

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF VIRGINIA  
Alexandria Division**

**In re: TCR III, INC., *et al.*,**

**Debtors.**

**Case No. 15-14162-BFK  
Chapter 11  
(Jointly Administered)**

**DEBTORS' MOTION FOR  
ORDER APPROVING AGREEMENT  
TO SELL SUBSTANTIALLY ALL ASSETS  
BY PRIVATE SALE  
PURSUANT TO 11 U.S.C. § 363**

**COME NOW** TCR III, Inc. (f/k/a America House One, Inc.); TCR IV, Inc. (f/k/a America House Two, Inc.); TCR V, Inc. (f/k/a America House Three, Inc.); TCR VI, Inc.;<sup>1</sup> and America House Assisted Living of Front Royal, L.L.C. (collectively the "**Debtors**"), by counsel, and file this motion pursuant to Bankruptcy Code § 363, and Federal Rule of Bankruptcy Procedures 2002, 6004 and 9014, for entry of an order approving private sale of substantially all assets free and clear of all interests, in support thereof respectfully state as follows:

**Jurisdiction**

1. The Court has jurisdiction over this motion pursuant to 28 U.S.C. §§ 157(b)(2) & 1334
2. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(N)..
3. Venue in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

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<sup>1</sup> TCR VI, Inc. was formed to manage one or more facilities but never took over management of any of the facilities. TCR VI, Inc. is wholly owned by TCR III, Inc., which in turn is wholly owned by TCR I, Inc.

### Facts

4. On November 24, 2015, the Debtors filed voluntary petitions seeking relief pursuant to Chapter 11 of the United States Bankruptcy Code. The Debtors continue to manage and operate their respective business as a debtor-in-possession in accordance with 11 U.S.C. §§ 1107 and 1108. No creditor's committee, trustee, or examiner has been appointed herein.

5. TC10 Grantor Trust<sup>2</sup> is a creditor of:

- TCR III, Inc., which owns and operates the Manassas facility at 10140 Hastings Drive, Manassas, Virginia, 20110;
- TCR IV, Inc., which owns and operates the Orange facility at 680 University Lane, Orange, Virginia 22960; and
- TCR V, Inc., which owns and operates the Stephens City facility at 110 Spanish Oak Road, Stephens City, Virginia 22665;

and

TS Cambridge Grantor Trust<sup>3</sup> is a creditor of:

- America House Assisted Living of Front Royal, L.L.C., which owns and operates the Front Royal facility at 106 Westminster Drive, Front Royal, Virginia 22630;

(with TC10 Grantor Trust and TS Cambridge Grantor Trust individually and collectively the "Creditors").

6. Several disputes between the Debtors and Creditors are currently pending before the Court, including:

- a) Creditors' motions for relief from stay (doc. ## 110 & 112 filed April 12, 2016 and April 13, 2016, respectively) and Debtors' objections thereto (doc. # 115 filed April 26, 2106), status hearing set for November 14, 2016 (*see Order* (doc. # 198) continued to December 21, 2016 (doc. ## 227 & 228);

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<sup>2</sup> TC10 Grantor Trust is a Minnesota grantor trust, whose trustee under its Owner's Trust Agreement is the U.S. Bank National Association, and whose loan servicer is ValStone Asset Management LLC (formerly known as Touchstone Asset Management, L.L.C.), a Delaware limited liability company.

<sup>3</sup> TS Cambridge Grantor Trust is a Minnesota grantor trust, whose trustee under its Owner's Trust Agreement is U.S. Bank National Association, and whose loan servicer is ValStone Asset Management LLC (formerly known as Touchstone Asset Management, L.L.C.), a Delaware limited liability company.

- b) *Debtors' Motion to Modify and Amend the Final Order Approving Use of Cash Collateral* (doc. # 153 filed June 30, 2016), hearing set for November 14, 2016 (*see Notice of Hearing* (doc. # 199)) continued to December 21, 2016 (doc. # 229);<sup>4</sup>
- c) *Creditors' Joint Plan of Liquidation* (doc. # 130 filed May 10, 2016), and objections thereto by the Patient Care Ombudsman (doc. # 161 filed July 20, 2016) and Debtors (doc. # 162 filed July 20, 2016), confirmation hearing set for November 14, 2016 (*see Order* (doc. # 198) continued to December 21, 2016 (doc. # 226);
- d) *Debtors' Objections to Proofs of Claim filed by TC10 Grantor Trust & TS Cambridge Grantor Trust* (filed in each case on July 22, 2016, doc. # varies in each case), status hearing set for November 14, 2016 (*see Order* (doc. # 200) continued to December 21, 2016 (doc. # 230).

7. At telephonic hearing held November 14, 2016, the Debtors and Creditors advised that Court that an asset purchase agreement was being negotiated that would resolve most, if not all, of the disputes currently pending before the Court. At the conclusion of the hearing, the Court directed the Debtors to: a) file a motion to sell, if any, by November 30, 2016 at 5 p.m., b) set such motion for hearing on December 21, 2016, and c) if necessary, a motion with a consent order shortening notice to 21 days.

8. A summary of the key terms of the asset purchase agreement (also known as the *Real Estate Asset Purchase and Sale Agreement*) (the "**APA**"), a draft of which without exhibits is attached as Exhibit A, are as follows:<sup>5</sup>

- The APA and transactions contemplated thereby are subject to Bankruptcy Court approval, and will be consummated only pursuant to an order of the Bankruptcy Court to be entered in the bankruptcy cases, *see* APA - Recital F;

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<sup>4</sup> The Debtors and Creditors dispute the extent of interests in cash collateral, including whether postpetition revenue received from patients is cash collateral:

- Debtors assert that postpetition revenue from patients is for health care pursuant to Monthly Care Contracts, and thus is not cash collateral.
- Secured Lenders assert that postpetition revenue from patients is rent covered by a prepetition assignment of rent, thus is cash collateral.

*See Debtor's Memo. of Points and Authorities on Cash Collateral* (doc. # 33) at 3.

<sup>5</sup> To the extent that the summary in the motion differs from the draft APA or the final APA, the final APA governs. At the time of this filing, the parties are still negotiating and working on exhibits to the APA.

- The Debtor will sell and VS Virginia, LLC (a Delaware limited liability company, and affiliate of the Creditors) will buy substantially all of the assets of the Debtors (excluding assets listed in APA § 1(c));
- The purchase price will be an amount sufficient to satisfy the Creditors' proofs of claim (which proofs of claim shall be released at closing) plus \$1,000,000, *see* APA § 2, of which an agreed upon amount will be held in escrow, *see* APA § 6, and the purchase price will be reduced by (and escrowed cash released to the purchaser for) cash taken by TCR I, Inc. without Court authorization unless such unauthorized cash has already been reimbursed to the Debtors, *see* APA § 6;
- The due diligence period expires December 31, 2016;
- Closing is to take place on the later of January 6, 2017, or 10 days after purchaser receives all regulatory approvals, *see* APA § 5.

**WHEREFORE**, the Debtors respectfully request that the Court enter an Order substantially in the form of Exhibit B, and granting such other and further relief as the Court deems just and proper.

Date: November 29, 2016

TCR III, INC., TCR IV, INC.,  
TCR V, INC., TCR VI, INC., and  
AMERICA HOUSE ASSISTED LIVING OF  
FRONT ROYAL, L.L.C.,  
by Counsel

/s/ John C. Smith

Roy M. Terry, Jr., VSB No. 17764  
John C. Smith, VSB No. 44556  
SANDS ANDERSON PC  
P.O. Box 1998  
Richmond, Virginia 23218-1998  
Telephone: 804.648.1636  
*Counsel for the Debtors*

**CERTIFICATE OF SERVICE**<sup>6</sup>

I hereby certify that on this 29<sup>th</sup> day of November, 2016, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to all parties who receive ECF notification, including:

Bradley David Jones on behalf of U.S. Trustee Judy A. Robbins;  
bradley.d.jones@usdoj.gov

Donald F. King on behalf of Creditors TC10 Grantor Trust and TS Cambridge Grantor Trust; donking@ofplaw.com

Alexander McDonald Laughlin on behalf of Creditor TC10 Grantor Trust and TS Cambridge Grantor Trust; alex.laughlin@ofplaw.com

Arthur E. Peabody, Jr. on behalf of Patient Care Ombudsman Arthur E. Peabody;  
arthurpeabody@mindspring.com

Judy A. Robbins; ustpregion04.ax.ecf@usdoj.gov

Madeline A. Trainor on behalf of Interested Party TCR I, Inc.;  
mtrainor@rpb-law.com

Thomas W. Waldrep, Jr. on behalf of Interested Party Meridian Senior Living, LLC;  
bankruptcy@wcsr.com

And I hereby certify that I have emailed the Documents to the following non-filing users:

Charles V. Rice  
Email: CRice@amerisist.com; bross@amerisist.com  
400A Kendrick Lane  
Front Royal, VA 22630  
Debtor Designee

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<sup>6</sup> Debtors are jointly administered pursuant to *Order to Jointly Administer Cases* entered Jan. 8, 2016 (doc. # 48), which states, among other things, that "debtors are authorized to utilize a combined service list", *id.* at 2, and "notices do not need to be sent to any creditors (if any) holding non-priority unsecured debt that the Court authorizes to be paid and which in fact the debtors have in fact paid", *id.* at 3. Because the Court authorized payment of non-priority claims designated in the motion as well as priority real estate taxes (*see* doc. # 23 Ex. A at 6), *see Order Authorizing Payment of Critical Vendor Prepetition Claims* (doc. # 47) and debtors have in fact paid such claims, this service list is composed of only the remaining unpaid creditors and parties in interest that Debtors believe need to be served.

And I hereby certify that I have mailed the Documents by U.S. mail to the following non-filing user:

TC10 Grantor Trust  
TS Cambridge Grantor Trust  
c/o Valstone Asset Management  
260 E. Brown Street, # 250  
Birmingham, MI 48009-6226

/s/ John C. Smith

W3528723

**REAL ESTATE AND ASSET PURCHASE AND SALE AGREEMENT**

This REAL ESTATE AND ASSET PURCHASE AND SALE AGREEMENT (this "**Agreement**"), is made as of November \_\_, 2016 (the "**Execution Date**"), by and among TCR III, INC. ("**TCR III**"), TCR IV, INC. ("**TCR IV**"), TCR V, INC. ("**TCR V**"), and AMERICA HOUSE ASSISTED LIVING OF FRONT ROYAL, L.L.C. ("**Front Royal**"), each a Virginia corporation or limited liability company (collectively and individually, as the context may require, "**Seller**" and/or "**Sellers**"), and VS VIRGINIA, LLC, a Delaware limited liability company ("**Purchaser**") and an affiliate of TC10 GRANTOR TRUST ("**TC10**") and TS CAMBRIDGE GRANTOR TRUST ("**TS Cambridge**"), and, jointly with TC10, the "**Lenders**").

RECITALS:

A. Seller currently owns the Real Properties and the Facilities (each, as defined herein) as follows:

1. TCR III owns and operates the real property and assisted living facility located at 10140 Hastings Drive, Manassas, VA 20110 (the "**Manassas Facility**");
2. TCR IV owns and operates the real property and assisted living facility located at 680 University Lane, Orange, VA 22960 (the "**Orange Facility**");
3. TCR V owns and operates the real property and assisted living facility located at 110 Spanish Oak Road, Stephens City, VA 22655 (the "**Stephens City Facility**"); and
4. Front Royal owns and operates the real property and assisted living facility located at 106 Westminster Drive, Front Royal, VA 22630 (the "**Front Royal Facility**"; the Manassas Facility, the Orange Facility, the Stephens City Facility, and the Front Royal Facility are sometimes referred to hereinafter individually as a "**Facility**" or collectively as the "**Facilities**").

B. TCR III, TCR IV, and TCR V are owned by TCR I, Inc. ("**TCR I**"), and Front Royal is owned by America House Assisted Living, L.L.C. TCR I is owned by Charles V. Rice ("**Rice**") and America House Assisted Living, L.L.C. is owned by TCR I.

C. Each Seller also owns the personal property, furniture, equipment, fixtures, inventory, supplies, intangible property, and other assets used in connection with the ownership and operation of each of their respective Facilities;

D. Each Seller filed voluntary petitions for reorganization (the "**Bankruptcy Cases**") pursuant to Chapter 11 of Title 11 of the United States Code (the "**Bankruptcy Code**") on November 24, 2015, in the United States Bankruptcy Court for the Eastern District of Virginia (the "**Bankruptcy Court**");

E. Seller desires to sell and Purchaser desires to purchase the Purchased Assets (as defined herein) subject to the terms and conditions of this Agreement; and

F. This Agreement and the transactions contemplated hereby are subject to the approval of the Bankruptcy Court and will be consummated only pursuant to an order of the Bankruptcy Court to be entered in the Bankruptcy Cases.

