use commercially reasonable efforts to cause the operations of the Facility (the “Business”) to be conducted in the usual, regular and ordinary course in substantially the same manner as previously conducted by Licensee (including with respect to advertising, promotions, capital expenditures and inventory levels) and use all commercially reasonable efforts to keep intact the Business, keep available the services of the current employees of the Business and preserve the relationships of the Business with residents, residents, suppliers, licensors, licensees, distributors and others with whom the Business deals to the end that the Business shall be unimpaired at the Operations Transfer Date. Prior to the Operations Transfer Date, Licensee shall not take any action that would, or that could reasonably be expected to, result in any of the conditions to the Closing set forth in Section 1 of this Agreement not being satisfied. Licensee agrees to provide any and all information reasonably requested by New Operator regarding the Business’ operations during the Interim Period.

15.1.24 As used herein:

“Governmental Authority/ies” shall mean OSHPD, any court, board, agency, arbitrator, commission, office or other authority of any nature whatsoever for any governmental unit (foreign, federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence.

“Health Care Authority/ies” shall mean any Governmental Authority or quasi-Governmental Authority or any agency, intermediary, board, authority or entity with jurisdiction over the ownership, operation, use or occupancy of a Facility as a skilled nursing facility or nursing home, including but not limited to the United States Department of Health and Human Services (“DHHS”), and the CMS.

15.2 New Operator hereby represents and warrants to Licensee, as of the date hereto and if different, as of the Operations Transfer Date, that:

15.2.1 New Operator is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California, and has all necessary power and authority to operate and carry on its business as it is now being conducted. New Operator has the power and authority to execute and deliver this Agreement to Licensee, and to perform its obligations under this Agreement, and to undertake the transactions contemplated hereby.

15.2.2 The execution and delivery of this Agreement by New Operator does not violate any provision of any agreement or judicial order to which New Operator is a party or to which New Operator is subject.

15.2.3 The execution, delivery and performance of this Agreement has been duly authorized by New Operator, and this Agreement constitutes the valid and binding obligation of New Operator, fully enforceable in accordance with its terms, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other laws affecting creditors’ rights generally and except as enforceability may be subject to general principles of equity.

15.2.4 New Operator has not engaged any broker, and is not liable for any broker or similar fees, in connection with this Agreement or the transactions contemplated hereby.

16. Pandemic Funds.

16.1 Licensee received Paycheck Protection Program SBA Loans, as defined in Section 16.2, and CARES Act Provider Relief Fund monies, as defined in Section 16.3 (collectively the Pandemic Funds”), which have been released by the

Federal government in response to the COVID-19 pandemic. Licensee shall utilize these funds in accordance with the laws and guidance applicable to each specific category of Pandemic Funds as set forth below.

16.2 The Paycheck Protection Program SBA Loans (“SBA Loans”) shall mean those loans designed to provide a direct incentive for small businesses to keep their workers on the payroll. Any and all SBA Loans received by Licensee shall remain the sole responsibility, liability, and obligation of Licensee. For the avoidance of doubt, New Operator shall not assume or accept any funds, proceeds, responsibilities, liabilities, and/or obligations related to, or in connection with, the SBA Loans received by Licensee. Licensee hereby agrees to indemnify, defend (with counsel reasonably acceptable to New Operator) and hold New Operator, and its members, officers, directors, employees, agents and affiliates harmless from and against all losses, claims, obligations, demands, assessments, penalties, liabilities, costs, damages, reasonable attorneys’ fees and expenses asserted against or incurred by any or all of them by reason of or resulting from or based on such SBA Loans.

16.3 The “CARES Act Provider Relief Fund monies” shall mean those funds received from the U.S. Department of Human Services pursuant to the CARES Act, a law intended to address the economic fallout of the COVID-19 pandemic. Any and all CARES Act Provider Relief Fund monies shall remain the property and responsibility of Licensee. For the avoidance of doubt, New Operator shall not assume or accept any funds, proceeds, responsibilities, liabilities, and/or obligations related to, or in connection with, the CARES Act Provider Relief Fund monies received by Licensee. Licensee hereby agrees to indemnify, defend (with counsel reasonably acceptable to New Operator) and hold New Operator, and its members, officers, directors, employees, agents and affiliates harmless from and against all losses, claims, obligations, demands, assessments, penalties, liabilities, costs, damages, reasonable attorneys’ fees and expenses asserted against or incurred by any or all of them by reason of or resulting from or based on such Cares Act Provider Relief Fund monies.

17. Indemnification.

17.1. Licensee hereby agrees to indemnify, protect, defend, and hold harmless New Operator and its members, managers, directors, officers, employees, agents, successors and assigns from and against any and all demands, claims, causes of action, fines, penalties, damages (but specifically excluding lost profits and consequential damages), losses, liabilities (including strict liability), judgments, and expenses (including, without limitation, reasonable attorneys’ and other professionals’ fees and court costs) (collectively, a “Loss”) incurred in connection with or arising from the following (collectively, the “Retained Liabilities”): (a) a breach or default by Licensee of its obligations under this Agreement which is not cured within thirty (30) days after receipt of written notice from New Operator setting forth, in reasonable detail, the nature of such breach or default; (b) any representation or warranty made by Licensee in this Agreement that shall not be true and correct in all material respects or shall have been false or misleading in any material respect when made; (c) the acts or omissions of Licensee under any contract assigned to New Operator that occurred prior to the Operations Transfer Date;

(d) the leasing, occupancy or operation of the Facility by Licensee prior to the Operations Transfer Date; (e) any acts, omissions, elder abuse (as that term is defined in California Welfare and Institutions Code §15610) or negligence of Licensee or any person claiming under Licensee, or the contractors, agents, employees, invitees or visitors of Licensee with respect to the Facility and its patients and residents prior to the Operations Transfer Date, including without limitation with respect to violations of law or regulation (which includes, for the avoidance of doubt, survey deficiencies and fines, citations and other monetary penalties imposed in connection therewith due to acts or omissions by Licensee or the Facility (including their respective employees, contractors and agents) prior to the Operations Transfer Date; and (f) any failure by Licensee to pay any liabilities in connection with the Facility attributable to periods prior to the Operations Transfer Date, but not limited, to quality assurance fees or bed taxes, (g) any failure of Licensee to pay any liabilities in connection with the Facility attributable to a period prior to the Operations Transfer Date (including, without limitation, reasonable attorneys' fees and other professionals' fees and court costs); and (h) any matter or liabilities occurring or which are incurred or relate to any period prior to the Operations Transfer Date.

17.2. New Operator hereby agrees to indemnify, protect, defend, and hold harmless Licensee and its affiliates by common ownership, successor and assigns and the shareholders, members, managers, directors, officers, employees, agents, successors and assigns of each of the foregoing from and against any Loss incurred in connection with or arising from: (a) a breach or default by New Operator of its obligations under this Agreement which is not cured within thirty (30) days after receipt of written notice from Licensee setting forth in reasonable detail the nature of such breach; (b) any representation or warranty made by New Operator that shall not be true in all material respects or shall have been false or misleading in any material respect when made, (c) the occupancy or operation of the Facility by New Operator on and after the Operations Transfer Date; (d) any acts, omissions, elder abuse (as that term is defined above) or negligence of New Operator or any person claiming under New Operator, or the contractors, agents, employees, invitees or visitors of New Operator with respect to the Facility and its patients and residents on and after the Operations Transfer Date; (e) any employment claims made against Licensee for employment issues occurring on and after the Operations Transfer Date; or (f) any failure by New Operator to pay any liabilities in connection with the Facility attributable to a period on and after the Operations Transfer Date (including, without limitation, reasonable attorneys' fees and other professionals' fees and court costs).

17.3. The indemnification obligations of Licensee pursuant to Section 17.1(b) and the indemnification obligations of New Operator pursuant to Section 17.2(b) shall survive the Operations Transfer Date for one year (the "Survival Period"), provided that if a claim is made for indemnification pursuant to Section 17.1(a) or Section 17.2(a) prior to the expiration for the Survival Period and action on such claim in commenced within one hundred and eighty (180) days after such claim is made, the applicable representation or warranty shall continue to survive until the final, non-appealable resolution of such claim. In addition, indemnification claims arising out of fraud or knowing or intentional misrepresentations shall not be limited by the Survival Period. All matters arising from an indemnified party's negligence, gross negligence or willful

misconduct are excluded from the scope of the indemnification owing to such party set forth in Sections 17.1 and 17.2.

17.4. For the avoidance of doubt, the indemnification obligations of Licensee pursuant to Section 17.1(a) and (c)-(g) and the indemnification obligations of New Operator pursuant to Section 17.2(a) and (c)-(f) shall not be limited by the Survival Period.

18. Further Assurances. Each of the parties hereto agrees to execute and deliver any and all further agreements, documents or instruments reasonably necessary to effectuate this Agreement and the transactions referred to herein or contemplated hereby or reasonably requested by the other party to perfect or evidence their rights hereunder.

19. Notices. All notices to be given by either party to this Agreement to the other party hereto shall be in writing, and shall be (a) given in person, (b) deposited in the United States mail, certified or registered, postage prepaid, return receipt requested, or (c) sent by national overnight courier service with confirmed receipt, each addressed as follows:

If to New Operator: 9 GEM Healthcare Services
445 S. Fair Oaks Avenue
Pasadena, California 91105
Email: grace.mercadocorp@gmail.com
ATTN: Grace Mercado

With a copy to
(which shall not
constitute notice): Richard Kale, Esq.
727 25th Street
Santa Monica, California 90402
Email: rkale@rpsli.com
Attn: Richard Kale, Esq.

and

with a copy to:
(which shall not
constitute notice): Sternshein Legal Group
5316 East Chapman Avenue
Orange, CA 92869
Attention: Jennifer Sternshein, Esq.
Email address: jennifer@sternsheingroup.com

If to Licensee: Little Sisters of the Poor of Los Angeles
2100 S. Western Avenue
San Pedro, California 90732

Email: mssanpedro@littlesistersofthepoor.org
Attn: Sister Margaret Hogarty

With a copy to
(which shall not
constitute notice):

Law Office of Mark T. Cregan, PLLC
P.O. Box 546
Totowa, New Jersey 07511-0546
Email: lawofficemtc@aol.com
Attn: Father Mark Cregan

Any such notice shall be deemed delivered when actually received or when delivery is first refused regardless of the method of delivery used. Any party to whom notices are to be sent pursuant to this Agreement may from time to time change its address for further communications thereunder by giving notice in the manner prescribed herein to all other parties hereto. Although either party shall have the right to change its address for notice purposes from time to time, any notice delivered pursuant to this Section 19 to the address set forth in this Section 19, or to such other address as may be hereafter specified in writing in accordance with this Section 19 shall be effective even if actual delivery cannot be made as a result of a change in the address of the recipient of such notice and the party delivering the notice has not received actual written notice in accordance with the provisions of this Section 19 of the current address to which notices are to be sent.

20. Payment of Expenses. Each party hereto shall bear its own legal, accounting and other expenses incurred in connection with the preparation and negotiation of this Agreement and the consummation of the transaction contemplated hereby, whether or not the transaction is consummated.

21. Entire Agreement; Amendment; Waiver. This Agreement, together with the other agreements referred to herein, constitutes the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements. This Agreement may not be modified or amended except in writing signed by the parties hereto. No waiver of any term, provision or condition of this Agreement in any one or more instances, shall be deemed to be or be construed as a further or continuing waiver of any such term, provision or condition of this Agreement. No failure to act shall be construed as a waiver of any term, provision, condition or rights granted hereunder.

22. Assignment. Licensee may not assign its rights and/or delegate its duties hereunder without the prior written consent of New Operator. New Operator may not assign its rights and/or delegate its duties hereunder without the prior written consent of Licensee, except to an affiliate or subsidiary under common control with New Operator or other entity created for business organizational purposes by New Operator; provided, however, that no such assignment shall relieve New Operator from any of its liabilities or obligations under this Agreement.

23. No Joint Venture; Third Party Beneficiaries. Nothing contained herein shall be construed as forming a joint venture or partnership between the parties hereto with respect to

the subject matter hereof. The parties hereto do not intend that any third party shall have any rights under this Agreement except as expressly provided.

24. **Captions.** The section headings contained herein are for convenience only and shall not be considered or referred to in resolving questions of interpretation.

25. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Executed counterparts of this Agreement may be delivered by facsimile transmission or by delivery of a scanned counterpart in portable document format (PDF) by e-mail, in either case with delivery confirmed. On such confirmed delivery, the signatures in the facsimile or PDF data file shall be deemed to have the same force and effect as if the manually signed counterpart had been delivered to the other party in person.

26. **Governing Law.** All matters arising out of or relating to this Agreement and all related documents shall be governed by and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction).

27. **Costs and Attorneys' Fees.** In the event of a dispute between the parties hereto with respect to the interpretation or enforcement of the terms hereof, the prevailing party shall be entitled to collect from the other its reasonable costs and attorneys' fees, including its costs and fees on appeal.

28. **Construction.** Both parties acknowledge and agree that they have participated in the drafting and negotiation of this Agreement. Accordingly, in the event of a dispute between the parties hereto with respect to the interpretation or enforcement of the terms hereof no provision shall be construed so as to favor or disfavor either party hereto. All references to "applicable law" herein shall refer to laws, statutes, rules, regulations and judicial or administrative interpretations thereof.

29. **Opening Mail.** From and after the Operations Transfer Date, New Operator shall be authorized to open mail addressed to Licensee received at the Facility. All mail received at the Facility relating to Licensee's operation of the Facility prior to the Operations Transfer Date shall be promptly delivered to Licensee by New Operator at the address set forth in Section 19, with all such mail to be deposited in the United States mail, certified or registered, postage prepaid, return receipt requested within three (3) days of receipt.

30. **Protected Health Information.** The parties acknowledge that in performing its obligations under Section 2 and Section 3 of this Agreement, New Operator will be a business associate of Licensee, as that term is defined in 45 CFR § 160.130. Accordingly, the parties adopt and incorporate by reference the provisions of the Business Associate Addendum attached to this Agreement as Exhibit "E".

31. **Successors.** Subject to the express provisions of this Agreements, the covenants and agreements contained in this Agreement bind and inure to the benefit of Licensee, New Operator, and their respective successors and permitted assigns.

32. **Severability.** If any covenant, condition, provision, term or agreement of this Agreement is, to any extent, held invalid or unenforceable, the remaining portion thereof and all other covenants, conditions, provisions, terms and agreements of this Agreement will not be affected by such holding, and will remain valid and in force to the fullest extent permitted by law.

33. **Time is of the Essence.** Time is of the essence with respect to the performance of every provision of this Agreement in which time of performance is a factor.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereby execute this Management and Operations Transfer Agreement as of the day and year first set forth above.

LICENSEE:

THE LITTLE SISTERS OF THE POOR LOS ANGELES,
a California nonprofit corporation

By: _____
Name:
Title:

NEW OPERATOR:

9 GEM HEALTHCARE SERVICES, LLC,
a California limited liability company

By: _____
Name: Grace Mercado
Title: Manager

LIST OF SCHEDULES AND EXHIBITS

Exhibit A:	Bill of Sale
Exhibit B:	Form of Interim Sublease Agreement
Exhibit C:	Form of Assignment and Assumption of Contracts
Exhibit D:	Form of Assignment and Assumption of Admission Agreements
Exhibit E:	Form of Business Associate Addendum
Exhibit F:	Disclosure Schedule

EXHIBIT A

FORM OF BILL OF SALE IN FAVOR OF NEW OPERATOR

This BILL OF SALE (“Bill of Sale”) is made as of _____, 2021, by THE LITTLE SISTERS OF THE POOR OF LOS ANGELES, a California nonprofit corporation (“Seller”), in favor of 9 GEM HEALTHCARE SERVICES, LLC, a California limited liability company (“New Operator”).

RECITALS

A. Pursuant to the provisions of the Management Operations and Transfer Agreement (the “MOTA”) dated as of _____, 2021, by and among Seller, as Licensee and New Operator, Seller has agreed to sell, transfer, convey, assign and deliver certain assets to New Operator.

B. In order that New Operator is in possession of an instrument vesting title in New Operator to certain of the assets being acquired by it, Seller desires to execute and deliver this Bill of Sale.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged:

1. **Defined Terms.** Words whose initial letters are capitalized are defined terms. Unless otherwise defined in this Bill of Sale, such terms shall have the same meaning as that ascribed to them in the MOTA.

2. **Transferred Assets.**

2.1 **Acquired Assets.** Effective as of 12:00:01 a.m., Pacific Time, on the date of this Bill of Sale, the Seller hereby sells, transfers, conveys, assigns, sets over and confirms unto the New Operator and its respective successors and assigns, to have and to hold, for its own use forever free and clear of all liens, pledges, charges and encumbrances of any nature whatsoever, all of Seller’s right, title and interest under, in and to the Operations-Related Assets set forth on Schedule A hereto, and all of Seller’s right, title and interest to the following (collectively, the “Acquired Assets”):

(a) Seller’s Medicare Provider Agreement for the Facility, to be effective upon the date CMS provides written notice to Purchaser and/or New Operator and to Seller’s intermediary that the change of ownership from Seller to Purchaser and/or New Operator has been completed and New Operator has been certified as the holder of Seller’s Medi-Cal provider number. New Operator shall be entitled to use the Medi-Cal provider number for billing purposes on or after the date of this Bill of Sale.

(b) The Assigned Licenses and Permits;

- (c) The Supplies;
- (d) The Assigned Intellectual Property;
- (e) The Goodwill; and
- (f) The Records.

3. **Representations.** The Seller hereby covenants to and with the New Operator that:

the Acquired Assets are free from all claims, liens and encumbrances;

the Seller has good right and title to sell and transfer the Acquired Assets;

the Seller will warrant and defend the Acquired Assets against all lawful claims and demands whatsoever.

4. **Further Assurances.** The Seller hereby covenants and agrees that it will from time to time, at the request of New Operator and without further consideration, take such additional actions and duly execute and deliver to New Operator and its successors such additional instruments and documents, as may be reasonably required in order to assign, transfer, vest title to any of the Acquired Assets in or to New Operator and its successors and assigns.

5. **Benefit.** This Bill of Sale shall inure to New Operator and its affiliates, and their successors and assigns, and shall be binding upon New Operator and its affiliates and their successors and assigns.

6. **No Modification to MOTA.** This Bill of Sale is delivered pursuant to the MOTA and is subject in all respects to the provisions of the MOTA and is not meant to alter, enlarge, limit, or otherwise modify the provisions of the MOTA.

[Signatures on following page]

IN WITNESS WHEREOF, the undersigned has caused this Bill of Sale to be executed on its behalf, as of the date first written above.

SELLER:

THE LITTLE SISTERS OF THE POOR LOS ANGELES,
a California nonprofit corporation

By: _____
Name:
Title:

Schedule A

Operations-Related Assets

The Operations-Related Assets shall relate to the following tangible and intangible personal property of Seller relating to the Facility:

The business and operation of the Facility, including the following and limited to:

All inventory and supplies located at the Facility;

All of the interest of Seller in all contracts, agreements, leases, undertakings, commitments and other arrangements (the “contracts”), to the extent assignable by Seller and expressly assumed by New Operator in accordance with the Management and Operations Transfer Agreement between Seller and New Operator of even date herewith (the “MOTA”);

Funds held in trust (the “Trust Funds”), if any, for residents of the Facility (“Residents”) and any and all deposits for prepaid room and service charges of the Residents relating to periods on or after the Operations Transfer Date;

All telephone numbers, fax numbers and e-mail addresses used by the Facility;

Telecommunications equipment, fax machines, satellite dishes and televisions;

All resident/patient records relating to the Facility;

All employee and payroll records for Retained Employees;

To the extent assignable, all licenses and permits held or owned by the Seller relating to the ownership or operation of the Facility and the real property appurtenant thereto;

The Seller’s Medicaid/Medi-Cal provider agreement and number;

All of Seller’s rights in and to all assignable governmental permits, licenses, certificates and approvals in connection with the ownership or operation of the Facility and all assignable warranties of any contractor, manufacturer or materialman.

Notwithstanding anything herein to the contrary, any rights to payment for goods and services rendered by the Seller prior to the Operations Transfer Date of _____, 2021 are excluded from this Bill of Sale.

EXHIBIT B

FORM OF INTERIM SUBLEASE AGREEMENT

This INTERIM SUBLEASE (this “Sublease”) is made and entered into as of _____, 2021 (the “Effective Date”) by and between 9 GEM HEALTHCARE SERVICES, LLC, a California limited liability company (“Sublandlord”), and THE LITTLE SISTERS OF THE POOR OF LOS ANGELES, a California nonprofit corporation (“Subtenant”).

RECITALS

A. Sublandlord is the Lessee of the 27-bed skilled nursing facility known as “Jeanne Jugan Residence”, located at 2100 South Western Avenue, San Pedro, California 90732.

B. Sublandlord is subleasing the Facility from 9 GEM CAPITAL GROUP, LLC, a California limited liability company, the Landlord under the Operating Lease, dated as of the date hereof (the “Operating Lease”). As used herein, the term “Facility” refers to the real property described above, all improvements located on that real property, and the fixtures, furnishings, equipment and other personal property used in the management and operation thereof.

C. Sublandlord has applied for a license to operate the Facility as a skilled nursing facility (the “License”) from the California Department of Public Health (“CDPH”). Until the License is issued to Sublandlord by CDPH, Sublandlord desires for Subtenant to remain in legal possession of the Facility so that Subtenant’s license to operate the Facility will remain in effect.

D. Concurrently with the execution of this Sublease, Sublandlord and Subtenant have entered into a Management and Operations Transfer Agreement (the “MOTA”), pursuant to which Sublandlord shall manage the Facility under Subtenant’s existing license during the term of the MOTA, which shall run concurrently with the term of this Sublease, except as otherwise provided in this Sublease. If there is any conflict between the terms of the MOTA and this Sublease, the terms of the MOTA shall control.

E. Sublandlord desires to sublease the Facility to Subtenant and Subtenant desires to sublease the Facility from Sublandlord on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Description of the Premises.** Sublandlord hereby subleases to Subtenant and Subtenant hereby subleases from Sublandlord the Facility. The Facility shall be hereinafter referred to as the “Leased Premises”.

2. **Term; Termination.**

2.1 Term. The term of this Sublease shall commence on the Effective Date and shall continue for a term coterminous with the term of the MOTA unless this Sublease terminates pursuant to Section 2.2 below or terminates on account of a default by Subtenant.

2.2 This Sublease shall terminate concurrently with the termination of the MOTA or upon the issuance of the License to Sublandlord, whichever occurs earlier.

3. **Payment by Subtenant.** Commencing on the Effective Date, Subtenant shall pay to Sublandlord as rent for the Leased Premises the sum of Twelve Dollars (\$12.00) per year, payable in advance.

4. **Payment by Sublandlord.**

4.1 Utilities. Sublandlord shall pay all water, gas, heat, light, power, telephone service and all other utility services supplied to the Leased Premises during the term hereof.

4.2 Taxes. Sublandlord shall pay all real and personal property taxes, assessments and levies of any kind or nature whatsoever taxed, assessed, levied or imposed upon or against the Leased Premises during the term hereof.

4.3 Insurance. Sublandlord shall pay all insurance premiums for all insurance coverage required of the Sublandlord as lessee under the Operating Lease and MOTA. Sublandlord covenants and agrees that all of the property constituting the Leased Premises is covered as of the date hereof and will be covered at all times by general liability, fire, theft and property damage insurance. All such insurance shall name Sublandlord and Subtenant as insureds as their respective interests may appear.

4.4 Repairs and Maintenance; Alterations. Sublandlord shall pay all costs of repairing and maintaining the Leased Premises and every part thereof in good and sanitary order, condition and repair during the term hereof, reasonable wear and tear excepted. Subtenant shall not make any alterations or changes to the Leased Premises without the prior written approval of Sublandlord in its sole discretion.

5. **Use.** Tenant shall use the Leased Premises for the operation of a skilled nursing facility. Sublandlord agrees to apply for and devote its best efforts toward obtaining a new skilled nursing facility License prior to the expiration of the MOTA.

6. **Assignment.** Subtenant may not assign its rights or delegate its duties hereunder to anyone without the prior written consent of Sublandlord. Sublandlord may assign its rights and/or delegate its duties hereunder to an affiliate or subsidiary under common control with Sublandlord.

7. **Notices.** All notices to be given by either party to this Agreement to the other party hereto shall be in writing, and shall be (a) given in person, (b) deposited in the United States mail, certified or registered, postage prepaid, return receipt requested, or (c)

sent by national overnight courier service with confirmed receipt, each addressed as set forth below. A copy of all notices sent shall also be sent by electronic or facsimile transmission to such noticed party.

If to Sublandlord: 9 Gem Healthcare Services
445 S. Fair Oaks Avenue
Pasadena, California 91105
Email: grace.mercadocorp@gmail.com
ATTN: Grace Mercado

With a copy to
(which shall not
constitute notice): Richard Kale, Esq.
727 25th Street
Santa Monica, California 90402
Email: rkale@rpsli.com
Attn: Richard Kale, Esq.

and

with a copy to:
(which shall not
constitute notice): Sternshein Legal Group
5316 East Chapman Avenue
Orange, CA 92869
Attention: Jennifer Sternshein, Esq.
Email address: jennifer@sternsheingroup.com

If to Subtenant: Little Sisters of the Poor of Los Angeles
2100 S. Western Avenue
San Pedro, California 90732
Email: mssanpedro@littlesistersofthepoor.org
Attn: Sister Margaret Hogarty

With a copy to
(which shall not
constitute notice): Law Office of Mark T. Cregan, PLLC
P.O. Box 546
Totowa, New Jersey 07511-0546
Email: lawofficemtc@aol.com
Attn: Father Mark Cregan

8. **Counterparts.** This Sublease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Executed counterparts of this Sublease may be delivered by facsimile transmission or by delivery of a scanned counterpart in portable document format (PDF) by e-mail, in either case with delivery confirmed. On such confirmed delivery, the

signatures in the facsimile or PDF data file shall be deemed to have the same force and effect as if the manually signed counterpart had been delivered to the other party in person.

[Signatures on following page]

Signature Page—Interim Sublease

EVIDENCING their agreement on the above terms and conditions, Sublandlord and Subtenant have executed this Sublease as of the date first written above.

SUBLANDLORD:

9 GEM HEALTHCARE SERVICES, LLC,
a California limited liability company

By: _____
Name: Grace Mercado
Title: Manager

SUBTENANT:

THE LITTLE SISTERS OF THE POOR LOS ANGELES,
a California nonprofit corporation

By: _____
Name:
Title:

EXHIBIT C

FORM OF ASSIGNMENT AND ASSUMPTION OF CONTRACTS

This ASSIGNMENT AND ASSUMPTION OF CONTRACTS (the “Agreement”) is made as of _____, 2021 (the “Effective Date”), by and between THE LITTLE SISTERS OF THE POOR LOS ANGELES, a California nonprofit corporation (“Licensee”), and 9 GEM HEALTHCARE SERVICES, LLC, a California limited liability company (“New Operator”).

FOR VALUABLE CONSIDERATION, the Licensee and the New Operator hereby agree as follows:

1. **Assignment.** Licensee hereby assigns, conveys, transfers and sells to New Operator, its successors and assigns, all of Licensee’s right, title and interest to the contracts set forth on Schedule “A” hereto (the “Assigned Contracts”).

2. **Assumption of the Assigned Contracts.** New Operator hereby accepts the assignment, conveyance, transfer and sale by Licensee to New Operator, its successors and assigns, of all of Licensee’s right, title and interest to the Assigned Contracts and hereby assumes Seller’s obligations and liabilities under the Assigned Contracts arising on or after the Operations Transfer Date (the “Assumed Obligations”).

3. **Miscellaneous Provisions.**

a. Licensee and New Operator agree, at the other party’s request, whether on or after the date hereof, and without further consideration, that each shall execute and deliver any and all further instruments and documents, and take such further actions, as the other party may reasonably request or as may reasonably be required in order to more effectively vest in New Operator all of Licensee’s right, title and interest, in and to the Assigned Contracts, and to evidence New Operator’s assumption of the Assumed Obligations, or to otherwise carry out the provisions of this Agreement.

b. All of the terms, provisions and conditions of this Agreement shall be binding on, and shall inure to and be enforceable by, the parties hereto and their respective successors and assigns.

c. Any word whose initial letter is capitalized is a defined term. Unless such term is defined herein, it shall have the same meaning as that attributed to such term in the Management and Operations Transfer Agreement dated _____, 2021, by and between Licensee and New Operator (the “MOTA”).

d. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

e. This Agreement shall be governed by and construed in

accordance with the laws of the State of California.

4. Nothing herein shall be deemed to deprive the New Operator of any defenses, set-offs or counterclaims that the Licensee may have had or that the New Operator shall have with respect to any of the Assigned Contracts (the “Defenses and Claims”). The Licensee hereby assigns, conveys, and transfers to the New Operator all Defenses and Claims with respect to the Assigned Contracts and agrees to cooperate with the New Operator in taking advantage of such Defenses and Claims as may be reasonably requested by the New Operator.

5. This Agreement is solely for the benefit of the parties hereto and shall not be deemed to provide any rights to any third party.

6. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Executed counterparts of this Agreement may be delivered by facsimile transmission or by delivery of a scanned counterpart in portable document format (PDF) by e-mail, in either case with delivery confirmed. On such confirmed delivery, the signatures in the facsimile or PDF data file shall be deemed to have the same force and effect as if the manually signed counterpart had been delivered to the other party in person.

[Signatures on following page]

Signature Page—Assignment and Assumption of Contracts

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first set forth above.

LICENSEE:

THE LITTLE SISTERS OF THE POOR LOS ANGELES,
a California nonprofit corporation

By: _____
Name:
Title:

NEW OPERATOR:

9 GEM HEALTHCARE SERVICES, LLC,
a California limited liability company

By: _____
Name: Grace Mercado
Title: Manager

Schedule A to Assignment and Assumption of Contracts

Assigned Contracts

Medi-Cal provider agreement and other third-party provider agreements.

EXHIBIT D

FORM OF ASSIGNMENT AND ASSUMPTION OF ADMISSIONS AGREEMENTS

This ASSIGNMENT AND ASSUMPTION OF ADMISSION AGREEMENT (the “Agreement”) is made as of _____, 2021 (the “Effective Date”), by and between THE LITTLE SISTERS OF THE POOR OF LOS ANGELES, a California nonprofit corporation (“Assignor”), and NORTH BAY POST ACUTE, LLC, a California limited liability company (“Assignee”), with reference to the following facts:

Concurrently herewith Assignee is undertaking operational and financial responsibility for the skilled nursing facility known as “Jeanne Jugan Residence”, located at 2100 South Western Avenue, San Pedro, California 90732 (the “Facility”) and in connection therewith, Assignor has agreed to assign, transfer and convey to Assignee to the extent assignable or transferable, all of Assignor’s right, title and interest in and to the Assigned Admission Agreements (as that term is defined in Section 6 of the Management and Operations Transfer Agreement dated _____, 2021, by and between Assignor, as Licensee, and Assignee, as New Operator (the “MOTA”).

NOW, THEREFORE, in consideration of the foregoing and TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration in hand paid by Assignee to Assignor, the receipt and sufficiency of which is hereby acknowledged, Assignor does hereby assign, transfer and convey to Assignee, and Assignee hereby assumes any and all obligations and liabilities under, all of the Assigned Admission Agreements.

Assignor remains liable for all liabilities and obligations of Assignor relating to the Assigned Admission Agreements which accrued prior to the Operations Transfer Date (as that term is defined in Section 1.1 of the MOTA) and Assignor shall indemnify, defend, protect and hold Assignee harmless from and against all liabilities and obligations of Assignor relating to the Assigned Admission Agreements which accrued prior to the Operations Transfer Date.

Assignee assumes all liabilities and obligations of Assignor relating to the Assigned Admission Agreements which accrue on or after the Operations Transfer Date, and Assignee shall indemnify, defend, protect and hold Assignor harmless from and against all liabilities and obligations relating to the Assigned Admission Agreements which accrue on or after the Operations Transfer Date.

This Agreement shall be governed by the laws of the State of California. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one agreement. Executed counterparts of this Agreement may be delivered by facsimile transmission or by delivery of a scanned counterpart in portable document format (PDF) by e-mail, in either case with delivery confirmed. On such confirmed delivery, the signatures in the facsimile or PDF data file shall be deemed to have the same force and effect as if the manually signed counterpart had been delivered to the other party in person.

[Signatures on following page]

Signature Page—Assignment and Assumption of Admission Agreements

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first set forth above.

ASSIGNOR:

THE LITTLE SISTERS OF THE POOR OF LOS ANGELES,
a California nonprofit corporation

By: _____

Name:

Title:

ASSIGNEE:

9 GEM HEALTHCARE SERVICES, LLC,
a California limited liability company

By: _____

Name: Grace Mercado

Title: Manager

EXHIBIT E

FORM OF BUSINESS ASSOCIATE ADDENDUM

1. **Scope and Purpose.** 9 GEM HEALTHCARE SERVICES, LLC, a California limited liability company (“Business Associate”) and THE LITTLE SISTERS OF THE POOR OF LOS ANGELES, (“Covered Entity”) have entered into a Management and Operations Transfer Agreement dated _____, 2021 (the “MOTA”). Pursuant to the MOTA, Business Associate will create or receive Protected Health Information (as defined below) from or on behalf of Covered Entity, which information is subject to protection under the Federal Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the Health Information Technology for Economic and Clinical Health Act, (the “HITECH Act”) and related regulations (the “HIPAA Regulations”). The terms of this addendum (the “BA Provisions”) shall govern the access to, use and disclosure of such Protected Health Information.

Definitions

2. **General.** Terms used, but not otherwise defined, in these BA Provisions shall have the same meanings given to those terms by the MOTA, HIPAA, the HITECH Act and HIPAA Regulations as in effect or as amended from time to time.

3. **Specific.**

3.1 “Electronic Protected Health Information” shall have the same meaning as the term “electronic protected health information” in 45 CFR §160.103, limited to the information that Business Associate creates, receives, maintains, or transmits from or on behalf of Covered Entity.

3.2 “Individual” shall have the same meaning as the term “individual” in 45 CFR §160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR §164.502(g).

3.3 “Protected Health Information” or “PHI” shall have the same meaning as the term “protected health information” in 45 CFR §160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.

3.4 “Secretary” shall mean the Secretary of the Department of Health and Human Services or his designee.

3.5 “Security Rule” shall mean the Security Standards at 45 Part 160 and Part 164.

3.6 “State Law” shall mean the statutes and regulations of the state of California relating to the privacy and security of Protected Health Information.

Obligations and Activities of Business Associate

4. **Use and Disclosure.** Business Associate agrees not to use or disclose Protected Health Information other than as permitted or required by the MOTA, these BA Provisions or as Required by Law. Business Associate shall comply with these BA Provisions and all present and future provisions of HIPAA, the HITECH Act, the HIPAA Regulations and State Law that relate to the privacy and security of Protected Health Information and that are applicable to Business Associate. Without limiting the generality of the foregoing, Business Associate shall not directly or indirectly receive remuneration in exchange for disclosing PHI received from or on behalf of Covered Entity except as permitted by HITECH Act §13405, the HIPAA Regulations and State Law, nor shall Business Associate use PHI for marketing purposes, attempt to re-identify PHI or Use or Disclose PHI in any manner that would violate State Law, regardless of whether such action is on behalf of or permitted by the Covered Entity.

5. **Appropriate Safeguards.** Business Associate agrees to use appropriate safeguards to prevent the use or disclosure of the Protected Health Information other than as provided for by these BA Provisions. Without limiting the generality of the foregoing sentence, Business Associate will:

5.1 Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of Electronic Protected Health Information as required by the Security Rule;

5.2 Ensure that any agent, including a subcontractor, to whom Business Associate provides Electronic Protected Health Information agrees to implement reasonable and appropriate safeguards to protect Electronic Protected Health Information; and

5.3 Promptly report to Covered Entity any Security Incident of which Business Associate becomes aware. In addition, Business Associate agrees to promptly notify Covered Entity following the discovery of a Breach of Unsecured Protected Health Information. A Breach is considered “discovered” as of the first day on which the Breach is known, or reasonably should have been known, to Business Associate or any employee, officer or agent of Business Associate, other than the individual committing the Breach. Any notice of a Security Incident or Breach of Unsecured Protected Health Information shall include the identification of each Individual whose Protected Health Information has been, or is reasonably believed by Business Associate to have been, accessed, acquired, or disclosed during such Security Incident or Breach as well as any other available information that Covered Entity is required to include in its notification to individuals under the HIPAA Regulations or State Law. In addition, Business Associate shall comply with applicable State Law regarding notification of data breaches and the timing of such notification.

6. **Reporting.** Business Associate agrees to promptly report to Covered Entity

any Use or Disclosure of Protected Health Information not permitted by these BA Provisions of which Business Associate becomes aware.

7. **Mitigation.** Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate or its employees, officers or agents in violation of the requirements of these BA Provisions (including, without limitation, any Security Incident or Breach of Unsecured Protected Health Information). Business Associate agrees to reasonably cooperate and coordinate with Covered Entity in the investigation of any violation of the requirements of these BA Provisions and/or any Security Incident or Breach. Business Associate shall also reasonably cooperate and coordinate with Covered Entity in the preparation of any reports or notices to the Individual, a regulatory body or any third party required to be made under HIPAA, HIPAA Regulations, the HITECH Act, or any other Federal or State laws, rules or regulations, provided that any such reports or notices shall be subject to the prior written approval of Covered Entity.

8. **Agents.** Business Associate shall ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by, Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply through these BA Provisions to Business Associate with respect to such information.

9. **Access to Designated Record Sets.** To the extent that Business Associate possesses or maintains Protected Health Information in a Designated Record Set, Business Associate agrees to provide access, at the request of Covered Entity, and in the time and manner designated by the Covered Entity, to Protected Health Information in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under HIPAA Regulations. If an Individual makes a request for access to Protected Health Information directly to Business Associate, Business Associate shall notify Covered Entity of the request within three (3) business days of such request and will cooperate with Covered Entity and allow Covered Entity to send the response to the Individual.

10. **Amendments to Designated Record Sets.** To the extent that Business Associate possesses or maintains Protected Health Information in a Designated Record Set, Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the Covered Entity directs or agrees to pursuant to HIPAA Regulations at the request of Covered Entity or an Individual, and in the time and manner designated by the Covered Entity. If an Individual makes a request for an amendment to Protected Health Information directly to Business Associate, Business Associate shall notify Covered Entity of the request within three business (3) days of such request and will cooperate with Covered Entity and allow Covered Entity to send the response to the Individual.

11. **Access to Books and Records.** Business Associate agrees to make its internal practices, books, and records, including policies and procedures and Protected

Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Covered Entity, or to the Secretary, in a time and manner designated by the Covered Entity or designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule.

12. **Accountings.** Business Associate agrees to document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual, for an accounting of disclosures of PHI in accordance with HIPAA, HIPAA Regulations and the HITECH Act.

13. **Requests for Accountings.** Business Associate agrees to provide to Covered Entity or an Individual, in the time and manner designated by the Covered Entity, information collected in accordance with Section 12 above, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with HIPAA, HIPAA Regulations and the HITECH Act. If an Individual makes a request for an accounting directly to Business Associate, Business Associate shall notify Covered Entity of the request within three business (3) days of such request and will cooperate with Covered Entity and allow Covered Entity to send the response to the Individual.

Permitted Uses and Disclosures by Business Associate

14. **MOTA.** Except as otherwise limited in these BA Provisions, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the MOTA, provided that such use or disclosure would not violate HIPAA, HIPAA Regulations, the HITECH Act or State Law if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity.

15. **Use for Administration of Business Associate.** Except as otherwise limited in these BA Provisions, Business Associate may use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.

16. **Disclosure for Administration of Business Associate.** Except as otherwise limited in these BA Provisions, Business Associate may disclose Protected Health Information for the proper management and administration of the Business Associate, provided that (i) disclosures are Required by Law, or (ii) Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

Obligations of Covered Entity

17. **Notice of Privacy Practices.** Covered Entity shall provide Business

Associate with a copy of its Notice of Privacy Practices, as well as any amendments to such notice that Covered Entity may adopt from time to time.

18. **Changes in Authorization or Permission.** Covered Entity shall provide Business Associate with any changes in or revocation of any permission by an individual to disclose the individual's PHI, if such changes affect Business Associate's permitted or required uses and or disclosures.

19. **Restriction to Use and/or Disclosure.** Covered Entity shall provide Business Associate with notice in writing of any restriction to the use and/or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 C.F.R. 164.522.

Term and Termination

20. **Term.** These BA Provisions shall be effective as of the date of the MOTA and shall terminate when all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in Section 21.

21. **Termination for Cause.** Upon Covered Entity's knowledge of a material breach by Business Associate of the terms of these BA Provisions, Covered Entity shall either:

21.1 Provide an opportunity for Business Associate to cure the breach or end the violation within thirty (30) days of written notice to Business Associate specifying such breach and/or violation. If Business Associate does not cure the breach or end the violation within the time specified by Covered Entity, Covered Entity shall terminate: (i) these BA Provisions; (ii) all of the provisions of the MOTA that involve the use or disclosure of Protected Health Information; and (iii) such other provisions, if any, of the MOTA as Covered Entity designates in its sole discretion;

21.2 If Business Associate has breached a material term of these BA Provisions and cure is not possible, immediately terminate: (i) these BA Provisions; (ii) all of the provisions of the MOTA that involve the use or disclosure of Protected Health Information; and (iii) such other provisions, if any, of the MOTA as Covered Entity designates in its sole discretion; or

21.3 If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary.

22. **Effect of Termination.**

22.1 Except as provided in this Section 22, upon termination of

these BA Provisions, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

22.2 In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon mutual agreement of the Parties that return or destruction of Protected Health Information is infeasible, Business Associate shall extend the protections of these BA Provisions to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

23. **Indemnification.** Business Associate will indemnify and hold harmless Covered Entity from and against any liability, claim, action, loss, cost, damage or expense (including reasonable fees of attorneys) incurred or suffered by Covered Entity, to the extent that such liability, claim, action, loss, cost, damage, expense or fee is attributable to or incurred as a result of an unauthorized use or disclosure of Protected Health Information by Business Associate or its subcontractor or agent; an acquisition, access, use, or disclosure, by Business Associate or its subcontractor or agent, that constitutes a Breach or Security Incident; any breach of these BA Provisions by Business Associate; or any breach of the provisions described in Section 5.2 of these BA Provisions by Business Associate's subcontractor or agent. Notwithstanding the foregoing to the contrary, Covered Entity will be responsible for its share of any liabilities, claims, losses, costs, damages, or expenses attributable to the acts or omissions of Covered Entity giving rise to a Breach or Security Incident.

Miscellaneous

24. **Regulatory References.** A reference in these BA Provisions to a section in HIPAA, HIPAA Regulations, the HITECH Act or State Law means the section as in effect or as amended or modified from time to time, including any corresponding provisions of subsequent superseding laws or regulations.

25. **Amendment.** The Parties agree to take such action as is necessary to amend the MOTA from time to time as is necessary for Covered Entity to comply with the requirements of HIPAA, the HIPAA Regulations and the HITECH Act.

26. **Survival.** The respective rights and obligations of Business Associate under Section 22 of these BA provisions shall survive the termination of the Business Relationship and/or these BA provisions. Sections 23 and 26 shall also survive the termination of the Business Relationship and/or these BA Provisions.

27. **No Third Party Beneficiary.** Nothing in these BA Provisions is intended, nor shall be deemed, to confer any benefits on any third party.

28. **Notices.** Notwithstanding to the contrary in any document describing the Business Relationship, notices under these BA Provisions shall be sufficient only if in writing and personally delivered, delivered by a major commercial overnight courier service, or sent by United States certified mail, postage prepaid and return receipt requested to either party.

29. **Interpretation.** Any ambiguity in these BA Provisions shall be resolved to permit Covered Entity and Business Associate to comply with HIPAA, the HIPAA Regulations, the HITECH Act and State Law. If there is any conflict between the HIPAA Regulations and State Law, the most stringent requirements shall control the Parties' obligations under the MOTA and these BA Provisions.

30. **Miscellaneous.** Except as otherwise set forth in these BA Provisions, in the event of a conflict between these BA Provisions and the terms of the MOTA, these BA Provisions shall prevail. These BA Provisions supersede and replace any former business associate agreement or addendum entered into by the parties.

[Signatures on following page]

Signature Page—Business Associate Addendum

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date first set forth above.

COVERED ENTITY:

THE LITTLE SISTERS OF THE POOR OF LOS ANGELES,
a California nonprofit corporation

By: _____
Name:
Title:

BUSINESS ASSOCIATE:

9 GEM HEALTHCARE SERVICES, LLC,
a California limited liability company

By: _____
Name: Grace Mercado
Title: Manager

EXHIBIT F

DISCLOSURE SCHEDULE

INTERIM MANAGEMENT AGREEMENT

This INTERIM MANAGEMENT AGREEMENT (“Interim Management Agreement”) is entered into as of _____, 2021 (“Effective Date”), by and among LITTLE SISTERS OF THE POOR OF LOS ANGELES, a California nonprofit corporation (“Licensee”), and 9 GEM ENTERPRISES, LLC, a California limited liability company (“Manager”).

WHEREAS, Licensee holds the residential care facility for the elderly (“RCFE”) license for the RCFE known as “Jeanne Jugan Residence”, located at 2100 South Western Avenue, San Pedro, California 90732 (the “Facility”);

WHEREAS, as of the Effective Date, Manager leases the Facility from 9 GEM CAPITAL GROUP, LLC, a California limited liability company, or its assignee (“Owner”) pursuant to that certain Lease dated of even date herewith (the “Lease”);

WHEREAS, Licensee subleases the Facility from the Manager pursuant to that certain Interim Sublease dated of even date herewith (the “Sublease”), the term of which is for an interim period while Manager awaits a RCFE license for the Facility;

WHEREAS, Licensee wishes to engage Manager to assume all day to day operating responsibility for the Facility for the duration of the Sublease; and

WHEREAS, Manager is in the business of managing RCFEs and wishes to assume all management responsibility for the Facility.

NOW, THEREFORE, the parties agree as follows:

1. Licensee hereby engages Manager as the sole manager of the Facility and Manager hereby accepts such engagement.
2. Manager shall be solely responsible for all day-to-day operations of the Facility, including but not limited to employing, training and supervising all personnel and operating the Facility in accordance with RCFE laws and regulations and Manager’s standard practices. Manager will indemnify and hold Licensee harmless against any liability incurred by Licensee relating to Manager’s leasehold interest in the Facility and relating to the management of the Facility by Manager from and after the Effective Date hereof, except for any such liability attributable to the negligence or willful misconduct of Licensee.
3. Licensee shall not be responsible for any day to day management of the Facility and shall not be responsible for compensating Manager.
4. This Interim Management Agreement shall remain in effect until such time as the Sublease terminates and shall terminate automatically and immediately upon the termination of the Sublease.

[remainder of this page left intentionally blank; signature page follows]

*Signature Page –
Interim Management Agreement*

IN WITNESS WHEREOF, the parties hereto have caused this Interim Management Agreement to be signed by persons authorized so to do on behalf of each of them respectively the day and year first above written.

MANAGER:

9 GEM ENTERPRISES, LLC,
a California limited liability company

By: _____
Name: Grace E. Mercado
Title: Manager

LICENSEE:

THE LITTLE SISTERS OF THE POOR OF LOS ANGELES,
a California nonprofit corporation

By: _____
Name: Sister Margaret Hogarty
Title: President

INTERIM SUBLEASE

(JEANNE JUGAN RESIDENCE)

This INTERIM SUBLEASE (hereinafter referred to as “**Sublease**”) made and entered into as of _____, 2021, (the “**Effective Date**”) by and between 9 GEM ENTERPRISES, LLC, a California limited liability company (hereinafter referred to as “**Sublessor**”), and The Little Sisters of the Poor of Los Angeles, a California nonprofit corporation (“**Sublessee**”).

