

1 MACDONALD | FERNANDEZ LLP
2 RENO F.R. FERNANDEZ III (SBN 251934)
3 MATTHEW J. OLSON (SBN 265908)
4 221 Sansome Street, Third Floor
5 San Francisco, CA 94104
6 Telephone: (415) 362-0449
7 Facsimile: (415) 394-5544

8 Attorneys for Debtor-in-Possession,
9 GROVE PLAZA PARTNERS, LLC

10 UNITED STATES BANKRUPTCY COURT
11 NORTHERN DISTRICT OF CALIFORNIA

12 In re
13 GROVE PLAZA PARTNERS, LLC,
14 Debtor.

Case No. 16-30531-DM-11

Chapter 11

MOTION FOR AUTHORITY TO SELL REAL
PROPERTY FREE AND CLEAR OF LIENS
PURSUANT TO 11 U.S.C. § 363 OR,
ALTERNATIVELY, THE CONFIRMED PLAN
(Anchor Tenants and Shops at Grove II)

Time and Place of Hearing and Auction:

Date: February 17, 2017

Time: 10:00 am

Place: 450 Golden Gate Avenue, 16th Floor
Courtroom 17
San Francisco, California

Honorable Dennis Montali

Proposed Purchaser

Atlantic Santa Ana LLC (for Anchor Tenants), Cheng Family Trust (for Shops
at Grove II), their related assignees, or highest and best bid

Assets to be Sold

Anchor Tenants
(APN 1051-321-62)

Price

\$6,700,000

Commonly known as 2522 S. Grove Avenue, Ontario, California

Shops at Grove II
(APN 1051-321-63)

\$1,398,000

Commonly known as 2506–2510 S. Grove Avenue, Ontario, California

27 ///

28 ///

<u>Secured Creditors</u>	<u>Priority</u>
San Bernardino Tax Collector	Tax Priority
Cantor Group II, LLC	First
Amor Architectural Corp.	Second
JG Construction	Third
Universal Site Services	Fourth

COMES NOW Grove Plaza Partners, LLC, Debtor-in-Possession herein, and moves for entry of an order pursuant to 11 U.S.C. § 363(b) and (f), or, in the alternative, pursuant to its confirmed plan, approving the sale of certain real property described below free and clear of liens, subject to the submission of higher and better bids.

The Court has jurisdiction of these matters pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

This Motion is made pursuant to the Plan (defined below), Bankruptcy Code Sections 105(a), 363(b), 363(f), 1123(b)(4), Rule 6004 of the Federal Rules of Bankruptcy Procedure and Bankruptcy Local Rule 6004-1. This Motion is based on the memorandum of points and authorities below, the Declarations of George A. Arce, Jr. and Joshua Rey, filed herewith, any other pleadings or declarations that may be filed in support hereof, and will be based upon such other evidence and arguments as may be presented prior to or at the hearing on this Motion.

I. BACKGROUND AND SUMMARY OF RELIEF SOUGHT

A. Proposed Sale

1. The within case was commenced by filing a voluntary chapter 11 petition on May 13, 2016. A trustee has not been appointed and Debtor is in possession of the estate.

2. Debtor anticipates that in short order, the Court will enter an order confirming the Combined Plan of Reorganization and Disclosure Statement (Dated October 21, 2016) (the “Plan”).

3. The Plan provides Debtor with authority to sell certain real property free and clear of liens. Such properties are identified in the Plan as well as the Supplemental Disclosure Regarding Assessor’s Parcel Numbers filed on December 9, 2016 (the “Supplemental Disclosure”), as follows:

///

///

<u>Group Name</u> (from Part 1 of Plan)	<u>Parcel Description</u>	<u>APN</u>	<u>Minimum Value</u>
Anchor Tenants	99¢ Only & Ross	1051-321-62	\$4,970,464.14
Molina Health	Molina Healthcare	1051-321-52	\$1,569,620.25
Shop Space	Shops at Grove I	1051-321-51	\$2,652,963.43
		1051-321-55	
	Shops at Grove II	1051-321-63	\$1,385,157.44
	Shops at Grove III	1051-171-42	\$2,959,769.43
Front Pad	Pad to Grove Plaza	1051-171-44	\$1,962,025.32

4. The property to be sold consists of the Anchor Tenants parcel (APN 1051-321-62), commonly known as 2522 S. Grove Avenue, Ontario, California, and the Shops at Grove II (APN 1051-321-63), commonly known as 2506–2510 S. Grove Avenue in Ontario, California. The Plan provides that Debtor shall sell the Anchor Tenants parcel for at least \$4,970,646.14, and the proposed sale is for \$6,700,000, subject to higher and better bids. The Plan also provides that Debtor shall sell the Shops at Grove II parcel for at least \$1,385,157.44, and the proposed sale is for \$1,398,000, subject to higher and better bids. Hence, the Plan requires the two parcels to be sold for the minimum aggregate amount of \$6,355,803.58, and Debtor proposes to sell the two parcels for the aggregate amount of \$8,098,000, or \$1,742,196.42 above the minimum aggregate amount.

5. By separate motion filed on December 23, 2016 (Dckt. No. 156), Debtor seeks authority to sell the Molina Health parcel (APN 1051-321-52) and the Shops at Grove I parcel (APNs 1051-321-51 and 1051-321-55) for the aggregate amount of \$4,225,000.

6. The San Bernardino Tax Collector, Cantor Group II, LLC, Amor Architectural Corporation, JG Construction and Universal Site Services (collectively, the “Secured Creditors”) all assert liens against the Property and other real property collateral, including post-petition charges and fees, in the aggregate amount of approximately \$14,656,145.33. \$2,847,300.52 of Cantor Group’s claim is disputed, leaving undisputed secured claims of \$11,808,844.81.

7. When combined with the sales proposed by this motion, Debtor has pending sales totaling \$12,323,000. After accounting for certain discounts the Debtor anticipates receiving total sales proceeds of \$11,423,000 from the combined sales. Debtor anticipates additional sales contracts will be executed in the next several days and will move for approval of those sales at that time.

8. The Court may order that a sale be free and clear of liens which attach to the

1 Property. 11 U.S.C. § 363(f). Such an order may be entered where:

- 2 i. Applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- 3 ii. The entity holding the interest consents;
- 4 iii. The interest is a lien and the price at which the property is sold is greater than then aggregate value of all liens on the property;
- 5 iv. The interest is in bona fide dispute; or
- 6 v. The entity the interest could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

7 *Id.* Here, entry of an order under § 363(f) is appropriate because (i) the interest of Cantor Group is
8 subject to a bona fide dispute, (ii) the proceeds from all of the sales will be sufficient to pay all
9 undisputed claims secured by the property, and (iii) Debtor believes that creditors holding claims
10 secured by the properties will consent.

11 9. Alternatively, Part 1 of the Plan provides, *inter alia*, as follows:

12 Secured creditors shall be afforded any rights to credit bid to which they are
13 otherwise entitled under the Bankruptcy Code and applicable law. Each sale shall
14 be free and clear of the secured claims of creditors identified in the motion and
15 served with notice. All liens shall attach to the proceeds of sale with the same
16 validity, extent, priority and amount as immediately prior to the sale, including
17 any proceeds held in the disputed claims reserve. Notwithstanding the foregoing,
18 escrow fees, transfer taxes and other ordinary closing costs may be paid from the
19 proceeds of each sale; provided, however, that the Debtor's broker's commissions
20 shall not be paid until Cantor Group II, LLC's claim is paid (or paid and reserved
21 for) in full. The sales may be consummated notwithstanding any anti-assignment,
22 consent or similar clause in any loan agreement.

23 ***

24 The allowed claims of secured creditors will be paid from the proceeds of each
25 sale until paid in full, prior to any other class of claims, in their order of priority
26 under California law. Debtor shall pay Cantor Group II, LLC all principal and
27 interest at the applicable contract and default rate of interest through the date of
28 confirmation of this Plan and thereafter until paid in full. Debtor shall pay other
secured creditors in full with interest at the applicable contract rate or legal rate
(10% per annum assumed above; San Bernardino Tax Collector to be paid at
effective rate of 18% per annum).

29 10. This Motion requests authority to sell the Anchor Tenants and Shops at Grove II
30 parcels free and clear of all liens, claims and encumbrances of the Secured Creditors pursuant to the
31 Plan.

32 11. Atlantic Santa Ana LLC has agreed to purchase the Anchor Tenants parcels for the

1 gross price of \$6,700,000. The Cheng Family Trust has agreed to purchase the Shops at Grove II
2 parcel for \$1,398,000. Both sales are subject to higher and better bids. Copies of the Purchase
3 Agreements (the “PSAs”) for each sale are attached as Exhibit “A” and Exhibit “B,” respectively, to
4 the Declaration of George A. Arce, Jr., filed herewith.

5 12. Marcus & Millichap Real Estate Investment Services represents Debtor exclusively.
6 Marcus & Millichap earns a commission of four percent (4%) of the gross price of each sale. This
7 Motion requests approval of Marcus & Millichap’s commission but does not request authority to pay
8 it, reserving payment in accordance with the excerpt of the Plan quoted above. If the Anchor
9 Tenants and Shops at Grove II parcels are sold for the gross aggregate price of \$8,098,000, Marcus
10 & Millichap’s commission will be \$323,920.

11 13. This Motion requests a determination that Atlantic Santa Ana LLC and Cheng Family
12 Trust are good-faith buyers and are entitled to the protections of Bankruptcy Code Section 363(m).
13 Prospective bidders will be requested to provide a declaration in support of a finding of good faith
14 including those matters set forth at Item 5 of the Court’s Guidelines re Sale Orders, and the
15 successful bidder should be deemed a good faith purchaser within the meaning of Bankruptcy Code
16 Section 363(m).

17 14. Debtor requests that the provisions of Rule 62(a) of the Federal Rules of Civil
18 Procedure and Rule 6004(h) of the Federal Rules of Bankruptcy Procedure that would stay the order
19 approving the sale be waived under the circumstances.

20 **B. Proposed Bidding and Sale Procedures**

21 15. Debtor requests approval of the following bidding and sale procedures. Debtor may
22 request approval of such procedures in advance by way of motion.

23 • The auction shall be held on February 17, 2017, at 10:00 am, in the courtroom
24 of the Honorable Dennis Montali, located at 450 Golden Gate Avenue, 16th Floor, Courtroom 17, in
25 San Francisco, California, or at another time or location if ordered by the Court and announced at the
26 aforesaid time and place.

27 • All potential bidders must contact counsel for Debtor at least three (3)
28 business days prior to the hearing. At the time and place of auction, all bidders shall present Debtor

1 with evidence of funds or financing acceptable to Debtor in an amount necessary to meet the initial
2 bid plus the minimum initial overbid amount (\$6,750,000 for the Anchor Tenants parcel and
3 \$1,448,000 for Shops at Grove II).

4 • The minimum initial overbid shall be \$50,000, and the minimum amount of
5 all subsequent bids shall be \$50,000. Bids shall be accepted from bidders or their authorized
6 representatives who are present at the auction in person; bids by telephone, facsimile, email, letter or
7 similar means will not be accepted unless Debtor expressly agrees otherwise.

8 • All bids shall be on terms equivalent to or better than the terms provided in
9 the PSA, including terms with respect to due diligence, inspections, contingencies and the time for
10 closing. Deadlines set and running under the PSA will continue to run and will not be extended.
11 The highest and best bid shall be reduced to a written agreement on or before three (3) calendar days
12 following the hearing on approval of the sale.

13 • Secured Creditors shall be afforded any rights to credit bid to which they are
14 otherwise entitled under the Bankruptcy Code and applicable law. For the purposes of this Motion
15 only, Cantor Group's credit bid may include the disputed amount of its claim; provided, however,
16 that payment thereof shall not terminate any litigation or proceedings involving the claim. Debtor
17 reserves all rights with respect thereto.

18 • The sale shall be free and clear of all liens, claims and encumbrances of the
19 Secured Creditors. All such liens shall attach to the proceeds of sale with the same validity, extent,
20 priority and amount as immediately prior to the sale, including any proceeds held in the disputed
21 claims reserve. Sale proceeds subject to such liens shall be promptly distributed to the Secured
22 Creditors in their order of priority upon close of escrow, except for proceeds held in the disputed
23 claims reserve.

24 • The sale shall be on an "as is," "where is," and "with all faults" basis.

25 • If Atlantic Santa Ana LLC or Cheng Family Trust, respectively, are overbid
26 and are not the successful bidder, all deposits by the unsuccessful bidder shall be refunded. The
27 successful bidder shall deposit \$500,000 for the Anchor Tenants Parcel and \$50,000 for the Shops at
28 Grove II parcel to escrow within three (3) calendar days of the hearing. Said deposit shall be

1 refundable only upon terms equivalent to or better than those provided in the PSA; otherwise it shall
2 be non-refundable. Deposits shall be applied toward the gross purchase price.

3 **II. SUMMARY OF PROPOSED SALE**

4 16. The following is a summary of the material terms of the PSA for the Anchor Tenants
5 parcel:

6 a. Atlantic Santa Ana LLC, or its related assignee, will purchase the Anchor
7 Tenants parcel for the gross price of \$6,700,000.

8 b. The sale will close on or before February 6, 2017, unless extended pursuant to
9 the terms of the agreement or order of the Court.

10 c. The agreement provides for a due diligence period ending on February 5,
11 2017. The agreement does not provide for a financing contingency. The agreement provides a
12 \$900,000 credit in escrow to buyer for improvements related to the Ross lease.

13 d. Atlantic Santa Ana LLC has deposited \$250,000.00 to escrow. As of the time
14 of hearing, Atlantic Santa Ana LLC will have deposited an additional \$250,000.00, for a total of
15 \$500,000.00. Said deposits are refundable only if: (1) the agreement is terminated prior to removal
16 of waiver of the contingencies provided in the PSA; or (2) Atlantic Santa Ana LLC is overbid and is
17 not the successful bidder.

18 e. Unpaid real property taxes shall be pro-rated. Escrow fees shall be split
19 evenly between the buyer and seller. All other closing costs shall be allocated in accordance with
20 the custom and practice prevailing in Riverside County.

21 17. The following is a summary of the material terms of the PSA for the Shops at
22 Grove II parcel:

23 a. Cheng Family Trust, or its related assignee, will purchase the Shops at
24 Grove II parcel for the gross price of \$1,398,000.

25 b. The sale will close on or before February 26, 2017, unless extended pursuant
26 to the terms of the agreement or order of the Court.

27 c. The agreement provides for a due diligence period ending on February 6,
28 2017. The agreement does not provide for a financing contingency.

