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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH**

In re:

M SPACE HOLDINGS, LLC,

Debtor.

Bankruptcy No. 16-24384

Chapter 11

Honorable Joel T. Marker

MOTION FOR ORDER: (1) AUTHORIZING THE SALE OF CERTAIN MODULAR UNITS FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS; (2) AUTHORIZING ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES; AND (3) WAIVING THE 14-DAY STAY OTHERWISE APPLICABLE UNDER BANKRUPTCY RULES 6004 AND 6006

Pursuant to sections 105, 363, and 365 of the Bankruptcy Code, and Federal Rules of Bankruptcy Procedure 2002, 6004, and 6006, M Space Holdings, LLC (the “**Debtor**”) by and through its counsel, Holland & Hart LLP, hereby respectfully requests entry of an order substantially in the form attached hereto as **Exhibit 1** (the “**Order**”): (1) authorizing the sale of certain modular units free and clear of liens, claims, encumbrances, and interests; (2) authorizing assumption and assignment of executory contracts and unexpired leases; and (3) waiving the 14-

day stay otherwise applicable under Bankruptcy Rules 6004 and 6006 (the “**Motion**”). In support of the Motion, the Debtor respectfully represents as follows:

STATUS OF THE CASE

1. On May 19, 2016 (the “**Petition Date**”), the Debtor commenced this case by filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

2. The Debtor has continued in possession of its property and is operating and managing its business as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. No request has been made for the appointment of a trustee or examiner, and an official unsecured creditors’ committee was appointed on June 1, 2016 (the “**Committee**”).

JURISDICTION, VENUE, AND STATUTORY PREDICATES

4. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is core within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

5. The statutory bases for the relief requested herein are sections 105(a), 363, and 365 of the Bankruptcy Code.

RELEVANT BACKGROUND

6. The Debtor is a provider of turnkey complex modular space solutions for rent and sale. The Debtor’s primary client bases are schools and the oil industry. The Debtor owns approximately 2,450 modular/mobile floors. Approximately 1,300 floors are buildings utilized by schools across the country. Approximately 300 of the Debtor’s floors are dedicated to

housing units for the oil industry in North Dakota. The remaining units are used for commercial building spaces throughout the United States.

7. In order to expand its operations and to provide it with funds necessary to operate its business, the Debtor obtained an asset based line of credit in 2004. In December 2012, the Debtor paid off its prior revolving line of credit and obtained a new revolving line of credit up to the maximum amount of \$60,000,000 (the “**Line of Credit**”) with PNC Bank, National Association (“**PNC**”) as agent (the “**Agent**”) for itself and HSBC Bank USA, National Association (“**HSBC**”) (collectively, the “**Secured Parties**”). The Line of Credit is secured by substantially all, if not all, of the Debtor’s personal property as well as rent derived from modular units “on rent” with the Debtor’s lessees (the “**Prepetition Collateral**”).

8. Like other modular space providers in the industry, M Space experienced a significant decline in its commercial and education segments from 2010-2013 due to the economic recession and slowdown. In the Spring of 2012, M Space expanded its market by providing modular housing and office space to the oil and gas industry, primarily in North Dakota. At the time M Space began to expand its business in North Dakota, oil prices were trading at over \$90 per barrel.

9. In late 2014, the Organization of the Petroleum Exporting Countries (“**OPEC**”) made a decision to not cut oil production. As a result, oil prices began a steep decline. By December 2015, oil was trading at approximately \$37.00 per barrel. By early Spring 2016, M Space began experiencing a substantial decline in rents generated from its North Dakota modular units. At M Space’s peak in 2014, the North Dakota units generated monthly rental income in the amount of approximately \$440,000 per month. However, by the Spring of 2016, the North

Dakota units generated monthly rental income in the amount of approximately \$104,000 per month.

10. Due to the drastic decrease in rent generated from the North Dakota units, M Space was not able to take advantage of other growth opportunities in the modular industry. In addition, several of M Space's large commercial rental projects were ending their term, and M Space was not able to move the units to other projects because it did not have sufficient funds to move, refurbish, and reset the modular units that were either coming off rent or in storage yards.

11. A detailed factual background of the Debtor's business and operations, as well as the events precipitating the commencement of this Chapter 11 Case, is fully set forth in the *Declaration of Jeffrey D. Deutschendorf in Support of the Chapter 11 Petition and Various First Day Motions* (the "**Deutschendorf Decl.**") [Docket No. 6] filed on the Petition Date and incorporated herein by reference.

12. On May 24, 2016, the Court approved the retention and employment of Gordon Brothers Commercial & Industrial, LLC ("**GB**") as the Asset Liquidator for the Debtor. *See* Dkt. No. 43.

13. On June 29, 2016, the Court authorized the Debtor to use certain bid procedures in the post-petition sale of certain assets (the "**Order Approving Bid Procedures**"). *See* Dkt.

144. In accordance with the Order Approving Bid Procures, the Debtor will utilize the bid procedures attached hereto as **Exhibit 2** for the proposed sale ("**Bid Procedures**").

14. Among other assets, the Debtor owns the modular units and other assets (collectively, the "**Assets**") described on the Sale Agreement attached hereto as **Exhibit 3** (the "**Agreement**").

15. Seventeen of the units described on Exhibit 3 are on lease as listed in **Exhibit 4** (the “**Leases**”).¹

16. GB estimates the value of the Assets at \$1,679,632.

17. Modern Building Systems (“**Modern**”) offered to purchase the Assets from the Debtor “as is” and “where is” for a purchase price of \$1,356,000. Pursuant to the offer, Modern will assume all unexpired leases and executory contracts related to the Assets, and all secured parties will provide appropriate lien releases.

18. GB evaluated the offer and recommended that the Debtor accept the offer subject to the Court’s approval, and the Debtor, in its reasonable business judgment, has determined that the sale is in the best interest of creditors and the bankruptcy estate.

19. The Debtor has negotiated the terms of the Agreement² by which the Debtor proposes to sell the Assets to Modern, subject to Court approval and higher or better offers, on the terms and conditions set forth in the Agreement.

20. GB will be paid a commission and its expenses from the proceeds of the proposed sale pursuant to the Order Authorizing the Retention and Employment of Gordon Brothers Commercial & Industrial, LLC as Asset Liquidator For the Debtor dated May 24, 2016. *See* Dkt. No. 43.

21. All remaining sales proceeds will be disbursed pursuant to the Final Order Authorizing Debtor’s Use of Collateral and Cash Collateral and Granting Adequate Protection Claim and Lien and any final order related thereto. *See* Dkt. No. 192.

¹ Copies of the Leases listed on Exhibit 3 are available upon request to Debtor’s counsel.

