

1 DAVID A. BOONE - State Bar No. 74165
LEELA V. MENON - State Bar No. 195435
2 LAW OFFICES OF DAVID A. BOONE
1611 The Alameda
3 San Jose, California 95126
Telephone (408) 291-6000

4 ATTORNEYS FOR DEBTOR
5 ALI SHENASA

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8
9 UNITED STATES BANKRUPTCY COURT
10 NORTHERN DISTRICT OF CALIFORNIA
11

12	IN RE:)	CASE NO. 16-51477 MEH
13	ALI SHENASA)	CHAPTER 13
14)	Date: December 8, 2016
15	Debtor)	Time: 10:30a.m.
16)	Court Room: 3020, 280 S. First Street
)	San Jose, CA
)	Honorable M. Elaine Hammond

17
18 **MOTION FOR AUTHORIZATION TO SELL AN ASSET OF THE ESTATE**
FREE & CLEAR OF LIENS
19 **(105 N. Bascom Avenue, Suite #204, San Jose, CA 95128)**

20
21 **TO: 105 Bascom San Jose, LLC, Small Business Administration; Old Republic Title**
Company; County of Santa Clara Tax Collector; and Parties in Interest:
22

23 Debtor, Ali Shenasa, by and through his attorneys, The Law Offices of David A.
24 Boone, moves the Honorable Court for Authority To Sell an Asset of the Estate Free and Clear of
25 Liens for the office condominium located at 105 N. Bascom Avenue, Suite #204. In support of
26 this motion the Debtor represents as follows:

27 1. Debtor filed Bankruptcy under Chapter 11 of the United States Bankruptcy Code
28 on May 17, 2016.

1 2. One of the assets of the estate is real property commonly known as 105 N. Bascom
2 Avenue, Suite #105 , San Jose, CA 95128, (hereinafter referred to as the "Subject Property").
3 The Property is more fully described in the Preliminary Title Report attached as **Exhibit "1"** to
4 the Declaration of David A. Boone, filed herewith.

5 3. The Subject Property is presently encumbered as follows (amounts are
6 approximations only):

7 105 Bascom San Jose, LLC (minimum amount owed)	\$1,100,511.29
8 Small Business Administration	\$ 840,880.51

9 4. Debtor and co-owners received and accepted a written offer on October 25, 2016
10 to purchase the subject property for the amount of seven hundred and fifty thousand dollars
11 (\$750,000.00). There is an open escrow. A copy of the Purchase and Sale Contract is annexed to
12 the Declaration of David A. Boone filed herewith as **Exhibit "2"**.

13 5. The sale at \$750,000 is expected to pay any property taxes and part of the debt
14 owed 105 Bascom San Jose, LLC. There will be no payment to the U.S. Small Business
15 Administration. There are no real estate commissions to be paid to maximize payment to the
16 secured lienholder whose loan is also cross-collateralized by property located at 105 N. Bascom
17 Avenue, Suite #104, which is on the market, but yet to attract any firm offers.

18 6. The escrow company is Old Republic Title Company located at 224 Airport
19 Parkway, San Jose, CA 95110. The escrow officer is Sharon LaFountain and the escrow number
20 is 0616014205-SL. A copy of the Sellers' Estimated Closing Statement is annexed as **Exhibit "3"**
21 to the Declaration of David A. Boone filed herewith.

22 7. Debtor seeks to have this motion approved as it is submitted in good faith to obtain
23 Court approval of the sale. The buyers are the brothers of the Debtor, Hossein and Jafar Shenasa
24 for ARARA, LLC in formation. The Debtor contends the sale is at or above fair market value.

25 8. The sale proceeds shall be disbursed to pay the property taxes and the costs of
26 escrow and all remaining proceeds will be paid to the first lienholder, 105 Bascom San Jose, LLC
27 through the Tullius Law Group, to pay down their loan to the maximum extent possible.

28 9. The Debtor will receive no funds from the transaction. There are no real estate

1 commissions to be paid.

2 10. Debtor seeks to sell the subject real property free and clear of the following liens:

3 Deed of trust to secure an original indebtedness in the amount of \$1,063,464.00
4 and such and other amounts as may become due, of Bank of America, N.A.
5 recorded September 22, 2006 in Official Records under Recorder's Serial Number.
6 According to the public records, the beneficial interest under the deed of trust was
7 assigned to 105 Bascom San Jose, LLC, by assignment recorded December 15,
8 2014 in Official Records under Recorder's Serial Number 22799265.

9 Deed of Trust to secure an original indebtedness in the amount of \$876,000.00 and
10 such and other amounts as may become due, of Bay Area Employment
11 Development Company recorded May 23, 2008, in Official Records under
12 Recorder's Serial Number 19864421. According to public records, the beneficial
13 interest under the deed of trust was assigned to U.S. Small Business
14 Administration, by assignment recorded May 23, 2008 in Official Records under
15 Recorder's Serial Number 19864422.

16 11. **11 U.S.C. §363 (f), in pertinent part, states:**

17 The trustee may sell property under subsection (b) or (c) of this section
18 free and clear of any interest in such property of an entity other than the
19 estate, only if--

- 20 (1) applicable nonbankruptcy law permits sale of property free and
21 clear of such interest;
22 (2) such entity consents;
23 (3) such interest is a lien and the price at which such property is to be
24 sold is greater than the aggregate value of all liens on such property;
25 (4) such interest is in bona fide dispute; or
26 (5) such entity could be compelled, in a legal or equitable proceeding,
27 to accept a money satisfaction of such interest.
28

12. Debtor seeks to obtain Court approval to sell free and clear of the liens of of the
105 Bascom San Jose, LLC, its successors and assigns; and U. S. Small Business Administration
based upon the contention that the entities consent pursuant to Section 363(f)(2) and/or the basis
that such entity could be compelled in an equitable proceeding to accept money for partial
satisfaction of such interest. The net proceeds after payment of property taxes and closing costs
would partially satisfy the debt to first lienholder, 105 Bascom San Jose, LLC. No payments will
be made to US Small Business Administration.

13. The lien holder should be compelled to accept the partial money satisfaction of
its interest pursuant to 11 U.S.C. §363(f)(5). The balance of the debt owed to 105 Bascom San
Jose, LLC is expected to be paid from the sale of the office condominium that is presently listed
for sale on the open market, namely Suite #205, 105 N. Bascom Avenue, San Jose, CA..

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9 UNITED STATES BANKRUPTCY COURT
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12 IN RE:) CASE NO. 16-51477 MEH
13 ALI SHENASA) CHAPTER 13
14) Date: December 8, 2016
15 Debtor) Time: 10:30a.m.
16) Court Room: 3020, 280 S. First Street
San Jose, CA
Honorable M. Elaine Hammond
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19 **DECLARATION OF DAVID A. BOONE IN SUPPORT OF MOTION TO SELL**
20 **PROPERTY FREE AND CLEAR OF LIENS**
(105 N. Bascom Avenue, Suite #204, San Jose, CA 95128)
21

22 I, David A. Boone, hereby declare:

23 1. Attached hereto as **Exhibit 1** is a true and correct copy of the Preliminary Title
24 Report prepared for Old Republic Title Company for the property referenced above.

25 2. Attached hereto as **Exhibit 2** is a true and correct copy of the offer received
26 from Buyers Hossein and Jafar Shenasa for \$750,000.

27 3. Attached as **Exhibit 3** is a true and correct copy of the Sellers' Estimated
28 Closing Statement.

1 4. Attached as **Exhibit 4** is the Daughters of Charity article in the San Jose
2 Mercury News.

3 5. The two office condominiums were purchased by Mohammed Shenasa, M.D.
4 and Ali Shenasa. to be occupied by medical practices of Mohammed Shenasa, M.D. and his
5 brother, one of the purchasers, who were cardiologists and cardiac surgeons. At the time of
6 purchase, Mohammed Shenasa, M.D. had a successful practice and was world renowned for his
7 Medical School text books on the Human Heart and the electrical system of the human heart.

8 6. Shortly after the purchase was completed, about 4 months after close of escrow,
9 Dr. Mohammed Shenasa became ill and was eventually diagnosed with a very rare incurable
10 blood cancer which left him disabled and unable to practice medicine.

11 7. The marketing and sale of the property has been complicated by the fact that the
12 Sisters of Charity which owns the adjacent O'Connor Hospital has been trying to sell their
13 hospitals and exit the business. The main purchasers of the Debtor's office condominiums
14 would be medical doctors who had privileges at the hospital which cannot be determined until
15 a permanent operator is in place. This is further complicated by Valley Medical Center's
16 interest in the property which would drastically decrease the price and marketability of the
17 office condominium. See Exhibit 4.

18 8. Because of this, the price offered by Hossein Shenasa, M.D. and Jafar Shenasa,
19 even though they are related parties, (brothers of the Debtor), is believed to be in good faith and
20 above market value.

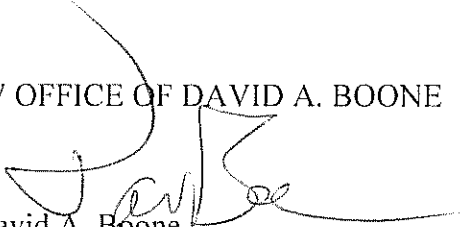
21 9. Hossein Shenasa, M.D. is willing to pay this price, without any commissions,
22 because he is able to avoid moving his practice. Because of a shortage of qualified cardiac
23 surgeons to insert emergency pacemakers and perform other emergency procedures, he is
24 currently working six days a week handling cardiac emergencies at the adjacent O'Connor
25 Hospital.
26

27 I declare under penalty of perjury that the foregoing is true and correct and would be
28 competent to testify thereto if called upon to do so.

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Dated: November 8, 2016

LAW OFFICE OF DAVID A. BOONE



/s/ David A. Boone
David A. Boone
Attorneys for Debtors

EXHIBIT 1

EXHIBIT A

The land referred to is situated in the County of Santa Clara, City of San Jose, State of California, and is described as follows:

Parcel One:

Condominium Unit 204 of Lot 1 of Tract 9745, according to the Map filed in the Office of the Recorder of Santa Clara County, California, on April 20, 2006 in Book 799 of Maps, Pages 28 and 29, as such Unit is shown on the Condominium Plan for Bascom O'Connor Plaza Condominiums ("Plan"), attached as Exhibit B to the Declaration recorded May 9, 2006, as Instrument No. 18926414, Official Records, Santa Clara County.