1 d. Cheng Family Trust has deposited \$50,000.00 to escrow. Said deposit is
2 refundable only if: (1) the agreement is terminated prior to removal of waiver of the contingencies
3 provided in the PSA; or (2) Cheng Family Trust is overbid and is not the successful bidder.

4 e. Unpaid real property taxes shall be pro-rated. Escrow fees shall be split
5 evenly between the buyer and seller. All other closing costs shall be allocated in accordance with
6 the custom and practice prevailing in Riverside County.

7 The foregoing summaries are provided for the convenience of the Court and parties in
8 interest, and the terms of the PSA shall control in the event of any discrepancy.

9 **III. ANALYSIS OF SALE**

10 **A. Marketing of Assets**

11 18. Both parcels were appropriately marketed. The parcels were exposed to Loopnet –
12 Premium, Costar Property, Mnet (Marcus & Millichap Internal System) and CREXI (Commercial
13 Real Estate Exchange, Inc.). Moreover, information regarding the parcels were e-blasted out on
14 multiple occasions to approximately 20,000 email contacts that consist of agents and principles.
15 This resulted in over 5,000 email views. Additionally, the Property has been presented during sales
16 meetings at Marcus Millichap’s Southern California offices including Ontario, Newport Beach, Los
17 Angeles, Encino and San Diego.

18 19. With respect to the Anchor Tenants parcel, those efforts resulted in approximately 20
19 inquiries and approximately eight property tours to numerous buyers. Atlantic Santa Ana LLC’s
20 offer to purchase the Anchor Tenants parcel for \$6,700,000 was the best offer received. Debtor
21 received three other offers to purchase the Anchor Tenants parcel, with the highest other offer based
22 on a purchase price of \$7,000,000. The Atlantic Santa Ana offer is superior because it provides (i)
23 an extremely quick closing, (ii) a closing non-contingent on any financing whatsoever, and (iii) a
24 closing with an experienced retail property purchaser who has already performed extensive due
25 diligence. Debtor determined the terms of Atlantic Santa Ana’s offer to be the best achievable under
26 the circumstances.

27 20. With respect to the Shops at Grove II parcel, those efforts resulted in approximately
28 15 inquiries and approximately six property tours to numerous buyers. Cheng Family Trust’s offer

1 to purchase the Shops at Grove II for \$1,398,000 was the best offer received. Debtor received two
2 other offers to purchase the Shops at Grove II, with the highest other offer based on a purchase price
3 of \$ 1,450,000. The Cheng Family Trust offer is superior because it provides (i) an extremely quick
4 closing, (ii) a closing non-contingent on any financing whatsoever, and (iii) a closing with an
5 experienced and motivated retail property owner who needs to satisfy a real property exchange.
6 Debtor has determined the terms Cheng Family Trust's offer to be the best achievable under the
7 circumstances.

8 **B. Alternatives to Sale**

9 21. The most likely alternative to the proposed sale is for Cantor Group to foreclose its
10 lien against Debtor's real properties. Debtor expects that this would leave unsecured creditors with
11 no recovery. Accordingly, Debtor has determined that the proposed sale is in the best interests of the
12 estate.

13 **C. No Relationship to Purchaser**

14 22. Neither Debtor, its manager (Centers Dynamic), nor its Responsible Individual
15 (George A. Arce, Jr.) have any known relationship to Atlantic Santa Ana LLC or Cheng Family
16 Trust. Atlantic Santa Ana LLC or Cheng Family Trust has no known relationship with any of the
17 estate's major creditors or known parties in interest. The proposed sale is the result of arms-length
18 negotiations. Atlantic Santa Ana LLC or Cheng Family Trust may assign the parcels to a related
19 assignee. Debtor understands that such assignee would be a subsidiary of Atlantic Santa Ana LLC
20 or Cheng Family Trust, respectively, or owned by a combination of Atlantic Santa Ana LLC or
21 Cheng Family Trust existing investors or beneficiaries (as the case may be), or both. Atlantic Santa
22 Ana LLC or Cheng Family Trust does not contemplate assigning either parcel to any individual or
23 entity related to Debtor.

24 **D. Insider Compensation**

25 23. Except for the aforesaid purchase price, Atlantic Santa Ana LLC or Cheng Family
26 Trust has not offered any compensation to Debtor, its manager, its responsible individual or any
27 employee or agent thereof. To the best of Debtor's knowledge, Atlantic Santa Ana LLC or Cheng
28 Family Trust does not contemplate paying any consideration to any person or entity other than

1 Debtor in connection with the sale.

2 **IV. ARGUMENT**

3 **A. THE PROPOSED SALE IS IN THE BEST INTERESTS OF THE ESTATE**

4 24. Debtor is entitled to sell the properties upon the terms described above because (a)
5 such a sale is provided for in the Plan and (b) the sale is within Debtor's reasonable business
6 judgment. *In re Continental Air Lines, Inc.*, 780 F.2d 1223, 1226 (5th Cir. 1986) (standard under 11
7 U.S.C. § 363(b)(1) is "business judgment"); *In re Ernst Home Center, Inc.*, 209 B.R. 974,
8 979 (Bankr. W.D.Wash. 1997). "[T]he bankruptcy court should presume that the debtor-in-
9 possession acted prudently, on an informed basis, in good faith, and in the honest belief that the
10 action taken was in the best interests of the bankruptcy estate." *In re Pomona Valley Medical*
11 *Group, Inc.*, 476 F.3d 665, 670 (9th Cir. 2007) (applying business judgment standard). Where a sale
12 is proposed in good faith and upon a reasonable basis, "[t]he court will not entertain objections to a
13 trustee's conduct of the estate." *In re Curlew Valley Associates*, 14 B.R. 506, 513-514 (Bankr. D.
14 Utah 1981); *see also In re Southern Biotech, Inc.*, 37 B.R. 318, 322-323 (Bankr. M.D. Fla. 1983).
15 This is because the "[Debtor], not the Court, is selling this property." *In re Gulf States Steel, Inc.*,
16 285 B.R. 497, 516 (Bankr. N.D. Ala. 2002).

17 25. A sale free and clear of liens in this proceeding is appropriate because the aggregate
18 amount of the undisputed claims will less than the gross sale price of all the sales sought by Debtor,
19 there is a bona fide dispute regarding the balance of the claims, and at least a portion of the lien
20 holders are likely to consent to the sales.

21 26. Debtor submits that the sale is in the best interests of the estate. An auction sale is
22 generally considered to establish sufficient value for the assets being sold. *See, eg., In re Abbotts*
23 *Dairies of Pennsylvania, Inc.*, 788 F.2d 143, 149 (3rd Cir. 1986). The Ninth Circuit has held that the
24 precise value of an asset will only be recognized at, and as a result of, the sale of the asset. *Arnold &*
25 *Baker Farms v. United States*, 85 F.3d 1415, 1421 (9th Cir. 1996). As discussed above, the Property
26 will be subject to overbid.

27 ///

28 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

B. THE STAYS PROVIDED IN RULE 62(a) OF THE FEDERAL RULES OF CIVIL PROCEDURE AND RULE 6004(h) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE SHOULD BE WAIVED

27. Debtor requests that the stays imposed by Rule 62(a) of the Federal Rules of Civil Procedure and Rule 6004(h) of the Federal Rules of Bankruptcy Procedure be waived. All creditors and parties-in-interest have been provided with notice and afforded an opportunity to object, and no party will be prejudiced by waiver of the applicable stays.

V. PRAYER FOR RELIEF

WHEREFORE, Debtor prays for an order as follows:

- 1. Granting the Motion and approving the sales to Atlantic Santa Ana LLC or Cheng Family Trust or the party that makes the highest and best bid;
- 2. Approving the proposed bidding and sale procedures;
- 3. Authorizing Debtor to consummate and carry out the actions reasonably necessary to close the sale;
- 4. Approving the sale free and clear of all liens, claims and encumbrances of the Secured Creditors;
- 5. Waiving the stays imposed by Rule 62(a) of the Federal Rules of Civil Procedure and Rule 6004(h) of the Federal Rules of Bankruptcy Procedure; and
- 6. For such other and further relief as is appropriate in the premises.

DATED: January 17, 2017

MACDONALD FERNANDEZ LLP

By: /s/ Reno F.R. Fernandez III
Reno F.R. Fernandez III
Attorneys for Debtor-in-Possession,
Grove Plaza Partners, LLP

1 MACDONALD | FERNANDEZ LLP
2 RENO F.R. FERNANDEZ III (SBN 251934)
3 MATTHEW J. OLSON (SBN 265908)
4 221 Sansome Street, Third Floor
5 San Francisco, CA 94104
6 Telephone: (415) 362-0449
7 Facsimile: (415) 394-5544

8 Attorneys for Debtor-in-Possession,
9 GROVE PLAZA PARTNERS, LLC

10 UNITED STATES BANKRUPTCY COURT
11 NORTHERN DISTRICT OF CALIFORNIA

12 In re
13 GROVE PLAZA PARTNERS, LLC,
14 Debtor.

Case No. 16-30531-DM-11

Chapter 11

DECLARATION OF GEORGE A. ARCE, JR. IN
SUPPORT OF MOTION FOR AUTHORITY TO
SELL REAL PROPERTY FREE AND CLEAR
OF LIENS PURSUANT TO 11 U.S.C. § 363 OR,
ALTERNATIVELY, THE CONFIRMED PLAN
(Anchor Tenants and Shops at Grove II)

Time and Place of Hearing and Auction:

Date: February 17, 2017

Time: 10:00 am

Place: 450 Golden Gate Avenue, 16th Floor
Courtroom 17
San Francisco, California

Honorable Dennis Montali

20
21 I, George A. Arce, Jr., declare:

22 1. I am the duly appointed Responsible Individual for the Debtor. I am over the age of
23 eighteen. The following facts are true and correct of my own personal knowledge. If called as a
24 witness, I could and would competently testify as follows.

25 2. Among the Debtor's assets is that certain real property known as the Anchor Tenants
26 parcel (APN 1051-321-62), commonly known as 2522 S. Grove Avenue, Ontario, California, and
27 the Shops at Grove II (APN 1051-321-63), commonly known as 2506-2510 S. Grove Avenue in
28 Ontario, California.

1 3. On January 16, 2017, Atlantic Santa Ana LLC agreed to purchase the Anchor Tenants
2 parcel (APN 1051-321-62), commonly known as 2522 S. Grove Avenue, Ontario, California, from
3 the Debtor for the gross price of \$6,700,000, subject to overbid and court approval. A true and
4 correct copy of the appurtenant Purchase Agreement (the "PSA") is attached hereto as Exhibit "A"
5 and incorporated by reference.

6 4. Under the current circumstances, Atlantic Santa Ana LLC's offer to purchase the
7 Anchor Tenants parcel for \$6,700,000 was the best offer received. Debtor received three other
8 offers to purchase the Anchor Tenants parcel, with the highest other offer based on a purchase price
9 of \$7,000,000. The Atlantic Santa Ana offer is superior because it provides (i) an extremely quick
10 closing, (ii) a closing non-contingent on any financing whatsoever, and (iii) a closing with an
11 experienced retail property purchaser who has already performed extensive due diligence.

12 5. On January 12, 2017, the Cheng Family Trust agreed to purchase the Shops at Grove
13 II (APN 1051-321-63), commonly known as 2506-2510 S. Grove Avenue in Ontario, California,
14 from the Debtor for the gross price of \$1,398,000, subject to overbid and court approval. A true and
15 correct copy of the appurtenant Purchase Agreement (the "PSA") is attached hereto as Exhibit "B"
16 and incorporated by reference.

17 6. Under the current circumstances, the Cheng Family Trust's offer to purchase the
18 Shops at Grove II for \$1,398,000 was the best offer received. Debtor received two other offers to
19 purchase the Shops at Grove II, with the highest other offer based on a purchase price of \$1,450,000.
20 The Cheng Family Trust offer is superior because it provides (i) an extremely quick closing, (ii) a
21 closing non-contingent on any financing whatsoever, and (iii) a closing with an experienced and
22 motivated retail property owner who needs to satisfy a real property exchange.

23 7. These two offers, coupled with the proposed sale of the Molina and Shops I parcels to
24 PRATHNA LLC for \$4,225,000, unequivocally prove the value of Debtor's real properties as set
25 forth in Debtor's Plan and meet Debtor's obligation to quickly address its obligations to Cantor
26 Group and its other creditors despite the extreme pressure placed upon Debtor by Cantor's
27 aggressive litigation strategy.

28 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

I declare that the foregoing is true and correct under penalty of perjury under the laws of the United States of America. Executed this 17th day of January, 2017, at Redwood Shores, California.

/s/ George A. Arce, Jr.
GEORGE A. ARCE, JR.

EXHIBIT A

Marcus & Millichap

PURCHASE AGREEMENT

THIS DOCUMENT IS MORE THAN A RECEIPT FOR MONEY. IT IS INTENDED TO BE A LEGALLY BINDING AGREEMENT. READ IT CAREFULLY.

Atlantic Santa Ana LLC and or related assignee shall be hereafter referred to as "Buyer".

Grove Plaza Partners LLC shall be hereafter referred to as "Seller".

Buyer shall deliver to Marcus & Millichap Real Estate Investment Services ("Agent"), as agent for Seller the sum of Two Hundred Fifty Thousand dollars (\$ 250,000) in the form of wire transfer. This sum is a deposit ("Initial Deposit") to be applied to the purchase price of that certain real property (referred to as the "Property") located in the City of Ontario, County of San Bernardino, State of California, and more particularly described as follows:

2522 S Grove Avenue
Ontario, CA 91761
APN: 1051-321-62-0000

TERMS AND CONDITIONS

Seller agrees to sell the Property, and Buyer agrees to purchase the Property, on the following terms and conditions:

- 1) **PURCHASE PRICE:** The purchase price for the Property is Six Million Seven Hundred Thousand dollars (\$ 6,700,000). Buyer's Initial Deposit, pending Seller's execution of this Purchase Agreement (the "Agreement"), shall held by Agent until mutual execution of this Agreement. Agent shall deliver and deposit same in escrow as provided in Paragraph 3 below. Upon removal or waiver of contingencies, Buyer shall make a further deposit to Escrow pursuant to paragraph 9 below ("Additional Deposit"). The balance of the purchase price shall be payable at close of escrow pursuant to the terms stated below. Together, the Initial Deposit and the Additional Deposit are referred to herein as the "Deposit."
- 2) Intentionally deleted.
- 3) **ESCROW:** Within Two (2) calendar days after the date that both parties have executed and delivered this Agreement (the "Effective Date") Agent shall open escrow with Old Republic (the "Escrow Holder") by the simultaneous deposit of a copy of this Agreement and Buyer's Initial Deposit with the Escrow Holder.