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

1. **Purchased Assets.** On the terms and subject to the conditions set forth herein, on the Closing Date (as hereinafter defined), Seller shall sell, transfer, convey, assign, and deliver to Purchaser, and Purchaser shall, with the exception of the Excluded Assets (as hereinafter defined), purchase, acquire, and accept delivery, free and clear of all liens, leases, equities, mortgages, encumbrances, security interests, conditional sales contracts, claims, charges, easements, rights-of-way, covenants, conditions, obligations, and restrictions of any kind whatsoever (except for the Permitted Exceptions (as hereinafter defined), liabilities expressly assumed by the Purchaser pursuant to this Agreement, and except as otherwise expressly provided by this Agreement), all of the assets, real, personal, and mixed, tangible and intangible, owned or held by Seller, or in which Seller has an interest, and used in connection with the business operated at the Facilities (collectively, the **"Purchased Assets"**), including, without limitation, the following:

(a) **Real Property.** The real property (the **"Real Properties"**) consisting of:

(i) all those certain plots, pieces, or parcels of land located in the Commonwealth of Virginia, as more particularly described in Exhibit A hereto (the **"Land"**),

(ii) all buildings and all other structures, facilities, and improvements presently or hereafter located in or on the Land (the **"Improvements"**), including without limitation, the Facilities,

(iii) all fixtures, systems, apparatus, and equipment affixed to the Improvements and any other premises on the Land, including, without limitation, all of the electrical, heating, plumbing, air conditioning, air compression, and other systems located on said premises, and all other structures, fences, and improvements located on said premises,

(iv) all right, title, and interest, if any, of Seller in and to the land lying in the bed of any street or highway in front of or adjoining the Land,

(v) all right, title, and interest, if any, of Seller to any unpaid award for (1) any taking by condemnation, or (2) any damage to the Land or the Improvements by reason of a change of grade of any street or highway, and

(vi) all easements, licenses, rights, and appurtenances relating to any of the foregoing.

(b) **Personal Property.** The property (the **"Personal Property"**) consisting of:

(i) all furniture, fixtures, systems, machinery equipment, vehicles, telephones and communications equipment, inventory (including, without limitation, the food, central supplies, linens and housekeeping supplies, and other consumable and non-consumable inventory present at the Facilities as of the Closing Date (as defined herein) (the **"Supplies"**), and all other items of tangible personal property of Seller attached or appurtenant to, located on, or used in connection with the ownership, use, operation, or maintenance of the Land, the Improvements, and/or the Facilities and not included within the definition of Real Properties (collectively, the **"Tangible Personal Property"**), provided, however, the term Tangible



Personal Property shall not include the excluded items of personal property specifically set forth on Exhibit B (the “**Excluded Personal Property**”),

(ii) All cash of the Sellers remaining after the payment of all of the following, if any (the “**Retained Cash**”):

- a. that amount of cash necessary to reimburse TCR I for any direct or shared expenses paid by TCR I and incurred to operate the Facilities after the filing of the Bankruptcy Cases, but subject to prior approval of the reimbursement by the Bankruptcy Court, it being understood that, if one of the Sellers does not have sufficient cash on hand at Closing to reimburse TCR I for an expense that was incurred by that Seller and which reimbursement has been approved by the Bankruptcy Court, such reimbursement may be made from the cash on hand at Closing of any of the other Sellers;
- b. Seller's portion of the Closing Costs set forth in Section 14 below;
- c. Operating expenses for the Facilities incurred by the Sellers in the ordinary and due course after the filing of the Bankruptcy Cases, as set forth in the budgets attached to the Final Cash Collateral Order (Docket No. 109);
- d. All other administrative expenses due and approved by the Bankruptcy Court, including but not limited to, costs and attorneys' fees incurred by the Sellers and due to Sands Anderson PC; and
- e. The Cash Purchase Price, subject to reduction as set forth in Section 6 of this Agreement.

(iii) the Assumed Contracts (as herein defined),

(iv) all books, files, and records of the operation of the Facilities that can be legally transferred to Purchaser, including, without limitation, any and all resident records, including medical records and all other records which report on, are specific to, or concern an individual resident; but expressly excluding any of Seller's organizational, financial, accounting, and/or tax records (the “**Retained Records**”),

(v) for a period of ninety (90) days only after Closing, a license to use the names of the Facilities, as well as any trademarks, logo-types, or other similar descriptive items associated with such names, and all of the goodwill symbolized and associated with such names and any variations thereof and any logos, trademarks, trade names or goodwill associated therewith;

(vi) all telephone numbers, fax numbers associated with the Facilities;

(vii) all contracts and other agreements with residents of the Facilities (the “**Resident Agreements**”), as well as all deposits, prepayments, and guarantees under or relating to such Resident Agreements;

(viii) to the extent legally assignable, all licenses, permits, agreements, approvals, orders, accreditations, and other consents and authorizations, if any, issued by any federal, state, municipal, or local governmental authority relating to the use, maintenance, or operation of the Facilities running to, or in favor of, Seller (including all modifications thereto or renewals thereof), and all variances issued or required by any municipal, state, or federal agency or authority or any third party relating to the ownership, use, occupancy, operation, or maintenance of the Real Properties which run with ownership of the Real Properties (the “**Permits**”);

(ix) all claims, causes of action against others, transferable guaranties, or warranties then in effect, if any, with respect to the Improvements and the Personal Property (the “**Warranties**”);

(x) all utility, security, and other deposits and pre-paid expenses of Seller as of the Closing Date with respect to the Facilities;

(xi) all accounts receivable; and

(xii) any and all original and supplemental blueprints, plans, specifications, working drawings, site plans, elevations, surveys, indicia of title, title commitments, title insurance policies, warranties, environmental reports, structural reports, and similar materials of any kind, character, or description, prepared in connection with the ownership of the Land or Improvements or otherwise relating thereto (collectively, the “**Documents**”).

(c) Excluded Assets. Notwithstanding anything to the contrary contained herein, Seller shall retain the following assets (the “**Excluded Assets**”), which shall not be included in the definition of the “Purchased Assets” under this Agreement:

(i) Seller’s rights arising under this Agreement;

(ii) the Retained Cash;

(iii) all casualty, general liability, and other insurance policies which cover Seller, the Facilities, or the operations thereof;

(iv) all contracts and agreements, other than the Assumed Contracts and the Resident Agreements;

(v) all rights in connection with and assets of the Benefit Plans (as defined in Section 8(t));

(vi) the Excluded Personal Property;

(vii) the Retained Records;

(viii) the rights of Seller under any Medicaid or Medicare Provider Agreements;  
and

(ix) all claims of Seller under Chapter 5 of the Bankruptcy Code, except any claim under 11 U.S.C. §549, or other similar law, against TCR I to avoid and recover any transfers by the Sellers that have not been approved by the Bankruptcy Court.

2. **Purchase Price.**

(a) **Purchase Price.** The purchase price (the “**Purchase Price**”) for the Purchased Assets is equal to the sum of (i) all amounts owing by Seller to Lenders as evidenced by the proofs of claim filed by the Lenders in the Bankruptcy Case (the “**Non-Cash Purchase Price**”), and (ii) one million dollars (\$1,000,000) (the “**Cash Purchase Price**”), subject to reduction as stated in Section 6 this Agreement. The Purchase Price shall be allocated as set forth in Exhibit D attached hereto. The parties shall be bound by such allocation for all purposes and shall file Form 8594 with their respective federal income tax returns in a manner consistent with such allocation.

(b) **Payment of Purchase Price.** At the Closing: (i) the Non-Cash Purchase Price shall be paid by the Purchaser delivering to Seller a release from the Lenders in the form attached hereto as Exhibit E (the “Release”), and (ii) the Cash Purchase Price, subject to reduction as set forth in Section 6 this Agreement, shall be deposited with Stewart Title Guaranty Company (the “Closing Agent”) by Purchaser in immediately available funds.

(c) **Closing Escrow.** Prior to the Closing Date, Purchaser and Seller shall provide to Closing Agent escrow instructions to open an escrow (“**Escrow**”) for the consummation of the sale of the Purchased Assets to Purchaser pursuant to the terms of this Agreement in accordance with the escrow instructions provided to the Closing Agent by each of Purchaser and Seller at or prior to Closing. Provided that all conditions to Closing set forth in this Agreement have been satisfied or, as to any condition not satisfied, waived by the party intended to be benefited thereby, on the Closing Date, Closing Agent shall conduct the Closing by recording or distributing the following documents and funds in the following manner:

(i) Record the Deeds (as hereinafter defined) in the official records of the county in which the Land is located;

(ii) Deliver to Purchaser all documents that are required to be delivered by Seller to Purchaser pursuant to Section 5(a) hereof (to the extent the same shall be delivered to Closing Agent at or prior to the Closing); and

(iii) Deliver to Seller all documents that are required to be delivered by Purchaser to Seller pursuant to Section 5(b) hereof (to the extent the same shall be delivered to Closing Agent at or prior to the Closing), plus the balance of the Purchase Price and such other funds, if any, as may be due to Seller by reason of credits under this Agreement, less all items chargeable to Seller under this Agreement.

3. **Time and Place of Closing.** The closing of the transactions contemplated hereby (the “**Closing**”) shall take place on the later of January 6, 2017, or 10 days after the receipt of all Regulatory Approvals (as hereinafter defined), subject to the satisfaction of the closing conditions set forth in Section 5 below (including the receipt of all Regulatory Approvals). Closing shall occur at such location as is mutually selected by the parties hereto or at the office of the Closing Agent.

4. **Due Diligence; Title and Survey; and Licensure.**

(a) **Due Diligence Period.** From the Execution Date until 5:00 p.m. EST on December 31, 2016 (the “**Due Diligence Period**”), Purchaser and its agents shall have the right to enter upon the Real Properties at such times as may be mutually convenient and as may be

scheduled by Seller to conduct such inspections, investigations, tests and studies as Purchaser shall deem necessary, including, without limitation, environmental site assessments, engineering tests and studies, physical examinations of the Purchased Assets, due diligence investigations and feasibility studies, as well as the financial condition and operations of the Facilities (the "**Due Diligence Investigation**"). Purchaser shall promptly repair any damage to the Real Properties caused by any Due Diligence Investigation activities and shall restore the Real Properties to their prior condition. During the Due Diligence Period, Purchaser and its agents shall also have the right to tour the Facilities at such mutually convenient time as may be arranged by Seller and to review all books and records related to the financial and operational condition of the Facilities. Any Facility visits shall be coordinated by Purchaser through a person designated by Seller, and Seller shall act diligently in scheduling any such inspection or tour. In no event shall the Purchaser or anyone acting upon the Purchaser's behalf unreasonably interfere with the businesses of the Sellers at the Facilities while conducting the Due Diligence Investigation.

(b) Due Diligence Materials. Purchaser has submitted a due diligence document request list to Seller (the "**Due Diligence Materials**"), a copy of which is attached hereto as Exhibit F. To the extent such documents are in Seller's possession or control, Seller shall deliver to Purchaser the Due Diligence Materials within five business days after the Execution Date. In the event Purchaser requires any additional documents, and to the extent such documents are in Seller's possession or control, Seller will promptly make them available to Purchaser within three (3) days after Purchaser's request. Seller agrees, at no cost or expense to Seller, to take all steps reasonably necessary to assist Purchaser in its Due Diligence Investigation, including providing to Purchaser copies of and access to information related to the Due Diligence Materials which are in Seller's possession or control. Seller shall give Purchaser prompt notice of any proposed meetings or conversations with any governmental entity, or any notice from any governmental entity relating to any meetings or matters that may impact the Facilities in any manner.

(c) Title Matters.

(i) Title Commitment. Purchaser shall obtain a written commitment or commitments for the issuance of an owner's policy or policies of title insurance issued by Stewart Title Guaranty Company (the "**Title Company**") insuring the marketability of the title to the Real Properties (ALTA Form B policy, as approved in Commonwealth of Virginia) in the full amount of the Purchase Price (collectively, the "**Title Commitment**"). Purchaser shall provide a copy of the Title Commitment to Seller promptly after receipt. If Purchaser desires to obtain any surveys of the Real Properties ("**Surveys**"), Purchaser shall cause the same to be completed on or before expiration of the Due Diligence Period at its sole cost and expense.

(ii) As used herein, "**Mortgage**" shall mean any mortgage, deed of trust, deed to secure debt, cross collateralization agreement, assignment of leases or rents, negative pledge, financing statement, or similar instrument securing indebtedness and affecting any of the Real Properties. "**Monetary Encumbrance**" shall mean, collectively, any Mortgage, judgment lien, tax lien, mechanic's lien or other monetary encumbrance affecting any of the Purchased Assets and capable of being released through or as a result of the payment of a fixed sum of money. Notwithstanding anything herein to the contrary, Seller shall be obligated to remove or cause the removal, on or before the Closing Date, of any Monetary Encumbrance, other than those which were caused by Purchaser or any affiliates or agents of Purchaser after the date of this Agreement (such Monetary Encumbrances caused by Purchaser or any affiliates or agents of Purchaser after the date of this Agreement is referred to herein as the "**Permitted**

**Monetary Encumbrances**"). Seller shall not be required to remove any Permitted Monetary Encumbrances.

(iii) Exceptions to Title. At Closing, Purchaser shall be obligated to accept title to the Real Properties, subject to the following exceptions to title (collectively, the "**Permitted Exceptions**"):

- (1) Real estate taxes and assessments, not yet due and payable;
- (2) the Permitted Monetary Encumbrances, and
- (3) all exceptions, encumbrances, survey matters, and any other matters contained or referred to in the Title Commitment and/or in the Survey (other than Monetary Encumbrances) which are not objected to by Purchaser in a letter to Seller delivered on or before the expiration of the Due Diligence Period.

