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11 **UNITED STATES BANKRUPTCY COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA**
13 **LOS ANGELES DIVISION**

14 In re:

15
16 PAUL S. SHEPHERD and
GIGI R. SHEPHERD,

17 Debtors and Debtors in Possession.

Case No.: 2:17-bk-17991-BB

Chapter 11 Case

**DEBTORS' NOTICE OF MOTION AND
MOTION FOR ENTRY OF AN ORDER
(1) TO THE EXTENT THE AGREEMENT IS
VALID AND ENFORCEABLE, APPROVING
THE REJECTION OF AN ALLEGED
AGREEMENT BY THE DEBTORS TO SELL
REAL PROPERTY TO NICOLAS KEROS,
(2) APPROVING THE SALE OF THE
DEBTORS' REAL PROPERTY FREE AND
CLEAR OF ALL LIENS, CLAIMS,
ENCUMBRANCES, AND INTERESTS, WITH
THE EXCEPTION OF ENUMERATED
EXCLUSIONS, TO RND SUNSET
ASSOCIATES, LLC, SUBJECT TO OVERBID,
(3) APPROVING BIDDING PROCEDURES
AND SETTING A DATE TO CONDUCT AN
AUCTION AND A HEARING TO CONFIRM
THE WINNING BIDDER,
(4) AUTHORIZING AND APPROVING THE**

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**PAYMENT OF CERTAIN CLAIMS FROM
THE SALE PROCEEDS, AND
(5) PROVIDING RELATED RELIEF;
MEMORANDUM OF POINTS AND
AUTHORITIES AND DECLARATIONS IN
SUPPORT THEREOF**

Hearing:

Date: [TBD]¹

Time: [TBD]

Place: Courtroom 1539

255 E. Temple Street

Los Angeles, California 90012

PLEASE TAKE NOTICE that a hearing will be held, on the date and time set by the Court, at the above-referenced location, to consider this motion (the "Motion") by Paul S. Shepherd and Gigi R. Shepherd, the chapter 11 debtors and debtors in possession herein (the "Debtors"), for

(1) entry of an order (the "Rejection Order"), pursuant to 11 U.S.C. § 365(a), (d)(2), and (j), to the extent that certain Residential Purchase Agreement and Joint Escrow Instructions (the "Keros Purchase Agreement") entered into pre-petition between the Debtors and Nicolas Keros ("Keros"), which contemplated a sale to Keros of the Debtors' property, which is comprised of two contiguous parcels of real property – (a) 2460 Sunset Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-011) and (b) 2375 Sunset Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-012) (together, the "Property"), is valid and enforceable (which the Debtors do not believe to be the case), approving the rejection of the Keros Purchase Agreement; and

(2) entry of an order (the "Sale Order") substantially and materially in the form attached hereto as **Exhibit "1"**:

¹ An application for an order setting the hearing on this motion on shortened notice was filed concurrently herewith. Once the Court sets a hearing on this motion, the Debtors will provide notice of the hearing and related objection and reply deadlines per the direction of the Court.

1 (a) pursuant to 11 U.S.C. §§ 363(b), (e), and (f), approving the sale of
2 the Property to (i) RND Sunset Associates, LLC or its designee (the “Buyer”),
3 free and clear of any and all liens, claims, encumbrances, and interests, with the
4 exception of Items 1-27 set forth in the combined preliminary title report for the
5 Upper Lot and Lower Lot (together the “Title Report”) attached hereto as
6 **Exhibit “2”** and any alleged rights under that certain Mobilization Agreement
7 between the Debtors and James Wecker II (the “Excepted Items”), for a purchase
8 price of \$8.5 million (the “Purchase Price”) pursuant to the Residential Purchase
9 Agreement and Joint Escrow Instructions and related agreements (the “RND
10 Purchase Agreement”), a true and correct copy of which is attached hereto as
11 **Exhibit “3,”** subject to overbid (each an “Overbid” and collectively the
12 “Overbids”) pursuant to the overbid procedures (the “Overbid Procedures”) set
13 forth below and any auction (the “Auction”) conducted pursuant to the Overbid
14 Procedures, or (ii) the winning overbidder (each an “Overbidder” and
15 collectively the “Overbidders”) at the Auction;

