



## ATTACHMENT TO NOTICE OF SALE OF ESTATE PROPERTY

### SUMMARY OF FACTS

On March 25, 2002, Parkview Community Hospital Medical Center, the debtor and debtor-in-possession herein (the "Debtor") commenced its case by filing a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). The Debtor is Riverside, California's only non-profit community hospital. The Debtor is an independent, acute care hospital that has been serving the medical needs of the people of Riverside for more than 40 years. Since the commencement of the case, the Debtor has continued in the operation of its business pursuant to 11 U.S.C. §§ 1107 and 1108.

The Court will hold a hearing on December 13, 2002 at 9:00 a.m. on the Debtor's Motion for order approving the sale (the "Sale") of the medical office building located at 9041 Magnolia Avenue, Riverside, California (the "Property") to J.L. Management Company (the "Buyer") for \$3,600,000 (the "Purchase Price"), pursuant to the Asset Purchase Agreement (the "Agreement").

The Property is encumbered by a first priority lien securing a note in favor of Owens Mortgage Investment Fund with a payoff balance of approximately \$2,650,000.00 as of November 21, 2002. This note will be paid in full from the proceeds of the Sale. The Property is also encumbered by a second priority lien securing a note in favor of the City of Riverside with a payoff balance of approximately \$1,700,000.00 as of November 21, 2002. Just as with the prior sale of the Property to Stratus, the City of Riverside, has indicated that it again consents to release of its security interest in the Property to allow the Debtor to use the proceeds of the Sale in its operations. With payment of the Owens note and 4% of the sale price of the Property for the brokerage commission described below, the Debtor will net approximately \$806,000.00 from the Sale of the Property.

### TERMS OF THE PROPOSED SALE

The terms of the proposed sale are set forth in the Agreement. The salient terms of the Agreement are as follows.

#### **a. The Terms of the Proposed Sale to the Buyer**

- i. Purchase of the Property.** At the consummation of the purchase, the Buyer shall acquire title to the Property together with all improvements, as well as all easements and appurtenances.
- ii. Consideration.** Pursuant to the Agreement, the total consideration to be given for the above stated assets of the estate shall be \$3,600,000, to be tendered to the Debtor at the consummation of the purchase.

**b. Overbid Procedures and Topping Fee Sought to be Approved by the Court**

In connection with the transaction contemplated by the Agreement, the Debtor requests that the Court approve the following overbid procedures:

(a) Overbids are subject to the review, discretion and business judgment of the Debtor.

(b) Any Competing Proposal must at a minimum (a) provide for a purchase price consideration for the Property of at least One Hundred Ten Thousand Dollars (\$110,000) over the Purchase Price, all cash, (b) be set forth in a written agreement containing terms and conditions that are at least as favorable to the Debtor as those set forth in the Agreement attached as an Exhibit "1" to this Sale Motion, (c) be made by a person financially qualified in the Debtor's opinion to consummate the Competing Proposal on a timely basis, (d) be made by a person who has completed its due diligence review of the Property and is satisfied with the results thereof, (e) be made by a person who is obligated to pay a cash deposit in the amount of Two Hundred Fifty Thousand Dollars (\$250,000.00) payable to the Debtor, which deposit shall be non-refundable if the bid is deemed to be the High Bid, as defined in (iii) below, and (f) the Competing Proposal and cash deposit of Two Hundred Fifty Thousand Dollars (\$250,000.00) delivered to counsel for the Debtor, Albert, Weiland & Golden, LLP, no later than Monday, December 9, 2002 at 5:00 p.m. A Competing Proposal that satisfies the foregoing criteria shall be referred to as a "Qualifying Competing Proposal."

(c) At the hearing on the Motion, only the Buyer and any party who has submitted a Qualifying Competing Proposal shall be entitled to bid.

(d) At the hearing on the Motion, the Bankruptcy Court shall decide which of the bids is the highest and best bid, and such bid shall be deemed to be the "High Bid." The bidder whose bid is definitively deemed by the Bankruptcy Court to be the High Bid must pay all amounts reflected in the High Bid in cash at the Closing.

(e) If the Buyer's bid is not the High Bid, then the Buyer shall be entitled to match the High Bid and the Buyer's matching bid shall be deemed to be the High Bid.

(f) Thereafter, bidding will be conducted as ordered by the Bankruptcy Court with the Buyer always entitled to meet and match the other bids, and if the Buyer matches another higher bid, its bid will be declared the successful High Bid.

(g) With the exception of any matching bid by Buyer, any counterbid in the bidding process will be at least Twenty Five Thousand Dollars (\$25,000.00) higher than the prior bid or counterbid.

(h) If the Debtor terminates the Agreement because the Buyer's bid is not the High Bid, then the Buyer shall be delivered a topping fee equal to a minimum of Twenty Five Thousand Dollars (\$25,000.00) and a maximum of One

Hundred Thousand Dollars (\$100,000.00) subject to proof of actual costs of due diligence, which fee shall be paid within five (5) days of the date of such termination and shall be paid solely from the deposit paid by the successful bidder as part of such successful bidder's Qualifying Competing Proposal, without any administrative liability therefor to the estate. For purposes hereof, the topping fee payable to the Buyer shall be credited to the bidder as part of its bid.

(i) The "High Bid" must close escrow on the sale of the Property pursuant to the terms of the Agreement, and by no later than December 30, 2002.