Conclusive evidence of the availability of such title shall be the irrevocable commitment of Title Company to issue to Purchaser on the Closing Date the said owner's policy or policies of title insurance, dated the date of recording the Deeds, with all requirements deleted as satisfied and with all exceptions, including the standard and so called "pre-printed" exceptions, but excluding the Permitted Exceptions, deleted (collectively, the "**Owner's Policy**"), in the face amount of the Purchase Price, which policy or policies shall (i) show title to the Real Properties to be vested of record in Purchaser, (ii) show the Permitted Exceptions to be the only exceptions to title, and (iii) contain any endorsements reasonably requested by Purchaser and agreed to be issued at Closing by the Title Company in writing during the Due Diligence Period.

(d) Regulatory Approvals. At such times as are determined to be appropriate by Purchaser in its sole discretion, Purchaser and/or its designee shall take all steps required to file applications for all governmental, quasi-governmental, and other regulatory approvals that are required as a result of the transactions contemplated in this Agreement, including without limitation, the submission to the appropriate Commonwealth of Virginia regulatory agencies, all as required in order for the Purchaser and/or its designee to obtain the New Licenses (as defined in Section 5(a)) (the "**Regulatory Approvals**") as of the Closing Date. Seller agrees to use its good faith efforts and cooperate diligently with Purchaser, at no additional cost to Seller, in obtaining such Regulatory Approvals.

(e) Notwithstanding anything to the contrary contained in this Agreement, Purchaser may, for any reason (or no reason) in its sole and absolute discretion, elect to terminate this Agreement by notice to Seller given on or before the expiration of the Due Diligence Period. If Purchaser shall elect to terminate this Agreement or be deemed to have terminated this Agreement pursuant to this Section 4(e), the parties hereto shall have no further obligations under this Agreement except as shall expressly survive the termination hereof.

## 5. Conditions to Closing.

(a) Purchaser's Conditions. Purchaser's obligation to consummate the transactions contemplated in this Agreement and pay the Purchase Price and accept title to the Purchased Assets shall be subject to delivery of the following items and the fulfillment of the following conditions precedent on and as of the Closing Date to the reasonable satisfaction of Purchaser

or the waiver thereof by Purchaser, which waiver shall be binding upon Purchaser only to the extent made in writing and dated as of the Closing Date:

(i) Possession of the Real Properties shall be delivered to Purchaser free and clear of all tenancies and other occupancies, and the Purchased Assets shall be delivered to Purchaser free and clear of any liens and encumbrances, except for any Permitted Exceptions, any occupancy rights under any Resident Agreement in effect as of Closing, and any other occupants holding possessory rights under any of the Assumed Contracts assigned hereunder to Purchaser.

(ii) Seller shall deliver to Purchaser or, if applicable, to Closing Agent to be held in escrow in accordance with the terms of this Agreement, on or before the Closing Date the following, each of which shall be in form and substance satisfactory to Purchaser:

(1) General Warranty Deeds, in substantially the form annexed hereto as Exhibit G (the "**Deeds**") and in proper statutory form for recording, duly executed and acknowledged by Seller, sufficient to convey to Purchaser fee simple title to the Real Properties free of all liens and encumbrances other than the Permitted Exceptions, provided, however, that if title to any of the Real Properties was conveyed to the Seller by Special Warranty Deed, then the conveyance of those Real Properties to the Purchaser may be by Special Warranty Deed;

(2) bills of sale, in substantially the form annexed hereto as Exhibit H (the "**Bills of Sale**");

(3) affidavits of title and such other affidavits, documents, and instruments as may be required by the Title Company in connection with the issuance of the Owner's Policy;

(4) assignments by Seller, in substantially the form annexed hereto as Exhibit I (the "**General Assignments**");

(5) the originals or true and correct copies of the Permits, except to the extent the same are required to be, and are, affixed at the Property;

(6) copies of the Warranties;

(7) Foreign Investment in Real Property Tax Act affidavits in substantially the form annexed hereto as Exhibit J;

(8) form 1099's identifying Seller's gross proceeds and Seller's tax identification number, if required by the Closing Agent;

(9) certificates of a duly authorized officer of Seller, in form and substance acceptable to Purchaser, to the effect that all representations and warranties of Seller in this Agreement are true, correct and complete in all material respects on the Closing Date, as if they were made on the Closing Date, and that Seller has performed in all material respects all of the covenants and agreements required to be performed by it under this Agreement on or prior to the Closing Date, substantially in the form attached hereto as Exhibit K;

(10) a certificate of a duly authorized officer of Seller, dated the Closing Date, substantially in the form attached hereto as Exhibit L, to the effect that (A) each Seller is duly organized, validly existing, and in good standing under the laws of the Commonwealth of Virginia, and is authorized to do business and to own real property in the state in which the Real Properties are located (along with good standing certificates attached to said certificate); (B) Seller has all requisite power and authority to perform the terms of this Agreement, (C) this Agreement, and all documents to be executed and delivered by Seller pursuant hereto (the "**Other Seller Documents**"), have been duly authorized, executed, and delivered by Seller pursuant to all necessary resolutions or consents of the governing body of Seller and said consents remain in full force and effect (together with organizational documents and approval resolutions attached to said certificate), (D) appearing on said certificate are the true signatures of all persons who have executed this Agreement and the Other Seller Documents on behalf of Seller, and (E) the executing persons are fully authorized to act on behalf of Seller;

(11) counterpart copies of signed Closing Statements prepared by Closing Agent and approved by Seller and Purchaser;

(12) current (updated as of Closing) rent rolls and schedules of all of residents' outstanding accounts receivable, which shall include, at a minimum, the name of the resident, the name of the account debtor (if not the resident), the responsible party, the outstanding balance thereof, the periods of time covered thereby, the source of payment, and such other related information as Purchaser may reasonably request;

(13) all keys to all locks at the Facilities;

(14) current lists of all employees of the Facilities and their rate of pay, and a schedule listing all vacation and sick-pay days and other benefits available to each such employee (to include both earned and unearned benefits);

(15) all other Purchased Assets being acquired by Purchaser not described above; and

(16) such other customary closing documents required in the jurisdictions in the Commonwealth of Virginia in which the Real Properties are located for transactions of this nature.

(iii) Purchaser shall receive from the Title Company a marked-up title commitment or title commitments for the issuance of the Owner's Policy, which shall act as an irrevocable and unconditional commitment to issue the Owner's Policy, in an amount equal to the Purchase Price (or, if Seller elects to receive more than one Owner's Policy, in amounts as determined by Seller which, in the aggregate, equal the Purchase Price), dated, or updated to, the date of recording the Deeds, insuring, or committing to insure, at its ordinary premium rates, Purchaser's good and marketable title in fee simple to the Real Properties, subject only to the Permitted Exceptions, and including such additional endorsements as reasonably requested by Purchaser.

(iv) Seller shall have performed all of the covenants and agreements to be performed by Seller hereunder at or prior to the Closing Date.

(v) Since the Execution Date, there shall not have been commenced or threatened against any party any action, suit, or proceeding (a) involving any challenge to, or seeking monetary damages or other relief in connection with, any of the transactions contemplated by this Agreement, or (b) that may have the effect of preventing, materially delaying, making illegal, or imposing limitations or conditions on or otherwise interfering with any of the transactions contemplated by this Agreement.

(vi) Applicable law shall not prohibit the transactions contemplated by this Agreement and no governmental authority shall have enacted, issued, promulgated, enforced, entered, proposed, or introduced any requirement which has, or would have, the effect of making the transactions contemplated by this Agreement illegal or otherwise restraining or prohibiting consummation of such transactions.

(vii) Purchaser and/or its designee shall have obtained all material permits and other approvals, consents, or acquiescence from all governmental agencies or bodies, or from any non-governmental person, agency or body, deemed reasonably necessary by Purchaser to consummate the transactions contemplated by this Agreement and that are issued prior to Closing in transactions of this kind, or Purchaser and/or its designee shall have received assurances from the applicable agency that the foregoing shall be issued after Closing, or that all required applications have been submitted and are complete and, where approval is required, will be approved post-Closing, in each case, such assurances to be satisfactory to Purchaser in Purchaser's sole discretion.

(viii) Without limiting the generality of Section 5(a)(vii), Purchaser and/or its designee shall have received a letter authorization from the Commonwealth of Virginia or other evidence satisfactory to Purchaser in its sole discretion that licenses will be issued effective on the Closing Date or temporary operating permits or other licenses (the "**New Licenses**") to Purchaser or its designee with respect to the Facilities pursuant to Virginia Law upon only such terms, conditions and limitations as shall be acceptable to Purchaser in Purchaser's sole discretion.

(ix) Purchaser shall have received from the applicable governmental regulatory authority certificates of occupancy for the Facilities for occupancy by Purchaser and/or its designee.

(x) This Agreement, and the conveyances contemplated herein, shall have been approved by a final order of the Bankruptcy Court which has not been appealed within any applicable appeal period.

(xi) Each of the representations and warranties of Seller set forth in this Agreement shall be true and correct (without regard to any qualifications or references to "material" or other materiality qualifications) as of the Closing Date (other than those representations and warranties that speak as of another stated date, which representations and warranties shall have been true and correct in all material respects as of such date).

Notwithstanding anything to the contrary contained herein, and without limiting Purchaser's rights pursuant to Section 12(a) hereof, if the conditions described in this Section 5 are not satisfied as of the Closing Date and are not waived by Purchaser and Purchaser is not then in breach of any of its obligations under this Agreement, Purchaser may terminate this Agreement, in which event all parties shall be relieved of any further obligations or liabilities hereunder,



except as provided in Section 12(a) hereof and such obligations that expressly survive termination of this Agreement.

(b) Seller's Conditions. Seller's obligation to consummate the transactions contemplated in this Agreement and deliver title to the Real Properties shall be subject to the following conditions precedent on and as of the Closing Date to the reasonable satisfaction of Seller or the waiver thereof by Seller, which waiver shall be binding upon Seller only to the extent made in writing and dated as of the Closing Date:

(i) Purchaser shall deliver the Release and the Cash Purchase Price due pursuant to Section 2(b) hereof, subject to Section 6 of this Agreement.

(ii) Purchaser shall deliver the following:

(1) originals or counterparts, as applicable, of all documents to be executed and delivered by Purchaser pursuant hereto (the "**Other Purchaser Documents**"), duly executed and acknowledged by Purchaser, as and to the extent herein provided; and

(2) a counterpart copy of a signed Closing Statement prepared by Closing Agent and approved by Seller and Purchaser.

(iii) Purchaser and/or its designee shall have received the New Licenses not later than the Closing Date.

(iv) The representations and warranties of Purchaser contained in this Agreement shall be true and complete as of the Closing Date.

(c) Conditions Generally. The foregoing conditions are for the benefit only of the party for whom they are specified to be conditions precedent, and such party may, in its sole discretion, waive any or all of such conditions and proceed with the Closing under this Agreement without any increase in, abatement of, or credit against the Purchase Price; provided, however, that such waiver shall be in writing and dated as of the Closing Date; provided, further, that, unless such waiver is in writing and dated as of or prior to the Closing Date, in the event the parties hereto proceed with the Closing hereunder, such Closing shall not be deemed to be a waiver of any condition precedent hereto, and thereafter, if one or more conditions precedent have not been satisfied, and the party benefiting under such conditions precedent suffers damages as a result of the other party's failure to satisfy such conditions precedent (unless the breaching party is able to demonstrate that such party was aware prior to the Closing of the other party's failure to satisfy such conditions precedent), such party may commence an action for breach of contract and claim direct damages for failure to satisfy such conditions precedent.

6. **Post-Closing Escrow and Adjustment of Cash Purchase Price.**

(a) **Post-Closing Escrow.** Notwithstanding anything contained in this Agreement to the contrary, Closing Agent shall hold in escrow and not disburse to Seller Five-Hundred Thousand Dollars (\$500,000.00) of the Cash Purchase Price (the “**Post-Closing Escrow**”), pursuant to the terms of the Escrow Agreement (the “**Post-Closing Escrow Agreement**”) attached hereto as Exhibit C, which provides, *inter alia*, that the Post-Closing Escrow will be disbursed as follows:

(i) upon written instruction from Purchaser, but subject to the provisions stated in the Post-Closing Escrow Agreement for resolution of disputes, requiring disbursement to Purchaser for any expense or liability incurred by Seller to operate any of the Facilities prior to Closing and which was not paid by Seller prior to Closing;

(ii) upon written instruction from Purchaser, but subject to the provisions stated in the Post-Closing Escrow Agreement for resolution of disputes, requiring disbursement to Purchaser for any failure of TCR I to return any post-petition transfers made by the Sellers that the Bankruptcy Court has determined should not have been made;

(iii) upon written instruction from Purchaser, but subject to the provisions stated in the Post-Closing Escrow Agreement for resolution of disputes, requiring disbursement to Purchaser for any cost, expense, or liability incurred by Purchaser due to a breach of any agreement, warranty, representation, or covenant contained in this Agreement, including, without limitation, any indemnification obligation of either the Seller, TCR I, or Rice, provided that such payment shall not preclude any other remedy available to Purchaser under this Agreement or other applicable law for such breach, all such remedies being cumulative; and

(iv) to Seller within ten (10) days after the six-month anniversary of Closing, less any amounts required to be disbursed to Purchaser pursuant to the provisions stated above.

(b) Notwithstanding the foregoing, in the event TCR I deposits Two Hundred Fifty Thousand Dollars (\$250,000.00) to any of the Sellers' Debtor-in-Possession bank accounts (the “**DIP Accounts**”) prior to Closing, then the amount of the Post-Closing Escrow shall be reduced to Two Hundred Fifty Thousand Dollars (\$250,000.00), and the money returned by TCR I to the DIP Accounts may be used by the Sellers solely to pay expenses identified in, but subject to the conditions of, Section 1(b)(ii) of this Agreement and/or to satisfy the obligations of Sellers, TCR I, or Rice described in Section 6(a)(i)-(iii), above.