16 (b) pursuant to 11 U.S.C. § 363(m) finding that the Buyer or any
17 winning Overbidder at the Auction confirmed as the winning bidder for the
18 Property is a “good faith” purchaser entitled to the protections afforded under 11
19 U.S.C. § 363(m);

20 (c) approving the following Overbid Procedures:

- 21 • Break-Up Fee: \$255,000 (3% of the Purchase Price) (the
22 “Break-Up Fee”), paid to the Buyer if there is at least one qualifying
23 Overbidder, an Auction is held, and the Buyer is not the winning bidder at
24 the Auction, with the Break-Up Fee to be paid to the Buyer out of the
25 proceeds of the sale to the winning bidder;
- 26 • Initial Overbid Amount: At least \$9,000,000 (the “Initial
27 Overbid Amount”);

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- Qualification of Overbidders: In order for any prospective Overbidder to have the right to bid at the Auction, the prospective Overbidder must, within three (3) business days prior to the Auction, (a) provide to counsel for the Debtors and the Buyer a signed proposed purchase agreement (each an "Overbid Purchase Agreement"), in substantially and materially the same form as the RND Purchase Agreement, redlined to show any changes, with such purchase agreement not to contain any financing, inspection, due diligence, or other contingencies (including, a removal of all contingencies in the form attached to the RND Purchase Agreement as CAR Form CR 14.C.), and with a minimum purchase price of at least the Initial Overbid Amount of \$9.0 million; (b) submit a deposit in the amount of \$850,000 into a segregated trust account maintained by the Debtors' bankruptcy counsel - Levene, Neale, Bender, Yoo & Brill L.L.P. ("LNBYB"); (c) demonstrate to counsel for the Debtors that the prospective Overbidder has sufficient funds to close the transaction within thirty (30) days following the date of entry of a Court order (the "Post-Auction Sale Order") approving the prospective Overbidder as the winning bidder and the free and clear sale of the Property to the winning bidder; and (d) agree that the prospective Overbidder's deposit will be non-refundable if the prospective Overbidder is the winning bidder at the Auction and fails to close the purchase of the Property within thirty (30) days following the date of entry of the Post-Auction Sale – regardless of whether an appeal has been filed of the Sale Order or the Post-Auction Sale Order, provided there is no entered stay pending appeal of either of the foregoing orders (*i.e.*, no final order requirement); and

- Overbidding Increments and Considerations in Determining the Winning Bidder at Any Auction: In order to qualify to bid

1 at the Auction, any Overbid Purchase Agreement is required to include an
2 Initial Overbid Amount of at least \$9.0 million. Subsequent overbids at the
3 Auction must be in increments of \$100,000 or amounts that are wholly
4 divisible by \$100,000. In the event there is one or more qualified Overbids
5 and the Buyer elects to participate in the Auction, the \$255,000 Break-Up
6 Fee to be paid to the Buyer in the event someone else is the winning bidder
7 will be counted towards determining the highest bid (*i.e.*, the winning bid
8 will be the bid that results in the highest net cash to the estate after taking
9 into account the Break-Up Fee, but commissions due and owing and any
10 other costs and expenses will not be taken into consideration in determining
11 the highest bid);

12 (d) setting a date, on the soonest date available that is at least forty-
13 six (46) days after the hearing date on this Motion, for the Court to conduct an
14 Auction and consider Overbids and to conduct a hearing to confirm the winning
15 bid for the Property and approve the Debtors' sale of the Property to the Buyer or
16 the winning bidder at the Auction;

17 (e) approving the proposed notice of Overbid Procedures and the
18 Auction (the "Overbid/Auction Notice") attached hereto as **Exhibit "4;"**²