² To the extent there are any conflicts between any summary or reference and the Agreement, the terms of the Agreement shall govern.

RELIEF REQUESTED

22. The Debtor proposes to sell the Assets to Modern subject to higher and better offers. The Debtor intends to utilize the Bidding Procedures which format was approved by the Court in the Order Approving Bid Procedures.

23. The Debtor requests entry of an order approving the proposed sale of the Assets. The Debtor will seek the relief requested in this Motion at a hearing (the “**Sale Hearing**”) on **September 19, 2016 at 2:30 p.m.** The Debtor further requests waiver of the 14-day stay that otherwise would apply under Bankruptcy Rules 6004 and 6006, on the ground that unnecessary expenses would accrue to the estate during that period.

24. Finally, the Debtor seeks authority to assume, and assign to the Successful Bidder (defined herein), any unexpired leases and executory contracts to the extent the Successful Bidder requests such assumption and assignment in its bid.

A. The Agreement

25. The Debtor negotiated, in good faith and at arm’s length, the proposed sale terms with Modern, as set forth in the Agreement. Modern understands that its purchase proposal, as set forth in the Agreement, will serve as the “stalking horse” bid at the Auction (defined herein) and is subject to higher and better offers and this Court’s approval.

26. Under the Agreement, Modern has offered to purchase the Assets for \$1,356,000, and the Assets will be sold to Modern free and clear of all liens, claims, interests and any and all other encumbrances of any kind or nature to the fullest extent possible under 11 U.S.C. § 363(f).

27. The Agreement represents the highest and best purchase offer (the only purchase offer) that the Debtor has received to date for the Assets.

28. As presented in the Debtor's First Day Motions, the Debtor believes that an orderly liquidation of the Debtor's assets is the best way to maximize the value of the assets and is in the best interest of creditors and the estate. And, in its business judgment, the Debtor believes the proposed sale maximizes the value of the Assets.

29. If an auction is held, Modern will be deemed a Stalking Horse bidder subject to higher or better offers without requiring any formal bid protections or a break-up fee that otherwise could have a chilling effect on the bidding and auction process.

B. The Bid Procedures

30. Pursuant to the Bid Procedures, the Debtor proposes to further test the marketplace through the proposed bidding process to allow the Debtor a reasonable and fair opportunity to maximize the value of the Assets.

31. The Debtor continues to market the Assets for sale on its website: <http://www.modularinventory.com>. GB will also continue to market the Assets for sale through its marketing efforts to sell the Debtor's assets. Further, the Debtor will provide notice of the Motion to: (a) all persons reasonably known to the Debtor who have expressed an interest in a transaction with respect to the Assets during the past year; (b) all persons identified by the Debtor as potentially having an interest in acquiring all or a portion of the Debtor's business or assets; (c) all non-debtor parties to relevant executory contracts and unexpired leases; (d) all creditors and other parties in interest listed on the Debtor's mailing matrix, and (e) all known persons asserting a lien, claim, encumbrance or other interest in any of the Assets.

32. In connection with the sale of the Assets, the Debtor seeks authority to assume and assign certain unexpired leases and executory contracts to the Successful Bidder pursuant to

§ 365 of the Bankruptcy Code. In particular, the Debtor seeks authority to assume and assign to the Successful Bidder the contracts and leases so identified in connection with the Agreement.

33. The contracts and leases to be assumed are identified in Exhibit 4. The Debtor does not believe there are any obligations owed by the Debtor under the assumed leases that need to be cured.

BASIS FOR RELIEF

34. Bankruptcy Code § 363 provides that a debtor, “after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.” Bankruptcy Code § 363(b). To approve the use, sale or lease of property outside of the ordinary course of business, a debtor must demonstrate: “(1) that a sound business reason exists for the sale; (2) there has been adequate and reasonable notice to interested parties, including full disclosure of the sale terms and the Debtor’s relationship with the buyer; (3) that the sale price is fair and reasonable; and (4) that the proposed buyer is proceeding in good faith.” *In re Medical Software Solutions*, 286 B.R. 431, 439–40 (Bankr. D. Utah 2002); *see also Committee of Equity Security Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983) (identifying the “sound business purpose” test); *In re Abbotts Dairies of Penn., Inc.*, 788 F.2d 143, 145-47 (3d Cir. 1986) (implicitly adopting the articulated business justification test of *Lionel*, and adding the “good faith” requirement).

35. Bankruptcy courts generally defer to a debtor’s reasonable business judgment regarding the sale of estate assets, unless such decision is arbitrary and capricious. *See In re Curlew Valley Assocs.*, 14 B.R. 506, 511–13 (Bankr. D. Utah 1981).

36. Courts generally will not second-guess a debtor's business decisions when those decisions involve "a business judgment made in good faith, upon a reasonable basis, and within the scope of his authority under the Code." *Id.* at 513–14 (citation omitted).

37. The Debtor has sound business reasons for the proposed sale, which was evaluated and recommended by GB. The Debtor has concluded that a prompt sale of the Assets is necessary to maximize the value of its assets for the benefit of creditors and the estate. A sale by auction, using reasonable procedures as set forth in the Bid Procedures, presents the best opportunity to realize the maximum value of the Assets.

38. The Debtor believes that the value of the Assets and the consummation of the proposed sale will be seriously jeopardized unless the Debtor, through GB, can begin the sale process contemplated in the Bid Procedures as expeditiously as possible.

39. The Debtor submits that this Motion and the Bid Procedures will provide adequate notice to parties in interest of the proposed sale. Among other things, the Debtor proposes to provide notice and sufficient time for parties in interest to submit objections and for bidders to formulate and submit competing proposals.

40. The Debtor believes the offer from Modern, as evaluated and recommended by GB, represents the fair value of the Assets. Also, the Debtor believes that the proposed sale price obtained through the Auction will likely represent fair value for the Assets. The Debtor, through the services of GB, will use reasonable best efforts to publicize an auction pursuant to the Bid Procedures. The Debtor believes that exposing the Assets to the market in this manner will also indicate the true value of the Assets given the critical timing issues at play.

41. The Debtor has engaged in good-faith arm's length negotiations with Modern, and submits that Modern has also negotiated in good faith and at arm's length to acquire the Assets. The Debtor submits that Modern has proceeded in good faith and is offering consideration that constitutes fair value for the Assets. With respect to the "value" requirement, the Debtor estimates based on GB's Sale Valuation, that the current value of the Assets is \$1,679,632.

42. As noted above, the Agreement is subject to higher and better offers, and Modern has not received any compensation or additional bid protections from the Debtor for its role as a stalking horse bidder. Therefore, the Debtor does not believe that Modern has engaged in any conduct that would preclude this Court from making a "good faith" finding at the hearing to approve the proposed sale. Accordingly, the Debtor requests that the Court find that the Agreement meet the four requirements set forth in *Medical Software Solutions*.

