

# EXHIBIT A

**UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

**In re**

**Chapter 11**

**MONSERRATE HERNANDEZ,**

**Case No. 16-15759**

**Debtor.**

**Honorable Timothy A. Barnes**

**BID PROCEDURES**

Pursuant to the Order (A) Establishing Bid Procedures in Connection With Sale of Certain Real Property of Debtor, (B) Approving the Form And Manner Of Notices, (C) Setting a Final Hearing, and (D) Granting Related Relief, dated \_\_\_\_\_, 2016 [Docket No. \_\_\_], the following bid procedures (the "*Bid Procedures*") shall govern the sale of the properties of Monserrate Hernandez, debtor and debtor in possession (the "*Debtor*"):

1. **Assets to be Sold.** These Bid Procedures set forth the process by which Debtor will be selling the following properties of Debtor set forth on **Exhibit 1** hereto (each a "*Property*" and collectively the "*Properties*"). The Properties will be offered for sale (collectively, the "*Property Categories*") individually, in one or more combinations, and as a whole (a "*Joint Bid*"). Debtor may consider Bids (as defined herein) for all of the Properties in a single Bid, from a single Bidder (as defined herein) or multiple Bids from multiple Bidders for the Properties

2. **Timing and Location of Auction.** The Auction shall be conducted on **July 29, 2016** (the "*Auction Date*") at 10:00 a.m. The Auction will be held at the offices of Jeffrey Strange and Associates at 717 Ridge Road in Wilmette, Illinois. In the event of a change in time or place of the Auction (which Debtor shall have discretion to delay in their reasonable business judgment but only if any such delay is no more than ten business days, or by express consent of Senior Secured Creditor (as defined below), Debtor shall use their reasonable best efforts to notify all Qualified Bidders (as defined below) who have timely submitted Qualified Bids (as defined below) on or before **July 22, 2015 at 4:00 p.m. CST** (the "*Bid Deadline*").

3. **Amount of Initial Bid.** Any bid must comply with the Minimum Bid (as defined below) requirements. Moreover, prior to the Bid Deadline, Debtor shall have the discretion, after consultation with the Senior Secured Creditor, to designate any Bid as the Stalking Horse Bid (as defined below) with respect to any or all Property Categories (in which case Debtor shall file with the Court revised bid procedures and serve such procedures on all secured creditors, the top twenty unsecured creditors of each Debtor (as identified in such Debtor's petition), all parties who have expressed interest in the Properties, and the United States Trustee, and may grant such stalking horse bidder some

or all of the protections discussed below. If a Stalking Horse Bidder (as defined below) is selected, this may increase the Minimum Bid Amount.

4. **Required Submissions for Bid.** In order to participate in the bidding process, each person (each a “*Potential Bidder*”) must deliver to Debtor’ counsel (via overnight mail to Jeffrey Strange & Associates, 717 Ridge Road, Wilmette, Illinois 60091 via electronic mail to jstrangelaw@aol.com, with copies to be provided to IBT Special Asset Fund I LLC (“IBT”) and Pan American Bank (“PanAm,” with IBT, each a “Senior Secured Creditor”)) the following, on or before the Bid Deadline:

- a. an executed purchase agreement (a “Purchase Agreement”) for the Property Category or Categories being bid upon substantially in the form attached hereto as **Exhibit B** and offering more than the applicable Minimum Bid Amount. In the case of a non-Joint Bid, the Purchase Agreement may be modified for the particular Property Category or Property Categories that such Potential Bidder is bidding on;
- b. a deposit of five percent (5%) of the Bid amount (the “Deposit”) in the form of a certified check, cash, or otherwise immediately available funds payable to the applicable Debtor(s), to be submitted along with the bid. Each Senior Secured Creditor may bid in any amount up to the amount of its allowed secured claim;
- c. an executed nondisclosure agreement in a form to be provided by counsel to Debtor unless previously provided;
- d. written evidence satisfactory to Debtor of the Potential Bidder’s chief executive officer or other appropriate senior executive’s approval of the contemplated transaction;
- e. financial statements showing that the Potential Bidder has ample and present ability to close on the Property or Properties that such Potential Bidder is bidding on, by the Closing Date (as defined below);
- f. a signed statement acknowledging the prohibition against collusive bidding in a form to be provided by counsel to Debtor; and
- g. in the case of a joint Bid, a statement detailing the bid amount allocated towards each Property Category for which such Potential Bidder has submitted a Bid. Such statement may be made and detailed in the marked-up Purchase Agreement.