19 (f) authorizing and directing the Debtors to pay from the proceeds of
20 the sale of the Property (a) any pre-closing real property taxes for the Property
21 allocated to the Debtors, (b) any commission owed to the Debtors' broker, Hilton
22 & Hyland ("H&H"), and any cooperating broker, pursuant to the Debtors'
23 application to employ H&H (as amended), which was previously approved by
24 the Court, (c) the claim of Ellen Hargitay ("Hargitay") in the approximate
25 amount of \$110,000, which is secured by a senior deed of trust on the Property,

26 ² In addition to serving the Overbid/Auction Notice on parties in interest and potential Overbidders, pursuant to LBR
27 6007-1(f), as soon as this Motion is granted, the Debtors will submit a copy of the Overbid/Auction Notice and a
28 From F 6004-2.NOTICE.SALE to the Clerk of the Court for publication.

1 (d) \$100,000 to the Debtors, representing exempt proceeds from the sale of the
2 Property, and (e) customary escrow closing fees and charges;

3 (g) waiving the 14-day stay period set forth in Rule 6004(h) of the
4 Federal Rules of Bankruptcy Procedure (“FRBP”) to enable the sale of the
5 Property to close as quickly as possible; and

6 (h) providing such other relief as is appropriate under the
7 circumstances.

8 **PLEASE TAKE FURTHER NOTICE** that the terms and conditions of the proposed
9 sale to the Buyer, subject to overbid, include the following:³

- 10 • Name of Buyer: RND Sunset Associates, LLC or its designee.
- 11 • Asset: The Property.
- 12 • Purchase Price: \$8.5 million.
- 13 • Deposits: Within three (3) business days of the execution of the RND

14 Purchase Agreement, the Buyer is required to make an initial deposit of \$250,000 (the
15 “Initial Deposit”) into a segregated trust account at LNBYB. If the Court denies this Motion
16 (or does not grant this Motion) for any reason other than the Buyer’s breach, at the
17 conclusion of the hearing on this Motion, the \$250,000 Initial Deposit will be immediately
18 refunded to the Buyer. In the event the Buyer breaches the RND Purchase Agreement, the
19 Buyer shall forfeit the Initial Deposit to the Debtors’ estate as liquidated damages. If the
20 Court grants this Motion, then within three (3) business days following the entry of the Sale
21 Order, the Buyer shall deposit an additional \$600,000 into the segregated trust account at
22 LNBYB (for a total deposit of \$850,000) (with the Initial Deposit, the “Buyer Deposit”).
23 The Buyer Deposit will be non-refundable (a) in the event there is *not* one or more qualified
24 Overbid and no Auction is conducted, if the Buyer fails to close the purchase of the Property
25 within thirty (30) days following the date the Debtors file a notice with the Court indicating

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27 ³ This is a summary only. To the extent there is any inconsistency between this summary and the terms of the
28 RND Purchase Agreement, the terms of the RND Purchase Agreement shall govern.