Parcel Two:

An undivided 9.93% interest as tenants in common in and to the Common Area lying within said Lot 1 of the Map as shown on the Plan and defined in the Declaration of Covenants, Conditions and Restrictions ("Declaration"), recorded May 20, 2006 as Instrument No. 18926414, Official Records, Santa Clara County, excepting and reserving therefrom the following:

- (A) All Condominium Units shown on the Plan and described in the Declaration.
- (B) Restricted Common Areas for possession, use and enjoyment of those areas designated on the Plan and defined in the Declaration.
- (C) Non-exclusive easements for use, enjoyment, ingress, egress, and support in and to the Common Area as shown on the Plan and described in the Declaration.
- (D) All easements as defined in the Declaration.

Parcel Three:

Non-exclusive easements for use, enjoyment, ingress, egress, and support in and to the Common Area as shown on the Plan and described in the Declaration, for the benefit of Parcel One hereinabove.

APN: 274-41-113



224 Airport Parkway, Suite 170
San Jose, CA 95110
(408) 557-8400 Fax: (408) 249-2314

PRELIMINARY REPORT

Our Order Number 0616014659-SL

LAW OFFICES OF DAVID A. BOONE
1611 The Alameda
San Jose, CA 95126

Attention: DAVID BOONE

When Replying Please Contact:

Sharon LaFountain
SLaFountain@ortc.com
(408) 557-8400

Buyer:

Arara, LLC

Property Address:

105 North Bascom Avenue, #204, San Jose, CA 95128

In response to the above referenced application for a policy of title insurance, OLD REPUBLIC TITLE COMPANY, as issuing Agent of Old Republic National Title Insurance Company, hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said policy forms.

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

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

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

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

Dated as of October 14, 2016, at 7:30 AM

OLD REPUBLIC TITLE COMPANY
For Exceptions Shown or Referred to, See Attached

Page 1 of 10 Pages

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0616014659-SL

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

CLTA Standard Coverage Policy -1990; AND ALTA Loan Policy - 2006. A specific request should be made if another form or additional coverage is desired.

The estate or interest in the land hereinafter described or referred or covered by this Report is:

Condominium as defined in section 783 of the California Civil Code

Title to said estate or interest at the date hereof is vested in:

Mohammad Shenasa and Rashideh Rahimian, husband and wife, as to an undivided 80% interest, and

Ali Shenasa, a married man as his sole and separate property, subject to proceedings pending in U.S. Bankruptcy Court of the Northern District of California, entitled: Ali Shenasa, Debtor, Case No. 16-51477, wherein a petition for relief was filed on the date of May 5, 2016 (Chapter 11), as to an undivided 20% interest

The land referred to in this Report is situated in the County of Santa Clara, City of San Jose, State of California, and is described as follows:

Parcel One:

Condominium Unit 204 of Lot 1 of Tract 9745, according to the Map filed in the Office of the Recorder of Santa Clara County, California, on April 20, 2006 in Book 799 of Maps, Pages 28 and 29, as such Unit is shown on the Condominium Plan for Bascom O'Connor Plaza Condominiums ("Plan"), attached as Exhibit B to the Declaration recorded May 9, 2006, as Instrument No. 18926414, Official Records, Santa Clara County.

Parcel Two:

An undivided 9.93% interest as tenants in common in and to the Common Area lying within said Lot 1 of the Map as shown on the Plan and defined in the Declaration of Covenants, Conditions and Restrictions ("Declaration"), recorded May 20, 2006 as Instrument No. 18926414, Official Records, Santa Clara County, excepting and reserving therefrom the following:

- (A) All Condominium Units shown on the Plan and described in the Declaration.
- (B) Restricted Common Areas for possession, use and enjoyment of those areas designated on the Plan and defined in the Declaration.
- (C) Non-exclusive easements for use, enjoyment, ingress, egress, and support in and to the Common Area as shown on the Plan and described in the Declaration.
- (D) All easements as defined in the Declaration.

Parcel Three:

Non-exclusive easements for use, enjoyment, ingress, egress, and support in and to the Common Area as shown on the Plan and described in the Declaration, for the benefit of Parcel One hereinabove.

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0616014659-SL

APN: 274-41-113

At the date hereof exceptions to coverage in addition to the Exceptions and Exclusions in said policy form would be as follows:

1. Taxes and assessments, general and special, for the fiscal year 2016 - 2017, as follows:

Assessor's Parcel No	:	274-41-113	
Bill No.	:	274-41-113	
Code No.	:	017-163	
1st Installment	:	\$7,150.67	NOT Marked Paid
2nd Installment	:	\$7,150.67	NOT Marked Paid
Land Value	:	\$497,047.00	
Imp. Value	:	\$556,797.00	

2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq., of the Revenue and Taxation Code of the State of California.

3. Water rights, claims or title to water, whether or not shown by the public records.

4. Easements for ingress, egress, private rights and/or utilities and incidental purposes, as disclosed by instruments of record affecting the "Common Area".

5. Covenants, Conditions, Restrictions, Limitations, Easements, Assessments, Reservations, Exceptions, Terms, Liens or Charges, but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons, as provided in an instrument.

Recorded : May 9, 2006 in Official Records under Recorder's Serial Number
18926414

Said Covenants, Conditions and Restrictions provide that a violation thereof shall not defeat or render invalid the lien of any Mortgage or Deed of Trust made in good faith and for value.

OLD REPUBLIC TITLE COMPANY
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NOTE: "If this document contains any restriction based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, national origin, source of income as defined in subdivision (p) of section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to Section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status."

6. Liens and charges for upkeep and maintenance as provided in the above mentioned Covenants, Conditions and Restrictions, if any, where no notice thereof appears on record.

For information regarding the current status of said liens and/ or assessments
Contact : Bascom Medical Property Owners Association

7. Deed of Trust to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof,

Amount : \$1,063,464.00
Trustor/Borrower : Ali Shenasa, Rashideh Rahimian and Mohammad Shenasa
Trustee : PRLAP, Inc.
Beneficiary/Lender : Bank of America, N.A.
Dated : September 7, 2006
Recorded : September 22, 2006 in Official Records under Recorder's Serial Number 19115489

Affects this and other property.

The record beneficial interest under said Deed of Trust as a result of the last recorded assignment thereof is,

Vested In : 105 Bascom San Jose, LLC
By Assignment From : Bank of America, N.A.
Dated : November 25, 2014
Recorded : December 15, 2014 in Official Records under Recorder's Serial Number 22799265

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0616014659-SL

Substitution of Trustee under said Deed of Trust,

Executed By : 105 Bascom San Jose, LLC
New Trustee : Tullius Law Group, a Professional Corporation
Dated : February 22, 2016
Recorded : February 29, 2016 in Official Records under Recorder's Serial
Number 23231312
New Trustee's File No. : 33083

Notice of Default under the terms of said Deed of Trust,

Executed By : Tullius Law Group, a Professional Corporation
Dated : February 25, 2016
Recorded : February 29, 2016 in Official Records under Recorder's Serial
Number 23231313
Trustee's File No. or
Foreclosure No. : 33083

8. An unrecorded lease upon the terms, covenants, and conditions contained or referred to therein,

Lessor : Ali Shenasa, Rashideh Rahimian and Mohammad Shenasa
Lessee : Cardiac Evaluation Center - LLC
Disclosed by : Subordination Agreement - Lease
Dated : September 7, 2006
Recorded : September 22, 2006 in Official Records under Recorder's Serial
Number 19115491
Return to Address : 101 S. Marengo Avenue, 5th Floor Pasadena, CA 91101-2428

NOTE: The present ownership of said leasehold or leaseholds and other matters affecting the interest of the lessee or lessees are not shown herein.

NOTE: Said Lease by the provisions of an agreement

Dated : September 7, 2006
Recorded : September 22, 2006 in Official Records under Recorder's Serial
Number 19115491
Executed By : Cardiac Evaluation Center - LLC and Bank of America, N.A.
was made subordinate to the Deed of Trust referred to herein as Instrument No.
19115489.

Affects this and other property.

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0616014659-SL

9. Deed of Trust to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof,

Amount : \$876,000.00
Trustor/Borrower : Mohammad Shenasa and Rashideh Rahimian, husband and wife,
and Ali Shenasa, a married man
Trustee : Chicago Title Company, a California corporation
Beneficiary/Lender : Bay Area Employment Development Company
Dated : May 9, 2008
Recorded : May 23, 2008 in Official Records under Recorder's Serial Number
19864421
Loan No. : 19072460-03

Assignment of the beneficial interest under said Deed of Trust,

From : Bay Area Employment Development Company
To : U. S. Small Business Administration
Dated : May 13, 2008
Recorded : May 23, 2008 in Official Records under Recorder's Serial Number
19864422
Loan No. : 19072460-03
Returned to
Address : 1801 Oakland Blvd., Suite 100 Walnut Creek, CA 94596

Affects this and other property.

10. An unrecorded lease upon the terms, covenants, and conditions contained or referred to therein,

Lessor : Mohammad Shenasa, Rashideh Rahimian and Ali Shenasa
Lessee : Mohammad Shenasa dba Mohammad Shenasa, M.D.
Disclosed by : Memorandum of Lease and Subordination Agreement
Dated : May 19, 2008
Recorded : May 23, 2008 in Official Records under Recorder's Serial Number
19864423
Return to Address : 1801 Oakland Blvd., Suite 100 Walnut Creek, CA 94596

Affects this and other property.

NOTE: The present ownership of said leasehold or leaseholds and other matters affecting the interest of the lessee or lessees are not shown herein.

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0616014659-SL

NOTE: Said Lease by the provisions of an agreement

Dated : May 19, 2008
Recorded : May 23, 2008 in Official Records under Recorder's Serial
Number 19864423
Executed By : Mohammad Shenasa dba Mohammad Shenasa M.D.
was made subordinate to the Deed of Trust referred to herein as Instrument No.
19864421.

11. Terms and provisions as contained in an instrument,

Entitled : Third Party Lender Agreement
Executed By : Bank of America, N.A. and Bay Area Employment Development
Company
Dated : May 8, 2008
Recorded : May 23, 2008 in Official Records under Recorder's Serial Number
19864425
Returned to
Address : 1801 Oakland Blvd., Suite 100 Walnut Creek, CA 94596

Affects this and other property.

Note: Reference is made to said instrument for full particulars.