(c) **Survival.** The obligations of the parties hereto under this Section 6 shall survive the Closing.

7. **Transfer of Operations.** In addition to the obligations of the parties hereto under this Agreement, in order to effectuate a smooth transition of the operations of the Facilities as a going concern, the parties hereto hereby covenant and agree to the following terms and provisions.

(a) Billings.

(i) After the Closing Date, in the event any third party payor making payments to Purchaser or its designee for services performed on or after the Closing Date make any claim for any withholding, recoupment, repayment, recapture and/or recovery of any alleged overpayment by such third party payor and/or any alleged underpayment of any tax and/or assessment (collectively, "**Recapture**") for any period ending on the day before the Closing Date, then Seller shall save, indemnify, defend and hold Purchaser harmless from and against any loss, damage, injury or expense incurred by Purchaser arising from or related to any such claim. Seller agrees to notify Purchaser as soon as possible, but in no event later than five (5) days, after receipt of any notice of any Recapture for periods relating prior to the Closing Date. To the extent ascertainable on or prior to the Closing Date, Seller shall pay or cause to be paid any claim for Recapture which is or which becomes due for the periods prior to the Closing Date.

(ii) Seller shall be and remain obligated for and shall pay on or before the date due thereof all amounts of Virginia license fees and/or taxes accrued through the Closing Date.

(iii) Seller shall be liable and responsible for the correction of all violations cited by Commonwealth of Virginia Department of Health and/or the Commonwealth of Virginia Department of Social Services in any survey or other report prior to or after the Closing Date as detailed in any statement of deficiencies or comparable document issued by the Commonwealth of Virginia Department of Health and/or the Commonwealth of Virginia Department of Social Services (the "**Statement**"), if any, accompanying said survey or report, and shall be liable and responsible for all proposed and/or imposed remedies, including but not limited to any and all monetary penalties, as a result of any condition that exists at the Facilities prior to the Closing Date or any action or inaction of Seller prior to the Closing Date.

(b) Assumed Contracts.

(i) Not later than twenty (20) days after the Execution Date, Seller shall deliver to Purchaser true, accurate, and complete copies of all written contracts, agreements, equipment leases, commitments, and arrangements, including all service contracts, maintenance contracts, and consulting agreements, including Seller's national contracts, to which Seller is a party and which relate to the Facilities and/or the operations thereof ("**Contracts**"), and a written summary setting forth the material terms and conditions of each oral Contract, to the extent any oral Contracts exist. A schedule of Contracts is attached hereto as Schedule 7(b)(i). Schedule 7(b)(i) shall also identify if any of the Contracts are not assignable by Seller.

(ii) Before expiration of the Due Diligence Period, Purchaser shall deliver written notice to Seller as to which of the Contracts Purchaser desires to assume or cause its designee to assume pursuant to the General Assignment and continue in full force and effect after the Closing Date (the "**Assumed Contracts**"), a listing of which shall be attached hereto as Schedule 7(b)(ii). Any Contracts that Purchaser does not indicate it desires to assume and continue or cause its designee to assume and continue shall be deemed rejected by Purchaser ("**Rejected Contracts**") and Seller shall terminate such Rejected Contracts prior to or on the Closing Date. Seller shall pay all termination fees and expenses.

(iii) In addition to, and not in lieu of any other indemnity set forth elsewhere herein, Seller hereby agrees to indemnify, protect, save, defend, and hold harmless Purchaser from and against any and all losses, damages, liabilities, claims, demands, causes of action, assessments, judgments, costs, and expenses (including, without limitation, settlement costs and any legal or other expenses for investigating, bringing, or defending any actions or threatened actions) of any nature whatsoever ("**Claims**") arising out of and/or connected with (i) any third parties claiming to have rights under contracts or other agreements that are not set forth or described in Schedule 7(b)(i), (ii) any Rejected Contracts or any Assumed Contracts not assignable by Seller, or (iii) any obligations or liabilities under any of the Assumed Contracts assigned hereunder to Purchaser that shall have accrued or relate to periods prior to the Closing Date. In addition to and not in lieu of any other indemnity set forth elsewhere herein, Purchaser hereby agrees to indemnify, protect, save, defend, and hold harmless Seller from and against any and all Claims, including reasonable attorneys' fees, asserted against or incurred by Seller arising out of and/or connected with any obligations or liabilities under any of the Assumed Contracts assigned hereunder to Purchaser that shall accrue or relate to periods on or after the Closing Date.

(iv) To the extent any third party consent is required in connection with the assignment and assumption of any of the Assumed Contracts, Seller shall obtain such third party consent prior to the Closing Date.

(c) Accounts Receivable; Accounts Payable.

(i) To the extent Seller receives any payments for accounts receivable being transferred hereunder, or from residents at the Facilities with respect to time periods after the Closing, Seller shall hold such funds in trust for the benefit of and shall promptly remit the same to Purchaser.

(ii) Purchaser agrees that in no event shall it collect or attempt to collect any accounts receivable being transferred hereunder from the individuals identified in Schedule 7(c)(ii), or their heirs or assigns.

(iii) All accounts payable for services provided or goods furnished for or at the Facilities prior to the Closing Date shall remain the sole responsibility and obligation of Seller, and shall be paid in full prior to Closing. All accounts payable for services provided or goods furnished for or at the Facilities on or after the Closing Date shall be the sole responsibility and obligation of Purchaser. The parties hereto hereby agree to cooperate with each other and notify the merchants, suppliers, or other third parties with respect to whom Seller or Purchaser bears responsibility for accounts payable of the Facilities based on the foregoing clauses of this Section 7(c).

(d) Employees.

(i) As of the Closing Date, Seller shall terminate the employment of all employees providing services at the Facilities, a listing of which as of November 1, 2016, shall be attached hereto as Schedule 7(d)(i) within five (5) business days after the Execution Date (such listing, to include the current base salaries of all such employees) (the "**Current Employees**"). Purchaser and/or its designee shall not be bound by or assume any employment contracts to which Seller may be a party. In addition, Schedule 7(d)(i) identifies those employees that will be retained by TCR I as its employees after Closing (the "**TCR I**

**Employees**"). Except for the TCR I Employees, no Current Employees will be retained by Seller, TCR I, or any non-debtor affiliate.

(ii) Nothing in this paragraph shall create any right in favor of any person not a party hereto, including without limitation, the Current Employees, or constitute an employment agreement or condition of employment for any employee of Seller or any affiliate of Seller.

(iii) Employee Compensation and Benefits upon Termination. Within the time required by applicable law, Seller shall deliver to Seller's former employees payroll checks for all monetary compensation and wages to which they are then entitled as of the Closing Date, including without limitation wages, salaries, bonuses, commissions, overtime, and accrued, unused vacation and/or paid time off, severance, if any, and shall withhold and pay all payroll tax obligations associated therewith, including, without limitation, income tax and FICA obligations, together with any amounts owed with respect to accrued benefits.

(iv) To the extent permitted by applicable law, and only in regard to employees hired by Purchaser, Seller shall deliver to Purchaser and/or its designee, prior to or on the Closing Date, either the originals or full and complete copies of all employee records for all such employees of Seller hired by Purchaser and/or its designee, including, without limitation, all employee employment applications, W-4's, I-9's and any disciplinary reports (collectively, the "**Employee Records**"). No later than five days after the Execution Date hereof, Seller shall also deliver possession to Purchaser of a list of current personnel which includes the employee's hire date with Seller, rates of pay (including the amount of any increase associated with the employee's most recent pay increase or adjustment), date of last performance review, date of next performance review, full-time/part-time, and exempt/non-exempt classification.

(v) Seller represents and warrants to Purchaser that the notification requirements of the WARN Act or any similar state act will not be triggered by the termination of its employees as contemplated by this Agreement.

(vi) On a date prior to Closing that is selected by Purchaser in its sole discretion, the parties will jointly notify the employees of the Facilities of the proposed sale of the Facilities, and that Purchaser and/or its designee will be accepting applications for employment by Purchaser following Closing from the Current Employees of the Facilities. Such notice will indicate the procedure for applying for employment following Closing.

(vii) The provisions of this Section 7(d) shall survive the Closing.

(e) Access to Records.

(i) On the Closing Date, Seller shall deliver to Purchaser and/or its designee all of the records of the Facilities, including the Employee Records, resident medical records, and financial records; provided, however, that nothing herein shall be construed as precluding Seller from removing from the Facilities on the Closing Date any Excluded Assets.

(ii) From the Execution Date through and including the Closing Date, Seller shall cooperate fully with Purchaser and its representatives for access to the Purchased Assets and records of the Facilities as Purchaser determines is necessary.

(f) Taxes. Seller shall pay as and when due all of its taxes, duties, and other governmental charges, including, without limitation, any such taxes, duties, and other governmental charges which, if not paid, would create a lien on any of the Purchased Assets or for which Purchaser could become liable as the transferee of the Purchased Assets.

(g) Name. The use of the name "Amerisist" shall not transfer to the Purchaser under this Agreement and in no event shall Purchaser continue the use of the name "Amerisist" or any of the current branding, likeness or good will associated with the Seller's trade name "Amerisist" beyond the time period licensed under this Agreement, and the trade name "Amerisist" shall belong solely to its present owner for use at other facilities operated and/or controlled by them.

(h) No Assumption of Liabilities. Other than as specifically set forth herein, Purchaser shall not assume and shall not be liable for any debts, liabilities, or obligations of Seller, whether or not contingent, and whether known or unknown, including, without limitation, any of the following:

(i) any liability (i) for overpayments, if any, under the Medicaid program described in Title XIX of the Social Security Act ("Medicaid") associated with Seller's provider obligations under its Medicaid enrollment and provider agreement; and, any overpayments received from any other private third party payers under its payer contracts, (ii) as a result of overpayments due to violations of fraud and abuse, anti-kickback, anti-referral, or false claims laws and regulations, including, but not limited to, the federal Anti-kickback statute (42 U.S.C. § 1320a-7b(b)), the Stark Law (42 U.S.C. § 1395nn), the civil False Claims Act (31 U.S.C. §§ 3729, *et seq.*), the administrative False Claims Law (42 U.S.C. § 1320a-7b(a)), the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. § 1320d, *et seq.*), the exclusion laws (42 U.S.C. § 1320a-7) and comparable state laws and regulations;

(ii) any foreign, federal, state, and local taxes or liabilities of Seller, including any interest or penalties thereon;

(iii) any liabilities or other obligations arising out of any breach, default, event of default, or violation by the Seller of any contract, lease, agreement, commitment, or law at any time prior to the Closing Date, which liability or obligation arises prior to the Closing Date, or on or after the Closing Date to the extent such liability or obligation relates to any period prior to the Closing Date;

(iv) any liabilities, or other obligations, arising from contracts and agreements of the Seller that are not Assumed Contracts;

(v) any liabilities or other obligations of the Seller incurred or arising or accruing prior to the Closing Date or on or after the Closing Date to the extent such liability or obligation relates to any period prior to the Closing Date;

(vi) any liabilities or other obligations of the Seller under this Agreement; and

(vii) any other liability or other obligation of or claim against Seller not expressly assumed by Purchaser pursuant to this Agreement.

**8. Seller's Representations and Warranties.** Seller represents and warrants to Purchaser as follows:

(a) Organization and Authority. Seller is a corporation or limited liability company that validly exists and is in good standing under the laws of the Commonwealth of Virginia and is duly qualified to do business in the Commonwealth of Virginia. Seller has full power and authority to own the Purchased Assets and to operate the Facilities as currently being operated. Seller has full power and right, subject only to Bankruptcy Court approval, to enter into and perform its obligations under this Agreement and the Other Seller Documents, including, without limitation, conveying the Real Properties and the other Purchased Assets, and this Agreement and the Other Seller Documents are the valid, binding, and enforceable obligations of Seller. The execution and delivery of this Agreement and the Other Seller Documents, and the consummation of the transactions contemplated hereby and thereby, (1) have been duly authorized by all necessary action on the part of Seller, (2) do not require Seller to secure any governmental or other third-party consent, other than required Bankruptcy Court approval and consents needed for the assignment of the Assumed Contracts, (3) do not conflict with or violate any of the provisions of Seller's governing documents, and (4) will not result in the breach of any agreement, indenture, or other instrument to which Seller is a party or is otherwise bound or result in the imposition of any lien upon or the creation of a security interest or encumbrance in or upon any of the Purchased Assets pursuant to any note, bond, mortgage, indenture, deed, license, franchise, permit, lease, contract, agreement, or other instrument, commitment, or obligation to which the Seller is a party or by which the Seller or any of its assets are bound or subject, and will not violate or conflict with any other material restriction of any kind or character to which the Seller, or any of its properties or assets, are subject, (5) will not violate any order, writ, injunction, decree, judgment, or ruling of any court or governmental authority applicable to the Seller, or (iv) will not violate any statute, law, rule, regulation, or ordinance applicable to Seller. No consent of any third party is required as a condition to the entering into, performance, or delivery of this Agreement by Seller, other than the Regulatory Approvals and consents which have been or will be received and approval by the Bankruptcy Court. Seller does not own any capital stock, equity security, or other equity interest or investment, directly or indirectly, of or in any person, corporation, partnership, association, joint venture, business or entity.