Seller and Buyer agree to prepare and execute such escrow instructions as may be necessary and appropriate to close the transaction. Close of escrow (or the "Closing Date", which shall mean the date on which the deed transferring title is recorded) shall occur within Twenty One (21) calendar days of the Effective Date of this Agreement. Escrow fee shall be paid by buyer and seller to split 50/50. All other closing costs shall be allocated between the parties in accordance with the custom and practice in San Bernardino County.

- 4) **PRORATIONS:** Real property taxes, premiums on insurance acceptable to Buyer, interest on any debt being assumed or taken subject to by Buyer, and any other expenses of the Property shall be prorated as of the Closing Date as if Buyer is the owner of the Property at 12:01 AM on the Closing Date. Security deposits, advance rentals, and the amount of any future lease credits shall be credited to Buyer. The amount of any bond or assessment which is a lien and not customarily paid with real property taxes shall be (select one "X") X paid by seller. Delinquent or unpaid rents and C.A.M. reconciliations shall be handled outside of escrow and neither Agent nor escrow shall be responsible for same.

LEASED PROPERTY PRORATIONS: Rents actually collected (prior to closing) will be prorated as of the Closing Date and rent collected thereafter applied first to rental payments then owed the Buyer and the remainder paid to the Seller. All free rent due any tenant at the close of escrow for rental periods after the closing shall be a credit against the Purchase Price.

538e6536-aa95-4752-9639-bb336aedf29f

1 of 12

BUYER'S INITIALS

DS
BR

SELLER'S INITIALS



CA - Copyright Marcus & Millichap 2016

5) **TITLE:** Within Seven () calendar days after the Effective Date of this Agreement, Seller shall procure and cause to be delivered to Buyer a preliminary title report with copies of all exceptions issued by Old Republic Title (the "Title Company") on the Property. Within Ten (10) calendar days following the Effective Date, Buyer shall either approve in writing the exceptions contained in said title report or specify in writing any exceptions to which Buyer reasonably objects; Buyer's failure to deliver timely its objections shall conclusively be deemed to be Buyer's approval of all exceptions shown in the preliminary title report. If Buyer objects to any exceptions, Seller shall, within Fourteen (1) calendar days following the Effective Date, deliver to Buyer written notice that either (i) Seller will, at Seller's expense, remove the exception(s) to which Buyer has objected before the Closing Date or (ii) Seller is unwilling or unable to eliminate said exception(s). If Seller fails to so notify Buyer or notifies Buyer that it is unwilling or unable to remove any such exception by the Closing Date, Buyer shall elect in writing, within Twenty (20) calendar days from the Effective Date to either terminate this Agreement and receive back the Initial Deposit (in which event Buyer and Seller shall have no further obligations under this Agreement other than those which expressly survive the termination of this Agreement); or to purchase the Property subject to such exception(s).

Seller shall convey by grant deed to Buyer (or to such other person or entity as Buyer may specify) marketable fee title subject only to the exceptions not disapproved by Buyer in accordance with this Agreement. Title shall be insured by a standard California Land Title Association owner's policy of title insurance issued by the Title Company in the amount of the purchase price with premium paid by Seller.

6) **FINANCING CONTINGENCIES: Intentionally Deleted**

6l.
7) **PEST CONTROL CONTINGENCIES:**
7.1) **NO PEST CONTROL CONTINGENCY - "AS IS":** Buyer has conducted Buyer's own investigation with regard to possible infestation and/or infection by wood-destroying pests or organisms and agrees to purchase the Property in its present condition. Buyer acknowledges that Buyer is not relying upon any representations or warranties made by Seller or Agent regarding the presence or absence of such infestation or infection.

8) **INSPECTION CONTINGENCIES:**

8a. **BOOKS AND RECORDS**

8.1) **BOOKS AND RECORDS:** Seller agrees to provide Buyer with items A- listed below, which are in Seller's custody, within Five (5) calendar days following the Effective Date:

- a. All rental agreements, leases, service contracts, insurance policies, latest tax bill(s) and other written agreements, written code violations or other notices which affect the Property.
- b. The operating statements of the Property for the Twenty Four (2) calendar months immediately preceding the Effective Date hereof.
- c. Copies of whatever documents the Seller may have regarding the financial condition, business prospects or prospective continued occupancy of any tenant (including but not limited to financial statements, credit reports, etc.).
- d. If Buyer is taking title subject to existing encumbrances, all notes and security instruments which will affect the Property after the Closing.
- e. A complete and current rent roll, including a schedule of all tenant deposits and prepaid rent.
- f. A written inventory of all items of Personal Property to be conveyed to Buyer and included as part of the purchase price at close of escrow.
- g. A report paid for by Seller by a professional provider, containing the Natural Hazard Disclosures (as defined below) concerning the Property. "Natural Hazard Disclosures" shall mean whether the Property is located within: (1) Special Flood Hazard Area; (2) Dam Failure Inundation Area; (3) Earthquake Fault Zone; (4) Seismic Hazard Zone; (5) High Fire Severity Area; and/or (6) Wildland Fire Area. Seller represents and warrants that, unless otherwise noted by Seller to Buyer in writing, Seller is unaware of any inaccuracies in the Natural Hazard Disclosures.
- h. Any and all documents, of any type or nature, that in any way reference the existence of mold or mold-related problems with the Property or any toxic substance on or about the Property.
- j. If there is pending or threatened any litigation affecting the Property, copies of the pleadings in such action. If Seller is not in possession of any of the foregoing documents, Seller shall not be required to obtain or create such documents.

Buyer shall acknowledge receipt of these items in writing. Buyer shall have Fourteen (1) calendar days following the Effective Date to review and approve in writing each of these items. If Buyer fails to deliver written notice to Seller disapproving these items within the specified time, Buyer shall be conclusively deemed to have waived its right to terminate this Agreement under this paragraph 8.1.

8b. **PHYSICAL INSPECTION**

538e6536-aa95-4752-9639-bb336aedf29f

2 of 12

BUYER'S INITIALS

DS
BR

SELLER'S INITIALS

CA - Copyright Marcus & Millichap 2016

8.2) **PHYSICAL INSPECTION:** Buyer shall have Fourteen (1) calendar days following the Effective Date to inspect the physical condition of the Property, including, but not limited to the soil conditions and the presence or absence of lead-based paint, mold and other hazardous materials on or about the Property, and to notify the Seller in writing that Buyer approves same. Buyer shall not undertake invasive or destructive testing without Seller's prior written approval, which shall not be unreasonably delayed. Buyer shall give Seller at least two (2) business days notice of its intent to come onto the Property, and Seller shall have the right to accompany Buyer. No contact with existing tenants shall be made without Seller's prior written consent, which shall not be unreasonably withheld. If Buyer fails to deliver written notice to Seller disapproving the physical condition of the Property within the specified time, Buyer shall be conclusively deemed to have waived its right to terminate this Agreement under this paragraph 8.2.

8c.
 8.3) **STATE AND LOCAL LAWS:** Buyer shall have Fourteen (1) calendar days following the Effective Date to investigate State and local laws to determine whether the Property must be brought into compliance with minimum energy conservation or safety standards or similar retrofit requirements as a condition of sale or transfer and the cost thereof, and to deliver written notice to Seller if Buyer disapproves same. If Buyer fails to deliver written notice of its disapproval within the specified time, Buyer shall conclusively be deemed to have waived its right to terminate this Agreement pursuant to this paragraph 8. If approved by Buyer, Buyer shall comply with and pay for these requirements.

9) **DEPOSIT INCREASE:** Upon waiver of the inspection contingencies set forth in paragraph(s) 3 hereof, Buyer shall deposit in Escrow sufficient funds to increase the Deposit to Five Hundred Thousand dollars (\$ 500,000). The entire Deposit shall be credited to the purchase price at the close of escrow unless otherwise provided herein.

10) **DEPOSIT TRANSFER:** Buyer's Deposit shall remain in escrow, until removal of the inspection and financing contingencies set forth in paragraph(s) 5, hereof. Upon waiver of said contingencies, Seller shall deposit to Escrow a grant deed duly executed by Seller, sufficient to convey title to Buyer; and the Escrow Holder shall release immediately from escrow and deliver to Seller Buyer's entire Deposit. Buyer acknowledges and agrees that, in the event Buyer defaults on this Agreement after waiver of contingencies, Buyer's Deposit shall be non-refundable as liquidated damages pursuant to paragraph 17 below. Seller shall hold Buyer's Deposit subject to the remaining terms and conditions of this Agreement. If Seller thereafter materially defaults hereunder, or the Buyer terminates this Agreement pursuant to a right expressly set forth herein, , the Deposit shall be returned to Buyer and deed shall be returned to Seller. If Seller defaults on this Agreement after Seller has received the Deposit, Seller understands and agrees that Buyer's Deposit must be returned to Buyer immediately.

BUYER'S INITIALS BR SELLER'S INITIALS [Signature]

11) **ESTOPPEL CERTIFICATE CONTINGENCY (Leased Properties):**

ESTOPPEL CERTIFICATES NOT APPLICABLE

12) **INDEPENDENT CONSIDERATION:** Notwithstanding anything to the contrary in this Agreement, Buyer and Seller agree that One Dollar (\$1.00) of the Deposit will be non-refundable and will be distributed to Seller upon any termination of this Agreement as full payment and independent consideration for Buyer's rights under this Agreement ("Independent Consideration"). If this Agreement is terminated by the Buyer in accordance with paragraphs 5, or 8 above, the Deposit less the Independent Consideration will be promptly returned to Buyer and the parties will have no further rights or obligations under this Agreement except for any that expressly survive the termination of this Agreement.

13) **SERVICE AND TENANT CONTRACTS/OTHER MATERIAL CHANGES:** After Buyer has waived all contingencies, Seller shall not, without the prior written consent of Buyer which shall not be unreasonably withheld, amend any leases or enter into any new service or tenant contracts that cannot be canceled with 30 days notice and without penalty. Seller shall not make any material changes to the Property, do any act, or enter into any agreements of any kind that materially changes the value of the Property or the rights of the Buyer as they relate to the Property.

14) **PERSONAL PROPERTY:** Title to any personal property to be conveyed to Buyer in connection with the sale of the Property shall be conveyed to Buyer by Bill of Sale on the Closing Date free and clear of all encumbrances (except those approved by Buyer as provided above), without warranty or representation of any kind. The price of these items shall be included in the Purchase Price for the Property, and Buyer agrees to accept all such personal property in "as is" condition.

15) **CONDITION OF PROPERTY:** It is understood and agreed that the Property is being sold "as is"; that Buyer has or will have prior to the Closing Date, inspected the Property; and that neither Seller nor Agent has made any

representation or warranty as to the physical condition or value of the Property or its suitability for Buyer's intended use. "Property Condition" means each and every matter of concern or relevance to Buyer relating to the Property, including without limitation the financial, legal, title, physical, geological and environmental condition and sufficiency of the Property and all improvements and equipment thereon; applicable governmental laws, regulations, and zoning; building codes, and the extent to which the Property complies therewith; the fitness of the Property for Buyer's contemplated use; the presence of hazardous materials; title matters; and contracts to be assumed by Buyer.

Upon Buyer's satisfaction or waiver of the contingencies in Paragraph 5, 6, Buyer agrees, and represents and warrants that upon Closing Buyer will purchase the Property "as is" and solely on reliance on its own investigation of the Property. Seller has no obligation to repair, correct or compensate Buyer for any Property Condition, and upon Closing, Buyer shall be deemed to have waived any and all objections to the Property Condition, whether or not known to Buyer.

Effective upon Buyer's purchase of the Property, Buyer shall waive the provisions of California Civil Code §1542, which provides as follows:

"Certain claims not affected by general release. A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with debtor."

Effective upon the Closing, Buyer expressly waives and relinquishes any rights or benefits which it had, now has or may have in the future under section 1542 of the Civil Code of the State of California, or any similar provision of statutory or nonstatutory law, to the fullest extent that it may lawfully waive any such right and benefit pertaining to the subject matter of this Agreement. The provisions of this paragraph 15 shall survive the Closing.

BUYER'S INITIALS BR

16) RISK OF LOSS:

A. Minor Damage.

In the event of loss or damage to the Property or any portion thereof which is not "major" (as hereinafter defined), this Agreement shall remain in full force and effect provided Seller performs any necessary repairs or, at Seller's option, assigns to Buyer all of Seller's right, title and interest to any claims and proceeds Seller may have with respect to any casualty insurance policies or condemnation awards relating to the Property in question, provided that such policies or awards provide for full restoration and repair of the Property. In the event that Seller elects to perform repairs upon the Property, Seller shall use its best efforts to complete such repairs promptly and the Closing Date shall be extended a reasonable time in order to allow for the completion of such repairs. If Seller elects to assign a casualty claim to Buyer, the Purchase Price shall be reduced by an amount equal to the deductible amount under Seller's insurance policy. Upon Closing, full risk of loss with respect to the Property shall pass to Buyer.

B. Major Damage.

In the event of a "major" loss or damage, either Seller or Buyer may terminate this Agreement by written notice to the other party within ten (10) days after Seller sends Buyer written notice of the occurrence of major loss or damage, in which event the Deposit(s) shall be returned to Buyer. If neither Seller nor Buyer elects to terminate this Agreement within ten (10) days after Seller sends Buyer written notice of the occurrence of major loss or damage, then Seller and Buyer shall be deemed to have elected to proceed with Closing, in which event Seller shall, at Seller's option, either (a) perform any necessary repairs, or (b) assign to Buyer all of Seller's right, title and interest to any claims and proceeds Seller may have with respect to any casualty insurance policies or condemnation awards relating to the Property in question, provided that such policies of awards provide for full restoration and repair of the Property. In the event that Seller elects to perform repairs upon the Property, Seller shall use its best efforts to complete such repairs promptly and the Closing Date shall be extended a reasonable time in order to allow for the completion of such repairs. If Seller elects to assign a casualty claim to Buyer, the Purchase Price shall be reduced by an amount equal to the deductible amount under Seller's insurance policy. Upon Closing, full risk of loss with respect to the Property shall pass to Buyer.

C. Definition of "Major" Loss or Damage.

For purposes of this paragraph 16, "major" loss or damage refers to the following: (i) loss or damage to the Property or any portion thereof such that the cost of repairing or restoring the Property in question to a condition substantially identical to that of the Property in question prior to the event of damage would be, in the opinion of an architect selected by Seller and reasonably approved by Buyer, equal to or greater than ten percent (10%) of the

BR

[Signature]

Purchase Price and (ii) any loss due to a condemnation which permanently and materially impairs the current use of the Property.