1 that (i) no qualified Overbidder timely submitted a qualifying Overbid in accordance with
2 the Overbid Procedures and that, based thereon (ii) the Auction and hearing to consider
3 Overbids are being canceled or (b) in the event there is one or more qualified Overbid and
4 an Auction is conducted and the Buyer is the winning bidder, if the Buyer fails to close the
5 purchase of the Property within thirty (30) days following the date of entry of the Post-
6 Auction Sale Order approving the Buyer as the winning bidder – regardless of whether an
7 appeal has been filed of the Sale Order or the Post-Auction Sale Order provided there is no
8 entered stay pending appeal (*i.e.*, no final order requirement/condition). In the event that the
9 Buyer breaches the RND Purchase Agreement, the Buyer shall forfeit the entire Buyer
10 Deposit to the Debtors’ estate as liquidated damages. The Buyer Deposit shall only be
11 returned to the Buyer in the event that (a) the Sale Order is not entered by the Bankruptcy
12 Court in substantially and materially the form of the proposed order attached hereto as
13 Exhibit “1” other than as a result of the Buyer’s default under the RND Purchase
14 Agreement, (b) to the extent the Auction occurs, the Buyer is not confirmed as the winning
15 bidder at the hearing to confirm the winning bidder and approve the sale following the
16 Auction pursuant to the Post-Auction Sale Order, or (c) the close of escrow does not occur
17 because (i) of a breach by the Debtors, (ii) of the failure of a condition precedent to the
18 Buyer’s obligation to proceed to the close of escrow set forth in the RND Purchase
19 Agreement, (iii) the Property or any portion thereof is destroyed or materially damaged, and
20 the Buyer elects to terminate the RND Purchase Agreement pursuant to Paragraph 43
21 thereof, (iv) the Property or any portion thereof is subject to a taking (or a written threat of
22 taking) by a public or governmental authority, and the Buyer elects to terminate the RND
23 Purchase Agreement pursuant to Paragraph 43 thereof, (v) the Buyer elects to terminate the
24 RND Purchase Agreement pursuant to Paragraph 10.A(6) thereof, or (vi) the sale to the
25 Buyer does not occur for any reason other than Buyer’s default.

26 • Damages: Except as expressly provided by the RND Purchase
27 Agreement, if the RND Purchase Agreement is terminated by the Buyer for any reason,
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1 escrow holder shall return the Buyer Deposit(s) to the Buyer in accordance with the Buyer's
2 written instructions, and except for the Buyer's express indemnity obligations and another
3 provision of the RND Purchase Agreement which expressly survives termination of the
4 RND Purchase Agreement, the parties shall have no liability or further rights or obligations
5 to one another under the RND Purchase Agreement. Notwithstanding anything contrary in
6 the RND Purchase Agreement, the Buyer retains (a) any right it may have to damages for
7 any breach of the RND Purchase Agreement, subject to a cap of \$150,000, and (b) to assert
8 the remedy of specific performance in the event that the Debtors obtain the Sale Order
9 and/or the Post-Auction Sale Order, as applicable, and thereafter fail to close due to a breach
10 of the RND Sale Agreement by the Debtors; provided, however, that the foregoing shall not,
11 in any way, be deemed to expand or create any remedy under applicable law. In the event
12 the close of escrow does not occur by reason of default of the Buyer, or in the event that the
13 Sale Order is not entered as a result of any actions or omissions taken or made by the
14 Debtors in bad faith, in disregard of the RND Purchase Agreement, or involving willful
15 misconduct on the part of the Debtors, the Buyer and the Debtors agree to liquidated
16 damages as provided by paragraphs 21.B and 21.C of the RND Purchase Agreement.

17 • Estimated Costs of Sale: (a) Commission between 0% to 5% to be paid to
18 H&H (to be shared with an Overbidder's broker under certain circumstances) as follows:

19 (i) 0% if the Buyer purchases the Property at the Purchase Price with no Overbid,
20 (ii) 2.5% if the Buyer is the successful Overbidder at an Auction and closes the sale, (iii) 4%
21 on any other sale where Denise Moreno or Gordon MacGeachy of H&H, or both of them,
22 also represent the Overbidder (other than the Buyer), and (iv) 5% on any other sale where
23 there is an Overbidder and neither Denise Moreno nor Gordon MacGeachy of H&H
24 represent the Overbidder and (b) other customary fees and costs of sale.

25 • Condition of Asset/Property: "As-is" and "Where is."

26 • Contingencies: Entry of the Sale Order substantially and materially in the
27 form attached hereto as Exhibit "1," without any material modifications except as consented
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1 to by the Buyer and, to the extent there is one or more qualified Overbid and an Auction
2 ensues, entry of the Post-Auction Sale Order approving the sale of the Property to the Buyer
3 or the winning Overbidder, with such Post-Auction Sale Order to be substantially and
4 materially in the form of the Sale Order attached hereto as Exhibit "1," with revisions to
5 address the occurrence at the Auction, bids at the Auction, and the results of the Auction,
6 including the winning Overbidder.

