

TPR's Conversion to an Entrance Fee Model

Answers to Questions Received from Members as of January, 2026

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Post-Conversion

Member Questions

Management has said that my monthly fee will not go up if I choose to convert. Does that mean it will stay the same for as long as I live at the community?

Your monthly fee will not change as a direct result of converting. What you pay today under the Membership Agreement is the same as what you would pay under the Residence & Care Agreement. Your monthly fee will still increase each year as part of our annual budget process, no matter which contract you have.

If we agree to convert, will ongoing fee increases be smaller?

Equity-owners and Residence & Care Agreement residents will be on the same fee schedule and will receive the same annual increases.

For the community overall, the conversion plan improves TPR's financial situation and may, as a result, decrease the rate of monthly fee increases compared to if the community stayed exclusively under the equity model.

If I move to assisted living, do I continue to pay my independent living fee?

Under the entrance fee contract, your independent living monthly fee obligation ends when you move out. If you transfer to assisted living, your IL fee would stop and you would begin paying for your assisted living studio and services.

Under the equity contract, Members continue to pay their IL monthly fee until they sell their condo. This can result in Members paying two monthly fees after they transfer to assisted living, sometimes for an extended period if they are unable to sell their condo.

Does my Membership Agreement terminate if I convert to the Residence & Care Agreement?

Yes. The Membership Agreement terminates and is replaced by the Residence & Care Agreement upon conversion.

From a legal perspective, will residents who sell their units to TPR be considered tenants?

No. The Residence & Care Agreement does not create a tenant-occupant relationship. Instead, residents are licensees occupying the space in order to receive services from TPR.

Will you renovate my apartment after you purchase it from me?

No. TPR will not renovate apartments until they are vacated. Residents are able to renovate their apartment at their expense, just as they do today.

Will TPR continue to maintain or, if needed, replace appliances, emergency equipment, and other physical aspects of my apartment?

Yes. TPR will continue to be responsible for the upkeep of appliances (e.g., dishwasher, range, refrigerator), emergency equipment (e.g., pull cords, sensors, sprinklers), and structural or building-covered components such as windows, doors, balcony elements, in-wall plumbing, and heat pumps/thermostats. Cosmetic finishes and aging interiors are not replaced or updated by TPR until after a Member moves out.

Would I convert my homeowner's insurance to rental insurance?

Converting Members will no longer need insurance to cover the physical structure, since the condo itself is the responsibility of TPR. Members can obtain insurance to cover their personal possessions in the apartment or to protect themselves from liability for individuals who are injured while in the unit due to the Member's fault.

Will we still get the annual letter from TPR regarding the pre-paid medical expense tax deduction?

Yes. All TPR Members live at the community under a Continuing Care Contract. Each year TPR provides a letter that residents may share with their tax advisors to determine whether any portion of their fees qualifies as a pre-paid medical expense.

Will there be an option to opt-in at a later date?

No. Conversion will be a one-time option for current equity owners.

Organizational Matters

Member Questions

Are you a fiduciary?

Our board members and senior leaders have fiduciary duties. There are owed to the organization itself to ensure it is well-run, financially sound, and operating according to its mission.

The relationship between TPR and residents is legally a service provider-consumer relationship, not a fiduciary one. That said, residents have many important rights, and TPR must meet strict standards in areas such as safety, care quality, privacy, financial practices, and ethical conduct.

TPR's real estate agents have a fiduciary duty to sellers under our listing agreements.

Who owns the building?

The building is presently divided into Parcel A (the Infrastructure Parcel) and Parcel B (the Residential Parcel). BASS owns Parcel A, which consists of all of the common areas and mechanical systems except for the residential hallways. The members own Parcel B, which consists of their units (owned individually) and the residential hallways (owned in undivided common interest). Converting members will no longer have an ownership interest in Parcel B. If TPR purchases all Member apartments, it will own the entire building.

General

Member Questions

Why should I consider converting?

Part of moving to a continuing care community like TPR is having a plan in place for the future. The Residence & Care Agreement offers more predictability than the Membership Agreement because it provides a defined repayment amount and stops monthly fees once you move out. This means the return of your initial investment is known in advance and protected from future market conditions.

