

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF
PENNSYLVANIA

In re : Chapter 11
:
THE LEGAL COVERAGE GROUP LTD., :
:
Debtor : Bankruptcy No. 18-10494

BIDDING PROCEDURES ORDER
FOR THE SALE OF 101 WALNUT STREET,
PENTHOUSE UNIT, PHILADELPHIA PA 19103

AND NOW, this 7th day of June, 2018, upon consideration of the Order dated May 21, 2018 in response to the Chapter 11 Trustee's Motion to Authorize Trustee to Enter Into Agreement of Sale and Approve Sale Procedures, pursuant to 11 U.S.C. §§ 105(a) and 363(b)(1), (i)(a) ("Motion"), it is hereby ORDERED that:

1. The following bidding procedures are approved:

- a. **Assets.** 101 Walnut Street, Unit 11, Philadelphia, PA 19103 plus one separately deeded parking space (collectively, the "Penthouse Unit").
- b. **Provisions Governing Qualifications of Bidders and Bids.** All bids must be submitted to Leslie Beth Baskin, Esquire, Chapter 11 Trustee, on or before **5:00 p.m. (Eastern Daylight Time) on June 18, 2018** (the "Bid Deadline").
Only Qualified Bids will be considered. A Qualified Bid must be submitted by a Qualified Bidder who submits:

A letter, executed by such bidder:

- (1) Setting forth (i) the net cash purchase price, which net cash amount

must reflect a value to be delivered to the Trustee at closing equal to or greater than \$2,800,000; (ii) stating that the bid submitted by such bidder is irrevocable until the conclusion of the Sale Hearing (as defined below), subject to the requirements set forth below relating to any Back-up Bidder (as defined below); (iv) stating that such bid has been duly authorized, executed, and delivered by such bidder and that no further internal or equity holder approvals are required with respect to any such agreement or matter; (v) containing a commitment to close no later than sixty (60) days after the Bankruptcy Court authorizes the sale; and (vi) confirming that the bid submitted by such bidder is not conditioned on receipt of any financing, or the outcome of any due diligence investigation;

- (2) Enclosing a clean purchase agreement, duly authorized, executed, and delivered by such bidder, for the Penthouse Unit consistent in all material respects with the foregoing and containing substantially the same terms as the QDL LLC Agreement of Sale (the "QDL Bid") a copy of which is attached hereto as Exhibit "A", together with such additional terms as are required herein, or terms more favorable to the Debtor than the terms set forth in the QDL Bid (a "Modified Purchase Agreement") and a marked Modified Purchase Agreement reflecting the variations from the QDL Bid;
- (3) To the extent that the bidder proposes to pay for the Penthouse Unit in whole or in part, from cash on hand, (i) recent financial

information, satisfactory to the Trustee showing such bidder's ability to pay the cash portion of the purchase price, (ii) to the extent that such bidder is proposing to pay with funds from any third-party financing source, copies of written and legally binding firm commitments to provide such financing (including, without limitation, under any existing credit facility) executed by all parties thereto, in each case, satisfactory to the Trustee and containing no material conditions to the closing and funding of such financing other than entry of a sale order, and (iii) a combination of the materials and information described in this clause (b) above, satisfactory to the Trustee.

(4) a cash deposit in the amount equal to \$100,000; and

(5) for all purposes of the Bidding Procedures, (i) QDL LLC will be deemed a Qualified Bidder and the transactions proposed in the QDL Bid will be deemed a Qualified Bid.

c. **No Competing Qualified Bids.** If no Qualified Bids are submitted by the Bid Deadline, the Trustee shall cancel the Auction and QDL LLC shall be deemed to be the Successful Bidder (as defined below).

d. **Auction.** If, by the Bid Deadline, the Trustee has received (a) at least one Qualified Bid (in addition to the Qualified Bid from QDL LLC), the Trustee will conduct an Auction on June 19, 2018 starting at 10:00 a.m. (Eastern Daylight Time) at the offices of Spector Gadon & Rosen, PC, 1635 Market Street, 7th FL, Philadelphia, PA 19103, or at such other place, date, and time as the Trustee may

designate in writing. If the place, date, or time of the Auction changes, or if the Auction is cancelled, then the Trustee will file a notice with the Court of any such change or cancellation. Only parties and their advisors that have submitted or been deemed to have submitted a Qualified Bid, will be permitted to participate as or with a bidder at the Auction.