RECITALS

WHEREAS, on May 26, 2021, G and E Healthcare Services, LLC, a California limited liability company (“**Landlord**”), purchased that certain licensed Residential Care Facility for the Elderly commonly known as “Jeanne Jugan Residence” which is located at 2100 South Western Avenue, San Pedro, California 90732 (“**Premises**” or “**Facility**”) from Sublessee pursuant to the terms and conditions of that certain Asset Purchase Agreement dated May 26, 2021, as may be amended/supplemented from time to time (the “**APA**”);

WHEREAS, Landlord leases the Premises to Sublessor, as tenant, under that certain operating lease dated as of even date herewith (“**Operating Lease**”);

WHEREAS, Sublessor owns or leases the Property (as defined below in Section 4.16) to be used in or about the Premises (hereinafter collectively referred to interchangeably as either the “**Property**” or “**Personal Property**”);

WHEREAS, Sublessee and Sublessor are parties to that certain Interim Management Agreement dated as of even date herewith (the “**Interim Management Agreement**”);

WHEREAS, Sublessee has experience in the operation of Residential Care Facilities for the Elderly (“**RCFE**”), and currently holds an RCFE license from the California Department of Social Services (“**DSS**”) for the Premises;

WHEREAS, Sublessor and Sublessee desire that the Premises be operated as an RCFE (“**Business**”);

WHEREAS, Sublessor is preparing an application to obtain an RCFE license for the Premises in its own name;

WHEREAS, Sublessor and Sublessee desire that the Premises continue to be operated as an RCFE under Sublessee’s RCFE license pending receipt of a new RCFE license for the Premises; and

WHEREAS, the parties hereto have agreed to the terms and conditions of this Sublease.

NOW, THEREFORE, it is agreed that the use and occupancy of the Premises, and the use of the Property shall be subject to and in accordance with the terms, conditions and provisions of this Sublease.

AGREEMENT

PREMISES AND PERSONAL PROPERTY

Sublessor, for and in consideration of the rents, covenants, and agreements hereinafter reserved, mentioned and contained on the part of Sublessee, its successors and assigns, to be paid, kept and performed, does hereby lease unto Sublessee the Premises together with the Property to be used in and upon the Premises for the term hereinafter specified, for use and operation therein and thereon of an RCFE in full compliance with all the rules and regulations and minimum standards applicable thereto, as prescribed by the State of California and such other governmental authorities having jurisdiction thereof and for no other purpose.

On the Commencement Date, this Sublease shall be deemed and construed as a license for the duration of the Term of this Sublease permitting Sublessee to use the following intangible property which is now or hereafter used in connection with the operation of the Premises, to the extent of Sublessor's right, title and interest, if any, in and to such property:

all licenses, permits, accreditation, and certificates of occupancy issued by any federal, state, municipal or quasi-governmental authority for the use, maintenance or operation of the Premises, running to or in favor of Sublessor, which were assigned to or obtained by Sublessor in connection with Sublessor's leasehold interest the Premises (the "**Licenses**"), to the extent assignable by Sublessor;

all documents, charts, personnel records, property manuals, books, records, files and other business records attributable to the business or operations of the Premises, which were assigned to or obtained by Sublessor in connection with Sublessor's leasehold interest of the Premises and/or the Property;

all assignable guaranties and warranties in favor of Sublessor with respect to the Premises and/or the Property, which were assigned to or obtained by Sublessor in connection with Sublessor's leasehold interest in the Premises; and

all other assignable intangible property not enumerated herein which is now or hereafter used in connection with the operation of the Premises as an RCFE which were assigned to or obtained by Sublessor in connection with Sublessor's leasehold interest in the Premises.

Sublessee expressly covenants and agrees that it hereby takes this Sublease and the leasehold estate hereby established upon and subject to Sublessor's interest, including all rights, rights of way, easements, profits, servitudes, reservations, restrictions, conditions, exceptions, reversions, possibilities of reverter, liens, encumbrances, occupancies, tenancies, licenses, clouds, claims and defects, known and unknown, and whether of record or not.

RENT

Sublessee shall cause Sublessor to pay as rent hereunder (“**Rent**”) that amount remaining from the collected gross receipts (including, without limitation, Gross Collections as described below) after payment of all expenses of the Premises (“**Premises Expenses**”). Sublessee shall pay Rent to Sublessor only from such amounts as may remain in the Operating Account after all Premises Expenses set forth in Article 7 have been paid. “**Gross Collections**” shall mean monthly fees from residents, fees for other services and accommodations from residents, reimbursement from insurance, concessions proceeds and insurance proceeds with respect to the Premises and/or the Personal Property received during the preceding month.

TERM OF SUBLEASE

The term of this Sublease (“**Term**”) shall be for a period commencing on the date that both of the following are satisfied: (a) Sublessor has received approval of its Change of Manager application from DSS, and (b) the Attorney General of California has approved the transfer of operations of the Facility from Sublessee to Sublessor (“**Commencement Date**”) and continuing until such time as Sublessor receives an RCFE license from DSS for the Premises solely in its own name, at which time this Sublease shall immediately and automatically terminate.

SUBLESSEE’S REPRESENTATIONS AND WARRANTIES

Sublessee represents and warrants to Sublessor, as of the Effective Date and as of the Commencement Date, as follows:

Authority of the Sublessee. Sublessee has full corporate power and authority to enter into this Sublease and to carry out its obligations hereunder. The execution and delivery by Sublessee of this Sublease and the performance by Sublessee of its obligations hereunder have been duly and validly authorized by all requisite corporate action on the part of Sublessee. This Sublease has been duly and validly executed and delivered by Sublessee.

No Conflicts; Consents. The execution of this Sublease does not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of any provision of any law or governmental order applicable to any Sublessee; (b) require the consent, notice, or other action by any person under, conflict with, result in a violation or breach of, constitute a default under, or result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel the APA; or (c) result in the creation or imposition of any lien on the Premises. No consent, approval, permit, order, declaration or filing with, or notice to, any governmental authority is required by or with respect to Sublessee in connection with the execution and delivery of this Sublease.

Contracts.

The Sublessee has delivered to Sublessor complete and correct copies (including all modifications, amendments and supplements thereto and waivers thereunder) of all contracts

related to the Premises and the Business conducted thereon (“**Contracts**”). All Contracts are valid, binding and in full force and effect and are enforceable by Sublessee in accordance with their terms. To Sublessee’s knowledge, no other party to a Contract is in breach of or default under (or is alleged to be in breach of or default under) or has provided or received any notice of any intention to terminate, any Contracts. There are no disputes pending or threatened under any Contract. Each assigned Contract, if applicable, will continue in full force and effect and will not be affected by the execution of this Sublease. Sublessee has performed all obligations required to be performed by it to date under the Contracts, and Sublessee is not (with or without the lapse of time or the giving of notice, or both) in breach or default in any material respect thereunder.

Sublessee has not (i) received any notice of the intention of any party to terminate any assigned Contract or (ii) delivered to the other party any notice of its intention to terminate any assigned Contract.

Consents; Binding Agreement. Without regard to any licenses or permits that may be required by Sublessor to operate the Business after the Commencement Date, no authorization, consent, approval, permit or license of, or filing with, any governmental or public body or authority, any lender or lessor or any other person or entity is required (i) to authorize, or is required in connection with, the execution, delivery and performance of this Sublease or (ii) in connection with the transfer of any Property from Sublessee to Sublessor. This Sublease constitutes the legal, valid and binding obligation of Sublessee, enforceable in accordance with its terms.

Employees. Sublessee has delivered to Sublessor a complete, accurate and current list of all employees of Sublessee who work at the Facility, together with their dates of hire, positions and their annual salaries and other compensation. Sublessee hereby acknowledges that it has I-9’s on file at the Facility for each of the employees of Sublessee, and that Sublessee reviewed qualifying documentation to establish identity and authorization to work in the United States for each of the employees of Sublessee. Sublessee has not granted or become obligated to grant any increases in the wages or salary of, or paid or become obligated to pay any bonus or made or become obligated to make any similar payment to or grant any benefit to or on behalf of, any officer, employee or agent of Sublessee and for which Sublessor would be liable. Sublessee shall pay and hold Sublessor harmless against any direct, indirect, express or implied, obligation to pay severance or termination pay to any officer or employee of Sublessee to pay any amounts to any consultant, agent or similar person or entity engaged by Sublessee in connection with this Sublease.

To Sublessee’s knowledge or as may otherwise arise pursuant to the federal Worker Adjustment and Retraining Notification (WARN) Act, Sublessee is in compliance with all federal and state laws respecting employment and employment practices, terms and conditions of employment and wages and hours and is not engaged in, nor has it committed, any unfair labor practice as defined in the National Labor Relations Act of 1947, as amended. There is no unfair labor practice claim against Sublessee before the National Labor Relations Board.

Except as disclosed in writing to Sublessor, to the Sublessee’s knowledge, no present or former employee of Sublessee has any claim against Sublessee (whether under federal, state or local law, any employment agreement, or otherwise) on account of or for (a) overtime pay, other than overtime pay for the then current payroll period, (b) wages or salary for any period other than the current payroll period, (c) vacation, time off or pay in lieu of vacation or time off, other

than that earned in respect of the current fiscal year or accrued on Sublessee's books and records, or (d) any violation of any statute, ordinance or regulation relating to minimum wages or maximum hours of work. To the Sublessee's knowledge, Sublessee is in substantial compliance with all applicable provisions of federal, state and local laws regarding income tax withholding and social security, workers compensation, unemployment compensation or similar taxes or contributions. No amounts related to any bonus, retirement, severance, job security or similar benefit will become payable at the time of the Commencement Date (as a result of the execution of this Agreement) or at any time thereafter for which Sublessor will bear any liability.

To Sublessee's knowledge, no person or party (including, but not limited to, governmental agencies of any kind) has any claim, or basis for any action or proceeding, against Sublessee arising out of any statute, ordinance or regulation relating to discrimination in employment or employment practices or occupational safety and health standards, including without limitation any workers compensation claim or any claim under Title VII, ADEA or FMLA. Sublessee has not received any notice from any federal, state or local entity alleging a violation of occupational safety or health standards.

No amounts related to any bonus, retirement, severance, job security or similar benefit will become payable at the time of the Commencement Date (as a result of the execution of this Agreement) or at any time thereafter for which Sublessor will bear any liability.

Facility Representations.

Resident Records (as defined below) used or developed in connection with the business conducted at the Facility have been maintained in accordance with applicable laws governing the preparation, maintenance of confidentiality, transfer and/or destruction of such records and (ii) there is no material deficiency in the Resident Records. For the purposes of this Sublease, the "**Resident Records**" means all books, data and records (including electronic versions thereof) related to the operation of the Facility, including financial and accounting records, customer lists, resident lists, resident charts and care plans, family or emergency contact lists, referral source lists, regulatory surveys and reports, incident tracking reports, advertising and marketing materials and competitive analyses, all policy and procedure materials and competitive analyses, all policy and procedure manuals, all records and reports (except for such records and reports where transfer is prohibited by applicable law) relating to all residents at the Facility.

All of the existing residents' care needs and levels of functioning are (a) consistent with the level of staffing and facilities offered at the Facility, (b) consistent with Sublessee's stated assessment for each resident and Sublessee's care level policies, and (c) there are no residents requiring (i) nursing care, (ii) care for serious mental or emotional disorders other than associated with a memory care facility and then only in accordance with care levels permitted by DSS and pursuant to and within the scope of the Facility's Permits, or (iii) care levels that would exceed those permitted by DSS, except for those residents who are in the process of being transferred from the Facility because their care needs and levels of functioning are no longer consistent with the level of staffing and facilities offered at the Facility.

The resident admission agreements made available to Sublessor are and shall be true and correct copies of such documents as kept in the ordinary course of Sublessee's business,

and to Sublessee's knowledge all such admission agreements are in full force and effect. Except as shown on the Rent Roll as kept in the ordinary course of Sublessee's business and except as shown on the resident admission agreements, there are no free rent, operating expense abatements, incomplete tenant improvements, rebates, allowances, or other unexpired concessions or any termination, extension, cancellation or expansion rights under the resident admission agreements. Except as shown on the Rent Roll or other documents made available to or delivered to Sublessor, no resident or resident representative has indicated to Sublessee in writing its intent to terminate his/her residency at the Facility. Sublessee represents that (i) there are no capped agreements with residents, and (ii) there are no guaranteed third-party contracts. Sublessee has not received rents more than thirty (30) days in advance from any resident at the Facility.

Sublessee has delivered to Sublessor true, complete and accurate Rent Roll for the Facility for the last three (3) calendar years and current year-to-date.

Sublessee is not employing or engaging as an independent contractor any unauthorized aliens (as such term is defined under 8 CFG § 274a.1(a)(1994)).

For purposes of this Sublease, the following terms shall have the following meanings:

“Governmental Entity/ies” shall mean any Federal, state, local or foreign government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign.

“Health Care Authority/ies” shall mean any Governmental Entity or quasi-Governmental Entity or any agency, intermediary, board, authority or entity concerned with the ownership, operation, use or occupancy of the Facility as a RCFE.

“Health Care Requirements” shall mean, with respect to the Facility, all applicable laws, Laws, judgments, guidance, guidelines, requirements and contracts, in each case, pertaining to or concerned with the establishment, construction, ownership, operation, use or occupancy of the Facility or any part thereof as a RCFE or other health care facility and all Licenses and Permits, or any of the foregoing promulgated by any Health Care Authority and including all applicable laws and Laws promulgated by judgments of and contracts with Health Care Authorities as pertaining to the Facility.

“Laws” means all laws, constitutions, statutes, rules, regulations, codes, common law, treaty, rule, directive, requirement and ordinances having the effect of law of the United States, any state, county, city or other political subdivision of any governmental authority and all orders, including without limitation, the Laws referenced and Health Care Requirements.

“Rent Roll” shall mean a true, correct and complete schedule (provided in accordance with Health Care Requirements related to privacy) which accurately and completely sets forth the occupancy status of the Facility, the rent amount paid by each resident, the average monthly number of residents residing at the Facility, occupancy rates and any arrearages in payments.

Property. Sublessee has delivered to Sublessor a brief description of each item of Property, indicating, in each case, the purchase price thereof, the year of purchase and the accumulated book depreciation. Each item of Property is in good working order, is free from any material defect and liens and has been well maintained, and no repairs, replacements or regularly scheduled maintenance relating to any such item has been deferred. All leased Property is in all material respects in the condition required of such property by the terms of the lease applicable thereto. "Property" shall collectively mean all of Sublessee's personal property at the Facility, including without limitation, all furniture, fixtures, furnishings, equipment, machinery, inventory, tools, vehicles, office equipment, supplies, computers, telephones, finished goods, raw materials, work in progress, packaging, parts and other inventories, whether located at the Facility or in transit to the Facility, and all other tangible personal property related to the conduct of the Business and ownership of the Facility ("**Personal Property**").

Bankruptcy. Sublessee (a) is not in receivership or dissolution; (b) has not made any assignment for the benefit of creditors; (c) has not admitted in writing its inability to pay its debts as they mature; (d) has not been adjudicated to bankruptcy; (e) has not filed a petition of voluntary bankruptcy, petition or answer seeking reorganization, or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state; or (f) does not have any such petition described in subparagraph (e) above filed against Sublessee.

Possessory Rights. Other than residents of the Facility occupying the Facility in accordance with a valid agreement with respect thereto, no one will have any rights to possession or operation of the Facility at the Commencement Date other than Sublessor and, unless otherwise agreed in writing, Sublessee shall deliver possession of the Facility and all keys thereto at the Commencement Date.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF SUBLESSOR

Sublessor hereby represents and warrants to the Sublessee, as of the Effective Date and as of the Commencement Date, as follows:

5.1 Representations and Warranties of Sublessor.

(a) Sublessor has full power and authority to execute and deliver this Sublease and to which it is a party;

(b) All necessary corporate action has been taken to authorize Sublessor to enter into this Sublease;

(c) This Sublease has been duly executed and delivered by Sublessor and constitutes the legal, valid and binding obligation of Sublessor enforceable against Sublessor in accordance with its terms; and

(d) This execution of this Sublease will not violate Sublessor's governing documents.

ARTICLE VI

COVENANTS OF THE PARTIES

6.1 Customers and Suppliers. Sublessee shall make reasonable efforts to induce all of the suppliers and customers of the Business to continue to supply to Sublessor and buy from Sublessor to the same extent as with the Sublessee. On and after the Commencement Date, the Sublessee agrees to refer all inquiries received regarding the Business to Sublessor.

6.2 Employees. Effective immediately as of the Commencement Date, Sublessee shall terminate all of its employees who work at the Facility, and, effective immediately as of the Commencement Date, Sublessor may hire any or all of such employees on terms and conditions satisfactory to Sublessor in its sole discretion. Sublessee shall be responsible for and pay and any unpaid vacation, bonuses or other benefits accruing to Sublessee's employees prior to the Commencement Date, and shall indemnify, defend and hold harmless Sublessor (with counsel reasonably acceptable to Sublessor) from and against any and all claims arising from Sublessee's employment-related matters prior to the Commencement Date. Further, Sublessee shall indemnify Sublessor for all obligations arising under the WARN Act (and its California equivalent) due to conduct or events occurring prior to the Commencement Date, and Sublessor shall indemnify Sublessee from all obligations arising under the WARN Act (and its California equivalent) due to conduct or events occurring on and after the Commencement Date.

6.3 Records Retention and Post-Commencement Date Cooperation. Each party shall retain all records received from each party for the periods required by law. After the Commencement Date, upon reasonable written notice, Sublessor and Sublessee, on the other hand, shall furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance (to the extent within the control of such party) relating to the Property (including access to books and records) as is reasonably necessary for the filing of all tax returns, and making of any election related to taxes, the preparation for any audit by any taxing authority, and the prosecution or defense of any proceeding related to any tax return. Sublessee and Sublessor shall cooperate with each other in the conduct of any audit or other proceeding relating to taxes involving the Business.

6.4 Required Healthcare Approvals and Notices. Following the execution of this Sublease, Sublessor shall use commercially reasonable efforts, as applicable, to take such steps, which may be taken prior to the closing of escrow for the APA ("**Closing**" or "**Closing Date**"), which date shall be the same date as the Commencement Date, in order to obtain all governmental, quasi-governmental and other regulatory approvals. including without limitation, the submission with DSS of a Change of Operator application for licensure with respect to operation of the RCFE (the "**License**") as expeditiously as possible. Within ten (10) days of the execution of this Sublease, Sublessor shall file with DSS a Change of Manager application (the "**CHOM**") to become a co-Sublessee and Manager for the RCFE. Within thirty (30) days of approval by DSS of the CHOM, Sublessor shall file with DSS a full Change of Ownership application to obtain the License for the RCFE in its own name ("**CHOW**"). No later than thirty (30) days prior to Close, Sublessee shall (1) submit a notice to DSS regarding the proposed transaction and the anticipated Closing Date and (2) notify each resident (or his or her legal representative) at

the RCFE of the proposed transaction in accordance with all applicable laws and regulations (“**Transfer Notice**”), in a customary form presented by the Sublessee and reasonably approved by Sublessor, duly executed by the Sublessee (and, to the extent requested by Sublessor, either counter-signed by Sublessor or attaching an additional letter from Sublessor that is reasonably acceptable to Sublessee), advising DSS, the residents or their legal representatives of the change in ownership of the RCFE that will occur at the Closing Date.

6.5 Citations. Sublessee shall correct and resolve, in accordance with all of the requirements of the Governmental Entity or Healthcare Authority issuing such citation, but in any event no later than the ten (10) days prior to the Closing Date, any and all citations issued by a Governmental Entity or Healthcare Authority with respect to the Facility or Sublessee. To the extent any such citations are not resolved by such time and plans of correction are not approved by the applicable Governmental Entity or Healthcare Authority at least ten (10) days prior to the Closing Date, and Sublessor elects to proceed with the Closing Date notwithstanding the same, then Sublessee shall pay and be responsible for all losses incurred by Sublessor arising from or connected with Sublessor’s correction and resolution of such citations after Closing Date (collectively, the “**Citation Losses**”), and shall (a) indemnify and hold Sublessor harmless from and against any and all of such Citation Losses and (b) defend Sublessor therefrom with counsel reasonably acceptable to Sublessor. The indemnification obligations of Sublessee set forth in this Section 6.17 shall survive Closing Date.

6.6 Liabilities. Sublessee shall pay and be responsible for all losses, including without limitation all taxes, arising from or connected with the operation of the Facility prior to the Closing Date and shall both (a) indemnify and hold Sublessor harmless from and against any and all of said Losses and (b) defend Sublessor therefrom with counsel reasonably acceptable to Sublessor. The indemnification obligations of Sublessee set forth in this Section 6.18 shall survive Closing Date.

6.7 Rent Roll. Through the Closing Date, Sublessee shall provide to Sublessor the current Rent Rolls.

6.8 Supplemental Disclosure. Sublessee shall have the continuing obligation through the Closing Date to promptly supplement or amend all information and reports given to Sublessor as required by this Sublease with respect to any matter hereafter arising or discovered that, if existing or known at the date of this Sublease, would have been required to be set forth in such information and reports given to Sublessor by Sublessee.

6.9 Termination of Agreements. Effective immediately as of the Closing Date, Sublessee shall cause all Contracts, including any relevant lease, except assigned Contracts and resident agreements, to be terminated, at Sublessee’s sole cost and expense, on or prior to the Closing Date, with such terminations to be effective as of the Closing Date.

6.10 Alterations and Demolition. Sublessee will not remove or demolish any improvement which is part of the Premises or any portion thereof or allow it to be removed or demolished and will not authorize or permit to be made any changes or alterations in or

to the Premises without first obtaining Sublessor's written consent thereto. All alterations, improvements and additions to the Premises shall be in quality and class at least equal to the original work and shall meet all building and fire codes, and all other applicable codes, rules, regulations, laws and ordinances.

6.11 Discharge of Liens. Sublessee and Sublessor shall use their best efforts to prevent any liens from being filed against the Premises which arise from any maintenance, repairs, alterations, improvements, renewals, or replacements in or to the Premises. They shall cooperate fully in obtaining the release of any such liens, and the cost thereof if the lien was not occasioned by the fault of either party, shall be treated the same as the cost of the matter to which it relates. If the lien arises as a result of the fault of either party, then the party at fault shall bear the cost of obtaining the lien release.

6.12 Inspection of Premises by Sublessor.

(a) At any time Sublessor and/or its authorized representative shall have the right to enter, inspect and perform all construction, maintenance and repair work required to the Premises and Property.

(b) Sublessor agrees that the person or persons entering, inspecting or performing work on the Premises and Property pursuant to Section 6.24(a) above will cause as little inconvenience to Sublessee and residents as may reasonably be possible under the circumstances.

(c) Sublessee hereby acknowledges and agrees that the holder of any mortgage encumbering the Premises shall have the right, but not the obligation, to enter and inspect the Premises and Property to the extent such holder is entitled to do so under the terms of its mortgage.

ARTICLE VII
BILLINGS, COLLECTIONS, AND ACCOUNTS RECEIVABLE

7.1 Sublessee shall cause Sublessor to collect when due all resident fees, charges, and other amounts receivable in connection with the management and operation of the Premises, including without limitation, Gross Collections as defined below. Such receipts will be deposited in an account separate from all other accounts and funds, with a bank whose deposits are insured by an agency of the United States Government. This account will be designated of record as the **“Operating Account.”**

7.2 From the funds collected and deposited by Sublessor in the Operating Account, Sublessee will cause Sublessor to make the following disbursements promptly when payable, and in the following order of priority:

All sums paid or advanced by Sublessee as Premises Expenses under the terms of this Sublease, including any payments to Sublessor in accordance with the Interim Management Agreement between Sublessor and Sublessee, and any payments due to Sublessee hereunder.

Rent.

7.3 It is specifically understood and agreed that the Premises shall not be responsible for, and neither the Operating Account nor Gross Collections shall be used to pay any obligations or payment not incurred for the Premises.

“Gross Collections” shall mean monthly fees from residents, fees for other services and accommodations from residents, reimbursement from insurance, concessions proceeds and insurance proceeds with respect to the Premises and/or the Property received during the preceding month.

ARTICLE VIII OPERATIONAL PROVISIONS

8.1 The parties acknowledge that the RCFE portion of the premises will be properly licensed as an RCFE by DSS and will be operated as an RCFE pursuant to Sublessee’s existing license. Sublessee shall maintain the RCFE license. Sublessee shall cause Sublessor, at Sublessor’s expense (except as otherwise expressly provided herein), to perform all acts and things to be done in and about the Premises as shall be required by any statute, ordinance, law, rule, regulation, or order of any governmental or regulatory body having jurisdiction over the Premises respecting the use or manner of use of the Premises or the construction, maintenance, or operation thereof, as well as with all orders and requirements of the local Board of Fire Underwriters, the local building officials, or any other body which may hereafter exercise similar functions. Sublessee hereby covenants, warrants and represents to Sublessor that throughout the Term, the operation of the Premises shall conform with the applicable licensing and regulatory requirements of all government bodies so that Sublessee will be able to perform all services that it has agreed to perform pursuant to this Sublease.

8.2 Notwithstanding the above or anything to the contrary contained herein, Sublessor and Sublessee acknowledge and agree that (i) Sublessee has engaged Sublessor, pursuant to the Interim Management Agreement, to perform all of Sublessee’s obligations hereunder and Sublessor hereby consents to such delegation of responsibility to Sublessor, (ii) Sublessee shall not take any action under this Sublease or with respect to the Property, Sublessee having delegated all such rights and obligations to Sublessor under the Interim Management Agreement, and (iii) Sublessor shall collect all Gross Collections, pay all Premises Expenses and pay the Rent due hereunder, on behalf of Sublessee. Notwithstanding the above or anything to the contrary contained herein, in the event Sublessor and/or Sublessor takes any action which would cause, or otherwise permit, any suspension or revocation of any licenses, certifications or permits, including the RCFE License, held by Sublessee, Sublessor hereby agrees to indemnify and hold Sublessee free and harmless from any out-of-pocket loss or cost (including reasonable attorneys’ fees) that Sublessee actually incurs as a result thereof. In the event that Sublessee determines that Sublessor is not operating the Premises in full compliance with applicable laws and historical operating practices, Sublessee shall notify Sublessor of such noncompliance and Sublessor shall promptly cause Sublessor to remedy any such noncompliance.

8.3 Except as may be permitted herein or in the Interim Management Agreement, the parties expressly agree and understand that under no circumstances shall Sublessor exercise any control, authority, or discretion with respect to the operations or management of the Premises. Sublessor shall in no way interfere with Sublessee's operation of the Premises, nor shall Sublessor interfere with Sublessee's obligation to establish operational policies respecting the Premises. Without limiting the generality of the foregoing, under no circumstances shall Sublessor take any action that would require it to be a co-licensee of the Premises.

8.4 Sublessee shall cause Sublessor to operate the RCFE portion of Premises in substantial accordance with its plan of operation as submitted to DSS.

8.5 Sublessor shall develop operational organization charts, staffing tables, schedules of employment and proposed rates of compensation for persons to be employed hereunder. All on-site personnel will be recruited, hired, paid, supervised, and terminated solely by Sublessor. Sublessor shall be responsible for compliance with all applicable employment, anti-discrimination, wrongful discharge, occupational safety and health and other similar laws and regulations affecting employment of personnel, and for compliance with private employment or union contracts.

8.6 Sublessee shall ensure that those services required to be provided in order to maintain an RCFE license shall be provided. Those services include safe and healthful living accommodations, personal assistance and care, observation and supervision, planned activities, food service, and arrangements for obtaining incidental medical and dental care.

8.7 Sublessor shall prepare and/or review, approve, and implement a marketing program consisting of advertising, public relations and related activities for the purpose of promoting the name and business of the Premises, and with the purpose of increasing and maintaining occupancy.

8.8 Sublessee shall cause Sublessor to negotiate and enter into agreements with concessionaires and licensees of the Premises; these agreements shall be in writing. With respect to all prospective occupants of any licensed portion of Premises, Sublessor shall conduct assessments as required by licensure laws, impose other admission requirements as it deems appropriate for sound business reasons, and enter into written residence and care agreements.

8.9 Sublessee will have the following responsibilities with respect to records and reports:

Sublessee will cause Sublessor to establish and maintain a comprehensive system of records and books. All records, books, and accounts will be subject to examination at reasonable hours by any authorized representative of Sublessor at Sublessee's office. Notwithstanding the foregoing, Sublessee shall not be entitled to have access to confidential resident records.

Sublessee will cause Sublessor to furnish such information (including occupancy reports) as may be requested from time to time, with respect to the financial, physical and operational condition of the Premises.

By the thirtieth (30th) day of each month, Sublessee will cause Sublessor to furnish a statement of receipts and disbursements during the previous month, a schedule of accounts receivable and payable, and reconciled bank statements for the Operating Account as of the end of the previous month.

Sublessee will provide any notice provided to Sublessee from any party to Sublessor within two (2) business days of Sublessee's receipt thereof.

8.10 Sublessee will cause Sublessor to negotiate and enter into service contracts, in the name of Sublessor, as required in the ordinary course of business for the operations of the Premises, including, without limitation, contracts for water, electricity, natural gas, telephone, cable installation, sewer, cleaning, laundry, food service, trash removal, pest control and extermination, elevator and boiler maintenance, and other services related to the maintenance of the Premises or to the comfort or safety of the occupants.

8.11 Sublessee shall cause Sublessor to cause the purchase (or arrange for the purchase of) all inventories, provisions, supplies and operating equipment which in the normal course of business are necessary to properly maintain and operate the Premises.

8.12 Sublessee shall cause Sublessor to exercise due diligence in all matters of safety, including, but not limited to: emergency evacuation of residents, maintenance of the Premises and Property in a safe condition, training of all on-site employees and promulgation of rules and regulations for use of the central administration and service facilities.

ARTICLE IX RESIDENCY AGREEMENTS

9.1 Sublessee will cause Sublessor to offer and execute residency agreements for all the units on the Premises. Incidental thereto, the following provisions will apply:

Sublessor will undertake the preparation and offering of residency and care agreements.

Sublessor will show the Premises to prospective occupants.

Sublessor will take and process applications for residency. A current list of prospective occupants will also be maintained.

Sublessor will maintain fee schedules, showing the rates for residence and for basic and optional services at the Premises as may from time to time be modified.

9.2 Sublessor will secure full compliance by each resident with the terms of his or her residency agreement. Voluntary compliance will be encouraged. In cases of financial hardship,

Sublessor will counsel residents and refer them to community agencies in order to avoid involuntary termination of tenancies. Nevertheless, and subject to the pertinent licensing regulations and procedures, Sublessee or Sublessor may lawfully terminate any tenancy when, in Sublessee's or Sublessor's judgment, sufficient cause (including but not limited to nonpayment of rent) for such termination occurs under the terms of the resident's residence and care agreement. For this purpose, Sublessee and Sublessor are authorized to consult with legal counsel to bring actions for eviction and to execute notices to vacate and judicial pleadings incidental to such actions. Reasonable attorneys' fees and other necessary costs incurred in connection with such actions will be paid out of the Premises Operating Account as Premises Expenses.

ARTICLE X REPAIRS AND MAINTENANCE

10.1 As a Premises Expense to be paid from the Operating Account, Sublessee will cause the Premises to be maintained and repaired by Sublessor in accordance with the licensure requirements and local codes, including, but not limited to: cleaning, painting, decorating, plumbing, electrical, HVAC, appliances, carpentry, grounds care, and such other maintenance and repair work as may be necessary, subject to reasonable limitations imposed by Sublessor in addition to those contained herein. Sublessor's limitations shall not interfere with Sublessee's or Sublessor's responsibilities and authority to comply with all RCFE licensure requirements. Incidental thereto, the following provisions will apply:

(a) Special attention will be given to preventive maintenance and, to the greatest extent feasible, the services of on-site maintenance employees will be used.

(b) Sublessee will cause Sublessor to contract with qualified independent contractors for the maintenance and repair of air-conditioning systems and elevators, and for extraordinary repairs to the Premises beyond the capability of on-site maintenance employees.

(c) Sublessee will cause Sublessor to systematically and promptly receive and investigate all service requests from residents, take such action thereon as may be justified, and keep records of the same. Emergency requests will be received and serviced on a twenty-four (24) hour basis.

ARTICLE XI COLLECTION AND DISBURSEMENT OF REVENUE

11.1 Sublessee shall cause Sublessor to collect when due all resident fees, charges, and other amounts receivable in connection with the management and operation of the Premises, including without limitation, Gross Collections as defined in Article II above. Such receipts will be deposited in an account separate from all other accounts and funds, with a bank whose deposits are insured by an agency of the United States Government. This account will be designated of record as the "Operating Account."

11.2 From the funds collected and deposited by Sublessor in the Operating Account, Sublessee will cause Sublessor to make the following disbursements promptly when payable, and in the following order of priority:

(a) All sums paid or advanced by Sublessee as Premises Expenses under the terms of this Sublease, including any payments due to Sublessee hereunder.

(b) Rent.

11.3 It is specifically understood and agreed that the Premises shall not be responsible for, and neither the Operating Account nor Gross Collections shall be used to pay any obligations or payment not incurred for the Premises.

ARTICLE XII OPERATING CAPITAL

12.1 Sublessor shall provide security in the form and amount sufficient to satisfy the licensing requirements of DSS such that the Premises may continue to qualify for licensing.

ARTICLE XIII INSURANCE

13.1 Sublessee shall cause Sublessor to maintain, as a Premises Expense, all insurance necessary and appropriate to the operation and maintenance of the Premises.

ARTICLE XIV REPORTS AND PAYMENT OF TAXES AND ASSESSMENTS

14.1 As an expense of the Premises, Sublessee shall cause Sublessor to prepare and file all reports and other documents in connection with the operation of the Premises as required by the State of California and such other government authorities with jurisdiction over the Premises.

14.2 All real estate taxes, ad valorem taxes, school taxes, assessments and personal property taxes, intangible and use taxes and any other taxes relating to the Premises or Property shall be paid as a Premises Expense by Sublessor.

14.3 All licenses and permit fees, charges for public utilities, and all governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever which during the Term may have been, or may be assessed, levied, confirmed, imposed upon or become due and payable out of or in respect of, or become a lien on the Premises or Property or any part thereof, shall be paid as a Premises Expense.

14.4 Nothing herein contained shall require Sublessee to pay taxes or assessments against Sublessor or the Premises, or to pay capital levy, franchise, estate, succession or

inheritance taxes of Sublessor, other than from the Premises Operating Account as provided for herein.

ARTICLE XV
ALTERATIONS AND DEMOLITION

15.1 Sublessee will not remove or demolish any improvement which is part of the Premises or any portion thereof or allow it to be removed or demolished. Sublessee further agrees that it will not make, authorize or permit to be made any changes or alterations in or to the Premises without first obtaining Sublessor's written consent thereto. All alterations, improvements and additions to the Premises shall be in quality and class at least equal to the original work and shall meet all building and fire codes, and all other applicable codes, rules, regulations, laws and ordinances.

ARTICLE XVI
INDEMNIFICATION

16.1 Sublessor agrees to indemnify and hold Sublessee free and harmless from any loss, liability, or cost (including reasonable attorneys' fees) that is not covered by insurance proceeds that Sublessee may sustain, incur, or assume as a result of any claims which may be alleged, made, instituted or maintained against Sublessee or Sublessor, jointly or severally, which is determined to have resulted from the negligence or willful misconduct of Sublessor, its agents or employees, in connection with this Sublease or from the management of the Premises and any and all loss, liability or cost occurring or arising after the Effective Date, or from a violation of the terms of this Sublease by Sublessor or their agents, employees or invitees.

16.2 Sublessee agrees to indemnify and hold Sublessor free and harmless from any loss, liability, or cost (including reasonable attorneys' fees) that is not covered by insurance proceeds that Sublessor may sustain, incur, or assume as a result of any claims which may be alleged, made, instituted or maintained against Sublessee or Sublessor, jointly or severally, which is determined to have resulted from the negligence or willful misconduct of Sublessee, its agents or employees, in connection with the lease, management or operation of the Premises and any and all loss, liability or cost occurring prior to and arising prior to the Effective Date.

ARTICLE XVII
ASSIGNMENT AND SUBLETTING

17.1 During the Term of this Sublease, Sublessee shall not, without the prior written consent of Sublessor, assign this Sublease or in any manner whatsoever sublet, assign or transfer all or any part of the Premises or in any manner whatsoever transfer or assign any interest in the Premises. Any violation or breach or attempted violation or breach of the provisions of this Article by Sublessee, or any acts inconsistent herewith shall vest no right, title or interest herein or hereunder or in the Premises or the Property, in any such transferee or assignee, and Sublessor may, at its exclusive option, terminate this Sublease and invoke the provisions of this Sublease relating to default.

ARTICLE XVIII
CUMULATIVE REMEDIES OF SUBLESSOR ;WAIVER

18.1 The failure of either party to insist upon a strict performance of any of the terms or provisions of this Sublease or exercise any option, right or remedy herein contained, shall not be construed as a waiver or as a relinquishment for the future of such term, provision, option, right, or remedy, but the same shall continue and remain in full force and effect. No waiver by either party of any term or provision hereof shall be deemed to have been made unless expressed in writing and signed by such party.

ARTICLE XIX
RIGHT TO CONTEST

19.1 Sublessee shall have the right to contest by appropriate legal proceedings, diligently conducted in good faith, the validity or application of any law, regulation or rule mentioned herein, and to delay compliance therewith pending the prosecution of such proceedings; provided, however, that no civil or criminal liability would thereby be incurred by Sublessor and no lien or charge would thereby be imposed upon or satisfied out of the Premises and further provided that the effectiveness and good standing of any license, certificate or permit affecting the Premises would continue in full force and effect during the period of such contest, and provided, further, that Sublessee satisfies any and all applicable requirements of this Sublease.

ARTICLE XX
PERFORMANCE OF OBLIGATIONS

20.1 Any failure by Sublessor to timely pay to the operating account such amount necessary to pay in full the Premises expenses shall constitute a breach of this Sublease, and Sublessor shall remain fully liable therefor after the termination of this Sublease.

20.2 To secure payment of all rentals and other sums of money becoming due from Sublessee under this Sublease, Sublessor shall have, and Sublessee grants to Sublessor a first lien upon the leasehold interest of Sublessee under this Sublease, which lien may be enforced in equity, and a continuing security interest upon all rents, Gross Collections, gross receipts, accounts, and contract rights, of Sublessee that arise in connection with Sublessee's lease of the Premises hereunder. If there is an Event of a Default under this Sublease, Sublessor shall have, in addition to any other remedy provided in this Sublease or by law, including the right to have a receiver appointed to collect the rents, all rights and remedies under the Uniform Commercial Code, including without limitation the right to sell the property described in this Article at public or private sale upon five (5) days' notice to Sublessee. Sublessee shall execute all such financing statements and other instruments as shall be deemed necessary or desirable in Sublessor's discretion to perfect the security interest hereby created.

ARTICLE XXI
DISPUTE RESOLUTION AND ARBITRATION

21.1 Any claim or controversy arising out of this Sublease or a breach thereof shall be submitted to and settled by binding arbitration by Judicial Arbitration and Mediation Service ("JAMS") or a similar service acceptable to both parties if JAMS is not available. The arbitration

shall be conducted in accordance with California Code of Civil Procedure Sections 1280-1294.2. Arbitration hearings shall be held in Los Angeles, California. The determination of the arbitrator(s) shall be conclusive and binding upon the parties. The parties shall each pay arbitration fees and charges as determined by the arbitrator.

ARTICLE XXII
NON-DISCRIMINATION

22.1 In the performance of its obligations under this Sublease, Sublessee will comply with the provisions of any federal, state or local law prohibiting discrimination in housing on the grounds of race, color, sex, creed or national origin, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241), all requirements imposed by or pursuant to the Regulations of the Secretary (24 CFR, Subtitle A, Part 1) issued pursuant to that Title, regulations issued pursuant to the Executive Order 11063, and Title VIII of the 1968 Civil Rights Act.

ARTICLE XXIII
TRANSFER OF OPERATIONS UPON TERMINATION OF SUBLEASE

23.1 The date on which this Sublease either terminates pursuant to its terms or is terminated by either party whether pursuant to a right granted to it hereunder or otherwise shall be referred to as the “**Termination Date**” in this Article. On the Termination Date, this Sublease shall be deemed and construed as an absolute assignment for purposes of vesting in Sublessor all of Sublessee’s right, title and interest in and to the following intangible property which is now or hereafter used in connection with the operation of the Premises (the “**Intangibles**”) and an assumption by Sublessor of Sublessee’s obligations under the Intangibles from and after the Termination Date:

(a) service contracts for the benefit of the Premises to which Sublessee is a party and which can be terminated without penalty by Sublessee within thirty (30) or fewer days’ notice; and

all existing agreements with residents and any guarantors thereof regarding the Premises, to the extent assignable by Sublessee (excluding the right to any payments for periods prior to the Adjustment Date).

23.2 Sublessor shall be responsible for and shall pay all accrued expenses with respect to the Premises accruing on or after 12:01 a.m. on the day after the Termination Date (the “**Adjustment Date**”) and shall be entitled to receive and retain all revenues from the Premises accruing on or after the Adjustment Date.

23.3 All necessary arrangements shall be made to provide possession of the Premises to Sublessor on the Termination Date, at which time of possession Sublessee shall deliver to Sublessor all resident records and other personal information concerning all residents residing at the Premises as of the Termination Date, all financial statements, and other relevant records used or developed in connection with the business conducted at the Premises. Such transfer and delivery shall be in accordance with all applicable laws, rules and regulations concerning the transfer of such records.

23.4 On the Termination Date, Sublessee shall cause Sublessor to provide an accounting of all funds belonging to residents at the Premises which are held in a custodial capacity. Additionally, Sublessee, in accordance with all applicable rules and regulations, shall cause Sublessor to make all necessary arrangements to transfer such funds to a bank account designated by Sublessor, and Sublessor shall in writing acknowledge receipt of and expressly assume all Sublessee's financial and custodial obligations with respect thereto.

23.5 All cash, checks and cash equivalents at the Premises and deposits in bank accounts (other than resident trust accounts) relating to the Premises on the Termination Date shall remain Sublessor's property after the Termination Date and will be used to pay any reimbursement of expenses due to Sublessee or Sublessor. Subject to the provisions herein, all accounts receivable, loans receivable and other receivables of the Premises shall remain the property of Sublessor after the Termination Date and after payment of all of Sublessee's expenses as set forth herein. Sublessor shall assume responsibility for the billing and collection of payments on account of services rendered by it on and after the Adjustment Date. All payments received shall be retained by Sublessor as being applicable to services rendered after the Termination Date. Sublessee shall cause Sublessor to cooperate in the collection of pre-closing accounts receivable. Sublessee shall have no liability for uncollectible receivables and shall not be obligated to bear any expense as a result of such activities on behalf of Sublessor.

23.6 Within thirty (30) days of the Termination Date, Sublessee shall cause Sublessor to submit a complete reconciliation of records.

23.7 In addition to the obligations required to be performed hereunder by Sublessee and Sublessor on and after the Termination Date, Sublessee and Sublessor agree to perform such other acts, and to execute, acknowledge and/or deliver subsequent to the Termination Date such other instruments, documents and materials, as the other may reasonably request in order to effectuate the covenants, conditions and agreements contemplated herein. Without limiting the foregoing, Sublessee will, at Sublessor's expense, cooperate with Sublessor in securing an RCFE license and such other permits, certificates of authority, and approvals for Sublessor or the successor operator of the Premises as may be required by applicable law to continue operation of the RCFE portion of the Premises as an RCFE from and after the Termination Date, and Sublessee shall continue to perform such services under this Sublease until the Termination Date as may be necessary for the Premises to remain open and operated in compliance with law.

ARTICLE XXIV DEFAULTS BY SUBLESSEE

24.1 Defaults by Sublessor. This Sublease is made upon the condition that Sublessor shall punctually and faithfully perform all of the covenants, conditions and agreements by it to be performed as set forth in this Sublease. The following shall each be deemed to be an "Event of Default" on the part of Sublessor:

(a) Sublessor commits any act, or fails to take any act, that results in the suspension, termination, revocation or loss of any License required by the Facility to operate as an RCFE, that becomes a final agency action after waiver or exhaustion of all administrative and judicial review rights; provided, however, the suspension, termination, revocation or loss of any such License shall not constitute a Default or an Event of Default while administrative and judicial

review rights are being pursued, or if a provisional license is issued to permit the continued operation of the Facility and the License is reinstated after expiration of the provisional License;

the failure of Sublessor to observe or perform any of the covenants, terms or conditions set forth in this Sublease where the failure continues for a period of thirty (30) days after receipt of written notice thereof by Sublessor (unless the failure cannot reasonably be cured within thirty (30) days and Sublessor shall have commenced to cure the failure within thirty (30) days and continues diligently to pursue the curing of the failure until completed);

a general assignment by Sublessor for the benefit of creditors;

the filing of a voluntary petition by Sublessor, or the filing of an involuntary petition by any of Sublessor's creditors seeking the rehabilitation, liquidation or reorganization of Sublessor under any law relating to bankruptcy, insolvency or other relief of debtors;

the appointment of a receiver or other custodian to take possession of substantially all of Sublessor's assets or of this its leasehold interest in the Premises;

Sublessor shall become insolvent or unable to pay its debts, or shall fail generally to pay its debts as they become due; or any court shall enter a decree or order directing the winding up or liquidation of Sublessor or of substantially all of its assets; or Sublessor shall take any action toward the dissolution or winding up of its affairs or the cessation or suspension of its use of the Premises or Property;

attachment, execution or other judicial seizure of substantially all of Sublessor's assets or the leasehold interest in the Premises;

vacation or abandonment of the Premises.

24.2 Defaults by Sublessee. This Sublease is made upon the condition that Sublessee shall punctually and faithfully perform all of the covenants, conditions and agreements by it to be performed as set forth in this Sublease. The following shall each be deemed to be an "Event of Default" on the part of Sublessee:

(a) the failure of Sublessee to observe or perform any of the covenants, terms or conditions set forth in this Sublease where the failure continues for a period of thirty (30) days after receipt of written notice thereof by Sublessee (unless the failure cannot reasonably be cured within thirty (30) days and Sublessee shall have commenced to cure the failure within thirty (30) days and continues diligently to pursue the curing of the failure until completed);

a general assignment by Sublessee for the benefit of creditors;

the filing of a voluntary petition by Sublessee, or the filing of an involuntary petition by any of Sublessee's creditors seeking the rehabilitation, liquidation or reorganization of Sublessee under any law relating to bankruptcy, insolvency or other relief of debtors;

the appointment of a receiver or other custodian to take possession of substantially all of Sublessee's assets or of the leasehold interest in the Premises;

Sublessee shall become insolvent or unable to pay its debts, or shall fail generally to pay its debts as they become due; or any court shall enter a decree or order directing the winding up or liquidation of Sublessee or of substantially all of its assets; or Sublessee shall take any action toward the dissolution or winding up of its affairs or the cessation or suspension of its use of the Premises or Property;

attachment, execution or other judicial seizure of substantially all of Sublessee's assets or the leasehold interest in the Premises;

vacation or abandonment of the Premises; or

an accusation against Sublessee pertaining to the Premises is filed by DSS and is not withdrawn within fifteen (15) days of such filing.

24.3 Sublessor's Remedies. Upon an Event of Default by Sublessee, Sublessor shall have the following remedies; provided, however, that said remedies shall not dilute the obligation of Sublessor to honor resident agreements and/or residence and care agreements in effect at the time of the Event of Default and that said termination is permissible under all applicable DSS rules and regulations:

(a) If Sublessee vacates or abandons the Premises, this Sublease shall continue in effect. Sublessor shall not be deemed to have terminated this Sublease other than by written notice of termination from Sublessor, and Sublessor shall have all of the remedies of a landlord, including those provided by Section 1951.4 of the California Civil Code. At any time after Sublessee vacates or abandons the Property, Sublessor may give notice of termination and shall thereafter have all of the rights set forth below.