(b) Non-Foreign Status. Seller is a "non-foreign person" within the meaning of Section 1445 of the United States Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

(c) Environmental Condition. To Seller's knowledge, except as disclosed on Schedule 8(c), Seller has not generated, stored or disposed of any hazardous waste on the Real Properties other than hazardous waste used, stored and disposed of in compliance with applicable law in the ordinary course of the business conducted on the Real Properties, and Seller has received no notice of, and has no knowledge of, any previous or present generation, storage, disposal or existence of any hazardous waste on the Real Properties. The term "hazardous waste" shall mean "hazardous waste", "toxic substances" or other similar or related terms as defined or used from time to time in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, *et seq.*), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, *et seq.*), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6921, *et seq.*) and regulations adopted thereunder.

(d) Occupancy Rights. There are currently, and as of the Closing Date there shall be, no occupancy rights (written or oral), leases, or tenancies presently affecting the Facilities or the Real Properties, and any occupancy rights of any residents of the Facilities or any other

party under the Assumed Contracts assigned hereunder to Purchaser, except as listed on Schedule 8(d) and in Section 8(f) and 8(h) below.

(e) Resident Funds. Seller does not maintain any resident security deposits or trust funds except as listed on Schedule 8(e).

(f) Occupancy List, Resident Agreements, Income Summary, and Accounts Receivable Aging Report. The November 1, 2016 daily occupancy list of residents ("**Occupancy List**") under the Resident Agreements to be provided as part of the Due Diligence Materials shall be a true and complete list of residents at the Facilities as of such date, and neither Seller nor, except as may otherwise be disclosed to Purchaser, any resident, is in default thereunder. The income statement for the ten-month period ending October 31, 2016 (the "**Income Summary**") to be provided as part of the Due Diligence Materials is a true and complete accounting of revenues received under Resident Agreements at the Facilities during such period. The October 31, 2016 Accounts Receivable Aging Report (the "**A/R Aging Report**") to be provided as part of the Due Diligence Materials is a true and complete accounting of uncured monetary defaults under Resident Agreements at the Facilities as of such date. The Occupancy List, the Income Summary, and the A/R Aging Report shall be updated by Seller, and delivered to Purchaser, at the beginning of each calendar month after October 2016 until the Closing, and two (2) days prior to Closing, and all such updates shall be true and complete.

(g) Compliance, Permits

(1) Seller has all licenses, permits, registrations, and other approvals (collectively, "Permits") necessary for the conduct and operation of the Facilities as currently conducted and as proposed to be conducted. All such Permits are listed on Schedule 8(g)(1) and Seller has provided Purchaser with true, correct, and complete copies thereof. All such Permits are unexpired and in full force and effect, and to Seller's knowledge, Seller is in compliance with the provisions thereof, and there are no outstanding violations, notices of noncompliance, or judicial or administrative actions, proceedings, or investigations relating to any of the Permits. No loss, suspension, impairment, or revocation of any Permit is pending or threatened, and to Seller's knowledge, no basis for any of the foregoing exists. No such Permit is subject to any material restriction or limitation. Except as described on Schedule 8(g)(1), each Permit shall be in full force and effect immediately following the Closing and shall not expire or terminate as a result of the transactions contemplated by this Agreement.

(2) Seller is authorized to own and operate the Facilities. In addition, Seller has affiliations and/or agreements with the nursing facilities, home health agencies, hospices, other health care facilities or providers and insurers identified in Schedule 8(g)(2).

(3) Seller has delivered to Purchaser true, correct, and complete copies of any state survey reports and plans of correction, if any, for the current and five most recent calendar years. Seller has taken all steps to correct all deficiencies referenced in this Section 8(g).

(4) Seller does not receive, and is not entitled to receive, any federal, state, or local government payment, including, without limitation, Medicaid except those payors identified in Schedule 8(g)(4).



(5) To Seller's knowledge, all billing practices of Seller with respect to private insurance companies are and have been in substantial compliance with all applicable regulations and policies of such third party payors.

(6) Seller has timely filed all claims, billings, and reports required to be filed by Seller with third-party payors, and all such claims, billings, and reports are true, correct and complete and have been prepared in compliance with all applicable laws, regulations, and policies. Schedule 8(g)(6) attached hereto includes a description of any and all unresolved claims or disputes or any basis for such disputes with third-party payors. Seller has not claimed or received reimbursements from third-party payors in excess of amounts permitted by law and has no liability to any third-party payor for any refund, overpayment, discount, or adjustment. Seller has paid or caused to be paid all undisputed refunds, overpayments, discounts, or adjustments that have become due pursuant to any such claims, billings, and reports. To Seller's knowledge, no program integrity review or other investigation related to Seller has been conducted by any State or Federal commission, board or agency, including without limitation the HHS Office of Inspector General, the U.S. Department of Justice, or the Virginia Attorney General, in connection with Medicaid services, and no such reviews or investigations are scheduled, pending, or threatened in writing against or affecting Seller or its operations or the consummation of the transactions contemplated by this Agreement.

(7) To Seller's knowledge, except to the extent permitted by applicable law, neither Seller nor any director, officer, or employee of Seller, nor any agent acting on behalf of or for the benefit of any of the foregoing, has directly or indirectly offered, paid, or received any remuneration (in cash or in kind) to or from, or made any other financial arrangements with, any past, present or potential customers, suppliers, patients, medical staff members, or contractors of Seller (including payment for goods or services in excess of fair market value as determined at the time the agreement to make payment for such goods or services was reached) in violation of any law or regulation related to healthcare fraud and abuse, illegal inducements and kickbacks, improper billings or claims, improper self-referrals or other similar matters, including, but not limited to, the Federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b et seq.); the physician self-referral provisions of the Stark Law (42 U.S.C. § 1395nn) or the regulations thereunder; the False Claims Act (31 U.S.C. § 3729); the Civil Monetary Penalties Law (42 U.S.C. §§ 1320a-7a); Mail and Wire Fraud (18 U.S.C. §§ 1341-1343); False Statements Relating to Health Care Matters (18 U.S.C. § 1035); and Health Care Fraud (18 U.S.C. § 1347) or regulations related to any of the above (or related state and local fraud and abuse statutes or regulations).

(8) Neither Seller nor any director, officer, employee, independent contractor, or affiliate of Seller (whether an individual or entity) has been excluded from participating in any federal health care program (as defined in 42 U.S.C. § 1320a-7b(f)), been subject to sanction pursuant to 42 U.S.C. § 1320a-7a or § 1320a-8, been convicted of a crime described in 42 U.S.C. § 1320a-7b; or, been included on the List of Excluded Individuals/Entities published by the Office of the Inspector General of the U.S. Department of Health and Human Services or in the Excluded Parties List System maintained by the General Service Administration, or any equivalent state list of excluded or debarred individuals/entities.

(9) Except as disclosed to Purchaser in writing, Seller has received no written notice of material noncompliance of any standards and conditions for the operation and licensure of the Facilities imposed by any government regulatory authority.

(h) Commercial Leases. The list of commercial leases (the “**Commercial Leases**”) to be provided as part of the Due Diligence Materials is a true and complete list of all commercial or business tenancies respecting the Real Properties or Facilities, and except as otherwise disclosed to Purchaser on the list of Commercial Leases, neither Seller nor any tenant is in default under any of such Commercial Leases.

(i) Agreements. The list of agreements (the “**Service Agreements**”) to be provided as part of the Due Diligence Materials is a true and complete list. Except as disclosed in Schedule 8(i), neither the Seller nor, to the knowledge of Seller, any other party to any Service Agreement, including any Service Agreement which is part of the Assumed Contracts, has breached any provision of, or is in default in any respect under the terms of, any such Service Agreement, nor is there any event which, with notice or the passage of time or both, would constitute such a material breach or default. Except as disclosed in Schedule 8(i), true, complete, and correct copies of all written Service Agreements have been provided to Purchaser. Except as also set forth in Schedule 8(i) hereto, each such Service Agreement is valid and binding on Seller and the other party thereto. Each Assumed Contract will continue to be in full force and effect at least until (i) the Closing Date without change following the Effective Date; and (ii) subject to the receipt of consents and approvals disclosed in Schedule 8(i) hereto, the execution and delivery of this Agreement by the Seller and the consummation of the transactions and agreements contemplated hereby will not violate any provision of, constitute a material default (or event of default) under, or result in the acceleration of any obligation under or the termination or cancellation (or right of termination or cancellation of any party) of, any such Assumed Contract.

(j) Litigation. Except for the Bankruptcy Cases as noted on Schedule 8(j), there is no pending or threatened investigation, action, litigation, condemnation, or other proceeding (including but not limited to any Department of Labor investigation or proceeding) against all or any part of the Purchased Assets, the Facilities, or Seller with respect to the Purchased Assets (or which would affect the consummation of the transaction contemplated by this Agreement).

(k) Governmental Notices. To Seller's knowledge, the Purchased Assets and the Facilities have been and are being used and operated in compliance in all material respects with all applicable laws, orders and permits. Seller has not received any written notice from any governmental authority having jurisdiction over the Purchased Assets or the Facilities stating that the Purchased Assets or the Facilities or any portion thereof is in violation of any applicable laws or ordinances, which violation remains uncured.

(l) Rent Roll. The November 1, 2016 rent roll is attached hereto as Schedule 8(l) (the “**Rent Roll**”) and is true and complete. The Rent Roll shall be updated by Seller to Purchaser at the beginning of each calendar month after October 2016 until the Closing and each such update shall be true and complete.

(m) Title to Real and Personal Property. Except for any leased equipment leased pursuant to an agreement listed on the list of Service Agreements delivered during the Due Diligence Period, Seller has good, valid, and marketable title to the Purchased Assets, free and clear of all liens and encumbrances, other than the Permitted Exceptions, the Residency Agreements, and the Commercial Leases. Except as set forth on Schedule 8(m), the Purchased Assets (including, without limitation, the Real Properties and the Personal Property), taken as a whole, are in good operating condition, order and repair, usable in the ordinary course of the operation of the Facilities as currently conducted, ordinary wear and tear excepted. Except as set forth on Schedule 8(m), there is no capital improvement, construction, renovation, or

expenditure for new or used equipment or similar project with respect to the Purchased Assets which is in process or for which any contract has been entered into or for which any legally binding commitment by the Seller has been made or purchase order issued.

(n) Taxes on Personal Property. All personal property taxes associated with the Purchased Assets and the Facilities have been paid current. Except as set forth on Schedule 8(n), Seller has completed and filed or will complete and file on or before the due dates thereof (or within applicable grace or extension periods available without financial penalty or obligation) all tax returns and filings required by applicable law to be filed by the Seller for all taxable periods ended or ending on or before the Closing Date, and has paid or will pay within the time required by applicable law all taxes required to be paid in respect of the periods covered by such returns and filings. Seller is not delinquent in the payment of any tax required to be paid by it, and is not a party to or the target of any pending or threatened action or proceeding, assessment, or collection of Taxes by any governmental authority.

(o) Supplies. All Supplies (not subsequently disposed of in the ordinary course of the business) are sufficient for, suitable for, and usable for use in the Facilities, none of such items is obsolete or below standard quality, and each such item is reflected in the books and records of the Seller. Seller shall not remove, transfer, or dispose of any Supplies prior to Closing. At Closing, Seller will have sufficient inventory of Supplies for operation of the Facilities as currently being conducted by Seller.

(p) Undisclosed Liabilities. Except as listed in any Schedule hereto or as expressly permitted by the terms of this Agreement, to Seller's knowledge, Seller has no obligations or liabilities, whether direct or indirect, joint or several, absolute or contingent, matured or unmatured, secured or unsecured, which affect the operation of the Facilities in any material respect and which were not disclosed to Purchaser prior to the Effective Date.

(q) Compliance with Laws. With regard to the operation and conduct of the Facilities, to Seller's knowledge, Seller complies in all material respects with all applicable local, Federal, and State laws, statutes, rules, regulations, and ordinances, and any amendments thereto, as well as each, any, and all legal directives, orders, and any amendments thereto, of all local, Federal, State, and other governmental and regulatory bodies, administrative tribunals, and courts which have jurisdiction over the operation and conduct of the Facilities. Except as set forth on Schedule 8(q), Seller has not been cited, fined, or otherwise notified in writing of any failure to comply with any laws, rules, or regulations. In addition, Seller is not subject to or in default of any order, judgment, writ, injunction, decree, or award of any court or Federal, State, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality wherever located affecting it or any of its properties, assets or employees, and Seller has not received any notice that any event has occurred which with notice or lapse of time or both would constitute such a default. Seller has not made any payments during the Bankruptcy Case to any equity holder or affiliate, including, without limitation, TCR I or Rice, which are not strictly in compliance with the Bankruptcy Code and orders entered in the Bankruptcy Cases, including, without limitation, the final cash collateral order, the shared expense order, and the borrowing order. In the event any such payments have been made, Purchaser shall be entitled to a credit against the Cash Purchase Price equal to the amount of any such payments.

(r) Proffers, Etc. Seller has not made any commitments, proffers, or agreements to or with any governmental authority or any homeowners or similar association or any nearby land owner or any other person relating to the Real Properties or the development of the Real

Properties that is binding on the Facilities or the Real Properties or would be binding on Purchaser after Closing.