The Auction shall be governed by the following procedures:

- (1) only Qualified Bidders shall be entitled to make any subsequent bids at the Auction;
- (2) each Qualified Bidder shall be required to confirm that it has not engaged in any collusion with respect to the bidding, the sale, or the bidding process;
- (3) the Qualified Bidders shall appear at the Auction in person or through a duly authorized representative unless the Trustee otherwise agrees;
- (4) prior to the Auction, the Trustee shall designate and provide copies of the highest and best Qualified Bid(s) which are subject to the Auction (the "Starting Bid(s)") to all Qualified Bidders that have informed the Trustee of their intent to participate in the Auction;
- (5) Qualified Bidders may then submit successive bids, with the value to the Debtor, as determined by the Trustee in its reasonable business judgment of at least the applicable Starting Bid plus \$100,000 and then continue in minimum increments of at least \$50,000 higher than the value to the Debtor of the previous bid; provided, that the Trustee will retain the right to modify the bid increment requirements (other than the initial bid

increment of \$100,000) at the Auction;

- (6) except as expressly stated herein, the Auction will be conducted in a manner as determined by the Trustee;
- (7) all Qualified Bidders shall have the right to submit additional bids and make additional modifications to their respective Qualified Bids at the Auction; provided, that any such modifications, on an aggregate basis and viewed in whole, shall not be less favorable to the Debtor than any prior bid by such party or the preceding bid, as determined by the Trustee; provided, further, that such additional bids must comply with all of the conditions for a Qualified Bid set forth above;
- (8) the Trustee shall have the right to request any additional financial information that will allow the Trustee to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transactions contemplated by any Qualified Bid, as amended during the Auction process, and any further information that Trustee believes is reasonably necessary to clarify and evaluate the terms of a Qualified Bidder's bid; and
- (9) the Trustee shall announce the material terms of each Qualified Bidder's bid and the basis for calculating, and the total consideration offered in, each such bid.

- e. **Successful Bid; Back-Up Bid.** If the Auction proceeds and is not cancelled, then upon completion of the foregoing steps in the Auction, or as soon thereafter as practicable, the Trustee will: (i) review each Qualified Bid, and

consider each Qualified Bid, in each case as updated through the conclusion of the Auction, on the basis of, among other considerations, the same considerations used by the Trustee in determining the highest and best offer(s) during the Auction, and (ii) identify the highest or otherwise best Qualified Bid received at the Auction (the "Successful Bid" and the party making such bid(s), the "Successful Bidder"), as well as identifying the Back-up Bidder(s) if any. The Auction will be deemed concluded upon the determination of the Successful Bid, the Successful Bidder and the Back-up Bidder(s). The concluding date and time of the Auction, if held, shall be stated on the record. Upon designation as such, the Successful Bidder shall have such rights and responsibilities as set forth in the applicable purchase agreement for such Successful Bidder as agreed at the Auction. Within two (2) calendar days following the conclusion of the Auction, if not cancelled, or the Bid Deadline, if the Auction is cancelled, the Successful Bidder shall complete and execute all agreements, contracts, instruments, or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made. The results at the close of the Auction shall be final and no additional bids will be accepted after the close of the Auction.