After an Event of Default occurs, Sublessor shall have the right, so long as the Event of Default continues, to terminate this Sublease by written notice to Sublessee setting forth: (i) the Event of Default; (ii) the requirements to cure it; and (iii) a demand for possession, which shall be effective three (3) days after it is given or upon expiration of the times specified in Section 24.1, whichever is later.

Following termination under subsection (b), without prejudice to any other remedies Sublessor may have by reason of Sublessee's Event of Default or of the termination, Sublessor may then or at any time thereafter: (i) peaceably re-enter the Premises, or any part thereof, upon voluntary surrender by Sublessee, or expel or remove Sublessee from the Premises using any legal proceedings as are then available; (ii) repossess and enjoy the Premises or re-let the Premises or any part of the Premises for any term or terms (which may be beyond the Sublease Term) at any rental or rentals and upon other terms and conditions as Sublessor, in its sole discretion, shall determine, with the right to make reasonable alterations and repairs to the Premises; and (iii) remove all personal property from the Premises that does not belong to Sublessor and store it at Sublessee's expense.

24.4 Each right and remedy of Sublessor provided for in this Sublease shall be cumulative and shall be in addition to every other right or remedy provided for in this Sublease or now or hereafter existing.

ARTICLE XXV MISCELLANEOUS

25.1 Sublessee, upon paying Rent and all other charges herein provided, and for observing and keeping the covenants, agreements, terms and conditions of this Sublease on its part to be performed, shall lawfully and quietly hold, occupy and enjoy the Premises during the Term, and subject to its terms, without hindrance by Sublessor or by any other person or persons claiming

under Sublessor, other than any mortgagee of record either as of the date of this Sublease or subsequent thereto.

25.2 All notices, demands or requests which may or are required to be given by either party to the other shall be in writing and shall be sent by either United States certified mail or electronic mail addressed to the other party hereto at the address set forth below

:

If to Sublessor: 9 GEM Enterprises, LLC
445 S. Fair Oaks Avenue
Pasadena, California 91105
Email: grace.mercadocorp@gmail.com
ATTN: Grace Mercado

With a copy to
(which shall not
constitute notice): Richard Kale, Esq.
727 25th Street
Santa Monica, California 90402
Email: rkale@rpsli.com
Attn: Richard Kale, Esq.

and

with a copy to:
(which shall not
constitute notice): Sternshein Legal Group
5316 East Chapman Avenue
Orange, CA 92869
Attention: Jennifer Sternshein, Esq.
Email address: jennifer@sternsheingroup.com

If to Sublessee: Little Sisters of the Poor of Los Angeles
2100 S. Western Avenue
San Pedro, California 90732
Email: mssanpedro@littlesistersofthepoor.org
Attn: Sister Margaret Hogarty

With a copy to
(which shall not
constitute notice): Law Office of Mark T. Cregan, PLLC
P.O. Box 546
Totowa, New Jersey 07511-0546
Email: lawofficemtc@aol.com
Attn: Father Mark Cregan

or if written notification of a change of address has been sent, to such other party and/or to such other address as may be designated in that written notification. All such notices, demands or requests delivered in this manner shall be deemed effective upon mailing.

25.3 Upon demand by either party, Sublessor and Sublessee agree to execute and deliver a short form Sublease in recordable form so that the same may be recorded by either party.

25.4 Each party agrees at any time and from time to time, upon not less than fifteen (15) days prior written request from the other party, to execute, acknowledge and deliver to the other party a statement in writing, certifying that this Sublease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified, and stating the modifications), the dates to which the Rent has been paid, and whether the Sublease is then in default or whether any events have occurred which, with the giving of notice or the passage of time, or both, could constitute a default hereunder; it being intended that any such statement delivered pursuant to this paragraph may be relied upon by any prospective assignee, mortgagee or purchaser of the fee interest in the Premises or of this Sublease.

25.5 All of the provisions of this Sublease shall be deemed and construed to be “conditions” and “covenants” as though the words specifically expressing or importing covenants and conditions were used in each separate provision hereof.

25.6 Any reference herein to the termination of this Sublease shall be deemed to include any termination hereof by expiration or pursuant to the provisions hereof referring to early termination.

25.7 The headings and titles in this Sublease are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Sublease, nor in any way affect this Sublease.

25.8 This Sublease contains the entire agreement between the parties and any executory agreement hereafter made shall be ineffective to change, modify or discharge it in whole or in part unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification or discharge is sought. This Sublease cannot be changed orally or terminated orally.

25.9 This Sublease, including any security interest created hereunder, is subordinate to any mortgage, loan or lease for which the Premises or Property are used as security, whether or not such liens are now in effect or are created in the future, and the parties shall cooperate in executing any subordinations or other documentation required to effectuate the same.

25.10 Except as otherwise herein expressly provided, the covenants, conditions and agreements in this Sublease shall bind and inure to the benefit of Sublessor and Sublessee and their respective permitted successors and assigns.

25.11 All nouns and pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons, firm or firms, corporation or corporations, entity or entities or any other thing or things may require.

25.12 If any term or provision of this Sublease shall be held invalid or unenforceable to any extent, the remaining terms and provisions of this Sublease shall not be affected thereby, and each term and provision shall be valid and enforceable to the fullest extent permitted by law.

25.13 This Sublease shall be deemed to have been made and shall be construed and interpreted in accordance with the laws of the State of California.

25.14 Whenever under any provision of this Sublease the approval or consent of either party is required, said approval and consent shall be given or denied in a reasonably prompt manner.

25.15 This Sublease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Executed counterparts of this Sublease may be delivered by facsimile transmission or by delivery of a scanned counterpart in portable document format (PDF) by e-mail, in either case with delivery confirmed. On such confirmed delivery, the signatures in the facsimile or PDF data file shall be deemed to have the same force and effect as if the manually signed counterpart had been delivered to the other party in person.

25.16 All consents, approvals, determinations, requirements, and other acts required by either party hereunder shall be subject to the standard of reasonableness under the circumstances, and no such consents, approvals, determinations, requirements, or other acts required by either party hereto shall be unreasonably withheld, delayed or denied.

25.17 The parties shall execute and deliver all other appropriate supplemental agreements and other instruments and take any other action necessary to make this Sublease fully and legally effective, binding and enforceable, as between the parties, and as against third parties.

1. **[remainder of this page left intentionally blank; signature page follows]**

Signature Page to Interim Sublease

IN WITNESS WHEREOF, the parties hereto have caused this Sublease to be signed by persons authorized so to do on behalf of each of them respectively the day and year first above written.

SUBLESSOR:

9 GEM ENTERPRISES, LLC,
a California limited liability company

By: _____

Name: Grace E. Mercado

Title: Manager

SUBLESEE:

THE LITTLE SISTERS OF THE POOR OF LOS ANGELES,
a California nonprofit corporation

By: _____

Name: Sister Margaret Hogarty

Title: President

Exhibit 24

Section 999.5(d)(1)(B)

EXHIBIT A - PROPERTY DESCRIPTION

Order Number: **OSA-6559911**

Page Number: 8

LEGAL DESCRIPTION

Real property in the City of San Pedro, County of Los Angeles, State of California, described as follows:

PARCELS A AND B, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON PARCEL MAP L. A. NO. 4355 RECORDED ON FEBRUARY 20, 1980 IN BOOK 123, PAGE 22 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM 50 PERCENT OF ALL GAS, OIL AND OTHER HYDROCARBON SUBSTANCES IN, ON OR UNDER SAID LAND, EXCEPT FORM SAID LAND THAT PORTION WHICH NOW LIES UNDER ROADS AND HIGHWAYS AND FURTHER RESERVING 100 PERCENT OF ALL, GAS, OIL AND OTHER HYDROCARBON SUBSTANCES, IN, ON OR UNDER THAT PORTION OF SAID LAND, THE SURFACE OF WHICH NOW LIES UNDER ROADS AND HIGHWAYS; HOWEVER, NO RIGHT OF ENTRY IS RESERVED UPON THE SURFACE FOR THE PURPOSE OF EXPLORING FOR OR EXTRACTING OIL, GAS AND MINERALS, RESERVING HOWEVER THE RIGHT TO ENTER THE SUBSURFACE FOR THE PURPOSE OF EXTRACTING SAME, AS EXCEPTED AND RESERVED IN DEED FROM LOUISE M. SEPULVEDA AND SECURITY-FIRST NATIONAL BANK OF LOS ANGELES, AS TRUSTEES UNDER THE WILL OF ROMAN D. SEPULVEDA, DECEASED, TO THE ROMAN CATHOLIC ARCHBISHOP OF LOS ANGELES, RECORDED NOVEMBER 24, 1962 IN BOOK 40364, PAGE 366, OFFICIAL RECORDS.

APN: 7460-004-015 (PARCEL A) and 7460-004-016 (PARCEL B)

EXHIBIT B

ALLOCATION OF PURCHASE PRICE

Land	\$ 5,000,000.00
Building Improvements	\$12,000,000.00
Equipment	\$ 3,000,000.00

EXHIBIT C

DUE DILIGENCE MATERIALS

All Due Diligence materials were stored in a data room controlled by Seller's attorney in a folder entitled "San Pedro Jeanne Jugan Residence" Access was given to Purchaser to review and copy documents subject to the terms of Non-Disclosure Agreements executed between Seller and Purchaser.

The sub-folders within the data room contain documents in the following sub-folders:

1. Organizational Matters
2. Contracts and Commitments
3. Tax Matters
4. Financial Information
5. Properties and Equipment
6. Licensure and Accreditation
7. Insurance
8. Third Party Reimbursement [No documents uploaded]
9. Corporate Compliance Matters
10. Employment Matters
11. Employee Benefit Plans
12. Sponsorship Mission
13. Clinical Policies & Procedures
14. Litigation
15. Medical Staff [No documents uploaded]
16. Information Systems
17. Managed Care [No documents uploaded]
18. Quality
19. Cultural Compatibility [No documents uploaded]
20. Physician Contract Reviews
21. Payroll Matters [No documents uploaded]
22. Billing and Coding Review [No documents uploaded]
23. Provider Agreements
24. Appraisal
25. Environmental Reports
26. Fire Inspection Reports
27. Emergency Generator Inspection
28. Photos of Home
29. Kitchen Equipment
30. Surveys
31. Resident Agreements
32. Evacuation Plan

In addition, additional documents were uploaded to data room when requested by Purchaser. Documents delivered included:

- A. Additional information relating to employee schedules and employee wage information (#10)
- B. Additional Physician Agreements (#20)
- C. Additional Survey Information (#30)

EXHIBIT D

PERMITTED EXCEPTIONS

1. General and special taxes and assessments for the fiscal year 2021-2022, a lien not yet due or payable.
2. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. The terms and provisions contained in the document entitled "COVENANT AND AGREEMENT REGARDING MAINTENANCE OF BUILDING" recorded November 08, 1977 as INSTRUMENT NO. 1977-1240180 OF OFFICIAL RECORDS.
4. The terms and provisions contained in the document entitled "COVENANT AND AGREEMENT REGARDING MAINTENANCE OF BUILDING AND USES" recorded December 14, 1979 as INSTRUMENT NO. 1979-1406484 OF OFFICIAL RECORDS.
5. The terms and provisions contained in the document entitled "COVENANT AND AGREEMENT" recorded January 24, 1980 as INSTRUMENT NO. 1980-90292 OF OFFICIAL RECORDS.
6. The effect of a map purporting to show the land and other property, filed IN BOOK 123, PAGE 22 of Parcel Maps.
7. The terms and provisions contained in the document entitled "COVENANT AND AGREEMENT FOR COMMUNITY DRIVEWAY" recorded March 03, 1980 as INSTRUMENT NO. 1980-216766 of Official Records.
8. The terms and provisions contained in the document entitled "AGREEMENT A" recorded May 15, 1980 as INSTRUMENT NO. 1980-487341 of Official Records.

(Affects PARCEL B)
9. Any right of the United States to recover funds from the owner or from any transferee of the land, or of any portion thereof, by reason of advances of federal funds, including but not limited to those authorized under the Hill-Burton Act or similar acts or statutes.

(Affects PARCEL A)
10. Any claim that the Title is subject to a trust or lien created under The Perishable Agricultural Commodities Act, 1930 (7 U.S.C. §§499a, et seq.) or the Packers and Stockyards Act (7 U.S.C. §§181 et seq.) or under similar state laws.

Consideration for the deletion of this exception is highly fact intensive. Please contact the underwriter assigned to your file as soon as possible to discuss.

(Affects PARCEL A)
11. Any facts, rights, interests or claims which would be disclosed by a correct ALTA/NSPS survey.

13. Any other encumbrance of record.

EXHIBIT E
FORM OF DEED

**Recording Requested By and
When Recorded Mail To:**

Sternshein Legal Group, LLP
5316 East Chapman Ave
Orange, CA 92869
Attention: Sara Scott, Esq.
(1061.115)

Mail Tax Statement To:

9 GEM CAPITAL GROUP, LLC
445 S. Fair Oaks Avenue
Pasadena, CA 91105

Above Space for Recorder's Use Only

APN: 7460-004-015 (PARCEL A) and 7460-004-016 (PARCEL B)
Title No.:

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S)

DOCUMENTARY TRANSFER TAX in Los Angeles County is \$ _____ and the City
of San Pedro tax is: \$ _____.

- computed on full value of property conveyed, or
 computed on full value less value of liens or encumbrances remaining at time of sale.
 Unincorporated area City of San Pedro

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, THE LITTLE SISTERS OF THE POOR OF LOS ANGELES, a California Nonprofit Corporation (“Grantor”), hereby grants to 9 GEM CAPITAL GROUP, LLC, a California limited liability company (“Grantee”), the real property located in the County of Los Angeles, State of California described as follows:

PARCELS A AND B, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON PARCEL MAP L. A. NO. 4355 RECORDED ON FEBRUARY 20, 1980 IN BOOK 123, PAGE 22 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM 50 PERCENT OF ALL GAS, OIL AND OTHER HYDROCARBON SUBSTANCES IN, ON OR UNDER SAID LAND, EXCEPT FORM SAID LAND THAT PORTION WHICH NOW LIES UNDER ROADS AND HIGHWAYS AND FURTHER RESERVING 100 PERCENT OF ALL, GAS, OIL AND OTHER HYDROCARBON SUBSTANCES, IN, ON OR UNDER THAT PORTION OF SAID LAND, THE SURFACE OF WHICH NOW LIES UNDER ROADS AND HIGHWAYS; HOWEVER, NO RIGHT OF ENTRY IS RESERVED UPON THE SURFACE FOR THE PURPOSE OF EXPLORING FOR OR EXTRACTING OIL, GAS AND MINERALS, RESERVING HOWEVER THE RIGHT TO ENTER THE SUBSURFACE FOR THE PURPOSE OF EXTRACTING SAME, AS EXCEPTED AND RESERVED IN DEED FROM LOUISE M. SEPULVEDA AND SECURITY-FIRST NATIONAL BANK OF LOS ANGELES, AS TRUSTEES UNDER THE WILL OF ROMAN D. SEPULVEDA, DECEASED, TO THE ROMAN CATHOLIC ARCHBISHOP OF LOS ANGELES, RECORDED NOVEMBER 24, 1962 IN BOOK 40364, PAGE 366, OFFICIAL RECORDS.

[Signature on next Page]

IN WITNESS WHEREOF, the Grantor has caused these presents to be executed in its name, by its proper officers thereunto duly authorized.

DATED: _____, 2022

THE LITTLE SISTERS OF THE POOR OF LOS ANGELES,
a California nonprofit corporation

By: _____
Name: Sister Margaret Hogarty
Title: President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

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

STATE OF CALIFORNIA

COUNTY OF _____

On _____, 2022, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

(Seal)

EXHIBIT F

FORM OF BILL OF SALE

BILL OF SALE

THIS BILL OF SALE (this “**Bill of Sale**”) is made and entered into as of the ____ day of March, 2022 with an effective date of April 1, 2020 by and between Little Sisters of the Poor of Los Angeles, a California public benefit corporation (“**Seller**”), and G & E Health Care Services, LLC or its nominee 9 Gem Capital Group, LLC, a California limited liability company (“**Purchaser**”). Each of Seller and Purchaser may be referred to in this Bill of Sale individually as a “**Party**” and, collectively, as the “**Parties**”.

RECITALS

WHEREAS, Purchaser and Seller are parties to that certain Asset Purchase Agreement dated as of May 26, 2021 (the “**Purchase Agreement**”). Capitalized terms used but not defined herein have the respective meanings for such terms as defined in the Purchase Agreement; and

WHEREAS, pursuant to the Purchase Agreement, Seller agreed to sell, assign, transfer, convey and deliver to Purchaser all of the tangible Purchased Assets of Seller, and Purchaser agreed to purchase all of the tangible Purchased Assets of Seller, upon the terms and conditions set forth therein.

NOW, THEREFORE, for and in consideration of the above premises, the mutual covenants contained in this Bill of Sale and in the Purchase Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Sale and Purchase. Effective as of the Effective Date, Seller hereby sells, assigns, transfers, conveys, and delivers to Purchaser all of Seller’s right, title, and interest, free and clear of all liabilities, liens and encumbrances in and to all of the tangible Purchased Assets. Notwithstanding anything to the contrary in this Bill of Sale, Seller shall retain the Excluded Assets of Seller and the liabilities of Seller.

2. Reference to the Purchase Agreement. The provisions of this Bill of Sale are subject in all respects to the terms of the Purchase Agreement, and all of the representations, warranties, covenants and agreements contained therein shall survive the execution and delivery of this Bill of Sale in accordance with the terms thereof. Nothing contained in this Bill of Sale shall be deemed or construed to alter, modify, add to or waive any of the rights, obligations, terms, covenants, conditions, or other provisions contained in the Purchase Agreement.

3. Further Actions. Each Party will, at its own expense, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney, assurances and such other action as

such other Party may reasonably request to more effectively consummate the transactions contemplated by this Bill of Sale.

4. Governing Law. This Bill of Sale shall be governed by and construed in accordance with the applicable laws of the State of California without giving effect to any choice or conflicts of law provision or rule thereof that would result in the application of the applicable laws of any other jurisdiction other than the applicable laws of the United States of America, where applicable.

5. Counterparts. This Bill of Sale may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. The facsimile signature of any Party to this Bill of Sale or a PDF copy of the signature of any Party delivered by electronic mail for purposes of execution or otherwise, is to be considered to have the same binding effect as the delivery of an original signature on an original contract.

6. Amendment; Waiver. No amendment of any provision of this Bill of Sale shall be valid unless the same shall be in writing and signed by the Parties. No waiver by any Party of any provision of this Bill of Sale or any default or breach of covenant hereunder, whether intentional or not, shall be valid unless the same shall be in writing and signed by the Party against whom the waiver is to be effective nor shall such waiver be deemed to extend to any prior or subsequent default or breach of covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

7. Binding Agreement. This Bill of Sale shall be binding upon, and shall inure to the benefit of, the Parties hereto and their respective successors and assigns.

[Remainder of this page is intentionally left blank. Signatures follow on next page.]

IN WITNESS WHEREOF, the Purchaser and the Seller have caused this Bill of Sale to be effective as of the Effective Date.

SELLER:

LITTLE SISTER OF THE POOR OF LOS ANGELES
a California public benefit corporation

By: _____
Name: Sister Margaret Hogarty
Title: President

PURCHASER:

**G & E HEALTH CARE SERVICES, LLC OR ITS
NOMINEE 9 GEM CAPITAL GROUP, LLC**
a California limited liability company

By: _____
Name: Grace Mercado
Title: Member and Manager

EXHIBIT G
FORM OF GENERAL ASSIGNMENT

AGREEMENT

This GENERAL ASSIGNMENT Agreement (this “**Agreement**”) is made and entered into as of the _____ day of March, 2022 with an effective date of April 1, 2022 (“**Effective Date**”) by and between Little Sisters of the Poor of Los Angeles, a California public benefit corporation (“**Assignor**”), and G & E Health Care Services, LLC or its nominee 9 Gem Capital Group, LLC, a California limited liability company (“**Assignee**”). Each of Assignor and Assignee may be referred to in this Agreement individually as a “**Party**” and, collectively, as the “**Parties**”.

RECITALS

WHEREAS, Assignor and Assignee are parties to that certain Asset Purchase Agreement dated as of May 26, 2021 (the “**Purchase Agreement**”). Capitalized terms used but not defined herein have the respective meanings for such terms as defined in the Purchase Agreement; and

WHEREAS, pursuant to the Purchase Agreement, Assignor agreed to sell, assign, transfer, convey and deliver all the rights and interests in any and all Purchased Assets not otherwise conveyed by the Purchase Agreement or any other transaction document to Assignee, and Assignee agreed to accept same.

NOW, THEREFORE, for and in consideration of the above premises, the mutual covenants contained in this Agreement and in the Purchase Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Assignment and Assumption. Effective as of the Effective Date, Assignor hereby sells, assigns, transfers, conveys and delivers to Assignee all of Assignor’s right, title, and interest in and to and any and all other Purchased Assets not otherwise conveyed by the Purchase Agreement or any other transaction document. Assignee hereby assumes, other than the liabilities of Assignor, all liabilities relating to the period after the Closing Date arising under the Purchased Assets, but only to the extent such liabilities do not relate to any failure to perform, improper performance, warranty or other breach, default or violation by the Assignor prior to the Closing Date.

2. Reference to the Purchase Agreement. The provisions of this Agreement are subject in all respects to the terms of the Purchase Agreement, and all of the representations, warranties, covenants and agreements contained therein shall survive the execution and delivery

of this Agreement in accordance with the terms thereof. Nothing contained in this Agreement shall be deemed or construed to alter, modify, add to or waive any of the rights, obligations, terms, covenants, conditions, or other provisions contained in the Purchase Agreement.

3. Further Actions. Each Party will, at its own expense, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney, assurances and such other action as such other Party may reasonably request to more effectively consummate the transactions contemplated by this Agreement.

4. Governing Law. This Agreement shall be governed by and construed in accordance with the applicable laws of the State of California without giving effect to any choice or conflicts of law provision or rule thereof that would result in the application of the applicable laws of any other jurisdiction other than the applicable laws of the United States of America, where applicable.

5. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. The facsimile signature of any Party to this Agreement or a PDF copy of the signature of any Party delivered by electronic mail for purposes of execution or otherwise, is to be considered to have the same binding effect as the delivery of an original signature on an original contract.

6. Amendment; Waiver. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Parties. No waiver by any Party of any provision of this Agreement or any default or breach of covenant hereunder, whether intentional or not, shall be valid unless the same shall be in writing and signed by the Party against whom the waiver is to be effective nor shall such waiver be deemed to extend to any prior or subsequent default or breach of covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

7. Binding Agreement. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties hereto and their respective successors and assigns.

[Remainder of this page is intentionally left blank. Signatures follow on next page.]

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this General Assignment Agreement to be effective as of the Effective Date.

ASSIGNOR: **LITTLE SISTER OF THE POOR OF LOS ANGELES**
a California public benefit corporation

By: _____
Name: Sister Margaret Hogarty
Title: President

ASSIGNEE: **G & E HEALTH CARE SERVICES, LLC OR ITS NOMINEE**
9 GEM CAPITAL GROUP, LLC
a California limited liability company

By: _____
Name: Grace Mercado
Title: Member and Manager

EXHIBIT H

FIRPTA AFFIDAVIT

**CERTIFICATION OF NONFOREIGN STATUS
(Corporation, Partnership, Transferor Estate)**

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by

SISTER MARGARET HOGARTY, the undersigned, hereby certifies the following on behalf of

LITTLE SISTERS OF THE POOR OF LOS ANGELES., a California public benefit corporation

(Name of Transferor)

1. **LITTLE SISTERS OF THE POOR OF LOS ANGELES** is not a foreign corporation, foreign partnership foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations): and
2. **LITTHE SISTERS OF THE POOR OF LOS ANGELES.** U.S. employer identification number is 95-1972847, and
3. **LITTLE SISTERS OF THE POOR OF LOS ANGELES** understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punishable by find, imprisonment, or both.

Under penalties of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have the authority to sign this document on behalf of:

Dated: day of March, 2022

LITTLE SISTERS OF THE POOR OF LOS ANGELES
(Name of Transferor)

By: _____
(Signature) Sr. Margaret Hogarty

President
(Title)

Exhibit 25

Section 999.5(d)(1)(B)

The information in the Schedules to the Asset Purchase Agreement is deemed by the Applicant to be confidential pursuant to Section 999.5(c)(3) because it contains information about employees, detailed insurance information and other information where the public interest in maintaining the confidentiality of the information clearly outweighs the public interest in disclosure.

2. (Cal. Code Regs. tit. 11, § 999.5(d)(1)(C).) Copies of the Constitution(s) of Little Sisters and the Little Sisters' Strategic Plan referenced in the Statement of Reasons the Board of Directors believes the proposed transaction is either necessary or desirable.

Exhibit 26 is a copy of the Constitutions of the Little Sisters of the Poor and information surrounding the Little Sisters of the Poor strategic planning entitled "Quickening the Flame." The two documents presented are a letter from the three United State major superiors dated January 19, 2017 to the Little Sisters of the Poor describing the impetus for the strategic planning. The second document is from a meeting of all the Mother Superiors of the Chicago Province held July 24th – July 29th 2021. In it a reflection is done as to how the priorities of the Plan are being implemented.

Counsel requested a specific document detailing the plan and was told that one was never created and instead the priorities outlined in these documents represent the substance of the plan.

It is clear that the paucity of vocations to the Little Sisters of the Poor and the way the Little Sisters live the mission necessitates the reduction in the number of facilities sponsored by the Little Sisters of the Poor.

Exhibit 26

Section 999.5(d)(1)(C)

CONSTITUTIONS
CONGREGATION OF THE LITTLE SISTERS OF THE POOR

PROLOGUE

OUR MOTHER FOUNDRESS
JEANNE JUGAN

"I praise you, Father, Lord of heaven and earth, that you have hidden these things from the learned and the clever, and have revealed them to little ones. Yes, Father, for such was your good pleasure."

In the life of Jeanne Jugan, everything manifests the gratuity of God's gifts and the power of his grace. Born during a difficult period of social change, she grew up in a poor family of Cancalaise fishermen, received a rudimentary education and, for thirty years, had to earn her living from day to day.

The disproportion between this absence of human means and the work for which God destined her, recalls Christ's exclamation of joyous praise after the disciples' first mission.

To the eagerness for progress and liberty of her contemporaries, Jeanne Jugan brought the transparent witness of the revelation of God's mysteries to "little ones." In action or in effacement, she thus exercised an extraordinary ascendancy and a profound influence which have survived her lifetime. Among the diverse religious families which enrich the Church, hers must above all manifest how simplicity, poverty and humility of heart lead one to encounter God in the discovery of his mystery of love and salvation towards all men created to his image.

Whether it be during the tumult of the French Revolution and the family trials of her childhood, throughout the long period of uncertainty which elapsed between her call to the religious life and the foundation of her work, during the years of her active life as Foundress or in the acceptance of the injustices of which she was the object, even throughout her old age, Jeanne Jugan always lived her faith with the simplicity of the "little ones." She advanced resolutely, looking on events and persons with a living faith which arouses hope and works through charity.

The movement of her faith, simple and without reserve, free and certain, strong and joyful, active and humble, led her simultaneously to God and to the people of her time.

At the end of her life, she could say in all truth, "I no longer see anything but God."

Twenty years of belonging to the Third Order of the Admirable Mother simplified her soul through the contemplation of the mystery of Jesus and Mary: school of simple and direct prayer where she learned from Saint John Eudes that religious consecration means "to make profession of having but one life, one heart, one soul and one will with Jesus." Her words and counsels show that her spiritual life was centered on an unselfish love of Jesus, on communion with his mysteries: "Allow Our Lord to work in you... All for you, my Jesus... Let us sing the glory of our risen Jesus... My good Jesus, I have only you."

From this Christocentric spirituality, she retained especially that "true humility of heart... consists in being humble as Jesus was humble." Thus understood, humility led her to that interior lowliness which she expressed by the word "littleness." Although she inherited the proud temperament and

resolute character of the women of her birthplace, she allowed herself to be so completely transformed by the action of God that "humility seemed to be the essence of her being." She taught her daughters that the imitation of Christ "gentle and humble of heart" is their portion in the Church, the condition of their survival: "To be good Little Sisters of the Poor, we must be very little and very humble, and consider ourselves always the least... Keep the spirit of humility, simplicity, and littleness... If we begin to consider ourselves something, to wish to appear great, the Congregation would no longer cause God to be honored and that would be our downfall."

"Your Father knows that you need such things... Do not live in fear little flock." This affirmation of Christ was for Jeanne Jugan a deeply personal conviction which became part of her life. Her realistic attitude to events in no way prevented her from discovering in them the action of God. Difficulties never made her doubt his loving solicitude: "That seems impossible... but if God is with us, it will be accomplished." With serene confidence, she found her support in this certitude. That is why nothing held her back. She was a docile instrument in the hand of God. For the success of her undertakings she showed herself audacious in the use of human means — creative when necessary — and at the same time absolutely confident in the Providence of God. Thus, success found her humbly grateful: "The good God has blessed me because I have always greatly thanked his Providence."

The grace of hospitality towards the Aged poor, Jeanne Jugan's charism as Foundress, was welcomed by her with simplicity of soul.

Open to God and to others, accustomed to forgetting herself, she was capable of going to the full extent of the exigencies of the love of God and to the limits of the gift of self. The magnanimous gesture, which made her receive an aged and infirm woman, parallels the compassion of Christ towards the poor and the suffering.

In the person of the Aged, her faith discerned Christ: "My little ones," she would say to the novices, "never forget that the poor are Our Lord; in caring for the poor say to yourself: This is for my Jesus — what a great grace!"

She also understood that, in assuming human nature, Christ united himself to all humanity in order to form one family. Thus, she envisioned hospitality as a humble fraternal service which unites the Little Sisters and the Aged, and associates with them lay collaborators, who desire to share the sufferings of their brothers and sisters and provide generously for their needs.

Divine Providence gave a very powerful support to the work of Jeanne Jugan in the tradition of charity of the Hospitaller Order of Saint John of God. This latter communicated its living spirit of hospitaller charity to her work, without hindering the development of this work according to its own charism and specific character. It enabled her to impart this spirit to the Rule, and later to the Constitutions of the Congregation, and inspired her to choose as spiritual reference the Rule of Saint Augustine, which places a particular emphasis upon the excellence of charity.

To the Order of Saint John of God, Jeanne Jugan also owes the "vow of hospitality," by which the service of the Aged poor is raised to the dignity of an act of the virtue of religion. The spirituality of Saint John Eudes had prepared her to penetrate the supernatural richness of hospitality for the accomplishment of her own hospitaller mission with simplicity, humility and union with God in prayer and charity.

These two great spiritual currents, meeting and merging — by God's design — in the soul of Jeanne Jugan, created within it a capacity for universal openness. The very rapid expansion of her work showed her that God was destining her to a vocation of charity which could only be attained by

an indefectible attachment to the Church. Her earthly mission ended when she saw her small bark firmly attached to that of the Church. Ever living among her daughters and one with them in their new tasks, she does not cease to transmit to them, for the fulfillment of their vocation, the life which she draws for them from God.

I
**THE VOCATION OF
LITTLE SISTER OF THE POOR**

1. NATURE AND MISSION OF THE CONGREGATION

*"You go into my vineyard too." Mt 20:7
"God will help us; the work is his." Jeanne Jugan*

1. The Congregation of the Little Sisters of the Poor proposes to its members the following of Jesus Christ through the profession of the evangelical counsels, in order to show forth — according to the words and teaching of Our Lord — the Kingdom of heaven as a luminous sign.

Imitating the example of their Mother Foundress, the Little Sisters wish to respond with eagerness to their divine vocation, living it with filial adherence to the Church and the Holy Father.

2. Our particular mission is the apostolate to the Aged poor, in fidelity to the charismatic inspiration of Jeanne Jugan. The humble service of those whom Jesus recognizes and cherishes as "the least of his brethren" is sealed by the vow of hospitality. This apostolic mission, entrusted to us by the Church and exercised in her name, belongs to the very essence of our religious life.

3. To it we consecrate our strength and zeal and, "united heart and soul in God" within fraternal communities, we endeavor to live the precept of evangelical charity.

4. Following the path traced out by our Mother Foundress, unconditional confidence in Divine Providence is the guarantee of the spiritual and apostolic fruitfulness of the Congregation.

5. Sensitive to the Call of the Aged of the entire world and faithful to our missionary tradition, we feel urged on by the Holy Spirit to contribute to the extension of the Kingdom of God to the ends of the earth.

6. The Congregation of the Little Sisters of the Poor is an international apostolic religious Institute of pontifical right, with public perpetual vows. In regard to its internal government and its discipline, it is under the exclusive and immediate authority of the Apostolic See, its autonomy being assured by Canon Law.

7. The legislation of the Congregation is contained in its Constitutions. The approbation of these, as well as the introduction of modifications, is reserved to the Holy See. These modifications will be presented to the Holy See, in view of their approbation, only after having been requested by the General Chapter with a two-third majority of votes.

The Constitutions are complemented by supplementary codes: Directory and Custom Books, which are revised and adapted by the General Chapters, according to the requirements of times and places.

8. The Constitutions assure, in the midst of diversity, the profound unity of the Congregation and fidelity to its charism. They commit us to advance steadfastly in the following of Christ. For this reason, we will often meditate on them in order to live them in an ever better way.

All the Little Sisters are, by equal right, members of the Congregation. Each one, irrespective of her task, contributes to the fulfillment of the ecclesial mission of the Congregation by her dynamic fidelity to the Constitutions.

The Constitutions do not oblige under pain of sin, except in what concerns the matter of the vows or in what would be already prescribed by a law of God or of the Church. However, every transgression, whether personal or communal, hinders the perfection of love.

9. Since hospitality exercised towards the Aged poor is the exclusive apostolate of the Congregation, no house will be founded or accepted for any other purpose.

2. OUR NAME: EXPRESSION OF OUR SPIRIT

"Do not be afraid... I have called you by your name: you are mine." Is 43:1
"What happiness for us, to be a Little Sister of the Poor!" Jeanne Jugan

10. The spirit of the Congregation is the evangelical spirit expressed by Jesus in the Beatitudes. Our Mother Foundress Jeanne Jugan, faithful to the inspiration of the Holy Spirit, radiated particularly in her life gentleness and humility of heart, which enabled her to surrender herself, in simplicity, to the joy of hospitality towards the poorest.

That is what our name *Little Sister of the Poor* denotes: it encompasses an exacting program, in conformity with the Gospel and the doctrine of the Church.

11. *Little.* "If you keep the spirit of humility and simplicity, never seeking the world's esteem, then God will be glorified and you will obtain the conversion of souls. On the contrary, if you become haughty and proud, that will be the Congregation's downfall."

The Church, following Christ the Redeemer, is conscious of being called to fulfill her mission by giving an example of humility and abnegation. She encourages religious to live their consecration in humility. The Congregation, by reason of its own charism, is invited to be a sign, in the Church and in the present world, of the humility of the Savior and of his self-emptying. We must never lose sight of this essential aspect of our vocation.

In order that our collective witness may be authentic and recognizable, each of us will personally endeavor to correspond to our Mother's counsels: "Be little, very little, very humble." "Littleness," which calls for magnanimity, is revealed to us through the noble silence of Sister Mary of the Cross, who allowed herself to fall into oblivion, persuaded of being "a zero," the last of all.

12. *Sister.* The word *Sister*, which replaced the word *Servant* at the moment when Jeanne Jugan and her first companions pronounced the vow of hospitality, is full of profound meaning. It signifies not only our consecration to God, but the exigency, accepted and loved, of being *Sisters* to the Aged poor.

The full significance of this new name is contained in a sentence of the rule at that time: "The Sisters of the Poor clothe and nourish brothers and sisters in the faith." The family spirit of the Congregation, an integral part of our hospitaller mission, finds its source and its expression in the name *Sisters*.

13. *Of the Poor.* Christ was sent by his Father to bring Good News to the poor, to heal the broken-hearted.

Our vocation of Little Sister of the Poor makes us enter fully into this way of life, inspired by the Gospel. The reception of the Aged poor and our total devotedness to them in humble service commits us to this royal path of poverty, walking in the footsteps of our Mother Foundress: she had nothing, believed herself to be nothing, all her confidence was in God, she "awaited all from God."

14. *Little Sister of the Poor.* Our very name invites us to view all things in the light of faith and to live by faith: "Never forget that the poor are Our Lord." For Jeanne Jugan, *the Poor* defined her vocation. God had waited for her in *the Poor*; she had met and found him in *the Poor*.

To be a *Little Sister of the Poor*, reminds us of those to whom we have vowed our lives, and of our desire to go always to the poorest, to create a flow of apostolic collaboration and fraternal charity, in order to assist Christ in the Poor. For each one personally, it is an invitation to share in the beatitude of spiritual poverty, leading us towards that radical dispossession which surrenders a soul to God.

II CONSECRATED LIFE

3. CONSECRATION

"Follow me." Jn 1:43
"God wants me for himself." Jeanne Jugan

15. Religious consecration is a covenant wherein is expressed our free and loving response to the gratuitous call of God to live entirely for him through the profession of the evangelical counsels, which are sealed by our vows of chastity, poverty, obedience and hospitality.

16. Through baptism, we received divine life and were consecrated to God forever. Through the profession of the evangelical counsels, God calls us by his Spirit to love him above all things, and he consecrates us in a new way, for his work.

Rooted in our baptismal consecration, our religious consecration is thus a fuller expression of it.

17. The resolve to follow Christ as our one and only necessity, so as to make him the center of our life, leads us to renounce certain things which — although good and legitimate in themselves — could divert us from this resolution, so that we can imitate Jesus who in his life was chaste, poor, obedient and merciful.

18. A manifestation and sign of the love of God, our religious consecration belongs to the life and holiness of the Church. It bears witness to the new life acquired by the Redemption, announces the Kingdom to come and shows the preeminence of heavenly goods and the power of the Holy Spirit who pours his love into hearts. It dedicates us, according to our vocation of mercy, to work for the extension of the Kingdom of God, with the humility of a daughter of Jeanne Jugan.

19. We will fulfill our consecration by advancing each day towards God, leaning on his faithfulness and supported by our vows. These bonds, freely contracted before God, signify our profession of the evangelical counsels. They render it firm and stable, helping us to advance with joy along the path of charity, which alone gives life to the practice of the counsels and the observance of the vows.

20. Joyfully undertaken and faithfully lived, this gift of ourselves — which embraces our whole existence — enriches the life of the Church. A vocation is a call which the Lord, always faithful, renews for us until the end of our life. We must remain attentive to this call. By his grace, we will always better understand its full significance and will respond to it with deeper maturity and greater love, for the greater glory of the one and undivided Trinity.

21. We make public profession, during the Eucharistic celebration, according to the traditional

formula:

"In the presence of the Blessed Trinity and of Mary Immaculate, I, Sister..., make profession of the evangelical counsels into the hands of Mother..., Superior General of the Congregation of the Little Sisters of the Poor (or: of Mother..., representing Mother..., Superior General of the Congregation of the Little Sisters of the Poor) and promise God to observe faithfully the vows of chastity, poverty, obedience and hospitality for... (one, two, three years or forever), according to the Constitutions."

22. We often renew our profession privately; we renew it together each year on the feast of the Immaculate Conception of the Blessed Virgin Mary, according to the following formula:

"In the presence of the Blessed Trinity and of Mary Immaculate, I renew with all my heart my profession of the evangelical counsels, and promise God to observe faithfully the vows of chastity, poverty, obedience and hospitality which I have made forever (or: for two or for three years) in the Congregation of the Little Sisters of the Poor."

23. Desirous of that self-effacement which was dear to our Mother Foundress, we retain in the Congregation the custom of having a religious name, and the tradition of not wearing exteriorly our profession crucifix.

24. We wear the religious habit of the Congregation as a sign of our consecration to God and as a testimony of poverty. Simple and modest, it includes a veil, as well as a scapular which recalls our spiritual link with the Hospitaller Order of Saint John of God.

4. CHASTITY

*"I will betroth you to myself for ever...
with tenderness and love;
I will betroth you to myself with faithfulness." Ho 2:21-22*

"My good Jesus, I have only you." Jeanne Jugan

25. Chastity, for the sake of the Kingdom of heaven, is a precious gift of grace which liberates our heart and enflames it with love for God and all humanity. It is only in humility and poverty that this gift can be received and preserved, after the example of Mary, whose littleness drew down the Gift of God.

26. By the profession of chastity, we wish to consecrate ourselves with an undivided heart to God alone, in fidelity to his call. The Holy Spirit invites us to enter more deeply into the intimacy of the Son's relationship of love with the Father.

27. The vow of chastity, made within the Church, signifies our response to this divine gift. It commits us to live perfect continency in celibacy, offering our being as a living victim, holy and acceptable to God.

28. Source of spiritual fruitfulness for the world, virginity brings to fulfillment that which marriage already signifies: the love between Christ and his Church. We are aware of being called to a fuller manifestation of this love, which announces the future resurrection and the glory of the heavenly Kingdom.

29. Thus associated with the mystery of Christ's death and resurrection, we embrace the renunciations entailed by our vow, in particular, solitude of heart which renders us more capable of the generous gift of ourselves to others.

Chastity lived in faith liberates us from egoism, increases our power of loving and, far from being an obstacle to the fulfillment of our true personality, allows it to develop by teaching us what it is to love God for himself alone and to love others with God's own love.

It is the source of apostolic fruitfulness and makes us available to serve our brothers and sisters in the exercise of mercy radiant with joy.

30. The family spirit of the Congregation creates an atmosphere where virginity of heart can blossom in trust, mutual respect and the simplicity of cordial relationships. Authentic fraternal friendship is respectful of God's designs for each one. We will keep in mind that great spiritual maturity remains necessary in order that such friendship be the expression of chastity, promote the union of the entire community in charity and not impair the candor of relationships with our Superiors.

31. Asceticism is essential to chastity, which penetrates to the very depth of the human person. Our actions, thoughts and affections will harmonize with this purity of heart to which we aspire. Besides the natural means necessary for physical and mental health, an energetic way of life, the duties of state and the mortification encountered in conformity to common life are indispensable in order always to retain the mastery of our senses and of our heart, for God.

In our various dealings with others, we will know how to combine affability with prudence and reserve.

In the use and choice of relaxations, reading matter and the means of social communication, we will act with a freedom of heart capable of discernment and of voluntary sacrifice.

Our habitual serenity will bear witness to the joy found in our consecrated chastity.

32. Our fidelity is founded, above all, on God who has consecrated us. "He who calls us is trustworthy," and we entrust ourselves to him.

We will draw from the Eucharist, source of purity and sacrament of love, the grace to offer ourselves unceasingly in union with the sacrifice of Christ.

The Immaculate Virgin will help us to achieve the virginal gift of ourselves, in the maturity and the delicacy of our vocation as women.

We will walk in the footsteps of Sister Mary of the Cross, who lovingly kept her heart for God alone.

5. POVERTY

*"How happy are you who are poor:
yours is the Kingdom of God." Lc 6:20*

*"It is so beautiful to be poor, to have nothing,
to await all from God." Jeanne Jugan*

33. Consecrated poverty finds its source in the life of Christ and in his message of salvation. "His state was divine, yet he... emptied himself to assume the condition of a slave, and became as men are."

It was to enrich us by his poverty that, rich though he was, he made himself poor. He came to bring Good News to the poor and to open to them the Kingdom of heaven.

34. Imbued with this example, we draw from contemplation of the Son of God, poor and annihilated, the desire to resemble him, and we understand that the profession of poverty is love before it is renunciation. With joy, we acknowledge ourselves to be radically poor, awaiting all from him who has given us everything.

Faithful to this attitude of soul of Jeanne Jugan, we are eager to take this path, in order to unite

ourselves to Christ and to serve his poor.

35. Our vow of poverty confirms us in these dispositions, "in order to acquire the perfect detachment from earthly goods recommended by the divine Master as the first condition for arriving at perfection."

For God, we renounce the natural right of using and of freely disposing of all material goods and of the fruits of our work. Everything that we receive in the way of gifts, pensions, insurance, becomes the property of the Congregation.

We may also be permitted to renounce our patrimonial goods, in view of a more radical dispossession, for the love of Jesus Christ who was poor.

36. Everything is in common in the Congregation and in each house. We will generously progress in the spirit of detachment, never considering ourselves proprietors of things given for our use, or of our time or our talents, allowing our Superiors to freely dispose of them.

Members of a family of poor, we are grateful for all that we receive from the Congregation, refraining from demands which the poor would not make as regards food, clothing, or equipment for work, etc. We will rejoice when these things will be really poor and of little value and we will take great care of them, as the poor know how to do.

37. In order that the Congregation may give the witness of evangelical poverty that the Church and the world expect of it, we will have among us "a holy emulation to advance in the practice and the spirit of poverty," bringing to it "a loving attention, a special care, a daily solicitude and a generosity which nothing can discourage." We will be happy to keep in our communities the seal of simplicity and austerity which is becoming to Little Sisters of the Poor.

38. Our condition of being poor in the world exacts submission to the law of labor. Through our assiduous work, carried out for the Kingdom of God, in free service to his poor and not for financial gain, we assimilate ourselves to those who toil to gain their livelihood.

As our resources come partly from the collecting and are the fruit of sacrifices in favor of the Aged, it would be contrary to justice to use them for inconsiderate expenses. However, the Superiors, "with maternal charity," endeavor to procure for the Little Sisters whatever is necessary for them both in health and in sickness.

39. Our first Little Sisters witnessed, through their poverty, to the fatherly goodness of God. Following after them, we continue to place all our hope in him. We entrust ourselves to Divine Providence which has manifested itself in such a remarkable way since the beginning of the Congregation. We accept neither revenues nor other forms of guaranty in perpetuity. We will have at heart always to grow in gratitude and absolute confidence towards our heavenly Father.

40. Poverty opens the way to charity and inspires a desire to share. On the level of the Congregation, the provinces and the houses, it finds its expression in a spontaneous and habitual fraternal mutual aid. Our poverty enables us to be open and generous to the needs of the Church;

Articles 173 to 176 of the Constitutions make clear the practical dispositions which are essential for living, in spirit and in truth, this chapter on poverty.

6. OBEDIENCE

"Here I am! I am coming to obey your will." Heb 10:7
"Refuse God nothing... We must do all through love." Jeanne Jugan

41. The food of Christ Jesus was to do the will of his Father. In order to accomplish it, in a free response of love, he took on our human condition. Humble and like unto us, he came to serve and give his life for the salvation of the world. Obedient unto death, and unto death on the Cross, Son of God though he was, he learned obedience through suffering. He has become for all who obey him the source of eternal salvation.

42. Through the profession of obedience, we make to God the total offering of our will, in order to unite ourselves to his saving will, conform ourselves more fully to Jesus Christ who was obedient, and live the Paschal Mystery more intimately.

"Grafted into the Cross," we affirm by our profession the filial orientation of our being towards God and our open readiness to his Holy Spirit.

43. The vow of obedience engages us to obey precepts given, according to the Constitutions, by our legitimate Superiors, who hold the place of God.

Animated by a simple view of faith, we have the certitude of proving our love to God by accomplishing his holy will at each instant, through the human mediation of our Superiors.

44. Our religious obedience becomes an ever more living expression of our love for God. Enlightened and strengthened by faith, it brings about an attitude of humble and filial abandonment, makes us adhere to all the providential dispositions of the divine will and believe in the power of his grace to overcome difficulties.