7 • Other Terms: The Debtors' sale of the Property shall be free and clear of
8 any and all liens, claims, encumbrances, and interests, other than the Excepted Items, which
9 non-excepted liens, claims, encumbrances, and interests the Debtors believe are limited to
10 (a) the secured claim of Hargitay in the approximate amount of \$110,000, which is secured
11 by a senior deed of trust on the Property, (b) the alleged claims and interest of Keros in the
12 Property pursuant to the purported Keros Purchase Agreement and a *lis pendens* recorded
13 against the Property by Keros, with any such liens/interests to be paid at the sale closing out
14 of the net sale proceeds (in the case of Hargitay) or to attach to the net sale proceeds with
15 the same validity, scope, and interest as existed on the Petition Date (in the case of Keros'
16 alleged interest, if any), and (c) the unrecorded licenses granted by the Debtors in favor of
17 John Powell, David Leon, Thomas Nickel, Rozae Nichols, and Alan Diamond.

18 • Potential Tax Consequences: The Debtors will have to pay capital gains
19 taxes on any gain from the sale of the Property in excess of the Debtors' tax basis in the
20 Property and tax exemption on \$500,000 of the gains.

21 **PLEASE TAKE FURTHER NOTICE** that the Motion is based upon 11 U.S.C. §§
22 105(a), 363(b), (e), (f), and (m), and 365(a), (d)(2) and (j), FRBP 2002, 6004, and 6006, any
23 applicable Local Bankruptcy Rules (the "LBR"), this Notice of Motion and Motion, the
24 annexed Memorandum of Points and Authorities and Declarations in support of this Motion, as
25 well as the exhibits thereto (together, the "Memorandum, Declarations, and Exhibits"), all other
26 evidence duly admitted by the Court in connection with consideration of this Motion, the record
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1 in this case, and the arguments and statements of counsel to be made at the hearing on this
2 Motion.

3 **PLEASE TAKE FURTHER NOTICE** that an application for an order setting the
4 hearing on this Motion on shortened notice was filed concurrently herewith. Once the Court
5 sets a hearing on this Motion, the Debtors will provide notice of the hearing and related
6 objection and reply deadlines per the direction of the Court.

7 **PLEASE TAKE FURTHER NOTICE** that, pursuant to LBR 9013-1(h), the Court
8 may deem the failure of any party to file a timely opposition to this Motion to constitute consent
9 to the granting of this Motion and the relief requested herein.

10 **WHEREFORE**, the Debtors respectfully request that this Court:

11 (1) enter a Rejection Order (a) granting this Motion insofar as it seeks approval of
12 the rejection of the Keros Purchase Agreement, to the extent it is valid and enforceable, (b)
13 approving the rejection of the Keros Purchase Agreement, to the extent it is valid and
14 enforceable, and (c) granting such other and further relief as the Court deems just and proper in
15 regard to rejection of the Keros Purchase Agreement; and

16 (2) enter the Sale Order substantially and materially in the form attached hereto as
17 Exhibit "1" (a) granting this Motion and the relief requested herein insofar as this Motion seeks
18 relief other than the rejection of the Keros Purchase Agreement and (b) granting such other and
19 further relief as the Court deems just and proper insofar as this Motion seeks relief other than
20 the rejection of the Keros Purchase Agreement.

21 Dated: October 30, 2017

PAUL S. SHEPHERD and
GIGI R. SHEPHERD,

23 By: /s/ Todd M. Arnold

RON BENDER

TODD M. ARNOLD

LEVENE, NEALE, BENDER, YOO
& BRILL L.L.P.