B. The Sale Satisfies the Requirements of Bankruptcy Code § 363(f) for a Sale Free and Clear of Liens, Claims, Encumbrances and Interests

43. Pursuant to Bankruptcy Code § 363(f), a debtor may sell property free and clear of any lien, claim, or interest in such property, if, among other things: applicable nonbankruptcy law permits sale of such property free and clear of such interest; such entity consents; such interest is a lien and the price at which such property is sold is greater than the aggregate value of all liens on such property; such interest is in bona fide dispute; or such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

44. Because Bankruptcy Code § 363(f) is drafted in the disjunctive, satisfaction of any one of the five requirements will be sufficient to permit the sale of the Assets free and clear of liens, claims, encumbrances, pledges, mortgages, security interests, charges, options, and other interests (collectively, the "**Interests**").

45. The Debtor is not currently aware of any Interests in the Assets other than the liens of the Secured Parties. In the event that unanticipated Interests are asserted against the Assets, the Debtor believes that the holder of any such Interests could be compelled to accept a money satisfaction of such Interests in legal or equitable proceedings in accordance with Bankruptcy Code § 363(f)(5). The Debtor proposes that any Interests would attach to the net proceeds of the proposed sale. Accordingly, the Assets may be sold free and clear of any and all Interests pursuant to Bankruptcy Code § 363(f)(5).

46. Further, the Assets also may be sold free and clear of any Interests pursuant to Bankruptcy Code § 363(f)(3). That section permits a debtor to sell property free and clear of liens if “such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property.” While the Debtor acknowledges that courts are divided on the interpretation of this section, the better view is that “value” means the economic value of the liens on the property, rather than the face amount of the debts secured by the property. *See, e.g., In re Beker Indus. Corp.*, 63 B.R. 474, 476 (Bankr. S.D.N.Y. 1986); *In re Terrace Gardens Park Partnership*, 96 B.R. 707, 713 (Bankr. W.D. Tex. 1989); *In re Oneida Lake Development, Inc.*, 114 B.R. 352, 357 (Bankr. N.D.N.Y. 1990); *In re Equity Management Systems*, 149 B.R. 120, 123 (Bankr. S.D. Iowa 1993); *In re Collins*, 180 B.R. 447, 451 (Bankr. E.D. Va. 1995).

47. GB, as an industry expert, has valued the Assets and recommended acceptance of the offer from Modern. Further, the Debtor will expose the Assets to the market through the Bid Procedures, and the market will dictate the value of the Assets at the Auction. Therefore, the requirements of Bankruptcy Code § 363(f)(3) will be satisfied. The Debtor submits that

Bankruptcy Code § 363(f) will be satisfied by any sale of the Assets and expressly reserve all rights thereto including, without limitation, the arguments made in this Motion.

C. The Assumption and Assignment of Executory Contracts and Unexpired Leases Should Be Authorized

48. Bankruptcy Code § 365(f)(2) provides that:

[t]he trustee may assign an executory contract or unexpired lease of the debtor only if— (a) the trustee assumes such contract or lease in accordance with the provisions of this section; and (b) adequate assurance of future performance by the assignee of such contract or lease is provided, whether or not there has been a default in such contract or lease.

49. Under Bankruptcy Code § 365(a), a trustee, “subject to the court’s approval, may assume or reject any executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a). Section 365(b)(1) of the Bankruptcy Code, in turn, codifies the requirements for assuming an unexpired lease or executory contract of a debtor. This subsection provides as follows:

(b)(1) If there has been a default in an executory contract or unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee –

(A) cures, or provides adequate assurance that the trustee will promptly cure, such default;

(B) compensates, or provides adequate assurance that the trustee will promptly compensate, a party other than the debtor to such contract or lease, for any actual pecuniary loss to such party resulting from such default; and

(C) provides adequate assurance of future performance under such contract or lease.

11 U.S.C. § 365(b)(1).

50. The meaning of “adequate assurance of future performance” depends on the facts and circumstances of each case, but should be given a “practical, pragmatic construction.” *See, e.g., EBG Midtown South Corp. v. McLaren/Hart Env. Engineering Corp. (In re Sanshoe Worldwide Corp.)*, 139 B.R. 585, 593 (S.D.N.Y. 1992); *In re Prime Motor Inns Inc.*, 166 B.R.

993, 997 (Bankr. S.D. Fla. 1994) (“[a]lthough no single solution will satisfy every case, the required assurance will fall considerably short of an absolute guarantee of performance”); *Carlisle Homes, Inc. v. Azzari (In re Carlisle Homes, Inc.)*, 103 B.R. 524, 538 (Bankr. D.N.J. 1988).

51. Among other things, adequate assurance may be provided by demonstrating the assignee’s financial health and experience in managing the type of enterprise or property assigned. *See, e.g., In re Bygaph, Inc.*, 56 B.R. 596, 605–06 (Bankr. S.D.N.Y. 1986) (reasoning that adequate assurance of future performance is present when prospective assignee of lease from debtor has financial resources and has expressed willingness to devote sufficient funding to business in order to give it strong likelihood of succeeding).

52. The Debtor does not believe that any defaults exist under the contracts and leases to be assumed and assigned under the Agreement. To the extent that any other defaults exist under any executory contract or unexpired lease that is to be assumed and assigned in connection with the sale, the Debtor or the Successful Bidder will cure or provide adequate assurance of a cure of any such default prior to such assumption and assignment. At the Sale Hearing, the Debtor will further adduce facts demonstrating the financial wherewithal of the Successful Bidder, its industry experience, and its willingness and ability to perform under the contracts to be assumed and assigned to it.

53. Therefore, the Court and other interested parties will have sufficient opportunity to evaluate and, if necessary, challenge the ability of the Successful Bidder to provide adequate assurance of future performance under the contracts to be assumed.

54. Thus, the Court will have a sufficient basis to authorize the Debtor to assume and assign contracts as is set forth in the Agreement.

D. Cause Exists to Waive the 14 Day Stay Otherwise Applicable Under Bankruptcy Rules 6004 and 6006

55. Bankruptcy Rule 6004(h) provides that unless the Court orders otherwise, all orders authorizing the sale of property under Bankruptcy Code § 363 are automatically stayed for 14 days after entry of the order. Similarly, under Bankruptcy Rule 6006(d), unless the Court orders otherwise, all orders authorizing the assignment of contracts or unexpired leases are automatically stayed for 14 days after entry of the order.