- f. **Return of Deposits.** Except as otherwise provided in the Bidding Procedures and under any asset purchase agreement relating to a Qualified Bid(s) accepted by the Trustee in accordance with these Bidding Procedures, all deposits shall be returned to each bidder not selected by the Trustee in accordance with the above procedures as the Successful Bidder or the Back-

up Bidder by no later than the fifth business day after the conclusion of the Auction; provided, however, that the interest, if any, on such deposit may not be returned until the second business day of the month following such conclusion; and further provided, however, the Deposit paid by QDL LLC, shall be returned to it pursuant to the terms of the QDL Bid. The deposit of the Back-up Bidder shall be held by the Trustee until 24 hours after the earlier of the applicable outside closing date or the date on which the sale is consummated with the Back-up Bidder upon its designation as the new Successful Bidder.

2. Within two (2) business days after entry of this Order, the Trustee shall serve a copy of this Order on all parties in interest through the Court's electronic filing system and in conformity with Local Bankruptcy Form 9014-3 on all other parties in interest, including all creditors, by regular mail.

3. Within one (1) business day after the conclusion of the Auction, the Trustee shall cause its counsel to file with the Court a supplement outlining the identity of the Successful Bidder and the purchase price received for the auctioned Penthouse Unit.

4. The Trustee is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

5. Notwithstanding the possible applicability of Bankruptcy Rules 6004, 6006, 7062, 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable.

6. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

7. If the Court approves a sale, all liens and claims against the Penthouse Unit shall attach to the proceeds of the Sale. Neither the Sale nor the entry of the Sale Order shall in any way prejudice or impair any claims or legal or equitable rights or remedies held by Prudential or any other creditor or party in interest, including, without limitation, claims and remedies of equitable trust, equitable lien, unjust enrichment, and all other equitable or legal remedies and claims, all of which are expressly reserved, and shall be preserved to the fullest extent, as if the Sale had not occurred.

8. If the Court approves a sale, then prior to the closing, the Trustee shall request a resale certificate from 101 Walnut Condominium Association (the "Association") stating the amount of condominium assessments due for the Penthouse Unit ("Assessments") and shall cause all Assessments due as of the date of the closing to be paid to the Association from the proceeds at closing.

9. This Court shall retain jurisdiction to resolve any dispute relating to the interpretation of the Bid Procedures and this Order. To the extent any provisions of this Order are inconsistent with the Motion, the terms of this Order shall control.



Honorable Jean K. FitzSimon
United States Bankruptcy Judge

Daniel J. Dugan, Esquire
1635 Market Street, 7th Floor
Philadelphia, PA 19103
215.241.8872 / 215.531.9120 (fax)
Attorney for Chapter 11 Trustee

Exhibit “A”

QDL Bid

AGREEMENT OF SALE

AGREEMENT OF SALE made the 1st day of May, 2018 by and between 101 Walnut Street Associates LLC, (the "Seller"), and QDL LLC a Pennsylvania Corporation, or its nominee or assignee (the "Buyer").

WITNESSETH:

WHEREAS, Seller is the contract owner of property located in the City of Philadelphia, Commonwealth of Pennsylvania with an address of 101 Walnut Street, Unit PH, Philadelphia PA 19106, and one corresponding parking Spot more fully described in Exhibit "A" annexed hereto and collectively known as ("Property").

WHEREAS, pursuant to Court Order dated April 3, 2018(In re: The Legal Coverage Group Ltd, Bky No. 18-10494), Leslie Beth Baskin, Esquire, Chapter 11 Trustee has the authority to enter into an Agreement of Sale for the property as defined below.

WHEREAS, Seller wishes to sell the Property to Buyer, and Buyer wishes to purchase the Property from Seller.