(s) Labor Matters. Except as set forth in Schedule 8(s), no work stoppage against the Seller (or with respect to its employees) is pending or threatened, nor has any work stoppage occurred or been threatened against the Seller within the past five (5) years. Except as set forth in Schedule 8(s), the Seller is not involved in threatened with, or affected by any labor dispute, strike, slow-down, arbitration, lawsuit, or administrative claim or proceeding relating to its employees, work force, or labor matters. The employees of the Seller are not represented by any labor union nor are there any collective bargaining agreements otherwise in effect with respect to such employees. Except as set forth in Schedule 8(s), there are no complaints against the Seller with the National Labor Relations Board or any similar or comparable foreign, federal, state, or local labor agency or authority. Except as set forth on Schedule 8(s), all the employees at the Facilities are employees of Seller and not employees of any other person or entity.

(t) ERISA. Except as described in Schedule 8(t) hereto, Seller neither maintains nor contributes to any employee benefit plans (as defined in Article 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")), including welfare plans and pension plans as defined in Articles 3(1) and 3(2), respectively, of ERISA, and has no other plans, agreements, or arrangements relating to deferred compensation, pensions, profit sharing, retirement income, or other benefits, stock purchases, stock options, bonuses, severance arrangements, health benefits, insurance benefits, and all other employee benefit or fringe benefits, in each case, maintained or contributed to, or required to be maintained or contributed to, by the Seller relating to or for the benefit of any of the Seller's current directors, officers, or employees (collectively, the "**Plans**" or "**Benefit Plans**"). The Seller has furnished to Purchaser summaries of all Benefit Plans. Except as described in Schedule 8(t), neither the Seller nor any corporation or trade or business under common control with the Seller has ever been a contributing employer with respect to any multiemployer plan which is subject to the Multiemployer Pension Plan Amendments Act of 1980 (Section 4001(a)(3) of ERISA).

(u) Insurance. Seller has previously furnished Purchaser with true, correct, and complete copies of all insurance certificates describing the insurance maintained by the Seller in connection with the operation of the Facilities and the Real Properties, and all such policies described in such certificates are in full force and effect. Schedule 8(u) hereto sets forth a list of all such insurance policies maintained by the Seller as of the Effective Date, which shall also be in full force and effect through the Closing Date.

(v) Workers' Compensation. Schedule 8(v) of this Agreement contains a complete, true and correct list of all open or unresolved workers' compensation claims for any employee providing services at or with respect to the Facilities. Seller shall have a continuing obligation through the Closing Date to update and revise as necessary Schedule 8(v) and immediately deliver same to Purchaser.

(w) Zoning. To Seller's knowledge, none of the buildings, fixtures and other improvements located on the Real Properties fail to conform with applicable laws and regulations, including, without limitation, building, zoning, and environmental laws, statutes, ordinances, and regulations, the violation of which would have an adverse effect on ownership and/or operation of the Real Properties, Facilities, or other Purchased Assets. To Seller's knowledge, there is no existing, contemplated, or proposed moratorium, regulatory restriction, or contractual restriction upon, or similar impediment to, land development, building construction,

or hook-up to or usage of water or sewer or other utility services that could affect the use of the Real Properties in the manner currently used. To Seller's knowledge, none of the existing buildings and improvements upon the Real Properties fail to fully comply with all size, height, setback, and other zoning restrictions and regulations applicable to such property, and Seller has never been denied any special exception, variance, or other zoning permit or approval required for the construction, operation, or maintenance thereof by Seller, and there is presently located on such Real Properties an adequate number of automobile parking spaces to satisfy the requirements of all applicable zoning ordinances and regulations as modified by duly issued zoning variances. Except as otherwise provided in this Agreement, including the Schedules thereto, neither Seller nor any other party has received any notice that it has failed to obtain any license, permit, approval, certificate, or other authorizations required by applicable statutes, laws, ordinances, or regulations for the use and occupancy of the Facilities.

(x) No Condemnation Proceeding. Seller has not received notice of any existing, pending, or threatened (i) condemnation proceeding relating to the Real Properties, (ii) reclassification of any or all of the Real Properties for local zoning purposes, or (iii) reassessment or reclassification of any or all of the Real Properties for state or local real property taxation purposes.

(y) Violations. Seller has not received notice from any federal, state, city, local authority, or other party regarding suit, judgment, proceeding, or investigation relating to any violation on or at the Facilities (including, but not limited to any Department of Labor investigation or proceeding) which remains uncured.

(z) Executive Order 13224. Seller is not, and the entities or individuals that constitute Seller, or that may own or control Seller, or that may be owned or controlled by Seller (in all cases, other than through the ownership of publicly traded, direct or indirect, ownership interests) are not: (i) in violation of any laws relating to terrorism or money laundering, or (ii) among the individuals or entities identified on any list compiled pursuant to Executive Order 13224 for the purpose of identifying suspected terrorists or on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <http://www.treas.gov/ofac/tllsdn.pdf> or any replacement website or other replacement official publication of such list which identifies an "Specially Designated National" or "blocked person".

9. **Purchaser's Representations and Warranties.** Purchaser represents and warrants as follows:

(a) Organization and Authority. Purchaser is a limited liability company that has been duly organized and validly exists under the laws of the State of Delaware, and prior to Closing will be duly qualified to do business in the Commonwealth of Virginia. Purchaser has full power and right to enter into and perform its obligations under this Agreement and the Other Purchaser Documents, and this Agreement and the Other Purchaser Documents are the valid, binding, and enforceable obligations of Purchaser, except as such enforceability may be limited by creditors' rights laws and general principles of equity. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (1) have been duly authorized by all necessary action on the part of Purchaser, (2) do not require any governmental or other consent (except as otherwise provided herein), and (3) will not result in the breach of any agreement, indenture, or other instrument to which Purchaser is a party or is otherwise bound.

10. **Interim Operations.** Seller, from the Execution Date through the earlier of the Closing Date or the termination of this Agreement, will:

(a) conduct its business operations diligently in the ordinary course of business and use commercially reasonable efforts to employ all of its key personnel and an adequate employee work force in numbers and skills substantially as in effect on the Effective Date, and preserve its good will and relationships with hospitals, other health care facilities, physicians, employees, third party payors, suppliers, patients and others having business relationships with the Seller;

(b) except in the ordinary course of business before the end of the Due Diligence Period (and Seller shall provide prompt notice to Purchaser if it enters into any such ordinary course contract), not enter into any contract which would be binding on Purchaser after Closing, nor modify, cancel, accept the surrender or renewal (except when any such acceptance of surrender or renewal is non-discretionary) of any Contract without Purchaser's prior written consent;

(c) perform in all material respects all of its obligations under each of the contracts, agreements, and leases to which it is or, without breach of the terms hereof, becomes a party;

(d) maintain the Facilities' current licensure status;

(e) not create any lien or encumbrance upon or affecting title to the Real Properties or the Purchased Assets, except the Permitted Exceptions, without Purchaser's prior written consent;

(f) not decrease the private pay rates of the residents of the Facilities without the prior written consent of Purchaser;

(g) not take any action which Seller knows would cause any of the representations or warranties of Seller in this Agreement to become untrue or be violated;

(h) not enter into, alter or amend, in any material respect, any employment, consulting, non-competition, or similar agreement, or make management changes, or increase the compensation or rate of compensation or benefits payable or to become payable to any of the directors, officers, employees, or agents of the Seller over the rate being paid to them at the date hereof, except for increases required pursuant to a contract in existence at the date hereof or increases in the ordinary course of business consistent with past practice;

(i) comply with and perform all obligations required of a debtor-in-possession in a chapter 11 case under the Bankruptcy Code and applicable rules, including, without limitation, employment and payment of professionals, preparation and filing of monthly operating reports, and compliance with all Bankruptcy Court orders now or hereafter in effect, including, without limitation, the final cash collateral order, the shared expense order, and the borrowing order;

(j) not move any employee to any other facility or property owned or operated by Seller or any affiliate of Seller without Purchaser's prior written consent,

(k) not move any personal property, inventory, or equipment of a Facility to any other facility or property owned or operated by Seller or any affiliate of Seller except in the ordinary course of business and consistent with the past practices of the Sellers in operating the

Facilities, and provided that any such movement will not adversely affect the Facility from which the personal property, inventory, or equipment will be moved,

(l) pay all bills, invoices, expenses, and liabilities incurred to operate the Facilities or related to ownership of the Purchased Assets prior to the Closing Date, regardless of when due, and

(m) provide notice to Purchaser of any material adverse effect to the business conducted at the Facilities that first arises after the Execution Date and prior to Closing.

11. **Risk of Loss.**

(a) **Fire or Other Casualty.** The risk of any loss or damage to any of the Purchased Assets by fire or other casualty before the Closing hereunder is assumed by Seller. Seller shall give Purchaser written notice of any fire or other casualty within three (3) business days of the occurrence of same, which notice shall include a description thereof in reasonable detail and an estimate of the cost of and time to repair. In the event of any damage or destruction of the Property by fire or other casualty, Purchaser, by written notice delivered to Seller within ten (10) days after receipt of notice from Seller, shall have the option to terminate this Agreement. If Purchaser so elects to terminate this Agreement, this Agreement shall terminate and be of no further force and effect, and neither party shall have any liability to the other hereunder except for those obligations which by their terms specifically survive termination of this Agreement. If Purchaser does not elect to cancel this Agreement, then the sale of the Property shall be consummated as herein provided, the Cash Purchase Price shall be reduced based on a reasonable approximation of the cost of such repair, and Seller shall assign to Purchaser at the Closing all of Seller's right, title, and interest in and to any loss of income insurance proceeds payable in connection with such damage or destruction for periods from and after the Closing Date.

(b) **Eminent Domain.** The risk of any loss or damage to the Property by condemnation before the Closing Date hereunder is assumed by Seller. In the event any condemnation proceeding is commenced or threatened, Seller shall give Purchaser written notice thereof within three (3) business days after the occurrence of same, together with such reasonable details with respect thereto as to which Seller may have knowledge. As soon as the portion or portions of the Property to be taken are reasonably determinable, Seller shall give Purchaser written notice thereof together with Seller's estimate of the value of the portion or portions of the Property to be so taken. In the event of any material taking of the Property, Purchaser, by written notice delivered to Seller within ten (10) days thereafter, shall have the option to terminate this Agreement, in which event this Agreement shall terminate and be of no further force and effect, and neither party shall have any liability to the other hereunder, except for those obligations which by their terms specifically survive termination of this Agreement. For the purposes hereof, a "material" taking shall include: (i) any taking (1) the effect of which would be to require more than Twenty-Five Thousand Dollars (\$25,000) to repair the balance of the Property or (2) which would materially impair the use or operation of the Property; or (ii) any threat of a taking or any reasonably equivalent indication on the part of a condemning authority of such intention where there is no reasonable basis to conclude that the actual taking would not be material. If Purchaser shall not so elect to cancel this Agreement, then the sale of the Property shall be consummated as herein provided without abatement to the Purchase Price, and Seller shall assign to Purchaser at the Closing all of Seller's right, title and interest in and to all awards made in respect of such condemnation and any Claims in respect of any business interruption insurance or equivalent coverage maintained by it, and shall pay over to Purchaser

all amounts theretofore received by Seller in connection with such taking. Purchaser shall be entitled to participate in any such condemnation proceeding, and Seller shall cooperate with Purchaser in such respect.

(c) Survival. The parties' obligations, if any, under this Section 11 shall survive the Closing for a period of one (1) year thereafter, after which time they shall expire.

12. **Remedies; Indemnification.**

(a) Default.

(i) If, prior to or at the Closing, Seller shall default under any covenant or obligation or breach any representation or warranty set forth herein (which default is not waived in writing by Purchaser or cured within the cure periods set forth in Section 17 but not later than the Closing Date), then Purchaser may elect to (1) terminate this Agreement by written notice to Seller, and receive from Seller an amount equal to Purchaser's actual out-of-pocket expenses incurred in performing its due diligence on the Facilities, in negotiating this Agreement, or otherwise incurred in connection with the negotiation, performance of the obligations and consummation of the transactions contemplated in the Agreement, including, without limitation, attorneys' fees, or (2) specifically enforce this Agreement; provided, however, that if specific performance is either unavailable or would not serve to restore Purchaser to its position prior to Seller's default or breach, Purchaser also shall have the right, either alone or in conjunction with specific performance, to claim direct damages (including costs of enforcement) for such breach of contract and to deduct from the Cash Purchase Price the amount of such damages.

(ii) Purchaser's Default. If, prior to or at the Closing, Purchaser shall default under any covenant or obligation or breach any representation or warranty set forth herein (which default is not waived in writing by Seller or cured within the cure periods set forth in Section 17 but not later than the Closing Date), then Seller shall have the right to declare this Agreement terminated by written notice to Purchaser, in which case the Seller shall pay to Purchaser as liquidated damages and as Seller's sole remedy hereunder the sum of One Thousand Dollars (\$1,000) (it being agreed by the parties that Seller's damages for negotiating and entering into this Agreement are difficult to determine and that the aforesaid amount represents a fair and reasonable estimate of those damages).

(iii) Notwithstanding anything provided herein to the contrary, no party shall be entitled to consequential damages, lost profits, or punitive damages in connection with any termination pursuant to this Section 12(a).