56. The Debtor submits that cause exists to waive the automatic 14-day stay otherwise applicable under Bankruptcy Rules 6004(h) and 6006(d). Modern has bargained in good faith for a relatively short timeline for the proposed Sale, but more importantly, the Debtor requires this relatively short timeline or it will risk conversion. Accordingly, a 14-day stay likely would prevent the Debtor from selling the Assets with the premium it expects to receive until the proposed sale is closed. Moreover, if the closing is postponed, the sale may be lost. Closing the sale at the earliest possible time will maximize the value of the Assets for the benefit of creditors and the estate.

57. WHEREFORE, the Debtor respectfully requests entry of an order (i) authorizing the sale free and clear of liens, claims, encumbrances and interests; (ii) authorizing assumption and assignment of executory contracts and unexpired leases; (iii) waiving the 14-day stay otherwise applicable under Bankruptcy Rules 6004 and 6006; and (iv) granting the Debtor such other and further relief as the Court deems just and proper.

Dated: August 19, 2016

Respectfully submitted,

HOLLAND & HART LLP

/s/ Sherilyn A. Olsen

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH**

<p>In re:</p> <p>M SPACE HOLDINGS, LLC,</p> <p>Debtor.</p>	<p>Bankruptcy No. 16-24384</p> <p>Chapter 11</p> <p>Honorable Joel T. Marker</p>
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ORDER (1) AUTHORIZING THE SALE OF CERTAIN MODULAR UNITS FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS; (2) AUTHORIZING ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASE; AND (3) WAIVING THE 14-DAY STAY OTHERWISE APPLICABLE UNDER BANKRUPTCY RULES 6004 AND 6006

The matter before the Court is the Motion for Order: (1) Authorizing the Sale of Certain Modular Units Free and Clear of Liens, Claims, Encumbrances, and Interests; (2) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases; and (3) Waiving the 14-day Stay Otherwise Applicable Under Bankruptcy Rules 6004 and 6006 (the “**Motion**”)¹, filed on August 19, 2016, by M Space Holdings, LLC (the “**Debtor**”). No Objections to the Motion were filed.

The Court, having considered the Motion and having determined that good cause exists for granting the relief sought through the Motion, **HEREBY FINDS AND DETERMINES THAT:**

1. This Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334, and the matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
2. Venue is appropriate in this district pursuant to 28 U.S.C. §§ 1408 and 1409.
3. This Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), and to any extent necessary under Bankruptcy Rule 9014 and Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7054, the Court expressly finds that there is no just reason for delay in the implementation of this Order, cause exists to waive all applicable stays and expressly directs entry of judgment as set forth herein.

¹ Terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

4. The statutory predicates for the relief requested in the Motion are Sections 105(a), 363(b), (f), and (m), and 365 of the Bankruptcy Code and Bankruptcy Rules 2002(a)(2), 6004(a), (b), (c), (e), (f) and (h), 6006(a), (c) and (d), and 9014.

5. Actual written notice of the Sale Hearing, the Auction, the Motion, the sale of the Assets, the assumption, assignment and sale of the Assigned Contracts and a reasonable opportunity to object or be heard with respect to the Motion and the relief requested therein and granted by this Order has been afforded to all known interested persons and entities, including, but not limited to the following parties (the “**Notice Parties**”): (i) the United States Trustee; (ii) counsel to the Secured Lenders (iii) the Unsecured Creditors Committee appointed in the Case (the “**Committee**”), (iv) counsel to all known parties asserting an interest in or lien on the Assets; (v) all parties on the Debtor’s Mailing Matrix; (vi) all non-Debtor parties to each executory contract and unexpired lease relating to the Assets to which the Debtor is a party; (vii) all potential bidders previously identified or otherwise known to the Debtor.

6. As evidenced by the certificates of service previously filed with the Court, proper, timely, adequate, and sufficient notice of the Motion, Bid Procedures, Auction, Sale Hearing, and sale of the Assets has been provided to all interested parties in accordance with sections 102(1), 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006 and 9014. The notice provided is good, sufficient and appropriate under the circumstances, and no other or further notice of the Motion, Auction, Sale Hearing, sale of the Assets, or assumption and assignment of the Leases is required.

7. The Court previously approved the Bid Procedures related to the Motion on June 29, 2016.

8. The Debtor has properly employed the Bid Procedures, and has articulated good and sufficient reasons for the Court to grant the relief requested in the Motion regarding the sale of the Assets.

9. No competing offers were received for the purchase of the Assets. Accordingly, Modern Building Systems (“**Modern**”) is the “Successful Bidder” pursuant to the Approved Bid Procedures.

10. The Agreement, substantially in the form attached hereto as **Exhibit 1**, is (1) the highest and best offer received by the Debtor for the Assets; (2) fair and reasonable; (3) in the best interest of creditors and the bankruptcy estate.

11. The Debtor’s decision to enter into the Agreement is a reasonable exercise of the Debtor’s sound business judgment consistent with its fiduciary duties and is in the best interest of creditors, the estate, and all other parties in interest.

12. The transaction contemplated by the Agreement does not include the sale or lease of personally identifiable information, as defined in section 101(41A) of the Bankruptcy Code.

13. The Debtor is the sole and lawful owner of the Assets, and the Assets are property of the Debtor’s estate pursuant to 11 U.S.C. § 541(a). A sale of the Assets other than one free and clear of liens, claims, encumbrances, defenses (including, without limitation, rights of setoff and recoupment), and interests to the fullest extent of the law of any kind or nature (collectively, “**Liens**”) and without the protections of this Order would hinder the Debtor’s ability to obtain the consideration provided for in the Agreement. In addition, each entity with a Lien or other encumbrance upon the Assets, (1) has consented to the sale and disposition of the Assets in the manner contemplated by the Agreement and this Order or is deemed to have consented to the

sale and disposition of the Assets in the manner contemplated by the Agreement and this Order; (2) could be compelled in a legal or equitable proceeding to accept money satisfaction of such interest; or (3) otherwise falls within the provisions of 11 U.S.C. § 363(f), and therefore, in each case, one or more of the standards set forth in 11 U.S.C. § 363(f)(1)–(5) has been satisfied.

Those holders of Liens who did not object, or who withdrew its objections, to the Motion are deemed to have consented pursuant to 11 U.S.C. § 363(f)(2). Therefore, approval of the Agreement and the consummation of the sale of the Assets free and clear of Liens are appropriate pursuant to 11 U.S.C. § 363(f) and are in the best interest of creditors and the estate.

14. The consideration to be paid by the Successful Bidder under the Agreement was negotiated at arm's-length, constitutes reasonably equivalent value, and fair and adequate consideration. The Agreement was not entered into for the purpose of, nor does it have the effect of, hindering, delaying or defrauding the Debtor or its creditors under any applicable laws.