12. Certificate of Lien by the Santa Clara County Tax Collector as follows:

Against : Shenasa Mohammad
Last Address : 105 N Bascom Ave Ste 204
Account No. : 13-081090-6
Amount : \$139.71
Dated : February 18, 2014
Recorded : February 21, 2014 in Official Records under Recorder's Serial Number
22525239

13. Provisions of the Bankruptcy Reform Act of 1978, as amended, and of the terms, conditions
and provisions of any Order which may be entered in the following:

Case No. : 16-51477
District : Northern
Debtor : Ali Shenasa
Chapter : 11

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0616014659-SL

NOTE: Said case appears to be filed in Northern California Bankruptcy District.

NOTE: An examination of this case file is being made. Upon completion, we will supplement our report accordingly.

14. The requirement that the Bankruptcy Trustee in the Chapter 13 proceedings be notified to obtain a trustee's demand for payoff of the Chapter 13 plan and that the payoff demand be submitted to this company before the close escrow.
15. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
16. The requirement that this Company be provided with an opportunity to inspect the land (the Company reserves the right to make additional exceptions and/or requirements upon completion of its inspection).
17. The requirement that this Company be provided with a suitable Owner's Declaration (form ORT 174). The Company reserves the right to make additional exceptions and/or requirements upon review of the Owner's Declaration.
18. Any unrecorded and subsisting leases.
19. The requirement that the Company be provided with a copy of the "rent roll" and "tenant estoppel certificates" for its review.

The Company may have different and/or additional requirements after its review.

20. Prior to the issuance of any policy of title insurance, the Company requires the following with respect to Arara, LLC, a California Limited Liability Company:
1. A copy of any management or operating agreements and any amendments thereto, together with a current list of all members of said LLC.
 2. A certified copy of its Articles of Organization (LLC-1), any Certificate of Correction (LLC-11), Certificate of Amendment (LLC-2), or Restatement of Articles of Organization (LLC-10).
 3. Recording a Certified copy of said LLC-1 and any "amendments thereto".

----- **Informational Notes** -----

- A. The applicable rate(s) for the policy(s) being offered by this report or commitment appears to be section(s) 1.1 and 2.3.
- B. The above numbered report (including any supplements or amendments thereto) is hereby modified and/or supplemented to reflect the following additional items relating to the issuance of an American Land Title Association loan form policy:

NONE

NOTE: Our investigation has been completed and there is located on said land a commercial condominium known as 105 North Bascom Avenue, #204, San Jose, CA 95128.

The ALTA loan policy, when issued, will contain the CLTA 100 Endorsement and 116 series Endorsement.

Unless shown elsewhere in the body of this report, there appear of record no transfers or agreements to transfer the land described herein within the last three years prior to the date hereof, except as follows:

NONE

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0616014659-SL

C. NOTE: The last recorded transfer or agreement to transfer the land described herein is as follows:

Instrument
Entitled : Grant Deed
By/From : Mohammad Shenasa and Rashideh Rahimian, husband and wife and Ali Shenasa, a married man
To : Mohammad Shenasa and Rashideh Rahimian, husband and wife, as to an undivided 80% interest and Ali Shenasa, a married man as his sole and separate property, as to an undivided 20% interest, as Tenants in Common
Dated : April 26, 2007
Recorded : March 21, 2008 in Official Records under Recorder's Serial Number 19787068

Affects this and other property.

D. NOTE: The last recorded transfer or agreement to transfer the land described herein is as follows:

Instrument
Entitled : Grant Deed
By/From : Mohammad Shenasa and Rashideh Rahimian, as Trustees of The Shenasa-Rahimian Family Trust (Dated July 13, 2007)
To : Mohammad Shenasa and Rashideh Rahimian, husband and wife
Dated : March 31, 2008
Recorded : April 16, 2008 in Official Records under Recorder's Serial Number 19814715

Affects this and other property.

E. All transactions that close on or after March 1, 2015 will include a \$20.00 minimum recording service fee, plus actual charges required by the County Recorder.

O.N.
am

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

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.-

(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

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

1. Taxes or assessments Which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims Which are not shown by the public records but which could be ascertained by an inspection of the land which may be asserted by persons in possession thereof,
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

**AMERICAN LAND TITLE ASSOCIATION
LOAN POLICY OF TITLE INSURANCE - 2006
EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations.This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

EXCEPTIONS FROM COVERAGE – SCHEDULE B, PART 1, SECTION ONE

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

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



WHAT DOES OLD REPUBLIC TITLE DO WITH YOUR PERSONAL INFORMATION?

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> • Social Security number and employment information • Mortgage rates and payments and account balances • Checking account information and wire transfer instructions <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Old Republic Title chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Old Republic Title share?	Can you limit this sharing?
For our everyday business purposes — such as to process your transactions, maintain your account(s), or respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes — to offer our products and services to you	No	We don't share
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes — information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes — information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For non-affiliates to market to you	No	We don't share

Go to www.oldrepublictitle.com (Contact Us)

Who we are	
Who is providing this notice?	Companies with an Old Republic Title name and other affiliates. Please see below for a list of affiliates.

What we do	
How does Old Republic Title protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. For more information, visit http://www.OldRepublicTitle.com/newnational/Contact/privacy .
How does Old Republic Title collect my personal information?	<p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> • Give us your contact information or show your driver's license • Show your government-issued ID or provide your mortgage information • Make a wire transfer <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> • Sharing for affiliates' everyday business purposes - information about your creditworthiness • Affiliates from using your information to market to you • Sharing for non-affiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing. See the "Other important information" section below for your rights under state law.</p>

Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • <i>Our affiliates include companies with an Old Republic Title name, and financial companies such as Attorneys' Title Fund Services, LLC, Lex Terrae National Title Services, Inc., Mississippi Valley Title Services Company, and The Title Company of North Carolina.</i>
Non-affiliates	<p>Companies not related by common ownership or control. They can be financial and non-financial companies.</p> <ul style="list-style-type: none"> • <i>Old Republic Title does not share with non-affiliates so they can market to you</i>
Joint marketing	<p>A formal agreement between non-affiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> • <i>Old Republic Title doesn't jointly market.</i>

Other Important Information

Oregon residents only: We are providing you this notice under state law. We may share your personal information (described on page one) obtained from you or others with non-affiliate service providers with whom we contract, such as notaries and delivery services, in order to process your transactions. You may see what personal information we have collected about you in connection with your transaction (other than personal information related to a claim or legal proceeding). To see your information, please click on "Contact Us" at www.oldrepublictitle.com and submit your written request to the Legal Department. You may see and copy the information at our office or ask us to mail you a copy for a reasonable fee. If you think any information is wrong, you may submit a written request online to correct or delete it. We will let you know what actions we take. If you do not agree with our actions, you may send us a statement.

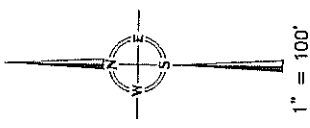
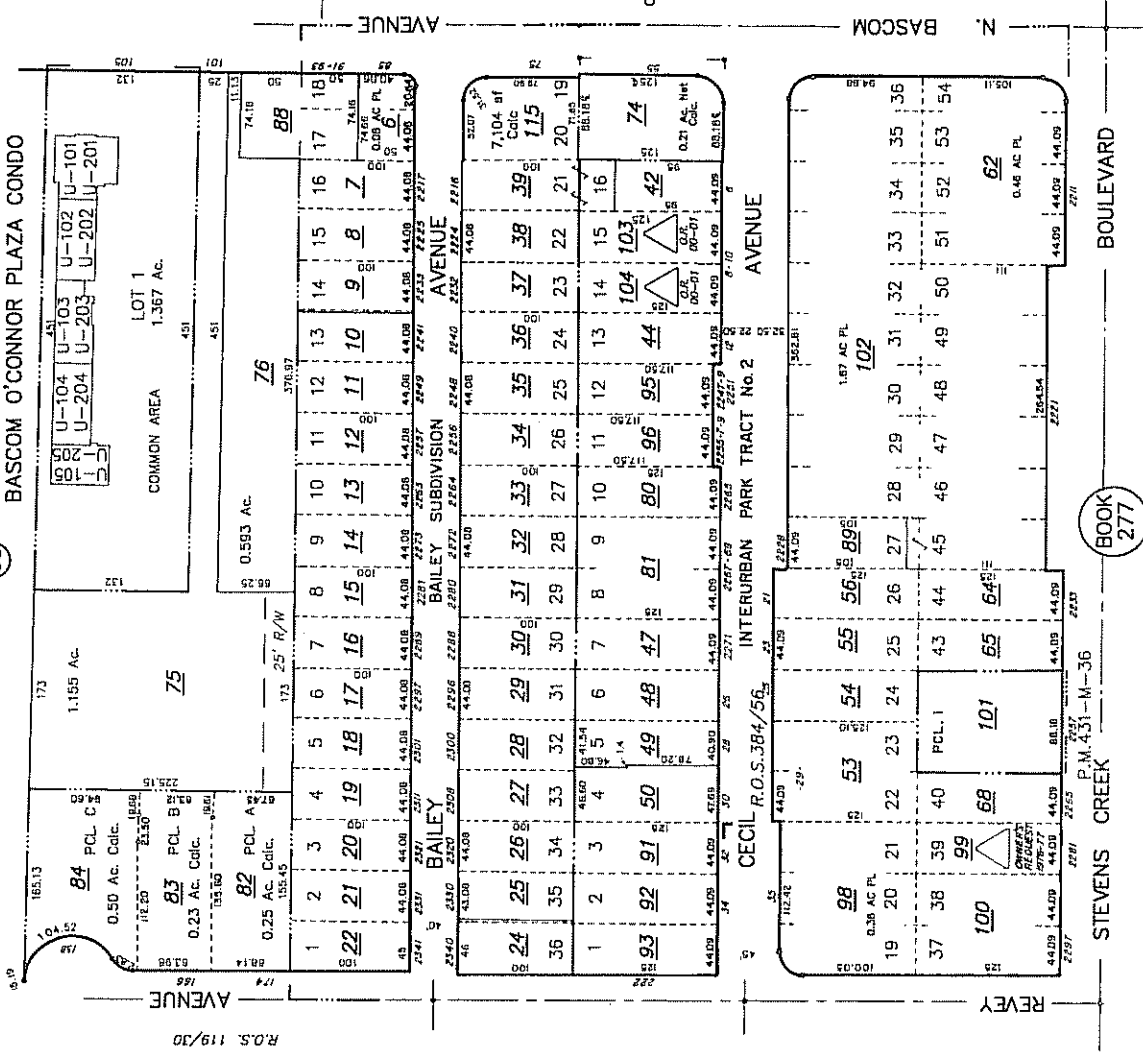
Affiliates Who May be Delivering This Notice