26 Attorneys for Debtors and Debtors in Possession

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26

27

28

1 **MEMORANDUM OF POINTS AND AUTHORITIES**⁴

2
3 **I.**

4 **INTRODUCTION**

5 Section 365 of the Bankruptcy Code provides the Debtors with authority to reject the
6 Keros Purchase Agreement to the extent it is valid and enforceable, which does not need to be
7 determined in connection with the Motion, and which the Debtors understand will ultimately be
8 determined by the State Court in the State Court Action or in another appropriate non-
9 bankruptcy forum. The Debtors should be authorized to reject the Keros Purchase Agreement,
10 to the extent it is valid and enforceable, because rejection will serve the best interests of
11 creditors, which is the primary consideration in determining whether or not to allow rejection.

12 As discussed below, rejection of the Keros Purchase Agreement will eliminate any
13 purported specific performance rights asserted by Keros and limit Keros' remedies to a lien on
14 the Property for any portion of the purchase price paid (which is \$0) and (to the extent he
15 prevails on any claims) an unsecured claim for rejection damages, which are calculated as the
16 difference between the contract price for the property and the fair market value of the property
17 on the day immediately preceding the petition date. *See* 11 U.S.C. § 365(g) and (j)(1); *Aslan*,
18 909 F.3d 367, 370-71 (9th Cir. 1990); *see also* Cal. Civ. Code. § 3306 (setting forth monetary
19 damages for breach of an agreement to convey real property).

20 Thus, rejection will facilitate a sale of the Debtors' Property, which will benefit general
21 unsecured creditors, because the sale of the Property is the only way that the Debtors will be
22 able to generate funds necessary to fund a plan and pay nearly \$1.3 million in general unsecured
23 claims (exclusive of any alleged Keros claim) asserted against the Debtors. More specifically,
24 converting Keros' claim for specific performance into a quantifiable, unsecured money damages
25 claim thru rejection will eliminate issues regarding whether and how the Debtors could provide

26 _____
27 ⁴ Any capitalized terms not otherwise defined herein have the same meanings as set forth in the preceding Notice
28 of Motion and Motion.

1 adequate protection under 11 U.S.C. § 363(e) in connection with the sale of the Property.
2 Further, in the absence of rejection and a sale of the Property, by Keros's own admission, any
3 sale of the Property and distribution of proceeds to creditors would be delayed by four years
4 while the Debtors' continue to litigate Keros' alleged specific performance claim in the State
5 Court Action and the *Lis Pendens* filed by Keros in connection with the State Court Action
6 remains on the Property, effectively eliminating the Debtors' ability to sell the Property and
7 realize in the equity therein for the benefit of creditors.

8 As also discussed below, upon rejection of the Keros Purchase Agreement, the Debtors
9 readily meet all of the applicable requirements under 11 U.S.C. § 363(b) and (f) for a sale of the
10 Property free and clear of any and all liens, claims, encumbrances, and interests that are not
11 Excepted Items. Again, the sale will benefit all creditors.

12
13 **II.**

14 **STATEMENT OF FACTS**

15 **A. GENERAL BACKGROUND AND CLAIMS AGAINST THE DEBTORS.**

16 On June 30, 2017 (the "Petition Date"), the Debtors commenced their bankruptcy case
17 by filing a voluntary petition under Chapter 11 of 11 U.S.C. § 101 et seq. (the "Bankruptcy
18 Code").⁵ The Debtors are operating their estate and managing their financial affairs as debtors
19 in possession pursuant to Sections 1107 and 1108. An Official Committee of Unsecured
20 Creditors has not been formed.

21 On July 7, 2017, the Debtors filed their Schedules of Assets and Liabilities (the
22 "Schedules"). A true and correct copy of the Debtors' Schedules is attached hereto as **Exhibit**
23 **"5."** As set forth in the Schedules, as of the Petition Date, (1) the Debtors had approximately
24 \$59,000 in cash and non-retirement savings, and \$6,200 in expected tax refunds for a total of
25 approximately \$65,200 in liquid assets and no other material liquid assets, which amount has
26 decreased since the Petition Date as cash and savings have been used to pay the Debtors'

27 _____
28 ⁵ Unless otherwise stated, all Section references herein are to the Bankruptcy Code.