45. The more fully we conform to the will of God, expressed by obedience, the more we will have the assurance of progressing in union with him, of witnessing to the spiritual liberty of the children of God, of exercising our apostolate efficaciously and of working for the building up of the Body of Christ.

46. We obey the Sovereign Pontiff, our highest Superior, by the very reason of our vow of obedience. We are faithful to this word of advice of our Mother Foundress: "The Holy Father before all," persuaded that there is nothing better "than to be attentive to this light which shines in the midst of the darkness of this present world." With filial piety, we will obey all the decisions of the Church.

47. Towards our Superiors, our obedience will be prompt, faithful, simple, frank and cordial. We will love them sincerely, pray for them and show them supernatural confidence, for the sake of Christ whose place they hold.

We will ask them our permissions with loyalty and simplicity, receiving authorizations or refusals with a supernatural spirit, humility and gratitude.

48. In a spirit of faith and love for the will of God, we will bring the resources of our intellect, the strength of our will, our human talents and the gifts of grace to the accomplishment of our assignments and activities, harmonizing the sense of initiative with that of dependence.

49. Dialogue with our Superiors, established in an atmosphere of truth and humility, facilitates true obedience by a surer seeking for the divine will. That is why we may, and sometimes should, humbly and filially expose our opinion, our projects and our difficulties. In order that dialogue be authentic, we will keep in mind that the relationship obedience-authority is one of love in faith which unites us to God and to his plan of salvation.

50. Those who, because of their age or their health, are less capable of contributing their part of active devotedness to the common work, have at heart to progress in obedience, following Sister Mary of the Cross, so that the example of our humble Mother Foundress may remain living in our communities.

All of us moreover, whether elderly or younger, "will show a noble emulation on this point,"

through love for God and also to aid those who serve in authority to do so joyfully.

51. In order to remain faithful to its spirit and mission, the Congregation needs the bond of unity assured it by obedience based on charity and humility. Whether we must make decisions or put them into effect, obedience unites us fraternally in the shared responsibility of the common good sought together. It assigns us our share of service and gives our apostolate a community value. It invites us to a total availability, to accept changes of places and persons and to go anywhere, without any other desire than that of the accomplishment of the will of God and the realization of the mission of the Congregation in the Church.

52. In imitation of our Mother, Sister Mary of the Cross, we take as the model of our life of obedience, Mary, the Mother of Jesus who, as the handmaid of the Lord, consecrated herself totally to the Person and the work of her Son. Together with him, dependent upon him, she served the mystery of Redemption.

7. HOSPITALITY

*"I was hungry and you gave me food;
I was thirsty and you gave me drink;
I was a stranger and you made me welcome..." Mt 25:35*

"Never forget that the poor are Our Lord." Jeanne Jugan

53. Hospitality, which consecrates us to the service of the Aged poor, is the fruit of the charity which the Holy Spirit pours into our hearts. It is based on the words of our Lord. He gave us as the first and greatest commandment to love God with our whole heart and our neighbor as ourselves. He gave charity as the sign of his messianic mission. He placed before us the example of the Good Samaritan and invited us to follow it. He proclaimed: "Happy the merciful." He identified himself with his neighbor, and recognized as done to himself all that was done to his brethren.

54. The Church has received from Christ the mandate to prolong his mission of charity until the day of the final triumph of love, when the Son of Man will return in glory.

Faithful to this desire of the Savior, the Church encourages works of mercy and she considers this exercise of charity as a duty.

55. With maternal joy, the Church had approved the vow of hospitality for the Hospitaller Order of Saint John of God. Our Mother Foundress, pursuing her particular charism, found in this vow a privileged means of expressing the gift of ourselves to our apostolate of charity.

Consecrated hospitality is, in the midst of the world, a witness to the mercy of the Father and the compassionate love of the Heart of Jesus.

56. The vow of hospitality brings to perfection our gift to the Lord. It gives specific form to, and reveals the selfless dedication and availability of heart and will which are found in the vows of chastity, poverty and obedience for the service of God and neighbor.

57. By our vow of hospitality, we promise God to consecrate ourselves to the service of the Aged poor, according to the apostolic purpose of the Congregation and according to its Constitutions.

The object of our vow is to practice the corporal works of mercy, in view of the salvation of souls, and to spare no effort to attain this end. It confers on all our activities a special value emanating from our consecration, for they always contribute to the good of hospitality.

58. In order to practice the spirit of this vow, we employ our strength and spend our lives in the service of the Aged. Without sparing fatigue or labor, we serve them day and night with promptitude and love and with the same spirit of religion that we would have in serving Jesus Christ himself, for it is he in truth whom we receive and assist in the person of the poor, as he expressly taught in the Gospel: "Anyone who welcomes you welcomes me." — "I tell you solemnly, in so far as you did this to one of the least of these brothers of mine, you did it to me."

59. Each one in the community brings her collaboration to the common task, always in humility, good understanding and peace, so as to radiate the joy born of the practice of hospitality.

Whenever the work brings us "difficulties and thorns, we will know how to face and surmount them, animated with full confidence in God." If hospitality demands sacrifices of us, "we will be happy to immolate ourselves in this way, obscurely and entirely, for the good of souls. Nothing can give us, every evening, a more solid consolation than the thought of having, faithfully and at every moment of the day, accomplished our duty with a pure intention, a generous abnegation and a contented heart."

60. Living according to the spirit of Jeanne Jugan, humble so as to love more, we will animate our apostolic zeal with faith, hope and charity. We know that at the time of the parousia, the Lord — reversing the roles and manifesting the mystery of hospitality — will himself serve at table, will himself share his meal with us.

III COMMUNITY LIFE

8. OUR FRATERNAL LIFE

"By this love you have for one another, everyone will know that you are my disciples." Jn 13:35

"See how Jesus, Mary and Joseph loved one another, all three, how happy they looked, with what kindness and gentleness they spoke to each other. In our little family, it must be the same." Jeanne Jugan

61. Christ has chosen us and brought us together in the same profession of the evangelical counsels, in order that we may live in fraternal communion and be witnesses in the midst of the world to his love, revealed in the mystery of unity of the Trinitarian life.

62. In the tradition of the Congregation, our fraternal community life has as model the life of the Holy Family at Nazareth.

Union of hearts is achieved in Jesus, recognized and loved in the person of the Poor.

Gentleness and kindness reign there, and the "little family" radiates evangelical charity. All its members, united to the Mother Superior, seek the will of God and consecrate themselves for his sake to the humble service of the poor.

63. According to the spirit of Sister Mary of the Cross, our fraternal charity, based on faith, is lived in humility and marked with simplicity and respect. Its purpose is to help us grow in love for God, which on our part requires liberty of heart, strength and thoughtfulness. It is in everyday life, first of all, that we must give witness of these sentiments.

We show each other kindness, gentleness and cordiality, rendering one another — wholeheartedly and with pleasure — all the little services possible, and striving to maintain, even in the incessant encounters of common life, an unalterable serenity and a pleasant approach towards all.

64. Conscious of our responsibility with regard to our community, we each endeavor to be an element of its unity, by surmounting and sacrificing our selfish or individualistic interests.

For each of our Little Sisters we share the Lord's own gaze of love. Thus, it becomes easy to share together joys and sorrows and to be fraternally and discreetly attentive towards those whom we sense to be experiencing difficulties.

Bearing one another's burdens, we accept, receive and esteem each other, with our limits, our weaknesses and our differences, in a true understanding of cultures, mentalities and ages. We appreciate our diversity and our complementary aspects, which give us the sense of universality.

65. The need for authenticity in charity makes us attentive that nothing divide us. We will be prompt in asking pardon and in being reconciled to one another, prompt also to humbly repair our failings and to make the first step.

If the search for good asks us to practice fraternal correction among ourselves, we shall do so with humility and courage, after having prayed.

Our prayer asks, for all, the grace of fidelity to the gift of our vocation. It also reaches out to those who have separated themselves from the Congregation.

66. Our communities are happy to surround our sick and elderly Little Sisters with affection and thoughtful care. They are the object of attentions which prove to them our gratitude and help them to feel they are vital members of the Congregation, which they support by their prayer and by the serene acceptance of their condition.

We should prepare ourselves for the final stage of our life with which, by our vocation of Little Sister of the Poor, we have for a long time been placed in contact. We know all the spiritual riches it contains for a soul who lives by faith and understands the meaning of suffering and detachment. In obedience, silence and a more intimate familiarity with God, we will continue to live our consecration in union with Jesus, until he comes.

Our fraternal prayer accompanies our Little Sisters beyond death, according to what is established in the Congregation (cf. Directory).

67. A community of Little Sisters, living in complementarity and unity, gives unassuming witness of the unselfish and joyous charity of Christ's disciples.

From fraternal life flows great apostolic energy; each one feels involved and no one acts on her own: her task is always the work of the hospitaller community. The apostolic mission is a strong bond for the community, by which all the Little Sisters come to share the same sentiments, in humility, peace, and love for God.

9. OUR FRATERNAL LIFE

ITS CONDITIONS

*"Where two or three meet in my name,
I shall be there with them." Mt 18:20*

*"To be a good Little Sister, one must love God and the poor
a great deal, and forget oneself." Jeanne Jugan*

68. Union with God is the support of a fraternal life which is built around the permanent presence of the Eucharist, the center and source of its unity.

The liturgy, privileged form of community prayer, gathers us together in the same faith and the same love for the daily celebration of the Eucharistic Sacrifice and the divine Office of praise.

69. In community life, charity engenders a need for silence. Each one of us is responsible for the atmosphere of peace which must reign in the community and facilitate prayer, as well as work and rest.

During the day we will know how to discern, in the light of charity and utility, whether it is preferable to speak or to keep silence. Purity of intention in seeking God and in serving others will help us in this discernment. We will speak with gentleness, reserve and in a moderate tone of voice.

The time of the great silence invites us to be attentive to God in a more profound interior recollection.

70. Fraternal life cannot exist without encounters which are an excellent means of seeking the will of God, increasing fraternal charity and better accomplishing the apostolic work.

The community will be kept informed on a regular basis concerning the daily life of the home and its projects, within the limits of discretion inspired by charity.

Community dialogues will take place in an atmosphere of prayer. Clarity of expression, and gentleness in receiving and respecting the thoughts of others, promote an environment of mutual confidence favorable for bringing out the points of common accord and for better grasping the truth, without seeking to impose one's ideas.

Happy to repair together, in a spirit of fraternal charity and humility, whatever on our part may have been an obstacle to the fervor of the community, we participate in the community chapter. It strengthens the bonds of a genuine, loyal and faithful charity.

For the cooperation and participation of all in the apostolic goal, we meet regularly for a community council. This collaboration makes us realize our personal obligation with regard to the common good and develops our understanding of responsible obedience.

71. Our two daily recreations help us deepen the joy of living together; each one brings to them her personal contribution.

We are eager to participate in these communal moments of relaxation since they help us to get to know one another; they nurture an atmosphere of joy and spontaneity and enable us mutually to enrich one another, always with littleness and charity.

Meals, taken in common and habitually in silence, enable us to thank God, who provides us so generously with his material blessings.

72. Daughters of Sister Mary of the Cross, continuing her work, we love the Congregation where the charity of Christ has gathered us together.

We will always place more joy and eagerness into seeking the common good than if we were acting for ourselves.

The sense of universality unites us heart and soul with the life of the entire Congregation. The solidarity and the responsibility of each one with regard to the Congregation are shown by a desire to know its history, its traditions and its development; they are also expressed by our readiness to go wherever obedience calls us to serve.

73. The family spirit extends beyond our communities and overflows into our family relationships, inspired by charity and gratitude. Our affection is more truly authentic, and fruitful in grace, in the measure that it is purified and deepened by our vocation.

Our community is open, according to the demands and opportunities of our apostolate. When using the means of social communication, we do so with prudence and discretion.

We maintain contacts of friendship and mutual help with other religious communities.

Our apostolate associates us with numerous people who, in diverse ways, collaborate with our work. Our dealings with them will be inspired by justice and charity, marked with sincerity and humility.

74. The temporal realities, in the midst of which we live, urge us to build — while humbly

recognizing our imperfections — fraternal communities which will be signs of the Kingdom of God.

IV SPIRITUAL LIFE

10. LIVE THE SENTIMENTS OF JESUS CHRIST

"I am the Way, the Truth and the Life." Jn 14:6

"I no longer see anything but God." Jeanne Jugan

75. In his mercy and love, God has predestined us through his Son to participate in his divine life which is charity. Here on earth, this divine life is growth in faith, hope, charity and configuration with Christ through a progressive conversion of our sentiments to his, according to the grace of our vocation of Little Sisters of the Poor, in its personal, communal and apostolic dimensions.

76. Faith, a gift of God, introduces us into the spiritual reality of the Kingdom which Jesus announced as being close at hand. It thrives in obedience to his law and expresses itself through fraternal charity. Finally, it is sealed by fidelity and confidence, for we know in whom we have placed our trust.

In our judgments and activities, we seek then to be penetrated with a great spirit of faith, in order to surmount our likes and dislikes, our subjective impressions, and human appearances. Thus we will be able to welcome the word of God and let ourselves be instructed by it, in order to discern Christ in our brothers and sisters and soundly judge the true meaning of temporal realities. Our life will then become a perpetual and vivifying act of faith.

77. Proof of invisible realities, faith is the foundation of supernatural hope, animating our entire life by orientating it towards eternal goods, which although invisible are already present. Through hope, which is undeceiving, we will find our support in the grace of God. In all events we will know how to discover the action of Providence, which extends to all peoples its manifestations of goodness and designs of salvation. Strong in this conviction, we will draw from it courage in difficulties, and will abandon ourselves joyfully into the hands of our heavenly Father, with the humble but unshakeable confidence of Sister Mary of the Cross, saying, "If God is with us, it will be accomplished."

78. God is charity. The love between God and man has as well-spring the eternal love of the Father and the Son in the Spirit. Jesus reveals this love to us. He teaches us love for our neighbor which cannot be separated from love for God. Christ has loved us and delivered himself up for us. He invites us to follow him along this way of love and to imitate the very love of God himself.

We will make charity the soul of our conduct. God's love for us will be our great strength and will sustain us against lassitude in the accomplishment of our duty. Our fraternal charity will be: cordial towards our Sisters, "chosen by Divine Wisdom" to share our life, apostolic towards the Aged, and universal, since every person is our neighbor.

79. Our vocation of Little Sisters of the Poor cannot be lived sincerely unless we lovingly place ourselves in the school of Christ, "gentle and humble of heart." Only from Jesus will we be able to learn to sincerely consider ourselves the least, to desire this place, to clothe ourselves with humility in our mutual dealings, to embrace any task or humiliation whatsoever with equanimity, and to say, "I am a useless servant," with the conviction of Sister Mary of the Cross, who effaced herself in all that God willed of her, and like a grain of wheat fallen into the earth, bore much fruit.

80. A constant abnegation is no less necessary for us "in order always to serve God and the Aged with a prompt will, a serene countenance and a joyful heart, in the midst of the most monotonous tasks, the most unforeseen mishaps and the deepest repugnances."

The duty of state, the usual form of our penance, will enable us to respond to the exigency of Jesus: "If anyone wants to be a follower of mine, let him renounce himself." It will be our principal means of practicing liberating asceticism which associates one with Christ in his passion and resurrection. Through the mortifications asked by the Church and the Congregation — abstinences, fasts, vigils, penances — we "make up all that has still to be undergone by Christ for the sake of his body, the Church." In a spirit of reparation, we also willingly impose on ourselves, always within obedience, those personal sacrifices which love will inspire.

81. We will delight in a life "hidden with Christ in God," for he has promised to make his home in those who love him and keep his word. To acquire, preserve, and develop in ourselves that familiarity with God which is the fruitful source of fraternal and apostolic life, the habit and practice of silence is required. Silence is the first condition of dialogue with God and man. Its observance will be born in us from an exigency of love.

11. LIFE OF PRAYER

*"All these joined in continuous prayer, together with...
Mary the mother of Jesus." Ac 1:14*

"Pray... you have need of grace." Jeanne Jugan

82. Whether personal or communal, prayer expresses and strengthens our relationship of filial love with God. It profoundly unites our life, for it keeps us aware of both God and man. That is why we bring to all the manifestations of our life of prayer "an affectionate care and a simple and profound piety"; they so unite as "to form a chain, the links of which mutually support each other" and their influence thus extends to all the circumstances of our lives.

83. Jesus gives us the example of assiduous personal prayer. He teaches us how to pray. He sends his Spirit to pray in us. By the spirit of prayer and the daily practice of mental prayer — nourished by Sacred Scripture and the liturgy — our personal love for Jesus and our intimacy with him will grow, the seeking of God in all things will become a familiar habit to us, and we will learn to love a hidden life and humble devotedness in the service of the poor. We will be faithful to the thirty-five minutes of daily mental prayer, usually made in common.

84. The summit of our prayer is participation in the Eucharistic Sacrifice, memorial of the death and resurrection of Christ, in which he nourishes us with his Body, unites us to each other and offers us to his Father together with himself.

In order to participate in this Sacrifice each day, in a full and active manner, we deepen within ourselves the dispositions of universal charity and humble pardon, according to the recommendation of the Lord. The Body of Christ, received with humility, gratitude and love, will increase in us generosity, purity of intention and joy. The visit to the Blessed Sacrament gives witness to our faith and our love for Christ, who "is in our midst, and dwells with us, full of grace and truth." It renews in us the grace of the Eucharistic Sacrifice, and gives us the opportunity of another half hour of prayer.

85. Through the divine Office, Jesus, Eternal High Priest, associates us with himself in the prayer of adoration, praise and intercession which he offers to his Father. The divine Office — the public prayer of the Church — is for us a source of personal prayer and also its nourishment. It consecrates to God

the unfolding of each of our days. We celebrate Lauds, Vespers and Compline together. The daytime Hour is said privately. Daughters of the Church, we offer the Liturgy of the Hours in the name of all creation, and we bring to it a loving attention and as perfect a contribution as possible.

86. God, with fatherly tenderness, enters into conversation with us in Sacred Scripture, which communicates his word to us. From this treasure confided to the Church, to fulfill the needs of our hearts, we will draw strength for our faith and nourishment for our souls. The Gospel, above all, will be the permanent and pure source of our spiritual life. Its meditated reading will teach us the eminent knowledge of Jesus Christ. Spiritual reading also brings us into contact with the doctrinal teaching of the Church and the best spiritual authors. We will set aside two and a half hours for this every week.

87. We desire the sacrament of penance, source of divine life, prolongation and renewal of baptismal grace, as an encounter with the Father's mercy, revealed in Jesus Christ. It is God's pardon for our faults and a gift of grace which transforms our soul and enriches it with the strength and the gifts of the Spirit. It also increases charity which unites us in our communities and in the Church. Receiving it frequently with joy, we will then radiate this joy and a more transparent purity in our whole life.

88. In order to progress in union with God, we "pause for a moment each day in the presence of Christ, to renounce ourselves and offer ourselves to his grace," by contemplating him in one or other of his mysteries or virtues. In this light, we examine the efforts we must make in order to conform ourselves more perfectly to our divine Model. The particular examen is a very advantageous means of maintaining within us an attitude of conversion to God.

89. Each day, the recitation of the rosary makes us contemplate the life, passion and resurrection of the Son of God made man. We thereby enter more deeply into the mysteries of salvation. Mary, Mother of Jesus, Mother of the Church and our Mother, draws into our souls the Holy Spirit who makes us share in "the Mysteries of the Son of God."

90. In his immense love, God, the Father of mercies, has given us the loving Heart of his Son, so that having one heart with him we may love him perfectly, and so that our hearts, united to each other and to the Heart of Jesus, may live in his charity.

This devotion, which manifests "the love with which God has loved us through Jesus," is an authentic and particularly necessary form of piety towards Jesus Christ, King and Center of all hearts.

In this devotion to the Heart of Jesus, which animated our Mother Foundress, we will find the source of a more intense spiritual life and of a more fruitful apostolic and missionary zeal.

91. From its very beginnings, our hospitaller family developed under the special protection of Mary Immaculate, "our Mother, our model, our joy and our protection." All our chapels are dedicated to her. The seal of the Mother House and those of the Provinces bear her image and the letters J.M.J.

This simple and profound devotion transformed the life of our Mother Foundress who, through continual meditation of the rosary, penetrated the secrets of the Heart "of Jesus and Mary" for, "to come to the Heart of Mary is to come to Jesus." Like Sister Mary of the Cross, we will take Mary for our Mother and, through her example, we will learn how to listen to and keep the word of God, to love virginity, docility to the mysterious designs of Providence, poverty, humility, silence and sacrifice.

92. In contemplating Saint Joseph, head of the Holy Family and its provider, Sister Mary of the Cross turned to him with an unshakeable confidence to obtain "bread for her poor," and she chose him as Protector of the Congregation.

We will have an enlightened devotion to Saint Joseph, seeing in him a father, in the likeness of our heavenly Father, whose Providence watches especially over little ones.

Patron of the Church, Joseph offers us the example of his greatness: that of having made of his

life a service rendered to Christ through love, a sacrifice to the mystery of the Incarnation and to the redemptive mission which is linked to it.

Realizing how our Mother Foundress was drawn by the just, humble and silent soul of Joseph, we take him as our model of union with God in faith.

93. A life of intimacy with God requires periods of prolonged contact with our spiritual sources. Our annual retreat of eight full days and a triduum of recollection respond to this need. Each month, a personal retreat day is an invitation to spend more time in prayer, the source of spiritual progress.

V APOSTOLIC LIFE

12. OUR HOSPITALLER MISSION

*"The spirit of the Lord has been given to me...
He has sent me to bring the good news to the poor." Lk 4:18*

"When you will be near the poor, give yourself wholeheartedly." Jeanne Jugan

94. The Church has confided to the Congregation its apostolic mission in fidelity to the charismatic gift received by Jeanne Jugan.

Hospitality towards the Aged — priests or laity — suffering because of their age from poverty, loneliness or other difficulties, is an immense field for the apostolate which involves us in the temporal realities of the time and the country in which we live.

This mission has a character of permanency since, according to the very words of Jesus: "You have the poor with you always"; moreover old age, of itself, brings with it dependency and poverty.

However humble and laborious it may be, our evangelical apostolate will always be, for us, the dearest to our heart.

95. In continuity with the prophetic intuition of Sister Mary of the Cross, we have at heart to discern, with purity of intention and a spirit of humble service, the inner thoughts and needs of the Aged:

- recognition of their dignity, desire of being respected, esteemed and loved, and the longing to feel themselves useful;
- apprehension of solitude, together with the wish for a certain independence and privacy;
- need for security, in health as in sickness, until death.

96. We strive to respond to these needs by progressing in the exercise of hospitality, with respect and attention towards each of the Aged. A vision of faith leads us to discover Our Lord in them and impregnates our action of ingenious charity in order to "console and rejoice" them, with eagerness, patience and gentleness.

97. "God, who has fatherly concern for everyone, willed that all men should constitute one family and treat one another in a spirit of brotherhood." The family spirit that Sister Mary of the Cross established in the first foundations, and that each Little Sister must have at heart to preserve, shows her understanding of the divine plan.

Little Sisters of the Poor, we are at the service of the Aged. We take them for our family, and in daily life we try to show them that our devotedness is spontaneous, faithful and gratuitous. The fraternal life of the community will lead them to form bonds of friendship among themselves, expressive of mutual charity, which create an atmosphere of peace, security and dialogue. This family

spirit fosters the personal growth of each one; it respects their liberty and enables them to overcome difficulties and personal sufferings.

The participation of the Aged in the life and in the activities of the home gives them "the pleasure and honor of utilizing the capabilities that God still leaves them."

98. The service of the Aged poor, this heritage received from our Mother Foundress, requires us — both personally and as a community — to be diligent in the exercise of "the corporal works of mercy which, besides their own excellence, open the way to the benefits of the spiritual works of mercy." By means of our tasks of hospitality, personal contacts with the Aged are established. In order to manifest the family spirit uniting us to them, we seek opportunities for such contacts with a spirit of sacrifice, availability, and devotedness.

A balance, between the number of Little Sisters and that of the lay personnel directly assigned to hospitality, is to be established in each house so that the spirit of Jeanne Jugan may be kept alive there.

99. According to the saving will of God and the spirit of the Church, we offer the same welcome to the Aged of all religions.

Our zeal is respectful of the liberty and dignity of each person, as also of each one's beliefs. At all times, we give witness to respect for life.

We are aware that the problem of our future destiny is present to the Aged, and invites them to find their support in the eternal values of faith. For those who share our beliefs, we will do our best, discreetly and tactfully, to help them draw closer to Christ. We know through experience that "the moments and ways of grace are not the same for all," and know likewise "to what degree of virtue the simple and upright Aged can attain, if they are aided."

100. Our vocation orientates us towards authentic spiritual ecumenism, through the charity, humility and gentleness which the exercise of hospitality and the practice of the collecting presuppose.

The numerous contacts which we have with our brothers and sisters of other Christian confessions will gradually increase mutual esteem, thus preparing the way to unity.

101. We share with one another the joy of keeping constant vigil near the Aged who are dying, so that they are never left alone. This preparation of their souls for the eternal encounter is the summit of our apostolic action. It associates us with the mystery of the agony of our Savior. We confide those who are in their agony to Mary, Gate of Heaven, to Saint Joseph, patron of the dying, and to our Mother, Blessed Jeanne Jugan.

13. APOSTOLIC EXIGENCIES OF HOSPITALITY

*"There is no greater love than this:
to lay down one's life for his friends." Jn 15:13*

*"Love God very much, so that later on... near the Aged,
you will care for them well, because it is Jesus himself
whom you care for in them." Jeanne Jugan*

102. "Whoever remains in me, with me in him, bears fruit in plenty; for cut off from me you can do nothing." It is with this firm conviction that we aspire to an intimate and personal union with Christ. We seek him, simply, in faith, hope and charity and discover him in prayer. His love urges us to serve him in the poor, and in this way to associate ourselves to his work of salvation. Thus, little by little, we will achieve in our life a profound unity between contemplation and action, since this unity dwells in divine charity which leads us with the same élan towards prayer and apostolic action.

103. The silent and persuasive influence of our consecrated life, lived in a fraternal community, is the most efficacious means of reaching the souls of the Aged. We will be charitable, humble, prudent and gentle towards them, and never become discouraged if the good accomplished is slow and hidden. Attentive to the recommendation of Sister Mary of the Cross: "Knock, knock at the gate of heaven for souls," we have it at heart to pray very much for the Aged.

104. In order to respond to the call of the Aged of all countries, we must become poor in spirit, so as to be able to listen to them with littleness and become assimilated to them in all truth. This spiritual poverty, extending into our hospitaller mission, prevents us from being self-complacent in the good that God works through our mediation. It prepares us for a lucid, well-informed collaboration that is desirous of progressing and of entering into dialogue with those who pursue similar objectives.

105. The desire for progress and adaptation, in those fields beneficial for the care of the Aged, calls for training and competencies corresponding to our hospitaller mission. We will incessantly strive to improve them throughout our life.

We appreciate the grace of accomplishing our apostolic work as a community, and strive together to achieve it. We willingly participate in teamwork, which is exacting from the point of view of virtue, reflection and organization, keeping in mind that the Congregation's witness is given in ordinary, everyday living and not by remarkable deeds.

106. Among the People of God, our apostolic vocation places us continually in the heart of earthly realities, and at the same time calls us to turn incessantly towards eternity. Thus, to all who are journeying towards the Kingdom, we are invited to show respect for life — of which God alone is the master — and the transcendency of spiritual goods and of eternal values.

14. THE COLLECTING

"The man who is kind to the poor lends to Yahweh: he will repay him for what he has done." Prov 19:17

"She acted as an apostle: even when collecting, she sought spiritual good." Testimony — Jeanne Jugan

107. The awareness of the Fatherhood of God, with which Jeanne Jugan was penetrated, made her look upon sharing as a normal gesture within the large human family, in which all men are brothers and are invited to share the goods of creation according to the law of justice which is inseparable from charity. It was in this spirit that she provided for the subsistence of her work through the collecting, following, in this regard, the time-honored tradition of the Church and the example of the Hospitaller Brothers of Saint John of God.

This evangelical perspective remains true down through the years because the profound law of transformation of the world is the commandment of fraternal love, since God has confided each one to the love of all.

108. The collecting affirms our fidelity to the reception of the poorest Aged. It necessitates an attitude of humility and interior poverty and makes us live the spirit of the Beatitudes without illusion. It bears witness to our confidence in God, which makes us rely on the intervention of Providence, without however neglecting human means.

109. Through the collecting, Jeanne Jugan associated the laity to her work, since she desired that a channel for grace might be opened in their soul through their acts of selfless charity.

The entire community will have an interest in the apostolate of the collecting. The Little Sisters who participate in it will always be two when going out. Imbued with the dispositions of Sister Mary of the Cross, they will remain united with Our Lord, receive donations or refusals with equanimity, and return home calm and joyful.

We will show deep gratitude towards our benefactors, and we will pray for them.

110. If we accomplish the collecting in this apostolic spirit, we help augment the impetus of charity which should animate all men of good will in favor of the poor, and we work towards making Christ and his Kingdom known.

15. MISSIONARY ACTIVITY

*"And when I am lifted up from the earth,
I shall draw all things to myself." Jn 12:32*

"We were grafted into the Cross." Jeanne Jugan

111. Ever striving to proclaim the Gospel to all humanity, the Church invites her sons and daughters to advance along the narrow way of the Cross in order to proclaim the Good News throughout the whole world. Our religious consecration obliges us to become more fully aware of our responsibility for the spreading of the Gospel.

112. Although Jeanne Jugan, herself, was not able to go to the Aged of all continents, she rejoiced at the missionary expansion of the Congregation. We keep alive in our heart the desire for the evangelization of the world. Zeal for the salvation of souls ransomed by Christ the Redeemer urges us on and incites us to a spirit of sacrifice. In addition to prayer, we share with and mutually assist our missionary communities.

The widespread expansion of our apostolate to the ends of the earth is, for the Congregation, a grace of renewal and a source of vitality.

113. When obedience confirms the call of the Holy Spirit to go to a mission country or a missionary house, the Little Sister will prepare for her future work by developing her spirit of prayer, sacrifice, forgetfulness of self, and openness to others. She will also acquire the appropriate doctrinal and apostolic formation.

114. With hearts opened wide, our missionary communities will adapt themselves to the customs of the country, learn its language and traditions and, in sincere dialogue, discover with joy and respect the riches that God has distributed to all peoples.

By an authentic evangelical life, by gentleness and constant charity towards the Aged, they gradually open the way to Jesus, Redeemer of Man.

VI FORMATION OF A LITTLE SISTER OF THE POOR

16. VOCATION

"You did not choose me, no, I chose you." Jn 15:16

*"It is a great grace that God has given you
in calling you to serve the poor." Jeanne Jugan*

115. For the joy and holiness of the Church, our Mother, we desire an increase of priestly and religious vocations. The future of the Congregation depends on the generous response of youth to the call of the Lord.

Prayer and the witness of our consecrated life, lived in the joy of a united community, are certainly the surest means for fostering vocations. We also endeavor to make the Congregation accurately known, together with its missionary dimension.

116. The vitality of the Congregation is assured by the formation which conditions, in great measure, the spiritual depth and the apostolic radiance of each Little Sister.

To follow Christ and imitate him more closely, by living the grace of baptism in all its fullness in consecrated religious life, necessitates a spiritual transformation, which is a work of divine grace, of a generous correspondence and of a formation consistent with the Gospel and the spirit of the Congregation.

117. The formation of a Little Sister of the Poor initiates her progressively to detachment from all that is not related to the Kingdom of God, to the practice of humility and obedience, to poverty, prayer, habitual union with God, to apostolic zeal and hidden devotedness on behalf of the Aged poor. Impregnated with the spirit of Sister Mary of the Cross, this formation develops the spiritual attitudes which were dear to her: lively faith and confidence in Providence, personal love for Christ recognized in his poor, forgetfulness of self, and simplicity. This formation must continue throughout life.

118. At all stages of formation, a respectful attention is given to the person. Differences in the development of each individual vocation are taken into account by a pedagogy which is evangelical, flexible, patient and progressive.

This flexibility does not tend to foster individualism. On the contrary, it helps the Little Sisters, each with her own human and spiritual richness, to respond freely to their common vocation.

Norms for formation are seen from this perspective. In this way, each Little Sister is led to assume fully, with profound personal convictions, the responsibility of her commitment.

17. SISTERS RESPONSIBLE FOR FORMATION

*"I did the planting, Apollos did the watering,
but God made things grow." 1 Cor 3:6*

*"Allow yourselves to be well formed to religious life...
We must be very simple with our Superiors." Jeanne Jugan*

119. Formation rests, above all, on the action of the Holy Spirit, who invites with force and gentleness but leaves full liberty for the response. The Little Sisters responsible for formation have the role of respecting and seconding the action of the Holy Spirit in each one.

120. These Little Sisters depend directly on Mother General for their mission. They will have the secular and religious knowledge indispensable for their task, as well as practical experience in hospitaller life.

To the qualities of affability and warmheartedness, they will join knowledge of the things of God, love for the Church in its universality and the spirit of the Congregation — a spirit of humility, kindness, gentle firmness, and love for the Aged poor.

121. The final responsibility for formation rests with Mother General. The complete program of formation is always submitted to her; it is developed with the Formation Mistresses, with the help of the General Council and that of the Mothers Provincial.

All those responsible for formation must work in a great spirit of collaboration in order to assure unity and continuity of formation during the different stages of the probation period: postulancy, novitiate, juniorate, year preparatory to perpetual vows.

122. Every community of Little Sisters has an interest in formation and contributes to it principally by the example of its life and through prayer.

18. PREPARATION FOR RELIGIOUS LIFE

"Jesus looked steadily at him and loved him." Mk 10:21

"Be grateful for your vocation. My little one, profit well of your novitiate. Refuse God nothing." Jeanne Jugan

Admission

123. The discerning of a vocation presupposes a sufficient mutual knowledge on the part of the young woman and of the Congregation. Contacts and conversations with a community of Little Sisters, and in particular with the Superiors, are necessary.

Before her admission is decided upon, those responsible will make sure that the young woman possesses certain dispositions and aptitudes: she seeks God, loves the poor, has intelligence and balanced judgment, a sufficient affective maturity, a character capable of leading a life in community, and the health needed for a life of devotedness.

Postulancy

124. The postulancy is a period of psychological and spiritual transition, which prepares the candidates for a responsible choice. Its duration is from six months to one year.

This period should help the Congregation make an initial judgment about the vocation of a postulant. The postulancy enables the candidate to see if the vocation of humble service of the Congregation truly responds to God's call for her.

125. The postulants participate in the life of prayer and in the apostolate of the community and of the novitiate. Their religious education is supplemented, according to each one's needs.

The postulancy is concluded by an eight day retreat.

Novitiate

126. "As the Congregation, on account of the work which Divine Providence has confided to it, needs to find in its members a high degree of charity, humility, abnegation and devotedness; and moreover, as the preservation of the spirit which characterizes a religious family depends above all on the manner in which the novices are formed, the greatest care is given to the training of those whom God calls to serve him in the Congregation."

127. The time of the novitiate is fixed at two years. The novice is initiated into the essential requirements of religious life. She engages herself to follow Christ through the practice of the evangelical counsels and formation to the apostolate of the Congregation, and she strives to progress

in intimate union with him. It is from this union that all apostolic activity must flow.

128. With the ideal of her vocation placed before her, the novice is guided by the Mother Mistress who, with understanding and respect for her personality, shows her the means of achieving it and of freeing herself of the obstacles within her which impede the action of grace. In an atmosphere of confidence and openness, she orientates her generosity towards the total gift of herself to the Lord, in faith and humility.

The essential task of the Mother Mistress is to make the Person of Our Lord Jesus Christ known and loved by the novices, teaching them to seek him alone, and to do all things with a view to pleasing him. In order to attain this end, she teaches them true devotion to Mary, the perfect model of docility to the Holy Spirit. She makes of the novitiate a school of love.

129. During the novitiate, a primary place is given to initiation into prayer, vital means of union with God in availability to all the manifestations of his will, humbly recognized in the concrete circumstances of life.

Understanding that "to form Jesus within us, must be our desire, our concern, and our principal occupation," the novice nourishes her prayer by meditation and Eucharistic adoration. She appreciates the value of silence, recollection and detachment from self as being favorable to the action of the Holy Spirit. Community prayer is expressed in the novitiate by a living liturgy.

130. The teaching given is comprised of the study and meditation of Sacred Scripture, a solid doctrinal and spiritual formation and initiation into liturgical life and the spirituality of the Congregation, the tradition and history of which the novices are eager to know. Adherence to our Holy Father and love of the Church, in her universal and missionary perspectives, impregnate this teaching.

131. During this period of probation, each novice endeavors to live integrally the evangelical counsels, which she desires to seal by public vows. She accustoms herself to the practice of the characteristic virtues of a religious and of a Little Sister of the Poor: responsible obedience in faith, authentic fraternal charity in the surpassing of exclusive and sentimental affections, love of poverty and of humble and hidden work.

The Mother Mistress teaches the novices not to become discouraged by their limitations, for no one can give herself to God and her brothers and sisters without first possessing herself in humility. She teaches them to find their joy in "littleness," according to the counsels of Sister Mary of the Cross.

132. The time of the novitiate includes one or several periods of apostolic training in a house of the Congregation. These teach the novice to find, in charity, unity between prayer and action and enable her to be formed to the care and love of the Aged, seeing Our Lord in them, since she aspires to the honor of becoming a Little Sister of the Poor. These periods of apostolic training will also help her to acquire generous abnegation and a spirit of sacrifice. The example of union and fraternal mutual aid, given by the community which receives the novice, helps her to experience these factors of progress and perseverance.

133. At the end of her novitiate, in full liberty, the novice takes the responsibility of personally writing to Mother General to ask permission to make her first temporary profession, for which she will prepare by an eight day retreat.

19. PROFESSION AND INCORPORATION INTO THE CONGREGATION

"God has called you and he will not fail you." 1 Th 5:24

"I am happy to see you filled with good will to serve God in his suffering members." Jeanne Jugan

134. Incorporation into the Congregation is brought about by the successive steps of the novitiate, of temporary profession and the remaking of temporary vows, and finally by perpetual profession which establishes a stable and irrevocable bond between the Little Sister and the Congregation.

For entrance into the novitiate or for the making of vows, each Little Sister writes to the Superior General several months in advance, requesting her admission.

Incorporation into the Congregation does not imply that one belongs definitively to any one Province. Every Little Sister belongs to the Province to which obedience assigns her.

135. The public profession of chastity, poverty, obedience and hospitality is made the first time for two years and a few additional months, according to the date of the profession, in such a way that the remaking of vows takes place on the feast of the Immaculate Conception of the Blessed Virgin Mary; it is in this sense that the formula of profession must be understood.

136. The second time, the temporary vows are usually made for three years. If the time of probation must be prolonged because of studies, the good of the Little Sister, or another serious reason, they will be made once more for one or two years. The duration of the temporary probation will be from five to six years. If the Superior General judged it advisable to further prolong this time, it may never exceed nine years.

137. At the expiration of temporary vows, the Superior General, with the deliberative vote of her Council, admits to perpetual vows those Little Sisters who are definitively found capable of leading the life of the Congregation.

Perpetual profession brings religious consecration to perfection, since "firmer and more stable bonds reflect a better image of Christ united to the Church, his bride, by an unbreakable bond."

Conscious of the importance of this act, which binds the Congregation and herself, each Little Sister weighs her responsibility before God and matures her decision in a filial dialogue with her Mother General.

This definitive commitment is preceded by an eight day retreat.

20. THE STAGES OF FORMATION

"Remain in my love. Whoever remains in me... bears fruit in plenty." Jn 15:9,5

"Nothing is small in religious life. All must be done through love." Jeanne Jugan

138. In order to be faithful to the greater love of God and neighbor to which our profession commits us, we have the duty and responsibility of advancing throughout our life, in the religious and human spheres, without a selfish seeking for personal valuation, but with humility and simplicity.

139. During the period of her temporary vows, the Little Sister pursues her religious, apostolic, doctrinal and technical training, according to her aptitudes. She learns to achieve a profound unity in her life, and develops a sense of duty and responsibility.

The formation program of the temporary professed Little Sisters is habitually comprised of two years of apostolic life in a community, and one year of doctrinal juniorate in a house organized for this purpose, with a Mistress of formation. Professional studies may be undertaken after this year, according to the capabilities of each one and the needs of the apostolic life.

140. The definitive and essential act of perpetual consecration requires that it be preceded by a sufficiently long preparation, spent in quiet and prayer. For this purpose, all the Little Sisters usually go to the Mother House for a year of second novitiate. When the moment comes for them to benefit of this time, they will make known their desire to their Mother Provincial.

141. The spiritual formation received during the course of this international year tends to help them acquire the degree of spiritual maturity needed in order that religious life be a means of perfection and greater love, and not a burden too heavy to carry. It makes them grow in their love for the Church, assures unity of minds and hearts within the Congregation, and enables them to imbue themselves with the spirit of our Mother Foundress, there in the places where she lived.

142. An on-going formation will place our spiritual life on solid foundations. We continually deepen our doctrinal knowledge, especially by frequently reading Sacred Scripture and the magisterial documents of the Church, in order to strengthen and develop within us faith, hope and charity. In her life, Sister Mary of the Cross shows us the example of this simple and profound spiritual growth. Spiritual renewals will be organized on a regular basis.

VII THE GOVERNMENT OF THE CONGREGATION

21. THE GOVERNMENT, GUARANTOR OF THE CHARISM AND OF UNITY

*"There is no authority except from God,
and all authority that exists is established by God." Rm 13:1*

"We are only the instruments of his work." Jeanne Jugan

143. The Congregation endeavors to live as a large "family gathered together in the Lord's name."

In religious life, authority is confided by God to a government designated according to the Constitutions. Its purpose is to promote the personal holiness of each one and the apostolic fruitfulness of the Congregation, in fidelity to its charism.

The government assures union of hearts and wills by facilitating the realization of God's plan for each one, and by coordinating the efforts of all the communities and Provinces in view of the common work, which is the accomplishment of our mission in the Church.

144. By reason of its supernatural foundation, the government will always be spiritual. It is not at the service of a human organization but of the apostolic religious life. It is from this perspective that it respects and utilizes the natural fundamental principles which regulate life in society: collaboration, subsidiarity, participation on all levels.

145. The exercise of authority is seen as a humble service, which should express the goodness, gentleness and charity of Christ. In sincerity, simplicity and trust, it shows each one the respect due to the human person, and knows how to combine firmness with understanding kindness, in view of seconding the action of the Holy Spirit.

146. Collaboration on all levels of government is an efficacious aid for more easily discerning the will

of God. Each Superior will therefore willingly and frequently consult her collaborators, members of the different Councils: General, Provincial and Local.

All those who participate in these Councils will show "moderation in their opinions, humility, sincerity in giving their advice, and respect for the feelings of others." They will keep the required secrecy and will be eager to promote the carrying out of the decisions taken. These same dispositions should animate each member of a Chapter, a Council, and likewise of a whole community, collaborating for the common good.

147. The principle of subsidiarity allows each one to assume her responsibility, according to what is determined by the Constitutions for a specific office. It enables a more rapid expedition of affairs and a better adaptation to the requirements of times, places and mentalities.

Frequent, confident and profound communications between Superiors are also required in order that the vital union of the Congregation in its diversity may be fostered. It is in this way that union of mind, heart, will and observances links all the communities to the Holy See, to the Mother House, and to the Superior General. The Mothers Provincial with the Mother General, the local Mothers with Mother Provincial and Mother General, will have personal mutual relations marked with submission, devotedness, sincerity and cordiality. They will communicate these same sentiments to each Little Sister, dispelling whatever could be an obstacle to them;

148. The participation of all the Little Sisters is indispensable in order to assure a fruitful government. Each one will be aware of her responsibility and the loyal support she should bring to authority.

In order to promote the effective participation of all, consultations for the charges, Councils of the Congregation and of the Provinces are organized on a regular basis.

Participation is also achieved by the simple and loyal relationships which the Little Sisters have with their Superiors, particularly at the time of the regular and extraordinary visitations. Persuaded that charity asks them to indicate what seems to them to be helpful for the common good, they may speak in all confidence, since she who is making the visit is held to secrecy, as they are themselves. From an atmosphere of mutual understanding and the seeking for the will of God is born gratitude for what is said or decided upon and a joyous eagerness to accomplish it.

149. The General Chapter, which possesses the supreme authority according to the Constitutions, is a representative assembly of the entire Congregation. It is the highest form of participation of all the Little Sisters in the government. It has, within the Congregation, the normative power. Its decisions are taken collegially.

The General Chapter in session does not exercise the ordinary governance, which belongs to the Superior General and her Council.

The Provincial Chapters — assemblies without legislative power — have as their function to prepare the General Chapter.

22. AT THE SERVICE OF THE CONGREGATION

"Here am I among you as one who serves." Lk 22:27

"We must know how to efface ourselves by humility in all that God asks of us". Jeanne Jugan

I. THE GENERAL GOVERNMENT

The Superior General

150. The Congregation is governed ordinarily by the Superior General, elected by the General Chapter. She is assisted by a Council.

The Mother General is invested with the highest authority with regard to the Little Sisters, by virtue of their religious profession. She directs, guides and governs them, as well as each community and each Province, according to the Constitutions.

She officially represents the Congregation before the ecclesiastical and civil authorities.

151. The Mother General is the guardian of the unity of the Congregation, in the diversity and the complementary aspects of the different Provinces.

She assures its fidelity to the directives of the Church, to the spirit of its Foundress, Jeanne Jugan, to the Constitutions and to the decisions of the General Chapter. She does this particularly through her circulars.

152. While courageously assuming before God and the Congregation her own responsibility, the Superior General will avoid too personal a government. For this reason, she will be happy to consult her Council frequently, even apart from the cases foreseen by the Constitutions.

153. In order to strengthen union of hearts and to have personal encounters with the Little Sisters and a more complete knowledge of situations, Mother General journeys to the different Provinces of the Congregation during the course of her mandate. Her visits will consolidate peace, charity and apostolic zeal. They will enable her to promote action and collaboration at all levels, in particular among the Provinces.

154. The Mother General exercises her mission "with charity and kindness, so that she may become the model of the flock confided to her. Keeping in mind that the Little Sisters of the Poor are the cherished children of God, she loves them tenderly in Our Lord."

In return, all the Little Sisters show Mother General the affection and respect due to her, and perfect obedience, in spirit and in truth. They will remain deeply grateful towards those who have exercised the charge of Superior General, always showing them particular deference.

The Assistants General — The General Council

155. The Assistants General, six in number, are cordially united with Mother General, being one with her. They share her responsibility, and their collaboration helps her to make wiser decisions, which are invested with greater authority and are more abundantly blessed by God, since they have been studied by different persons, who have been chosen by the Congregation to represent it and who are determined to sacrifice their own ideas for those of Our Lord, in whose name they are gathered together.

156. Under the presidency of Mother General, the General Council is composed of the Assistants General elected by the General Chapter as being particularly imbued with the spirit of the Congregation, and devoted to its interests, without distinction of places or persons. The General Council gives Mother General the constant help which she needs in the exercise of her functions.

157. The first Assistant General is chosen by the Superior General, from among her Assistants, to be her principal co-worker. She is Vicar General. In the event that the charge of Superior General becomes vacant, she governs the Congregation with full right.

The Bursar General

158. The Bursar General administers the goods of the Congregation, under the responsibility and

control of the Superior General and her Council, with whom she collaborates. Her charge calls for a practical mind, the capacity to embrace the whole of her administration without neglecting the details, and a right conception of poverty, taking into account the diversity of countries. She will have as exact a knowledge as possible of the financial and administrative situation of the Provinces, as well as of works in progress. The Bursar General will bring to her task great uprightness, respecting justice and charity.

The Procuratrix General

159. The Procuratrix General is given the responsibility of handling the affairs of the Congregation at the Holy See, according to the intentions and directives of the Superior General. She must observe absolute secrecy in the exercise of her office.