American First Abstract, LLC	American First Title & Trust Company	American Guaranty Title Insurance Company	Attorneys' Title Fund Services, LLC	Compass Abstract, Inc.
eRecording Partners Network, LLC	Genesis Abstract, LLC	Kansas City Management Group, LLC	L.T. Service Corp.	Lenders Inspection Company
Lex Terrae National Title Services, Inc.	Lex Terrae, Ltd.	Mara Escrow Company	Mississippi Valley Title Services Company	National Title Agent's Services Company
Old Republic Branch Information Services, Inc.	Old Republic Diversified Services, Inc.	Old Republic Exchange Company	Old Republic National Title Insurance Company	Old Republic Title and Escrow of Hawaii, Ltd.
Old Republic Title Co.	Old Republic Title Company of Conroe	Old Republic Title Company of Indiana	Old Republic Title Company of Nevada	Old Republic Title Company of Oklahoma
Old Republic Title Company of Oregon	Old Republic Title Company of St. Louis	Old Republic Title Company of Tennessee	Old Republic Title Information Concepts	Old Republic Title Insurance Agency, Inc.
Old Republic Title, Ltd.	Republic Abstract & Settlement, LLC	Sentry Abstract Company	The Title Company of North Carolina	Title Services, LLC
Trident Land Transfer Company, LLC				

TRACT NO. 9745
BASCOM O'CONNOR PLAZA CONDO

TRACT NO. 9745
BASCOM O'CONNOR PLAZA CONDO
CD.18926414

UNIT	FLOOR	APN	SITUS
101	1	105	101
102	1	106	102
103	1	107	103
104	1	108	104
105	1	109	105
201	2	110	201
202	2	111	202
203	2	112	203
204	2	113	204
205	2	114	205



TRA DEF. MAP 1000
LAWRENCE E. STONE — ASSESSOR
Calculated map for assessment purposes only
Compiled under R. & T. Code, Sec. 327
Effective Roll Year 2015-2016

EXHIBIT 2



CALIFORNIA
ASSOCIATION
OF REALTORS®

COMMERCIAL PROPERTY PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS

(NON-RESIDENTIAL)
(C.A.R. Form CPA, Revised 4/10)

1. OFFER: Date: 10-19-2016
- A. THIS IS AN OFFER FROM Hossein Shenasa & Jafar Shenasa for ARARA, LLC in formation ("Buyer").
 Individual(s), A Corporation, A Partnership, An LLC, An LLP, or Other
- B. THE REAL PROPERTY TO BE ACQUIRED is described as 105 N. Bascom Ave #204, San Jose, CA 95128,
 Assessor's Parcel No. 274-41-113-00, situated in _____, County of Santa Clara, California, ("Property").
- C. THE PURCHASE PRICE offered is Seven Hundred Fifty Thousand Dollars (Dollars \$ 750,000.00).
 D. CLOSE OF ESCROW shall occur on _____ (date) (or _____ Days After Acceptance).
2. AGENCY:
- A. POTENTIALLY COMPETING BUYERS AND SELLERS: Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer-representative agreement or separate document (C.A.R. Form DA). Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties of interest to this Buyer.
- B. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:
 Listing Agent N/A (Print Firm Name) is the agent of (check one): the Seller exclusively; or both the Buyer and Seller.
 Selling Agent N/A (Print Firm Name) (if not same as Listing Agent) is the agent of (check one): the Buyer exclusively; or the Seller exclusively; or both the Buyer and Seller.
 Real Estate Brokers are not parties to the Agreement between Buyer and Seller.
3. FINANCE TERMS: Buyer represents that funds will be good when deposited with Escrow Holder.
- A. INITIAL DEPOSIT: Deposit shall be in the amount of \$ 10,000.00
 (1) Buyer shall deliver deposit directly to Escrow Holder by personal check, electronic funds transfer, Other _____ within 3 business days after acceptance (or Other _____);
 OR (2) (if checked) Buyer has given the deposit by personal check (or _____) to the agent submitting the offer (or to _____), made payable to _____ The deposit shall be held uncashed until Acceptance and then deposited with Escrow Holder (or into Broker's trust account) within 3 business days after Acceptance (or Other _____).
- B. INCREASED DEPOSIT: Buyer shall deposit with Escrow Holder an increased deposit in the amount of \$ 290,000.00 within _____ Days After Acceptance, or Close of Escrow
- C. LOAN(S):
 (1) FIRST LOAN in the amount of \$ 450,000.00
 This loan will be conventional financing or, if checked, Seller (C.A.R. Form SFA), assumed (C.A.A. Form PAA), subject to financing, Other _____. This loan shall be at a fixed rate not to exceed _____ % or, an adjustable rate loan with initial rate not to exceed _____ %. Regardless of the type of loan, Buyer shall pay points not to exceed _____ % of the loan amount.
 (2) SECOND LOAN in the amount of \$ _____
 This loan will be conventional financing or, if checked, Seller (C.A.R. Form SFA), assumed (C.A.A. Form PAA), subject to financing, Other _____. This loan shall be at a fixed rate not to exceed _____ % or, an adjustable rate loan with initial rate not to exceed _____ %. Regardless of the type of loan, Buyer shall pay points not to exceed _____ % of the loan amount.
- D. ADDITIONAL FINANCING TERMS: _____
- E. BALANCE OF PURCHASE PRICE OR DOWN PAYMENT in the amount of \$ _____ to be deposited with Escrow Holder within sufficient time to close escrow.
- F. PURCHASE PRICE (TOTAL): \$ 750,000.00
- G. VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS: Buyer (or Buyer's lender or loan broker pursuant to 3H1) shall, within 7 (or N/A) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs. (If checked, verification attached.)
- H. LOAN TERMS:
 (1) LOAN APPLICATIONS: Within 7 (or 30) Days After Acceptance, Buyer shall Deliver to Seller a letter from lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in 3C above. (If checked, letter attached.)

Buyer's Initials (HS) (JS)

Seller's Initials (MS) (RR)

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CPA REVISED 4/10 (PAGE 1 OF 10)

Reviewed by _____ Date _____



COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 1 OF 10)

Agent: _____ Phone: _____ Fax: _____ Prepared using zipForm® software
 Broker: _____

Property Address: 105 N. Bascom Ave #204, San Jose, CA 95128

Date: 10-19-2016

(2) **LOAN CONTINGENCY:** Buyer shall act diligently and in good faith to obtain the designated loan(s). Obtaining the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. Buyer's contractual obligations to obtain and provide deposit, balance of down payment and closing costs are not contingencies of this Agreement.

(3) **LOAN CONTINGENCY REMOVAL:**

(i) Within 17 (or 30) Days After Acceptance, Buyer shall, as specified in Paragraph 17, in writing remove the loan contingency or cancel this Agreement;

OR (ii) (if checked) the loan contingency shall remain in effect until the designated loans are funded.

(4) **NO LOAN CONTINGENCY** (If checked); Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result Buyer does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.

I. **APPRAISAL CONTINGENCY AND REMOVAL:** This Agreement is (or, if checked, is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the specified purchase price. If there is a loan contingency, Buyer's removal of the loan contingency shall be deemed removal of this appraisal contingency (or, if checked, Buyer shall, as specified in paragraph 17B(3), in writing remove the appraisal contingency or cancel this Agreement within 17 (or _____) Days After Acceptance). If there is no loan contingency, Buyer shall, as specified in paragraph 17B(3), in writing remove the appraisal contingency or cancel this Agreement within 17 (or _____) Days After Acceptance.

J. **ALL CASH OFFER** (If checked): Buyer shall, within 7 (or _____) Days After Acceptance, Deliver to Seller written verification of sufficient funds to close this transaction. (If checked, verification attached.)

K. **BUYER STATED FINANCING:** Seller has relied on Buyer's representation of the type of financing specified (including but not limited to, as applicable, amount of down payment, contingent or non contingent loan, or all cash). If Buyer seeks alternate financing, (i) Seller has no obligation to cooperate with Buyer's efforts to obtain such financing, and (ii) Buyer shall also pursue the financing method specified in this Agreement. Buyer's failure to secure alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.

4. **ALLOCATION OF COSTS** (if checked): Unless otherwise specified in writing, this paragraph only determines who is to pay for the inspection, test or service ("Report") mentioned; it does not determine in the report who is to pay for any work recommended or identified in the Report.

A. INSPECTIONS AND REPORTS:

(1) Buyer Seller shall pay for sewer connection, if required by Law prior to Close Of Escrow _____.

(2) Buyer Seller shall pay to have septic or private sewage disposal system inspected _____.

(3) Buyer Seller shall pay to have domestic wells tested for water potability and productivity _____.

(4) Buyer Seller shall pay for a natural hazard zone disclosure report prepared by _____.

(5) Buyer Seller shall pay for the following inspection or report _____.

(6) Buyer Seller shall pay for the following inspection or report _____.

B. GOVERNMENT REQUIREMENTS AND RETROFIT:

(1) Buyer Seller shall pay for smoke detector installation and/or water heater bracing, if required by Law. Prior to Close Of Escrow, Seller shall provide Buyer a written statement of compliance in accordance with state and local Law, unless exempt.

(2) Buyer Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards, inspections and reports if required as a condition of closing escrow under any Law.

(3) Buyer Seller shall pay for installation of approved fire extinguisher(s), sprinkler(s), and hose(s), if required by Law, which shall be installed prior to Close Of Escrow. Prior to Close Of Escrow Seller shall provide Buyer a written statement of compliance, if required by Law.

C. ESCROW AND TITLE:

(1) Buyer Seller shall pay escrow fee as is customary in Santa Clara County _____.
Escrow Holder shall be _____.

(2) Buyer Seller shall pay for owner's title insurance policy specified in paragraph 16E as customary _____.
Owner's title policy to be issued by _____.
(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

D. OTHER COSTS:

(1) Buyer Seller shall pay County transfer tax or transfer fee as customary _____.

(2) Buyer Seller shall pay City transfer tax or transfer fee 50/50 as customary _____.

(3) Buyer Seller shall pay Owners' Association (OA) transfer fee _____.

(4) Buyer Seller shall pay OA document preparation fees _____.

(5) Buyer Seller shall pay for _____.

(6) Buyer Seller shall pay for _____.