- 17) **POSSESSION:** Possession of the Property shall be delivered to Buyer on Closing Date.
- 18) **LIQUIDATED DAMAGES:** Buyer and Seller agree that it would be impracticable or extremely difficult to fix actual damages in the event that Escrow fails to close as a result of a default by Buyer, and after due consideration agree that the amount of Buyer's Deposit hereunder (as same may be increased by the terms hereof) is the parties' reasonable estimate of Seller's damages in the event that escrow fails to close as a result of Buyer's default. Therefore, if Escrow fails to close as a result of Buyer's default, and provided that Seller is ready, willing and able to perform, then (a) this Agreement and the rights and obligations of Buyer and Seller hereunder and the Escrow created hereby shall terminate, and (b) Escrow Holder shall, and is hereby authorized and instructed to, return promptly to Buyer and Seller all documents and instruments to the parties who deposited the same. The payment of such amount as liquidated damages is not intended as a forfeiture or penalty within the meaning of California Civil Code sections 3275 or 3369, but is intended to constitute liquidated damages to Seller pursuant to California Civil Code sections 1671, 1676 and 1677. Seller hereby waives the provisions of California Civil Code section 3389. Seller and Buyer acknowledge that they have read and understand the provisions of this paragraph 18, and by their initials immediately below agree to be bound by its terms.

BUYER'S INITIALS DS
BR
 SELLER'S INITIALS DS

- 19) **SELLER EXCHANGE:** Buyer agrees to cooperate should Seller elect to sell the Property as part of a like-kind exchange under IRC Section 1031. Seller's contemplated exchange shall not impose upon Buyer any additional liability or financial obligation, and Seller agrees to hold Buyer harmless from any liability that might arise from such exchange. This Agreement is not subject to or contingent upon Seller's ability to acquire a suitable exchange property or effectuate an exchange. In the event any exchange contemplated by Seller should fail to occur, for whatever reason, the sale of the Property shall nonetheless be consummated as provided herein.
- 20) **BUYER EXCHANGE:** Seller agrees to cooperate should Buyer elect to purchase the Property as part of a like-kind exchange under IRC Section 1031. Buyer's contemplated exchange shall not impose upon Seller any additional liability or financial obligation, and Buyer agrees to hold Seller harmless from any liability that might arise from such exchange. This Agreement is not subject to or contingent upon Buyer's ability to dispose of its exchange property or effectuate an exchange. In the event any exchange contemplated by Buyer should fail to occur, for whatever reason, the sale of the Property shall nonetheless be consummated as provided herein.
- 21) **DISCLOSURE OF REAL ESTATE LICENSURE:** Seller hereby discloses that George Arce, principal in ownership of the Property and its property manager, is a licensed real estate broker.
- 22) **AUTHORIZATION:** Buyer and Seller authorize Agent to disseminate sales information regarding this transaction after the Close of Escrow, excluding confidential information and including the purchase price of the Property.
- 23) **AGENCY DISCLOSURE:**
 - 23.1) **EXCLUSIVE LISTING:** Marcus & Millichap Real Estate Investment Services is the exclusive listing broker of the property that is the subject of this transaction. Under California law, Marcus & Millichap represents the Seller as the Seller's agent. Marcus & Millichap also has procured the Buyer in this transaction. Marcus & Millichap is not the agent of the Buyer; however, Marcus & Millichap does have the following affirmative legal obligations to the Buyer:
 - a. Diligent exercise of reasonable skill and care in the performance of its duties.
 - b. A duty of honest and fair dealing and good faith.
 - c. A duty to disclose all facts known to it materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Buyer.

538e6536-aa95-4752-9639-bb336aedf29f 5 of 12
BUYER'S INITIALS DS
BR
SELLER'S INITIALS DS
CA - Copyright Marcus & Millichap 2016

- 24) **OTHER BROKERS:** Buyer and Seller agree that, in the event any broker other than Agent or a broker affiliated with Agent is involved in the disposition of the Property, Agent shall have no liability to Buyer or Seller for the acts or omissions of such other broker, who shall not be deemed to be a subagent of Agent.
- 25) **LIMITATION OF LIABILITY:** Except for Agent's gross negligence or willful misconduct, Agent's liability for any breach or negligence in its performance of this Agreement shall be limited to the greater of \$50,000 or the amount of compensation actually received by Agent in any transaction hereunder.
- 26) **SCOPE OF AGENT'S AUTHORITY AND RESPONSIBILITY:** Agent shall have no authority to bind either Buyer or Seller to any modification or amendment of this Agreement. Agent shall not be responsible for performing any due diligence or other investigation of the Property on behalf of either Buyer or Seller, or for providing either party with professional advice with respect to any legal, tax, engineering, construction or hazardous materials issues.
- 27) **BROKER DISCLAIMER:** Buyer and Seller acknowledge that, except as otherwise expressly stated herein, Agent has not made any investigation, determination, warranty or representation with respect to any of the following: (a) the financial condition or business prospects of any tenant, or such tenant's intent to continue or renew its tenancy in the Property; (b) the legality of the present or any possible future use of the Property under any federal, state or local law; (c) pending or possible future action by any governmental entity or agency which may affect the Property; (d) the physical condition of the Property, including but not limited to, soil conditions, the structural integrity of the improvements, and the presence or absence of fungi, mold or wood-destroying organisms; (e) the accuracy or completeness of income and expense information and projections, of square footage figures, and of the texts of leases, options, and other agreements affecting the Property; (f) the possibility that lease, options or other documents exist which affect or encumber the Property and which have not been provided or disclosed by Seller; or (g) the presence or location of any hazardous materials on or about the Property, including, but not limited to, asbestos, PCB's, or toxic, hazardous or contaminated substances, lead-based paint and underground storage tanks.

Buyer agrees that investigation and analysis of the foregoing matters is Buyer's sole responsibility and that Buyer shall not hold Seller or Agent responsible therefore. Buyer further agrees to reaffirm its acknowledgment of this disclaimer at close of escrow and to confirm that it has relied upon no representations of Seller or Agent in connection with its acquisition of the Property.

BUYER'S INITIALS BR SELLER'S INITIALS [Signature]

- 28) Intentionally deleted
- 29) **MOLD/ALLERGEN ADVISORY AND DISCLOSURE:** Buyer is advised of the possible presence within properties of toxic (or otherwise illness-causing) molds, fungi, spores, pollens and/or other botanical substances and/or allergens (e.g. dust, pet dander, insect material, etc.). These substances may be either visible or invisible, may adhere to walls and other accessible and inaccessible surfaces, may be embedded in carpets or other fabrics, may become airborne, and may be mistaken for other household substances and conditions. Exposure carries the potential of possible health consequences. Agent strongly recommends that Buyer contact the State Department of Health Services for further information on this topic.

Buyer is advised to consider engaging the services of an environmental or industrial hygienist (or similar, qualified professional) to inspect and test for the presence of harmful mold, fungi, and botanical allergens and substances as part of Buyer's physical condition inspection of the Property, and Buyer is further advised to obtain from such qualified professionals information regarding the level of health-related risk involved, if any, and the advisability and feasibility of eradication and abatement, if any.

Buyer is expressly cautioned that Agent has no expertise in this area and is, therefore, incapable of conducting any level of inspection of the Property for the possible presence of mold and botanical allergens. Buyer acknowledges that Agent has not made any investigation, determination, warranty or representation with respect to the possible presence of mold or other botanical allergens, and Buyer agrees that the investigation and analysis of the foregoing matters is Buyer's sole responsibility and that Buyer shall not hold Agent responsible therefore.

- 30) **WATER HEATER DISCLOSURE:** Seller certifies that it has complied with the water heater earthquake protection requirements set forth in California Health and Safety Code section 19211.

Buyer is advised that Agent has no expertise in this area and is, therefore, incapable of conducting any level of inspection of the Property for the possible non-standard and/or unsafe water heater bracing, anchoring, or strapping to resist movement due to earthquakes. Buyer understands that Agent has not made any investigation, determination, warranty or representation with respect to the possible unfit water heater bracing, anchoring, or strapping or other standards, and Buyer agrees that the investigation and analysis of the foregoing matters is Buyer's sole responsibility and that Buyer shall not hold Agent responsible therefore.

- 32) **CHOICE OF FORUM:** All disputes arising between the Parties with respect to the subject matter of this Purchase Agreement or the transaction contemplated herein (including but not limited to the parties' rights

BUYER'S INITIALS BR SELLER'S INITIALS [Signature]
CA - Copyright Marcus & Millichap 2016

to the Deposit or the payment of commissions as provided herein) shall be resolved exclusively by the United States Bankruptcy Court for the Northern District of California.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE SUBJECT MATTER OF THIS PURCHASE AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREIN DECIDED BY A JUDGE OF THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA. YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN ANOTHER COURT OR BY JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE WAIVING YOUR RIGHT TO A JURY TRIAL. YOUR AGREEMENT TO THIS PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS DESCRIBED ABOVE TO THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA.

BUYER'S INITIALS BR SELLER'S INITIALS _____
BUYER'S AGENT INITIALS _____ SELLER'S AGENT INITIALS _____

- 33) **SUCCESSORS & ASSIGNS:** This Agreement and any addenda hereto shall be binding upon and inure to the benefit of the heirs, successors, agents, representatives and assigns of the parties hereto. Buyer shall have the right to assign this Agreement and Buyer's rights and obligations hereunder to an entity controlled by Buyer.
- 34) **TIME:** Time is of the essence of this Agreement.
- 35) **NOTICES:** All notices required or permitted hereunder shall be given to the parties in writing (with a copy to Agent) at their respective addresses as set forth below. Should the date upon which any act required to be performed by this Agreement fall on a Saturday, Sunday or holiday, the time for performance shall be extended to the next business day.
- 36) **FOREIGN INVESTOR DISCLOSURE:** Seller and Buyer agree to execute and deliver any instrument, affidavit or statement, and to perform any act reasonably necessary to carry out the provisions of this Foreign Investment in Real Property Tax Act and regulations promulgated thereunder. Seller represents that Seller is not a foreign person as defined in Section 1445 of the Internal Revenue Code and withholding of any portion of the purchase price is not required under Sections 18662 or 18668 of the California Revenue and Taxation Code.
- 37) **ADDENDA:** Any addendum attached hereto and either signed or initialed by the parties shall be deemed a part hereof. This Agreement, including addenda, if any, expresses the entire agreement of the parties and supersedes any and all previous agreements between the parties with regard to the Property. There are no other understandings, oral or written, which in any way alter or enlarge its terms, and there are no warranties or representations of any nature whatsoever, either express or implied, except as set forth herein. Any future modification of this Agreement will be effective only if it is in writing and signed by the party to be charged.
- 38) **ACCEPTANCE AND EFFECTIVE DATE:** Buyer's signature hereon constitutes an offer to Seller to purchase the Property on the terms and conditions set forth herein. Unless acceptance hereof is made by Seller's execution of this Agreement and delivery of a fully executed copy to Buyer, either in person or at the address shown below, or by facsimile or e-mail with a legitimate confirmation of receipt, on or before _____, 20____, this offer shall be null and void, the Deposit shall be returned to Buyer, and neither Seller nor Buyer shall have any further rights or obligations hereunder. Delivery shall be effective upon personal delivery to Buyer or Buyer's agent or, if by mail, on the next business day following the date of postmark. The "Effective Date" of this Agreement shall be the later of (a) the date on which Seller executes this Agreement, or (b) the date of or written acceptance (by either Buyer or Seller) of the final counter-offer submitted by the other party. Buyer and Seller both acknowledge and agree that a facsimile copy of this Agreement with a party's signature is as legally valid and binding as the original Agreement with an original signature. If Buyer is not an individual but a legal entity, Buyer's representative represents that he/she is authorized on behalf of the legal entity to sign this Agreement.
- 39) **MISCELLANEOUS**
 - a. Severability and Governing Law. Any provisions of this Agreement which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provisions hereof and such other provision shall remain in full force and effect. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.
 - b. Attorneys' Fees. In the event any dispute between the parties results in litigation or other proceeding, the prevailing party shall be reimbursed by the party not prevailing for all reasonable costs and expenses, including, without limitation, reasonable attorneys' and experts' fees and costs incurred by the prevailing party in connection

with such litigation or other proceeding, and any appeal thereof. Such costs, expenses and fees shall be included in and made a part of the judgment recovered by the prevailing party, if any.

c. Entire Agreement. It is understood and acknowledged that there are no oral agreements or understandings between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Agreement. This Agreement contains all of the terms, covenants, conditions, warranties and agreements of the parties relating in any manner to the subject matter hereof. None of the terms, covenants, conditions or provisions of this Agreement can be modified, deleted or added to except in writing signed by the parties hereto. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties, and all reliance with respect to representations is based totally upon the representations and agreements contained in this Agreement. The parties acknowledge that (i) each party and/or its counsel have reviewed and revised this Agreement, and (ii) no rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall be employed in the interpretation or enforcement of this Agreement or any amendments or exhibits to this Agreement or any document executed and delivered by either party in connection with this Agreement.

d. Warranty of Authority. Each person executing this Agreement on behalf of a party represents and warrants that (1) such person is duly and validly authorized to do so on behalf of the entity it purports to so bind, and (2) if such party is a partnership, corporation or trustee, that such partnership, corporation or trustee has full right and authority to enter into this Agreement and perform all of its obligations hereunder. Buyer hereby warrants that this Agreement is legal, valid and binding upon Buyer and enforceable against it in accordance with its terms.

e. Joint and Several; Covenants and Conditions. If either party consists of more than one person or entity, the obligations of all such persons or entities shall be joint and several. Each provision to be performed by each of the parties hereto shall be deemed to be both a covenant and a condition.

f. Confidentiality. The parties acknowledge that the content of this Agreement and any related documents are confidential information. Each party shall keep and maintain such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than such party's financial, legal and space planning consultants.

40) **GOVERNING LAW:** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

41) **OTHER TERMS AND CONDITIONS:**

Seller to credit buyer with \$900,000 to go towards landlords construction costs for Ross Stores Inc.
Subject to bankruptcy Court Approval and Overbid

THE PARTIES UNDERSTAND AND ACKNOWLEDGE THAT BROKER IS NOT QUALIFIED TO PROVIDE, AND HAS NOT BEEN CONTRACTED TO PROVIDE, LEGAL, FINANCIAL OR TAX ADVICE, AND THAT ANY SUCH ADVICE MUST BE OBTAINED FROM THE RESPECTIVE PARTY'S ATTORNEY, ACCOUNTANT OR TAX PROFESSIONAL. THE PARTIES AGREE THAT THIS AGREEMENT CAN BE SIGNED IN COUNTERPART WITH THE SAME LEGAL FORCE AND EFFECT AS IF NOT SIGNED IN COUNTERPART.