5. **Impact of Bid Submission.** A “Bid” is a Purchase Agreement from a Potential Bidder stating that:

- a. the Potential Bidder offers to purchase the desired Property upon the same or better terms and conditions than those set forth in the Purchase Agreement submitted by the Stalking Horse Bidder, if any, with the

Potential Bidder's Purchase Agreement marked to show any and all amendments and modifications from the Purchase Agreement submitted by the Stalking Horse Bidder, if any, including, but not limited to, purchase price and contact information of the purchaser;

- b. the Potential Bidder is willing to purchase the desired Property or Properties for a price greater than the applicable Minimum Bid;
- c. the Potential Bidder is prepared to enter into and consummate the transaction by the Closing Date;
- d. the Potential Bidder is not entitled to a break up fee or expense reimbursement; and
- e. the offer is irrevocable until the Auction has taken place and the Potential Bidder is not approved as the Successful Bidder (as defined below) or Backup Bidder (as defined below); whether due to the Potential Bidder being not selected by Debtor, the Potential Bidder not being approved by the Court, or for any other reason whatsoever; in which case the Deposit will be refunded unless forfeited as a result of a breach.

6. **Deadline for Bid Submissions.** Bids shall be due on or before **July 22, 2016 at 4:00 p.m. CST.** In the event that Debtor has chosen a Stalking Horse Bidder, if Debtor does not receive any Qualified Bids other than such Stalking Horse Bid by the Bid Deadline, Debtor will report the same to the Court, through the filing of a notice, and the party submitting such Stalking Horse Bid shall be deemed the Successful Bidder without holding the Auction.

7. **Determination of Qualified Bids.** For a Bid to be deemed a "Qualified Bid," it must comply with the requirements of and be accompanied by the additional information set forth herein, as determined in the discretion of Debtor with consultation with the each Senior Secured Creditor and @properties ("Broker"). A "Qualified Bidder" is a Potential Bidder that submits a Qualified Bid and, in Debtor's reasonable discretion, is determined to demonstrate the financial capability to consummate the purchase of the Property that is the subject of its Qualified Bid.

8. **Impact of Bid Rejection.** If either Debtor determines that a Potential Bidder is not a Qualified Bidder, Debtor shall return the Deposit to the Potential Bidder promptly upon such determination. At the Auction, only Qualified Bidders who have submitted Qualified Bids for at least one Property Category shall be ensured of being able to bid on the Property, or Properties for which they have submitted Bids.

9. **Credit Bid.**

- a. *Property Category 1.* Notwithstanding any other provisions of these Bid Procedures, IBT, as the predecessor-in-interest to Inland Bank and Trust, shall be deemed to be a Qualified Bidder (without having to comply with the foregoing requirements) and shall have the right, but not the

obligation, to credit bid under section 363(k) of the Bankruptcy Code in an amount up to \$7,540,349.31 (the "IBT Secured Claim"). If Debtor has not chosen a Stalking Horse Bidder and Debtor does not receive any Qualified Bids by the Bid Deadline for Property Category 1, IBT's credit bid in the amount of the IBT Secured Claim shall be deemed the Successful Bid for such Property Categories and Debtor will report the same to the Court, through the filing of a notice, and IBT shall be deemed the Successful Bidder without holding the Auction.