II. THE PROVINCIAL GOVERNMENT

160. The Congregation is divided into Provinces, erected by the Mother General with the consent of her Council, for geographical, cultural or apostolic reasons.

Each Province is governed by a Superior Provincial, who is a major Superior, and who officially represents the Congregation within her Province. She is assisted by a Provincial Council, whom she consults readily. She directs and administers the Province according to the Constitutions, the directives of the General Chapters and of the Superior General, with whom she remains in close liaison, in order that her Province may be a living cell of the Congregation.

161. The Mothers Provincial endeavor to be well acquainted with both the letter and the spirit of the Constitutions in order to be their living expression. In this way, they will lead the Little Sisters on the surest path for attaining the goal of their vocation. This is their essential mission.

The regular visitation and the passing visits in the houses are excellent means of exercising their mission of government and their spiritual role.

During the regular visitation, the Mothers Provincial receive each Little Sister in private.

Personal contacts, as frequent as possible, with all those for whom they have the responsibility before God, help them to discern the divine will for each one. In conversations and dialogues, marked with faith and mutual confidence, they listen to the Little Sisters and encourage them to have purity of intention in fidelity to the ideal of their vocation. They can thus better conciliate the personal good with the common good.

The Mothers Provincial are equally attentive to help the Mothers Superior and to form them in the fulfillment of their office.

162. The Provincial Council is composed of two or three Councillors, one of whom has the function of bursar. One of the Councillors is Assistant to the Superior Provincial and represents or replaces the latter in the measure determined by her.

Cordially united with Mother Provincial, the Provincial Councillors assist her with discretion, uphold her authority and facilitate her relations with the Mothers Superior and the Little Sisters. Their example and their words lead others to filial obedience.

163. Within the Congregation, a Vice-Province is generally a Province in the process of formation. It is confided to a Superior Vice-Provincial, who is considered as a major Superior with the same duties and the same rights as a Superior Provincial. She is assisted by two Councillors.

III. THE LOCAL GOVERNMENT

164. Each hospitaller house is governed by a local Superior assisted by a Council. The community habitually consists of at least ten professed Little Sisters.

165. The principal mission of the local Superior is to help each Little Sister live her vocation in a united, fraternal community, which is faithful to the purpose and spirit of the Congregation. She acts in close collaboration with Mother Provincial and she maintains regular communication with Mother General.

The Mother Superior presides at the exercises, distributes the assignments and coordinates the duties after consultation with her Council and dialogue with the Sisters concerned. She will be careful not to involve herself in activities which are prejudicial to the spiritual role expected of her by the community.

166. "Mindful that they preside over a family of poor, the Mothers Superior will consider themselves as being poor, lowly, and unworthy." In order to be totally given to the spiritual and apostolic well-being of the community, they will live in great union with God and docility to the Holy Spirit. Loving all their Little Sisters supernaturally, they encourage them by their example and counsels. With a spirit of foresightedness and wise firmness, they endeavor to assure, at one and the same time, the personal sanctification of each one and the harmonious cooperation of the entire community for the common good, being particularly attentive with regard to the elderly or sick Little Sisters.

167. The Mothers Superior carry out their mission with a great respect for persons. They make it their duty to maintain absolute discretion concerning confidential matters which the Little Sisters may spontaneously and filially entrust to them;

The Little Sisters will have a spiritual talk with their Mother Superior each month. This private visit will be centered on their personal religious sanctification and their fidelity to the spirit of the Constitutions; it will not be reduced to a conversation solely about exterior activities.

The Mother Superior will give a spiritual talk to her community every month.

168. The Mothers Superior share with their Council the responsibility of admitting the Aged. United with their Council, they have it at heart to promote the collaboration of the entire community in the running of the house. They neglect nothing in order that hospitality be exercised under the best conditions, with kindness and competence, encouraging initiatives along these lines. They take an interest in the Aged, listen to them and visit them as often as possible, being zealous for the good of their souls.

They are assisted by their Council with fidelity, respect and loyalty. In their absence, they are replaced by the Little Sister Assistant or, in her absence, by the Little Sister Councillor.

169. Persuaded of the importance of their spiritual role, all those who have received the mission of exercising authority devote themselves to it with humility and with enlightened devotedness. They must also, with courage, patience and intelligence, know how to make the necessary decisions and work towards their being put into effect, according to the Constitutions.

At the expiration of their mandate, they will appreciate an interval in the service of authority. This benefit will be accorded with a wise discernment which takes circumstances into account and which does not sacrifice the common good.

The same attitude of humility and of detachment is required for accepting or leaving a charge. The most perfect act being the accomplishment of the will of God, all will acquiesce with love to the dispositions of Providence for them.

NORMATIVE COMPLEMENT

I - THE VOCATION OF LITTLE SISTER OF THE POOR

NATURE AND MISSION OF THE CONGREGATION

170. The French text is the official text of the Constitutions and the supplementary codes. The translations must receive the approbation of the Superior General and her Council.

171. The Superior General for the entire Congregation, the Superior Provincial within her Province, the local Superior for her own community, can determine the practical application of an article of the Constitutions and temporarily dispense from a disciplinary point of these same Constitutions.

The Superiors, as also the Little Sisters, cannot grant or request dispensations except for just motives and with an understanding of their responsibility.

172. In whatever concerns public worship and their hospitaller work, the Little Sisters are under the authority of the local Ordinary, in conformity with Canon Law. The Bishop of the diocese has also the right at the time of a pastoral visitation, and if the need for it is felt, to visit the houses for whatever pertains to divine worship and the pursuit of the apostolic work.

II - CONSECRATED LIFE

POVERTY

173. The professed Little Sisters retain the bare ownership of their goods; it is even forbidden them to despoil themselves of this. They also retain the capacity to acquire other goods. However, in virtue of the vow of poverty, it is forbidden them to keep the administration or free use of their goods.

That is why, before their profession, the novices must yield the administration and freely dispose of the use and usufruct of their goods in favor of a person of their choice, even of the Congregation if they so wish and if the latter accepts. They do the same for goods which might come to them after profession. This cession is revocable but, in conscience, this revocation may be made only with the assent of the Superior General.

The professed Little Sisters may make, with the permission of the Superior, even local, the acts of ownership prescribed by civil law; however, for an alienation, the authorization of the Superior General would be required.

174. Before their perpetual profession the Little Sisters make with full liberty a will which is, as far as possible valid according to civil law, for all their personal goods and those which might come to them in the future.

This will may not be modified except with the permission of the Superior General, unless in case of urgency; in this case, the Superior Provincial or the local Superior would give the authorization.

175. The Superior General with the consent of her Council may permit a perpetually professed Little Sister to renounce the radical dominion and the ownership of her patrimonial goods, under the following conditions:

1. To make this renunciation for present goods and engage herself, by promise, to renounce successively goods which might come to her in the future.
2. To make it unconditionally and secretly.
3. To indicate the nature and the total value of the goods and in whose favor the renunciation would be made. If the situation required it, an expert would be consulted, with the agreement of the Mother Provincial.

4. To expose her motives to Mother General, from whom the permission is asked.
5. To wait for one year, during which period the Little Sister will render an account to Mother General of her work of dispossession, in her personal and community life.

176. The effective practice of poverty calls for, at one and the same time: dispossession, dependence, and a sense of sharing. That is why each Little Sister, whatsoever her function may be:

- will not behave as the "owner" of whatever is placed at her disposition in community (furniture, equipment for work, money...), or of any gifts received; she will ask the required permissions;
- will be dependent concerning money which in certain cases is entrusted to her, knowing how to render an exact account of it (needs of the Aged, travel...);
- will act with uprightness concerning whatever is for her own use and whatever she takes with her at the time of an obedience.

In this same spirit, the Mothers Superior will place at the disposition of their Mother Provincial, for the upkeep of the Province, money which would not be immediately needed for their house.

The Mothers Provincial, in a spirit of sharing and charity, will always be ready to help the Provinces less fortunate than their own and to provide for the needs of the Mother House.

The Superior General, together with her Council and the cooperation of the Bursar General, coordinates this interprovincial aid, in view of a judicious distribution.

III - COMMUNITY LIFE

177. Religious profession is lived, with the support of fraternal life, in a canonically erected house of the Congregation. Permission to leave it for a prolonged absence can be accorded only by the Mother General, with the consent of her Council, for a just cause. For the reasons and duration of such permissions, Canon Law will be respected. This permission will not be granted for reasons of instability in one's vocation.

178. In order to ensure the recollection necessary for any consecrated life and to safeguard its privacy, the enclosure will be habitually respected in the apartments of the community: cellules or dormitories, refectory, oratory and community room.

The confessor and the chaplain, as also a doctor, are accompanied whenever they must enter the enclosure.

IV - SPIRITUAL LIFE

179. The Superiors are attentive to give the Little Sisters the facility of receiving the sacrament of penance frequently.

The confessors may not interfere in the government of the community or of the Congregation. The Little Sisters, looking upon the sacrament of penance as a precious means of conversion and spiritual progress, will make their accusation "with humility, clearness and sincerity, avoiding scruples and useless protractions... without mingling with it matters relative to the community."

In this spirit, they enjoy the liberty of conscience accorded by Canon Law.

VI - THE FORMATION OF A LITTLE SISTER OF THE POOR

SISTERS RESPONSIBLE FOR FORMATION

180. All those responsible for formation (postulancy, novitiate, juniorate, second novitiate) are named by the Superior General with the consent of her Council. They are professed Sisters of perpetual vows. The Mistresses of the juniorate and novitiate must be at least thirty years of age and have six years of perpetual profession in the Congregation.

Throughout the duration of their charge, those responsible for formation may be local Superiors.

The collaborators of the Mistresses of formation are professed Sisters of perpetual vows and depend on the local Superior for what concerns their religious life.

PREPARATION FOR RELIGIOUS LIFE

181. According to universal Canon Law and our proper law, a candidate cannot be validly admitted to the novitiate:

1. Who would not be a Catholic.
2. Who would not have attained eighteen years.
3. Who would be over forty.
4. Who would be bound by marriage.
5. Who would be obliged by the bond of religious profession in another Institute, or who would have concealed her admission into it, or have been dismissed from it.
6. Who would enter the Congregation or would be received into it under the influence of force, grave fear or fraud.
7. Who would be implicated in secular transactions difficult to settle and likely to bring about an accusation of misdemeanors, lawsuits, debts, or serious anxiety.

The dispensation from impediments 2, 3 and 7 may be granted by the Superior General, with the advice of her Council, at the request of the Superior Provincial. For one who would have been a postulant, novice or a temporary or perpetually professed Sister in the Congregation and who would have lawfully withdrawn from it, the authorization of the Superior General with the consent of her Council is required.

In the two latter cases, repetition of the novitiate is not obligatory, the Mother General fixing a time of probation before the making of vows. In every case, the vows made will be temporary, for a minimum period of three years.

182. The Superiors Provincial accept the candidates for the postulancy. Together with the local Superiors, they have a great responsibility in the discerning of vocations. They will obtain all the information which prudence suggests, concerning the candidate and her family. The impediments will be made known to the young women, to prevent them from following a false orientation.

183. In order to be enlightened concerning the possible admission of a former postulant, novice or professed Sister of another Institute of consecrated life or of a Society of apostolic life, the Superior General will ask for a testimonial letter from the Superior General of the Institute or Society. She will make the decision, with the consent of her Council, conforming to the provisions of Canon Law.

184. Within the Congregation, the postulancy consists of two stages: a few months in a hospitaller house, under the responsibility of a Little Sister who has had a suitable preparation for this, then a few months in the novitiate house.

The decision to send a postulant to the novitiate is made by the Superior Provincial with the advice of her Council, upon presentation by the Little Sister responsible for the postulants.

185. Entrance to the novitiate is decided by the Superior General with the consent of her Council, upon presentation by the Superior Provincial with the consent of her Council.

The opinion of the Mother Mistress is heard by the General council for the novitiate of the

Mother House, and by the Provincial Council for the other novitiates. The documents sent by the Superiors Provincial and the Mother Mistresses are studied before a decision is made; in case of possible doubt, the question may be referred back to the Provincial Council.

186. The novitiate begins by an entrance rite, or in another manner stipulated in writing by the Superior General.

The novices are dressed alike throughout the Congregation.

The canonical validity of the novitiate requires a period of twelve months spent in the novitiate.

One or two periods of apostolic training, in a house of the Congregation, are integrated into the two years of formation; their total length will not exceed three months. They are not counted as absences from the novitiate.

During the canonical period, absences from the novitiate which exceed three months, either at intervals or continuously, render the novitiate invalid. An absence may be authorized only for a just reason; if it exceeds fifteen days, this time must be made up.

When a novice is transferred by the Superior General to another house of the Congregation canonically erected as a novitiate, the twelve canonical months are not rendered invalid.

187. When the number of novices would not of itself be sufficient to form a realistic community, the Superior General may organize the novitiate within a community of the Congregation capable of assisting in the formation of this small group of novices, under the direction of a Sister responsible for formation.

188. The novices may freely leave the Congregation.

The Superior General, with the Consent of her Council, and upon the advice of the Superior Provincial and that of the Mother Mistress, may dismiss a novice for a just reason. The novice will be given an explanation justifying this decision, without there being any obligation to disclose to her all the reasons.

189. If a novice renounces her goods or in any way encumbers them, these acts are null and void.

A novice who has personal goods may make her will before her profession.

190. The novices enjoy all the privileges and spiritual favors accorded to the Congregation: if they die, they have a right to the suffrages prescribed by the Constitutions for the professed Sisters.

PROFESSION AND INCORPORATION INTO THE CONGREGATION

191. For admission to profession, the same procedure is followed as for the entrance into the novitiate (cf. art. 185), as also for the prolongation of the novitiate for six months, in the case of a serious reason.

The Superior General or the Superior Provincial, or in their absence, the Mistress of novices, may authorize a novice in danger of death to pronounce her vows, without indicating the duration. If the novice recovers, the profession is no longer of value.

192. For the validity of every profession, according to universal Canon Law and our proper law, it is required:

1. That the admission be decided upon by the Superior General, in conformity with the Constitutions.
2. That the first temporary profession be preceded by a valid novitiate.
3. That the perpetual profession be preceded by at least five years of temporary vows.
4. That the profession be expressed in formal terms and made with full liberty.

5. Lastly, that it be received by the legitimate Superior, acting personally or through her delegate:
- in virtue of her office, the Superior General throughout the entire Congregation;
 - by the usual delegation:
 - the Assistants General throughout the entire Congregation,
 - the Superiors Provincial in their Province,
 - the local Superior or her substitute, in the absence of the above mentioned Superiors.

In case of need, the Assistants General, the Superior Provincial or the local Superior may sub-delegate the right to receive the profession of a Sister who is legitimately admitted.

193. A written statement of every profession is drawn up. It is signed by the professed Sister and by the Superior General or Provincial, or their delegate, who has received the vows. This statement is kept in the archives of the Congregation.

The first vows are generally made in the novitiate house, the remaking of temporary vows in the house of residence of the Little Sister, the perpetual vows habitually at the Mother House.

SEPARATION FROM THE CONGREGATION

194. The Superiors will strive to understand and help a Little Sister who would question her perseverance in the Congregation. They will urge her to pray. They will know how to listen to her and give her enlightened counsel to protect her from accommodating illusions or temptations. They will pray very much for her.

At the expiration of her temporary vows, a Little Sister may freely leave the Congregation, but not without having asked counsel from her Superiors. She must withdraw if, for legitimate reasons, she is not admitted to remake her vows or to make her perpetual profession, the prescriptions of Canon Law being respected.

If, during the term of her vows, a temporary or perpetually professed Little Sister left her community without permission, the Congregation, as a true mother, would spare no effort to look for her and help her to persevere in her vocation.

A professed Sister of temporary or perpetual vows may not leave the Congregation without having obtained from the competent authorities the dispensation from her vows. During the time of temporary vows, upon the request of a Little Sister, the Superior General, with the consent of her Council and after asking the opinion of the Provincial, may authorize her to leave the Congregation; the vows, by this very fact, would be annulled.

The dispensation from perpetual vows is reserved to the Holy See. A Little Sister may not request this indulgence of secularization except for very grave reasons, maturely weighed before God, and after loyal dialogue with her Mother General and her immediate Superiors. If the Little Sister does not revoke her decision, she will write to the Holy Father, addressing to him her request, clearly motivated, and will send it through the intermediary of the Superior General, who will forward it to the Holy See, attaching to it her opinion and that of her Council.

195. In the cases foreseen by and according to the procedure decreed in Canon Law, it would be possible for a temporary or perpetually professed Sister to be legitimately dismissed from the Congregation.

In both cases, the decree of dismissal will be issued by the Superior General after a collegial vote of her Council. It does not come into force until confirmed by the Holy See.

The effect of dispensation from vows or dismissal, obtained by the competent authorities, is secularization, which releases from every duty and obligation towards the Congregation. The former-professed Sister can claim nothing for services rendered. The Congregation will give her back her

personal goods and charitably help her to integrate herself into secular life once again.

196. With the consent of her Council, the Superior General may, for a serious reason, concede to a perpetually professed Little Sister an indult of exclaustation which authorizes her to reside outside of a house of the Congregation for a determined length of time (usually not beyond one year). The Little Sister retains the obligations of the religious life compatible with her situation. She is deprived of active and passive voice. She remains dependent on, and under the vigilance of her Superiors, with whom she remains in frequent contact. These latter notify the local Ordinary of her place of residence. A prolongation of exclaustation which exceeds three years cannot be obtained without recourse to the Holy See.

A period of transition and of readjustment is arranged for Little Sisters who resume community life again after a period of exclaustation. Consideration is given to individual needs.

197. The transfer of a perpetually professed Sister from one Institute to another requires the consent of the Superior General and of the Council of each Institute. The directives of Canon Law will be adhered to.

VII - THE GOVERNMENT OF THE CONGREGATION

THE GENERAL CHAPTER

198. The General Chapter exercises the normative power in view of protecting the charism proper to the Congregation and of promoting the adapted renewal of the Congregation according to this charism.

The General Chapter:

1. Elects the Superior General and the Assistants General.
2. Treats of major affairs concerning the general good of the Congregation.
3. Accepts or rejects the suggestions submitted to it.
4. Determines the points of the Constitutions which call for changes to be submitted to the Holy See, with two-thirds of the votes.
5. Revises the Directory and the Capitular Handbook, with two-thirds of the votes.
6. Studies the apostolic orientations of the Congregation and its extension.

The majority required by decisions relating to numbers 2, 3 and 6 is absolute majority.

199. The General Chapter assembles every six years. The Superior General, with the consent of her Council, sets the date and place for this meeting.

If the charge of Superior General becomes vacant, it is the duty of the Vicar General to convoke the General Chapter as quickly as possible, in such a way that it may assemble within the six month interval following the vacancy.

After having consulted the Superiors Provincial and with the consent of her Council, the Superior General may convoke, in the interval between two ordinary Chapters, an extraordinary General Chapter uniquely destined to deal with the affairs of the Congregation.

200. The members of the General Chapter are:

1. The Superior General, the Assistants General and the Bursar General.
2. The Sisters who have occupied the office of Superior General.
3. The Superiors Provincial and Vice-Provincial.
4. The Procuratrix General.

5. The Little Sisters delegated by the Provinces and Vice-Provinces, the number of whom will always be equal or superior to that of the members by right.
6. The Assistants General going out of office, if they have not been re-elected.

Each Province, according to its numerical importance, as determined in the Capitular Handbook, sends one, or two elected delegates to the General Chapter. The Sisters eligible for this are those having at least three years of perpetual vows.

The Mother General, with the advice of her Council, may invite some Little Sisters to the General Chapter as regional consultants or as experts in certain fields. They have the right to take part in the discussions, but not in the voting.

A Superior Provincial, prevented for serious reasons from participating in the General Chapter, would ask her dispensation from the Superior General. She would be replaced by her Assistant Provincial. If the latter had been elected delegate of the Province, she would come to the Chapter in the place of the Superior Provincial and would, in turn, be replaced by the substitute delegate. If the Assistant Provincial was prevented for another reason, Mother General, with the consent of her Council, would designate another Councillor Provincial to replace the Superior Provincial.

A delegate, dispensed by Mother General for a serious reason from coming to the Chapter, is replaced by the substitute delegate.

201. More than a year before its opening, the Superior General announces:

- The approximate date of the General Chapter;
- the methods of its preparation, the subjects to be studied;
- the date limit before which the Provincial Chapters must take place;
- The period allotted for the forwarding of personal suggestions to the General Chapter.

The Superior General convokes the members of the General Chapter at least six months before the date of its opening.

202. The Provincial Chapter is convoked by the Superior Provincial, with the consent of her Council, before the date limit set by the Superior General.

The Provincial Chapter:

1. Studies the reports and suggestions of the communities.
2. Transmits, together with its opinion and the reasons for it, the community suggestions destined for the General Chapter.
3. Sends to the General Chapter its own desiderata in view of the common good.
4. Elects the delegates of the Province to the General Chapter, and the substitute delegates, according to the procedure indicated in the Capitular Handbook.
5. The secretary of the Provincial Chapter sends to the General Council the official record of the elections, the report of the Provincial Chapter and the above mentioned documents.

The required majority in numbers 2 and 3 is two-thirds of the votes.

The Provincial Chapter is composed of:

1. The Superior Provincial.
2. Her Councillors.
3. The local Superiors.
4. The Mistresses of formation.
5. One delegate of perpetual vows, from each house in the Province, elected by the perpetually and temporary professed Sisters of her community.

6. One or two supplementary delegates, designated according to what is prescribed in the Capitular Handbook.

All those who participate in the Provincial Chapter are held to secrecy with regard to all that is not officially communicated.

In the event of absolute impossibility, the Superior Provincial may ask the authorization of the Superior General not to convene the Provincial Chapter. In this case, the local Superiors and the delegates to the Provincial Chapter would send their written vote to the Superior Provincial. The Provincial Council would count the ballot. The Sister who obtained the highest number of votes would be elected delegate to the General Chapter and she who received the second highest number, substitute delegate, if there is only one delegate for the Province; otherwise, the two mentioned above would be the delegates and the next two, the substitute delegates. The communities would also send to the Superior Provincial the written reports of their meetings, which would be opened by the Provincial Council.

For the holding of the Vice-Provincial Chapters, the same rules and the same procedure will be observed as for the Provincial Chapters.

203. The General Chapter is preceded by a retreat for all the capitulars.

The Superior General, with the advice of her Council, sets the time allowed for the capitulars to take counsel among themselves. All must realize their grave responsibility to choose those whom they believe, before God, to be the most capable of fulfilling the charges of Superior General and Assistants General.

After the elections, they remain held to absolute secrecy as to their own choice, or the probable choice of the other capitulars.

In its first session, the General Chapter verifies the faculties of the capitulars, considers the absences, which may not exceed one-third of the members, and all legislative difficulties being resolved, declares itself legitimately assembled.

Each Province remits the documents concerning its houses.

All the capitulars make a promise of discretion on the work of the Chapter.

The Chapter elects from among its members, in conformity with the Capitular Handbook, the secretary and the scrutators for the elections.

Upon proposal by the Mother General and of the Council going out of office, the capitulars elect, by relative majority of secret votes, a secretary for the General Chapter, who may be chosen from outside the members of the Chapter. She draws up the official record of all the acts of the Chapter. If it judges necessary, the Chapter could, in the same way, elect an under-secretary from among its members.

The Superior General going out of office presents the official report of her administration, signed by the Assistants General.

The Bursar General reads a report, approved by the General Council, of the financial situation of the Congregation since the last General Chapter. Following this, all appropriate oral explanations are given.

204. To be eligible for the office of Superior General, one must have ten years of perpetual profession in the Congregation and be at least forty years of age. The Mass of the Holy Spirit is celebrated immediately before the session for the election of the Superior General. After Mass, during thanksgiving, the capitulars promise on oath to elect as Superior General the one whom, before God, they believe the most capable of fulfilling this charge.

For the election of the Superior General, if the absolute majority has not been reached at the third ballot, a fourth ballot is held. Only the two Sisters who have received the majority of votes in the third ballot are eligible candidates, and in this case they do not take part in the voting. If the relative majority in the third ballot is distributed equally among more than two eligible Sisters, the two senior by profession, or if they have made their vows the same day, only the two senior by age are eligible for

the fourth ballot. In this last ballot, she who obtains the majority is elected, and if the votes are equally divided, she who is senior by profession or by age.

If a Sister not present at the Chapter were elected Superior General, the Chapter would suspend all deliberations until her arrival.

The Superior General is president of the General Chapter. She takes the oath which is mentioned in the Capitular Handbook.

It is her duty to announce all the elections that take place under her presidency.

205. The Assistants General, six in number, must be at least thirty-five years of age and have seven years of perpetual profession in the Congregation. The elections of the six Assistants General take place successively, in separate ballots, conformable to the Capitular Handbook. The absolute majority is required for the election of an Assistant General. After two consecutive mandates, two-thirds of the votes would be necessary in a first or second ballot. They may be re-elected if the General Chapter judges opportune, for within the General Council it is good to assure both renewal and continuity.

Those elected to these charges, and not present at the General Chapter, become members of it. They are immediately convoked.

The elections being concluded, the secretary for the elections draws up the official record of them. It is signed by the president and the scrutators.

206. For the carrying out of its work, the General Chapter observes the procedure established by the preceding General Chapter.

Before beginning to study the affairs to be dealt with (cf. art. 198), the written report of each Superior Provincial is read aloud to the Chapter. The Superior General makes a synthesis of the situation of the Congregation as a whole.

The mission and the powers of the General Chapter cease from the moment when the Superior General, in agreement with the absolute majority of the capitulars, proclaims the Chapter closed.

After the capitulars (and the secretary, if she is not a capitular) have signed the report book of the General Chapter, the seal of the Congregation is affixed to it.

The Acts of the General Chapter are drawn up, in conformity with the prescriptions of the Chapter. It is the duty of the Superior General to promulgate them, to send them to all the houses of the Congregation and to indicate the date on which they take effect.

THE GENERAL GOVERNMENT

The Superior General

207. The mandate of the Superior General is for six years. It is renewable if the General Chapter judges it opportune for the good of the Congregation. After two consecutive mandates, the majority required would be two-thirds of the votes in the first or the second ballot.

The habitual residence of the Superior General is at the Mother House of La Tour Saint Joseph.

If, during the course of her mandate, the Superior General believed that she was unable to carry out her office, she would set forth her reasons to the Holy See and present her resignation.

The Assistants General

208. The distribution of the functions of each Assistant General is decided upon by the Superior General; they are not in charge of a geographical sector. They have the duty to possess a good knowledge of the history and the legislation of the Congregation, and be acquainted with the Congregation's problems on all levels: spirituality, formation, apostolate, government.

The Superior General shares among her Assistants the different tasks of the general secretariat.

The Assistants General may receive, in view of a mission, a habitual or extraordinary delegation in writing from the Superior General, so as to be able to act in her name and by her authority.

They may habitually be the delegates of the Superior General for the canonical visitations and for presiding over reunions which she is unable to attend.

The Assistants General reside at the Mother House. They depend upon the Superior General for their personal religious life.

The mandate of the Assistants General extends from one ordinary General Chapter to the next. They are re-eligible (cf. art. 205).

An Assistant General who becomes unable to carry out her charge may, on her own initiative or at the suggestion of the Superior General, offer her resignation. The Superior General and the other Assistants General make a decision by secret vote, and with an absolute majority, in her absence.

The deposition of an Assistant General would suppose grave reasons, which could be a cause of serious harm to the Congregation. The Superior General, with the consent of her council, would have to refer the matter to the Holy See.

The Superior General and the entire General Council united collegially, elect Sisters to the charge of Assistants General, should these charges become vacant between two ordinary General Chapters.

The First Assistant General

209. The first Assistant General replaces the Superior General, in the measure and according to the norms determined by the latter and by the Constitutions: in case of absence, sickness, or if for any reason whatsoever the Superior General ceases to be in charge. The first Assistant then becomes a major Superior.

If a respectful admonition were to be made to the Superior General, or if it became necessary to counsel her to resign, it would be for the first Assistant General to do this, with humility and sincerity, through love for the Congregation.

In the event that the charge of Superior General becomes vacant, the first Assistant General is careful not to make decisions that are not of an urgent necessity. She must render an account of her provisional administration to the Superior General who will be elected.

The General Council

210. The Superior General or, in her absence, the first Assistant (or in the absence of both, a designated Assistant), convokes the General Council usually several times a week, at the minimum once a month. The Superior General always has the right to vote.

The Superior General chooses one of the Assistants General as secretary general. This latter writes up the minutes of the General Council, with the literal text of the resolutions submitted to the vote. These minutes are signed by the Superior General and by the secretary.

The Superior General, herself or by one of her Assistants, transmits the decisions of the General Council.

Submitted to the deliberative vote of the General Council are:

1. The convoking of an extraordinary General Chapter.
2. The date and place of the ordinary General Chapter.
3. The nomination of the Bursar General, Superiors Provincial and Vice-Provincial and the Procuratrix General.
4. Upon presentation by the Superiors Provincial, the nomination to the following charges: local Superiors, Assistants and Councillors both Provincial and local, Mistresses of formation and their collaborators.

The charges of Superior Provincial, Vice-Provincial, local Superior, Assistants and Councillors Provincial last for the length of time determined by the Constitutions, but with

- the possibility of this being prolonged or shortened by six months.
5. The deposition from a charge during the course of its mandate (after asking the advice of the Superiors Provincial for their Province).
 6. The erection or the suppression of a Province or of a Vice-Province; the transfer of a house from one Province to another, after consultation with the Provincials involved.
 7. After study on the Provincial level: the founding of houses, with the written authorization of the Ordinary of the diocese, and the closing of houses after consultation with the Ordinary.
 8. The establishing of a novitiate, its conditions of life and its location, its transfer or its closing.
 9. The establishing or closing of a juniorate.
 10. - The entrance of postulants to the novitiate, the admission of novices to the first profession, of temporary professed Sisters to perpetual profession.
 - The dismissal of a novice.
 - The permission for a Little Sister to live temporarily out of community, with the advice of the Superior Provincial (cf. art. 177).
 - The readmission of a former temporary or perpetually professed Sister of the Congregation.
 11. The authorization:
 - to renounce personal goods;
 - for important financial transactions, in particular, for alienation.
 12. The manner of applying to the Congregation the directives or faculties emanating from the Holy See.

Submitted as well to the deliberative vote of the General Council, are all the other matters for which the consent of the Council is required by universal Canon Law or by the Constitutions.

Submitted to the consultative vote of the General Council are:

1. The admission to the remaking of temporary vows.
2. The transfer of a Little Sister from one Province to another, after consultation with the Superiors Provincial involved.
3. The first obedience after perpetual profession.

The Bursar General

211. The Bursar General is named by the Superior General with the deliberative vote of her Council for a mandate of four years, which is renewable as often as is necessary for the good of the Congregation, given the importance of her mission. She will be at least thirty-five years of age and have seven years of perpetual profession in the Congregation.

The Bursar General studies the economic problems and presents them to the General Council, when they require the Council's approbation. She submits to the General Council her projects and her financial plan, and receives all relevant information which comes from the Provinces. Each year, she presents the annual treasurer's report for the verification and signature of the Mother General and her Council. She is called to the General Council whenever the Superior General sees the need for it.

That which is contained in article 214 concerning the resignation and the deposition of Provincial Superiors applies also to the Bursar General.

The Procuratrix General

212. The Procuratrix General is named by the Superior General with the consent of her Council. She will be at least thirty-five years of age and have seven years of perpetual profession in the Congregation. She may exercise at the same time another charge compatible with her functions.

The Council of the Congregation

213. Because of the multiplicity and diversity of problems and to enable all the Provinces to participate to a greater degree in the central government, a Council of the Congregation is constituted.

Under the presidency of the Superior General, it is composed of:

1. The General Council.
2. The Bursar General.
3. The Superiors Provincial and Vice-Provincial.
4. The Procuratrix General.

The Superior General convokes it once in the interval between two Chapters, or more often if an important matter requires it.

This Council is to provide the Superior General and her Council with information and to study problems on the level of the Congregation as a whole. It makes everyone realize the diversities to be respected in each region; it strengthens the bonds of unity and the sense of universality, which constitute the strength and vitality of the Congregation.

THE PROVINCIAL GOVERNMENT

The Superiors Provincial

214. The Superior Provincial is named for four years by the Superior General, with the deliberative vote of her Council.

She may fulfill three consecutive mandates in the same Province.

She must be at least thirty-five years of age and have seven years of perpetual profession in the Congregation.

What has been said in article 208 concerning the resignation of the Assistants General applies also to the Superiors Provincial.

The deposition from their charge would suppose reasons proportionate to the importance of the mandate confided to them. The decision would be made by the Superior General with the consent of her Council.

A Superior Vice-Provincial is named for three years by the Superior General, with the deliberative vote of her Council. She will be at least thirty years of age and have five years of perpetual profession in the Congregation. She may fulfill three consecutive mandates in the same Vice-Province. She may be at the same time local Superior, if there is only a small number of houses in the Vice-Province. Her Councillors are named in the same manner.

Within her Province, the Superior Provincial informs the Ordinaries of the dioceses when Superiors are changed and keeps them acquainted with apostolic accomplishments and projects which concern their diocese. It is with her that the Ordinaries make the arrangements for the appointment of chaplains.

The projects for foundations, or the closing of existing houses, will be very carefully studied by the Superior Provincial. She will forward precise and detailed information to the General Council before making any commitment.

The Mother Provincial keeps Mother General informed concerning the life of the communities. She communicates to her what she sees as being solutions to concrete situations, particularly for what concerns the nominations and propositions for the charges. She informs her of the transfers which take place in the Province. She facilitates the personal relations of the Little Sisters with the Superior General.

The Mother Provincial endeavors to make the regular visitation of her houses at least every eighteen months. She makes sure that the house is being properly administrated, regulates the collecting and inquires as to how it is being carried out. She sees that the books and registers are

verified by a Provincial Councillor during the year. At the end of the visit, the Superior Provincial makes mention of it in the Foundation Book; she signs this and affixes the seal of the Province.

She sends an official report of her visitation to the General Council.

The Mother Provincial is solicitous for the on-going doctrinal and apostolic formation of the Little Sisters. She organizes the spiritual retreats in such a way that they can be made under the best possible conditions.

When a postulancy, novitiate or juniorate is established in a Province, the Mother Provincial, in union with the Mother Mistress, endeavors to assure its good functioning.

The Superior Provincial, of the province where the novitiate or juniorate is situated, assures the regular visitation on the level of the religious life and the administration, but for that which concerns the program of formation, she has no proper jurisdiction.

Consultations

215. In order that each Little Sister may participate personally in the government of the Congregation, regular consultations are established:

1. Every two years, the Superior Provincial will take advantage of a visit to her communities to invite the Little Sisters to submit the names of members of the Congregation whom they know and believe to be capable of fulfilling the office of local Superior, Assistant, Councillor, or Mistress of formation. They will indicate the reasons for their proposals and will sign them. They will give these proposals to the Mother Provincial, who will read them and forward them to the General Council.
2. The Little Sisters will send directly to Mother General their proposals for the offices of Assistants General, Bursar General and Superiors Provincial, more especially before the expiration of mandates.
3. Before a Mother Superior finishes her term of three years, the Superior Provincial orally asks each Little Sister of the community to say, in all truthfulness before God and without allowing personal considerations to intervene, her thoughts on a possible renomination.
4. The Superior Provincial also consults the Little Sisters in the novitiate houses concerning the admission of postulants to the novitiate and of novices to the first profession.

For these consultations, the Little Sisters are bound by natural secrecy and must respect an absolute discretion among themselves.

The Provincial Councillors — The Provincial Council

216. The Provincial and Vice-Provincial Councillors are perpetually professed Sisters; they are named for three years by the Superior General, with the consent of her Council. Their mandate can be renewed.

The Superior Provincial distributes the various duties among her Councillors. One of the Provincial Councillors habitually accompanies the Superior Provincial on her journeys. She may delegate one of them, besides her Assistant, to represent or replace her (cf. art. 162).

Except when it is impossible to do so, the Superior Provincial must convoke her Council when a deliberative vote is required. For a consultative vote, the reunion is preferable but not obligatory. The Superior Provincial always asks the consent or advice of the Councillors who are absent.

The sums of money allocated by the General Council or received in the country, for the general needs of the Province, are administered according to the norms indicated in the chapter on the administration of goods.

The Provincial Bursar presents her financial accounts for the approbation of the Superior Provincial at least twice each year.

The deliberative vote of the Provincial Council is required:

1. To decide:
 - the convocation and organization of the Provincial Chapter and of the Council of the Province;
 - the approbation of the accounts of the Province before they are forwarded to the Bursar General;
 - the admission of the professed Sisters of temporary vows to the year of probation preceding perpetual vows.
2. To present to the deliberative or consultative vote of the General Council:
 - the proposals for the charges to be filled in the Province (the General Council studies these and consults the Provincial Council again, before making the final decision);
 - in the Provinces where a novitiate is erected: the entrance to the novitiate, the admission to the first profession, the dismissal of a novice;
 - the remaking of temporary vows;
 - the admission to perpetual vows of a temporary professed Sister who is not in the second novitiate at the Mother House.
3. In all other cases foreseen by universal Canon Law and by the Constitutions.

The consultative vote of the Provincial Council is required for sending postulants to the postulancy of a novitiate.

The Council of the Province

217. The Superior Provincial convokes a Council of the Province every year. It is composed of the Superior Provincial and her Council, the Superiors of the houses of the Province and the Mistresses of formation (novitiate and juniorate).

This Council has a consultative role. Its purpose is:

- to study problems on a Provincial level;
- to see how to put into practice in the communities, the directives received from the Holy See and the Superior General;
- to transmit information and suggestions to the General Council.

An official report of the Council of the Province will be sent to each community. This Council may also serve as preparation for the holding of the Council of the Congregation.

THE LOCAL GOVERNMENT

The Local Superior

218. The local Superior is named by the Superior General with the deliberative vote of her Council. She must be perpetually professed. Her mandate lasts for three years; it may be renewed once. For a third consecutive term of three years in the same house, the Superior Provincial must present to the General council objective motives in favor of this renewed mandate, after having consulted the community.

The local Superior sees to the upkeep of all that concerns the religious and civil administration of the house: Foundation Book, information regarding the Little Sisters, the Aged, legacies, account books, etc. She is aided by her Council, by other Little Sisters or by lay personnel, for what concerns civil administration or for what is not of a confidential nature.

The local Superior may hold the office of bursar in the ordinary houses.

The local Superior does not absent herself except for the interests of her house, and never for

more than one day without the authorization of the Superior Provincial. For a more lengthy absence, she notifies the Superior General.

The charge of a local Superior may be interrupted during the course of her mandate, at her request, or for another sufficient reason affecting the common good or her own good.

The Local Councillors — The Local Council

219. The Little Sister Assistant and the Little Sister Councillor are named for one year, by the Superior General with the consent of her Council. This service is renewable by tacit agreement.

The Local Council meets at least once a month for:

1. The monthly approval of the accounts of the house.
2. The estimate of expenses higher than the usual expenses, or of extraordinary expenditures, repairs, purchases and loans. As for the amounts and for the approval of the General or Provincial Council, the norms given by the General Chapter will be adhered to.
3. The annual approval of the financial statement of the house, as regards its assets and liabilities, which must be sent to the Mother House through the intermediary of the Superior Provincial. This statement must be as exact and as complete as possible.

The Mother Superior will readily ask the advice of her Council, in order to be better informed and thus make a better decision. She will do this in particular for:

1. The examination and adoption of important measures when the emergency of a situation makes it impossible to have recourse to the Superior Provincial or the Superior General. These latter must be informed immediately afterwards and their instructions faithfully followed in regard to what is fitting to continue or to modify.
2. The distribution of the assignments in the house.
3. The admission and dismissal of the Aged.

The Mother Superior chooses one of her Councillors as secretary of the local Council. This latter writes the minutes of the meeting, which are approved at the following session.

The Council sends to the Superior Provincial:

- the texts of propositions which require her approbation;
- the texts of propositions which require, as well as her opinion, the approbation of the General Council.

The Mother Superior shares with her Councillors the responsibility of the administration of the house and its financial management, according to the norms indicated in the chapter on the administration of goods.

VIII- ADMINISTRATION OF TEMPORAL GOODS

220. The Congregation has the capacity of acquiring, possessing, administering and alienating temporal goods. Each house has this same capacity but may only use it within the limit of permissions received. The same applies to the Provinces, which can make use of this right according to the countries. When a house is closed, its goods — which belong to the Congregation — are retained by the Congregation. The donors' intentions are always respected.

The Little Sisters responsible for the temporal management will be conscious of the fact that they are trustees of the goods of the Congregation. They will therefore combine in their administration: solicitude for justice, charity, and the common good.

The Superiors, while fully accomplishing their duties of state, will nevertheless incur no expenses whatsoever on their own, attentive to what is asked of us by the Constitutions (cf. art. 176).

Temporal goods are administered by the Bursar General, the Provincial and local bursars, under the direction and responsibility of the respective Superiors and Councils.

Annually, the Provincial and local Mothers furnish the Mother House with a report on the financial situation of their respective Province or house.

The norms fixed by the General Chapter will be adhered to for the approval of extraordinary expenditures, constructions, repairs, purchases or loans requested by the local Superiors, with the consent of their Councils, and proposed by the Superiors Provincial with the advice of their Council.

For the alienation of real or moveable property, for debts or other financial obligations which go beyond the highest amount determined by the Holy See, there must be for each case, besides the consent of the General Council, the permission of the Holy See. Under pain of being null and void, the petition must mention any other debts with which the Congregation, or the house for which the authorization to make the contract is being solicited, is burdened.

Title deeds of property, credit notes, receipts, testaments, and other assets, which are not entrusted to a bank or a lawyer, are carefully kept by the Bursar General, under the control of the Superior General and an Assistant General designated by her.

The administration of the general funds, bank transactions included, must be discharged under the vigilance of the Superior General and the General Council.

The same procedure is followed for the administration of the Provincial and local funds.

At no level of administration (general, provincial or local), is it permitted to make donations (a modest alms excepted), or to lend money, unless in exceptional cases and with authorization from the Superior General or the Superior Provincial, as the case requires.

IX - THE ARCHIVES

221. Archives witness to the life of a religious family and contribute to keeping its spirit and tradition alive. The Superior General is attentive to the upkeep of the archives which constitute part of the patrimony of the Congregation.

The establishing and preserving of the archives on a Congregational, Provincial and local level, will be looked upon with interest and seriousness by those who are responsible for this, as well as by all the Little Sisters. The indications given in the Directory will be followed.

X - CONCLUSION

*"All this I tell you that my joy may be yours
and your joy may be complete." Jn 15:11*

"Love your rule very much." Jeanne Jugan

222. With our eyes fixed on Christ, let us live our vocation of Little Sisters of the Poor. Let us be faithful to him who calls us. Let us imitate Mary, "our Mother, our model, our joy, our protection." Let us follow Sister Mary of the Cross in the way of humility and simplicity of heart, in the joyous exercise of hospitality. In progressing with love towards the ideal which our Constitutions propose to us, we will be, in the Church, discreet witnesses of the Kingdom, for the salvation of a multitude of poor and ultimately, for the eternal glory of God.

J.M.J.

LITTLE SISTERS OF THE POOR

Provinces of Brooklyn, Baltimore and Chicago

January 9, 2017

Chère Mère,
Chères Petites Sœurs,

At the closing of the Extraordinary Jubilee of Mercy last November, Pope Francis spoke to the entire Church and shared his vision for going forward. It is as if he were speaking directly to us, Little Sisters of the Poor. *“It is time to look to the future and to understand how best to continue, with joy, fidelity and enthusiasm, experiencing the richness of divine mercy...Now is the time to unleash the creativity of mercy, to bring about new undertakings, the fruit of grace.”* (Misericordia et misera, no 5 & 18). Mère included an excerpt of this message in her circular of January 1st which we just welcomed. United with these sentiments of both our Holy Father and of Mère, we now desire to share this letter with you.

As you know, the 3 provincials returned from France on October 1. Our days at La Tour were such a gift from God, so unexpected yet so very refreshing. Before beginning our retreat, we had the possibility to meet with Mère and her General Council to share candidly about our community and apostolic lives here in the United States. They were so generous with both their time and genuine interest. Language was no barrier! You know the concerns we each hold in our hearts, as well as our hopes for the future. Mère knows them too. Mère and her Council have no other desire than to help us live our vocation in fidelity to the charism of our Mother - in the reality of today's situation.

So it is to our Mother, St. Jeanne Jugan that we confide what we wish to share with you here, praying that you will receive it in a spirit of openness and love. After much prayer, we have prepared this letter for our communities in the United States. It comes to you with Mère's blessing.

The memory of the work accomplished during the 2015 General Chapter remains very vivid as does the resolve to press ahead with the *Appeals* and the other projects discussed. In the *Appeal on our Name Little Sister of the Poor* we read: *“For the success of her undertakings (Jeanne) showed herself audacious in the use of human means-creative when necessary-and at the same time absolutely confident in the Providence of God’. It falls to us to prepare the future with confidence and realism. Let us then prepare ourselves to welcome, in a spirit of faith and availability, the decisions that will be taken at the level of the whole Congregation. Our saintly Mother will help us”.* (Pg 20)

In varying degrees, important decisions have been taken both on the global and local levels. In-depth studies and appraisals of some Homes in the U.S., performed by qualified professionals have made some excellent and necessary recommendations to us over the course of several years and more recently. The goal of their findings has been to identify both operational strengths and weaknesses, and to offer alternative measures that would help us be better Little Sisters of the Poor. These are lay persons helping us to preserve the integrity of our apostolic mission, but also wanting us to be faithful to our consecrated life! Before outlining the approach we wish to take going forward, we want to briefly summarize what we all recognize to be the major challenges being faced on a daily basis:

- ✚ **An insufficient number of active Little Sisters** to assure that our spirit remains alive for the number of Homes we have.
- ✚ A need to **better organize the care of our sick and elderly Little Sisters** so that they are able to live religious life as fully as possible and remain integrated into community.
- ✚ **Large and often inefficient buildings**, several in each province are requiring capital improvements because of age, life safety compliance or difficult staffing ratios.

- ✚ **A need to identify ways to pass on our spirit to lay collaborators and to improve effectiveness and efficiency of the administrative functions** in every department of every Home, especially with less Little Sisters assuming the responsibility for administration, nursing, dietary and Resident care. Little Sisters, young and not so young find themselves stretched by the widening range of legal and administrative tasks.
- ✚ **Government regulations** which have been steadily increasing in long term care, leading us to be preoccupied with compliance issues, even as we seek to ensure compassionate care.
- ✚ **Recruitment, hiring and retention of competent staff** who share our spirit are time-consuming pre-occupations for Little Sisters.
- ✚ **Vocations** - the Congregation has experienced fluctuations in vocations as far back as 1839! There have been moments of significant increase as well as decrease. Today's situation should not discourage us, but it does raise practical questions that we must answer.

We asked for Mère's blessing and that of the General Council to work together in creating a Plan for our country. Early in this new year, we will begin formulating a **strategic plan** that we are calling **QUICKENING THE FLAME** that will capture the direction we want to go as we move forward. Of course, first and foremost is the desire to strengthen the life and vitality of our consecrated vocation as daughters of Saint Jeanne Jugan.