15. The Debtor, its members, management and board of directors, and the Successful Bidder and its officers, directors, employees, agents and representatives actively participated in the bidding process and acted in good faith. The Agreement was negotiated and entered into based upon arm's length bargaining, without collusion or fraud, and in good faith as that term is used in 11 U.S.C. § 363(m). The Debtor was free to deal with any other party interested in buying the Assets. Neither the Debtor nor the Successful Bidder have engaged in any conduct that would cause or permit the sale of the Assets, the Agreement or any related action or the transactions contemplated thereby to be avoided under 11 U.S.C. § 363(n), or that would prevent the application of 11 U.S.C. § 363(m). The Successful Bidder has not violated 11 U.S.C. § 363(n) by any action or inaction. Specifically, the Successful Bidder has not acted in a collusive

manner with any person and was not controlled by any agreement among bidders. The Successful Bidder's prospective performance and payment of amounts owing under the Agreement are in good faith and for valid business purposes and uses.

16. The Successful Bidder is not an "insider" or "affiliate" of the Debtor as those terms are defined in 11 U.S.C. § 101(31). No common identity of directors or controlling stockholders exists between the Successful Bidder and the Debtor.

17. Subject to the entry of this Order, the Debtor (i) has full corporate or other power to execute, deliver and perform its obligations under the Agreement and all other transactions contemplated thereby, and entry into the Agreement has been duly and validly authorized by all necessary corporate or similar action, (ii) has all of the corporate or other power and authority necessary to consummate the transactions contemplated by the Agreement, and (iii) has taken all actions necessary to authorize and approve the Agreement and the transactions contemplated thereby. No consents or approvals, other than those expressly provided for herein or in the Agreement, are required for the Debtor to consummate the sale of the Assets.

ACCORDINGLY, THE COURT HEREBY ORDERS AS FOLLOWS:

1. The Motion is GRANTED as set forth herein.
2. All objections (if any) to the Motion or to any relief requested in the Motion that have not been withdrawn, waived, or settled, and all reservations of rights (if any) included therein, are overruled.
3. Subject to the provisions of this Order, the Agreement is approved pursuant to 11 U.S.C. §§ 105 and 363. The Debtor is hereby authorized, empowered and directed to enter into and perform under the Agreement, which Agreement shall be binding on all parties (including,

without limitation, the Debtor, the Committee, any successor Chapter 7 or Chapter 11 trustee, and all other parties in interest) without further order of the Court. The Agreement is hereby approved in its entirety and is incorporated herein by reference. The failure to include specifically any particular provision of the Agreement in this Order shall not diminish or impair the effectiveness of such provisions, it being the intent of the Court that the Agreement and all of its provisions, payments and transactions, be authorized and approved in its entirety. Likewise, all of the provisions of this Order are non-severable and mutually dependent.

4. The Debtor is authorized, pursuant to 11 U.S.C. §§ 105 and 363(b) and (f), to sell the Assets in the manner contemplated by the Agreement, free and clear of any and all Liens.

5. The sale of the Assets under the Agreement constitutes a transfer for reasonably equivalent value and fair consideration under the Bankruptcy Code and laws of all applicable jurisdictions, including, but not limited to the laws of the state in which the Assets are located. The transaction approved by this Order is not subject to avoidance pursuant to 11 U.S.C. § 363(n).

6. Subject to the provisions of this Order, the Debtor and the Successful Bidder are hereby authorized, pursuant to 11 U.S.C. §§ 105(a) and 363(b)(1), to consummate the sale of the Assets in accordance with the Agreement.

7. Pursuant to 11 U.S.C. § 363(b), the Debtor, the Successful Bidder and each of its respective officers, employees and agents are hereby authorized and directed to execute such documents and to take any and all such actions as may be necessary or desirable to consummate the sale of the Assets and effectuate or implement the Agreement.

8. Pursuant to 11 U.S.C. § 365(f), the Debtor is authorized to assume and assign its rights and interests in the executory contracts listed on Exhibit A of the Agreement to the Successful Bidder (collectively, the “**Assigned Contracts**”). The Debtor shall be relieved of any further liability with respect to the Assigned Contracts.

9. The Debtor is not in default on the Assigned Contracts and no cure amounts are owed. Accordingly, the “adequate assurance” requirements of 11 U.S.C. § 365(f)(2)(B) have been satisfied.

10. This Order and the terms and provisions of the Agreement shall be binding on all of the Debtor’s creditors (whether known or unknown), the Debtor, the Successful Bidder and their respective affiliates, successors and assigns, and any affected third parties including, but not limited to, all persons asserting an interest in the Assets, notwithstanding any subsequent appointment of any trustee, party, entity or other fiduciary under any section of the Bankruptcy Code with respect to the forgoing parties, and as to such trustee, party, entity or other fiduciary, such terms and provisions likewise shall be binding.

11. The provisions of this Order and the terms and provisions of the Agreement, and any actions taken pursuant hereto or thereto shall survive the entry of any order which may be entered converting the Debtor’s case from Chapter 11 to Chapter 7, and the terms and provisions of the Agreement, as well as the rights and interests granted pursuant to this Order and the Agreement, shall continue in these or any superseding case and shall be binding upon the Debtor, the Successful Bidder and their respective successors and permitted assigns, including any trustees or other fiduciaries hereafter appointed as a legal representative of the Debtor under Chapter 7 or Chapter 11 of the Bankruptcy Code. Any trustee appointed in the Debtor’s case

shall be and hereby is authorized and directed to operate the business of the Debtor to the fullest extent necessary to permit compliance with the terms of this Order and the Agreement, and the Successful Bidder and any such trustee shall be and hereby are authorized and directed to perform under the Agreement upon the appointment of the trustee without the need for further order of this Court.

12. Entry into the Agreement is undertaken by the parties thereto in good faith, as that term is used in 11 U.S.C. § 363(m) of the Bankruptcy Code, and the Successful Bidder shall be protected by 11 U.S.C. § 363(m) in the event that this Order is reversed or modified on appeal. The reversal or modification on appeal of the authorization provided herein to enter into the Agreement and consummate the transaction contemplated thereby shall not affect the validity of such transaction, unless such authorization is duly stayed pending such appeal. The Successful Bidder is entitled to all of the benefits and protections afforded by 11 U.S.C. § 363(m).

13. Notwithstanding Bankruptcy Rules 4001, 6004 and 6006, or any other law that would serve to stay or limit the immediate effect of this Order, this Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing. In the absence of any person or entity obtaining a stay pending appeal, the Debtor and the Successful Bidder are free to perform under the Agreement at any time, subject to the respective terms thereof.

14. This Order constitutes an authorization of the conduct of the Debtor and the Successful Bidder in connection herewith.