- b. *Property Category 2.* Notwithstanding any other provisions of these Bid Procedures, PanAm shall be deemed to be a Qualified Bidder (without having to comply with the foregoing requirements) and shall have the right, but not the obligation, to credit bid under Bankruptcy Code section 363(k) in an amount up to \$954,926.81 (the "*PanAm Claim Amount*"). If Debtor has not chosen a Stalking Horse Bidder and Debtor does not receive any Qualified Bids by the Bid Deadline for Property Category 2, PanAm's credit bid of the PanAm Claim Amount shall be deemed the Successful Bid for such Property Categories and Debtor will report the same to the Court, through the filing of a notice, and PanAm shall be deemed the Successful Bidder without holding the Auction.
- c. Notwithstanding any other provisions of these Bid Procedures, each Senior Secured Creditor shall be deemed to be Qualified Bidders (without having to comply with the foregoing requirements) and shall have the right, but not the obligation, to credit bid under Bankruptcy Code section 363(k) in an amount up to the allowed amount of their respective secured claims in regard to only the properties on which they hold first mortgages. If, at the time of the Auction, either of their claims are disputed, upon reasonable notice to Debtor, either Senior Secured Creditor may ask the Court to estimate the amount of these claims for purposes of the Auction, and may credit bid the amount so estimated.

10. **Procedures for the Auction.** The Auction shall be conducted in accordance with commercially reasonable procedures to be established by counsel.

11. **Right to Select Back-Up Bidder(s).** At the conclusion of the Auction, Debtor (in consultation with Senior Secured Creditor as to the relevant property category) may designate a "Back-Up Bidder" or multiple Back-Up Bidders if necessary, provided that the Back-Up Bidder(s) is/are willing to purchase the Property Category or Categories at issue for at least the minimum bid established for such Property Category that the Back-Up Bidder has submitted a Bid. If, for any reason, the party that submits a Successful Bid fails to consummate the purchase of any applicable Property Category:

- a. the Back-Up Bidder(s) shall be deemed to have submitted the highest and best bid for such Property Category, and shall be deemed the Successful Bid, and any party submitting such bid, the Successful Bidder; and

- b. Debtor shall be authorized to effectuate the sale of such Property Category to the Back-Up Bidder(s) as soon as is commercially reasonable without further order of the Bankruptcy Court. The Back-Up Bidder(s)'s deposit shall be held in escrow until the closing of the transaction with the Successful Bidder.

12. **Determination of Successful Bid.** Upon completion of the Auction, Debtor, in its/their sole discretion, shall select the Bid(s) that will maximize the value of the Properties and is in the best interest of Debtor, their bankruptcy estates, and their creditors (the "Successful Bid(s)") provided that the Successful Bid(s) conform to these Bid Procedures and the terms of the Settlement Agreement. A hearing to approve the Successful Bids shall be held by the Court on August 3, 2016, at 10:00 a.m. Upon entry of an order(s) by the Court approving the sale(s) (the "*Final Sale Order*"), Debtor shall be authorized, without further order of the Court, to take all steps needed to close the transaction and effectuate a sale(s) to the party or parties submitted the Successful Bid (or to a Back-Up Bidder or Bidders if necessary) in conformity with these Bid Procedures and the terms of the Settlement Agreement. The Final Sale Order will also provide that any sale contemplated herein shall be free and clear of liens, claims, and encumbrances pursuant to Bankruptcy Code sections 363(f), 363 (k) and/or 1123. The Deposit for the Qualified Bidder that submitted the Successful Bid shall be non-refundable until such Successful Bidder closes on the applicable Property Category. If any party submitting a Successful Bid fails to close the sale, such party's Deposit shall be retained by the applicable Debtor on account of damages suffered by them as a result of such failure to close, without prejudice to such Debtor's ability to seek additional damages from such party.

13. **Stalking Horse Bid Protections.** In the event that a Stalking Horse Bidder is chosen, Debtor, in their reasonable business judgment in consultation with each Senior Secured Creditor, shall have the right to grant to the party submitting the Stalking Horse Bid (the "Stalking Horse Bidder," and the bid submitted by such party, the "Stalking Horse Bid") the following protections:

- a. The right to match any other Bid without reference to the minimum bid increments, and if the Stalking Horse Bidder matches such Bid its bid shall be deemed to be the highest Bid submitted until a Qualified Bidder submits a higher Bid;
- b. The right to receive a break-up fee in an amount no higher than 3% of the Stalking Horse Bid (the "Break-Up Fee") in the event that (a) the Stalking Horse Bidder is not selected by Debtor as the Successful Bidder and (b) the Sale of the Properties to the Successful Bidder closes. The Break-Up Fee will be payable to the Stalking Horse Bidder at Closing. Except for the foregoing, no event or occurrence shall entitle the Stalking Horse Bidder to the Break-Up Fee.
- c. For the avoidance of doubt, if the Break-Up Fee becomes due pursuant to the terms of this Order, such fees and expenses shall be paid only once.