NOW, THEREFORE, in consideration of the mutual promises herein contained, Seller and Buyer, intending to be legally bound, do covenant and agree as follows:

1. **SALE AND PURCHASE.** Seller shall sell to Buyer, and Buyer shall purchase from Seller, the Property upon the terms, covenants and conditions set forth in this AGREEMENT OF Sale
2. **PURCHASE PRICE; MANNER OF PAYMENT; ESCROW AGENT:** Buyer shall pay Seller for the Property, and Seller shall accept from Buyer in full payment thereof, the amount of TWO MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$2,750,000.00) lawful money of the United States of America (the "Purchase Price"). Buyer shall pay the Purchase Price to Seller, in Cash, as follows:

At Signing of this agreement a deposit to be held in escrow	\$100,000.00
At Closing	\$2,650,000.00
<hr/>	
Total	\$2,750,000.00

Buyer shall pay the Deposit to First Partners Abstract (the "Escrow Agent") who shall hold and disburse the same pursuant to the Rules and Regulations of the State Real Estate Commission (49 Pa. Code §35.327) and in accordance with the terms of this AGREEMENT OF SALE. The Escrow Agent shall hold the Deposit in an interest bearing and Federally insured escrow account at a financial institution located in Philadelphia, Pennsylvania. All interest accruing on the Deposit shall follow the Deposit and become part thereof.

3. **CLOSING APPORTIONMENTS/ADJUSTMENTS.** The consummation of the transfer and delivery to Buyer of the Property by special warranty deed (the "Deed ") in accordance with the terms, covenants and conditions of this AGREEMENT OF SALE together with the payment to Seller of the entire Purchase Price shall constitute the "Closing." The Closing shall occur only after the Bankruptcy Court authorizes the sale of the Property to Buyer herein and shall be held within Sixty (60) Days after the entry of an Order by the Bankruptcy Court approving such sale.

4. **TITLE.**

a. Title to the Property. Seller shall, at Closing, convey or cause to be conveyed to Buyer fee simple title to the Property by delivery of the Deed, subject to the provisions of this Section 5(a). Title to the Property shall be (i) good and marketable as well as insurable as such at the regular rates of a title insurance company licensed in the Commonwealth of Pennsylvania, and (ii) free and clear of all liens, encumbrances and other charges of record, except easements, restrictions and encumbrances of record as well as standard stipulations and conditions of a current ALTA Policy of title insurance. If any access easements, variances or use permits (collectively y the "Approvals") are required with respect to Buyer's anticipated development of the Property, obtaining the Approvals shall be a post-Closing matter and Buyer's sole responsibility.

(b). Inability to Convey Title. If Seller is unable or otherwise fails at Closing to convey title to the Property in accordance with the terms of Section 5(a) of this AGREEMENT OF SALE, Buyer shall be permitted either of the following two (2) options: (i) Take such title as Seller can convey without an abatement of the Purchase Price, or (ii) terminate this AGREEMENT OF SALE in which event the Deposit (including accrued interest thereon) shall be immediately returned by Escrow Agent to Buyer whereupon neither Seller nor Buyer shall have any further liability to the other hereunder. Buyer shall exercise either of the foregoing two (2) options by sending or delivering written notice of Buyer's election to Seller and Escrow Agent on, before or at Closing.

5. **ITEMS TO BE DELIVERED AT CLOSING.**

At Closing, Seller shall deliver to Buyer:

- a. The Deed
- b. A FIRPTA Certificate signed by Seller certifying that Seller is not a foreign person for purposes of the Internal Revenue Code.
- c. Vacant Premises
- d. Pool shall be cleaned and in Full Working Order

At Closing, Buyer shall deliver to Seller the Purchase Price, less the \$100,000 deposit already paid.

6. **REPRESENTATIONS AND WARRANTIES OF SELLER.** To induce Buyer to enter into this AGREEMENT OF SALE and to complete Closing, Seller makes the following representations and warranties to Buyer as of the date of this AGREEMENT OF SALE, which representations and warranties shall also be true and correct on the date of Closing as though made thereat.

- (a) Seller is the legal owner of the Property; and
- (b) Seller has full power and authority to enter into this AGREEMENT OF SALE as well as sell the Property to Buyer in accordance with the terms, covenants and conditions hereof.
- (c) Seller warrants that Seller purchased property in "AS-IS" condition and during period of ownership has maintained property as it existed when purchased. Seller has no knowledge of any existence of environmental hazards on the property.

