

ADDENDUM F



April 10, 2006

Mr. Rick Reeder
Ms. Amber Ragghanti
Grubb & Ellis|BRE Commercial
705 Palomar Airport Road, Suite 100
Carlsbad, CA 92011

**RE: COUNTER LETTER OF INTENT TO PURCHASE
2227 Enterprise, Escondido, CA 92029**

Dear Rick & Amber:

We are pleased to submit this non-binding Counter Letter of Intent under the following general terms and conditions to Palomar Pomerado Hospital or Assignee ("Buyer"), for the purchase of the property known as 2227 Enterprise, Escondido, California,

1. **PROPERTY TO BE PURCHASED:** The property to be purchased consists of an approximate 19,401 square foot building (the "Property"); exact legal description to be provided in escrow.
2. **LEASE SPACE DURING ESCROW:** Buyer shall have rights to the use of approximately 9,705 s.f. or warehouse space (including an approximately 6,940 square foot first floor and approximately 2,760.5 square feet of mezzanine) during the escrow period with occupancy required within seven (7) days of a mutually acceptable Letter of Intent. The temporary leased space shall be utilized for mock up needs for the design of the new Hospital within the ERTC. The lease rate for the warehouse shall be calculated \$.75 NNN/sf/month to be deducted from the deposit and shall be applicable to the purchase price. Escrow shall close on or before June 15, 2006. If escrow extends past June 15, 2006, all additional rent paid until the close of escrow shall be non-applicable to the purchase price and shall be paid to Tenant on a monthly basis outside of escrow. The term of this lease shall run concurrent with the term of this escrow, except that in no event shall the term exceed 6 months from the opening of escrow. In the event Buyer proceeds with closing escrow, at COE Buyer and Seller shall total the amount of Rent Paid on the original leased premises (approx. one-half of the building) and apply the amount paid prior to June 15, 2006 to the purchase price. All rent paid after June 15, 2006, shall be non-refundable and non-applicable to the purchase price. Buyer, upon removal of contingencies shall have the right to give 30 day written notice to the adjacent tenant in the building to vacate and shall be entitled to use the entire square footage at \$.75 per square foot until the close of escrow which shall be no later than June 15, 2006. This additional rental payment shall be non-applicable to the purchase price.
3. **PURCHASE PRICE:** Two Million Nine Hundred Sixty-Eight Thousand Three Hundred Fifty Three and 00/100 Dollars (\$2,968,353.00) (the "Purchase Price"), payable as set forth below:
 - a. Buyer shall deposit Fifty Thousand and 00/100 Dollars (\$50,000.00) into an interest-bearing escrow account, such deposit to be made upon Buyer and Seller executing and delivering a definitive purchase agreement (the "Initial Deposit"). Such escrow account shall be established and controlled by Chicago Title Company. The sum of Fifty

Thousand and 00/100 Dollars (\$50,000.00) shall become non-refundable upon receipt of occupancy and shall become "Prepaid Rent" under the lease scenario described in paragraph #2. If Buyer closes escrow this Fifty Thousand and 00/100 Dollar (\$50,000.00) "Prepaid Rent" shall be applicable to the purchase price.

- b. At such time that contingencies have been waived by Buyer per Paragraph 5 below, Buyer shall deposit an additional Fifty Thousand and 00/100 Dollars (\$50,000.00) into escrow, making a total deposit of One Hundred Thousand and 00/100 Dollars (\$100,000.00) (the "Total Deposit"). This Total Deposit shall become liquidated damages and become nonrefundable if escrow does not close due to the non-performance of Buyer. The Total Deposit shall be refundable to Buyer if escrow does not close due to Seller's default.
 - c. The balance of the purchase price, less Buyer's Total Deposit (Paragraph 4) shall be deposited with Escrow Agent on or before the date established for the close of escrow.
 - d. Once notice is given to the adjacent Tenant to vacate, Buyer shall become responsible for paying rent on the entire building. If Escrow does not close on or before June 15, 2006, for any reason whatsoever, Buyer shall be obligated to pay the amount of \$14,550 on a NNN basis ($\$.75 \times 19,401 = \$14,550$) until the close of escrow or a period of four (4) additional months whichever is sooner. These additional rental payments shall be non-fundable and non-applicable to the Purchase Price.
4. **BUILDING IMPROVEMENT ALLOWANCE:** Seller shall not provide a Tenant Improvement Allowance.
 5. **FEASIBILITY REVIEW PERIOD:** Buyer shall have Thirty (30) days from the date of the execution of a Purchase and Sale Contract (the "Feasibility Review Period") to conduct its studies, surveys, appraisals, and investigations regarding the Property, which matters shall be determined by Buyer in its sole and absolute discretion.