5. CLOSING AND POSSESSION:

A. **Seller-Occupied or Vacant Units:** Possession shall be delivered to Buyer at 5pm or _____ AM PM, on the date of Close Of Escrow; on buyer in possession; or no later than _____ Days After Close Of Escrow. If transfer of title and occupancy do not occur at the same time, Buyer and Seller are advised to: (i) enter into a written occupancy agreement (C.A.R. Form PAA, paragraph 2); and (ii) consult with their insurance and legal advisors.

B. **Tenant Occupied Units:** Possession and occupancy, subject to the rights of tenants under existing leases, shall be delivered to Buyer on Close Of Escrow.

C. At Close Of Escrow, (i) Seller assigns to Buyer any assignable warranty rights for items included in the sale and (ii) seller shall deliver to buyer available Copies of warranties. Brokers cannot and will not determine the assignability of any warranties.

D. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys and/or means to operate all locks, mailboxes, security systems, alarms and garage door openers. If the Property is a unit in a condominium or located in a common-interest subdivision, Buyer may be required to pay a deposit to the Owners' Association ("OA") to obtain keys to accessible OA facilities.

Buyer's Initials (AS) (MS)

Seller's Initials (MAL) (RR) (AS)

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CPA REVISED 4/10 (PAGE 2 OF 10)

Reviewed by _____ Date _____



Property Address: 105, N. Bascom Ave #204, San Jose, CA 95128

Date: 10-19-2016

6. **SECURITY DEPOSITS:** Security deposits, if any, to the extent they have not been applied by Seller in accordance with any rental agreement and current Law, shall be transferred to Buyer on Close Of Escrow. Seller shall notify each tenant, in compliance with the Civil Code.

7. **SELLER DISCLOSURES:**

A. **NATURAL AND ENVIRONMENTAL DISCLOSURES:** Seller shall, within the time specified in paragraph 17, if required by Law: (i) Deliver to Buyer earthquake guides (and questionnaire) and environmental hazards booklet; (ii) even if exempt from the obligation to provide an NHD, disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.

B. **ADDITIONAL DISCLOSURES:** Within the time specified in paragraph 17, Seller shall Deliver to Buyer, in writing, the following disclosures, documentation and information:

(1) **RENTAL SERVICE AGREEMENTS:** (i) All current leases, rental agreements, service contracts, and other agreements pertaining to the operation of the Property; and (ii) a rental statement including names of tenants, rental rates, period of rental, date of last rent increase, security deposits, rental concessions, rebates, or other benefits, if any, and a list of delinquent rents and their duration. Seller represents that no tenant is entitled to any concession, rebate, or other benefit, except as set forth in these documents.

(2) **INCOME AND EXPENSE STATEMENTS:** The books and records, including a statement of income and expense for the 12 months preceding Acceptance. Seller represents that the books and records are those maintained in the ordinary and normal course of business, and used by Seller in the computation of federal and state income tax returns.

(3) **TENANT ESTOPPEL CERTIFICATES:** (If checked) Tenant estoppel certificates (C.A.R. Form TEC) completed by Seller or Seller's agent, and signed by tenants, acknowledging: (i) that tenants' rental or lease agreements are unmodified and in full force and effect (or if modified, stating all such modifications); (ii) that no lessor defaults exist; and (iii) stating the amount of any prepaid rent or security deposit.

(4) **SURVEYS, PLANS AND ENGINEERING DOCUMENTS:** Copies of surveys, plans, specifications and engineering documents, if any, in Seller's possession or control.

(5) **PERMITS:** If in Seller's possession, Copies of all permits and approvals concerning the Property, obtained from any governmental entity, including, but not limited to, certificates of occupancy, conditional use permits, development plans, and licenses and permits pertaining to the operation of the Property.

(6) **STRUCTURAL MODIFICATIONS:** Any known structural additions or alterations to, or the installation, alteration, repair or replacement of, significant components of the structure(s) upon the Property.

(7) **GOVERNMENTAL COMPLIANCE:** Any improvements, additions, alterations or repairs made by Seller, or known to Seller to have been made, without required governmental permits, final inspections, and approvals.

(8) **VIOLATION NOTICES:** Any notice of violations of any Law filed or issued against the Property and actually known to Seller.

(9) **MISCELLANEOUS ITEMS:** Any of the following, if actually known to Seller: (i) any current pending lawsuit(s), investigation(s), inquiry(ies), action(s), or other proceeding(s) affecting the Property, or the right to use and occupy it; (ii) any unsatisfied mechanic's or materialman's lien(s) affecting the Property; and (iii) that any tenant of the Property is the subject of a bankruptcy.

C. **WITHHOLDING TAXES:** Within the time specified in paragraph 17A, to avoid required withholding Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law, (C.A.R. Form AS or QS).

8. **ENVIRONMENTAL SURVEY** (if checked): Within ten (10) Days After Acceptance, Buyer shall be provided a phase one environmental survey report paid for and obtained by Buyer Seller. Buyer shall then, as specified in paragraph 17, remove this contingency or cancel this Agreement.

9. **SUBSEQUENT DISCLOSURES:** In the event Seller, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer of which Buyer is otherwise unaware, Seller shall promptly Deliver a subsequent or amended disclosure or notice in writing, covering those items. However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies disclosed in reports ordered and paid for by Buyer.

10. **CHANGES DURING ESCROW:**

A. Prior to Close Of Escrow, Seller may only engage in the following acts, ("Proposed Changes"), subject to Buyer's rights in paragraph 17: (i) rent or lease any vacant unit or other part of the premises; (ii) alter, modify, or extend any existing rental or lease agreement; (iii) enter into, alter, modify or extend any service contract(s); or (iv) change the status of the condition of the Property.

B. At least 7 (or _____) Days prior to any Proposed Changes, Seller shall Deliver written notice to Buyer of any Proposed Changes.

11. **CONDOMINIUM/PLANNED UNIT DEVELOPMENT DISCLOSURES:**

A. **SELLER HAS:** 7 (or _____) Days After Acceptance to disclose to Buyer whether the Property is a condominium, or located in a planned unit development or other common interest subdivision.

B. If Property is a condominium, or located in a planned unit development or other common interest subdivision, Seller has 3 (or 10) Days After Acceptance to request from the OA (C.A.R. Form HOA): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the OA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of OA minutes for regular and special meetings; and (v) the names and contact information of all OA's governing the Property. (Collectively, "CI Disclosures.") Seller shall itemize and deliver to Buyer all CI Disclosures received from the OA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 17.

Buyer's Initials (JS) (WZ)

Seller's Initials (WAL) (RR) AS

Reviewed by _____ Date _____



Property Address: 105 N. Bascom Ave #204, San Jose, CA 95128

Date: 10-19-2016

12. ITEMS INCLUDED AND EXCLUDED:

A. NOTE TO BUYER AND SELLER: Items listed as included or excluded in the MLS, flyers or marketing materials are not included in the purchase price or excluded from the sale unless specified in 12B or C.

B. ITEMS INCLUDED IN SALE:

- (1) All EXISTING fixtures and fittings that are attached to the Property.
- (2) EXISTING electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, private integrated telephone systems, air coolers/conditioners, pool/spa equipment, garage door openers/remote controls, mailbox, in-ground landscaping, trees/shrubs, water softeners, water purifiers, security systems/alarms.
- (3) A complete inventory of all personal property of Seller currently used in the operation of the Property and included in the purchase price shall be delivered to Buyer within the time specified in paragraph 17.
- (4) Seller represents that all items included in the purchase price are, unless otherwise specified, owned by Seller. Within the time specified in paragraph 17, Seller shall give Buyer a list of fixtures not owned by Seller.
- (5) Seller shall deliver title to the personal property by Bill of Sale, free of all liens and encumbrances, and without warranty of condition.
- (6) As additional security for any note in favor of Seller for any part of the purchase price, Buyer shall execute a UCC-1 Financing Statement to be filed with the Secretary of State, covering the personal property included in the purchase, replacement thereof, and insurance proceeds.

C. ITEMS EXCLUDED FROM SALE: Seller shall at Seller's sole expense restore the dividing wall to separate it from the adjacent unit prior to COE.

13. CONDITION OF PROPERTY: Unless otherwise agreed: (i) Property is sold (a) in its Present physical ("as-is") condition as of the date of Acceptance and (b) subject to Buyer's investigation rights; (ii) The Property including pool, spa, landscaping and grounds, is to be maintained in substantial, the same condition as of the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Seller by Close Of Escrow.

A. Seller warrants that the Property is legally approved as 1 units.

B. Seller shall, within the time specified in paragraph 17, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, AND MAKE ANY AND ALL OTHER DISCLOSURES REQUIRED BY LAW.

C. Buyer has the right to inspect the Property and, as specified in paragraph 17, based upon information discovered in those inspections: (i) cancel this Agreement; or (ii) request that seller make Repairs or take other action.

14. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:

A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 17B. Within the time specified in paragraph 17B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms; (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property; and (v) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made: (i) invasive or destructive Buyer Investigations; or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.

B. Seller shall make the Property available for all Buyer Investigations. Buyer shall (i) as specified in paragraph 17B, complete Buyer Investigations and, either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all Investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.

C. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.

D. Buyer indemnity and Seller protection for entry upon property: Buyer shall: (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs of Buyer's Investigations. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination or cancellation of this Agreement and Close Of Escrow.

15. SELLER DISCLOSURES: ADDENDA; ADVISORIES; OTHER TERMS:

A. Seller Disclosures (if checked): Seller shall, within the time specified in paragraph 17A, complete and provide Buyer with a:

Seller Property Questionnaire (C.A.R. Form SPQ) OR Supplemental Contractual and Statutory Disclosure (C.A.R. Form SSD)

B. Addenda (if checked): Addendum # _____ (C.A.R. Form ADM)

Wood Destroying Pest Inspection and Allocation of Cost Addendum (C.A.R. Form WPA)

Purchase Agreement Addendum (C.A.R. Form PAA) Septic, Well and Property Monument Addendum (C.A.R. Form SWPI)

Short Sale Addendum (C.A.R. Form SSA) Other _____

Buyer Intent to Exchange Supplement (C.A.R. Form BES) Seller Intent to Exchange Supplement (C.A.R. Form SES)

C. Advisories (if checked):

Probate Advisory (C.A.R. Form PAK) Buyer's Inspection Advisory (C.A.R. Form BIA)

Trust Advisory (C.A.R. Form TA) Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)

REO Advisory (C.A.R. Form REO)

D. Other Terms: _____

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Seller's Initials (MSL) (RR)
Reviewed by _____ Date _____



16. TITLE AND VESTING:

- A. Within the time specified in paragraph 17, Buyer shall be provided a current preliminary title report, which shall include a search of the General Index, Seller shall within 7 Days After Acceptance, give Escrow Holder a completed Statement of Information. The preliminary report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the preliminary report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 17B.
- B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except: (i) monetary liens of record unless Buyer is assuming those obligations or taking the property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.
- C. Within the time specified in paragraph 17, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.
- D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.
- E. Buyer shall receive a standard coverage owner's CLTA policy of title insurance. An ALTA policy or the addition of endorsements may provide greater coverage for Buyer. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, survey requirements, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and pay any increase in cost.

