

TPR's Conversion to an Entrance Fee Model

Answers to Questions Received from Members as of January, 2026

[Part 1: Purchase Offer & Strategy](#)

Part 2: Promissory Note, Residence & Care Agreement, Property Taxes, HOA, Financial Matters

Promissory Note & Deed of Trust	3
When will the promissory note be repaid, and what triggers repayment?	3
Management has used the term "resale" in the context of the entrance fee.	
I thought entrance fees units were reoccupied rather than resold. Have I misunderstood?	3
Is the repayment amount I receive based on the future resale price?	3
Since I'm accepting a note in lieu of cash for my condo, isn't this like a loan?	4
Does the note accrue interest?	4
Since BASS doesn't have to repay until resale, what motivation does TPR have to resell?	4
Management describes this as a "secure" promissory note—	
how is it secured if TPR isn't required to repay it until resale?	4
Will the Deed of Trust be recorded?	4
Are there other lienholders and do they have priority?	5
What happens to the promissory note if TPR one day declares bankruptcy?	5
Can I borrow against my entrance fee repayment / promissory note?	5
Residence & Care Agreement	6
What changes between the Membership Services Agreement and Residence & Care Agreement?	6
Are there other changes between the agreements?	6
Will you provide the updated RCA and other legal documents	
in redline format so we can see the changes?	6
Property Taxes	7
Why are we paying property taxes if we no longer own condo?	7
Will we still receive an annual property tax bill from the county?	7
Will the property tax pass-through end when I move out?	8

Can we deduct the property tax expense TPR passes through to us?	8
Will BASS be deducting the property tax even though the member pays it?	8
If BASS is a tax-exempt organization, why will property tax continue after BASS takes ownership of the condo?	8
How long will it take for a tax exemption to be granted?.....	8
Has BASS applied for a property tax exemption before?.....	8
The taxable value of my condo is lower because I had it reassessed. Will selling my condo to BASS increase my property taxes?.....	8
Homeowners Association	9
Will there still be an HOA if we convert?	9
If some people remain owners, will the HOA and Residents' Association work together with equal standing?.....	9
Are you changing the name of the HOA?	9
Financial Matters.....	10
How will TPR fund the conversion?	10
How does URC feel about our borrowing from them?.....	10
Will it be added to our debt?	10
Did we decide to borrow from URC without notifying members?	10
Do we know how much conversion will cost TPR (e.g. for lawyers, etc.)?	10
What is our current financial position?	11
Won't borrowing more and spending down reserves make our financial situation worse?....	11
Will the community share current and audited financial statements?.....	11
What is the community's current financial and risk profile?	11

Promissory Note & Deed of Trust

Key Takeaways

- A converting Member will sell their condo to BASS in exchange for a Residence & Care Agreement and promissory note.
- Converting members are repaid after they move out and a new member occupies the condo.
- In addition to being protected under California law for entrance fee repayments, converting members will have a lien on the property securing their interest in the condo.
- TPR must repay its note in full to retain ownership of the condo.

Member Questions

When will the promissory note be repaid, and what triggers repayment?

Repayment occurs 14 days after you move out and a new member occupies the condo you vacated. Both conditions—move out and re-occupancy of the condo by a new member—must be met before repayment occurs.

This timing and mechanism are identical to TPR's entrance fee contract, and most other entrance fee contracts in the industry. The timing also matches the current Membership Agreement where Members receive resale proceeds only after selling their condo to a new member.

Management has used the term “resale” in the context of the entrance fee.

I thought entrance fees units were reoccupied rather than resold.

Have I misunderstood?

BASS-owned condos aren't resold, they are reoccupied (title remains with BASS). When management describes a new entrance fee “sale” it means that a prospect has agreed to pay an entrance fee and move to the community.

Is the repayment amount I receive based on the future resale price?

No, the future resale price won't affect the repayment amount you receive. If BASS owes you \$450,000 you will receive that amount in full even if the condo is reoccupied for less than \$450,000.

Since I'm accepting a note in lieu of cash for my condo, isn't this like a loan?

The note should be thought of as a legal mechanism to convert the value of your condo into your entrance fee rather than a loan. You will continue to live in your home, and, unlike a typical borrower, BASS does not financially benefit from the condo while you live there. The note simply records the amount of your condo's value that will be applied to your entrance fee in the Residence & Care Agreement.

Does the note accrue interest?

Yes, but not while you are living at the community. After you move out, your entrance fee repayment begins to accrue interest if it takes TPR more than six months to repay you. If repayment is delayed beyond six months, the annual interest rate increases at the following thresholds:

- More than 180 days: simple interest at 4%
- More than 240 days: simple interest at 6%
- More than 605 days: compound interest at 6%

This schedule will be reflected in the final version of the promissory note.