(b) Indemnification. If Closing occurs, then in addition to and not in lieu, place, stead, and/or substitution of any other indemnity set forth elsewhere herein, Seller, TCR I, and Rice (collectively, the "**Indemnitors**") shall indemnify, save, protect, defend and hold harmless, Purchaser, its assignees and designees, and each of their respective members, managers, employees, shareholders, officers, directors and agents (individually and collectively, the "**Purchaser Indemnified Party**"), from and against any and all Claims which arise out of, or relate to: (i) a breach or misrepresentation by Seller of its obligations, representations, warranties or covenants contained in this Agreement or in any Other Seller Document; (ii) the operation of the Facilities prior to the Closing Date; (iii) injury to or death of persons or loss of or damage to property occurring on or at the Property or in any manner growing out of or connected with the use or occupancy of the Facilities or the condition thereof prior to the Closing Date; (iv) any pension, retirement, profit sharing, deferred compensation, bonus or other



incentive plan, or any collective bargaining agreement or other labor agreement, including single or multi-employer plans or agreements, to which Seller is a party or by which it is bound; and (v) any Federal, foreign, state or local tax liability, obligation or claim (including any such liability, obligation or claim arising as a result of or with respect to the consummation of the transactions contemplated by this Agreement) for periods ending before the Closing Date. Indemnitors further agree to pay any reasonable attorneys' fees and expenses of Purchaser arising from any indemnification obligation hereunder. TCR I and Rice have signed this Agreement to acknowledge their indemnification obligation hereunder. Notwithstanding anything contained in this Agreement to the contrary, Purchaser's sole recourse for any indemnification claim against either TCR I and/or Rice, in the aggregate, shall be limited to the Post-Closing Escrow, but further provided that there shall be no limitation on the obligation of TCR I to return to the DIP Accounts any money that the Bankruptcy Court determines was improperly transferred by the Debtors to TCR I.

13. **Notices.** All notices, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly delivered (i) upon the delivery (or refusal to accept delivery) by messenger or overnight express delivery service (or, if such date is not on a business day, on the business day next following such date), or (ii) on the third (3<sup>rd</sup>) business day next following the date of its mailing by certified mail, postage prepaid, at a post office maintained by the United States Postal Service, or (iii) upon the receipt by facsimile transmission as evidenced by a receipt transmission report (followed by delivery by one of the other means identified in (i)-(ii)), addressed as follows:

If to Seller: c/o Charles V. Rice  
400-A Kendrick Lane  
Front Royal, VA 22630  
Facsimile:

with a copy to: Sands Anderson PC  
1111 East Main Street, Suite 2400  
Richmond, VA 23219  
Attn: Roy M. Terry, Esq.  
Facsimile: (804) 783-7291

If to Purchaser: c/o ValStone Asset Management, LLC  
300 E. Lombard Street  
Suite 1111  
Baltimore, MD 21202  
Attention: Eric R. Abel, Managing Director  
Facsimile: (443) 836-2508

And a copy to: Ober, Kaler, Grimes & Shriver  
100 Light Street  
Baltimore, MD 21202  
Attn: Kenneth B. Abel, Esq.  
Facsimile: (443) 263-7594

And a copy to: Odin Feldman & Pittleman PC  
1775 Wiehle Avenue, Suite 400  
Reston, VA 20190  
Attn: Donald F. King, Esq.

Facsimile: (703) 218-2160

Either party may, by notice given as aforesaid, change the address or addresses, or designate an additional address or additional addresses, for its notices, provided, however, that no notice of a change of address shall be effective until actual receipt of such notice.

14. **Closing Costs.** Seller shall bear the cost to record any instrument to clear Seller's title, except the Permitted Exceptions, and shall pay all real property transfer, documentary, sales, use, value-added, stamp, and registration taxes and/or assessments charged or assessed in connection with the transfer of title to the Real Properties, any Virginia sales tax payable with respect to transfer of the Purchased Assets, the Virginia grantor tax, and the recording fees for the Deeds transferring title to the Real Properties. Seller shall also pay all other costs and fees customarily paid by sellers in a real estate sale transaction in the jurisdiction in which the Real Properties are located. Except as provided in the first sentence of this Section 14, Purchaser shall pay all costs and fees customarily paid by purchasers in a real estate sale transaction in the jurisdiction in which the Real Properties are located, including, without limitation, the cost for any loan title policy which Purchaser may elect to obtain, and Title Endorsements. In addition, the cost of the Survey and the costs of the Due Diligence Investigation shall be paid for by Purchaser. Seller on one side and Purchaser on the other agree to pay their own attorneys' fees incurred in connection with the negotiation, preparation, and consummation of the transactions contemplated hereby. Notwithstanding any of the foregoing, Seller shall be entitled to the benefits of §1146(a) of the Bankruptcy Code in the event the Bankruptcy Court confirms a plan under §1129 of the Bankruptcy Code which approves this Agreement.

15. **Choice of Law.** This agreement and the other transaction documents shall be governed and controlled by the internal laws of the Commonwealth of Virginia as to interpretation, enforcement, validity, construction, effect, and in all other respects, without reference to the choice of law or conflicts of law principles of such state.

16. **Due Diligence Materials on Termination.** Upon any termination of this Agreement, Purchaser shall, upon request of Seller, destroy or return to Seller all Due Diligence Materials in the possession of Purchaser.

17. **Termination.** This Agreement may be terminated at any time prior to the Closing as follows, under the following conditions:

(i) by mutual consent of the parties; or

(ii) by Purchaser, if at or before the Closing, any condition set forth herein for the benefit of Purchaser which is required to be satisfied by Seller, shall not have been timely satisfied, Purchaser has notified Seller of the failure to satisfy the condition, and the failure has remained uncured for a period of ten (10) days after the notice of failure (and the Closing Date shall be extended to the last day of such period); or

(iii) by Seller, if at or before the Closing, any condition set forth herein for the benefit of Seller which is required to be satisfied by Purchaser, shall not have been timely satisfied, Seller has notified Purchaser of the failure to satisfy the condition, and the failure has remained uncured for a period of ten (10) days after the notice of failure (and the Closing Date shall be extended to the last day of such period); or

(iv) by Purchaser, if any representation or warranty made herein for the benefit of Purchaser or in any certificate or document furnished to Purchaser pursuant to this Agreement is untrue or Seller shall have defaulted in the performance of any obligation herein contained, Purchaser have notified Seller of the fact that a representation or warranty is untrue or of the default, and such untrue statement or default has remained uncured for a period of ten (10) days after such notice (and the Closing Date shall be extended to the last day of such period); or

(v) by Seller, if any representation or warranty made herein for the benefit of Seller or in any certificate or document furnished to Seller pursuant to this Agreement is untrue or Purchaser shall have defaulted in any respect in the performance of any obligation herein contained, Seller has notified Purchaser of the fact that a representation or warranty is untrue or of the default, and such untrue statement or default has remained uncured for a period of ten days after such notice (and the Closing Date shall be extended to the last day of such period); or

(vi) by either party if the Closing has not occurred by June 30, 2017, provided, however, that the right to terminate this Agreement under this Section 17(a)(vi) shall not be available to any party if the action of such party or any of its affiliates has been a principal cause of or resulted in the failure of the Closing to occur on or before such date and such action or failure to act constitutes a breach of this Agreement;

(vii) by either party if the Agreement and Closing is not approved by the Bankruptcy Court or any regulatory authority with jurisdiction over such matters shall have issued an order restraining, enjoining, or otherwise prohibiting the transactions contemplated by this Agreement; or

(viii) by a party pursuant to any other provision of this Agreement that permits termination not previously identified in this Section, provided notice of such termination is made within the time periods set forth in each such provision.

(ix) by Purchaser pursuant to Section 4(e).

(x) For the avoidance of doubt, Purchaser's obligations under this Agreement shall be conditioned upon each and every term, condition, and provision of this Agreement being satisfied as to each of the Facilities and as to each of the Real Properties, and Purchaser shall have no obligation to proceed to Closing with respect to fewer than all of the Facilities or fewer than all of the Real Properties.

18. **Non-Competition/Non-Solicitation.** Sellers, TCR I, and Rice shall execute and deliver to Purchaser at Closing the Non-Competition and Non-Solicitation Agreement attached hereto as Exhibit M for the purpose, among other things, of (i) providing that Sellers, TCR I, and Rice will not and will cause their affiliates not to solicit any Current Employees of the Facilities (whether before or after Closing), other than the TCR I Employees after Closing; and (iii) providing that Sellers, TCR I, and Rice will not, and will cause their affiliates not, to compete with any of the Facilities within a twenty (20) mile radius of any Facility for a period of three (3) years after Closing, but nothing herein shall prohibit TCR I or its affiliates from continuing to operate the three assisted living facilities located in Louisa, Culpepper, and Warrenton, or from continuing to use the tradename "Amerisist" at such locations. TCR I and Rice have signed this Agreement to acknowledge their agreement under this Section 18.

19. **Miscellaneous.**

(a) **Entire Agreement.** This Agreement constitutes the entire agreement of the parties hereto and may not be modified or canceled except pursuant to the terms hereof or an instrument in writing signed by the parties hereto. The Schedules and Exhibits annexed hereto, and the Recitals stated above, are hereby incorporated herein by reference as fully as though set forth herein. This Agreement may not be modified or amended except in writing signed by the parties hereto. All understandings and agreements heretofore and between the parties are merged in this Agreement and all Exhibits and Schedules attached hereto, which alone fully and completely expresses their agreement.

(b) **Time is of the Essence.** Time is of the essence with respect to all terms, conditions, provisions and covenants of this Agreement.

(c) **Waiver.** No waiver of any term, provision or condition of this Agreement, shall be deemed to be or be construed as a further or continuing waiver of any such term, provision or condition of this Agreement. No failure to act shall be construed as a waiver of any term, provision, condition or rights granted hereunder.

(d) **Dispute Resolution.** The parties hereto agree that with respect to all disputes, problems or Claims arising out of or in connection with this Agreement and all other agreements or other instruments executed in connection herewith, including any claim for specific performance by Purchaser and any claim for indemnification by either of the parties hereto (collectively "**Disputes**"), the parties hereto shall, in good faith, use their reasonable best efforts to resolve the Dispute. If after such efforts the parties hereto are unable within ten (10) days of the arising of the Dispute to resolve the Dispute in good faith, either party may pursue its remedies in a court identified in Section 19(f), below.

(e) **Attorneys' Fees in the Event of Litigation.** Except as provided otherwise in this Agreement, in the event any dispute between the parties hereto results in litigation, the prevailing party shall be reimbursed for all reasonable costs, including, but not limited to, reasonable attorneys' fees.

(f) **Jurisdiction; Venue.** The parties consent and agree that Prince William County, Virginia shall be the exclusive, proper, and convenient venue for any legal proceeding in federal or state court relating to this Agreement, and each party hereby waives any defense, whether asserted by motion or pleading, that Prince William County is an improper or inconvenient venue.

(g) Headings. The headings of the various Sections of this Agreement have been inserted only for the purposes of convenience, are not part of this Agreement, and shall not be deemed in any manner to modify, explain, qualify or restrict any of the provisions of this Agreement.

(h) Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had executed the same document. All such counterparts shall be construed together and shall constitute one instrument.

(i) Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective heirs, executors, administrators, personal representatives, successors and assigns of the parties hereto; provided, however, that Seller may not assign this Agreement without the prior written consent of the Purchaser. Notwithstanding the foregoing or anything to the contrary contained herein (and whether or not this Agreement provides that Purchaser's designee instead of Purchaser may act or fail to act), Purchaser may, without Seller's consent, assign and transfer any or all of its rights and obligations under this Agreement to any other person or entity and/or may cause any other person or entity to take any actions required of Purchaser pursuant to this Agreement to apply for and/or obtain any such Regulatory Approvals and to take title to or assignment of any of the Purchased Assets (and Seller agrees to convey such Purchased Assets to each such designee).

(j) Further Assurances. Seller and Purchaser shall provide to the other such further assurances as may reasonably be required hereunder to effectuate the purposes of this Agreement and, without limiting the foregoing, shall execute and deliver such affidavits, certificates and other instruments as may be so required hereunder so long as the same shall not materially increase the liability of the party so executing and delivering said instrument.

(k) Severability. If any term or provision of this Agreement shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby, but each term and provision shall be valid and be enforced to the fullest extent permitted by law.

(l) Usage. All nouns and pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons, firm or firms, corporation or corporations, entity or entities or any other thing or things may require, "any" shall mean "any and all"; "or" shall mean "and/or", and "including" shall mean "including without limitation". The singular includes the plural and the plural includes the singular, except where the context would plainly require a different meaning. In the event of any dispute or ambiguity whether "Seller" refers to one or more than one of the entities that comprise Seller, or whether "Facilities" refers to all of fewer than all of the business that comprise the Facilities, or "Real Properties" refers to all or fewer than all of the properties that comprise the Real Properties, or "Purchased Assets" refers to all or less than all of the assets that comprise the Purchased Assets, or in the event of any similar dispute or ambiguity, such dispute or ambiguity shall be resolved in favor of the interpretation preferred by Purchaser.

(m) No Strict Construction. The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any of the parties hereto.

(n) Calculation of Time Periods. Unless otherwise specified, in computing any period of time described herein, the day of the act or event on which the designated period of

time begins to run shall not be included and the last day of the period so computed shall be included, unless such last day is a Saturday, Sunday, or legal holiday, in which event the period shall run until the next day which is not a Saturday, Sunday, or a legal holiday.