The undersigned Buyer hereby offers and agrees to purchase the above-described Property for the price and upon the terms and conditions herein stated.

BUYER REGISTRATION

538e6536-aa95-4752-9639-bb336aedf29f

8 of 12

BUYER'S INITIALS

DS
BR

SELLER'S INITIALS

CA - Copyright Marcus & Millichap 2016

This offer is made by Buyer to Seller on this _____ day of _____, 20____. The undersigned Buyer hereby acknowledges receipt of an executed copy of this Agreement, including the Agency Disclosure contained in Paragraph 23, above.

All individuals signing below on behalf of a legal entity hereby represent that they are authorized by, and on behalf of, said entity to enter into this Agreement.

BUYER'S SIGNATURE (PRIMARY): _____ DocuSigned by: Big Radon ADDRESS: _____
B4EA371A4306480...
DATE: 1/16/2017 | 07:50:19 PST TELEPHONE: _____

BUYER'S SIGNATURE (SECONDARY): _____ ADDRESS: _____
DATE: _____ TELEPHONE: _____

SELLER'S ACCEPTANCE AND AGREEMENT TO PAY COMMISSION

The undersigned Seller accepts the foregoing offer and agrees to sell the Property to Buyer for the price and on the terms and conditions stated herein. Seller acknowledges receipt of an executed copy of this Agreement and authorizes Agent to deliver an executed copy to Buyer.

EXCLUSIVE LISTING
Seller reaffirms its agreement to pay to Agent a real estate brokerage commission pursuant to the terms of that certain Representation Agreement between Agent and Seller dated September 15, 2016, which shall remain in full force and effect. Said commission is payable in full on the Closing Date and shall be paid in cash through escrow. Escrow Holder is directed to make such payment to Agent from Seller's proceeds of sale. The provisions of this paragraph may not be amended or modified without the written consent of Agent.

SUBJECT TO ATTACHED COUNTER-OFFER
SELLER'S SIGNATURE (PRIMARY): Grove Plaza Partners, LLC ADDRESS: 303 Twin Dolphin Drive, Suite 600 Redwood City, CA 94065
DATE: 01.16.17 TELEPHONE: 650-260-7660

SELLER'S SIGNATURE (SECONDARY): _____ ADDRESS: _____
DATE: _____ TELEPHONE: _____

Agent accepts and agrees to the foregoing. Agent represents and warrants that Agent is unaware of any incorrect or incomplete information contained in any Natural Hazard Disclosures.

AGENT: MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC.

AGENT'S SIGNATURE: _____ ADDRESS: 321 Guasti Road, 00, Ontario, CA 91761
AGENT LICENSE NO. 01776 5
DATE: _____ TELEPHONE: _____

DS
BR

Escrow Holder acknowledges receipt of a copy of this Agreement (if checked _____ a deposit amount of _____ dollars (\$ _____)), Counter Offer numbers _____ and _____ and agrees to act as Escrow Holder subject to Paragraph 3 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

The date of communication of Acceptance of the Agreement between Buyer and Seller is _____, 20_____.

ESCROW HOLDER:	_____	ESCROW #:	_____
BY:	_____	DATE:	_____
ADDRESS:	_____	EMAIL:	_____
PHONE:	_____	FAX:	_____
ESCROW HOLDER IS LICENSED BY:	_____	LICENSE #:	_____

PARTIES UNDERSTAND AND ACKNOWLEDGE THAT BROKER IS NOT QUALIFIED TO PROVIDE, AND HAS NOT BEEN CONTRACTED TO PROVIDE, LEGAL, FINANCIAL OR TAX ADVICE, AND THAT ANY SUCH ADVICE MUST BE OBTAINED FROM PARTIES' ATTORNEY, ACCOUNTANT OR TAX PROFESSIONAL

538e6536-aa95-4752-9639-bb336aedf29f

10 of 12

BUYER'S INITIALS

DS
BR

SELLER'S INITIALS

CA - Copyright Marcus & Millichap 2016

DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIPS
(As required by the Civil Code)

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller:

A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
- (b) A duty of honest and fair dealing and good faith.
- (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

BUYER'S AGENT

A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer:

A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.
- (b) A duty of honest and fair dealing and good faith.
- (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer. In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

- (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.
- (b) Other duties to the Seller and the Buyer as stated above in their respective sections. In representing both Seller and Buyer, the agent may not, without the express permission of the respective party, disclose to the other party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered.

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional. Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction.

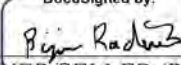
This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on the reverse hereof. Read it carefully.

SIGNED:

AGENT'S SIGNATURE _____ (date)


ASSOCIATE LICENSEE/BROKER _____ (date)

538e6536-aa95-4752-9639-bb336aedf29f

DocuSigned by:  1/16/2017 | 07:50:19 PST

BUYER/SELLER (PRIMARY) _____ (date)

BUYER/SELLER (SECONDARY) _____ (date)

11 of 12 BUYER'S INITIALS 

SELLER'S INITIALS 
CA - Copyright Marcus & Millichap 2016

Civil Code Sections 2079.13 through 2079.24

Section 2079.13. As used in Sections 2079.14 to 2079.24, inclusive, the following terms have the following meanings: (a) "Agent" means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. (b) "Associate licensee" means a person who is licensed as a real estate broker or salesperson under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code and who is either licensed under a broker or has entered into a written contract with a broker to act as the broker's agent in connection with acts requiring a real estate license and to function under the broker's supervision in the capacity of an associate licensee. The agent in the real property transaction bears responsibility for his or her associate licensees who perform as agents of the agent. When an associate licensee owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the associate licensee functions. (c) "Buyer" means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes vendee or lessee. (d) "Dual agent" means an agent acting, either directly or through an associate licensee, as agent for both the seller and the buyer in a real property transaction. (e) "Listing agreement" means a contract between an owner of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer. (f) "Listing agent" means a person who has obtained a listing of real property to act as an agent for compensation. (g) "Listing price" is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the listing agent. (h) "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. (i) "Offer to purchase" means a written contract executed by a buyer acting through a selling agent which becomes the contract for the sale of the real property upon acceptance by the seller. (j) "Real property" means any estate specified by subdivision (1) or (2) of Section 761 in property which constitutes or is improved with one to four dwelling units, any leasehold in this type of property exceeding one year's duration, and mobile homes, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code. (k) "Real property transaction" means a transaction for the sale of real property in which an agent is employed by one or more of the principals to act in that transaction, and includes a listing or an offer to purchase. (l) "Sell," "sale," or "sold" refers to a transaction for the transfer of real property from the seller to the buyer, and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year's duration. (m) "Seller" means the transferor in a real property transaction, and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor. (n) "Selling agent" means a listing agent who acts alone, or an agent who acts in cooperation with a listing agent, and who sells or finds and obtains a buyer for the real property, or an agent who locates property for a buyer or who finds a buyer for a property for which no listing exists and presents an offer to purchase to the seller. (o) "Subagent" means a person to whom an agent delegates agency powers as provided in Article 5 (commencing with Section 2349) of Chapter 1 of Title 9. However, "subagent" does not include an associate licensee who is acting under the supervision of an agent in a real property transaction.

Section 2079.14. Listing agents and selling agents shall provide the seller and buyer in a real property transaction with a copy of the disclosure form specified in Section 2079.16, and, except as provided in subdivision (c), shall obtain a signed acknowledgment of receipt from that seller or buyer, except as provided in this section or Section 2079.15, as follows: (a) The listing agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement. (b) The selling agent shall provide the disclosure form to the seller as soon as practicable prior to presenting the seller with an offer to purchase, unless the selling agent previously provided the seller with a copy of the disclosure form pursuant to subdivision (a). (c) Where the selling agent does not deal on a face-to-face basis with the seller, the disclosure form prepared by the selling agent may be furnished to the seller (and acknowledgment of receipt obtained for the selling agent from the seller) by the listing agent, or the selling agent may deliver the disclosure form by certified mail addressed to the seller at his or her last known address, in which case no signed acknowledgment of receipt is required. (d) The selling agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer's offer to purchase, except that if the offer to purchase is not prepared by the selling agent, the selling agent shall present the disclosure form to the buyer not later than the next business day after the selling agent receives the offer to purchase from the buyer.

Section 2079.15. In any circumstance in which the seller or buyer refuses to sign an acknowledgment of receipt pursuant to Section 2079.14, the agent, or an associate licensee acting for an agent, shall set forth, sign, and date a written declaration of the facts of the refusal.

Section 2079.16. This disclosure appears on Page 1.

Section 2079.17. (a) As soon as practicable, the selling agent shall disclose to the buyer and seller whether the selling agent is acting in the real property transaction exclusively as the buyer's agent, exclusively as the seller's agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the selling agent prior to or coincident with execution of that contract by the buyer and the seller, respectively. (b) As soon as practicable, the listing agent shall disclose to the seller whether the listing agent is acting in the real property transaction exclusively as the seller's agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the listing agent prior to or coincident with the execution of that contract by the seller. (c) The confirmation required by subdivisions (a) and (b) shall be in the following form:

Joshua Rey is the agent of (check one): [x] the seller exclusively; or [] both the buyer and seller.
(NAME OF LISTING AGENT)
is the agent of (check one): [] the buyer exclusively; or [] the seller exclusively; or
(NAME OF SELLING AGENT IF NOT THE SAME AS THE LISTING AGENT) [] both the buyer and seller.

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14.

Section 2079.18. No selling agent in a real property transaction may act as an agent for the buyer only, when the selling agent is also acting as the listing agent in the transaction.

Section 2079.19. The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

Section 2079.20. Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

Section 2079.21. A dual agent shall not disclose to the buyer that the seller is willing to sell the property at a price less than the listing price, without the express written consent of the seller. A dual agent shall not disclose to the seller that the buyer is willing to pay a price greater than the offering price, without the express written consent of the buyer. This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

Section 2079.22. Nothing in this article precludes a listing agent from also being a selling agent, and the combination of these functions in one agent does not, of itself, make that agent a dual agent.

Section 2079.23. A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship.

Section 2079.24. Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

OS BR

[Handwritten Signature]

EXHIBIT B

Marcus & Millichap

PURCHASE AGREEMENT

THIS DOCUMENT IS MORE THAN A RECEIPT FOR MONEY. IT IS INTENDED TO BE A LEGALLY BINDING AGREEMENT. READ IT CAREFULLY.

Cheng Family Trust and or Assignee shall be hereafter referred to as "Buyer".

Grove Plaza Partners LLC shall be hereafter referred to as "Seller".

Buyer shall deliver to Marcus & Millichap Real Estate Investment Services ("Agent"), as agent for Seller the sum of Fifty Thousand dollars (\$ 50,000) in the form of wire transfer. This sum is a deposit ("Initial Deposit") to be applied to the purchase price of that certain real property (referred to as the "Property") located in the City of Ontario, County of San Bernardino, State of California, and more particularly described as follows:

2506-2510 S Grove Ave
Ontario, CA 91761
APN: 1051-321-63-0000

TERMS AND CONDITIONS

Seller agrees to sell the Property, and Buyer agrees to purchase the Property, on the following terms and conditions:

- 1) **PURCHASE PRICE:** The purchase price for the Property is One Million Three Hundred Ninety Eight dollars (\$ 1,398,000). Buyer's Initial Deposit, pending Seller's execution of this Purchase Agreement (the "Agreement"), shall held by Agent until mutual execution of this Agreement. Agent shall deliver and deposit same in escrow as provided in Paragraph 3 below. Upon removal or waiver of contingencies, Buyer shall make a further deposit to Escrow pursuant to paragraph 9 below ("Additional Deposit"). The balance of the purchase price shall be payable at close of escrow pursuant to the terms stated below. Together, the Initial Deposit and the Additional Deposit are referred to herein as the "Deposit."
- 2) Intentionally deleted.
- 3) **ESCROW:** Within Two (2) calendar days after the date that both parties have executed and delivered this Agreement (the "Effective Date") Agent shall open escrow with Old Republic Title Company (the "Escrow Holder") by the simultaneous deposit of a copy of this Agreement and Buyer's Initial Deposit with the Escrow Holder.

Seller and Buyer agree to prepare and execute such escrow instructions as may be necessary and appropriate to close the transaction. Close of escrow (or the "Closing Date", which shall mean the date on which the deed transferring title is recorded) shall occur within Forty Five (45) calendar days of the Effective Date of this Agreement. Escrow fee shall be paid by buyer and seller to split 50/50. All other closing costs shall be allocated between the parties in accordance with the custom and practice in Riverside County.

- 4) **PRORATIONS:** Real property taxes, premiums on insurance acceptable to Buyer, interest on any debt being assumed or taken subject to by Buyer, and any other expenses of the Property shall be prorated as of the Closing Date as if Buyer is the owner of the Property at 12:01 AM on the Closing Date. Security deposits, advance rentals, and the amount of any future lease credits shall be credited to Buyer. The amount of any bond or assessment which is a lien and not customarily paid with real property taxes shall be (select one "X") paid by seller. Delinquent or unpaid rents and C.A.M. reconciliations shall be handled outside of escrow and neither Agent nor escrow shall be responsible for same.

LEASED PROPERTY PRORATIONS: Rents actually collected (prior to closing) will be prorated as of the Closing Date and rent collected thereafter applied first to rental payments then owed the Buyer and the remainder paid to the Seller. All free rent due any tenant at the close of escrow for rental periods after the closing shall be a credit against the Purchase Price.

CA Purch

1 of 12

BUYER'S INITIALS

SELLER'S INITIALS

CA - Copyright Marcus & Millichap 2016

5) **TITLE:** Within Ten (10) calendar days after the Effective Date of this Agreement, Seller shall procure and cause to be delivered to Buyer a preliminary title report with copies of all exceptions issued by Sellers Choice (the "Title Company") on the Property. Within Fifteen (15) calendar days following the Effective Date, Buyer shall either approve in writing the exceptions contained in said title report or specify in writing any exceptions to which Buyer reasonably objects; Buyer's failure to deliver timely its objections shall conclusively be deemed to be Buyer's approval of all exceptions shown in the preliminary title report. If Buyer objects to any exceptions, Seller shall, within Twenty (20) calendar days following the Effective Date, deliver to Buyer written notice that either (i) Seller will, at Seller's expense, remove the exception(s) to which Buyer has objected before the Closing Date or (ii) Seller is unwilling or unable to eliminate said exception(s). If Seller fails to so notify Buyer or notifies Buyer that it is unwilling or unable to remove any such exception by the Closing Date, Buyer shall elect in writing, within Twenty Five (25) calendar days from the Effective Date to either terminate this Agreement and receive back the Initial Deposit (in which event Buyer and Seller shall have no further obligations under this Agreement other than those which expressly survive the termination of this Agreement); or to purchase the Property subject to such exception(s).