You are probably wondering what some of the steps might be leading to this strategic plan. From among the 3 provinces, a TEAM will be formed of committed Little Sisters and lay professionals who will work together (with all of us) to create a stronger future in every way. Areas that have already been identified include the following:

- ✚ **Consolidate our strengths.** To do this will require a combination of leaving some Homes, undertaking moderate renovations in others and even reconstructing a few which will be smaller, more family like and definitely more efficient to operate. Where feasible, accommodations may be created to welcome more independent elderly.
- ✚ **New Initiatives to study for the care of our sick and older Little Sisters.** Providing them with an environment that both preserves and is conducive to helping them to live religious life within community, at the same time assuring each one the care she needs. *"Our communities are happy to surround our sick and elderly Little Sisters with affection and thoughtful care."* Const. 66
- ✚ **Welcome the poorest elderly into our Homes.** We need to pour a whole new energy into seeking and searching for the poor and making them feel welcome in our Homes. Hearing of the new foundation in Lima with all its joys, poverty and daily sacrifices urges us to find the poor among us right here in the United States. Immigrants were welcomed by our first Little Sisters starting in 1868. Today there are even more immigrants and destitute aged persons suffering in every city of our country.
- ✚ **Re-creating the organizational structure within all our Homes.** Every Home needs to build a solid base of qualified and capable lay staff, empowering them to assume leadership and accountability. We want to do the same for our Little Sisters as well. There are a number of practical long range projects to study in order to achieve these goals: 1.) to create a sustainable program through which Little Sisters and staff alike would be imbued with the spirit and ideal of St. Jeanne Jugan in concrete, practical ways 2.) establish a better delegation of duties 3.) re-define operational policies and procedures 4.) as much as possible share services across the Homes and provinces 5.) standardization and centralization of services. These go hand in hand with the hope of having the Sisters focus more on mission and mission integration in every Home. We realize that you must have

many questions about what is being shared here and we will surely address them as we move forward.

- ✚ **Education and On-going formation** (*in religious and apostolic areas or related fields*) of our Little Sisters through courses, webinars, conferences, seminars etc.... We all have to be willing to invest more in education and study.
- ✚ **Hospitality.** It is indispensable that we strengthen our hospitaller mission, while advancing to a new understanding of how we as Little Sisters are at the service of the elderly today in practical and humble ways (and to counter physician assisted suicide and euthanasia). *“We want to energize our apostolic zeal....and we desire that our hospitaller mission would preserve its identity and not lose the charism of our Mother, in the face of legal or administrative exigencies.”* Adapted from Appeal 2002 Pg 19-20
- ✚ **Strengthen the Christian formation of young women open to discerning our vocation.** While this would not be an aspirancy program, it would be an annual program for a small group of young women, organized in a Home under the responsibility of a designated Little Sister. The duration could be 3 months or more. It would take ‘*Spring-Into-Service*’ to the next level of vocation awareness, by including a more structured spiritual foundation built around 4 pillars: listening to the Word of God, prayer, fraternal life and service. It would be loosely based on the Maison Charles de Foucauld at La Tour for young men discerning priesthood.
- ✚ **Vocations.** **“The Congregation is not dying!”** In saying this, Mère is absolutely convinced that vocations will come if we are faithful to prayer, the poor and the begging. We have to live and spread the mystical beauty of belonging totally to Christ. Let others see that joy comes from a sacrificial life given to Christ. We will improve our vocation awareness outreach with the involvement of committed lay people and with consistent/organized collaboration among the three provinces.
- ✚ **The Collecting** is an integral part of our charism and will ensure the future of our Congregation. *“Today we need to rediscover new energy in order to accommodate the apostolate of the collecting to our world of today.”* Appeal 2015: The Collecting Today, Pg 34. We want to further strengthen the development program across the provinces as a tool of evangelization; sharing best practices, more effective public relations and collaboration among collecting Little Sisters and Development staff. Jeanne Jugan was an intrepid beggar for the poor and this is our legacy to pass on.

Many of the points outlined in this letter are in response to suggestions made by Little Sisters and/or communities for the past several General Chapters. This is confirmed for us in the Appeal on our Name: *“The desire of the Little Sisters to advance resolutely with renewed élan has been heard, so as to assure our mission today with energy and sustain our perseverance.”* Pg 19

To make **QUICKENING THE FLAME** a reality will require an openness to God’s will and faithfulness to His word, namely that, *“unless a grain of wheat falls to the earth and dies, it will remain but a single grain, but if it dies, it will bear much fruit”* (Jn 12:24). Change is never easy. As painful as this may seem, we have to move forward, ever confident in Divine Providence, while reading the signs of the times. In order for new life to flourish, some dying must take place – be it the grain of wheat or the pruning of the vine. This is a sacred step that we must take together as Little Sisters.

Already in the 2002 Appeal to *Live the Charism of Sister Mary of the Cross* we have been given a very clear mandate to take up: *“The Spirit alone can keep alive the freshness and authenticity of the beginnings while at the same time instilling the courage of interdependence and inventiveness needed to respond to the signs of the times. We must therefore allow ourselves to be led by the Spirit to a constantly renewed discovery of God and of his Word...to a new understanding of the charism which has been given. The work begun by Jeanne Jugan under the inspiration of the Holy Spirit must continue in each Little*

Sister. The flame that has been burning since the winter of 1839 must not be extinguished in our hands. Let us have it at heart to transmit it to new generations in all its radiance, as we ourselves received it from our elderly Little Sisters.”

Once the plan begins to take shape, we will be able to go forward and share it more openly. Needless to say, we are counting on each one to guard a strong sense of confidentiality, most especially during these first steps. Until we formulate this vision more concretely, we will only cause undue worry and suffering to the Residents by speculation. What can be done now is a commitment on the part of every Little Sister to bring this intention into her prayer so that it may unfold for the glory of God and for the good of our religious family.

Above all, may you receive from this news a strong urge to enter wholeheartedly into **QUICKENING THE FLAME**. Prayer, sacrifice and an enthusiastic response on the part of every Little Sister is needed to make this vision a reality in our lifetime. **WE ARE THE CONGREGATION!** We love the charism and humble spirit of our Mother, so let us do everything it takes to preserve the rich traditions of the past while allowing God’s Providence to unfold in new ways and breathe new life into us in this moment in history.

As we enter into this Marian Year with Jeanne Jugan in joyful fidelity, Mère’s closing words in her circular ought to bring us immense hope: “May these words of our Holy Father help us to place everything in the hands of Mary:”

“Let us go forward on this road together. May our Blessed Lady accompany us, she...who desires to gather all under her mantle...She is Mother of Mercy, to whom we entrust ourselves: every situation we are in, every prayer we make, when lifted up to his merciful eyes, will find an answer.”

(Homily, Mass for the Closing of the Jubilee, November 20th, 2016).

En Jésus et Marie,

*Sr. Maria Christine Joseph, ple
Sr. Loraine Marie Clare, ple
Sr. Alice Marie Monica, ple*

Council of the Province of Chicago

Synthesis of Theme #3 – The Congregation We Love

July 24-29, 2021 – Palatine

Constitutions Revisions

Questionnaire

Quickening the Flame Goals

Consolidate our strengths - a combination of leaving some Homes, undertaking moderate renovations in others and even reconstructing a few which will be smaller, more family like and definitely more efficient to operate. Where feasible, accommodations may be created to welcome more independent elderly.

- We know which Homes we have left. Reconstruction project underway in Philadelphia and under study in Indianapolis.
- We need to express our desires for the future. How do we see our Homes looking and operating while still guided by the charism of St. Jeanne Jugan?

New Initiatives to study for the care of our sick and older Little Sisters –Infirmary rooms in convent are no longer feasible in this country because of Medicaid laws, but how to do it?

Welcome the poorest elderly into our Homes – As we begin admitting again, are we seeking out the poorest in our area? Do our social workers know how to find the poor? Mère asks that we make efforts to take in the homeless who are still valid and who could adapt to a communal way of life

Re-creating the organizational structure within all our Homes. Every Home needs to build a solid base of qualified and capable lay staff, empowering them to assume leadership and accountability. We want to do the same for our Little Sisters as well.

- 1.) to create a sustainable program through which Little Sisters and staff alike would be imbued with the spirit and ideal of St. Jeanne Jugan in concrete, practical ways
- 2.) establish a better delegation of duties
- 3.) re-define operational policies and procedures
- 4.) as much as possible share services across the Homes and provinces
- 5.) standardization and centralization of services.

These go hand in hand with the hope of having the Sisters focus more on mission and mission integration in every Home.

How are we making progress in these goals personally and as a community and Province?

Education and On-going formation (in religious and apostolic areas or related fields)

Hospitality. It is indispensable that we strengthen our hospitaller mission, while advancing to a new understanding of how we as Little Sisters are at the service of the elderly today in practical and humble ways (and to counter physician assisted suicide and euthanasia).

- Welcome Book for Residents in progress from Sr. Constance
- The pandemic gave Little Sisters opportunities for truly feeling needed and that they can make a valuable contribution. How do we sustain this?

Vocations & Formation

We need to reach out to the young who are in healthy environments. The Endow project is an example of this.

Let young women live in for a year (preferably in the city where they live), do CNA course during that year.

Young women will have a psychological assessment before being accepted to the pre-postulancy program. This is not a foolproof means of learning if someone has an insurmountable obstacle to being able to live religious life, but it helps and it also helps for learning more about them.

The Collecting

Can't be just the same as before. Use this opportunity of restarting it to focus on types and amounts of gifts in kind that are useful for the Home. Work on money begging, too.

3. (Cal. Code Regs., tit. 11, § 999.5, subd. (d)(5)(B).) **In light of the nature of the ministry of Little Sisters of the Poor, please provide an explanation as to the degree to which after the sale, the prospective buyer will ensure that Jeanne Jugan Residence will continue to be able to fulfill its mission and purposes to “provide care to the elderly poor by seeking support from the public at large” given that “this public support represents a significant percentage of the operating revenue... [thus allowing] the Little Sisters of the Poor to accept residents of modest means and basically run a deficit for the care of each resident.”**

This request for an explanation is difficult to answer. After the sale, Jeanne Jugan Residence will no longer exist as a residence. What will remain will be The Little Sisters of the Poor of Los Angeles, the nonprofit public benefit corporation that currently owns the asset and the “ministry” known as Jeanne Jugan Residence. This corporation will continue to carry out its charitable purposes and promote the mission of the Little Sisters of the Poor. Exhibit 8 (Bates p. 0284 ff) are the amended Restated Articles of Incorporation and Amended Bylaws lay out how the corporation will carry out its religious and charitable purposes in conformity with federal and California law. But one purpose moving forward will not be the operation of a Home in Los Angeles.

But for the purchaser, upon the transfer of the facility, they will embark on developing their mission of serving the elderly in the San Pedro area. As a for-profit entity, they cannot seek public support and so will have to figure out how they can increase other revenue sources to maintain financial viability and sustainability. In speaking with them, the purchaser has not yet determined how they will implement changes to create a facility that will be both viable and sustainable.

Also, the current configuration of the Home (27 SNF beds; 62 RCFE beds and 14 IL units) is not sustainable. Many of the Little Sisters of the Poor Homes have small SNF units because they want to care for their residents for the balance of their lives. However, when they transfer their Homes, the purchaser inevitably adds beds in order to: (1) care for more residents; and (2) provide additional revenue to provide the staff needed to care for ALL of the residents.

One decision that the purchaser has made is that they will maintain the RCFE and IL units and, in the case of the RCFE unit, may expand the number of beds. So the “diversity” of care currently offered in the Home will continue with the purchaser (as opposed to converting all of the units to skilled nursing). The purchaser believes that having these different types of care will maintain a vibrant and active facility and provide a continuity of care in the sense that the residents will be at different stages of their life journey – very much in the tradition of the Little Sisters of the Poor.

4. (Cal. Code Regs., tit. 11, § 999.5, subd. (d)(5)(C).) **Please provide: (1) a copy of the current licensure of the health facility; (2) an explanation for the lack of demographic information about Medi-Cal residents prior to 2019; (3) information regarding demographic characteristics of and zip code information for all residents, not just Medi-Cal residents**

Exhibit 27 are copies of the Skilled Nursing Facility and the Residential Care Facility for the Elderly licenses. Also included is demographic information for all of the residents from 2017 to the present. The staff had to secure this information by looking at paper records individually and that is why they told counsel that it would be difficult to go back until 2017 to comply with this request. But, in the end, they were able to comply with the request.

Exhibit 27

Section 999.5(d)(5)(C)

License: 910000126
Effective: 11/01/2021
Expires: 10/31/2022
Licensed Capacity: 27

State of California
Department of Public Health

In accordance with applicable provisions of the Health and Safety Code of California and its rules and regulations, the Department of Public Health hereby issues

this License to

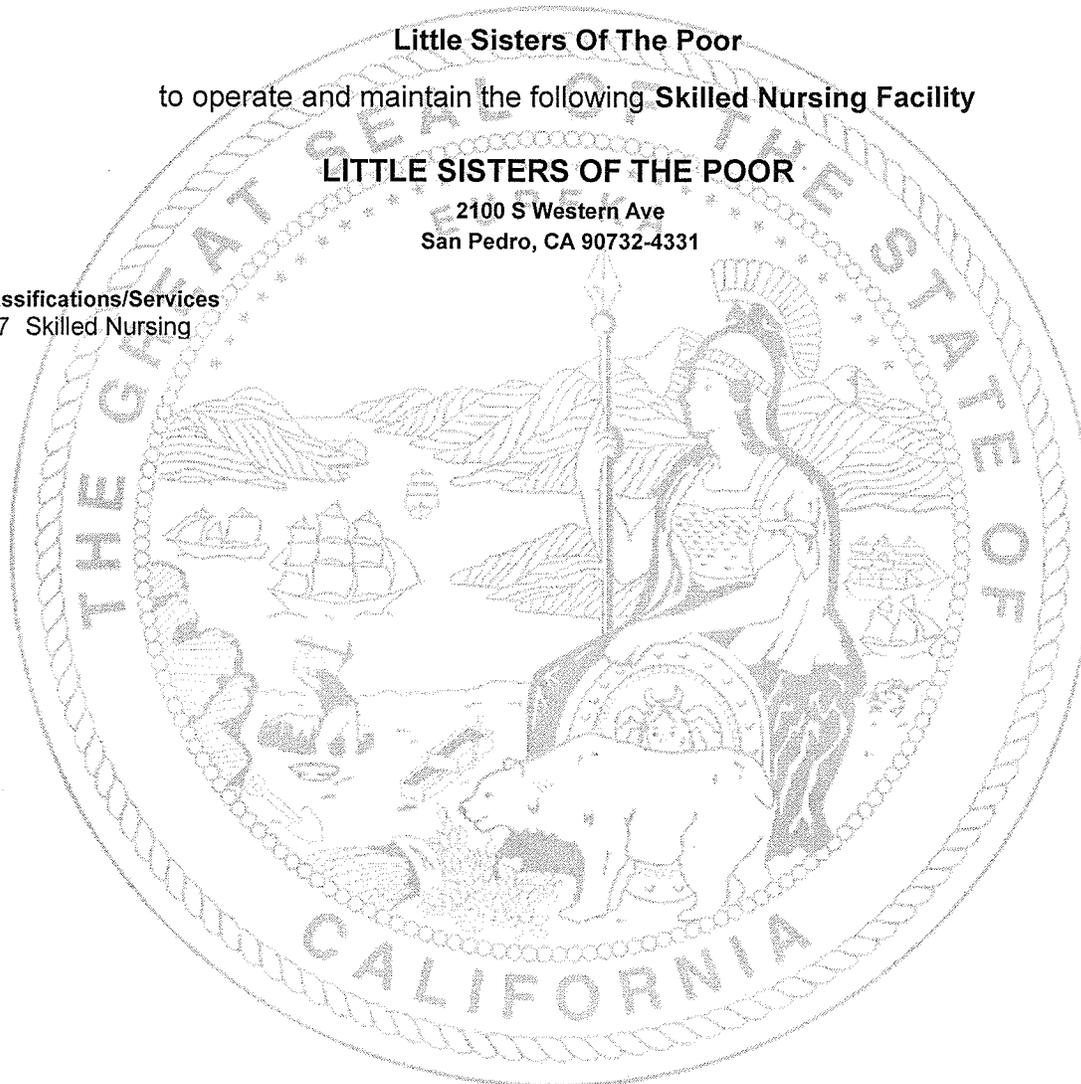
Little Sisters Of The Poor

to operate and maintain the following **Skilled Nursing Facility**

LITTLE SISTERS OF THE POOR

2100 S Western Ave
San Pedro, CA 90732-4331

Bed Classifications/Services
27 Skilled Nursing



This **LICENSE** is not transferable and is granted solely upon the following conditions, limitations and comments:
None

TOMÁS J. ARAGÓN, MD, DrPH

Director and State Public Health Officer

Michelle Dunlap

Michelle Dunlap, Staff Service Manager II

Refer Complaints regarding these facilities to: The California Department of Public Health, Licensing and Certification, L.A.
Region 3 District Office, 20221 Hamilton Ave., 1st. Floor, Torrance, CA 90502, (310) 965-2831

December 17, 2021

Little Sisters of the Poor of Los Angeles
POST IN A PROMINENT PLACE

0991



State of California

Department of Social Services

Facility Number: 191603205

Effective Date: 02/01/1993

Total Capacity: 62

In accordance with applicable provisions of the Health and Safety Code of California, and its rules and regulations; the Department of Social Services hereby issues

this License to

LITTLE SISTERS OF THE POOR OF LOS ANGELES

to operate and maintain a

RESIDENTIAL CARE ELDERLY

Name of Facility

JEANNE JUGAN RESIDENCE
2100 SOUTH WESTERN AVENUE
SAN PEDRO, CA 90732

This License is not transferable and is granted solely upon the following:

60 YEARS AND OLDER. ELDERLY RESIDENTS LOCATED ON THE 1ST FLOOR
NON-AMBULATORY. RESIDENTS LOCATED ON THE 3RD FLOOR AMBULATORY ONLY.
FACILITY MAY RETAIN UP TO FOUR HOSPICE RESIDENTS ON THE FIRST FLOOR ONLY.
THIS FACILITY IS A PARTICIPANT IN THE ALWPP PROGRAM.

Client Groups Served:

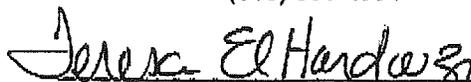
ELDERLY

Complaints regarding services provided in this facility should be directed to:

CCLD Regional Office

(818) 596-4334

Jeffrey Hiratsuka
Deputy Director,
Community Care Licensing Division


Authorized Representative of Licensing Agency

LITTLE SISTERS OF THE POOR

DEMOGRAPHICS - SKILLED NURSING FLOOR

ROOM #	MediCal	LAST NAME	DOB	SEX	ETHNICITY	MILIATRY	RELIGION	US CITIZEN	ADMITTED	ZIP CODE			
		1	1/2/1924	F	WHITE		CATHOLIC	YES	APACHE JUNCTION	85119		D	1
		2	8/24/1923	F	WHITE		CATHOLIC	YES	LOS ANGELES	90027		D	1
	M	3	8/12/1927	F	BLACK		BAPTIST	YES	LOS ANGELES	90047		D	1
205		4	2/18/1936	F	HISPANIC		CATHOLIC	YES	GARDENA	90249	A		1
202	M	5	8/9/1928	F	JEWISH		CATHOLIC	YES	DOLLING HILL	90274	A		1
	M	6	11/23/1923	F	WHITE		CATHOLIC	YES	RANCHO PALOS VERDES	90275		D	1
		7	5/13/1924	M	ITALY		CATHOLIC	YES	REDONDO	90277		D	1
226	M	8	4/8/4932	F	WHITE		PROTESTANT	YES	MONTEBELLO	90277	A		1
		9	9/13/1929	M	WHITE	YES	CATHOLIC	YES	MONTEBELLO	90278	D		1
213	M	10	3/22/1933	F	HISPANIC		CATHOLIC	YES	TORRANCE	90505	A		1
225	M	11	7/6/1927	F	WHITE		CATHOLIC	YES	BUENA PARK	90622	A		1
215		12	3/21/1931	F	HISPANIC		CATHOLIC	YES	SANTA FE SPRINGS	90670		A	1
		13	11/24/1930	F	HISPANIC		CATHOLIC	YES	SAN PEDRO	90731		D	1
	M	14	4/20/1923	F	PHILIPINO		CATHOLIC	YES	SAN PEDRO	90731		D	1
		15	7/15/1924	F	WHITE		CATHOLIC	YES	SAN PEDRO	90731		D	1
	M	16	2/19/1926	F	WHITE		CATHOLIC	YES	SAN PEDRO	90731		D	1

208		17		F	WHITE				SAN PEDRO	90731	A	1	
		18	12/13/1942	F	WHITE		CATHOLIC	YES	SAN PEDRO	90731	D		1
		19	2/8/1925	F	WHITE		CATHOLIC	YES	SAN PEDRO	90731	D		1
		20	6/6/1925	F	WHITE		CATHOLIC	YES	SAN PEDRO	90731	D		1
		21	4/29/1925	F			CATHOLIC	YES	SAN PEDRO	90731	D		1
	M	22	1/15/1933	F	ASIAN		CATHOLIC	YES	SAN PEDRO	90732	D		1
220	M	23	11/13/1930	F	HISPANIC		CATHOLIC	YES	SAN PEDRO	90732	A	1	
	M	24	6/28/1937	F	HISPANIC		CATHOLIC	YES	SAN PEDRO	90732	D		1
206	M	25	12/12/1946	F	HISPANIC		CATHOLIC	YES	SAN PEDRO	90732	D		1
210	M	26	2/22/1928	M	HISPANIC		CATHOLIC	YES	SAN PEDRO	90732	A	1	
227	M	27	2/21/1939	M	HISPANIC		CATHOLIC	YES	SAN PEDRO	90732	A	1	
217	M	28	4/21/1932	M	ITALIAN		CATHOLIC	YES	SAN PEDRO	90732	A	1	
201		29	1/1/1930	M	PHILLINES		CATHOLIC	YES	SAN PEDRO	90732	D		1
209	M	30	7/14/1925	F	WHITE		CATHOLIC	YES	SAN PEDRO	90732	A	1	
	M	31	11/18/1922	F	WHITE		CATHOLIC	YES	SAN PEDRO	90732	D		1
	M	32	2/14/1944	F	WHITE		CATHOLIC	YES	SAN PEDRO	90732	D		1
	M	33	8/26/1919	F	WHITE		CATHOLIC	YES	SAN PEDRO	90732	D		1
209	M	34	1/25/1923	F	WHITE		CATHOLIC	YES	SAN PEDRO	90732	A	1	
	M	35	2/27/1931	F	WHITE		CATHOLIC	YES	SAN PEDRO	90732	D		1
219	M	36	12/4/1939	F	WHITE		CATHOLIC	YES	SAN PEDRO	90732	A	1	
223	M	37	12/27/1934	F	WHITE		CATHOLIC	YES	SAN PEDRO	90732	A	1	

210	M	38	5/1/1928	F	HISPANIC		CATHOLIC	YES	CARSON	90745	A	1	
	M	39	11/11/1911	F	PHILIPINO		CATHOLIC	YES	CARSON	90745	D		1
	M	40	4/15/1915	F	HISPANIC		CATHOLIC	YES	LONG BEACH	90805	D		1
203	M	41	5/28/1930	F	WHITE		CATHOLIC	YES	LONG BEACH	90814	A	1	
207	M	42	9/23/1930	F	WHITE		CATHOLIC	YES	ALTA LOMA	91737	A	1	
204		43	10/30/1940	F	WHITE		CATHOLIC	YES	HESPERIA	92345	A	1	
206	M	44	12/31/1939	F	WHITE		CATHOLIC	YES	YUCAIPA	92399	A	1	
		45	11/7/1919	F	WHITE		CATHOLIC	YES	ANAHEIM	92801	D		1
		46	11/7/1919	F	WHITE		CATHOLIC	YES	ANAHEIM	92801	D		1
	M	47	7/30/1947	F	WHITE		CATHOLIC	YES	LANCASTER	93536	D		1
		48	8/30/1936	F	ASIAN		CATHOLIC	YES	SANTA ROSA	95401	D		1
		49		F	HISPANIC						D		1
		50		F	WHITE						D		1
		51		F	WHITE						D		1
		52		M							D		1
												20	32
											1		
											1		
											1		
											1		
											1		
TOTAL SKILLED DEMOGRAPHICS													
	MediCal	LAST NAME	DOB	SEX	ETHNICITY	MILIATRY	RELIGION	US CITIZEN		ZIP CODE			

	30-MediCal		7-Male	2-Asian				1-Apache	5		
			45-Female	1-African American				1-Los Angeles, CA 90027			
				12-Hispanic				1-Los Angeles, CA 90047			
				2-Italian				1-Gardena, CA 90249			
				1-Jewish				1-Rolling Hills Estates, CA 90274			
				3-Filipino				1-Rancho Palos Verdes, CA 90275			
				31-White				2-Redondo Beach, CA 90277			
								1-Redondo Beach, CA 90278			
								1-Torrance, CA 90505			
								1-Buena Park, CA 90622			
								1-Santa Fe Springs, CA 90670			
								9-San Pedro, CA 90731			
								16-San Pedro, CA 90732			
								2-Carson, CA 90745			
								1-Long Beach, CA 90805			
								1-Long Beach, CA 90814			
								1-Alta Loma, CA 91737			
								1-Hesperia, CA 92354			
								1-Yucaipa, CA 92399			
								2-Anaheim, CA 92801			
								1-Lancaster, CA 93356			
								1- Santa Rosa, CA 95401			

LITTLE SISTERS OF THE POOR

DEMOGRAPHICS - RCFE

ROOM #	MediCal	SEX	ETHNICITY	CITY ADMITTED FROM	ZIP CODE				
		F	WHITE	FLORIDA	34481	D		1	
116	M	F	WHITE	MISSOURI	63107	A	1		
		M	WHITE	MISSOURI	63107	D		1	
124		F	WHITE	MISSOURI	63107	A	1		
?		F	WHITE	LOS ANGELES	90024	A	1		
?	M	M	WHITE	LOS ANGELES	90027	A	1		
103	M	F	HISPANIC	LOS ANGELES	90033	A	1		
119	M	F	HISPANIC	LOS ANGELES	90033	A	1		
141		F	WHITE	GARDENA	90241	A	1		
137	M	F	HISPANIC	GARDENA	90249	A	1		
123		F	ASIAN	HAWTHORNE	90250	A	1		
		F	WHITE	PALOS VERDES ESTATES	90274	D		1	
		M	ASIAN	TORRANCE	90504	D		1	
144	M	F	HISPANIC	TORRANCE	90504	A	1		
148	M	F	WHITE	TORRANCE	90505	A	1		
		F	WHITE	WHITTER	90606	D		1	
130	M	F	HISPANIC	BUENA PARK	90620	A	1		
?		F	WHITE	LOMITA	90717	A	1		
131		F	WHITE	LOMITA	90717	A	1		
133	M	F	WHITE	LOMITA	90717	A	1		
107		M	BLACK	SAN PEDRO	90731	A	1		
109	M	F	HISPANIC	SAN PEDRO	90731	A	1		
		F	HISPANIC	SAN PEDRO	90731	D		1	
115		F	HISPANIC	SAN PEDRO	90731	A	1		
?	M	F	WHITE	SAN PEDRO	90731	A	1		
?		F	WHITE	SAN PEDRO	90731	A	1		
?	M	F	WHITE	SAN PEDRO	90731	A	1		
120		F	WHITE	SAN PEDRO	90731	A	1		

	MediCal	SEX	ETHNICITY	ZIP CODE				
	21-MediCa	9-Male	6-Asian	1-Ocala, FL 34481				
		42-Female	10-Hispanic	3-St. Louis MO 63107				
			1-African American	1-Los Angeles, CA 90024				
			34-White	1-Los Angeles, CA 90027				
				2-Los Angeles, CA 90033				
				1-Gardena, CA 90241				
				1-Gardena, CA 90249				
				1-Hawthorne, CA 90250				
				1- Palos Verdes Estates, CA 90274				
				2-Torrance, CA 90504				
				1-Torrance, CA 90505				
				1-Whittier, CA 90606				
				1-Buena Park, CA 90620				
				3-Lomita, CA 90717				
				8-San Pedro, CA 90731				
				9-San Pedro, CA 90732				
				1-Torrance, CA 90509				
				1-Arcadia, CA 91007				
				1-Covina, CA 91723				
				2-San Dimas, CA 91773				
				1-San Diego, CA 92064				
				1-Victorville, CA 92395				
				1-Anaheim, CA 92801				
				1-Modesto, CA 95355				

5. (Cal. Code Regs., tit. 11, § 999.5, subd. (d)(5)(E).) Please provide information regarding staff wages and salaries, as well as staff demographic information.

Exhibit 28 contains staff information, including the demographic information requested.

Exhibit 28

Section 999.5(d)(5)(E)

The information in Exhibit 28 is deemed by the Applicant to be confidential pursuant to Section 999.5(c)(3) because it contains confidential information about the employees. In addition, counsel has redacted the employees' names from the submission to the Attorney General.

CURRENT STAFF						
Ethnic Group Zip Code						
	Name	DOH	Status	Title	Wage Rate Hourly	LOA/Worker's Comp
Activity						
Hispanic, 90805	#1	3/14/2018	FT	Activity Aide/Craft Aide	\$20.00	
Hispanic, 90503	#2	6/27/2019	FT	Activity Aide/Craft Aide	\$17.27	
Administration						
Native American, 90804	#3	10/10/2018	FT	Human Resource Manager	\$36.15	
Pacific Islander, 90059	#4	5/6/2016	FT	Dietary Manager	\$30.38	
Native American, 90731	#5	7/14/2017	FT	Bookkeeper	\$30.55	
Hispanic, 90221	#6	12/28/2009	FT	Housekeeping Supervisor	\$23.00	
African American, 90731	#7	10/18/2010	FT	Resident Services	\$29.98	
Caucasian, 90731	#8	8/18/2014	FT	Development Director	\$41.28	
Caucasian, 90731	#9	11/7/2018	FT	Laundry Supervisor	\$21.77	
Hispanic, 90745	#10	1/4/2016	FT	Maintenance Supervisor	\$37.35	
Native American, 90732	#11	1/28/2020	FT	Social Services	\$22.95	
Hispanic, 90732	#12	10/29/2001	FT	Volunteer Coordinator	\$24.84	
Pacific Islander, 90706	#13	12/13/2004	FT	Activity Director	\$26.46	
C.N.A-RCFE						
Black, 90731	#14	2/3/2004	FT	Nurse Aid Certified CNA	\$21.84	

Caucasian, 90731	#15	7/8/2019	PT	Nurse Aid Certified CNA	\$17.3 6	
Pacific Islander, 90731	#16	9/1/1996	FT	Nurse Aid Certified CNA	\$22.4 5	
Hispanic, 90059	#17	8/1/2006	FT	Nurse Aid Certified CNA	\$21.1 6	
Hispanic, 90710	#18	5/20/2004	FT	Nurse Aid Certified CNA	\$21.2 0	
Hispanic, 90731	#19	7/16/1990	FT	Nurse Aid Certified CNA	\$22.5 3	
C.N.A-SNF						
Hispanic, 90744	#20	10/26/201 6	FT	Nurse Aid Certified CNA	\$18.4 9	
Pacific Islander, 90278	#21	3/12/2014	FT	Nurse Aid Certified CNA	\$19.5 6	
Hispanic, 90731	#22	2/1/2008	PT	Nurse Aid Certified CNA	\$20.8 0	
Pacific Islander, 90731	#23	4/10/2021	FT	Nurse Aid Certified CNA	\$23.3 6	
Hispanic, 90731	#24	2/2/2016	FT	Nurse Aid Certified CNA	\$19.9 1	
Hispanic, 90731	#25	8/3/2020	FT	Nurse Aid Certified CNA	\$16.5 5	on maternity leave
Hispanic, 90732	#26	4/10/2007	FT	Nurse Aid Certified CNA	\$20.8 2	
Hispanic, 90221	#27	10/19/201 6	FT	Nurse Aid Certified CNA	\$17.7 7	
Pacific Islander, 90745	#28	2/20/2019	FT	Nurse Aid Certified CNA	\$18.5 4	
Hispanic, 90805	#29	7/13/2009	FT	Nurse Aid Certified CNA	\$21.1 4	
Hispanic, 90732	#30	7/13/2017	FT	Nurse Aid Certified CNA	\$18.9 3	on medical leave
Hispanic, 90755	#31	9/4/2018	FT	Nurse Aid Certified CNA	\$17.7 9	on workers comp
Hispanic, 90731	#32	3/3/1997	FT	Nurse Aid Certified CNA	\$21.9 8	
Hispanic, 90731	#33	10/4/2016	FT	Nurse Aid Certified CNA	\$18.7 2	
Hispanic, 90011	#34	8/24/2020	FT	Nurse Aid Certified CNA	\$18.0 4	

Hispanic, 90731	#35	6/20/1988	FT	Nurse Aid Certified CNA	\$22.7 7	on medical leave
Dietary						
Hispanic, 90744	#36	7/8/2019	FT	Cook	\$19.6 6	
Hispanic, 90805	#37	10/25/202 1	FT	Cook	17.83	
Caucasian, 90732	#38	6/5/2019	FT	Cook	\$27.6 8	
Hispanic, 90731	#39	7/27/2005	FT	Dietary Aide	\$18.4 7	
Pacific Islander, 90745	#40	5/17/2021	PT	Cook	\$24.0 9	
Pacific Islander, 90731	#41	3/29/2016	PT	Cook	\$20.2 1	
Hispanic, 90731	#42	1/17/1990	FT	Cooks Helper	\$24.7 5	on medical leave
Pacific Islander, 90731	#43	6/29/2021	PT	Dietary Aide	\$15.0 0	
Hispanic, 90744	#44	7/25/2006	FT	Dietary Aide	\$18.4 7	
Hispanic, 90731	#45	9/8/2004	FT	Cooks Helper	\$22.3 4	
Hispanic, 90731	#46	10/5/2018	PT	Dietary Aide	\$16.4 3	
Black, 90813	#47	9/12/2001	FT	Dishwasher	\$18.8 3	
Hispanic, 90731	#48	09/21/202 1	FT	Dining Aide	17.31	
Hispanic, 90732	#49	12/6/2013	PT	Dietary Aide	\$16.3 5	
Hispanic, 90732	#50	4/26/2021	PT	Dietary Aide	\$15.0 0	
Hispanic, 90744	#51	3/17/2000	FT	Cook	\$24.0 3	
Hispanic, 90731	#52	10/25/202 1	FT	Dishwasher	15.00	
Hispanic, 90220	#53	7/15/2015	FT	Cooks Helper	\$19.5 8	
Driver						

Caucasian, 90731	#54	11/11/2010	FT	Driver	\$19.29	
Hispanic, 90250	#55	3/24/2008	FT	Driver	\$21.26	
Housekeeping						
Hispanic, 90731	#56	7/28/2008	FT	Housekeeping Maid	\$18.27	
Hispanic, 90744	#57	8/13/2013	FT	Housekeeping Maid	\$18.56	
Hispanic, 90731	#58	1/27/2016	FT	Housekeeping Janitor	\$16.39	
Hispanic, 90731	#59	4/18/2016	FT	Housekeeping Maid	\$16.30	
Hispanic, 90731	#60	7/16/2019	FT	Housekeeping Maid	\$16.48	
Hispanic, 90744	#61	11/5/2014	FT	Housekeeping Maid	\$16.62	
Hispanic, 90717	#62	9/15/2016	FT	Housekeeping Janitor	\$16.75	
Hispanic, 90717	#63	11/5/2014	FT	Housekeeping Maid	\$16.62	
Hispanic, 90717	#64	3/24/2008	FT	Housekeeping Maid	\$18.72	
Hispanic, 90731	#65	9/30/2019	FT	Housekeeping Maid	\$16.41	
Caucasian, 90680	#66	2/12/2007	FT	Housekeeping Janitor	\$20.88	
Laundry						
Hispanic, 90744	#67	2/3/2012	FT	Laundry Aide	\$17.60	
Hispanic, 90744	#68	12/26/2019	FT	Laundry Aide	\$16.19	
Hispanic, 90744	#69	11/11/2010	PT	Seamstress	\$27.77	
Maintenance						
Hispanic, 90731	#70	9/16/2019	FT	Maintenance Helper	\$18.43	
Hispanic, 90805	#71	6/4/2008	FT	Maintenance Helper	\$27.35	
Nursing						
Hispanic, 90731	#72	12/1/2016	FT	Nurse LPN LVN	\$26.78	

6. (Cal. Code Regs., tit. 11, § 999.5, subd. (d)(5)(F).) Please provide additional background information and any additional documents regarding guarantees made by the entity taking over operation or control of Little Sisters relating to employee job security and retraining, or the continuation of current staffing levels and policies, employee wages, salaries, benefits, working conditions and employment protections, as referenced in Section 18 of the Asset Purchase Agreement (APA). If no such guarantees were made beyond the sixty-day period provided in the APA, please provide an explanation as to why not and how issues of continuity and quality of care for the facility residents will be addressed.

First of all, aside from the language cited in Section 18(c) of the APA, there is language in Section 18(b) as to the hiring of the Seller's employees. "Purchaser and/or the New Operator will make a good faith effort to hire the current employees of the Seller." This is standard language used in the Asset Purchases Agreements executed by the Little Sisters of the Poor. This takes into account the fact that there are employees that do not work in the skilled nursing unit. i.e. housekeepers in the RCFE or II units.

But there were no guarantees other than the language in the APA.

The experience of transferring Homes has shown that just about all of the employees receive offers from purchaser. Many of the employees who choose not to accept an offer from the purchaser end up retiring. There is no evidence that this transfer will be different.

The reason that the Little Sisters don't insist in the purchaser hiring every one of the seller's employees is that, frankly, it doesn't work. After transfer, every employee makes their own decision whether they want to continue with the new owner or not. What does work is having a purchaser who keeps their word. Also, the Little Sisters have a "richer" staffing model with low CNA/Resident ratios and if the purchaser follows more standard staffing models, the purchaser's deficit increases.

For those employees who are not retained by purchaser either after the 60 day period or otherwise, the Little Sisters provide resources to assist employees in finding other employment. In one transaction in Albany, New York, the Little Sisters had to surrender their skilled nursing license. Every one of the nursing employees received offers at other facilities through the work of the Little Sisters; the HR Manager, and their hiring partners.

The Little Sisters believe that the vast majority of employees will continue to care for the residents. This will be an important component of providing continuity of care to the residents.

7. (Cal. Code Regs., tit. 11, § 999.5, subd. (d)(5)(H).) Please provide more information on the plans to add short-term rehabilitation services alongside the current long-term care Little Sisters of the Poor has traditionally provided. Please include (1) an explanation as to what is the planned ratio of short- and long-term care; (2) how many additional licensed beds will be added; (3) an analysis of how these changes might affect the care and well-being of current long-term care residents; and (4) an explanation as to how the transaction may affect the availability of healthcare in the affected communities of the elderly poor Little Sisters of the Poor has traditionally served.

The basis for this response is Seller's counsel consultation with Purchaser's counsel. But Purchaser's counsel emphasized that no decision has been made with respect to the expansion of skilled nursing beds. They first have to apply for a Medicare provider agreement, consult with architects as to the feasibility of expanding the number of both skilled and RCFE beds; review the regulatory landscape including HCAI requirements; and determine whether the expansion of beds will make mission and economic sense for Purchaser.

Also, the SNF beds currently represent 26% of the total beds in the Home (27/103). Purchaser's counsel noted that the Purchaser wants to add RCFE beds. So even if Purchaser does increase the number of SNF beds it is unlikely that a majority of the beds in the facility will be SNF. With that background, I will now address the points outlined above

(1) As stated above, no decision has been made as to the total number of SNF beds. But 100% of the SNF beds are currently long-term care. These residents will remain until they are discharged. Because of the transition and the expected wait before securing the Medicare provider agreement, it is anticipated that for the first couple of years of operation by the Purchaser all admissions shall be to long-term care. Beyond that, until the due diligence is complete the number of beds remains unknown

(2) Again, Purchaser hopes to add both RCFE and SNF beds. Right now the ratio is 62/27. Even if the purchaser decides to add two or three SNF beds for every RCFE beds, the majority of licensed beds will remain RCFE. For example, even if the purchaser adds 45 SNF beds and 15 RCFE beds the total number of licensed beds would still result in a majority of RCFE licensed beds (77/72) and, including the IL units, the SNF beds would represent 44% of the total resident population. (72/163). And again, this is all speculative at this point.

(3) Again, it is most likely that long-term care and any short-term rehabilitation will be housed in separate units. In visiting the Purchaser's facilities this was how the facility was organized. Under this scenario, the long-term care residents would not be exposed to a large number of admissions and discharges as would be the case in a short-term rehabilitation unit. In addition, by having RCFE and IL residents, activities, celebrations and religious services will have a broader mix than simply SNF residents. This is how the Home functions now and there is no reason to think that this will also continue with the purchaser.

(4) From what was stated above, there are likely to be a larger number of residents served; a continued mix of SNF, RCFE and IL residents; and, with the addition of short-term rehabilitation services, additional services made available to all of the residents and the larger community. And the reality is that for SNF residents – especially long-term care -- that the number one payor source is and will remain Medi-Cal so that the demographics will probably not change that much. The difference will be that the Little Sister of the Poor focused solely on the elderly poor; the purchaser is not bound by that mission mandate. And yet nationally, SNF facilities are populated with a majority of residents eligible for state Medicaid benefits. The Little Sisters of the Poor believe that this national trend will continue with purchaser's operation of the facility.

8. (Cal. Code Regs., tit. 11, § 999.5, subd. (d)(5)(K).) **Please provide more detail regarding additional measures that Little Sisters of the Poor, as the applicant, has proposed to mitigate or eliminate any potential adverse effect that may result from the agreement or transaction on the availability or accessibility of healthcare services to the affected community of the elderly and the poor served in the San Pedro, and larger Los Angeles community.**

Here the Little Sisters of the Poor and the Purchaser have spent many hours discussing the transition. Because of this extensive contact, the Purchaser has made the following decisions with respect to the facility:

- Not only maintain the RCFE unit for the current residents but expand the number of beds going forward;
- Retaining Catholic priests to provide daily religious services for the residents;
- Committing to continue an activities schedule commensurate with the residents' ability to benefit from such activities;
- Being open to receive another religious community of Catholic sisters to reside and/or minister at the facility so that the residents will continue to relate to a community of religious women.

In addition, clearly having additional beds offering a variety of levels of care should increase the availability and accessibility of healthcare services for the elderly in the local area and, for the poor, access to Medi-Cal, should allow them also to access such services.

9. (Cal. Code Regs. tit. 11, § 999.5(d)(7).) Please provide an explanation as to why you believe the 2020 Form 990 Return of Organization Exempt from Income Tax, Exhibit 14, is relevant to our review. Please provide a statement setting out the specific reasons why you believe the proposed sale of Little Sisters of the Poor is in the public interest.

The reason for including the Applicant's Form 990 for Attorney General review is that the document reveals more detailed information about the Applicant's status as a public charity; types of donations received; and other information about the charity. The questions asked in the first few pages give a detailed description of the type of public charity the Applicant is; governance; and transparency of the organization. Plus, because the Form 990 is required for virtually all public charities under section 509(a) of the Internal Revenue Code.

Also, the reason the Applicant believes the sale is in the public interest is that it will allow for the care of the elderly for many years to come, especially for the current residents. As the Little Sisters well know, there are not that many residential options for seniors of modest means. So the fact that purchaser is allowing all of the current residents to remain, despite limited financial resources, is very important to the Little Sisters of the Poor.

And in the broader sense, having another long-term care operator continue to operate the facility as a SNF/RCFE/IL residence will continue to provide residential options for seniors in the San Pedro and greater Los Angeles area.

10. (Cal. Code Regs., tit. 11, § 999.5(d)(8).) **A copy of the May 26, 2021, Board Minutes for Little Sisters, relating to the Special Meeting held to approve the sale of Little Sisters.**

In the original submission, the Board minutes from the May 26, 2021 authorizing the sale were included (Bates p. 707) along with the Board resolution. **Exhibit 29** is an executed copy of the minutes of the meeting and the executed resolution.

Exhibit 29

Section 999.5(d)(8)

**LITTLE SISTERS OF LOS ANGELES
D/B/A JEANNE JUGAN RESIDENCE**

MINUTES - SPECIAL MEETING OF THE BOARD OF DIRECTORS

The Board of Directors of LITTLE SISTERS OF THE POOR OF LOS ANGELES conducted a Special Meeting of the board on Wednesday May 26,, 2021 after a Special meeting of the Members at 2100 S. Western Avenue, San Pedro California, waived notice and consented to the transaction of the business of the Corporation.

Present: Sr. Margaret Hogarty, Sister Clotilde Jardim, Sister Julie Horseman

Invited: Fr. Mark Cregan, Esq. Counsel

The Board elected the Officers of the Corporation. Officers elect were:

President -	Sister Margaret Hogarty
Secretary & Asst Treasurer -	Sister Clotilde Jardim
Treasurer & Ass. Secretary -	Sister Julie Horseman

The Board then reviewed and adopted Amended Bylaws of the Corporation,

The Board then discussed the sale of Jeanne Jugan Residence to G 2nd E Healthcare Services, Inc. They then unanimously approved the Resolution authorizing the sale of the Real Property, the Business and the Other Assets of the Corporation. A copy of the Resolution is annexed to these minutes.

The Board then discussed transition issues relating to the transfer of the property. The key issue is when the Corporation can transfer the operations and the management of the units to entities operated and managed by the Purchaser. The Board instructed counsel to explore all options and report back.

There being no other business, the Board adjourned.

Dated: May 26, 2021

Submitted by


Sr. Clotilde Jardim, Secretary

RESOLUTION

WHEREAS **LITTLE SISTERS OF THE POOR OF LOSANGELES**, a California nonprofit corporation, (“Seller” and “Old Operator”) is desirous of selling and conveying the land and improvements located at 2100 South Western Avenue, San Pedro California (the “Real Property”); the business of operating a facility with 27 skilled nursing beds, 62 residential care facility for the elderly (“RCFE”) beds and 14 Independent Living Apartments (the “Business”); and all of the other assets necessary to conduct the Business (“Other Assets”) which pertain thereto; and

WHEREAS the Seller is desirous of transferring the Real Property, the Business and the Other Assets to **G and E HEALTHCARE SERVICES, LLC**, a California Limited Liability Company or its nominee (the Buyer”); and

WHEREAS the Buyer will enter into a lease with affiliated entities to operate the Skilled Nursing unit (“New Operator”) and manage the RCFE units (“New Manager”); and

WHEREAS the Old Operator will enter into an Operations Transfer Agreement with the New Operator and a Management Transfer Agreement with the New Manager whereby the parties will transfer the operations and the management of the Business from the Old Operator to the New Operator and New Manager; and

WHEREAS the Board of Directors of the Seller at a duly called Special Meeting of the same held on May 26, 2021 approved the sale of the Real Property, the Business and the Other Assets to the Buyer for TWENTY MILLION DOLLARS (\$20,000,000.00) by unanimous vote.

NOW THEREFORE:

BE IT RESOLVED THAT

1. The Board of Directors of the Seller approves the sale of the Real Property, the Business and the Other Assets to the Buyer for TWENTY MILLION DOLLARS (\$20,000,000.00); and it is further resolved that
2. The attorneys for the Seller, Law Office of Mark T. Cregan, PLLC and Michael Kanne, Esq. are authorized to negotiate the terms for the sale of the Real Property, the Business and the Other Assets; and to represent the Seller in the sale and transfer; and it is further resolved that
3. The Officers of the Seller are authorized to execute all contracts, instruments and other documents in furtherance of the sale of the Assets and the transfer of operations.

Dated: May 26, 2021


Sister Margaret Hogarty, President


Sister Clotilde Jardim, Secretary

11. (Cal. Code Regs. tit 11, § 999.5(d)(2)(D).) Documents or other information pertaining to valuation of any asset involved in the transaction, including any internal documents or other information or documents or other information submitted by interested parties/prospective/potential buyers. This includes any offers received by any interested parties/prospective/potential buyers.

As was stated in the original submission, other than the Appraisal which was already submitted, there were no other documents or other information developed to determine the valuation of the property. And no interested parties/prospective/potential buyers submitted information or made an offer to the Little Sisters of the Poor.