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

- A. SELLER HAS: 7 (or _____) Days After Acceptance to deliver to Buyer all reports, disclosures and information for which Seller is responsible under paragraphs 4, 7A, B and C, 11A, 12B(3) and (4), 13B, 15A and B and 16. Buyer may give Seller a Notice to Seller to Perform (C.A.R. Form NSP) if Seller has not Delivered the items within the time specified.
- B. BUYER HAS: 17 (or _____) Days After Acceptance, unless otherwise agreed in writing, to:
 - (1) (i) complete all Buyer Investigations; approve all disclosures, reports and other applicable information, which Buyer receives from Seller; and approve all other matters affecting the Property (including lead-based paint and lead-based paint hazards as well as other information specified in paragraph 7 and insurability of Buyer and the Property).
 - (2) Within the time specified in 17B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests.
 - (3) Within the time specified in 14B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller either (i) a removal of the applicable contingency (C.A.R. Form CR), or (ii) a cancellation (C.A.R. Form CC) of this Agreement based upon a remaining contingency or Seller's failure to Deliver the specified items. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in 17A, then Buyer has 5 (or _____) Days After Delivery of any such items, or the time specified in 14B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.
 - (4) Continuation of Contingency: Even after the end of the time specified in 17B(1) and before Seller cancels this Agreement, if at all, pursuant to 17C, Buyer retains the right to either (i) in writing remove remaining contingencies, or (ii) cancel this Agreement based upon a remaining contingency or Seller's failure to Deliver the specified items. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to 17C(1).
- C. SELLER RIGHT TO CANCEL:
 - (1) Seller right to Cancel; Buyer Contingencies: If, within the time specified in this Agreement, Buyer does not, in writing, Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP) may cancel this Agreement. In such event, Seller shall authorize return of Buyer's deposit.
 - (2) Seller right to Cancel; Buyer Contract Obligations: Seller, after first Delivering to Buyer a NBP may cancel this Agreement for any of the following reasons: (i) if Buyer fails to deposit funds as required by 3A or 3B; (ii) if the funds deposited pursuant to 3A or 3B are not good when deposited; (iii) if Buyer fails to provide a letter as required by 3H; (iv) if Buyer fails to provide verification as required by 3G or 3J; or (v) if Seller reasonably disapproves of the verification provided by 3G or 3J. In such event, Seller shall authorize return of Buyer's deposit.
 - (3) Notice To Buyer To Perform: The NBP shall: (i) be in writing; (ii) be signed by Seller; and (iii) give Buyer at least 2 (or N/A) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for Buyer to remove a contingency or cancel this Agreement or meet an obligation specified in 17C(2).
- D. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES: If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in a separate written agreement between Buyer and Seller, Buyer shall with regard to that contingency or cancellation right conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections, or for inability to obtain financing.
- E. CLOSE OF ESCROW: Before Seller or Buyer may cancel this Agreement for failure of the other party to close escrow pursuant to this Agreement, Seller or Buyer must first Deliver to the other a demand to close escrow (C.A.R. Form DCE).
- F. EFFECT OF CANCELLATION ON DEPOSITS: If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, Buyer and Seller agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Release of funds will require mutual Signed release instructions from Buyer and Seller, judicial decision or arbitration award. A Buyer or Seller may be subject to a civil penalty of up to \$1,000 for refusal to sign such instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).

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Seller's Initials (MA) (RR) (AA)
Reviewed by _____ Date _____



Property Address: 105, N. Bascom Ave #204, San Jose, CA 95128

Date: 10-19-2016

- 18. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of receipts and statements to Buyer prior to final verification of condition.
- 19. **ENVIRONMENTAL HAZARD CONSULTATION:** Buyer and Seller acknowledge: (i) Federal, state, and local legislation impose liability upon existing and former owners and users of real property, in applicable situations, for certain legislatively defined, environmentally hazardous substances; (ii) Broker(s) has/have made no representation concerning the applicability of any such Law to this transaction or to Buyer or to Seller, except as otherwise indicated in this Agreement; (iii) Broker(s) has/have made no representation concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property; and (iv) Buyer and Seller are each advised to consult with technical and legal experts concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property.
- 20. **AMERICANS WITH DISABILITIES ACT:** The Americans With Disabilities Act ("ADA") prohibits discrimination against individuals with disabilities. The ADA affects almost all commercial facilities and public accommodations. The ADA can require, among other things, that buildings be made readily accessible to the disabled. Different requirements apply to new construction, alterations to existing buildings, and removal of barriers in existing buildings. Compliance with the ADA may require significant costs. Monetary and injunctive remedies may be incurred if the Property is not in compliance. A real estate broker does not have the technical expertise to determine whether a building is in compliance with ADA requirements, or to advise a principal on those requirements. Buyer and Seller are advised to contact an attorney, contractor, architect, engineer or other qualified professional of Buyer's or Seller's own choosing to determine to what degree, if any, the ADA impacts that principal or this transaction.
- 21. **FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final inspection of the Property within 5 (or _____) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 13; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. form VP).
- 22. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are a current lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are a current lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller. TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.
- 23. **SELECTION OF SERVICE PROVIDERS:** Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.
- 24. **MULTIPLE LISTING SERVICE/PROPERTY DATA SYSTEM:** If Broker is a participant of a Multiple Listing Service ("MLS") or Property Data System ("PDS"), Broker is authorized to report to the MLS or PDS a pending sale and, upon Close Of Escrow, the terms of this transaction to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS or PDS.
- 25. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
- 26. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 34A.
- 27. **DEFINITIONS:** As used in this Agreement:
 - A. "Acceptance" means the time the offer or final counter offer is accepted in writing by a party and is delivered to and personally received by the other party or that party's authorized agent in accordance with the terms of this offer or a final counter offer.
 - B. "C.A.R. Form" means the specific form referenced or another comparable form agreed to by the parties.
 - C. "Close Of Escrow" means the date the grant deed, or other evidence of transfer of title, is recorded.
 - D. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
 - E. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
 - F. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.
 - G. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
 - H. "Deliver", "Delivered" or "Delivery", regardless of the method used (i.e. messenger, mail, email, fax, other), means and shall be effective upon (i) personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in paragraph D of the section titled Real Estate Brokers on page 10; OR (ii) if checked, per the attached addendum (C.A.R. Form RDN).

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COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 6 OF 10)

Property Address: 105, N. Bascom Ave #204, San Jose, CA 95128

Date: 10-19-2016

- I. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other.
- J. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
- K. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
- L. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.
- 28. **ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interests in this Agreement without first having obtained the written consent of Seller. Such consent shall not be unreasonably withheld, unless otherwise agreed in writing. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement.
- 29. **SUCCESSORS AND ASSIGNS:** This Agreement shall be binding upon, and inure to the benefit of, Buyer and Seller and their respective successors and assigns, except as otherwise provided herein.
- 30. **COPIES:** Seller and Buyer each represent that Copies of all reports, documents, certificates, approvals and other documents that are furnished to the other are true, correct and unaltered Copies of the original documents, if the originals are in the possession of the furnishing party.
- 31. **BROKERS:**
 - A. **BROKER COMPENSATION:** Seller or Buyer, or both, as applicable, agrees to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
 - B. **BROKERAGE:** Neither Buyer nor Seller has utilized the services of, or for any other reason owes compensation to, a licensed real estate broker (individual or corporate), agent, finder, or other entity, other than as specified in this Agreement, in connection with any act relating to the Property, including, but not limited to, inquiries, introductions, consultation and negotiations leading to this Agreement. Buyer and Seller each agree to indemnify, defend, and hold the other, the Brokers specified herein and their agents, harmless from and against any costs, expenses or liability for compensation claimed inconsistent with the warranty and representations in this paragraph.
 - C. **SCOPE OF BROKER DUTY:** Buyer and Seller acknowledge and agree that: Brokers: (i) do not decide what price Buyer should pay or Seller should accept; (ii) do not guarantee the condition of the Property (iii) do not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) shall not be responsible for identifying defects that are not known to Brokers(s); (v) shall not be responsible for inspecting public records or permits concerning the title or use of the Property; (vi) shall not be responsible for identifying location of boundary lines or other items affecting title; (vii) shall not be responsible for verifying square footage, representations of others or information contained in inspection reports, MLS or PDS, advertisements, flyers or other promotional material, unless otherwise agreed in writing; (viii) shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller in the course of this representation; and (ix) shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.
- 32. **JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER**
 - A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any relating counter offers and addenda, and any additional mutual instructions to close the escrow: 1, 3, 4, 6, 7C, 15B and D, 16, 17F, 22, 27, 31A, 32, 37, 40 and paragraph D of the section titled Real Estate Brokers on page 10. If a Copy of the separate compensation agreement(s) provided for in paragraph 31A, or paragraph D of the section titled Real Estate Brokers on page 10 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out of Buyer's or Seller's funds, or both, as applicable, the respective Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not specifically referenced above in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provisions upon Escrow Holder's request. To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow.
 - B. A Copy of this Agreement shall be delivered to Escrow Holder within 3 business days after Acceptance (or _____). Escrow holder shall provide Seller's Statement of Information to Title company when received from Seller. Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs the Agreement.
 - C. Brokers are a party to the Escrow for the sole purpose of compensation pursuant to paragraph 31A and paragraph D of the section titled Real Estate Brokers on page 10. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraph 31A, respectively, and irrevocably instructs Escrow Holder to disburse those funds to Brokers at Close Of Escrow, or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement. Escrow Holder shall immediately notify Brokers: (i) if Buyer's initial or any additional deposit is not made pursuant to this Agreement or is not good at time of deposit with Escrow Holder; or (ii) if either Buyer or Seller instruct Escrow Holder to cancel escrow.
 - D. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 2 business days after mutual execution of the amendment.