Seller shall convey by grant deed to Buyer (or to such other person or entity as Buyer may specify) marketable fee title subject only to the exceptions not disapproved by Buyer in accordance with this Agreement. Title shall be insured by a standard California Land Title Association owner's policy of title insurance issued by the Title Company in the amount of the purchase price with premium paid by Seller.

6) **FINANCING CONTINGENCIES:**

6.1. **NEW FIRST LOAN:** NA

7) **PEST CONTROL CONTINGENCIES:**

7.1) **NO PEST CONTROL CONTINGENCY - "AS IS":** Buyer has conducted Buyer's own investigation with regard to possible infestation and/or infection by wood-destroying pests or organisms and agrees to purchase the Property in its present condition. Buyer acknowledges that Buyer is not relying upon any representations or warranties made by Seller or Agent regarding the presence or absence of such infestation or infection.

8) **INSPECTION CONTINGENCIES:**

8a. **BOOKS AND RECORDS**

8.1) **BOOKS AND RECORDS:** Seller agrees to provide Buyer with items A-K listed below, which are in Seller's custody, within Five (5) calendar days following the Effective Date:

- a. All rental agreements, leases, service contracts, insurance policies, latest tax bill(s) and other written agreements, written code violations or other notices which affect the Property.
- b. The operating statements of the Property for the Twenty Four (24) calendar months immediately preceding the Effective Date hereof.
- c. Copies of whatever documents the Seller may have regarding the financial condition, business prospects or prospective continued occupancy of any tenant (including but not limited to financial statements, credit reports, etc.).
- d. If Buyer is taking title subject to existing encumbrances, all notes and security instruments which will affect the Property after the Closing.
- e. A complete and current rent roll, including a schedule of all tenant deposits and prepaid rent.
- f. A written inventory of all items of Personal Property to be conveyed to Buyer and included as part of the purchase price at close of escrow.
- g. A report paid for by Seller by a professional provider, containing the Natural Hazard Disclosures (as defined below) concerning the Property. "Natural Hazard Disclosures" shall mean whether the Property is located within: (1) Special Flood Hazard Area; (2) Dam Failure Inundation Area; (3) Earthquake Fault Zone; (4) Seismic Hazard Zone; (5) High Fire Severity Area; and/or (6) Wildland Fire Area. Seller represents and warrants that, unless otherwise noted by Seller to Buyer in writing, Seller is unaware of any inaccuracies in the Natural Hazard Disclosures.
- h. Any and all documents, of any type or nature, that in any way reference the existence of mold or mold-related problems with the Property or any toxic substance on or about the Property.
- j. If there is pending or threatened any litigation affecting the Property, copies of the pleadings in such action. If Seller is not in possession of any of the foregoing documents, Seller shall not be required to obtain or create such documents.

Buyer shall acknowledge receipt of these items in writing. Buyer shall have Twenty One (21) calendar days following the Effective Date to review and approve in writing each of these items. If Buyer fails to deliver written notice to Seller disapproving these items within the specified time, Buyer shall be conclusively deemed to have waived its right to terminate this Agreement under this paragraph 8.1.

CA Purch

2 of 12

BUYER'S INITIALS

SELLER'S INITIALS

CA - Copyright Marcus & Millichap 2016

8b. **PHYSICAL INSPECTION**

8.2) **PHYSICAL INSPECTION:** Buyer shall have Ten (10) calendar days following the Effective Date to inspect the physical condition of the Property, including, but not limited to the soil conditions and the presence or absence of lead-based paint, mold and other hazardous materials on or about the Property, and to notify the Seller in writing that Buyer approves same. Buyer shall not undertake invasive or destructive testing without Seller's prior written approval, which shall not be unreasonably delayed. Buyer shall give Seller at least two (2) business days notice of its intent to come onto the Property, and Seller shall have the right to accompany Buyer. No contact with existing tenants shall be made without Seller's prior written consent, which shall not be unreasonably withheld. If Buyer fails to deliver written notice to Seller disapproving the physical condition of the Property within the specified time, Buyer shall be conclusively deemed to have waived its right to terminate this Agreement under this paragraph 8.2.

8c.

8.3) **STATE AND LOCAL LAWS:** Buyer shall have Ten (10) calendar days following the Effective Date to investigate State and local laws to determine whether the Property must be brought into compliance with minimum energy conservation or safety standards or similar retrofit requirements as a condition of sale or transfer and the cost thereof, and to deliver written notice to Seller if Buyer disapproves same. If Buyer fails to deliver written notice of its disapproval within the specified time, Buyer shall conclusively be deemed to have waived its right to terminate this Agreement pursuant to this paragraph 8. If approved by Buyer, Buyer shall comply with and pay for these requirements.

9) **DEPOSIT INCREASE: NA**

10) **DEPOSIT TRANSFER:** Buyer's Deposit shall remain in escrow, until removal of the inspection and financing contingencies set forth in paragraph(s) 5, 6 & 8 hereof. Upon waiver of said contingencies, Seller shall deposit to Escrow a grant deed duly executed by Seller, sufficient to convey title to Buyer; and the Escrow Holder shall release immediately from escrow and deliver to Seller Buyer's entire Deposit. Buyer acknowledges and agrees that, in the event Buyer defaults on this Agreement after waiver of contingencies, Buyer's Deposit shall be non-refundable as liquidated damages pursuant to paragraph 17 below. Seller shall hold Buyer's Deposit subject to the remaining terms and conditions of this Agreement. If Seller thereafter materially defaults hereunder, or the Buyer terminates this Agreement pursuant to a right expressly set forth herein, the Deposit shall be returned to Buyer and deed shall be returned to Seller. If Seller defaults on this Agreement after Seller has received the Deposit, Seller understands and agrees that Buyer's Deposit must be returned to Buyer immediately.

BUYER'S INITIALS 

SELLER'S INITIALS 

11) **ESTOPPEL CERTIFICATE CONTINGENCY (Leased Properties):**

11a. Standard

11.1) Seller shall obtain and deliver to Buyer, within Twenty (20) days after the last contingency set forth in paragraph(s) 5 & 8 is removed, estoppel letters or certificates executed by tenants which collectively lease at least Fifty percent (50%) of the rentable square footage stating: a) the date of commencement and the scheduled date of termination of the lease; b) the amount of advanced rentals and security deposits paid to Seller; c) the amount of monthly (or other periodic) rent payable to Seller; d) that the lease is in full force and effect and that there have been no modifications or amendments thereto, or, if there have been modifications or amendments, an explanation of same; and e) that there is no default under the terms of the lease by lessor or lessee, or specifying the nature of any default such tenant asserts exist. Buyer shall have Ten (10) calendar days following Buyer's receipt of estoppel certificates to review and approve the estoppel certificates and if any tenant does not return to Seller a completed and executed estoppel certificate, then Seller shall execute, any unreturned estoppel certificates. Buyer may only disapprove said certificates, and cancel the Agreement by delivery of written notice to Seller within the specified time, if the certificates reflect a discrepancy materially affecting the economics of the transaction, or a previously undisclosed material breach of any lease. Upon such disapproval, Buyer's entire deposit shall be returned, and the parties shall have no further obligations hereunder other than those which expressly survive the termination of this Agreement.

12) **INDEPENDENT CONSIDERATION:** Notwithstanding anything to the contrary in this Agreement, Buyer and Seller agree that One Hundred Dollars (\$100.00) of the Deposit will be non-refundable and will be distributed to Seller upon any termination of this Agreement as full payment and independent consideration for Buyer's rights under this Agreement ("Independent Consideration"). If this Agreement is terminated by the Buyer in accordance with paragraphs 5, and 8 above, the Deposit less the Independent Consideration will be promptly returned to Buyer and the parties will have no further rights or obligations under this Agreement except for any that expressly survive the termination of this Agreement.

13) **SERVICE AND TENANT CONTRACTS/OTHER MATERIAL CHANGES:** After Buyer has waived all contingencies, Seller shall not, without the prior written consent of Buyer which shall not be unreasonably withheld, amend any leases or enter into any new service or tenant contracts that cannot be canceled with 30 days notice and without

CA Purch

3 of 12

BUYER'S INITIALS 

SELLER'S INITIALS 

CA - Copyright Marcus & Millichap 2016

penalty. Seller shall not make any material changes to the Property, do any act, or enter into any agreements of any kind that materially changes the value of the Property or the rights of the Buyer as they relate to the Property.

- 14) **PERSONAL PROPERTY:** Title to any personal property to be conveyed to Buyer in connection with the sale of the Property shall be conveyed to Buyer by Bill of Sale on the Closing Date free and clear of all encumbrances (except those approved by Buyer as provided above), without warranty or representation of any kind. The price of these items shall be included in the Purchase Price for the Property, and Buyer agrees to accept all such personal property in "as is" condition.
- 15) **CONDITION OF PROPERTY:** It is understood and agreed that the Property is being sold "as is"; that Buyer has, or will have prior to the Closing Date, inspected the Property; and that neither Seller nor Agent has made any representation or warranty as to the physical condition or value of the Property or its suitability for Buyer's intended use. "Property Condition" means each and every matter of concern or relevance to Buyer relating to the Property, including without limitation the financial, legal, title, physical, geological and environmental condition and sufficiency of the Property and all improvements and equipment thereon; applicable governmental laws, regulations, and zoning; building codes, and the extent to which the Property complies therewith; the fitness of the Property for Buyer's contemplated use; the presence of hazardous materials; title matters; and contracts to be assumed by Buyer.

Upon Buyer's satisfaction or waiver of the contingencies in Paragraph 5, 6 & 8, Buyer agrees, and represents and warrants that upon Closing Buyer will purchase the Property "as is" and solely on reliance on its own investigation of the Property. Seller has no obligation to repair, correct or compensate Buyer for any Property Condition, and upon Closing, Buyer shall be deemed to have waived any and all objections to the Property Condition, whether or not known to Buyer.

Effective upon Buyer's purchase of the Property, Buyer shall waive the provisions of California Civil Code §1542, which provides as follows:

"Certain claims not affected by general release. A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with debtor."

Effective upon the Closing, Buyer expressly waives and relinquishes any rights or benefits which it had, now has or may have in the future under section 1542 of the Civil Code of the State of California, or any similar provision of statutory or nonstatutory law, to the fullest extent that it may lawfully waive any such right and benefit pertaining to the subject matter of this Agreement. The provisions of this paragraph 15 shall survive the Closing.

BUYER'S INITIALS 

16) RISK OF LOSS:

A. Minor Damage.

In the event of loss or damage to the Property or any portion thereof which is not "major" (as hereinafter defined), this Agreement shall remain in full force and effect provided Seller performs any necessary repairs or, at Seller's option, assigns to Buyer all of Seller's right, title and interest to any claims and proceeds Seller may have with respect to any casualty insurance policies or condemnation awards relating to the Property in question, provided that such policies or awards provide for full restoration and repair of the Property. In the event that Seller elects to perform repairs upon the Property, Seller shall use its best efforts to complete such repairs promptly and the Closing Date shall be extended a reasonable time in order to allow for the completion of such repairs. If Seller elects to assign a casualty claim to Buyer, the Purchase Price shall be reduced by an amount equal to the deductible amount under Seller's insurance policy. Upon Closing, full risk of loss with respect to the Property shall pass to Buyer.

B. Major Damage.

In the event of a "major" loss or damage, either Seller or Buyer may terminate this Agreement by written notice to the other party within ten (10) days after Seller sends Buyer written notice of the occurrence of major loss or damage, in which event the Deposit(s) shall be returned to Buyer. If neither Seller nor Buyer elects to terminate this Agreement within ten (10) days after Seller sends Buyer written notice of the occurrence of major loss or damage, then Seller and Buyer shall be deemed to have elected to proceed with Closing, in which event Seller shall, at Seller's option, either (a) perform any necessary repairs, or (b) assign to Buyer all of Seller's right, title and interest to any claims and proceeds Seller may have with respect to any casualty insurance policies or condemnation awards relating to the Property in question, provided that such policies or awards provide for full restoration and repair of the Property. In the event that Seller elects to perform repairs upon the Property, Seller shall use its best efforts to complete such repairs promptly and the Closing Date shall be extended a reasonable time in order to allow for the completion of such repairs. If Seller elects to assign a casualty claim to Buyer, the Purchase Price shall be reduced by an amount

CA Purch

4 of 12

BUYER'S INITIALS 

SELLER'S INITIALS 

CA - Copyright Marcus & Michap 2016

equal to the deductible amount under Seller's insurance policy. Upon Closing, full risk of loss with respect to the Property shall pass to Buyer.

C Definition of "Major" Loss or Damage.

For purposes of this paragraph 16, "major" loss or damage refers to the following: (i) loss or damage to the Property or any portion thereof such that the cost of repairing or restoring the Property in question to a condition substantially identical to that of the Property in question prior to the event of damage would be, in the opinion of an architect selected by Seller and reasonably approved by Buyer, equal to or greater than ten percent (10%) of the Purchase Price and (ii) any loss due to a condemnation which permanently and materially impairs the current use of the Property.

- 17) **POSSESSION:** Possession of the Property shall be delivered to Buyer on Closing Date.
- 18) **LIQUIDATED DAMAGES:** Buyer and Seller agree that it would be impracticable or extremely difficult to fix actual damages in the event that Escrow fails to close as a result of a default by Buyer, and after due consideration agree that the amount of Buyer's Deposit hereunder (as same may be increased by the terms hereof) is the parties' reasonable estimate of Seller's damages in the event that escrow fails to close as a result of Buyer's default. Therefore, if Escrow fails to close as a result of Buyer's default, and provided that Seller is ready, willing and able to perform, then (a) this Agreement and the rights and obligations of Buyer and Seller hereunder and the Escrow created hereby shall terminate, and (b) Escrow Holder shall, and is hereby authorized and instructed to, return promptly to Buyer and Seller all documents and instruments to the parties who deposited the same. The payment of such amount as liquidated damages is not intended as a forfeiture or penalty within the meaning of California Civil Code sections 3275 or 3369, but is intended to constitute liquidated damages to Seller pursuant to California Civil Code sections 1671, 1676 and 1677. Seller hereby waives the provisions of California Civil Code section 3389. Seller and Buyer acknowledge that they have read and understand the provisions of this paragraph 18, and by their initials immediately below agree to be bound by its terms.