Further for the avoidance of doubt, notwithstanding anything to the contrary herein, the Break-Up Fee shall not become due, nor shall it be payable by Debtor or any other party, unless the payment of the Break-Up Fee is expressly required hereunder.

- d. To the extent a Break-Up Fee becomes due, the Break-Up Fee shall be entitled to administrative expense treatment in the Chapter 11 Case. Upon receipt of the Break-Up Fee, the Stalking Horse Bidder shall make no other claims for expense reimbursement from Debtor. The Break-Up Fee and other protections described hereunder and in the Bid Procedures shall be referred to herein as the "Bid Protections."

14. **Closing of Sale.** Closing of the sale of the Property(ies) to the Successful Bidder(s) shall occur no later than August 31, 2016 (the "Closing Date"). The Closing Date may be extended by either written agreement of Debtor and each specific Senior Secured Creditor or order of the Court upon cause shown.

/s/ Jeffrey Strange

Jeffrey Strange  
Jeffrey Strange and Associates  
717 Ridge Road  
Wilmette IL 60091  
Telephone: 847-256-7377  
Fax: 847-256-1681  
Email: jstrangelaw@aol.com



# EXHIBIT B



**EXHIBIT B**

**SCHEDULE OF PROPERTIES**

**Category 1 - Properties Secured by Senior Secured First Mortgage Held by IBT Funds LLC:**

- 2500 W. Thomas, Chicago, Illinois
- 4935 W. Ferdinand, Chicago, Illinois
- 2455-59 W. Division, Chicago, Illinois
- 5239 W. Congress, Chicago, Illinois
- 614 N. Central Park, Chicago, Illinois
- 3454 W. North Avenue, Chicago, Illinois
- 2706 W. Thomas, Chicago, Illinois
- 2522 W. Fullerton, Chicago, Illinois
- 2651 W. Augusta, Chicago, Illinois
- 1016 N. California, Chicago, Illinois
- 6203 N. Ravenswood, Chicago, Illinois
- 2612 W. Cortez, Chicago, Illinois
- 2646 W. Augusta, Chicago, Illinois
- 1801 W. 33<sup>rd</sup> Street, Chicago, Illinois
- 2609 W. Division, Chicago, Illinois
- 2530 W. Augusta, Chicago, Illinois
- 2820 W. Diversey, Chicago, Illinois
- 2652 W. Cortez, Chicago, Illinois
- 2525 W. Augusta, Chicago, Illinois
- 6402 S. Marshfield, Chicago, Illinois
- 1809 W. Augusta, Chicago, Illinois<sup>1</sup>
- 2620 W. Armitage, Chicago, Illinois
- 4918 W. Harrison, Chicago, Illinois

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<sup>1</sup> Debtor contests the security interests of TCF Bank against certain real property commonly known as 1809 W. Augusta, Chicago, Illinois. Debtor believes that IBT has a first lien and mortgage against said property.

**Category 2** - Properties secured by Senior Secured First Mortgage with Pan American Bank:

- 6722 S. Marshfield, Chicago, Illinois
- 137 N. Mozart, Chicago, Illinois
- 215 W. 115<sup>th</sup> Street, Chicago, Illinois
- 1937 N. Karlov, Chicago, Illinois
- 936 W. Pulaski, Chicago, Illinois
- 5009 W. Chicago, Illinois
- 1312 W. 108<sup>th</sup> Street, Chicago, Illinois
- 6832 S. May Street, Chicago, Illinois
- 4711 W. Byron, Chicago, Illinois
- 8542 S. Saginaw, Chicago, Illinois
- 931 N. Keystone, Chicago, Illinois
- 1003 N. Francisco, Chicago, Illinois
- 915 W. 54<sup>th</sup> Street, Chicago, Illinois
- 5639 S. May, Chicago, Illinois
- 6714 S. Honore, Chicago, Illinois