7. **REPRESENTATIONS AND WARRANTIES OF BUYER.** To induce Seller to enter into this AGREEMENT OF SALE and to complete Closing, Buyer makes the following representations and warranties to Seller as of the date of this AGREEMENT OF SALE, which representations and warranties shall also be true and correct on the date of Closing as though made thereat.

- a. Buyer has full power and authority to enter into this AGREEMENT OF SALE and consummate all of the transactions contemplated hereby; and
- b. To the best of Buyer's knowledge, there is no existing, pending or threatened claim (including litigation) asserted against Buyer with respect to Buyer's intended purchase of the Property.

8. **BUYER'S DUE DILIGENCE.** Buyer shall have from the last date of signing of this agreement by both parties 30 DAYS ("Due Diligence Period") from the date this agreement is signed and dated by both Buyer and seller, to

inspect and evaluate the Property at Buyer's sole cost and expense. Such inspection and evaluation by Buyer may include, without limitation, an examination of the state of title to the Property as well as the physical condition and environmental condition thereof. Seller will provide Buyer with reasonable access to the Property and Buyer shall indemnify Seller for any loss, damage, or injury from Buyer's access to the Property. If on or before the expiration of the Due Diligence Period Buyer elects not to proceed with the proposed transaction and so advises Seller or seller's representative who in this case is the trustee of the Bankruptcy Leslie Beth Baskin Esq., in writing or by email, the Purchase Agreement will terminate and the Good Faith Deposits will be returned to Buyer.

9. COVENANTS BY SELLER. From the date of this AGREEMENT OF SALE through the date of Closing, Seller shall:

- (a) Promptly deliver to Buyer a copy of any tax bill, notice, statement of value, notice of change in tax bill, notice or claim of violation from any governmental authority or any notice of any action, suit or proceeding affecting Seller or the Property actually received by Seller; and
- (b) Not mortgage, pledge or otherwise voluntarily subject the Property to any lien, encumbrance or other charge.

10. CONDEMNATION. If, prior to Closing, all or a portion of the Property is taken by eminent domain or a notice thereof is received by Seller with respect to the Property, Seller shall immediately give written notice ("Seller's Notice") of such an occurrence to Buyer whereupon Buyer shall be permitted either of the following two (2) options: (i) Complete Closing without abatement of the Purchase Price, or (ii) terminate this AGREEMENT OF SALE in which event the Deposit (including accrued interest thereon) shall be immediately returned by Escrow Agent to Buyer whereupon neither Seller nor Buyer shall have any further liability to the other hereunder. Buyer shall exercise either of the foregoing two (2) options by sending or delivering written notice of Buyer's election to Seller and Escrow Agent within five (5) days after the date of Seller's Notice. Should Buyer elect to complete Closing, Seller shall assign to Buyer at closing all of Seller's right, title and interest in any condemnation award and condemnation proceeds therefrom.

11. CONDITIONS FOR CLOSING. The obligations of Seller and Buyer under this AGREEMENT OF SALE are subject to the satisfaction at Closing of each of the following conditions:

- a. All of the representations and warranties of Seller and Buyer contained herein are true and correct in all material respects as of Closing;

b. Seller and Buyer shall have performed, observed and complied in all material respects with all terms covenants and conditions of this AGREEMENT OF SALE to be performed by Seller and Buyer at or prior to Closing; and

c. Seller shall have received an Order of the Bankruptcy Court in the Legal Coverage Group Ltd matter, Bky. No. 18-10494, approving the sale of the Property to Buyer.

12. **PROPERTY OR SELLER'S OWNERSHIP THEREOF.** In the event of a conflict between this and Section 9 and any other provision of this AGREEMENT OF SALE, Section 9 shall supersede.