BUYER'S INITIALS

SELLER'S INITIALS

- 19) **SELLER EXCHANGE:** Buyer agrees to cooperate should Seller elect to sell the Property as part of a like-kind exchange under IRC Section 1031. Seller's contemplated exchange shall not impose upon Buyer any additional liability or financial obligation, and Seller agrees to hold Buyer harmless from any liability that might arise from such exchange. This Agreement is not subject to or contingent upon Seller's ability to acquire a suitable exchange property or effectuate an exchange. In the event any exchange contemplated by Seller should fail to occur, for whatever reason, the sale of the Property shall nonetheless be consummated as provided herein.
- 20) **BUYER EXCHANGE:** Seller agrees to cooperate should Buyer elect to purchase the Property as part of a like-kind exchange under IRC Section 1031. Buyer's contemplated exchange shall not impose upon Seller any additional liability or financial obligation, and Buyer agrees to hold Seller harmless from any liability that might arise from such exchange. This Agreement is not subject to or contingent upon Buyer's ability to dispose of its exchange property or effectuate an exchange. In the event any exchange contemplated by Buyer should fail to occur, for whatever reason, the sale of the Property shall nonetheless be consummated as provided herein.
- 21) **DISCLOSURE OF REAL ESTATE LICENSURE:** Seller hereby discloses that George Arce, principal in ownership of the Property and its property manager, is a licensed real estate broker.
- 22) **AUTHORIZATION:** Buyer and Seller authorize Agent to disseminate sales information regarding this transaction after the Close of Escrow, excluding confidential information and including the purchase price of the Property.
- 23) **AGENCY DISCLOSURE:**

23.1) SELLER'S AGENT

23.1) **SELLER'S AGENT:** Marcus & Millichap Real Estate Investment Services is the broker representing the Seller (and the Seller only) in this transaction. Centers Dynamic Brokerage Inc is the broker representing the Buyer (and the Buyer only).

CA Purch

5 of 12

BUYER'S INITIALS

SELLER'S INITIALS

CA - Copyright Marcus & Millichap 2016

- 24) **OTHER BROKERS:** Buyer and Seller agree that, in the event any broker other than Agent or a broker affiliated with Agent is involved in the disposition of the Property, Agent shall have no liability to Buyer or Seller for the acts or omissions of such other broker, who shall not be deemed to be a subagent of Agent.
- 25) **LIMITATION OF LIABILITY:** Except for Agent's gross negligence or willful misconduct, Agent's liability for any breach or negligence in its performance of this Agreement shall be limited to the greater of \$50,000 or the amount of compensation actually received by Agent in any transaction hereunder.
- 26) **SCOPE OF AGENT'S AUTHORITY AND RESPONSIBILITY:** Agent shall have no authority to bind either Buyer or Seller to any modification or amendment of this Agreement. Agent shall not be responsible for performing any due diligence or other investigation of the Property on behalf of either Buyer or Seller, or for providing either party with professional advice with respect to any legal, tax, engineering, construction or hazardous materials issues.
- 27) **BROKER DISCLAIMER:** Buyer and Seller acknowledge that, except as otherwise expressly stated herein, Agent has not made any investigation, determination, warranty or representation with respect to any of the following: (a) the financial condition or business prospects of any tenant, or such tenant's intent to continue or renew its tenancy in the Property; (b) the legality of the present or any possible future use of the Property under any federal, state or local law; (c) pending or possible future action by any governmental entity or agency which may affect the Property; (d) the physical condition of the Property, including but not limited to, soil conditions, the structural integrity of the improvements, and the presence or absence of fungi, mold or wood-destroying organisms; (e) the accuracy or completeness of income and expense information and projections, of square footage figures, and of the texts of leases, options, and other agreements affecting the Property; (f) the possibility that lease, options or other documents exist which affect or encumber the Property and which have not been provided or disclosed by Seller; or (g) the presence or location of any hazardous materials on or about the Property, including, but not limited to, asbestos, PCB's, or toxic, hazardous or contaminated substances, lead-based paint and underground storage tanks.

Buyer agrees that investigation and analysis of the foregoing matters is Buyer's sole responsibility and that Buyer shall not hold Seller or Agent responsible therefore. Buyer further agrees to reaffirm its acknowledgment of this disclaimer at close of escrow and to confirm that it has relied upon no representations of Seller or Agent in connection with its acquisition of the Property.

BUYER'S INITIALS  SELLER'S INITIALS 

- 28) Intentionally deleted
- 29) **MOLD/ALLERGEN ADVISORY AND DISCLOSURE:** Buyer is advised of the possible presence within properties of toxic (or otherwise illness-causing) molds, fungi, spores, pollens and/or other botanical substances and/or allergens (e.g. dust, pet dander, insect material, etc.). These substances may be either visible or invisible, may adhere to walls and other accessible and inaccessible surfaces, may be embedded in carpets or other fabrics, may become airborne, and may be mistaken for other household substances and conditions. Exposure carries the potential of possible health consequences. Agent strongly recommends that Buyer contact the State Department of Health Services for further information on this topic.

Buyer is advised to consider engaging the services of an environmental or industrial hygienist (or similar, qualified professional) to inspect and test for the presence of harmful mold, fungi, and botanical allergens and substances as part of Buyer's physical condition inspection of the Property, and Buyer is further advised to obtain from such qualified professionals information regarding the level of health-related risk involved, if any, and the advisability and feasibility of eradication and abatement, if any.

Buyer is expressly cautioned that Agent has no expertise in this area and is, therefore, incapable of conducting any level of inspection of the Property for the possible presence of mold and botanical allergens. Buyer acknowledges that Agent has not made any investigation, determination, warranty or representation with respect to the possible presence of mold or other botanical allergens, and Buyer agrees that the investigation and analysis of the foregoing matters is Buyer's sole responsibility and that Buyer shall not hold Agent responsible therefore.

- 30) **WATER HEATER DISCLOSURE:** Seller certifies that it has complied with the water heater earthquake protection requirements set forth in California Health and Safety Code section 19211.

Buyer is advised that Agent has no expertise in this area and is, therefore, incapable of conducting any level of inspection of the Property for the possible non-standard and/or unsafe water heater bracing, anchoring, or strapping to resist movement due to earthquakes. Buyer understands that Agent has not made any investigation, determination, warranty or representation with respect to the possible unfit water heater bracing, anchoring, or strapping or other standards, and Buyer agrees that the investigation and analysis of the foregoing matters is Buyer's sole responsibility and that Buyer shall not hold Agent responsible therefore.

- 32) **CHOICE OF FORUM:** All disputes arising between the Parties with respect to the subject matter of this Purchase Agreement or the transaction contemplated herein (including but not limited to the parties' rights to the Deposit or the payment of commissions as provided herein) shall be resolved exclusively by the United States Bankruptcy Court for the Northern District of California.

CA Purch

6 of 12 BUYER'S INITIALS  SELLER'S INITIALS 
CA - Copyright Marcus & Millichap 2016

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE SUBJECT MATTER OF THIS PURCHASE AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREIN DECIDED BY A JUDGE OF THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA. YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN ANOTHER COURT OR BY JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE WAIVING YOUR RIGHT TO A JURY TRIAL. YOUR AGREEMENT TO THIS PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS DESCRIBED ABOVE TO THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA.

BUYER'S INITIALS *JB* SELLER'S INITIALS *[Signature]*

BUYER'S AGENT INITIALS _____ SELLER'S AGENT INITIALS _____

- 33) **SUCCESSORS & ASSIGNS:** This Agreement and any addenda hereto shall be binding upon and inure to the benefit of the heirs, successors, agents, representatives and assigns of the parties hereto. Buyer shall have the right to assign this Agreement and Buyer's rights and obligations hereunder to an entity controlled by Buyer.
- 34) **TIME:** Time is of the essence of this Agreement.
- 35) **NOTICES:** All notices required or permitted hereunder shall be given to the parties in writing (with a copy to Agent) at their respective addresses as set forth below. Should the date upon which any act required to be performed by this Agreement fall on a Saturday, Sunday or holiday, the time for performance shall be extended to the next business day.
- 36) **FOREIGN INVESTOR DISCLOSURE:** Seller and Buyer agree to execute and deliver any instrument, affidavit or statement, and to perform any act reasonably necessary to carry out the provisions of this Foreign Investment in Real Property Tax Act and regulations promulgated thereunder. Seller represents that Seller is not a foreign person as defined in Section 1445 of the Internal Revenue Code and withholding of any portion of the purchase price is not required under Sections 18662 or 18668 of the California Revenue and Taxation Code.
- 37) **ADDENDA:** Any addendum attached hereto and either signed or initialed by the parties shall be deemed a part hereof. This Agreement, including addenda, if any, expresses the entire agreement of the parties and supersedes any and all previous agreements between the parties with regard to the Property. There are no other understandings, oral or written, which in any way alter or enlarge its terms, and there are no warranties or representations of any nature whatsoever, either express or implied, except as set forth herein. Any future modification of this Agreement will be effective only if it is in writing and signed by the party to be charged.
- 38) **ACCEPTANCE AND EFFECTIVE DATE:** Buyer's signature hereon constitutes an offer to Seller to purchase the Property on the terms and conditions set forth herein. Unless acceptance hereof is made by Seller's execution of this Agreement and delivery of a fully executed copy to Buyer, either in person or at the address shown below, or by facsimile or e-mail with a legitimate confirmation of receipt, on or before *** , 20 *** , this offer shall be null and void, the Deposit shall be returned to Buyer, and neither Seller nor Buyer shall have any further rights or obligations hereunder. Delivery shall be effective upon personal delivery to Buyer or Buyer's agent or, if by mail, on the next business day following the date of postmark. The "Effective Date" of this Agreement shall be the later of (a) the date on which Seller executes this Agreement, or (b) the date of or written acceptance (by either Buyer or Seller) of the final counter-offer submitted by the other party. Buyer and Seller both acknowledge and agree that a facsimile copy of this Agreement with a party's signature is as legally valid and binding as the original Agreement with an original signature. If Buyer is not an individual but a legal entity, Buyer's representative represents that he/she is authorized on behalf of the legal entity to sign this Agreement.
- 39) **MISCELLANEOUS**
- a. Severability and Governing Law. Any provisions of this Agreement which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provisions hereof and such other provision shall remain in full force and effect. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.
- b. Attorneys' Fees. In the event any dispute between the parties results in litigation or other proceeding, the prevailing party shall be reimbursed by the party not prevailing for all reasonable costs and expenses, including, without limitation, reasonable attorneys' and experts' fees and costs incurred by the prevailing party in connection with such litigation or other proceeding, and any appeal thereof. Such costs, expenses and fees shall be included in and made a part of the judgment recovered by the prevailing party, if any.

c. Entire Agreement. It is understood and acknowledged that there are no oral agreements or understandings between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Agreement. This Agreement contains all of the terms, covenants, conditions, warranties and agreements of the parties relating in any manner to the subject matter hereof. None of the terms, covenants, conditions or provisions of this Agreement can be modified, deleted or added to except in writing signed by the parties hereto. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties, and all reliance with respect to representations is based totally upon the representations and agreements contained in this Agreement. The parties acknowledge that (i) each party and/or its counsel have reviewed and revised this Agreement, and (ii) no rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall be employed in the interpretation or enforcement of this Agreement or any amendments or exhibits to this Agreement or any document executed and delivered by either party in connection with this Agreement.

d. Warranty of Authority. Each person executing this Agreement on behalf of a party represents and warrants that (1) such person is duly and validly authorized to do so on behalf of the entity it purports to so bind, and (2) if such party is a partnership, corporation or trustee, that such partnership, corporation or trustee has full right and authority to enter into this Agreement and perform all of its obligations hereunder. Buyer hereby warrants that this Agreement is legal, valid and binding upon Buyer and enforceable against it in accordance with its terms.

e. Joint and Several; Covenants and Conditions. If either party consists of more than one person or entity, the obligations of all such persons or entities shall be joint and several. Each provision to be performed by each of the parties hereto shall be deemed to be both a covenant and a condition.

f. Confidentiality. The parties acknowledge that the content of this Agreement and any related documents are confidential information. Each party shall keep and maintain such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than such party's financial, legal and space planning consultants.

- 40) **GOVERNING LAW:** This Agreement shall be governed by and construed in accordance with the laws of the State of California.
- 41) **OTHER TERMS AND CONDITIONS:**

THE PARTIES UNDERSTAND AND ACKNOWLEDGE THAT BROKER IS NOT QUALIFIED TO PROVIDE, AND HAS NOT BEEN CONTRACTED TO PROVIDE, LEGAL, FINANCIAL OR TAX ADVICE, AND THAT ANY SUCH ADVICE MUST BE OBTAINED FROM THE RESPECTIVE PARTY'S ATTORNEY, ACCOUNTANT OR TAX PROFESSIONAL. THE PARTIES AGREE THAT THIS AGREEMENT CAN BE SIGNED IN COUNTERPART WITH THE SAME LEGAL FORCE AND EFFECT AS IF NOT SIGNED IN COUNTERPART.

The undersigned Buyer hereby offers and agrees to purchase the above-described Property for the price and upon the terms and conditions herein stated.

BUYER REGISTRATION

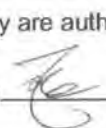
This offer is made by Buyer to Seller on this 60th day of Jan, 2017. The undersigned Buyer hereby acknowledges receipt of an executed copy of this Agreement, including the Agency Disclosure contained in Paragraph 23, above.

All individuals signing below on behalf of a legal entity hereby represent that they are authorized by, and on behalf of, said entity to enter into this Agreement.

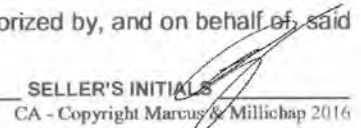
CA Purch

8 of 12

BUYER'S INITIALS



SELLER'S INITIALS



CA - Copyright Marcus & Millichap 2016

BUYER'S SIGNATURE (PRIMARY): [Signature]

ADDRESS: 1818 GILBRETH ROAD, #128
BURLINGAME CA 94010

DATE: Jan 10, 2017

TELEPHONE: (650) 697-8889

BUYER'S SIGNATURE (SECONDARY): _____

ADDRESS: _____

DATE: _____

TELEPHONE: _____

SELLER'S ACCEPTANCE AND AGREEMENT TO PAY COMMISSION

The undersigned Seller accepts the foregoing offer and agrees to sell the Property to Buyer for the price and on the terms and conditions stated herein. Seller acknowledges receipt of an executed copy of this Agreement and authorizes Agent to deliver an executed copy to Buyer.