15. Upon consummation of the sale of the Assets, GB shall be paid a commission and its expenses from the proceeds of the sale pursuant to the Order Authorizing the Retention and Employment of Gordon Brothers Commercial & Industrial, LLC as Asset Liquidator For

the Debtor dated May 24, 2016. *See* Dkt. No. 43.

16. All remaining sales proceeds will be subject to the Final Order Authorizing the Debtor's Use of Collateral and Cash Collateral and Granting Adequate Protection Claim and Lien and any final order related thereto, as applicable. *See* Dkt. No. 192.

17. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

--- END OF ORDER ---

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BID PROCEDURES

Set forth below are the bid procedures (the “**Bid Procedures**”) to be employed with respect to the prospective sale of Assets¹ of M Space Holdings, LLC (the “**Debtor**”) in connection with Bankruptcy Case No. 16-24384 (the “**Bankruptcy Case**”) pending in the United States Bankruptcy Court for the District of Utah (the “**Bankruptcy Court**”). The Debtor will seek entry of an order from the Bankruptcy Court authorizing and approving the Sale to the Qualified Bidder(s) (as hereinafter defined) determined by the Debtor, in the exercise of its reasonable business judgment after consultation with its advisors, to have made the highest or otherwise best offer(s) to purchase the Assets (the “**Successful Bidder(s)**”).

Stalking Horse Bid

The Debtor has received a “stalking horse” bid proposal (the “**Stalking Horse Bid**”) from Modern Building Systems (“**Modern**”) as set forth in that certain Sales Agreement (the “**Agreement**”), a copy of which will be provided together with these Bid Procedures.²

Under the terms of the Agreement, Modern has offered to purchase the Assets in the amount of \$1,356,000, subject to approval of the Bankruptcy Court and subject to higher or better offers.

Reservation of Rights

The Debtor reserves the right to entertain bids for the Assets, the Assets together with other assets or property of the Debtor, or to sell portions of the Assets and business in other lots, as the Debtor determines in the exercise of its reasonable business judgment that an alternative sale would result in the highest or otherwise best collective value for the Assets.

The Bidding Process

The Debtor shall (i) determine whether any person is a Qualified Bidder (defined below), (ii) negotiate any offers made to purchase the Assets, and (iii) determine the Successful Bidder(s) (defined below) (collectively, the “**Bidding Process**”). Any person who wishes to participate in the full Bidding Process must first become a Qualified Bidder. Neither the Debtor nor its representatives shall be obligated to furnish any information of any kind whatsoever to any person who is not a Qualified Bidder. For the avoidance of doubt and notwithstanding anything to the contrary in the Bid Procedures, Modern is a Qualified Bidder for all purposes, as applicable, and is authorized, but not directed, to participate in the full Bidding Process. The Debtor shall have the right to adopt such other rules for the Bidding Process which, in its

¹ Capitalized terms used but not otherwise defined herein shall have the meaning ascribed in the Motion or the Agreement, as applicable.

² Any summary or reference to the Agreement or the Stalking Horse Bid is qualified in its entirety by the Agreement itself, as provided together with these Bid Procedures. To the extent there are any conflicts between any summary or reference and the Agreement, the terms of the Agreement shall govern.

reasonable business judgment, will better promote the goals of the Bidding Process and which are not inconsistent with any of the other provisions hereof or of any Bankruptcy Court order.

Participation Requirements

To be a Qualified Bidder, such bid must provide to the Debtor by no later than 3 days prior to the Bid Deadline (defined below):

- i. be in writing and irrevocable and provide that if it is not the winning bid, it may be accepted nonetheless if the Successful Bidder fails timely to close;
- ii. be received by Seller no later than the Bid Deadline set forth in the Bid Procedures, and served on the Parties in the manner set forth in the Bid Procedures;
- iii. include a signed short form purchase and sale agreement (the “**Bidder’s Purchase Agreement**”);
- iv. be for no less than \$1,356,000 cash in U.S. Dollars;
- v. be accompanied by an earnest money deposit equal to no less than \$25,000.00, such deposit to be either in the form of a certified bank check or a wire transfer to the Debtor to be held in escrow by PNC Bank, N.A.;
- vi. not be conditioned upon any contingencies, such as (without limitation) any due diligence investigation, the receipt of financing, or any board of directors, shareholders or other entity approval;
- vii. include evidence of the bidder’s financial wherewithal to consummate the purchase;
- viii. not request or entitle the bidder to any transaction or break-up fee, expense reimbursement or similar type of payment; and
- ix. otherwise comply with the Bid Procedures.

A “**Qualified Bidder**” is a Potential Bidder that submits the documents, information and deposit described in subparagraphs (i) through (ix) above, whose financial information demonstrates the financial capability of the Qualified Bidder to consummate the proposed transaction, and that the Debtor determines is reasonably likely (based on availability of financing, experience and other considerations) to be able to consummate the sale if selected as the Successful Bidder. The Debtor will notify potential Qualified Bidders who submit the information and deposit above whether they are Qualified Bidders within 1 business day after receiving such submissions.

Due Diligence

The Debtor shall not be obligated to furnish any due diligence information after the Bid Deadline (as defined below). Neither the Debtor nor any of its representatives are obligated to furnish any information relating to the Assets to any person. Qualified Bidders are advised to exercise their own discretion before relying on any information regarding the Assets.

Bid Deadline

A Qualified Bidder desiring to make a Qualified Bid shall deliver the Required Bid Documents (as defined below) to the Debtor as follows: Sherilyn Olsen, counsel for Debtor, c/o Holland & Hart, LLP, 222 South Main Street, Ste. 2200, Salt Lake City, Utah 84101, by no later than **4:00 p.m. (Prevailing Mountain Time) on September 6, 2016** (the "**Bid Deadline**"). The Debtor may extend the Bid Deadline once or successively, but is not obligated to do so.

All bids must include the following documents (the "**Required Bid Documents**");

A letter stating that (1) the bidder's offer is irrevocable until the earlier of (a) two business days after the assets for which the bidder is bidding have been disposed of pursuant to these Bid Procedures, or (b) thirty days after the Sale Hearing; (2) the bidder will be prepared and agrees to close the sale transaction by no later than 5 days after the Auction Date, subject to the prior entry of an order of the Court approving the Sale; and (3) the bid is not conditioned on bid protections or any expense reimbursement (including any break-up fee, termination fee or similar type of payment or reimbursement) and, by submitting a bid, the bidder waives the right to pursue a substantial contribution claim under 11 U.S.C. § 503 related in any way to the submission of its bid or the Bidding Process;

An executed copy of an asset purchase agreement in form acceptable to the Debtor and substantially similar to the Agreement (a "**Bidder's Purchase Agreement**") and a mark-up comparison against the Agreement showing any proposed changes to the Agreement; and

A list of all executory contracts and unexpired leases of the Debtor that the bidder wishes to receive through assumption and assignment under Bankruptcy Code § 365, including a description of each contract or lease, the addresses of all counterparties to each contract, and any cure amount that the bidder believes to be due.