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Seller's Initials (MM) (RR) (AS)
 Reviewed by _____ Date _____



Property Address: 1055 N. Bascom Ave #204, San Jose, CA 95128 Date: 10-19-2016

33. LIQUIDATED DAMAGES: If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. Buyer and Seller agree that this amount is a reasonable sum given that it is impractical or extremely difficult to establish the amount of damages that would actually be suffered by Seller in the event Buyer were to breach this Agreement. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award.

Buyer's Initials _____ / _____ Seller's Initials _____ / _____

34. DISPUTE RESOLUTION:

A. MEDIATION: Buyer and Seller agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Buyer and Seller also agree to mediate any disputes or claims with Broker(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. Exclusions from this mediation agreement are specified in paragraph 34C.

B. ARBITRATION OF DISPUTES: Buyer and Seller agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. Buyer and Seller also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 34C.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

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

Buyer's Initials _____ / _____ Seller's Initials _____ / _____

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:

(1) EXCLUSIONS: The following matters shall be excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver or violation of the mediation and arbitration provisions.

(2) BROKERS: Brokers shall not be obligated or compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to the Agreement.

35. GOVERNING LAW: This Agreement shall be governed by the Laws of the state of California.

36. TERMS AND CONDITIONS OF OFFER: This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initiated by all parties or if incorporated by mutual agreement in a counter offer on addendum. If at least one but not all parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

Buyer's Initials (AS) (WZ)

Seller's Initials (MA) (RR)

Reviewed by _____ Date _____



Property Address: 105 N. Bascom Ave #204, San Jose, CA 95128

Date: 10-19-2016

37. TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES: Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.

38. AUTHORITY: Any person or persons signing this Agreement represent(s) that such person has full power and authority to bind that person's principal, and that the designated Buyer and Seller has full authority to enter into and perform this Agreement. Entering into this Agreement, and the completion of the obligations pursuant to this contract, does not violate any Articles of Incorporation, Articles of Organization, By Laws, Operating Agreement, Partnership Agreement or other document governing the activity of either Buyer or Seller.

39. EXPIRATION OF OFFER: This offer shall be deemed revoked and the deposit shall be returned, unless the offer is Signed by Seller, and a Copy of the Signed offer is personally received by Buyer, or by _____ who is authorized to receive it by 5:00 PM on the third Day after this offer is signed by Buyer (OR, if checked by _____ (date), at _____ AM PM).

Buyer has read and acknowledges receipt of a Copy of the offer and agrees to the above confirmation of agency relationships.

Buyer ARAAK ARARA LLC
By JAFAR SHENASA Jafar Shenasa Date 10/19/2016
Print name _____
Address 1402 GERLACH DR. City SAN JOSE State CA Zip 95118
Telephone 408-482-1881 Fax _____ E-mail Jshenasa@gmail.com

Buyer _____
By _____ Date 10.25.16
Print name HOSSEIN SHENASA MD
Address 1402 GERLACH DR City SAN JOSE State CA Zip 95118
Telephone 408 2051969 Fax 408 2862922 E-mail hshenasa@gmail.com
Notice Address, If Different _____

Additional Signature Addendum attached (C.A.R. Form ASA).

40. ACCEPTANCE OF OFFER: Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to deliver a Signed Copy to Buyer.

(If checked) SUBJECT TO ATTACHED COUNTER OFFER, DATED _____

Seller Cardiac Evaluation Center Ali SHENASA A. Shenasa
By Mohammad Shenasa M. Shenasa Date 10-25-2016
Print name _____
Address 18324 TWINCREEK RD City Monte Sereno State CA Zip 95030
Telephone 408-939-4088 Fax 408-2862922 E-mail mohammad.shenasa@gmail.com

Seller _____
By Rashideh Rahimian Date 10.21.2016
Print name _____
Address 18324 TWINCREEK RD City Monte Sereno State CA Zip 95030
Telephone (408) 839-4766 Fax _____ E-mail Rashideh.shenasa@yahoo.com
Notice Address, If Different _____

Additional Signature Addendum attached (C.A.R. Form ASA).

(_____ / _____) Confirmation of Acceptance: A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) _____ at _____ AM PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

40. Court Approval

One of the Sellers is in a Chapter 11 Bankruptcy Case, Ali Shenasa, Northern District of California, Case No: 16-51477 MEH. This sale will require court approval. The obligations encumbering this property also encumber the adjacent unit and exceed the value of the securing properties. Transfer of title will require lender consent and/or Court approval to sell free and clear of liens. Obtaining this approval is a contingency of the agreement. If such approval is not obtained for any reason then this agreement is void and buyers' deposit shall be returned in full without deduction of any kind.

Buyer's Initials (AS) (MS)

Seller's Initials M. A. Shenasa RR dr
Reviewed by _____ Date _____

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CPA REVISED 4/10 (PAGE 9 OF 10)



COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 9 OF 10)

10ST

Property Address: 105 N. Bascom Ave #204, San Jose, CA 95128

Date: 10-19-2016

REAL ESTATE BROKERS:

- A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.
- B. Agency relationships are confirmed as stated in paragraph 2 above.
- C. If specified in paragraph 3A(2), Agent who submitted offer for Buyer acknowledges receipt of deposit.
- D. **COOPERATING BROKER COMPENSATION:** Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow: (i) the amount specified in the MLS or PDS, provided Cooperating Broker is a Participant of the MLS or PDS in which the property is offered for sale or a reciprocal MLS or PDS; or (ii) (if checked) the amount specified in a separate written agreement (C.A.R. Form CBC) between Listing Broker and Cooperating Broker. Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

Real Estate Broker (Selling Firm) _____ DRE Lic. # _____
 By _____ DRE Lic. # _____ Date _____
 Address _____ City _____ State _____ Zip _____
 Telephone _____ Fax _____ E-mail _____

Real Estate Broker (Listing Firm) _____ DRE Lic. # _____
 By _____ DRE Lic. # _____ Date _____
 Address _____ City _____ State _____ Zip _____
 Telephone _____ Fax _____ E-mail _____

ESCROW HOLDER ACKNOWLEDGMENT:

Escrow Holder acknowledges receipt of a Copy of this Agreement, (If checked, a deposit in the amount of \$ _____), counter offer(s) numbered _____ and Other _____, and agrees to act as Escrow Holder subject to paragraph 32 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions, if any.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is _____
 Escrow Holder _____ Escrow # _____
 By _____ Date _____
 Address _____
 Phone/Fax/E-mail _____
 Escrow Holder is licensed by the California Department of Corporations, Insurance, Real Estate. License # _____

PRESENTATION OF OFFER: (_____) Listing Broker presented this offer to Seller on _____ (date).
 Broker or Designee Initials _____

REJECTION OF OFFER: (_____) (_____) No counter offer is being made. This offer was rejected by Seller on _____ (date).
 Seller's Initials _____

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

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CPA REVISED 4/10 (PAGE 10 OF 10)

Reviewed by _____ Date _____

COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 10 OF 10)

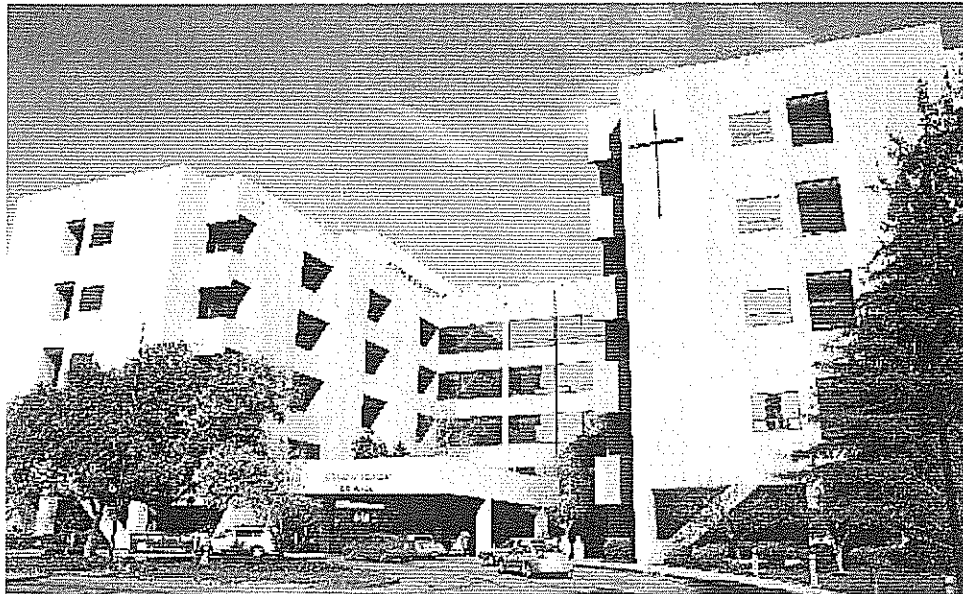
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EXHIBIT 3

EXHIBIT 4

News > California News

Daughters of Charity hospitals attract other possible suitors



Courtesy of O'Connor Hospital

The entrance facade of O'Connor Hospital in San Jose. (Courtesy O'Connor Hospital)

By TRACY SEIPEL | tseipel@bayareanewsgroup.com

PUBLISHED: March 22, 2015 at 6:52 am | UPDATED: August 12, 2016 at 3:17 am

SAN JOSE — Less than two weeks after Prime Healthcare Services abandoned its \$845 million bid for the nearly bankrupt Daughters of Charity Health System, several potential buyers are expressing interest in one or all six of the hospitals, according to the nonprofit Catholic chain.

While Daughters would not disclose any names, this newspaper has learned they include for-profit companies such as Alecto Healthcare Services, owned by the brother-in-law of Dr. Prem Reddy, Prime's founder and CEO. And even Prime – which says it pulled out of the deal because of the “onerous and unprecedented conditions” imposed by Attorney General Kamala Harris – might still be interested in buying one or more of Daughters' six California hospitals, either inside or outside of bankruptcy.

“If Prime was offered an opportunity to ensure their sustainable future, we would do what is best for the hospitals and their communities,” said Dr. Kavitha Bhatia, a Prime vice president and Prem Reddy's daughter.

Prime felt Harris' harshest condition was a requirement that the company keep four of the six hospitals open for 10 years as acute care hospitals, offering a full range of services even though some services are considered unprofitable. A fifth facility had to be operated for 10 years as a skilled nursing facility with emergency services.

Bhatia said she expects the conditions would be the same for any buyer. But when a reporter from this newspaper asked Harris whether the conditions she placed on Prime were a “template” for what other companies could expect if they bid, she said they were not. All proposals, Harris said, will be evaluated separately.