In the event that Buyer is not, in its sole and absolute discretion, fully satisfied with the Property upon the expiration of the Feasibility Review Period, Buyer shall have the right to terminate the definitive purchase agreement by notice to Seller within three (3) days of the expiration of the Feasibility Review Period, whereupon the Initial Deposit shall be returned to Buyer less any applicable rent payment offset pursuant to Section 2.

6. **RESPONSIBILITIES OF SELLER:** Within five (5) days of the date that the Initial Deposit is delivered to Escrow Agent, Seller shall deliver to Buyer copies of the following (to the extent Seller has this information in Seller's possession):
 - a. A current legal description of the Property.
 - b. A current Preliminary CLTA Extended Coverage Title Report prepared by a title insurer designated by Buyer along with underlying documents referenced or described therein.
 - c. All plans, drawings, tenant improvement as-built plans and specifications relating to the improvements, any soils reports, engineering and architectural studies, grading plans, topographical maps, and any similar data for the Property, if available.
 - d. A list and complete copies of all licenses, permits, maps, certificates of occupancy, building inspection approvals, and covenants, conditions, and restrictions (CC&Rs) for

the Property.

- e. All leases and service contracts relating to the Property.
- f. Year-to-date and three (3) years' prior operating statements.
- g. Not applicable.
- h. A list of any personal property owned or leased by Seller and used in connection with the operation of the Property.
- i. Copies of the property tax bills, utility bills, and similar records for the Property in Seller's possession.
- j. A Phase I environmental report on the Property, if available and in Seller's possession. Any new Phase I Report or updates to the existing Phase I Report, shall be at the sole expense of Buyer.

Additionally, Seller shall cooperate with Buyer with respect to reasonable requests to furnish Buyer with copies of other documents pertaining to the Property but only to the extent that the same are reasonably available to Seller and subject to any confidentiality considerations or requirements or other restrictions on the disclosure of such information.

7. **CLOSE OF ESCROW:** Escrow shall close on or before June 15, 2006.

8. **ALLOCATION OF FEES AND COSTS:** Seller will pay:

- a. All San Diego County documentary transfer taxes;
- b. The fee for a CLTA title insurance policy premium;
- c. One-half (1/2) of Escrow Agent's escrow fee; and
- d. The usual Seller's document drafting and recording charges.

Buyer will pay:

- a. One-half (1/2) of Escrow Agent's escrow fee;
- b. The additional fee for an ALTA title insurance policy; and
- c. The usual Buyer's document drafting and recording charges.

Escrow Agent shall prorate these fees and costs between the parties at the close of escrow.

9. **BROKER:** Seller shall pay a commission to Grubb & Ellis|BRE Commercial equal to 4.663% of the total sale consideration, through escrow at close of escrow.

10. **COMPLIANCE WITH LAWS:** The parties hereto agree to comply with all applicable federal, state, and local laws, regulations, codes, ordinances, and administrative orders having jurisdiction over the parties, the Property, or the subject matter of this document including, but not limited to, the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment in Real Property Tax Act, the Comprehensive Environmental Response Compensation and Liability Act, and the Americans With Disabilities Act.

11. **ACCEPTANCE OF OFFER:** Unless Seller accepts this Letter of Intent by 5:00 p.m. PST, April 11, 2006, it will become null and void.

12. **CONTINGENCY:**

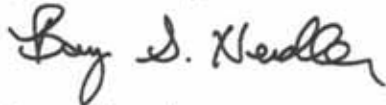
- a. This Letter of Interest is subject to Palomar Pomerado Health Board of Directors review and approval at its next regularly scheduled Finance Committee Meeting and Board Meeting following the completion of the ongoing appraisal of value.

This letter is not intended as and does not constitute a binding agreement by either party, or an agreement by any party to enter into a binding agreement, but is merely intended to specify some of the proposed terms and conditions of the transaction contemplated herein. Neither party may claim any legal rights against the other by reason of the signing of this Letter of Intent or by taking any action in reliance thereon. Each party hereto fully understands that no party shall have any legal obligation to the other or with respect to the proposed transaction unless and until all of the terms and conditions of the proposed transaction have been negotiated and agreed to by all parties and set forth in a definitive purchase agreement which has been signed and delivered by all parties. The only legal obligations which any party shall have shall be those contained in such signed and delivered definitive purchase agreement referred to above.

If the contents of this Letter of Intent meet with Seller's approval and they are willing to proceed with the formal drafting of a purchase agreement, please have the appropriate party indicate acceptance of the foregoing by executing a copy of this letter and returning it to me on or before the expiration date.

Sincerely,

Grubb & Ellis|BRE Commercial



Barry Hendler

The above terms and conditions are hereby acknowledged and agreed to this 13 day of April, 2006.

Buyer: [Signature] / MHCare Seller: [Signature]
 By: Robert Henken / Michael McCard By: owner [Signature]
 Title: SFO / CEO Title: owner

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 Date: 4/11/06 4/11/06