The conversion plan also strengthens TPR's financial stability which allows the organization to maintain reasonable fee increases and build reserves for building improvements. This is because the entrance fee structure lets TPR control pricing for new residents, avoiding the below-market resale prices that have recently occurred under the equity model.

Finally, it's important to consider the current vacancy landscape at TPR. There are more than 30 apartments vacant today, and it will likely take at least three years for that number to decline below ten. For the approximately 45–60 current Members who will transition to higher levels of care or pass away during this time, the entrance fee option is likely a much stronger financial decision than remaining on the equity plan, because it eliminates the risk of years of ongoing monthly fees during long resale wait times.

Do other PRS properties have to pay property tax?

Most of PRS's communities are assessed some form of property tax by their local municipality. These taxes are passed on to residents as part of the resident's bundled monthly fee or allocated to residents based on their apartment's square footage, depending on local resident preference.

Do other PRS properties have to pay HOA fees?

TPR is PRS's only community with an HOA, and thus the only community with HOA fees.

Do residents of other PRS communities qualify for a pre-paid medical expense deduction after paying an entrance fee?

Yes. Residents of continuing care communities generally qualify for a pre-paid medical expense deduction when a portion of their entrance fee or monthly fees secures access to future healthcare services. This applies to PRS communities as well.

For converting members who are interested in claiming a portion of their entrance fee as a pre-paid medical expense, the exact deduction should be calculated with a tax advisor. Several individual factors come into play, including the fair market value of the condo and BASS's purchase price, so the deductible amount—or whether a deduction is available at all—will vary from person to person.

“What if...”

Member Questions

What if a company buys TPR, can they change our conversion agreement?

No. Both the equity Membership Agreement and entrance fee Residence & Care Agreement are binding continuing care contracts. These contracts, and all others entered into by the corporation, remain in place even if the provider (TPR) were to change. A converting Member’s lien on the condo would also remain in place.

A few important details:

- Bay Area Senior Services, Inc. (BASS) (more commonly referred to as TPR) is a nonprofit corporation. It is controlled by PRS, but has no owners or shareholders and its assets are dedicated to a charitable purpose. It cannot be sold in the same way a for-profit company can be. It can only be controlled by another entity or dissolved.
- If control of TPR transitioned from PRS to another entity, the transaction would have to be approved by the California Department of Social Services as a change in ownership of a continuing care community to ensure that PRS' successor honored the continuing care obligations. In addition, it would have to be approved by the California Attorney General as the transfer of ownership of a nonprofit entity. The Attorney General would consider the impact to residents before granting approval, and could impose specific conditions as part of their approval. AG decisions related to nonprofit health facility transactions are posted publicly online.
- Neither TPR nor PRS is exploring a change of this type.

What if BASS was unable to pay its promissory note, would my heirs retake possession of the apartment and be responsible for monthly fees?

No. After a member converts to the entrance fee model, the condo title is permanently transferred to BASS and does not revert to the resident or their heirs. Family members do not inherit any occupancy rights, and they are not responsible for monthly fees. Monthly fees arise from the resident’s continuing care contract, not from holding a creditor interest.

If BASS were to default on its promissory note, the resident's estate would hold a secured creditor claim. As a secured creditor, the estate could recover value from the property through the legal remedies provided under the Deed of Trust. This affects the estate's ability to recover funds, not any obligation of the family to take possession or pay fees.

What if my apartment never resells after I move out, how would I ever be repaid?

The entrance fee option provides the strongest protection for this scenario. Under both the Membership Agreement and the entrance fee structure, repayment is tied to the apartment being reoccupied. However, under the Membership Agreement, the resident (or their heirs) must continue paying monthly fees until resale occurs, which can significantly reduce the net repayment.

Not only does the entrance fee approach better preserve your original investment because you avoid ongoing monthly fees during any resale delay, it also strengthens TPR's overall finances, helping build reserves that could support repayment for residents who may experience an unexpectedly long resale timeline.

Where the entrance fee model allows for TPR to repay entrance fees from reserves (assuming sufficient funds are available), the ongoing monthly fee obligations under the equity plan can result in heirs donating the condo or selling it to TPR at a significant discount. TPR has received 20 condo donations as a result of these long waits; in contrast, PRS communities have always paid in full their entrance fee repayment obligations.