Since BASS doesn't have to repay until resale, what motivation does TPR have to resell?

We are highly motivated to resell because our post-conversion business model depends on bringing in new entrance fees and maintaining high occupancy. TPR also benefits from making repayments before accruing interest expense.

Management describes this as a "secure" promissory note—how is it secured if TPR isn't required to repay it until resale?

Your note will be protected by a recorded lien (Deed of Trust) on the property that stays in place until you receive payment in full. This lien gives you a claim against the property if TPR fails to uphold the terms of the agreement. A typical entrance fee community does not have this protection in place.

Will the Deed of Trust be recorded?

Yes.

Are there other lienholders and do they have priority?

TPR has existing bonds that are secured by a first-priority lien on the TPR and University Retirement (URC) facilities. Because that lien was recorded first, those bondholders are first in line to be repaid from the facilities and revenues in the unlikely event of default (given TPR's inclusion in an obligated group with University Retirement Community, a highly occupied and financially strong organization).

What happens to the promissory note if TPR one day declares bankruptcy?

Because TPR operates within an obligated group that includes University Retirement Community, a bankruptcy scenario is remote. In addition, PRS is a co-holder (with BASS) of TPR's certificate of authority from the California Department of Social Services, and would be required to fulfill the financial commitments in your Residence & Care Agreement if TPR could not.

However, in the unlikely event BASS declared bankruptcy in the future, your recorded lien would remain attached to the property, continuing to secure your promissory note throughout the process.

Can I borrow against my entrance fee repayment / promissory note?

If you experience financial hardship through no fault of your own (i.e., you outlive your financial resources) and are unable to pay your monthly fees in full, you can draw from your entrance fee repayment to cover the shortfall. You are not otherwise able to borrow against your entrance fee repayment.

Residence & Care Agreement

Key Takeaways

- Converting members will move from a Membership Services Agreement to a Residence & Care Agreement.
- There are no changes in the scope or price of services offered.
- Management is in the progress of updating the draft RCA and will provide a summary of all changes when complete.

Member Questions

What changes between the Membership Services Agreement and Residence & Care Agreement?

For converting members, the Membership Agreement will be replaced by the Residence & Care Agreement (RCA). There are no changes in the scope or price of services offered. All of the significant changes between the agreements concern the changeover from condo ownership to an entrance fee model.

Are there other changes between the agreements?

The most significant changes are in the language describing the move-over from the equity arrangement to the entrance fee arrangement. However, there are other changes that were made in 2023 when TPR first began offering entrance fee contracts.

We are working on an updated version of the RCA for converting Members that restores certain language or, in the instances where current statutes or community policy require changes, will provide Members with an explanation for any differences between the contracts.

Note that there have been nine versions of the Membership Agreement over the years and it is possible that your version includes language that differs from the current Membership Agreement on which the RCA is based. [The current version of TPR's Membership Agreement can be found here for reference.](#)

Will you provide the updated RCA and other legal documents in redline format so we can see the changes?

Yes.

Property Taxes

Key Takeaways

- Entrance fee members have an exclusive contractual right to occupy a specific condo.
- Members pay the taxes associated with parcel they have the exclusive enjoyment of.
- For entrance fee occupants, property taxes will be a pass-through expense from BASS.

Member Questions

Why are we paying property taxes if we no longer own condo?

The Residence & Care Agreement gives Members an exclusive right to occupy their condo. Since they are the exclusive occupant, they are responsible for the unique taxes associated with the space they alone are enjoying.

Electric bills for converting members are handled the same way. The occupant consumes the electricity, not TPR or other members. They remain responsible for their specific usage even after title changes hands.

Will we still receive an annual property tax bill from the county?

No. BASS will receive the bill and pass it through to you as the occupant. The itemized charge might be called something like Municipal Assessment Pass-Through.

The alternative to the pass-through approach is the one we use with water consumption. Water is an operating expense that all members pay for equally in their monthly fee, regardless of their actual use. Members don't see an itemized water bill, but they pay for water nonetheless.

Management wants to take the least disruptive path, which is to keep the monthly amount you pay today the same post-conversion. Bundling property taxes or electricity costs into the monthly fee as we do with water will increase everyone's monthly rates and result in single occupants of smaller condos paying costs associated with larger condos occupied by two people.

After the initial transition, we will revisit this approach, especially if TPR's nonprofit status allows to secure a property tax exemption.

Will the property tax pass-through end when I move out?

Yes. Monthly fee and condo-specific costs (property tax, electricity, refurbishment expense) for non-equity owners end after you move out and make the condo available to BASS. You are no longer the exclusive user at that point and therefore not responsible for the costs. Equity owners continue to pay monthly fees and condo-specific costs until they transfer their membership.