The Debtor will consider a bid only if the bid is on terms that are not conditioned on obtaining financing or on the outcome of unperformed due diligence by the bidder. A bid received from a Qualified Bidder that includes all of the Required Bid Documents and meets the other requirements set forth above is a "**Qualified Bid**."

“As Is, Where Is”

The sale of any or all of the Assets shall be on an “as is, where is” basis and without representations or warranties of any kind, nature, or description by the Debtor, its agents or the Debtor’s estate except to the extent set forth in the applicable Bidder’s Purchase Agreement(s) of the Successful Bidder(s) as accepted by the Debtor. Except as otherwise provided in such agreements, all of the Debtor’s right, title and interest in and to the identified assets shall be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against (collectively, the “**Interests**”) in accordance with section 363 of the Bankruptcy Code, with such Interests to attach to the net proceeds of the sale(s) of the assets.

Each bidder shall be deemed to acknowledge and represent that it has had an opportunity to inspect and examine the assets and to conduct any and all due diligence it deems necessary regarding the assets prior to making its offer, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or assets in making its bid, and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the assets, or the completeness of any information provided in connection with the assets or the Bidding Process, except as expressly stated in these Bid Procedures or, as to the Successful Bidder(s), the respective Bidder’s Purchase Agreement(s).

Auction

If, in addition to the Agreement, the Debtor receives one or more additional Qualified Bids on or prior to the Bid Deadline, the Debtor shall conduct an auction (the “**Auction**”) with respect to any Assets as to which a Qualified Bid has been received. The Auction shall take place on **September 9, 2016 at 9:30 a.m.** (Prevailing Mountain Time) at the offices of Holland & Hart LLP, 222 S. Main St., Suite 2200, Salt Lake City, UT 84101. At the Debtor’s discretion, Qualified Bidders may participate in the Auction by telephone.

The Debtor may commence the Auction by entertaining bids from Qualified Bidders for the Assets or groupings of certain of the Assets and/or other assets of the Debtor. The Debtor thereafter may offer the Assets in such lots in such successive rounds as the Debtor reasonably determines to be appropriate so as to obtain the highest or otherwise best bid or combination of bids for the assets but only to the extent consistent with applicable provisions of the Cash Collateral Order. The Debtor also may set opening bid amounts in each round of bidding as the Debtor reasonably determines to be appropriate. Modern has no obligation to purchase less than all the Assets identified in the Agreement.

Upon conclusion of the Auction, the Debtor, in consultation with its advisors, shall (i) review and evaluate each Qualified Bid and other potentially higher or better bids obtained at the Auction on the basis of financial and contractual terms and the factors relevant to the sale process in the Debtor’s reasonable discretion, including factors affecting the speed and certainty of consummating the Sale, and (ii) identify the highest or otherwise best offer or group of offers for the Assets in the Debtor’s reasonable discretion (the “**Successful Bid(s)**”). At the Sale

Hearing, the Debtor will present to the Bankruptcy Court for approval the Successful Bid(s). The Debtor may adopt rules for the Bidding Process at the Auction that, in its reasonable business judgment, will better promote the goals of the Bidding Process and that are not inconsistent with any provisions of the Bankruptcy Code, any Bankruptcy Court order, or these Bid Procedures.

Acceptance of Qualified Bids

The Debtor shall sell the Assets to the Successful Bidder(s) upon entry of an order of the Bankruptcy Court approving the Sale. The Debtor's presentation to the Bankruptcy Court for approval of a Sale to a particular Successful Bidder does not constitute the Debtor's acceptance of the bid. The Debtor will be deemed to have accepted a bid only when the bid has been approved by the Bankruptcy Court upon entry of an appropriate order after the Sale Hearing.

Sale Hearing

The Sale Hearing is presently scheduled to take place on **September 19, 2016, at 2:30 p.m.** before the Honorable Joel T. Marker at the United States Bankruptcy Court for the District of Utah, located in Room 341 of the Frank E. Moss United States Courthouse, 350 South Main Street, Salt Lake City, Utah. The Sale Hearing may be adjourned or rescheduled without notice by an announcement of the adjourned date at the Sale Hearing. At the Sale Hearing, the Debtor shall present to the Bankruptcy Court for approval the Successful Bid(s) for the Assets.

Following the Sale Hearing approving the Sale of the Assets to a Successful Bidder(s), if such Successful Bidder(s) fails to consummate an approved sale because of a breach or failure to perform on the part of such Successful Bidder(s), the next highest or otherwise best bid resulting from the Auction, as disclosed at the Sale Hearing, shall be deemed to be the Successful Bid and the Debtor shall be authorized to effectuate such Sale without further order of the Bankruptcy Court.

Miscellaneous

The Debtor may (a) determine, in its reasonable business judgment, which Qualified Bid(s) or other bid presented at the Auction by a Qualified Bidder is the highest or otherwise best offer; and (b) reject at any time before entry of an order of the Bankruptcy Court approving a Sale to a Successful Bidder, any bid that, in the Debtor's reasonable discretion, is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bid Procedures, or the terms and conditions of sale, or (iii) contrary to the best interests of the Debtor, its estate, and its creditors. At or before the Sale Hearing, the Debtor may impose such other terms and conditions as it may reasonably determine to be in the best interests of the Debtor's estate, creditors and other parties in interest and that are not inconsistent with any provisions of the Bankruptcy Code, any Bankruptcy Court order, or these Bid Procedures.



SALES AGREEMENT

This Sales Agreement (“Agreement”) dated _____, 2016 is entered into by and between M Space Holdings, LLC located at 629 Parkway Drive, Park City, UT 84098 (“Seller”) and Modern Building Systems located at 9493 Porter Rd., Aumsville, OR 97325 (“Buyer”), collectively referred to as the “parties”.

Pursuant to the mutual covenants and agreements set forth herein and for other good and valuable consideration, the Buyer and Seller covenant and agree to be bound as set forth below.