# EXHIBIT C

**UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

<b>In re</b>  <b>MONSERRATE HERNANDEZ,</b>  <b>Debtor.</b>	<b>Chapter 11</b>  <b>Case No. 16-15759</b>  <b>Honorable Timothy A. Barnes</b>
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**NOTICE OF (I) AUCTION, (II) BID PROCEDURES, (III) DEBTORS' INTENT TO  
SELL REAL PROPERTY FREE AND CLEAR OF ALL LIENS, CLAIMS,  
ENCUMBRANCES, AND OTHER INTERESTS, AND (IV) SALE HEARING TO ALL  
CREDITORS AND OTHER PARTIES IN INTEREST**

**PLEASE TAKE NOTICE:**

On May 9, 2016, Monserrate Hernandez ("Debtor") filed a voluntary petition for relief (the "Chapter 11 Case") under chapter 11 of title 11 of the United States Code in the United States Bankruptcy for the Northern District of Illinois (the "Court"). In connection with the Chapter 11 Case, Debtor is selling the properties set forth on Exhibit 1 hereto (collectively, the "Properties").

1. **Sale Hearing:** Pursuant to an Order of the Court [Docket No. \_\_\_\_], a hearing (the "Final Hearing") will be held before the Honorable Timothy A. Barnes, or any judge sitting in his stead, on [**Tuesday, August 3, 2016 at 10:00 a.m. (Central Time)**] in the United States Bankruptcy Court for the Northern District of Illinois, 219 South Dearborn Street, Courtroom 744, Chicago, Illinois 60604, to consider Debtor's motion (the "Sale Motion"), dated \_\_\_\_\_, 2016, [Docket No. \_\_\_\_], seeking, *inter alia*, entry of an order: (a) approving procedures (the "Bid Procedures") for the sale (the "Sale") of the Properties pursuant to section 363 of the Bankruptcy Code; (b) scheduling an auction (the "Auction"); (c) approving the form and manner of notices associated with the Sale and Auction; (d) scheduling a final hearing to consider approval of the Sale of the Properties; and (e) granting related relief.

2. **Sale of Assets:** The Debtors shall offer, via an auction as provided below, the Properties, free and clear of existing liens and security interests to the extent provided for in BCS 363. Additional detail on the Properties can be obtained by contacting Debtors' real estate broker at the address listed below.

3. **Submission of Offers:** All potential buyers desiring to bid at the Auction shall be required to comply with the terms of the Bid Procedures attached to the Sale Motion as Exhibit A. Among other things, all bids (i) must meet the Minimum Bid for the Properties; (ii) must be received by **July 22, 2016 at 4:00 p.m. CST** as provided for in the Bid Procedures; and (iii) potential bidders must demonstrate to Debtors the financial ability to close the proposed transaction, and meet the other requirements set forth in paragraph 4 of the Bid Procedures.

4. **Auction:** As set forth in the Bid Procedures, the Auction shall take place on **July 29, 2016 at 10:00 a.m.** at the offices of Debtors' counsel, Jeffrey Strange and Associates, 717 Ridge Road, Wilmette, Illinois 60091.

5. **TERMS OF SALE:** WHILE SUCH SALE IS PROCEEDING UNDER THE BANKRUPTCY CODE, THE PROPERTIES ARE BEING SOLD ON AN "AS-IS, WHERE-IS, WITH ALL FAULTS" BASIS AND WITH NO EXPRESS OR IMPLIED WARRANTIES, REPRESENTATIONS, STATEMENTS OR CONDITIONS OF ANY KIND INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

6. **Information.** For further information concerning the Properties, please contact the real estate broker for Debtors:

Todd Plugge  
Real Estate Broker  
MVG: *a real estate group*  
**@properties**  
1875 North Damen  
Chicago, IL 60647  
708.606.6178  
[todd@atproperties.com](mailto:todd@atproperties.com)

Dated: May 20, 2016

By: /s/ Jeffrey Strange  
Attorney for Debtor

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