Can we deduct the property tax expense TPR passes through to us?

IRS rules don't allow property-tax pass-throughs to be deducted. How you handle your taxes is a personal decision, so you may wish to check with your tax advisor.

Will BASS be deducting the property tax even though the member pays it?

No. BASS is exempt from income taxes as a 501c3.

If BASS is a tax-exempt organization, why will property tax continue after BASS takes ownership of the condo?

We will apply for a property tax exemption upon taking ownership of the condo. If granted, the "Municipal Assessment Pass-Through" would go away.

How long will it take for a tax exemption to be granted?

It could take two years or more for the county to approve or deny our application.

Has BASS applied for a property tax exemption before?

Yes. The process took around two years.

The taxable value of my condo is lower because I transferred my previous home's tax assessment to it / had it reassessed. Will selling my condo to BASS increase my property taxes?

Our property tax exemption process should supersede reassessment, but we won't know the answer until the after the transition occurs. If your current property tax bill is based an assessed value that is well below what BASS will pay for your condo and you are concerned about your property taxes increasing, please contact administration so we can discuss your specific situation.

Homeowners Association

Key Takeaways

- Converting residents will no longer be members of the HOA.
- All residents remain members of the Resident Association.
- The Resident Association the primary channel for resident voice and community influence.
- The HOA will remain in place for equity owners.

Member Questions

Will there still be an HOA if we convert?

There will be an HOA for as long as there are equity owners remaining at the community. Converting residents will no longer be members of the HOA.

If some people remain owners, will the HOA and Residents' Association work together with equal standing?

The HOA and the Residents' Association are not equal bodies today. They exist for different reasons, under different legal authorities, and with very different scopes.

- The resident association is required by the continuing care statute. It advises regarding resident services, programs, dining, activities, financial matters, and overall quality of life. It is the primary channel for resident voice.
- The HOA, by contrast, manages common property (residential hallways), and enforces standards and assessments related to that property. Its role in day-to-day resident life is minimal and primarily tied to real-estate governance.

As residents convert, they will no longer be members of or participate in the HOA. They will, however, remain members of the resident association.

During the transition—and for as long as equity owners remain—TPR will work with both the Resident Council and the HOA Board of Directors to ensure resident preferences are reflected in community decision-making.

Are you changing the name of the HOA?

No.

Financial Matters

Key Takeaways

- TPR is part of an obligated group with another PRS community, University Retirement Community in Davis, California. Under this structure both communities share each other's debt obligations.
- To execute the conversion plan, TPR is borrowing funds from URC.
- Though TPR's financial reserves are low, the obligated group's capacity to pay its financial commitment is adequate and overall default risk is low.

Member Questions

How will TPR fund the conversion?

TPR secured a line of credit from another PRS community, University Retirement Community, to finance the purchase of seller-listed condos and renovations.

How does URC feel about our borrowing from them?

Their local board of directors supports our conversion plan. TPR and URC are mutually responsible for each other's debt as part of structure known as an obligated group. As a result, URC has a vested financial interest in TPR's success.

Will it be added to our debt?

The conversion plan increases TPR's short-term debt; however, because we borrowed from URC rather than an outside lender, the total amount of debt the obligated group is responsible for did not increase.

Did we decide to borrow from URC without notifying members?

Members have been notified.

Do we know how much conversion will cost TPR (e.g. for lawyers, etc.)?

Management provided conversion cost estimates to the board. The costs to purchase and renovate seller-listed condos and renovations are the largest expense. Legal and other costs associated with executing the conversion are relatively low, and likely will be paid from TPR's cash reserves rather than borrowed.

What is our current financial position?

As of the period ending December 31, 2025, TPR’s cash and investment balance totaled \$3.5M—enough to cover about 70 days of normal operations.

Our line of credit with URC gives us access to another \$5M of liquidity to execute the conversion plan, including condo renovations.

Won’t borrowing more and spending down reserves make our financial situation worse?

The alternative to borrowing to purchase seller-listed condos was allowing them to be resold by sellers for far below market value, depriving TPR of much-needed transfer fee revenue. Purchasing seller-listed condos puts TPR on a better financial trajectory, despite the increase in short term debt.

Will the community share current and audited financial statements?

Hard copies of our audit and current financial statements are available to Members in the library. We can provide them to Members digitally upon request.

What is the community’s current financial and risk profile?

TPR’s debt obligations are shared by University Retirement Community. The obligated group has an investment-grade credit rating from Fitch of BBB+ with a stable outlook. This means that “expectations of default risk are currently low” and “the capacity for payment of financial commitments is considered adequate.”