Buyer agrees to purchase from Seller one or more modular and/or pre-fabricated structures (“Building(s)”) as detailed more particularly as follows:

BUILDING(S):

Description (including quantity, type, size & serial numbers)	(17) 24 x 60 Modular Offices; S/N: 14998/14999 (MO96), 14976/14977 (MO109), 14978/14979 (MO110), 14980/14981 (MO111), 15024/15025 (MO90), 15032/15033 (MO91), 15036/15037 (MO93), 15012/15013 (MO103), 14974/14975 (MO108), 14982/14983 (MO112), 14984/14985 (MO113), 14986/14987 (MO114), 14988/14989 (MO115), 14990/14991 (MO116), 14992/14993 (MO117), 14994/14995 (MO118), 15022/15023 (MO122) (3) 14 x 48 Sales Offices; S/N: WSI-1448-16161 (SO26), WSI-1448-14867 (SO54), WSI-1448-14413 (SO55)
Location	2830 Barret Avenue Perris, California 92571
Description (including quantity, type, size & serial numbers)	(1) 24 x 40 Green Classroom; S/N: WSI-21466, 21467 (GCR1)
Location	800 South CA Hwy 33 Patterson, California 95363
Description (including quantity, type, size & serial numbers)	(10) 24 x 60 Modular Offices; S/N: 15034/15035 (MO92), 15038/15039 (MO94), 14996/14997 (MO95), 15000/15001 (MO97), 15002/15003 (MO98), 15008/15009 (MO101), 15010/15011 (MO102), 15026/15027 (MO105), 15028/15029 (MO106), 15030/15031 (MO107)
Location	Camp Pendleton-Basilone Road Camp Pendleton, California 92055
Description (including quantity, type, size & serial numbers)	(1) 112 x 60 Modular Office; S/N: 2AE15256-263 (MO149)
Location	Naval Base Ventura County-Venice Road Port Hueneme, California 93043
Description (including quantity, type, size & serial numbers)	(1) 72 x 60 Modular Office; S/N: SMICA-1527-23-28 (MO169A)
Location	One Antibody Way Oceanside, California 92056
Description (including quantity, type, size & serial numbers)	(1) 24 x 65 Sales Offices; S/N: WSI-1256-17125/WSI-1265-17126 (SO85)
Location	2100 Costa Del Mar Road Carlsbad, California 92009
Description (including quantity, type, size & serial numbers)	(2) 24 x 65 Sales Offices; S/N: WSI-1256-15601/WSI-1265-15602 (SO83), WSI-1256-15610/WSI-1265-15611 (SO84)
Location	13967 Roscoe Blvd Panorama City, California 91402
Description (including quantity, type, size & serial numbers)	(1) 48 x 122 Modular Office; S/N: WSI 21389-21398 (MO178)



SALES AGREEMENT

Location	6201 Winnetka Avenue Woodland Hill, California 91371
Description (including quantity, type, size & serial numbers)	(1) 180 x 36 Office; S/N: 2AG 109 68-76 (MO14)
Location	2090 Fern Lane Glendale, California 91208

COSTS:

Building(s)	\$1,356,000.00
Delivery/Freight/Set-up	N/A
Total Contract Price (Does not include applicable State and Local Taxes. Purchaser is responsible for payment of all applicable sales tax)	\$1,356,000.00

(Check If Applicable) Buyer acknowledges the Proposal, Purchase Order or any other documents attached to this Agreement and initialed by Buyer and Seller are incorporated by reference to the Agreement, and become a part of the Agreement.

Payments will be made to Seller as follows:

100 % of Contract Price due upon Bankruptcy Court Approval of Sale.

Additional Terms and Conditions: The Buildings are being sold "As Is", "Where Is" and are deemed accepted upon execution of this Agreement. Seller is NOT providing any warranties, expressed or implied. Buyer understands it is purchasing the Building "As Is", in its present condition and at its current location. Buyer is solely responsible for compliance with any applicable building codes. Seller has filed for protection under the bankruptcy laws of the United States of America, Chapter 11. As a result, Seller shall seek approval from the Bankruptcy Court with jurisdiction to approve and thereafter finalize the sale in accordance with the terms of this Agreement. At the time of closing following Seller obtaining approval from the Bankruptcy Court, the parties agree that the Court Order shall include a full release of any and all liens or encumbrances, and that all leases, executory contracts relative to the units purchased shall be assigned to Buyer. For the avoidance of doubt, the leases and executory contracts to be assigned to Buyer in conjunction with this transaction are attached hereto as **Exhibit "A"** ("Leases"). Buyer hereby fully acknowledges that it will be bound to all the rights and responsibilities of Seller as set forth in the Leases without limitation or exclusion of any such duties enumerated therein. Any rent outstanding from the lessee(s) under the Leases or collected by Seller for the month at which time this transaction closes will be prorated and the Purchase Price will be adjusted accordingly. Buyer will indemnify, defend and hold seller harmless for any and all losses, damages, liabilities, demands, claims, suits, actions, costs and expenses, including, without limitation, attorney's fees arising out of or in connection with this purchase and/or Buyer's use or occupancy of the Building(s). As the parties acknowledge the Buildings are subject to existing Leases with current occupants, Seller does hereby agree to, and will execute all reasonable documentation necessary therefor, to unconditionally effectuate the assignment of Seller's interests, right and title in and to such existing leases without reservation subject to any stipulations set forth herein.

At the time of sale Buyer is to receive all original Leases for units on rent with tenants, Manufacturer's Statements of Origin and any and all other contracts or purchase orders applicable to the Modular Buildings. Buyer will also provide Seller with all key for the modular buildings that it presently has in its possession as well as the registration and title documents that were disclosed to Seller during Seller's due diligence. Buyer will reasonably cooperate with Seller post sale and provide any and all information that it has with respect to the Modular Buildings which is reasonably requested in order for Seller to register and title the units with the State of California.

IN WITNESS WHEREOF, the parties, by their duly authorized officers, have signed, sealed and delivered this Agreement on the date noted above and below:



SALES AGREEMENT

Seller: **M Space Holdings, LLC**

Buyer: **Modern Building Systems**

Signature: _____

Signature: _____

Name (Printed): Jeff Deuschendorf

Name (Printed):

Title: CEO & President

Title:

Date: _____

Date: _____



Tenant	Lease/Contract No.	Lease Date	Termination Date
Pac Van, Inc	MLA MK0213PV	2/13/2013	9/8/2016
Omni La Costa Resort & Spa, LLC	MLA RL1113OLC	11/11/2013	10/10/2016
Los Angeles Community College District	Contract No 32616	10/7/2009	2/9/2018
State of California Department of Transportation	Project No 131035	5/26/2010	3/31/2017
The Archdiocese Of Los Angeles	RO10001	5/20/2010	11/30/2016
BC Schmidt Construction, Inc.	MLA BN0911BCSC	9/1/2011	8/31/2016

Tenant	Lease/Contract No.	Lease Date	Termination Date
Pac Van, Inc	MLA MK0213PV	2/13/2013	9/8/2016
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The Archdiocese Of Los Angeles	RO10001	5/20/2010	11/30/2016
BC Schmidt Construction, Inc.	MLA BN0911BCSC	9/1/2011	8/31/2016