Since the Little Sisters set a minimum sale price, there would not have been opportunities for interested parties/prospective/potential buyers to make offers or counteroffers. And because three of four finalists agreed to the \$20,000,000.00 sale price, there was no need for further negotiations.

12. **(Cal. Code Regs. tit. 11, § 999.5(d)(4)(B).) Documents or other information pertaining to bylaws in effect prior to May 26, 2021, the Applicant’s plan for the use of the net proceeds.**

Exhibit 30 is a copy of the bylaws of the corporation in effect prior to May 26, 2021.

The Restated Articles of Incorporation (Bates p. 0285ff) spell out the amended purposes of the corporation after the transfer of the Home. The net proceeds will first pay any pending liabilities, loans, etc. Then the net proceeds and any future gifts, devises, or other donations will be used to support the mission of the Little Sisters of the Poor both in California and in the United States. Grants and/or loans will be made to further the charitable purposes of entities affiliated with the Little Sisters of the Poor and which are tax exempt charitable organizations under section 501(c)(3) of the Internal Revenue Code.

Exhibit 30

Section 999.5(d)(4)(B)

BY-LAWS OF
LITTLE SISTERS OF THE POOR
OF _____.

ARTICLE I
OFFICES

The corporation shall maintain in the State of _____ a registered office and a registered agent at such office, and may have other offices within or without the state.

ARTICLE II
CORPORATE PURPOSE

The purpose of the corporation shall be exclusively charitable, religious, benevolent and educational, including a furtherance of such purposes as (a) the establishment, maintenance and operation, either directly or in any other manner of an institution for the delivery of services to aged and impoverished persons, including providing them with a home and spiritual and physical care; and further, to aid and support the works of the religious Congregation of the Little Sisters of the Poor throughout the United States and the World, with particular attention to the Little Sisters of the Poor, Chicago Province, Inc., a branch of the Roman Catholic Church, for the advancement of the spiritual and religious welfare of its members in fulfilling their religious obligations; and for its corporate purposes to acquire real and personal property by gift, devise or bequest, or to purchase, use, maintain, sell or transfer same; and (b) any other purpose permitted under the authority of _____ (insert relevant statutory authority); and (c) the exercise of any or all lawful powers necessary or convenient to effect any or all of the purposes for which the corporation is organized.

ARTICLE III
MEMBERS

SECTION 1. CLASSES OF MEMBERS. The members of this corporation shall be such members of the Little Sisters of the Poor who have taken the vows of said Congregation, and who, pursuant to the direction of the Congregation, have been designated by the Provincial of the Chicago Province as Mother Superior, the Assistant, Councillor and such other members of the Little Sisters of the Poor who are designated by the _____ Province. No membership nor any rights arising therefrom may be transferred or assigned, nor shall they pass by descent or will. Membership shall be terminated by cessation of membership in the Congregation of the Little Sisters of the Poor, by cessation of the member's tenure in the office through which she is a member, or if her designation as a member by the Provincial is withdrawn.

SECTION 2. VOTING RIGHTS. Each member shall be entitled to one vote on each matter submitted to a vote of the members.

SECTION 3. MEMBERSHIP CERTIFICATES. No membership certificates of the corporation shall be required.

ARTICLE IV
MEETINGS OF MEMBERS

SECTION 1. ANNUAL MEETING. An annual meeting of the members shall be held on the Second Saturday of April of each year for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

SECTION 2. SPECIAL MEETING. Special meetings of the members

may be called either by the president, the board of directors, or not less than one-third of the members having voting rights.

SECTION 3. PLACE OF MEETING. The board of directors may designate any place as the place of meeting for any annual meeting or for any special meeting called by the board of directors.

SECTION 4. NOTICE OF MEETINGS. Written notice stating the place, date and hour of any meeting of members shall be delivered to each member entitled to vote at such meeting not less than five nor more than forty days before the date of such meeting. In case of a special meeting or when required by statute or by these bylaws, the purpose for which the meeting is called shall be stated in the notice.

SECTION 5. INFORMAL ACTION BY MEMBERS. Any action required to be taken at a meeting of the members of the corporation, or any other action which may be taken at a meeting of members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

SECTION 6. QUORUM. The members holding two-thirds of the votes which may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting at any time without further notice. At an adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting;

withdrawal of members from any meeting shall not cause failure of a duly constituted quorum at that meeting.

ARTICLE V
BOARD OF DIRECTORS

SECTION 1. GENERAL POWERS. The affairs of the corporation shall be managed by its board of directors, subject to such restrictions as may from time to time be set by the members.

SECTION 2. NUMBER, TENURE AND QUALIFICATIONS. The number of directors shall be 3. Each director shall hold office until the next annual meeting of members and until her successor shall have been elected and qualified. Members shall have the authority to remove Directors by affirmative vote of the majority of the members present at any meeting at which a quorum is in attendance. Directors need not be residents of the state of Illinois.

SECTION 3. REGULAR MEETINGS. A regular annual meeting of the board of directors shall be held without other notice than these bylaws, immediately after, and at the same place as, the annual meeting of members. The board of directors may provide by resolution the time and place for the holding of additional regular meetings of the board without other notice than such resolution.

SECTION 4. SPECIAL MEETINGS. Special meetings of the board of directors may be called by or at the request of the president or any two directors. The person or persons authorized to call special meetings of the board may fix any place as the place for holding any special meeting of board called by them.

SECTION 5. NOTICE. Notice of any special meeting of the board of directors shall be given at least two days previous

thereto by written notice to each director at her address as shown by the records of the corporation. Notice of any special meeting of the board of directors may be waived in writing signed by the person or persons entitled to the notice either before or after the time of the meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these bylaws.

SECTION 6. INFORMAL ACTION BY DIRECTORS. Any action required to be taken at a meeting of the directors of the corporation, or any other action which may be taken at a meeting of directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

SECTION 7. QUORUM. A majority of the board of directors shall constitute a quorum for the transaction of business at any meeting of the board, provided that if less than a majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting to another time without further notice.

SECTION 8. MANNER OF ACTING. The act of a majority of the directors present at a meeting at which a quorum is present shall

be the act of the board of directors, unless the act of a greater number is required by statute, these bylaws, or the articles of incorporation.

SECTION 9. VACANCIES. Any vacancy occurring in the board of directors or any directorship to be filled by reason of an increase in the number of directors shall be filled by affirmative vote of the majority of the number of members present at any meeting at which a quorum is in attendance, unless the articles of incorporation, a statute, or these bylaws provide that a vacancy or a directorship so created shall be filled in some other manner, in which case such provision shall control. A director elected to fill a vacancy shall be elected for the unexpired term of her predecessor in office.

ARTICLE VI OFFICERS

SECTION 1. OFFICERS. The officers of the corporation shall be a President, one Vice President, a Secretary and a Treasurer, along with such other officers as may be elected by the board of directors. Officers whose authority and duties are not prescribed in these bylaws shall have the authority and perform the duties prescribed, from time to time, by the board of directors. Any two or more offices may be held by the same person, except the offices of president and secretary. Unless directed otherwise by the members, The Mother Superior of the Home shall be elected President, the Assistant shall be elected Vice President and the Councillor shall be elected Secretary/Treasurer.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the

corporation shall be elected annually by the board of directors at the regular annual meeting of the board of directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filled at any meeting of the board of directors. Each officer shall hold office until her successor shall have been duly elected and shall have qualified or until her death or resignation.

SECTION 3. PRESIDENT. The president shall be the principal executive officer of the corporation. Subject to the direction and control of the board of directors, she shall be in charge of the business and affairs of the corporation; she shall see that the resolutions and directives of the board of directors are carried into effect except in those instances in which that responsibility is assigned to some other person by the board of directors; and, in general, she shall discharge all duties incident to the office of president and such other duties as may be prescribed by the board of directors. She shall preside at all meetings of the members and of the board of directors. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the corporation or a different mode of execution is expressly prescribed by the board of directors or these bylaws, she may execute for the corporation any contracts, deeds, mortgages, bonds, or other instruments which the board of directors has authorized to be executed, and she may accomplish such execution either under or without the seal of the corporation and either

individually or with the secretary, any assistant secretary, or any other officer thereunto authorized by the board of directors, according to the requirements of the form of the instrument.

SECTION 4. VICE PRESIDENT. The vice-president shall assist the president in the discharge of her duties as the president may direct and shall perform such other duties as from time to time may be assigned to her by the president or by the board of directors. In the absence of the president or in the event of her inability or refusal to act, the vice-president shall perform the duties of the president and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the corporation or a different mode of execution is expressly prescribed by the board of directors or these bylaws, the vice-president may execute for the corporation any contracts, deeds, mortgages, bonds or other instruments which the board of directors has authorized to be executed, and she may accomplish such execution either under or without the seal of the corporation and either individually or with the secretary, any assistant secretary, or any other officer thereunto authorized by the board of directors, according to the requirements of the form of the instrument.

SECTION 5. TREASURER. The treasurer shall be the principal accounting and financial officer of the corporation. She shall:

- (a) have charge of and be responsible for the maintenance of adequate books of account for the corporation;
- (b) have charge and

custody of all funds and securities of the corporation, and be responsible therefore, and for the receipt and disbursement thereof; and (c) perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to her by the president or the board of directors.

SECTION 6. SECRETARY. The secretary shall record the minutes of the meetings of the members and of the board of directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provision of these bylaws or as required by law; be custodian of the corporate records and of the seal of the corporation; and perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to her by the president or by the board of directors.

ARTICLE VII
CONTRACTS, CHECKS, DEPOSITS AND FUNDS

SECTION 1. CONTRACTS. The board of directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these bylaws to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation and such authority may be general or confined to specific instances.

SECTION 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and

in such manner as shall from time to time be determined by resolution of the board of directors. In the absence of such determination by the board of directors, such instruments shall be signed by the President of the corporation or such other officer that she may direct to do so.

SECTION 3. DEPOSITS. All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the board of directors may select.

SECTION 4. GIFTS. The president may accept and receipt for on behalf of the corporation any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the corporation.

ARTICLE VIII
FISCAL YEAR

The fiscal year of the corporation shall begin on January 1st of each year.

ARTICLE IX
SEAL

The corporate seal shall have inscribed thereon the name of the corporation and the words "Corporate Seal, Illinois". The imprint of the corporate seal is shown in the following space:

ARTICLE X
WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the General Not For Profit Corporation Act of ~~Illinois~~ or under the provisions of the articles of incorporation or the bylaws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XI
AMENDMENTS

SECTION 1. BYLAWS. These bylaws may be altered, amended or repealed and new bylaws may be adopted either by: 1) the board of directors by affirmative vote of a majority of the number of directors present at any meeting at which a quorum is in attendance and with the approval of a majority of the members present at any meeting at which a quorum is in attendance or 2) the members of the corporation, by affirmative vote of the majority of the number of members present at any meeting at which a quorum is in attendance.

SECTION 2. IMPLIED AMENDMENTS TO BYLAWS. Any action taken or authorized by the board of directors, which would be inconsistent with the bylaws then in effect but is taken or authorized by affirmative vote of not less than the number of directors required to amend the bylaws so that the bylaws would be consistent with such action, shall be given the same effect as though the bylaws

had been temporarily amended or suspended so far, but only so far,
as is necessary to permit the specific action so taken or
authorized.

****Underlined sections are changes from previous form**

13. (Cal. Code Regs. tit. 11, § 999.5(d)(9).) Please provide (1) copies of the Articles of Incorporation and Operating Agreements for the transferee's other entities, other than the seven limited liability companies of the purchaser identified on pages 0568 and 0567 of the notice package, whether related to the provision of skilled nursing and rehabilitation services or not; and (2) copies of the most recent audited financial statements for each of the purchaser's/transferee's entities. If audited financial statements do not exist for each of the purchaser's/transferee's entities, please provide an explanation. If audited financial statements have been generated at any time for any of the purchaser/transferee's entities, please provide the most recent copy that exists for each entity.

Exhibit 31 are copies of the Articles of Organization and the Operating Agreements for the Purchaser's other entities (and Articles of Incorporation and Bylaws for The Grace O Foundation). Please note that for the entity GM Indianola, LLC, because the entity was recently established, there is no executed Operating Agreement and there are no financial statements available.

Exhibit 32 are copies of the unaudited financial statements for the Purchaser's other entities

The entities included are:

1. Gem Land, LLC
2. G & R Capital Group, LLC
3. GSM Capital Group, LLC
4. Saint Cabrini Healthcare Services, LLC
5. GM Indianola, LLC
6. The Grace O Foundation

After consulting with Purchaser's counsel, Seller was informed that there are not available audited financial statements for these entities.

Exhibit 31

Section 999.5(d)(9)



State of California Secretary of State

LLC-1

File #

201032710025

LIMITED LIABILITY COMPANY ARTICLES OF ORGANIZATION

FILED In the office of the Secretary of State of the State of California

NOV 22 2010

A \$70.00 filing fee must accompany this form.

IMPORTANT - Read instructions before completing this form.

This Space For Filing Use Only

ENTITY NAME (End the name with the words "Limited Liability Company," or the abbreviations "LLC" or "L.L.C." The words "Limited" and "Company" may be abbreviated to "Ltd." and "Co.," respectively.)

1. NAME OF LIMITED LIABILITY COMPANY

GEM Land, LLC

PURPOSE (The following statement is required by statute and should not be altered.)

2. THE PURPOSE OF THE LIMITED LIABILITY COMPANY IS TO ENGAGE IN ANY LAWFUL ACT OR ACTIVITY FOR WHICH A LIMITED LIABILITY COMPANY MAY BE ORGANIZED UNDER THE BEVERLY-KILLEA LIMITED LIABILITY COMPANY ACT.

INITIAL AGENT FOR SERVICE OF PROCESS (If the agent is an individual, the agent must reside in California and both items 3 and 4 must be completed. If the agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to Corporations Code section 1505 and item 3 must be completed (leave item 4 blank).)

3. NAME OF INITIAL AGENT FOR SERVICE OF PROCESS

Grace S. Mercado

4. IF AN INDIVIDUAL, ADDRESS OF INITIAL AGENT FOR SERVICE OF PROCESS IN CALIFORNIA CITY STATE ZIP CODE

905 S. Fair Oaks Avenue, Suite M10

Pasadena CA 91105

MANAGEMENT (Check only one)

5. THE LIMITED LIABILITY COMPANY WILL BE MANAGED BY:

ONE MANAGER

MORE THAN ONE MANAGER

ALL LIMITED LIABILITY COMPANY MEMBER(S)

ADDITIONAL INFORMATION

6. ADDITIONAL INFORMATION SET FORTH ON THE ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE A PART OF THIS CERTIFICATE.

EXECUTION

7. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.

11/22/2010

DATE

Signature of Eileen Gallo

SIGNATURE OF ORGANIZER

Eileen Gallo

TYPE OR PRINT NAME OF ORGANIZER

GEM Land, LLC

Operating Agreement

A. THIS OPERATING AGREEMENT of GEM Land, LLC (the “Company”) is entered into as of the date set forth on the signature page hereto by each of the persons named in Exhibit A hereto (referred to individually as a Member and collectively as the Members).

B. The Members have formed a limited liability company under the Beverly Killoa Limited Liability Company Act (“California Limited Liability Company Act”). The articles of organization of the Company filed with the California Secretary of State are hereby adopted and approved by the Members.

C. The Members enter into this agreement to provide for the governance of the Company and the conduct of its business, and to specify their relative rights and obligations.

NOW THEREFORE, the Members agree as follows:

ARTICLE 1: DEFINITIONS

Capitalized terms used in this agreement have the meanings specified in this Article or elsewhere in this agreement and when not so defined shall have the meanings set forth in the California Limited Liability Company Act.

“Capital Contribution” means the amount of cash, property or services contributed to the Company.

“Company” means GEM Land, LLC, a California limited liability company.

“Member” means a Person who acquires Membership Interests, as permitted under this agreement, and who becomes or remains a Member.

“Membership Interests” means either Percentage Interest or Units, based on how ownership in the Company is expressed on Exhibit A.

“Percentage Interest” means a percent ownership in the Company entitling the holder to an economic and voting interest in the Company.

“Person” means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.

“Unit” means a unit of ownership in the Company entitling the Member holding such Unit to an economic interest and a voting interest in the Company.

ARTICLE 2: CAPITAL AND CAPITAL CONTRIBUTIONS

2.1 Initial Capital Contributions and Membership Interests. The Capital Contributions of the initial Members, as well as the Membership Interests of each Member, are listed in Exhibit A, which is made part of this agreement. Membership Interests in the Company may be expressed either in Units or directly in Percentage Interests.

2.2 Subsequent Contributions. No Member shall be obligated to make additional capital contributions unless unanimously agreed by all the Members.

2.3 Capital Accounts. Individual capital accounts may be maintained for each Member consisting of that Member's Capital Contribution, (1) increased by that Member's share of profits, (2) decreased by that Member's share of losses and company expenses, (3) decreased by that Member's distributions and (4) adjusted as required in accordance with applicable tax laws.

2.4 Interest. No interest shall be paid on Capital Contributions or on the balance of a Member's capital account.

2.5 Limited Liability. A Member shall not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the company except as otherwise provided in this agreement or as required by law.

ARTICLE 3. ALLOCATIONS AND DISTRIBUTIONS

3.1 Allocations. The profits and losses of the Company and all items of Company income, gain, loss, deduction, or credit shall be allocated, for Company book purposes and for tax purposes, pro rata in proportion to relative Membership Interests held by each Member.

3.2 Distributions. The Company shall have the right to make distributions of cash and property to the Members pro rata based on the relative Membership Interests. The timing and amount of distributions shall be determined by the Members in accordance with California law.

ARTICLE 4: MANAGEMENT

4.1 Management. The business of the Company shall be managed by the Members. In the event of a dispute between Members, final determination shall be made by a vote of the majority of the Members (unless a greater percentage is required in this Agreement or under California law). Any Member may bind the Company in all matters in the ordinary course of business.

4.2 Banking. The Members are authorized to set up one or more bank accounts and are authorized to execute any banking resolutions provided by the institution where the accounts are

being set up. All funds of the Company shall be deposited in one or more accounts with one or more recognized financial institutions in the name of the Company.

4.3 **Officers.** The Members are authorized to appoint one or more officers from time to time. The officers shall hold office until their successors are chosen and qualified. Subject to any employment agreement entered into between the officer and the Company, an officer shall serve at the pleasure of the Members. The current officers of the Company are listed on Exhibit B.

ARTICLE 5: ACCOUNTS AND ACCOUNTING

5.1 **Accounts.** Complete books of account of the Company's business, in which each Company transaction shall be fully and accurately entered, shall be kept at the Company's principal executive office and shall be open to inspection and copying on reasonable notice by any Member or their authorized representatives during normal business hours for purposes reasonably related to the interest of such person as a Member. The costs of such inspection and copying shall be borne by the Member.

5.2 **Records.** At all times during the term of existence of the Company, and beyond that term if the Members deems it necessary, the Members shall keep or cause to be kept the following:

- (a) A current list of the full name and last known business or residence address of each Member, together with the Capital Contribution, the amount and terms of any agreed upon future Capital Contribution, and Membership Interest of each Member;
- (b) A copy of the articles of organization and any amendments;
- (c) Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six most recent taxable years; and
- (d) An original executed copy or counterparts of this agreement and any amendments.

5.3 **Income Tax Returns.** Within 45 days after the end of each taxable year, the Company shall use its best efforts to send to each of the Members all information necessary for the Members to complete their federal and state income tax or information returns and a copy of the Company's federal, state, and local income tax or information returns for such year.

5.4 **Tax Matters Member.** Grace S. Mercado shall act as tax matters member of the Company to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities and to expend Company funds for professional services and costs associated therewith.

ARTICLE 6: MEMBERSHIP--MEETINGS, VOTING

6.1 **Members and Voting Rights.** Members shall have the right and power to vote on all matters with respect to which this agreement or California law requires or permits such Member action. Voting shall be based on Membership Interests. Unless otherwise stated in this Agreement or under California law, the vote of the Members holding a majority of the Membership Interests shall be required to approve or carry an action.

6.2 **Meetings.** Regular or annual meetings of the Members are not required but may be held at such time and place as the Members deem necessary or desirable for the reasonable management of the Company

Meetings may be called by any member or members holding 10% or more of the Membership Interests, for the purpose of addressing any matters on which the Members may vote. A written notice shall be given not less than 10 days nor more than 60 days before the date of the meeting to each member entitled to vote at the meeting. In any instance in which the approval of the Members is required under this agreement, such approval may be obtained in any manner permitted by California law, including by conference telephone or similar communications equipment. In addition, notice to any meeting may be waived, and any action which could be taken at a meeting can be approved if a consent in writing, stating the action to be taken, is signed by the holders of the minimum Membership Interest needed to approve the action.

ARTICLE 7: WITHDRAWAL AND TRANSFERS OF MEMBERSHIP INTERESTS

7.1 **Withdrawal.** A Member may withdraw from the Company prior to the dissolution and winding up of the Company with the unanimous consent of the other Members, or if such Member transfers or assigns all of his or her Membership Interests pursuant to Section 7.2 below. A Member which withdraws pursuant to this Section 7.1 shall be entitled to a distribution in an amount equal to such Member's Capital Account.

7.2 **Restrictions on Transfer.** A Member may transfer Membership Interests to any other Person without the consent of any other Member. A person may acquire Membership Interests directly from the Company upon the written consent of all Members. A person which acquires Membership Interests in accordance with this section shall be admitted as a Member of the Company after the person has agreed to be bound by the terms of this Operating Agreement by executing a consent in the form of Exhibit C.

ARTICLE 8: DISSOLUTION AND WINDING UP

8.1 **Dissolution.** The Company shall be dissolved upon the first to occur of the following events:

- (a) The vote of Members holding a majority of the outstanding Membership Interests to dissolve the Company.
- (b) Entry of a decree of judicial dissolution under Section 17351 of the California Corporations Code.
- (c) At any time there are no Members, provided that the Company is not dissolved and is not required to be wound up if, within 90 days after the occurrence of the event that terminated the continued membership of the last remaining Member, the legal representative of the last remaining Member agrees in writing to continue the Company and to the admission of the legal representative of such Member or its assignee to the Company as a Member, effective as of the occurrence of the event that terminated the continued membership of the last remaining Member.

8.2 **No automatic dissolution upon certain events.** Neither the death, incapacity, disassociation, bankruptcy or withdrawal of a Member shall automatically cause a dissolution of the Company.

ARTICLE 9: INDEMNIFICATION

9.1 **Indemnification.** The Company shall have the power to indemnify any Person who was or is a party, or who is threatened to be made a party, to any proceeding by reason of the fact that such Person was or is a Member, Manager, officer, employee, or other agent of the Company, or was or is serving at the request of the Company as a director, manager, officer, employee, or other agent of another limited liability company, corporation, partnership, joint venture, trust, or other enterprise, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by such Person in connection with such proceeding, if such Person acted in good faith and in a manner that such Person reasonably believed to be in the best interests of the Company, and, in the case of a criminal proceeding, such Person had no reasonable cause to believe that the Person's conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Person did not act in good faith and in a manner that such Person reasonably believed to be in the best interests of the Company, or that the Person had reasonable cause to believe that the Person's conduct was unlawful.

To the extent that an agent of the Company has been successful on the merits in defense of any proceeding, or in defense of any claim, issue, or matter in any such proceeding, the agent shall be indemnified against expenses actually and reasonably incurred in connection with the

proceeding. In all other cases, indemnification shall be provided by the Company only if authorized in the specific case unanimously by all of the Members.

“Proceeding,” as used in this section, means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative

9.2 Expenses. Expenses of each Person indemnified under this agreement actually and reasonably incurred in connection with the defense or settlement of a proceeding may be paid by the Company in advance of the final disposition of such proceeding, as authorized by the Members who are not seeking indemnification upon receipt of an undertaking by such Person to repay such amount unless it shall ultimately be determined that such Person is entitled to be indemnified by the Company.

“Expenses,” as used in this section, includes, without limitation, attorney fees and expenses of establishing a right to indemnification, if any, under this section.

ARTICLE 10: GENERAL PROVISIONS

10.1 Entire Agreement; Amendment. This agreement constitutes the whole and entire agreement of the parties with respect to the subject matter of this agreement, and it shall not be modified or amended in any respect except by a written instrument executed by all of the Members. This agreement replaces and supersedes all prior written and oral agreements by and among the Members:

10.2 Governing Law; Severability. This agreement shall be construed and enforced in accordance with the internal laws of the State of California. If any provision of this agreement is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this agreement shall remain in effect.

10.3 Benefit. This agreement shall be binding on and inure to the benefit of the parties and their heirs, personal representatives, and permitted successors and assigns.

10.4 Number and Gender. Whenever used in this agreement, the singular shall include the plural and the plural shall include the singular, and the neuter gender shall include the male and female as well as a trust, firm, company, or corporation, all as the context and meaning of this agreement may require.

10.5 **No Third Party Beneficiary.** This agreement is made solely for the benefit of the parties to this agreement and their respective permitted successors and assigns, and no other person or entity shall have or acquire any right by virtue of this agreement.

IN WITNESS WHEREOF, the parties have executed or caused to be executed this Operating Agreement as of the date below.

Dated:



Grace S. Mercado



Jose Antonio T. Agoncillo

MEMBERS

The following persons are the initial Members of the Company, and their initial capital contributions and ownership is set forth below.

<u>Name</u>	<u>Capital Contribution (\$)</u>	<u>Percentage Interest</u>
Grace S. Mercado		95%
Jose Antonio T. Agoncillo		5%

OFFICERS

The following person(s) are elected as officers of the Company:

<u>Name of Officer</u>	<u>Title</u>
Grace S. Mercado	President



**State of California
Secretary of State**

**LIMITED LIABILITY COMPANY
ARTICLES OF ORGANIZATION**

File # 200602110419

FILED
In the office of the Secretary of State
of the State of California

JAN 20 2006

A \$70.00 filing fee must accompany this form.

IMPORTANT – Read instructions before completing this form.

This Space For Filing Use Only

ENTITY NAME (End the name with the words "Limited Liability Company," "Ltd. Liability Co.," or the abbreviations "LLC" or "L.L.C.")

1. NAME OF LIMITED LIABILITY COMPANY

G&R Capital Group, LLC

PURPOSE (The following statement is required by statute and may not be altered.)

2. THE PURPOSE OF THE LIMITED LIABILITY COMPANY IS TO ENGAGE IN ANY LAWFUL ACT OR ACTIVITY FOR WHICH A LIMITED LIABILITY COMPANY MAY BE ORGANIZED UNDER THE BEVERLY-KILLEA LIMITED LIABILITY COMPANY ACT

INITIAL AGENT FOR SERVICE OF PROCESS (If the agent is an individual, the agent must reside in California and both Items 3 and 4 must be completed. If the agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to Corporations Code section 1505 and Item 3 must be completed (leave Item 4 blank).)

3. NAME OF INITIAL AGENT FOR SERVICE OF PROCESS

Grace Mercado

4. IF AN INDIVIDUAL, ADDRESS OF INITIAL AGENT FOR SERVICE OF PROCESS IN CALIFORNIA CITY STATE ZIP CODE

13241 Gladstone Avenue Sylmar CA 91342

MANAGEMENT (Check only one)

5. THE LIMITED LIABILITY COMPANY WILL BE MANAGED BY

- ONE MANAGER
- MORE THAN ONE MANAGER
- ALL LIMITED LIABILITY COMPANY MEMBER(S)

ADDITIONAL INFORMATION

6. ADDITIONAL INFORMATION SET FORTH ON THE ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE A PART OF THIS CERTIFICATE

EXECUTION

7. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.

J. Sternshein
SIGNATURE OF ORGANIZER

January 19, 2006
DATE

Jennifer M. Sternshein, Esq.
TYPE OR PRINT NAME OF ORGANIZER

RETURN TO (Enter the name and the address of the person or firm to whom a copy of the filed document should be returned.)

8. NAME [Sanders, Collins & Rehaste, LLP]
FIRM 5316 E. Chapman Avenue
ADDRESS Orange, CA 92869
CITY/STATE/ZIP []

LLC-2 **Amendment to Articles of Organization of a Limited Liability Company (LLC)**

To change information of record for your California LLC, you can fill out this form, and submit for filing along with:

- A \$30 filing fee.
- A separate, non-refundable \$15 service fee also must be included, if you **drop off** the completed form.
- To file this form, the status of your LLC must be active on the records of the California Secretary of State, or if suspended, this form can only be filed to list a new LLC name. To check the status of the LLC, go to keeper.sos.ca.gov.

Important! To change the LLC addresses, or to change the name or address of the LLC's agent for service of process, you must file a Statement of Information (Form LLC-12). To get Form LLC-12, go to www.sos.ca.gov/business/be/statements.htm.

Items 4-6: Only fill out the information that is changing. Attach extra pages if you need more space or need to include any other matters.

FILED
Secretary of State
State of California

NOV 23 2016

This Space For Office Use Only

For questions about this form, go to www.sos.ca.gov/business/be/filing-tips.htm.

① **LLC's Exact Name** (on file with CA Secretary of State)

G&R Capital Group, LLC

② **LLC File No.** (issued by CA Secretary of State)

200602110419

Purpose

- ③ The purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under the California Revised Uniform Limited Liability Company Act.

New LLC Name (List the proposed LLC name exactly as it is to appear on the records of the California Secretary of State.)

④ _____

Proposed LLC Name The proposed new name must include: LLC, L.L.C., Limited Liability Company, Limited Liability Co., Ltd. Liability Co. or Ltd. Liability Company; and may not include: bank, trust, trustee, incorporated, inc., corporation, or corp., insurer, or insurance company.

Management (Check only one.)

- ⑤ The LLC will be managed by:
- One Manager More Than One Manager All Limited Liability Company Member(s)

Amendment to Text of the Articles of Organization (List both the current text, and the text as amended by this filing.)

⑥

Read and sign below: Unless a greater number is provided for in the Articles of Organization, this form must be signed by at least one manager, if the LLC is manager-managed or at least one member, if the LLC is member-managed. If the signing manager or member is a trust or another entity, go to www.sos.ca.gov/business/be/filing-tips.htm for more information. If you need more space, attach extra pages that are 1-sided and on standard letter-sized paper (8 1/2" x 11"). All attachments are part of this document.


Grace S. Mercado
Manager
 Sign here Print your name here Your business title

Make check/money order payable to: **Secretary of State**
 Upon filing, we will return one (1) uncertified copy of your filed document for free, and will certify the copy upon request and payment of a \$5 certification fee

By Mail
 Secretary of State
 Business Entities, P.O. Box 944228
 Sacramento, CA 94244-2280

Drop-Off
 Secretary of State
 1500 11th Street, 3rd Floor
 Sacramento, CA 95814

OPERATING AGREEMENT
OF
G & R CAPITAL GROUP, LLC

THE SECURITIES REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR REGISTERED NOR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS QUALIFIED AND REGISTERED UNDER APPLICABLE STATE AND FEDERAL SECURITIES LAWS OR UNLESS, IN THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, SUCH QUALIFICATION AND REGISTRATION IS NOT REQUIRED. ANY TRANSFER OF THE SECURITIES REPRESENTED BY THIS AGREEMENT IS FURTHER SUBJECT TO OTHER RESTRICTIONS, TERMS AND CONDITIONS WHICH ARE SET FORTH HEREIN.

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Operating Agreement

This Operating Agreement is entered into as of March 1, 2008 by Grace Mercado, as the sole member of the Company (as such term is hereinafter defined) in order to specify the business and operation of the Company.

Recitals

A. WHEREAS, the Member desires to form a limited liability company (the "Company") under the Beverly-Killea Limited Liability Company Act (California Corporations Code sections 17100-17655).

B. WHEREAS, the Member desires to enter into this Operating Agreement in order to form and provide for the governance of the Company and the conduct of its business.

NOW THEREFORE, the Member hereby agrees as follows:

Article I Definitions

1. The following capitalized terms used in this Agreement have the meanings specified in this Article or elsewhere in this Agreement and when not so defined shall have the meanings set forth in California Corporations Code section 17001.

1.1 "Act" means the Beverly-Killea Limited Liability Company Act (California Corporations Code sections 17000-17655), including amendments from time to time.

1.2 "Agreement" means this Operating Agreement, as originally executed and as amended from time to time.

1.3 "Articles of Organization" is defined in California Corporations Code section 17001(b) as applied to this Company.

1.4 "Capital Account" means an account maintained and adjusted in accordance with Article III, Section 3.2.

1.5 "Capital Contribution" means the amount of the money and the Fair Market Value of any property (other than money) contributed to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take "subject to" under IRC section 752) in consideration of a Percentage Interest held by the Member. A Capital Contribution shall not be deemed a loan.

1.6 "Capital Event" means a sale or disposition of any of the Company's capital assets, the receipt of insurance and other proceeds derived from the involuntary

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conversion of the Company property, the receipt of proceeds from a refinancing of Company property, or a similar event with respect to Company property or assets.

1.7 “Code” or “IRC” means the Internal Revenue Code of 1986, as amended, and any successor provision

1.8 “Company” means the company named in Article II, Section 2.2.

1.9 “Economic Interest” means a Person’s right to share in the income, gains, losses, deductions, credit, or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member, including the right to vote or to participate in management

1.10 “Encumber” means the act of creating or purporting to create an Encumbrance, whether or not perfected under applicable law.

1.11 “Encumbrance” means, with respect to any Membership Interest, or any element thereof, a mortgage, pledge, security interest, lien, proxy coupled with an interest (other than as contemplated in this Agreement), option, or preferential right to purchase.

1.12 “Gross Asset Value” means, with respect to any item of property of the Company, the item’s adjusted basis for federal income tax purposes, except as follows:

- (a) The Gross Asset Value of any item of property contributed by the Member to the Company shall be the fair market value of such property, as mutually agreed by the Member and the Company; and
- (b) The Gross Asset Value of any item of Company property distributed to the Member shall be the fair market value of such item of property on the date of distribution.

1.13 “Person” means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.

1.14 “Profits and Losses” means, for each fiscal year or other period specified in this Agreement, an amount equal to the Company’s taxable income or loss for such year or period, determined in accordance with IRC section 703(a).

1.15 “Regulations” (“Reg”) means the income tax regulations promulgated by the United States Department of the Treasury and published in the Federal Register for the purpose of interpreting and applying the provisions of the Code, as such Regulations may be amended from time to time, including corresponding provisions of applicable successor regulations.

1.16 “Substituted Member” is defined in Article VII, Section 8.8.

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1.17 "Successor In Interest" means an Assignee, a successor of a Person by merger or otherwise by operation of law, or a transferee or all or substantially all of the business or assets of a Person

1.18 "Transfer" means, with respect to a Membership Interest, or any element of a Membership Interest, any sale, assignment, gift, Involuntary Transfer, or other disposition of a Membership Interest or any element of such a Membership Interest, directly or indirectly, other than an Encumbrance that is expressly permitted under this Agreement.

Article II Articles of Organization

2. Articles of Organization, in the form attached to this Agreement as Exhibit "A" were filed with the California Secretary of State on January 20, 2006.

2.1 The name of the Company shall be G & R Capital Group, LLC.

2.2 The principal executive office of the Company shall be at 13241 Gladstone Avenue, Sylmar, California 91342 or such other place or places as may be determined by the Member from time to time.

2.3 The initial agent for service of process on the Company shall be Grace Mercado. The Member may from time to time change the Company's agent for service of process.

2.4 The Company will be formed for the purposes of engaging in the business of a real estate holding company.

2.5 The term of existence of the Company shall commence on the effective date of filing of Articles of Organization with the California Secretary of State, and shall continue until terminated by the provisions of this Agreement or as provided by law.

2.6 The Managers of this Company shall be Grace Mercado and Rupert Ouano, who shall serve at the discretion of the Member.

Article III Capitalization

3. The Member shall contribute to the capital of the Company as the Member's Capital Contribution the money and property specified in Exhibit "B" to this Agreement. This Fair Market Value of each item of contributed property as agreed between the Company and the Member contributing such property is set forth in Exhibit "B".

3.1 A Capital Account shall be maintained for the Member consisting of that Member's Capital Contribution (1) increased by the Member's share of Profits, (2) decreased by

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the Member's share of Losses, and (3) adjusted as required in accordance with applicable provisions of the Code and Regulations.

3.2 No interest shall be paid on funds or property contributed to the capital of the Company or on the balance of a Member's Capital Account.

3.3 The Member shall not be bound by, or be personally liable for, the expenses, liabilities or obligations of the Company except as otherwise provided for in the Act or in this Agreement.

Article IV Allocations & Distributions

4. The Profits and Losses of the Company and all items of the Company income, gain, loss, deduction or credit shall be allocated, for Company book purposes and for tax purposes, to the Member.

4.1 Any unrealized appreciation or unrealized depreciation in the values of the Company property distributed in kind to the Member shall be deemed to be Profits or Losses realized by the Company immediately prior to the distribution of the property and such Profits or Losses shall be allocated to the Member's Capital Account. Any property so distributed shall be treated as a distribution to the Member to the extent of the Fair Market Value of the property less the amount of any liability secured by and related to the property. Nothing in this Agreement is intended to treat or cause such distributions to be treated as sales for value. For the purposes of this Section 4.2, "unrealized appreciation" or "unrealized depreciation" shall mean the difference between the Fair Market Value of such property and the Company's basis for such property.

4.2 In the event of a Transfer of an Economic Interest during any fiscal year, the Assigning Member and Assignee shall each be allocated to Economic Interest's share of Profits or Losses based on the number of days each held the Economic Interest during that fiscal year.

4.3 All cash resulting from the normal business operations of the Company and from a Capital Event shall be distributed to the Member at such times as the Member deems appropriate.

Article V Management

5. The business of the Company shall be managed by two Managers, as set forth in Section 2.6 hereof. The Member may appoint one or more non-Members as co-Managers or may resign as a Manager at anytime and appoint a non-Member as a Manager of the Company on such terms and conditions as the Member may determine in her sole discretion.

5.1 The Member as such shall not be entitled to compensation for the Member's services. The Member Manager shall be entitled to such compensation for service as

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the Member may decide. The non-Member Managers, if any, shall be compensated as agreed among the Member and the non Member Managers, if any.

5.2 The Company may have a President who may, but need not, be the Member. The Member may provide for additional officers of the Company, and may alter the powers, duties and compensation of the President and of all other officers.

5.3 All assets of the Company, whether real or personal, shall be held in the name of the Company.

5.4 All funds of the Company shall be deposited in one or more accounts with one or more recognized financial institutions in the name of the Company, at such locations as shall be determined by the Member. Withdrawal from such accounts shall require the signature of such person or persons as the Member may designate.

Article VI Accounts & Records

6. Complete books of account of the Company's business, in which each Company transaction shall be fully and accurately entered, shall be kept at the Company's principal executive office.

6.1 Financial books and records of the Company shall be kept on the accrual method of accounting, which shall be the method of accounting followed by the Company for federal income tax purposes. A balance sheet and income statement of the Company shall be prepared promptly following the close of each fiscal year in a manner appropriate to and adequate for the Company's business and for carrying out the provisions of this Agreement. The fiscal year of the Company shall be January 1 through December 31.

6.2 At all times during the term of existence of the Company, and beyond that term if the Member deems it necessary, the Member shall keep or cause to be kept the books of account referred to in Section 6.2, and the following:

(a) A current list of the full name and last known business or residence address of the Member, together with the Capital Contribution and the share in the Profits and Losses of the Member;

(b) A copy of the Articles of Organization, as amended;

(c) Copies of the Company's federal, state and local income tax or information returns and reports, if any, for the six most recent taxable years;

(d) Executed counterparts of this Agreement, as amended,

(e) Any powers of attorney under which the Articles of Organization or any amendments thereto were executed;

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(f) Financial statements of the Company for the six most recent fiscal years; and

(g) The Books and Records of the Company as they relate to the Company's internal affairs for the current and past four fiscal years.

6.3 Within 90 days after the end of each taxable year of the Company, the Company shall send to the Member all information necessary for the Member to complete the Member's federal and state income tax or information returns, and a copy of the Company's federal, state and local income tax or information returns for such year.

Article VII Restrictions on Transfer of Membership Interest

7. The Member shall not Transfer any part of the Member's Membership Interest in the Company. Notwithstanding any other provision of this Agreement to the contrary, a Member who is a natural person may transfer all or any portion of his or her Membership Interest to any revocable trust created for the benefit of the Member, or any combination between or among the Member, the Member's spouse and the Member's issue; provided that the Member retains a beneficial interest in the trust and all of the Voting Interest included in such Membership Interest. A transfer of a Member's entire beneficial interest in such trust or failure to retain such Voting Interest shall be deemed a Transfer of a Membership Interest.

Article VIII Events of Dissolution

8. The Company shall be dissolved on the first to occur of the following events:

- (a) The Decision of the Member to dissolve the Company.
- (b) The sale or other disposition of substantially all of the Company's assets.
- (c) Entry of a decree of judicial dissolution under California Corporations Code section 17351.

8.1 On the dissolution of the Company, the Company shall engage in no further business other than that necessary to wind up the business and affairs of the Company. The Member shall wind up the affairs of the Company and give written Notice of the commencement of winding up by mail to all known creditors and claimants against the Company whose addresses appear in the records of the Company. After paying or adequately providing for the payment of all known debts of the Company (except debts owing to the Member), the remaining assets of the Company shall be distributed or applied in the following order of priority:

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- (a) To pay the expenses of liquidation.
- (b) To repay outstanding loans to the Member.
- (c) To the Member.

Article IX General Provisions

9. This Agreement constitutes the whole and entire agreement with respect to the subject matter of this Agreement.

9.1 This Agreement shall be construed and enforced in accordance with the internal laws of the State of California. If any provision of this Agreement is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this Agreement shall remain in effect.

9.2 The article, section and paragraph titles and headings in this Agreement are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions.

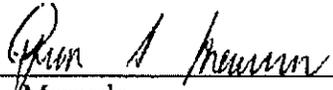
9.3 This Agreement may be altered, amended or repealed only by a writing signed by the Member.

9.4 Time is of the essence of every provision of this Agreement that specifies a time for performance.

9.5 This Agreement is made solely for the benefit of the parties to this Agreement and their respective permitted successors and assigns, and no other person or entity shall have or acquire any right by virtue of this Agreement.

9.6 The Member intends the Company to be a limited liability company under the Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

By: 
Grace Mercado
Sole Member

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Exhibit "A" to Operating Agreement

[Attach Articles of Organization]

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Exhibit "B" to Operating Agreement

Member:

Capital Contribution:

Grace Mercado



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Secretary of State
Articles of Organization
 Limited Liability Company (LLC)

LLC-1

201627510321

FILED

Secretary of State
 State of California

SEP 26 2016

This Space For Office Use Only

IMPORTANT — Read Instructions before completing this form.

Filing Fee - \$70.00

Copy Fees - First plain copy free; Additional copies: First page \$1.00 & .50 for each attachment page; Certification Fee - \$5.00

Important! LLCs may have to pay an annual minimum \$800 tax to the California Franchise Tax Board. For more information, go to <https://www.ftb.ca.gov>.

1. Limited Liability Company Name (See Instructions – Must contain an LLC ending such as LLC or L.L.C. "LLC" will be added, if not included.)

GSM Capital Group, LLC

2. Business Addresses

a. Initial Street Address of Designated Office in California - Do not list a P.O. Box	City (no abbreviations)	State	Zip Code
445 S. Fair Oaks Avenue	Pasadena	CA	91105
b. Initial Mailing Address of LLC, if different than item 2a	City (no abbreviations)	State	Zip Code

3. Agent for Service of Process

Item 3a and 3b: If naming an **individual**, the agent must reside in California and Item 3a and 3b must be completed with the agent's name and complete California street address.

Item 3c: If naming a California Registered **Corporate Agent**, a current agent registration certificate must be on file with the California Secretary of State and Item 3c must be completed (leave Item 3a-3b blank).

a. California Agent's First Name (if agent is not a corporation)	Middle Name	Last Name	Suffix
Grace	S	Mercado	
b. Street Address (if agent is not a corporation) - Do not list a P.O. Box	City (no abbreviations)	State	Zip Code
445 S. Fair Oaks Avenue	Pasadena	CA	91105
c. California Registered Corporate Agent's Name (if agent is a corporation) – Do not complete Item 3a or 3b			

4. Management (Select only one box)

The LLC will be managed by:

- One Manager More than One Manager All LLC Member(s)

5. Purpose Statement (Do not alter Purpose Statement)

The purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under the California Revised Uniform Limited Liability Company Act.

6. The Information contained herein, including in any attachments, is true and correct.

Jennifer M. Sternshein

Jennifer M. Sternshein, Esq.

Organizer sign here

Print your name here

**OPERATING AGREEMENT FOR
GSM CAPITAL GROUP, LLC, a California limited liability company**

This OPERATING AGREEMENT (the "Agreement") is entered into as of December ____, 2016, by Grace S. Mercado ("Mercado") and Rupert Ouano ("Ouano") (individually the "Member" and collectively the "Members").

RECITALS:

A. WHEREAS, the Members have formed GSM Capital Group, LLC, a limited liability company (the "Company") under the California Revised Uniform Limited Liability Company Act. The Articles of Organization of the Company filed with the California Secretary of State on September 26, 2016 are hereby adopted and approved by the Members.

B. WHEREAS, the Members desire to execute this Agreement in order to provide for the governance of the Company and the conduct of its business and to specify its relative rights and obligations.

C. WHEREAS, NOW THEREFORE, the Members hereby agree as follows:

ARTICLE I: DEFINITIONS

Capitalized terms used in this Agreement have the meanings specified in this Article I or elsewhere in this Agreement and when not so defined shall have the meanings set forth in the California Corporations Code.

1.1. "Act" means the California Revised Uniform Limited Liability Company Act (California Corporations Code §§17701.01-17713.13), including amendments from time to time.

1.2. "Articles of Organization" as applied to this Company shall be defined as in California Corporations Code §17701.02(b).

1.3. "Capital Account" means, for any Member, a separate account maintained and adjusted in accordance with Article III.

1.4. "Capital Contribution" means, with respect to any Member, the amount of money, services to be rendered and/or the fair market value of any property contributed to the Company (net of liabilities secured by the contributed property that the Company is considered to assume or take "subject to" under Internal Revenue Code §752) in consideration of a Percentage Interest held by that Member. A Capital Contribution shall not be deemed a loan.

1.5. "Capital Event" means a sale or disposition of any of the Company's capital assets, the receipt of insurance and other proceeds on account of an involuntary conversion of Company property, the receipt of proceeds from a refinancing of Company property, or a similar event with respect to Company property or assets.

1.6. "Code" means the Internal Revenue Code of 1986, as amended.

1.7. "Involuntary Transfer" means, with respect to any Membership Interest, or any part of it, any Transfer or Encumbrance, by operation of law, under court order, foreclosure of a security interest, execution of a judgment or other legal process, or otherwise, including a purported transfer to or from a trustee in bankruptcy, receiver, or assignee for the benefit of creditors.

1.8. "Losses" See "Profits and Losses."

1.9. "Majority of Members" means a Member or Members whose Percentage Interests represent more than 50 percent of the Percentage Interests of all Members.

1.10 "Managing Member" means the Person or Persons referred to in Section 5.1.

1.11. "Meeting" a formal meeting of the Members by giving at least 48-hours' Notice to each Member together with the time and place of such meeting and then general nature of the business to be conducted.

1.12. "Member" means a Person who otherwise acquires a Membership Interest, as permitted under this Agreement, and who remains a Member.

1.13. "Notice" means a written notice required or permitted under this Agreement. A notice shall be deemed given or sent when deposited, as certified US mail, postage prepaid; when sent via overnight delivery, charges prepaid or charged to the sender's account; when personally delivered to the recipient; when transmitted by electronic transmission by or to the Company; or when delivered to the home or office of a recipient in the care of a person whom the deliverer has reason to believe shall promptly communicate the notice to the recipient.