EXCLUSIVE LISTING

Seller reaffirms its agreement to pay to Agent a real estate brokerage commission pursuant to the terms of that certain Representation Agreement between Agent and Seller dated September 15, 2016, which shall remain in full force and effect. Said commission is payable in full on the Closing Date and shall be paid in cash through escrow. Escrow Holder is directed to make such payment to Agent from Seller's proceeds of sale. The provisions of this paragraph may not be amended or modified without the written consent of Agent.

SUBJECT TO ATTACHED COUNTER-OFFER

Grove Plaza Partners, LLC

303 Twin Dolphin Drive, 600
Redwood City, CA 94065

SELLER'S SIGNATURE (PRIMARY): _____

ADDRESS: _____

DATE: 01.12.17

TELEPHONE: _____

SELLER'S SIGNATURE (SECONDARY): _____

ADDRESS: _____

DATE: _____

TELEPHONE: _____

Agent accepts and agrees to the foregoing. Agent represents and warrants that Agent is unaware of any incorrect or incomplete information contained in any Natural Hazard Disclosures.

AGENT: MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES, INC.

AGENT'S SIGNATURE: _____

ADDRESS: 3281 E Guasti Road, 800,
Ontario, CA 91761

AGENT LICENSE NO. 01776485

DATE: _____

TELEPHONE: _____



COURT CONFIRMATION ADDENDUM
(C.A.R. Form CCA, 11/12)

This is an addendum to the California Residential Purchase Agreement, Counter Offer No. _____, Other _____ ("Agreement"), dated January 10, 2017, on property known as 2506-2510 S. Grove Ave, Ontario, CA 91761 ("Property"), between Cheng Family Trust and or Assignee ("Buyer"), and Grove Plaza Partners LLC ("Seller").

The Agreement is contingent upon court confirmation on or before _____ (date). If court confirmation is not obtained by that date, Buyer may cancel the Agreement in writing. Court confirmation may be required in probate, conservatorship, guardianship, receivership, bankruptcy, divorce or other proceedings. The court may allow open, competitive bidding, resulting in the Property being sold to the highest bidder. Broker recommends that Buyer appear at the court confirmation hearing. Buyer understands that (i) Broker and others may continue to market the Property; and (ii) Broker may represent other competitive bidders prior to and at the court confirmation.

By signing below Buyer and Seller acknowledge that each has read, understands, has received a copy of and agrees to the terms of this Court Confirmation Addendum.

Date Jan 11 2017
Buyer [Signature]
Cheng Family Trust and or Assignee
Buyer _____

Date January 11, 2017
Seller [Signature]
Grove Plaza Partners LLC
Seller _____

The copyright laws of the United States (Title 17 U.S. Code) forbid the unauthorized reproduction of this form, or any portion thereof, by photocopy machine or any other means, including facsimile or computerized formats. Copyright © 2012, CALIFORNIA ASSOCIATION OF REALTORS®, INC. ALL RIGHTS RESERVED. THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS®. NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL. This form is available for use by the entire real estate industry. It is not intended to identify the user as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by members of the NATIONAL ASSOCIATION OF REALTORS® who subscribe to its Code of Ethics.

Published and Distributed by:
REAL ESTATE BUSINESS SERVICES, INC.
a subsidiary of the California Association of REALTORS®
525 South Virgil Avenue, Los Angeles, California 90020

Reviewed by _____ Date _____



CCA 11/12 (PAGE 1 OF 1)

COURT CONFIRMATION ADDENDUM (CCA PAGE 1 OF 1)



DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP

(Selling Firm to Buyer) (As required by the Civil Code) (C.A.R. Form AD, Revised 12/14)

(If checked) This form is being provided in connection with a transaction for a leasehold interest exceeding one year as per Civil Code section 2079.13(k) and (m)

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller: A Fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Seller. To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

BUYER'S AGENT

A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller.

To the Buyer: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Buyer. To the Buyer and the Seller:

- (a) Diligent exercise of reasonable skill and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

- (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer. (b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, the agent may not, without the express permission of the respective party, disclose to the other party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered.

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form.

This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on page 2. Read it carefully. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE BACK (OR A SEPARATE PAGE).

Buyer Seller Landlord Tenant Date Jan 10, 2017

Buyer Seller Landlord Tenant Date

Agent Centers Dynamic Brokerage, Inc. BRE Lic. # 01325573

By May Novak Real Estate Broker (Firm) BRE Lic. # 01267812 Date Jan 10, 2017

- Agency Disclosure Compliance (Civil Code §2079.14): When the listing brokerage company also represents Buyer/Tenant: The Listing Agent shall have one AD form signed by Seller/Landlord and a different AD form signed by Buyer/Tenant. When Seller/Landlord and Buyer/Tenant are represented by different brokerage companies: (i) the Listing Agent shall have one AD form signed by Seller/Landlord and (ii) the Buyer's/Tenant's Agent shall have one AD form signed by Buyer/Tenant and either that same or a different AD form presented to Seller/Landlord for signature prior to presentation of the offer.

Table with 4 columns: Seller/Landlord, Date, Seller/Landlord, Date

The copyright laws of the United States (Title 17 U.S. Code) forbid the unauthorized reproduction of this form, or any portion thereof, by photocopy machine or any other means, including facsimile or computerized formats. Copyright © 1991-2010, CALIFORNIA ASSOCIATION OF REALTORS®, INC. ALL RIGHTS RESERVED.

Reviewed by Date



AD REVISED 12/14 (PAGE 1 OF 2) DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP (AD PAGE 1 OF 2)

CIVIL CODE SECTIONS 2079.24 (2079.16 APPEARS ON THE FRONT)

2079.13 As used in Sections 2079.14 to 2079.24, inclusive, the following terms have the following meanings: (a) "Agent" means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. (b) "Associate licensee" means a person who is licensed as a real estate broker or salesperson under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code and who is either licensed under a broker or has entered into a written contract with a broker to act as the broker's agent in connection with acts requiring a real estate license and to function under the broker's supervision in the capacity of an associate licensee. The agent in the real property transaction bears responsibility for his or her associate licensees who perform as agents of the agent. When an associate licensee owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the associate licensee functions. (c) "Buyer" means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes vendee or lessee. (d) "Commercial real property" means all real property in the state, except single-family residential real property, dwelling units made subject to Chapter 2 (commencing with Section 1940) of Title 5, mobilehomes, as defined in Section 798.3, or recreational vehicles, as defined in Section 799.29. (e) "Dual agent" means an agent acting, either directly or through an associate licensee, as agent for both the seller and the buyer in a real property transaction. (f) "Listing agreement" means a contract between an owner of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer. (g) "Listing agent" means a person who has obtained a listing of real property to act as an agent for compensation. (h) "Listing price" is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the listing agent. (i) "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. (j) "Offer to purchase" means a written contract executed by a buyer acting through a selling agent that becomes the contract for the sale of the real property upon acceptance by the seller. (k) "Real property" means any estate specified by subdivision (1) or (2) of Section 761 in property that constitutes or is improved with one to four dwelling units, any commercial real property, any leasehold in these types of property exceeding one year's duration, and mobilehomes, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code. (l) "Real property transaction" means a transaction for the sale of real property in which an agent is employed by one or more of the principals to act in that transaction, and includes a listing or an offer to purchase. (m) "Sell," "sale," or "sold" refers to a transaction for the transfer of real property from the seller to the buyer, and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year's duration. (n) "Seller" means the transferor in a real property transaction, and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor. (o) "Selling agent" means a listing agent who acts alone, or an agent who acts in cooperation with a listing agent, and who sells or finds and obtains a buyer for the real property, or an agent who locates property for a buyer or who finds a property for which no listing exists and presents an offer to purchase to the seller. (p) "Subagent" means a person to whom an agent delegates agency powers as provided in Article 5 (commencing with Section 2349) of Chapter 1 of Title 9. However, "subagent" does not include an associate licensee who is acting under the supervision of an agent in a real property transaction.

2079.14 Listing agents and selling agents shall provide the seller and buyer in a real property transaction with a copy of the disclosure form specified in Section 2079.16, and, except as provided in subdivision (c), shall obtain a signed acknowledgement of receipt from that seller or buyer, except as provided in this section or Section 2079.15, as follows: (a) The listing agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement. (b) The selling agent shall provide the disclosure form to the seller as soon as practicable prior to presenting the seller with an offer to purchase, unless the selling agent previously provided the seller with a copy of the disclosure form pursuant to subdivision (a). (c) Where the selling agent does not deal on a face-to-face basis with the seller, the disclosure form prepared by the selling agent may be furnished to the seller (and acknowledgement of receipt obtained for the selling agent from the seller) by the listing agent, or the selling agent may deliver the disclosure form by certified mail addressed to the seller at his or her last known address, in which case no signed acknowledgement of receipt is required. (d) The selling agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer's offer to purchase, except that if the offer to purchase is not prepared by the selling agent, the selling agent shall present the disclosure form to the buyer not later than the next business day after the selling agent receives the offer to purchase from the buyer.

2079.15 In any circumstance in which the seller or buyer refuses to sign an acknowledgement of receipt pursuant to Section 2079.14, the agent, or an associate licensee acting for an agent, shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.16 Reproduced on Page 1 of this AD form.

2079.17 (a) As soon as practicable, the selling agent shall disclose to the buyer and seller whether the selling agent is acting in the real property transaction exclusively as the buyer's agent, exclusively as the seller's agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the selling agent prior to or coincident with execution of that contract by the buyer and the seller, respectively. (b) As soon as practicable, the listing agent shall disclose to the seller whether the listing agent is acting in the real property transaction exclusively as the seller's agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the listing agent prior to or coincident with the execution of that contract by the seller.

(c) The confirmation required by subdivisions (a) and (b) shall be in the following form.

(DO NOT COMPLETE. SAMPLE ONLY) is the agent of (check one): the seller exclusively; or both the buyer and seller.

(Name of Listing Agent) (DO NOT COMPLETE. SAMPLE ONLY) is the agent of (check one): the buyer exclusively; or the seller exclusively; or both the buyer and seller.

(Name of Selling Agent if not the same as the Listing Agent)

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14.

2079.18 No selling agent in a real property transaction may act as an agent for the buyer only, when the selling agent is also acting as the listing agent in the transaction.

2079.19 The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

2079.20 Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

2079.21 A dual agent shall not disclose to the buyer that the seller is willing to sell the property at a price less than the listing price, without the express written consent of the seller. A dual agent shall not disclose to the seller that the buyer is willing to pay a price greater than the offering price, without the express written consent of the buyer. This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

2079.22 Nothing in this article precludes a listing agent from also being a selling agent, and the combination of these functions in one agent does not, of itself, make that agent a dual agent.

2079.23 A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship.

2079.24 Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

Published and Distributed by: REAL ESTATE BUSINESS SERVICES, INC. a subsidiary of the California Association of REALTORS® 525 South Virgil Avenue, Los Angeles, California 90020

Reviewed by _____ Date _____



AD REVISED 12/14 (PAGE 2 OF 2)

DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP (AD PAGE 2 OF 2)

Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

2508-2510 S

1 MACDONALD | FERNANDEZ LLP
2 RENO F.R. FERNANDEZ III (SBN 251934)
3 MATTHEW J. OLSON (SBN 265908)
4 221 Sansome Street, Third Floor
5 San Francisco, CA 94104
6 Telephone: (415) 362-0449
7 Facsimile: (415) 394-5544

8 Attorneys for Debtor-in-Possession,
9 GROVE PLAZA PARTNERS, LLC

10 UNITED STATES BANKRUPTCY COURT
11 NORTHERN DISTRICT OF CALIFORNIA

12 In re
13 GROVE PLAZA PARTNERS, LLC,
14 Debtor.

Case No. 16-30531-DM-11

Chapter 11

DECLARATION OF JOSHUA REY IN
SUPPORT OF MOTION FOR AUTHORITY TO
SELL REAL PROPERTY FREE AND CLEAR
OF LIENS PURSUANT TO 11 U.S.C. § 363 OR,
ALTERNATIVELY, THE CONFIRMED PLAN
(Anchor Tenants and Shops at Grove II)

Time and Place of Hearing and Auction:

Date: February 17, 2017

Time: 10:00 am

Place: 450 Golden Gate Avenue, 16th Floor
Courtroom 17
San Francisco, California

Honorable Dennis Montali

20 I, Joshua Rey, declare:

21 1. I am over the age of eighteen. The following facts are true and correct of my own
22 personal knowledge. If called as a witness, I could and would competently testify as follows.

23 2. I am a broker with Marcus & Milichap Real Estate Investment Services. I was
24 engaged to market certain real property for Grove Plaza Partners, LLC, Debtor-in-Possession herein.
25 Such real property includes certain real property known as the Anchor Tenants parcel (APN 1051-
26 321-62), commonly known as 2522 S. Grove Avenue, Ontario, California, and the Shops at Grove II
27 (APN 1051-321-63), commonly known as 2506–2510 S. Grove Avenue in Ontario, California.

28 ///

1 3. The Anchor Tenants and Shops at Grove II parcels were exposed to at least four
2 listing services appropriate to this kind of commercial property, including:

- 3 • Loopnet – Premium;
- 4 • Costar Property;
- 5 • Mnet (Marcus & Millichap Internal System); and
- 6 • CREXI (Commercial Real Estate Exchange, Inc.).

7 4. Marketing collateral was “e-blasted” out on multiple occasions to approximately
8 20,000 email contacts that consist of agents and principles, resulting in over 5,000 email views.

9 5. The Anchor Tenants and Shops at Grove II parcels were presented during sales
10 meetings at Marcus Millichap’s Southern California offices, including: (a) Ontario, (b) Newport
11 Beach, (c) Los Angeles, (d) Encino and (e) San Diego.

12 6. The Anchor Tenants and Shops at Grove II parcels have been on the market for
13 approximately 100 days.

14 7. With respect to the Anchor Tenants parcel, those efforts resulted in approximately 20
15 inquiries and approximately eight property tours to numerous buyers.

16 8. With respect to the Shops at Grove II parcel, those efforts resulted in approximately
17 15 inquiries and approximately six property tours to numerous buyers.

18 I declare that the foregoing is true and correct under penalty of perjury under the laws of the
19 United States of America. Executed this 17th day of January, 2017, at Ontario, California.

20 /s/ Joshua Rey
21 JOSHUA REY