(o) Exhibits and Schedules. If any Exhibits or Schedules are not attached hereto, the parties hereto agree to attach such Exhibits and Schedules as soon as reasonably practicable. The parties hereto agree that the party charged with providing an Exhibit or Schedule to this Agreement shall, to the extent necessary after delivery thereof, amend and/or supplement all Exhibits and Schedules in order for the same to be current, true and correct as of the Closing Date.

(p) Third Party Beneficiary. Nothing in this Agreement express or implied is intended to and shall not be construed to confer upon or create in any person (other than the parties hereto) any rights or remedies under or by reason of this Agreement, including without limitation, any right to enforce this Agreement.

(q) Joint and Several Liability. To the extent that "Seller" or "Purchaser" consists of more than one person or entity, the obligations and liabilities of each such person or entity constituting "Seller" or "Purchaser" shall in all cases be both joint and several.

(r) No Original Signatures Required. Executed copies or counterparts of this Agreement transmitted by facsimile or e-mail shall be deemed to be effectively delivered for all purposes.

(s) Survival. Notwithstanding anything to the contrary contained herein, the representations, warranties, covenants and agreements contained herein shall survive the Closing.

[Signatures on next page]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be signed as of the day and year first above written.

**SELLER**

TCR III, INC.,  
a Virginia corporation

By: \_\_\_\_\_  
Charles V. Rice  
President

**SELLER**

TCR IV, INC.,  
a Virginia corporation

By: \_\_\_\_\_  
Charles V. Rice  
President

**SELLER**

TCR V, INC.,  
a Virginia corporation

By: \_\_\_\_\_  
Charles V. Rice  
President

**SELLER**

AMERICA HOUSE ASSISTED LIVING OF FRONT ROYAL, LLC

By: America House Assisted Living, LLC  
Its Manager

By: \_\_\_\_\_  
Charles V. Rice  
Its Manager

**PURCHASER**

VS VIRGINIA, LLC

By: \_\_\_\_\_  
Its Manager

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

## **INDEMNITORS**

TCR I, Inc., and Charles V. Rice, individually, are signing this Agreement for the purpose of agreeing to their indemnification obligation contained in Section 12(b), and further to evidence their agreement to sign the Non-Competition and Non-Solicitation Agreement pursuant to Section 18.

TCR I, INC.,  
a Virginia corporation

By: \_\_\_\_\_  
Charles V. Rice  
Its President

\_\_\_\_\_  
CHARLES V. RICE  
Individually



**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF VIRGINIA  
Alexandria Division**

**In re: TCR III, INC., et al.,**

**Debtors.**

**Case No. 15-14162-BFK  
Chapter 11  
(Jointly Administered)<sup>7</sup>**

**ORDER**

This matter is before the Court on the *Debtors' Motion for Order Approving Agreement to Sell Substantially all Assets by Private Sale pursuant to 11 U.S.C. § 363* (the "Motion").

Upon further consideration,

**IT IS ORDERED** that the Motion is GRANTED;

**IT IS ORDERED** that the *Real Estate and Asset Purchase and Sale Agreement*, dated November \_\_, 2016, by and among TCR III, Inc., TCR IV, Inc., TCR V, Inc., and America House Assisted Living of Front Royal, L.L.C., each a Virginia corporation (collectively and individual "Seller" and/or "Sellers"), and VS Virginia, LLC ("Purchaser"), a Delaware limited liability company and an affiliate of TC10 Grantor Trust and TS Cambridge Grantor Trust, is APPROVED;

**IT IS ORDERED** that the Debtors are authorized to sell to the Purchaser certain real property more specifically described in Exhibit 1 and substantially all personal property (collectively the "Property");

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<sup>7</sup> Debtors are jointly administered pursuant to *Order to Jointly Administer Cases* entered Jan. 8, 2016 (doc. # 48).

**IT IS ORDERED** that the sale of the Property shall be free and clear of all liens, claims, encumbrances, and interests, with such liens, claims, encumbrances, and interests to attach to net sale proceeds and subject to further order of this Court.

ENTERED:

\_\_\_\_\_  
UNITED STATES BANKRUPTCY COURT

ENTERED ON DOCKET:

For this we ask:

/s/ John C. Smith

Roy M. Terry, Jr., VSB No. 17764

John C. Smith, VSB No. 44556

SANDS ANDERSON PC

PO Box 1998

Richmond, VA 23218-1998

Phone: (804) 648-1636

Email: rterry@sandsanderson.com

Email: jsmith@sandsanderson.com

*Counsel for Roy M. Terry, Jr., Chapter 7 Trustee*

\_\_\_\_\_ with permission based on \_\_\_/\_\_\_/16 email

Donald F. King (VSB No. 23125)

Alexander M. Laughlin (VSB No. 25237)

ODIN FELDMAN & PITTLEMAN PC

1775 Wiehle Avenue, Suite 400

Reston, Virginia 20190

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email: DonKing@ofplaw.com

email: Alex.Laughlin@ofplaw.com

*Counsel to [VS Virginia, LLC]*

*Counsel to TC10 Grantor Trust*

*Counsel to TS Cambridge Grantor Trust*

Seen and no objection:

\_\_\_\_\_  
Madeline A. Trainor (VSB No. 18531)  
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510 King Street, Suite 301  
Alexandria, Virginia 22314  
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Fax: 703-684-5109  
email: mtrainor@rpb-law.com  
Counsel for TCR I, Inc.

Seen and no objection:

\_\_\_\_\_ with permission based on \_\_\_/\_\_\_/16 email  
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*Counsel for U.S. Trustee*

Seen and no objection:

\_\_\_\_\_ with permission based on \_\_\_/\_\_\_/16 email  
Arthur E. Peabody, Jr., VSB # 48021  
Arthur E. Peabody Jr. PLLC  
600 Cameron Street  
Alexandria VA 22314  
ph: 703.798.1002  
email: arthurpeabody@mindspring.com  
*Patient Care Ombudsman*

**LOCAL BANKRUPTCY RULE 9022-1(C)(2) CERTIFICATION**

I hereby certify that on November \_\_, 2016, a true copy of the foregoing proposed Order was served on all necessary parties by electronic means and/or mailed first class mail, postage fully prepaid.

/s/ John C. Smith

## EXHIBIT 1

TCR III, Inc.: the Manassas facility commonly known as 10140 Hastings Drive, Manassas, Virginia, 20110.

All that certain lot or parcel of land situated, lying and being in the City of Manassas, Prince William County, Manassas, Virginia, and more particularly described as follows:

Beginning at an iron pipe found in the Northerly right-of-way line of Cloverhill Road, said iron pipe being in the line of Manassas Ice and Fuel Company, (Deed Book 1130, Page 403); thence departing Cloverhill Road and running along the line of Manassas Ice and Fuel Company, N 68 degrees 29' 04" W - 222.78 feet to an iron pipe found marking a corner to Bedford, (Deed Book 1388, Page 1945); thence departing Manassas Ice and Fuel Company and running along the line of Bedford, N 23 degrees 21' 38" W - 160.66 feet to an iron pipe found in the southerly right-of-way line of Hastings Drive; thence departing Bedford and running along said right-of-way line N 75 degrees 16' 40" E - 103.00 feet to an iron pipe found; thence along the arc of a curve to the right having a radius of 302.95 feet, a delta of 66 degrees 17' 38", a chord of S 71 degrees 34' 31" E - 331.30 feet, an arc distance of 350.53 feet to an iron pipe found; thence S 38 degrees 25' 32" E - 4.16 feet to an iron pipe found; thence along the arc of a curve to the right having a radius of 25.00 feet, a delta of 90 degrees 00' 00", a chord of S 06 degrees 34' 18" W - 35.36 feet, an arc distance of 39.27 feet to an iron pipe found in the aforementioned Northerly right-of-way line of Cloverhill Road; thence running along said right-of-way line S 51 degrees 34' 18" W - 180.64 feet to the point of beginning and containing 72,750 square feet or 1.6701 acres of ground and designated as Lot 1 as shown on a subdivision plat recorded in Deed Book 2511 Page 1849, together with an easement for water lines and sanitary sewer described in an Easement Agreement recorded in Deed Book 2714 Page 300.

TCR IV, Inc.: the Orange facility commonly known as 680 University Lane, Orange, Virginia 22960.

Land situated, lying and being in the City of Orange, Orange County, Virginia, and more particularly described as follows:

Commencing at an iron rod found at the northeast corner of revised Lot 2 shown hereon, and the southeast corner of Radney Road, said iron rod found also being on the western line of the right-of-way of U.S. Route 15.

Thence South 76 degrees 09 minutes 35 seconds West, a distance of 481.66 feet to an iron rod set at the point of beginning, said iron rod set being a corner to Lot 2A shown hereon and revised Lot 2, and also being a point on the southern line of Radney Road.

Thence with a new line of Lot 2A and revised Lot 2 and along the centerline of University Lane, a 50 foot private access easement the following three courses:

- 1) South 06 degrees 38 minutes 22 seconds East, a distance of 407.72 feet to a corner;
- 2) Along a curve to the right with a radius of 60 feet, having a delta angle of 26 degrees 36 minutes 55 seconds and an arc length of 27.87 feet to a corner;
- 3) Along a curve to the left with a radius of 60 feet, having a delta angle of 19 degrees 15 minutes 04 seconds and an arc length of 20.16 feet to an iron rod set;

Thence leaving the center line of University Lane and with a new line of Lot 2A and revised Lot 2 South 87 degrees 09 minutes 58 seconds West, a distance of 256.38 feet to an iron rod set at a corner to Lot 2A and revised Lot 2, said corner also being on the eastern line of lands now or formerly of Carl E., Jr. and Barbara K. Owens and Richard P., Jr. and Martha B. Harris.

Thence leaving revised Lot 2 and with Lot 2A and the said lands of Carl E., Jr. and Barbara K. Owens and Richard P., Jr. and Martha B. Harris, North 02 degrees 21 minutes 59 seconds West, a distance of 407.88 feet to an iron rod set on the southern line of lands now or formerly of Carl E. Owens, Jr., also on the southern line of a 50' ingress/egress easement recorded in D.B. 580, page 236 in the Clerk's Office of the Circuit Court of the County of Orange, Virginia, and running with the land described herein.

Thence leaving said lands of Carl E., Jr. and Barbara K. Owens and Richard P., Jr. and Martha B. Harris, and with said lands of Carl E. Owens, Jr. and along the southern line of said 50' ingress/egress easement and the southern line of Radney Road North 76 degrees 09 minutes 35 seconds East, a distance of 239.54 feet to the point of beginning, containing 2.492 acres, more or less.

TCR V, Inc.: the Stephens City facility commonly known as 110 Spanish Oak Road, Stephens City, Virginia 22665.

Land situated, lying and being in Stephens City, Frederick County, Virginia, and more particularly described as follows:

Parcel "A", containing 4.2889 acres, more or less as shown on Final Subdivision Plat of a portion of the Land of JASBO, Inc., prepared by Greenway Engineering, dated September 22, 1998; revised November 10, 1998 and recorded in Deed Book 949, page 771.

And further described by metes and bounds as follows:

Beginning at a 1/2" iron rebar set in the south right-of-way line of State Route 642 (Tasker Road), said point being a corner to lot 12 of Frederick Woods, Section One and

being located N33°01'29" E. - 20.49' from a 1/2" iron rebar found, and being also located approximately 1320' west of Lynn Road in the Opequon District of Frederick County, Virginia, thence with said right-of-way

252.44' along the arc of a curve to the right having a radius of 960.00' and a chord bearing S25°53'04"E - 251.72' to a 5/8" iron rebar found; thence

247.15' along the arc of a curve to the left having a radius of 875.00' and a chord bearing S26°26'36" E - 246.33' to a 5/8" iron rebar found; thence

59.77' along the arc of a curve to the right having a radius of 40.00' and a chord bearing S08°16'16" W - 54.36' to a 5/8" iron rebar found in the north right-of-way line of Spanish Oak Road (unimproved); thence with said right-of-way

S51°04'38"W - 10.00' to a 5/8" iron rebar found; thence

S43°42'40"W - 68.95' to a point; thence

186.76' along the arc of a curve to the left having a radius of 223.00' and a chord bearing S19°43'07"W - 181.35' to a 1/2" iron rebar set; thence leaving said right-of-way and through the land of Jasbo Inc. the following two courses and distances:

N86°30'56"W - 178.19' to a 1/2" iron rebar set; thence

N21°34'22"W - 394.22' to a 1/2" iron rebar set in the line of lot 8 of Frederick Woods, Section One, said point being located N33°01'29" E - 1646.14' from a 1/2" iron rebar found; thence with said Frederick Woods

N33°01'29"E passing a 1/2" iron rebar found at 397.22', in all 417.71' to the point of beginning containing in all 4.2889 acres.

America House Assisted Living of Front Royal, L.L.C.: the Front Royal facility commonly known as 106 Westminster Drive, Front Royal, Virginia 22630.

All that certain property, lying and being situate in the Town of Front Royal, Warren County, Virginia; to-wit: Lots 1, 2, 3 and 4, Section 6, Phase 2, Block JJ, Williamsburg Estates, as the same is duly dedicated, platted and recorded as instrument number 950004885, among the land records of Warren County, Virginia.

**PARTIES TO RECEIVE COPIES:**

Charles V. Rice  
400A Kendrick Lane  
Front Royal, VA 22630  
*Debtor Designee*

Roy M. Terry, Jr., Esquire  
SANDS ANDERSON PC  
P.O. Box 1998  
Richmond, VA 23218-1998  
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