1.14. "Percentage Interest" means a fraction, expressed as a percentage, the numerator of which is the total of a Member's Capital Account and the denominator of which is the total of all Capital Accounts of all Members.

1.15. "Person" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.

1.16. "Profits and Losses" means, for each fiscal year or other period as specified in this Agreement, an amount equal to the Company's taxable income or loss for the year or period, determined in accordance with Internal Revenue Code §703(a).

1.17. "Proxy" means a written authorization signed or an electronic transmission authorized by a Member or the Member's attorney-in-fact giving another Person the power to exercise the voting rights of that Member. A Proxy may not be transmitted orally.

1.18. "Regulations" means the income tax regulations promulgated by the United States Department of the Treasury and published in the Federal Register for the purpose of interpreting and applying the provisions of the Internal Revenue Code, as those Regulations may be amended from time to time, including corresponding provisions of applicable successor regulations.

1.19. "Transfer" means any assignment, conveyance, lease, sale, gift, Involuntary Transfer, or other disposition of a Membership Interest or any part of a Membership Interest, directly or indirectly that is expressly permitted under this Agreement.

1.20. "Transferable Interest" means a Person's right to share in the income, gains, losses, deductions, credit, or similar items of the Company, and to receive distributions from the Company under this Agreement or under the Act, but does not include any other rights of a Member, including the right to vote, the right to participate in the management of the Company, or, except as provided in California Corporations Code, any right to information concerning the business and affairs of the Company.

1.21. "Transferee" means a Person who has acquired all or part of a Transferable Interest in the Company, by way of a Transfer in accordance with the terms of this Agreement, but who has not become a Member.

1.22. "Transferring Member" means a Member who by means of a Transfer has transferred a Transferable Interest in the Company to a Transferee.

1.23. "Vote" means a written consent or approval, a ballot cast at a Meeting, or a voice vote.

1.24. "Voting Interest" means, with respect to a Member, the right to Vote or participate in management and any right to information concerning the business and affairs of the Company provided under the Act, except as limited by the provisions of this Agreement. A Member's Voting Interest shall be directly proportional to that Member's Percentage Interest.

1.25. "Written" or "in writing" means any form of recorded message capable of comprehension by ordinary visual means, including facsimile transmission and electronic communications as described in the California Corporations Code.

ARTICLE II: ARTICLES OF ORGANIZATION

2.1 Articles of Organization were filed with the California Secretary of State on September 26, 2016.

2.2 The name of the Company is GSM Capital Group, LLC.

2.3 The principal executive office of the Company is at 445 S. Fair Oaks Avenue, Pasadena, California 91105.

2.4 The agent for service of process of the Company is Mercado. The Members may, from time to time, change the Company's agent for service of process.

2.5 The Company was formed for the purposes of engaging in the business of any lawful act or activity for which a limited liability company is organized under the Act.

2.6 The term of existence of the Company commenced on the effective date of the filing of the Articles of Organization and shall continue until terminated by the provisions of this Agreement or as provided by law.

ARTICLE III: CAPITALIZATION

3.1 Each Member shall contribute to the capital of the Company as the Member's Capital Contribution the funds, services or property specified in Exhibit "A" to this Agreement. Unless otherwise agreed to in writing, no Member shall be required to make additional Capital Contributions.

3.2 An individual Capital Account shall be maintained for each Member consisting of that Member's Capital Contribution, (1) increased by that Member's share of Profits, (2) decreased by that Member's share of Losses, and (3) adjusted as required in accordance with applicable provisions of the Code and Treasury Regulations.

3.3 A Member shall not be entitled to withdraw any part of the Member's Capital Contribution or to receive any distributions, whether of money or property, from the Company except as provided in this Agreement.

3.4 No interest shall be paid on funds or property contributed to the capital of the Company or on the balance of a Member's Capital Account.

3.5 The Members shall not be bound by, or be liable for, the expenses, liabilities, or obligations of the Company except as otherwise provided in the Act or in this Agreement.

3.6 No Member shall have priority over any other Member with respect to the return of a Capital Contribution or distributions or allocations of income, gain, losses, deductions, credits, or items thereof.

ARTICLE IV: ALLOCATIONS AND DISTRIBUTIONS

4.1 The Profits and Losses of the Company for each fiscal year or other period as specified in this Agreement and all items of Company income, gain, loss, deduction, or credit shall be allocated to the Members in accordance with that Member's Percentage Interest.

4.2 Any unrealized appreciation or unrealized depreciation in the values of Company property distributed in kind to the Members shall be treated in accordance with applicable law.

4.3 In the case of a Transfer of a Transferable Interest during any fiscal year, the Transferring Member and Transferee shall each be allocated the share of Profits or Losses based on the number of days each held the Transferable Interest during that fiscal year.

4.4 All cash resulting from the normal business operations of the Company and from any Capital Event shall be distributed among the Members in proportion to their Percentage Interests at such times as the Members may agree.

4.5 If the proceeds from a sale or other disposition of a Company asset consist of property other than cash, the value of the property shall be as determined by the Members. Noncash proceeds shall then be allocated among all the Members in proportion to their Percentage Interests. If noncash proceeds are subsequently reduced to cash, the cash shall be distributed to each Member in accordance with Section 4.4.

4.6 Notwithstanding any other provisions of this Agreement to the contrary, when there is a distribution in liquidation of the Company, or when any Member's Interest is liquidated, all items of income and loss first shall be allocated to the Members' Capital Accounts and other credits and deductions to the Members' Capital Accounts shall be made before the final distribution is made. The final distribution to the Members shall be made to the Members to the extent of and in proportion to their positive Capital Account balances.

ARTICLE V: MANAGEMENT

5.1 The Members appoint Grace S. Mercado as the Managing Member of the Company. All decisions concerning the conduct and management of the Company's business and affairs shall be made by the Managing Member. The Managing Member may sign any instruments, contracts, agreements, or other documents on behalf of the Company, including, without limitation, for the acquisition, encumbrance, or disposition of the Company's property. The Managing Member shall have the right to act for and bind the Company. The Managing Member has the right and authority to amend the terms and conditions of this Agreement and the Articles of Organization without the consent of any other member. The Managing Member may authorize and designate an individual, which need not be a Member, to sign instruments, contracts, agreements, or other documents on behalf of the Company, for limited purposes, with respect to actions or decisions approved by the Managing Member and such authorization shall be made in a written resolution signed by the Managing Member.

5.2 The Managing Member may resign at any time and a new managing member may be appointed upon an agreement of a Majority of Members, or, the Members may decide, upon the resignation of the existing Managing Member, not to appoint a new managing member in which case the conduct and management of the Company's business and affairs shall be managed by the Members and all decisions shall be made by Majority of Members.

5.3 The Members are not required to hold meetings, and any decisions which are to be made by Members (as required by the Act or set forth in this Agreement) shall be made by a Majority of the Members either through one or more informal consultations or by a written consent of a Majority of Members which may be signed by the Managing Member or by the Members.

5.4 The Managing Member may be entitled to compensation for her services.

5.5 The Managing Member may appoint officers of the Company, who may be, but need not be Members. The Managing Member may alter the powers, duties, and compensation of all such officers.

5.6 All assets of the Company, whether real or personal, shall be held in the name of the Company.

5.7 All funds of the Company shall be deposited in one or more accounts with one or more recognized financial institutions in the name of the Company, at locations determined by the Managing Member. Withdrawal from those accounts shall require the signature of the Managing Member.

ARTICLE VI: ACCOUNTS AND RECORDS

6.1 Complete books of accounting of the Company's business, in which each Company transaction shall be fully and accurately entered, shall be kept at the Company's principal executive office and shall be open to inspection and copying by each Member or the Member's authorized representatives on reasonable Notice during normal business hours. The costs of inspection and copying shall be borne by the Member.

6.2 Financial books and records of the Company shall be kept on the accrual method of accounting which shall be the method of accounting followed by the Company for federal income tax purposes. A balance sheet and income statement of the Company shall be prepared promptly following the close of each fiscal year in a manner appropriate to and adequate for the Company's business and for carrying out the provisions of this Agreement. The fiscal year of the Company shall be January 1 through December 31.

6.3 At all times during the term of existence of the Company, and beyond that term if the Members deems it necessary, the Members shall keep or cause to be kept the books of accounting referred to in this Article VI, and the following:

- (a) A current list of the full name and last known business of the Members together with their Capital Contribution and the share in Profits and Losses of the Members and holder of a Transferable Interest;
- (b) A copy of the Articles of Organization, as amended;
- (c) Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the ten (10) most recent taxable years;
- (d) Financial statements of the Company, if any, for the six (6) most recent fiscal years;
- (e) Executed counterparts of this Agreement and all amendments thereto;
- (f) Any powers of attorney under which the Articles of Organization or any amendments were executed; and
- (g) The books and records of the Company as they relate to the Company's internal affairs for the current and past four (4) fiscal years.

6.4 Within ninety (90) days after the end of each taxable year of the Company, the Company shall send to each of the Members all information necessary for the Members to complete their federal and state income tax or information returns, and a copy of the Company's federal, state, and local income tax or information returns for that year.

ARTICLE VII: MEMBERS AND VOTING

7.1 There shall be only one class of membership and no Member shall have any rights or preferences in addition to or different from those possessed by any other Member. Each Member shall Vote in proportion to the Member's Percentage Interest as of the governing record date, determined in accordance with Section 7.2. Any action that may or that must be taken by the Members shall be by a Majority of Members.

7.2 The record date for determining the Members entitled to Notice of any Meeting to Vote, to receive any distribution, or to exercise any right in respect of any other lawful action shall be the date set by a Majority of Members, provided that the record date may not be more than thirty (30), nor less than ten (10), days prior to the date of the Meeting. In the absence of any action setting a record date, the record date shall be determined in accordance with applicable law.

7.3 A Member may Vote in person or by Proxy. The Proxy shall be filed with any Member before or at the time of the Meeting, and may be filed by facsimile transmission or other electronic transmission to the Company or a Member at the principal executive office of the Company or any other address given by a Majority of Members to the Members for that purpose.

ARTICLE VIII: TRANSFER OF MEMBERSHIP INTERESTS

8.1 Except as expressly provided in this Agreement, a Member shall not Transfer any part of the Member's Membership Interest in the Company, whether now owned or later acquired, unless (a) the Managing Member approves, in writing, the Transferee's admission to the Company as a Member and (b) the Membership Interest to be transferred, when added to the total of all other Membership Interests transferred in the preceding 12 months, shall not cause the termination of the Company under the Act. Any Transfer of a Membership Interest without prior written approval of the Managing Member shall be void.

8.2 Notwithstanding any other provision of this Agreement and without approval from the Managing Member, a Member who is a natural person may transfer all or any portion of his or her Membership Interest to any revocable trust created for the benefit of the Member, or any combination between or among the Member, the Member's spouse or domestic partner, and the Member's issue if the Member retains a beneficial interest in the trust and all Voting Interest included in the Membership Interest.

8.3 A transfer of a Member's entire beneficial interest in the trust or failure to retain a Voting Interest shall be deemed a Transfer of a Membership Interest which requires the prior written approval of the Managing Member.

8.4 Upon the death or incapacity of a Member, other than a Managing Member, such deceased or incapacitated Member's legal representative, successors or heirs (collectively "Member's Estate") will retain the Member's Membership Interest subject to the terms of this Agreement, but will not be entitled to participate in the management of the Company. The Member's death will not release the Member's Estate from any obligations or liabilities incurred before death. The death of a Member will not cause the termination or dissolution of the Company.

8.5 Upon the death or incapacity of a Member, other than a Managing Member, the Company and the other Members shall have the option to purchase the deceased or incapacitated Member's Membership Interest by delivering written notice to the Member's Estate within sixty (60) days after the death of the Member. The purchase price shall be the fair market value of the Membership Interest. Each of the parties shall use his, her, or its best efforts to mutually agree on the fair market value. If the parties are unable to so agree within ninety (90) days of the date on which the option is first exercisable the parties shall appoint a third-party appraiser to determine the fair market value of the Membership Interest.

8.6 Upon the death or incapacity of the Managing Member, the deceased or incapacitated Managing Member's legal representative, successors or heirs (collectively "Managing Member's Estate") will retain the Managing Member's Membership Interest subject to the terms of this Agreement, and will have the right to actively participate in the management of the Company. Upon the death or incapacity of the Managing Member, all decisions concerning the management of the Company shall be made by the Members by agreement of a Majority of Members, rather than by a managing member.

8.7 The initial Membership Interests in the Company to the initial Members has not been qualified or registered under the securities laws of any state, or registered under the Securities Act of 1933, as amended, in reliance on exemptions from the registration provisions of those laws. No attempt has been made to qualify the offering and sale of Membership Interests to Members under the California Corporate Securities Law of 1968, as amended, also in reliance on an exemption from the requirement that a permit for issuance of securities be procured. Notwithstanding any other provision of this Agreement, Membership Interests may not be Transferred unless registered or qualified under applicable state and federal securities laws or unless, in the opinion of legal counsel satisfactory to the Company, qualification or registration is not required. A Member who desires to transfer a Membership Interest shall be responsible for all legal fees incurred in connection with that opinion.

ARTICLE IX: DISSOLUTION AND WINDING UP

9.1 The Company shall be dissolved on the first to occur of the following events:

- (a) The decision of the Majority of Members to dissolve the Company.
- (b) The sale or other disposition of substantially all of the Company's assets.
- (c) Entry of a decree of judicial dissolution under California Corporations Code.

9.2 Upon the dissolution of the Company, it shall engage in no further business other than that necessary to wind up its business and affairs. The Members shall wind up the affairs of the Company and give written Notice of the commencement of winding up by mail to all known creditors and claimants against the Company whose addresses appear in the records of the Company. After paying or adequately providing for the payment of all known debts of the Company (except debts owing to the Members), the remaining assets of the Company shall be distributed or applied in the following order of priority:

- (a) To pay the expenses of liquidation.
- (b) To repay outstanding loans to the Members.
- (c) To the Members

ARTICLE X: GENERAL PROVISIONS

10.1 Where, in accordance with the terms and conditions of this Agreement, the approval of the Managing Member is required, and there is no Managing Member, the approval of a Majority of Members shall be required.

10.2 This Agreement constitutes the whole and entire agreement with respect to the subject matter of this Agreement.

10.3 This Agreement shall be construed and enforced in accordance with the laws of the state of California. If any provision of this Agreement is determined by any court of competent jurisdiction or duly authorized arbitrator(s) to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid that invalidity, illegality, or unenforceability or, if that is not possible, that provision shall, to the extent of that invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this Agreement shall remain in effect.

10.4 The article, section, and subsection titles and headings in this Agreement are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions.

10.5 This Agreement may be altered, amended, or repealed only by a writing signed by the Members.

10.6 Time is of the essence for every provision of this Agreement that specifies a time for performance.

10.7 This Agreement is made solely for the benefit of the Members and the Members' permitted successors and assigns, and no other person or entity shall have or acquire any right by virtue of this Agreement.

[Signatures on following page]

*Signature Page—Operating Agreement for
GSM Capital Group, LLC*

IN WITNESS HERETO, the Members hereby execute this Agreement as of the date first written above.

MEMBERS

By: 
Name: Grace S. Mercado

By: 
Name: Rupert Cuano

EXHIBIT A

MEMBERS CONTRIBUTION

MEMBERS	PERCENTAGE INTERESTS	CONTRIBUTION
Grace S. Mercado	96%	
Rupert Ouano	4%	



**State of California
Secretary of State**

**LIMITED LIABILITY COMPANY
ARTICLES OF ORGANIZATION**

File # **200633810098**

FILED
In the office of the Secretary of State
of the State of California

NOV 02 2006

A \$70.00 filing fee must accompany this form.

IMPORTANT – Read instructions before completing this form.

This Space For Filing Use Only

ENTITY NAME (End the name with the words "Limited Liability Company," "Ltd. Liability Co.," or the abbreviations "LLC" or "L.L.C.")

1. NAME OF LIMITED LIABILITY COMPANY

Saint Cabrini Healthcare Services, Limited Liability Company

PURPOSE (The following statement is required by statute and may not be altered.)

2. THE PURPOSE OF THE LIMITED LIABILITY COMPANY IS TO ENGAGE IN ANY LAWFUL ACT OR ACTIVITY FOR WHICH A LIMITED LIABILITY COMPANY MAY BE ORGANIZED UNDER THE BEVERLY-KILLEA LIMITED LIABILITY COMPANY ACT.

INITIAL AGENT FOR SERVICE OF PROCESS (If the agent is an individual, the agent must reside in California and both Items 3 and 4 must be completed. If the agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to Corporations Code section 1505 and Item 3 must be completed (leave Item 4 blank).)

3. NAME OF INITIAL AGENT FOR SERVICE OF PROCESS

Grace Mercado

4. IF AN INDIVIDUAL, ADDRESS OF INITIAL AGENT FOR SERVICE OF PROCESS IN CALIFORNIA CITY STATE ZIP CODE

13241 Gladstone Avenue Sylmar CA 91342

MANAGEMENT (Check only one)

5. THE LIMITED LIABILITY COMPANY WILL BE MANAGED BY:

- ONE MANAGER
- MORE THAN ONE MANAGER
- ALL LIMITED LIABILITY COMPANY MEMBER(S)

ADDITIONAL INFORMATION

6. ADDITIONAL INFORMATION SET FORTH ON THE ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE A PART OF THIS CERTIFICATE.

EXECUTION

7. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.

Grace Mercado
SIGNATURE OF ORGANIZER

10/27/2006

DATE

Grace Mercado
TYPE OR PRINT NAME OF ORGANIZER

RETURN TO (Enter the name and the address of the person or firm to whom a copy of the filed document should be returned.)

8 NAME [Grace Mercado]
FIRM
ADDRESS 13241 Gladstone Avenue
CITY/STATE/ZIP [Sylmar, CA 91342]

There is no Operating Agreement for Saint Cabrini Healthcare Services, LLC.



California Secretary of State
Electronic Filing



LLC Registration – Articles of Organization

Entity Name: GM Indianola, LLC

Entity (File) Number: 202124610559

File Date: 09/01/2021

Entity Type: Domestic LLC

Jurisdiction: California

Detailed Filing Information

1. Entity Name: GM Indianola, LLC

2. Business Addresses:
 - a. Initial Street Address of Designated Office in California: 445 S Fair Oaks Ave.
Pasadena, California 91105
United States

 - b. Initial Mailing Address: 445 S Fair Oaks Ave.
Pasadena, California 91105
United States

3. Agent for Service of Process: Grace S. Mercado
445 S Fair Oaks Ave.
Pasadena California 91105
United States

4. Management Structure: More than One Manager

5. Purpose Statement: The purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under the California Revised Uniform Limited Liability Company Act.

Electronic Signature:

The organizer affirms the information contained herein is true and correct.

Organizer: By: Cheyenne Moseley, Assistant Secretary of Legalzoom.com, Inc.

For GM Indianola, LLC the Operating Agreement has not yet been drafted

ARTICLES OF INCORPORATIONOFTHE GRACE O FOUNDATION

FILED *DNM*
 Secretary of State
 State of California

ARTICLE I

The name of this corporation is THE GRACE O FOUNDATION.

lee APR 03 2017 *✓*

ARTICLE II

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes. A further description of the corporation's purposes includes, but is not limited to, the following: to support nutrition research, health education and food advocacy programs; to assist with food and wellness programs for hardship cases and victims of natural disasters; and to honor and nurture diverse cuisines from around the world through programs that educate, inspire and potentially improve lives.

ARTICLE III

The name and address in the State of California of this corporation's initial agent for service of process is Grace S. Mercado, 445 S. Fair Oaks Avenue, Pasadena, California 91105, and the initial street and mailing address of the corporation is 445 S. Fair Oaks Avenue, Pasadena, California 91105.

ARTICLE IV

This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any future United States Internal Revenue Law). No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, except as provided in Section 501(h) of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any future United States Internal Revenue Law), and this corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of (or in opposition to) any candidate for public office.

ARTICLE V

Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any future United States Internal Revenue Law), or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal

Revenue Code of 1986, as amended (or the corresponding provisions of any future United States Internal Revenue Law).

ARTICLE VI

The property of this corporation is irrevocably dedicated to charitable purposes, and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof, or to the benefit of any private person. Upon the dissolution or winding up of this corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes and which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any future United States Internal Revenue Law).



Grace S. Mercado, Incorporator

BYLAWS

OF

THE GRACE O FOUNDATION

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Certificate of Secretary

BYLAWS

OF

THE GRACE O FOUNDATION

A California Nonprofit Public Benefit Corporation

ARTICLE I

NAME AND LOCATION OF OFFICES

The name of this corporation is THE GRACE O FOUNDATION. It is a California nonprofit public benefit corporation with a principal office in the County of Los Angeles, State of California.

The Board of Directors (herein called the "Board") is granted full power and authority to change said principal office from one location to another.

ARTICLE II

PURPOSES

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes. A further description of the corporation's purposes includes, but is not limited to, the following: to support nutrition research, health education and food advocacy programs; to assist with food and wellness programs for hardship cases and victims of natural disasters; and to honor and nurture diverse cuisines from around the world through programs that educate, inspire and potentially improve lives.

ARTICLE III

MEMBERSHIP

This corporation shall have no voting members.

ARTICLE IV

DIRECTORS

Section 1. Powers.

Subject to any limitations contained in the Articles of Incorporation and these Bylaws and of the pertinent restrictions of the Corporations Code of the State of California, all the activities and affairs of this corporation shall be exercised by or under the direction of the Board. The Board may delegate the management of the day-to-day operation of the activities of the corporation to a management company or other person or persons, however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

(a) To select and remove all the officers, agents and employees of the corporation, prescribe such duties for them as may be consistent with law, with the Articles of Incorporation, or with these Bylaws, fix the terms of their offices and their compensation and in the Board's discretion require from them security for faithful service.

(b) To make such disbursements from the funds and properties of the corporation as are required to fulfill the purposes of this corporation as more fully set out in the Articles of Incorporation thereof and generally to conduct, manage and control the activities and affairs of the corporation and to make such rules and regulations therefore not inconsistent with law, with the Articles of Incorporation or with these Bylaws, as they may deem best.

(c) To adopt, make and use a corporate seal and to alter the form of such seal from time to time as they may deem best.

(d) To borrow money and incur indebtedness for the purposes of the corporation and to cause to be executed and delivered therefore, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities therefore.

(e) To change the principal executive office or the principal business office from one location to another; to cause the corporation to be qualified to do business in any other state, territory, dependency, or country and to conduct business within or outside the State of California; and to designate any place within or outside the State of California for the holding of any meeting or meetings.

Section 2. Number of Directors.

The number of directors of the corporation shall be not less than three (3) nor more than fifteen (15), with the exact number of directors to be fixed, within the limits specified, by approval of the Incorporator of this corporation, until the first Board of Directors is appointed, and thereafter by the Board.

Section 3. Selection and Tenure of Office.

After the initial appointment of the directors by the Incorporator of this corporation, directors shall be elected by the Board on a rotation basis. One-half (1/2) of the directors, or as close to one-half (1/2) as is possible, shall be elected at each annual meeting of the Board. Each director shall hold office for a term of two (2) years unless a director is completing the term of a director whose office is vacant (in which case the replacement director shall complete the remaining term of the prior director) or unless the number of directors has been changed (in which case the directors may be elected for terms of one (1) and/or two (2) years in order to continue the rotation basis for the Board). If an annual meeting is not held or the directors are not elected thereat, the directors may be elected at any special meeting of directors held for that purpose. Upon the initial adoption of these Bylaws, the directors shall be elected for terms of one (1) year and two (2) years in order to begin the rotation basis for the Board. The term of office for each director shall begin at the conclusion of the meeting at which he or she is elected and shall continue for the elected term until the conclusion of the annual meeting (or special meeting held for the purpose of the election of directors) in the year in which his or her term ends and until a successor has been elected and qualified.

Section 4. "Interested Person" as Director

Any other provision of these Bylaws notwithstanding, not more than forty-nine percent (49%) of the persons serving on the Board may be interested persons.

For the purpose of this Section, "interested persons" means either: (1) any person currently being compensated by the corporation for services rendered to it within the previous twelve (12) months, whether as a full- or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; or (2) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

Section 5. Removal of Director

Any director may be removed from the Board subject to the provisions of the California Nonprofit Public Benefit Corporation Law.

Section 6. Resignation of Director.

Subject to the provisions of Section 5226 of the California Nonprofit Public Benefit Corporation Law, any director may resign effective upon giving written notice to the Chairperson of the Board, the President, the Secretary or the Board, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

Section 7. Vacancies.

Vacancies on the Board may be filled by approval of the Board (pursuant to Section 5032 of the California Corporations Code) or, if the number of directors then in office is less than a quorum, by (1) the unanimous written consent of the directors then in office, (2) the

affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice and waivers of notice complying with Section 5211 of the California Corporations Code, or (3) a sole remaining director. Each director so elected shall hold office until the expiration of the term of office of the replaced director and until a successor has been elected and qualified.

A vacancy or vacancies on the Board shall be deemed to exist in case of the death, resignation or removal of any director, or if the authorized number of directors is increased.

The Board may declare vacant the office of a director who has been declared of unsound mind by a final order of any court, or convicted of a felony, or been found by a final order or judgment of any court to have breached any duty under Article 3 (commencing with Section 5230) of the California Nonprofit Public Benefit Corporation Law.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of the director's term of office.

Section 8. Place of Meetings.

Notwithstanding anything to the contrary in these Bylaws, any meeting of the Board may be held at any place within or without the State of California which has been heretofore designated for that purpose by the Board.

Section 9. Annual Meeting.

The annual meeting of the Board shall be held in the second quarter of each calendar year and shall be called by the Board, the Chairperson of the Board or the President and noticed in accordance with the provisions of this Article.

Section 10 Special Meetings

Special meetings of the Board may be called by the Chairperson of the Board, or the President or any Vice-President or the Secretary or any two directors or by the Board.

Section 11. Notice of Meetings.

Meetings of the Board shall be held upon not less than four days' notice by first-class mail or forty-eight hours' notice delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means. Any such notice shall be addressed or delivered to each director or at such director's address as it is shown upon the records of the corporation or as may have been given to the corporation by the director for such purpose of notice or, if such address is not shown on such records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held.

Section 12. Quorum and Board Action.

A majority of the directors in office shall constitute a quorum, provided that said majority of the directors in office shall constitute at least either one-third of the authorized

number of directors approved by the Board (in accordance with Section 2 of this Article) or at least two directors, whichever is larger, or unless the authorized number of directors approved by the Board is only one. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.

If the meeting is adjourned for more than twenty-four hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors, if any, who were not present at the time of the adjournment. Except as the Articles of Incorporation, these Bylaws and the California Nonprofit Public Benefit Corporation Law may provide, the act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be the act of the Board, provided, however, that any meeting at which a quorum was initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken shall be approved by at least a majority of the required quorum for such meeting, or such greater number as is required by the Articles, these Bylaws or by law.

Section 13. Emergency Provisions.

(a) Emergency. The emergency bylaw provisions of this section are adopted in accordance with the California Corporations Code. Notwithstanding anything to the contrary herein, this section applies solely during an emergency, which is the limited period of time during which a quorum cannot be readily convened for action as a result of the following events or circumstances until the event or circumstance has subsided or ended and a quorum can be readily convened in accordance with the notice and quorum requirements in these Bylaws:

(1) A natural catastrophe, including, but not limited to, a hurricane, tornado, storm, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, or drought, or regardless of cause, any fire, flood, or explosion;

(2) An attack on this state or nation by an enemy of the United States of America, or on receipt by this state of a warning from the federal government indicating that an enemy attack is probable or imminent;

(3) An act of terrorism or other manmade disaster that results in extraordinary levels of casualties or damage or disruption severely affecting the infrastructure, environment, economy, government function, or population, including but not limited to, mass evacuations; or

(4) A state of emergency proclaimed by the Governor of the state in which one or more directors are residents, or by the President of the United States.

(b) Emergency Actions. During an emergency, the Board may

(1) Modify lines of succession to accommodate the incapacity of any director, officer, employee, or agent resulting from the emergency;

(2) Relocate the principal office or authorize the officers to do so;

(3) Give notice to a director or directors in any practicable manner under the circumstances, including but not limited to, by publication and radio, when notice of a meeting of the Board cannot be given to that director or directors in the manner prescribed by these Bylaws; and

(4) Modify the procedures for calling a Board meeting, quorum requirements for a Board meeting, a designation of additional or substitute directors; and

(5) Deem that one or more officers present at a board meeting is a director, in order of rank and within the same rank in order of seniority, as necessary to achieve a quorum.

During an emergency, the Board may not take any action that is not in this corporation's ordinary course of business. Any actions taken in good faith during an emergency under this Section may not be used to impose liability on a director, officer, employee or agent.

Section 14. Participation in Meetings
by Conference Telephone.

Members of the Board may participate in a meeting through use of conference telephone, electronic video screen communication or other communications equipment, so long as all of the following apply:

(a) Each member participating in the meeting can communicate with all of the other members concurrently.

(b) Each member is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection, to a specific action to be taken by this corporation.

(c) This corporation adopts and implements some means of verifying both of the following:

1) A person communicating by telephone, electronic video screen, or other communications equipment is a director entitled to participate in the Board meeting.

2) All statements, questions, actions, or votes were made by that director and not by another person not permitted to participate as a director.

Section 15. Waiver of Notice.

Notice of a meeting need not be given to any director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or to a director who attends the meeting without protesting, before or at its commencement about the lack of notice. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

Section 16. Adjournment.

A majority of the directors present, whether or not a quorum is present, may adjourn any directors' meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned, except as provided in the next sentence. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 17. Action Without Meeting.

Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action; provided, however, that the consent of any director who has a material financial interest in a transaction to which this corporation is a party and who is an "interested director" (as defined in California Corporations Code Section 5233) shall not be required for approval of that transaction. Such consent or consents shall have the same effect as a unanimous vote of the Board and shall be filed with the minutes of the proceedings of the Board.

Section 18. Right of Inspection.

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of this corporation.

Section 19. Committees.

The Board may establish committees and the members of the committees shall be appointed by the Board. A committee shall have such powers of the Board as may be expressly delegated to it by resolution of the Board, except with respect to:

- (a) The approval of any action for which the California Nonprofit Public Benefit Corporation Law also requires approval of the members or approval of a majority of all members, regardless of whether this corporation has members;
- (b) The filling of vacancies on the Board or on any committee;
- (c) The fixing of compensation of the directors for serving on the Board or on any committee;
- (d) The amendment or repeal of Bylaws or the adoption of new Bylaws;
- (e) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;
- (f) The appointment of other committees of the Board or the members thereof;

(g) The expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected; or

(h) The approval of any self-dealing transaction except as provided in paragraph (3) of subdivision (d) of Section 5233 of the California Corporations Code.

The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or such committee shall otherwise provide, the meetings and other actions of any such committee shall be governed by the provisions of this Article applicable to meetings and actions of the Board. Minutes shall be kept of each meeting of each committee.

Section 20. Audit Committee.

The Board of Directors of this corporation shall have the authority to appoint an Audit Committee that shall be under the supervision of the Board and is authorized to: (a) make recommendations to the Board on the hiring and firing of independent certified public accountants (CPA's); (b) negotiate the CPA's compensation on behalf of the Board; (c) confer with the CPA's to satisfy committee members that the financial affairs of this corporation are in order; (d) review the audit and decide whether to accept it; and (e) approve non-audit services by the CPA's and ensure such services conform to standards in the Yellow Book issued by the U. S. Comptroller General.

The President/Chief Executive Officer, Treasurer/Chief Financial Officer, staff members/employees or any other individual who receives any compensation from this corporation or who has a material financial interest in any entity doing business with this corporation cannot be a member of the Audit Committee. Members of any Finance Committee of this corporation shall not comprise fifty percent (50%) or more of the Audit Committee. The Board of Directors shall adopt and annually review an Audit Committee Charter that will provide more specifics concerning the responsibilities of the Audit Committee.

Section 21. Fees and Compensation.

Directors shall not receive compensation for their services as directors. Directors may receive reimbursement for expenses as may be fixed or determined by the Board and may serve the organization in some other capacity for which compensation is paid.

Section 22. Annual Reports and Statements.

If required by Sections 6321 and 6322 of the California Nonprofit Public Benefit Corporation Law, the Board shall cause a report and a statement of certain transactions and indemnifications to be sent annually to the directors of this corporation.

ARTICLE V

OFFICERS

Section 1. Officers.

The officers of the corporation shall be a Chairperson of the Board or a President or both, a Secretary and a Treasurer/Chief Financial Officer. The corporation may also have, at the discretion of the Board of Directors, one or more Vice Presidents, one or more Assistant Secretaries and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. One person may hold two or more offices, except that neither the Secretary nor the Chief Financial Officer may serve concurrently as the President or the Chairperson of the Board.

Section 2. Election.

The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen by, and shall serve at the pleasure of, the Board of Directors, subject to the rights, if any, of an officer under any contract of employment. Officers shall hold their office until they resign, are removed, or become otherwise disqualified to serve, or until their successor is elected and qualified.

Section 3. Subordinate Officers.

The Board of Directors may appoint, and may empower the President to appoint, such officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

Section 4. Removal and Resignation.

Any officer may be removed, either with or without cause, by a majority of the directors then in office, at any meeting of the Board, or, except in case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time, without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party, by giving written notice to the Board of Directors, or to the President, or to the Secretary of the corporation. Any such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for election or appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

Section 6. Inability to Act.

In the case of absence or inability to act of any officers of the corporation and of any persons herein authorized to act in their place, the Board may from time to time delegate the powers or duties of such officers to any other officers, or any directors or other persons whom the Board may select.

Section 7. Chairperson of the Board.

The Chairperson of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Board, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

Section 8. Vice Chairperson of the Board.

The Vice Chairperson of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Board in the absence of the Chairperson of the Board, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

Section 9. President.

Subject to such supervisory powers, if any, as may be given by the Board to the Chairperson of the Board or the Vice Chairperson of the Board, if there be such officers, the President shall be the Chief Executive Officer of the corporation and shall, subject to the control of the Board, have general supervision, direction and control of the activities and officers of the corporation. In the absence of the Chairperson of the Board and the Vice Chairperson of the Board, or if there are none, he or she shall preside at all meetings of the Board. He or she shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

Section 10. Vice President.

In the absence or disability of the President, the Vice Presidents, if any, in order of their rank as fixed by the Board, or if not ranked, the Vice President designated by the Board, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as may be prescribed for them respectively by the Board or the Bylaws.

Section 11. Secretary.

The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of the Board and its committees, with the time and place of holding, how authorized, the notice thereof given, the names of those present at Board and committee meetings, and the proceedings thereof. The

Secretary shall keep, or cause to be kept, at the principal office in the State of California the original or a copy of the corporation's Articles and Bylaws, as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of the Board and any committees thereof required by these Bylaws or by law to be given, shall cause the seal of the corporation to be kept in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

Section 12. Treasurer/Chief Financial Officer.

The Treasurer shall be the Chief Financial Officer of the corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation. The books of account shall at all reasonable times be open to inspection by any director.

The Treasurer shall deposit, or cause to be deposited, all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors. He or she shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the President and directors, whenever they request it, an account of all corporate transactions and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

Section 13. Salaries.

The salaries of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that such officer is also a Director of the corporation.

ARTICLE VI

CONFLICTS OF INTEREST POLICY

A Conflicts of Interest Policy shall be adopted by the Board to apply to the directors and officers of this corporation. This Conflicts of Interest Policy shall be reviewed by, and a Conflicts of Interest Disclosure Statement completed by, every director and officer of this corporation on an annual basis. Each completed Disclosure Statement shall then be reviewed annually by the Board. The Board shall determine, with the advice of legal or accounting professionals, if necessary, if any conflict of interest that has been disclosed, either in the Conflicts of Interest Disclosure Statement or at any other time pursuant to the Conflicts of Interest Policy, requires further Board action beyond mere disclosure to this Board of the conflict of interest.

ARTICLE VII

USE OF ELECTRONIC TRANSMISSIONS

This corporation is authorized to use electronic communications, as permitted by California Corporations Code Sections 20 and 5079. In this regard, this corporation may send meeting notices and all other communications/information/materials by electronic transmission to the officers and directors of this corporation to the e-mail address or facsimile number designated on a Consent form provided to this corporation by the officers and directors. Further, this corporation may rely on communications sent to this corporation by electronic transmission from the officers and directors from the e-mail address or facsimile number listed on the Consent form after the fully executed Consent form has been returned to this corporation.

Any action by the Board by use of electronic transmissions may be taken, but only if all members of the Board approve the action electronically or in writing. It is permissible to have some of the directors vote by electronic transmission and some of the directors vote by written consent, as long as the combination of votes reflect a unanimous vote of the entire Board. A copy of the votes by electronic transmission (and written consent, if applicable) shall be filed with the minutes of the proceedings of the Board. Since Board actions by use of electronic transmissions must be by unanimous vote, no advance notice of the action to be voted upon is required.

ARTICLE VIII

RECEIPT AND DISBURSEMENT OF FUNDS

Section 1. Receipt of Funds.

The corporation shall receive all monies and/or other properties transferred to it for the purposes of the corporation (as shown by the Articles of Incorporation as amended to date). However, nothing contained herein shall require the Board to accept or receive any money or property of any kind if it shall determine in its discretion that receipt of such money or property is contrary to the expressed purposes of the corporation as shown by said Articles.

Section 2. Disbursement of Funds.

The corporation shall hold, manage and disburse any funds or properties received by it from any source in a manner that is consistent with the expressed purposes of this corporation.

ARTICLE IX

ADDITIONAL PROVISIONS

Section 1. Validity of Instruments Signed by Officers.

Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance, or other instrument in writing and any assignment or endorsement thereof, executed or entered into between this corporation and any other person, when signed by any one of the Chairperson of the Board, the President or any Vice President, and by the Secretary, any Assistant Secretary, the Treasurer/Chief Financial Officer or any Assistant Treasurer of this corporation is not invalidated as to this corporation by any lack of authority of the signing officers in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same.

Section 2. Authority of Officers and Agents.

The Board, except as the Bylaws otherwise provide, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances. Unless so authorized by these Bylaws or the Board, and except as in this Section hereinabove provided, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or agreement, or to pledge its credit, or to render it liable for any purpose or to any amount.

Section 3. Representation of Shares of Other Corporations.

The President or any other officer or officers authorized by the Board or the President are each authorized to vote, represent and exercise on behalf of the corporation all rights incident to any and all shares of any corporation standing in the name of this corporation. The authority herein granted may be exercised either by any such officer in person or by any other person authorized so to do in proxy or power of attorney duly executed by said officer.

Section 4. Construction and Definitions.

Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the General Provisions of the California Nonprofit Corporation Law and in the California Nonprofit Public Benefit Corporation Law shall govern the construction of these Bylaws.

Section 5. Amendments.

These Bylaws may be amended or repealed by the approval of the Board.

Section 6. Instruments in Writing.

All checks, drafts, demands for money and notes of the corporation, and all written contracts of the corporation shall be signed by such officer or officers, agent or agents, as the Board may from time to time by resolution designate.

Section 7. Maintenance of Articles, Bylaws and Records.

This corporation shall keep at its principal executive office:

- (a) The original or a copy of its Articles of Incorporation and Bylaws as amended to date;
- (b) Adequate and correct books and records of account; and
- (c) Minutes of the proceedings of its Board and committees of the Board.

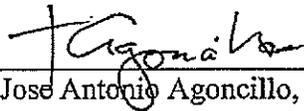
Section 8. Indemnification of Agents.

The indemnification of agents of this corporation is permitted, subject to the provisions of the California Nonprofit Public Benefit Corporation Law.

CERTIFICATE OF SECRETARY

The undersigned, being the Secretary of THE GRACE O FOUNDATION, does hereby certify that the above Bylaws are, as of the date of this certification, the adopted and existing Bylaws of this corporation.

DATED: 10/23/17



Jose Antonio Agoncillo, Secretary

Exhibit 32

Section 999.5(d)(9)

The information in Exhibit 32 is deemed by the Applicant to be confidential pursuant to Section 999.5(c)(3) because it contains confidential financial information.

14. (Cal. Code Regs. tit. 11, § 999.5(d)(11)(B) and (D).) Please provide copies of all documents relating or referring to the reasons why any potential transferee was excluded from further consideration as a potential transferee. This includes any written communications to or from any potential transferee, any written communications amongst Little Sisters’ board members, employees, or other agents relating to any potential transferee, as well as communications with Little Sisters’ superiors in France regarding any potential transferee.

The chart below summarizes interactions between the Little Sisters of the Poor and interested parties/prospective/potential buyers. There were no formal offers except for the four offers made as outlined in section 999.5(d)(2)(c) (Bates p. 239 ff). Other than the three “finalists” who accepted the \$20,000,000.00 offer, no other offers were made.

Number	Name & Type of Group	Interaction/Interest	Reason for Not Continuing with Group
1	County of Los Angeles	Inquiry by David Howard Asst Chief Executive Officer; held a Zoom meeting with County Officials in December 2020.	County interested in providing homeless services; not really interested in operating a SNF/RCFE/IL facility.
2	Small Healthcare Company	Received phone call from representative. Followed up with a phone call	After initial contact, group never followed up
3	Real Estate Investment Firm	Contacted the Little Sisters very late in the process. Had already received 3 offers from the finalists	They were not SNF/RCFE operators. They seemed more interested in purchasing the real estate.
4	Coptic Orthodox Church	Contact from parishioner; conversation with priest	No experience with SNF of RCFE facilities; also did not have financial resources
5	Group of Croatian Catholic Nuns	Contacted by a priest who knows a group of sisters who want to expand their mission from Latin America to the United States.	The Sisters have no experience in LTC nor the financial wherewithal to purchase the facility. We conversed about other potential roles but they never followed up
6	Local Physician Practice	Expressed interest in purchasing the Home; the Little	Did not have a deep understanding of

		Sisters met with him and his team in 12/21	operating a long-term care facility
7	National Nonprofit Group	Inquired about the possibility of purchasing the Home in February 2020	Never followed up in the fall of 2020 when we could finally meet
8	A small Skilled Nursing Company	Met with principals; asked the group to accept the \$20,000,000.00 offer and they did. Visited their facilities in February 2021	The Little Sisters determined the group was not the best fit; the group was very focused in short-term rehabilitation.
9	Purchaser	Met first in December 2020. In the interactions with Purchaser, the Little Sisters saw in the Purchaser the group that was closest to them in mission focus. Accepted Seller's offer of \$20,000,000.00	Little Sisters agreed to sell facility to Purchaser
10	Local Group	The group met with the Sisters in December 2020	Their focus was not on maintaining a LTC/RCFE/IL facility
11	Group of Catholic Sisters	Sent an email; requested a tour	Never followed up in the fall of 2020 when the sale process continued.
12	Local broker	Brought a candidate who was interested in operating the Home	The focus of the proposal was not operating a SNF/RCFE/IL facility
13	Vietnamese Catholic Community of Nuns	Met with the Sisters in February 2020.	The Sisters didn't have the human and financial resources to purchase the Home
14	Local Broker	Met with firm in December 2021; claimed to have a client ready, willing and able to purchase	Wanted to be retained by Home as broker in order to reveal potential Buyer. Little Sisters declined.
15	2 young Licensed Nursing Home Administrators	The Sisters met with them and liked their philosophy and experience. They accepted the \$20,000,000.00 offer. The Little Sisters visited facilities where they were administrators	In the end the Purchaser's mission was more in line with the Little Sisters but the Sisters remained impressed with the principals.

16	Local Family Nursing Home Business	Contacted the Little Sisters very late in the process	The Little Sisters were already dealing with the 3 finalists
17	National Assisted Living group	Met with the group and saw that they had the human and financial resources to assume operation of the Home. Were offered the property at \$20,000,000.00	Potential Purchaser did not accept \$20,000,000.00 offer; were not committed to allowing all of the residents to stay in the Home.
18	Small Healthcare Company	Counsel had a telephone conversation with a principal about the proposed sale.	Principal decided that she did not want to proceed
19	Local Broker	Got involved very late in the process	Was told that we would return to her if one of the finalists did not purchase the facility.
20	Hopeful Hearts Foundation	Local group wanting to see the Home remain open.	Mission was developmentally disabled not elder care..

15. **(Cal. Code Regs. tit. 11, § 999.5(d)(11)(B) and (D).) Please provide copies of all documents relating or referring to the reasons why the purchaser/transferee was selected. This includes any written communications to or from the purchaser/transferee, any written communications amongst Little Sisters' board members, employees, or other agents, as well as communications with Little Sisters' superiors in France.**

Exhibit 33 is a report sent by Mother Julie Horseman, Provincial Superior of the Little Sisters of the Poor – Chicago Province outlining the reasons why the Purchaser was selected by the Little Sisters of the Poor.

Other than this document, the Little Sisters of the Poor are not in possession of any documents relating to the choice of the Purchaser.

Exhibit 33

Section 999.5(d)(11)(B) & (D)

J.M.J.

San Pedro

le 26 mai

Mes chères Mères,

Chères Petites Soeurs,

On this last Wednesday of the month of May, I confide this letter and your reception of it to the care of good St. Joseph. I believe it is he who has led us to this day, when we can announce a buyer for Jeanne Jugan Residence in San Pedro. At 10am this morning we will present Grace S. Mercado to the Residents and employees of the Home.

Grace, a native of the Philippines, owns three nursing homes and one home for developmentally disabled children in California. Her husband serves as clinical nurse for her operations and she has a close-knit team who help her with everything else. Mother Margaret Charles and I visited San Pedro at the end of February to meet Grace and tour two of her homes. We felt that among the serious potential buyers for Jeanne Jugan Residence, Grace's vision of care for the elderly most matched up with our own. Mother Marguerite and the community in San Pedro have come to appreciate Grace's deep faith, and trust that this will enable her to provide for not only the physical, but also the spiritual needs of the Residents. The local community here continues to give of themselves whole-heartedly; they deserve our gratitude and prayers, as this is not an easy time for anyone.

The transfer of Jeanne Jugan Residence to Grace begins with the signing of the asset purchase agreement today. Much work lies before us, and we cannot as yet predict a date for when our Little Sisters will leave San Pedro. Sr. Juliana Sally Maria has come from Chicago to help and there will certainly be many trips out here in the months ahead.

Please pray that the process goes smoothly. We all know that business dealings in California are like nowhere else in the country! I would ask that you keep up the prayers to Venerable Fr. Patrick Peyton. We have many signs of how his intercession has moved things along thus far. Fr. Mark Cregan hasn't wasted any time, even as he works with our Sisters in Richmond for the closing of the Home there. We owe him a great debt of gratitude for his devotion to both projects.

Asking St. Joseph once again to watch over and protect Jeanne Jugan Residence and all of our Homes, I assure you of my grateful prayers.

dans le coeur de Jésus et Marie,

Sr. Julie Marie of the Sacred Heart, ple.

16. (Cal. Code Regs. tit. 11, § 999.5(d)(11)(C) and (E).) Please provide copies of all written communications received by Little Sisters' from potential transferees expressing interest or inquiring about the potential sale of Little Sisters,' or suggesting terms of the potential transfer. This includes copies of any of the "over 20 inquiries" noted on page 0239 of the Notice, including the County of Los Angeles, as well as any further communications with any of these entities relating to their interest in the sale of Little Sisters' or the proposed terms of such a sale along with any analysis of each such proposal.

Exhibit 34 are emails and other documents from the interested parties/prospective purchasers in Item 14. The Documents are numbered in the same order as the list in Item 14.

Exhibit 34

Section 999.5(d)(11)(C) & (E)

The information in Exhibit 34 is deemed by the Applicant to be confidential pursuant to Section 999.5(c)(3) because it contains confidential information about the prospective buyers some of whom are subject to executed Non-Disclosure Agreements with Seller.