13. **DEFAULT. By Buyer.** If Buyer defaults in Buyer's obligations under this AGREEMENT OF SALE (including, without limitation tendering the Deposit), Seller's sole and exclusive remedy shall be to demand and receive the Deposit (including accrued interest thereon) from the Escrow Agent as liquidated damages for Buyer's default. In such event, Buyer shall thereafter be released and forever discharged from any further liability to Seller under this AGREEMENT OF SALE.

14. **BROKER.** Neither Buyer nor Seller has any Brokers that represented either party in this transaction.

15. **FURTHER DOCUMENTS.** After Closing, Seller and Buyer shall, at the request of the other, furnish, execute and deliver such instruments, certificates, notices and other documents as are reasonably required or necessary to effect consummation of the transaction contemplated by this AGREEMENT OF SALE.

16. **NOTICES.** Any notices or other communications required or permitted by this AGREEMENT OF SALE shall be in writing and sent by nationally recognized overnight courier (e.g., Federal Express) or delivered via fax transmission addressed as follows:

If to Seller:

101 Walnut Street Associates
C/O Leslie Beth Baskin
Spector Gordon & Rosen PC
1635 Market Street, 7th Floor
Philadelphia PA 19103

lbaskin@lawsgr.com

As to the Buyer

QDL LLC
30 South 15th Street, 15th Floor

Philadelphia PA 19102
Attn: Gagandeep Lakhmna
gl@greenpointe.net

Or such other address or addresses as any of the parties hereto shall notify the others in accordance with the provisions of this Section 18.

17. GOVERNING LAW; JURISDICTION AND VENUE FOR DISPUTES.

The laws of the Commonwealth of Pennsylvania shall govern interpretation and performance of this AGREEMENT OF SALE. Jurisdiction and venue for all disputes arising out of or relating to this AGREEMENT OF SALE shall be brought in the Bankruptcy Court where the Bankruptcy Case is being heard.

18. WAIVER. The failure of Seller or Buyer to enforce any term, covenant or condition of this AGREEMENT OF SALE shall not be deemed to be a waiver of such term, covenant or condition, nor shall any waiver of any breach of any term, covenant or condition hereof be deemed a waiver of any subsequent violation or breach of the same or any other term, covenant or condition hereof.

19. BINDING EFFECT. All terms and conditions of this AGREEMENT OF SALE shall be binding upon and inure to the benefit of Seller and Buyer together with their respective heirs, personal representatives, successors and assigns.

20. NO SURVIVAL. All representations and warranties of Seller and Buyer under this AGREEMENT OF SALE shall merge into the Deed and, therefore, not survive Closing.

21. MISCELLANEOUS. Formal tender of Purchase Price as well as the Deed are hereby waived. TIME IS OF THE ESSENCE WITH RESPECT TO ALL OF SELLER'S OBLIGATIONS AND BUYER'S OBLIGATIONS UNDER THIS AGREEMENT OF SALE. This AGREEMENT OF SALE may be signed in counterparts which, when taken together, shall constitute a whole. The recitals to this AGREEMENT OF SALE are hereby incorporated by reference. All Exhibits annexed to this AGREEMENT OF SALE are also incorporated herein by reference.

22. ENTIRE AGREEMENTS; NO AMENDMENT. This AGREEMENT OF SALE constitutes the entire agreement between Seller and Buyer with respect to the subject matter hereof, and supersedes all prior understandings, memoranda, acknowledgments and agreements in connection therewith. This AGREEMENT OF SALE shall not be amended or modified except by written agreement signed by Seller and Buyer.

23. TIME IS OF THE ESSENCE: Buyer and Seller agree that time is of the essence.

Signatures on Following Page

IN WITNESS WHEREOF, Seller and Buyer have executed and delivered this AGREEMENT OF SALE the day and year hereinbefore set forth.

SELLER:

101 Walnut Street Associates LLC

By: _____

Attest: _____

Title: _____

Date: _____

QDL LLC

By:  _____

Attest:  _____

Title: MEMBER _____

Date: 5.2.18 _____