“Each case is unique to its facts,” said Harris, who will still have the power to approve any deal even if Daughters files for bankruptcy. “The offer we made to Prime was unique and tailored to Prime.”

Bhatia's uncle, Lex Reddy, confirmed his interest in one or all of Daughters' hospitals.

“We are always looking at expansion and opportunities that make sense,” he said. The company, which now manages St. Rose Hospital in Hayward, had contacted Daughters about buying all six hospitals last spring but wasn't comfortable with the proposed structure of the deal.

Hospital Corporation of America, which owns Good Samaritan Hospital and Regional Medical Center in San Jose, is also apparently interested.

“Discussions happen all the time in health care. Sometimes they lead to something, and many times they don't,” said Rob Dyer, a senior vice president at HCA. “For that reason, we've found it's best not to talk about discussions we may or may not be having unless or until we have an agreement to announce.”

Blue Wolf Capital, a New York-based private equity firm that bid for Daughters in the last round, also confirmed it's still interested in buying the chain.

Three other large nonprofits — Kaiser Permanente, Sutter Health and Dignity Health — told this newspaper they have no interest in any of the hospitals. So did the Mountain View-based El Camino Hospital District.

San Mateo County Manager John Maltbie said the county "may have an interest in Seton Coastside" but not Seton Medical Center, due to the exorbitant cost to seismically retrofit that hospital.

The most intensely interested possible buyer of two of the hospitals — San Jose's O'Connor Hospital and Gilroy's Saint Louise Regional Hospital in Gilroy — is still Santa Clara County. County supervisors, who unanimously support the purchase, contend that it would meet with less resistance from the state while solving the myriad challenges facing county-owned Valley Medical Center.

"Some hospitals are private hospitals focused on well insured individuals," said County Executive Jeff Smith. "Our mission, based on state law, is to focus on individuals who are not well insured."

Countywide, Smith said, the number of beds for Medi-Cal and indigent patients "is smaller than it needs to be. That is why it makes sense for us to buy these two hospitals."

In addition to O'Connor and Saint Louise and the two hospitals in San Mateo County, Los Altos Hills-based Daughters owns two hospitals in Los Angeles. Acquiring O'Connor and Saint Louise means the county also could dodge spending an estimated \$500 million to retrofit part of an aging VMC tower — a project the state says must be completed.

And the county would avoid any battle with Harris' office. As a government entity, it won't need the blessing of the attorney general, who must approve all sales of nonprofit hospitals to for-profit companies.

VMC's capacity already is "pushed to its limit in patients," Smith said. The hospital is licensed for 574 beds, but he said only about 450 of those beds are staffed. With 400 patients on average every day, Smith said, VMC is bumping up against its capacity, something that at least 150 more beds at O'Connor and Saint Louise would help it solve.

Critics, however, warn that the purchase would place a huge financial burden on taxpayers.

“Everything the government runs does not run very efficiently,” said Mark Hinkle, president of the Silicon Valley Taxpayers Association. “So if the county took over, all the additional expense of treating the poor – the administration and all the overhead – would be added on top of actual treatment. It’s just going to double or triple the expense for the taxpayer.”

Since 2001, the county has had to pump \$1.7 billion from the general fund to prop up VMC. Smith said the county is prepared to issue bonds to pay the bulk of the cost for the two hospitals, with cash reserves for the balance. The estimated worth of the hospitals ranges from about \$125 million to \$200 million, although the price tag would most likely drop if Daughters files for bankruptcy.

Staff writer Howard Mintz contributed to this story. Contact Tracy Seipel at tseipel@mercurynews.com or 408 920-5343 and follow her at [Twitter.com/taseipel](https://twitter.com/taseipel).

Tags: California Governor, Health, National News



Tracy Seipel Tracy Seipel is a healthcare writer for the Bay Area News Group.

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1 DAVID A. BOONE - State Bar No. 74165
2 LEELA V. MENON - State Bar No. 195435
3 LAW OFFICES OF DAVID A. BOONE
4 1611 The Alameda
5 San Jose, California 95126
6 Telephone (408) 291-6000

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12 ATTORNEYS FOR DEBTOR
13 ALI SHENASA

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19 UNITED STATES BANKRUPTCY COURT
20 NORTHERN DISTRICT OF CALIFORNIA

21 IN RE:)
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23 ALI SHENASA)
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27 Debtor)
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CASE NO. 16-51477 MEH
CHAPTER 13
Date: December 8, 2016
Time: 10:30a.m.
Court Room: 3020, 280 S. First Street
San Jose, CA
Honorable M. Elaine Hammond

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DECLARATION OF JEFF PETULLA IN SUPPORT OF MOTION TO SELL
PROPERTY FREE AND CLEAR OF LIENS

I, Jeff Petulla, hereby declare:

1. I am the broker employed by this court to sell the property located at 105 N. Bascom Avenue, *Suite 205*, San Jose.
2. This property has been on the market and has not attracted any offers at this time It is listed at \$750,000.
3. With respect to the sale of *Suite 204*, I reviewed several comparable properties that were sold in the area and attached as Exhibit "A" are comparables that indicate current

1 market value to be around \$300.00 a square foot. Based upon these two sales, it is my opinion
2 that the fair market value of Suite 204 is \$675,000 to \$700,000.

3 I declare under penalty of perjury that the foregoing is true and correct and would be
4 competent to testify thereto if called upon to do so.

5
6 
7 Jeff Petulla

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EXHIBIT "A"

Declaration of Susan B. Luce in Support of Motion to Sell Free and Clear

2039 Forest Ave, Unit 201Forest Ave Medical Building
San Jose, CA 95128**Class B Medical Condo of 2,500 SF Sold on 10/29/2015 for \$729,000 - Research Complete**

buyer

Ks Leasing & Consulting Inc
2039 Forest Ave
San Jose, CA 95128

seller

Allen Gary Fong, MD, Inc.
2039 Forest Ave
San Jose, CA 95128
(408) 294-4594

vital data

Escrow/Contract: -	Sale Price: \$729,000
Sale Date: 10/29/2015	Status: Confirmed
Days on Market: 731 days	Condo Type: 2,500 SF Office Condo
Exchange: No	Building SF: 33,980 SF
Conditions: -	Price/SF: \$291.60
Land Area SF: 41,099	Pro Forma Cap Rate: -
Acres: 0.94	Actual Cap Rate: -
\$/SF Land Gross: \$17.74	Down Pmnt: \$729,000
Year Built, Age: 1988 Age: 27	Pct Down: 100.0%
Parking Spaces: 60	Doc No: 23128395
Parking Ratio: 2/1000 SF	Trans Tax: -
FAR 0.83	Corner: No
Lot Dimensions: -	Zoning: SJ
Frontage: -	No Tenants: 7
Tenancy: -	Percent Improved: 88.7%
Comp ID: 3432285	Submarket: Downtown San Jose West
	Map Page: -
	Parcel No: 274-60-006
	Property Type: Office

income expense data

Expenses	- Taxes	\$16,099
	- Operating Expenses	
	Total Expenses	\$16,099

Listing Broker

Coldwell Banker Residential Brokerage
404-410 N Santa Cruz Ave
Los Gatos, CA 95030
(408) 355-1500
Chris Shaheen

Buyer Broker

financing

prior sale

Date/Doc No:	9/29/2015
Sale Price:	-
CompID:	3414588

2039 Forest Ave, Unit 204

Forest Ave Medical Building
San Jose, CA 95128

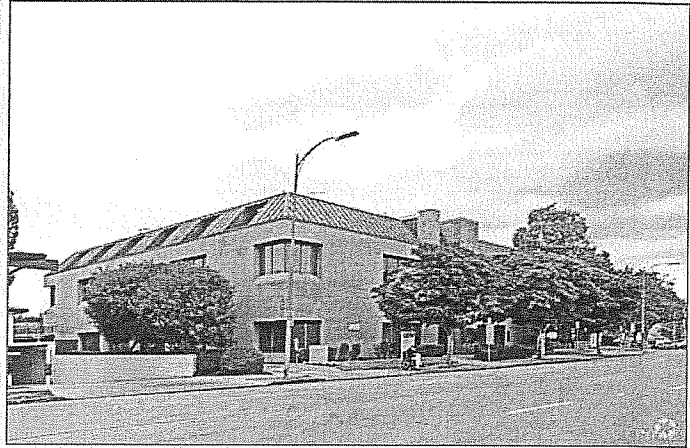
Class B Medical Condo of 9,120 SF Sold on 10/30/2015 for \$2,760,000 - Research Complete

buyer

Indian Health Center of Santa Clara Valley, Inc.
1333 Meridian Ave
San Jose, CA 95125
(408) 445-3400

seller

O'Connor Hospital
2105 Forest Ave
San Jose, CA 95128
(408) 947-2500



vital data

Escrow/Contract: -	Sale Price: \$2,760,000
Sale Date: 10/30/2015	Status: Confirmed
Days on Market: -	Condo Type: 9,120 SF Office Condo
Exchange: No	Building SF: 33,980 SF
Conditions: -	Price/SF: \$302.63
Land Area SF: 41,099	Pro Forma Cap Rate: -
Acres: 0.94	Actual Cap Rate: -
\$/SF Land Gross: \$67.16	Down Pmnt: \$828,000
Year Built, Age: 1988 Age: 27	Pct Down: 30.0%
Parking Spaces: 60	Doc No: 23130389
Parking Ratio: 2/1000 SF	Trans Tax: \$3,036
FAR 0.83	Corner: No
Lot Dimensions: -	Zoning: SJ
Frontage: -	No Tenants: 7
Tenancy: -	Percent Improved: 88.0%
Comp ID: 3435695	Submarket: Downtown San Jose West
	Map Page: -
	Parcel No: 274-60-015
	Property Type: Office

income expense data

Expenses	- Taxes	\$16,099
	- Operating Expenses	
	Total Expenses	\$16,099

Listing Broker

Cushman & Wakefield
300 Santana Row
San Jose, CA 95128
(408) 615-3400
Aaron Fritz, Drew Arvay

Buyer Broker

Cushman & Wakefield
300 Santana Row
San Jose, CA 95128
(408) 615-3400
Drew Arvay, Aaron Fritz

financing

1st First Republic Bk
Bal/Pmt: **\$1,932,000**

prior sale

Date/Doc No: **10/29/2015 (23128395)**
Sale Price: **\$729,000**
CompID: **3432285**