1 ordinary living expenses since the Debtors only have nominal monthly income, and which
2 liquid assets currently total approximately \$51,484, and (2) excluding Keros' disputed claim,
3 the Debtors had \$110,000 in secured claims and \$1,297,424 in general unsecured claims for a
4 total of approximately \$1,407,424 in claims.

5 **B. THE DEBTORS' REAL PROPERTY AND ALLEGED LIENS, CLAIMS,**
6 **ENCUMBRANCES, AND INTERESTS RECORDED AGAINST THE**
7 **PROPERTY.**

8 The Debtors live on their property, which is comprised of two contiguous parcels of
9 real property: (1) 2460 Sunset Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-011) (the
10 "Upper Lot"), an approximately 1.5 acre lot on which is located the Debtors' principal
11 residence, and (2) 2375 Sunset Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-012) (the
12 "Lower Lot" and together with the Upper Lot, the "Property"), an adjacent approximately 1
13 acre lot of undeveloped land. The Property was inherited by the Debtors from Mrs. Shepherd's
14 aunt, who purchased the Property in 1954 and tended after the Property until her passing in
15 2004, when title to the Property was transferred to the Debtors. The Debtors believe the
16 Property has a collective fair market value of between approximately \$8.5 and \$10 million (or
17 more). Attached hereto as **Exhibit "2"** is a combined preliminary title report for the Upper Lot
18 and Lower Lot (together the "Title Report").

19 As can be seen from the Title Report, the Upper Lot is encumbered by a first priority
20 deed of trust (the "Hargitay DOT") in favor of Ellen Hargitay ("Hargitay") securing a loan to
21 the Debtors from Hargitay in the principal amount of \$109,744.90 (the "Secured Hargitay
22 Loan"). The proceeds from the Secured Hargitay Loan and an additional unsecured loan from
23 Hargitay in the amount of \$43,254.50 were used by the Debtors to fund certain legal expenses
24 arising from disputes by and between, among others, the Debtors, Nicholas Keros ("Keros"),
25 real estate broker Douglas Elliman ("Douglas Elliman"), and Douglas Elliman real estate agent
26 Josh Altman regarding a purported Residential Purchase Agreement and Joint Escrow
27 Instructions (the "Keros Purchase Agreement") pertaining to a prior potential sale of the
28 Property to Keros that never consummated. A true and correct copy of the Keros Purchase

1 Agreement (except for alterations noted herein) is attached hereto as **Exhibit “6.”** As
2 discussed in more detail below, the Debtors contend that the purported Keros Purchase
3 Agreement is either legally unenforceable or was validly terminated prepetition and was also
4 obtained through, among other things, undue influence, fraud, and misrepresentation.

5 As can be seen from the Title Report and as also further discussed below, the Property
6 is also encumbered by a *Lis Pendens* recorded by Keros in connection with his State Court
7 Action (as defined below) seeking specific performance of the Keros Purchase Agreement.

8 As can be seen from the Title Report, after excepting Items 1-27 set forth in the Title
9 Report attached hereto as **Exhibit “2”** and any alleged rights under that certain Mobilization
10 Agreement⁶ between the Debtors and James Wecker II (the “Excepted Items”), which the
11 Debtors are not seeking to sell free and clear of, the only remaining liens, claims,
12 encumbrances, and interests recorded against the Property are the Hargitay DOT and Keros’
13 alleged rights under the Keros Purchase Agreement and the related Keros *Lis Pendens*. There
14 are placeholder liens for real property taxes in the Title Report, but the Title Report indicates
15 that such taxes are paid current. The Debtors are not seeking to sell free and clear of the liens
16 securing real property taxes, which are included in the Excepted Items. However, pursuant to
17 the RND Purchase Agreement and as requested in the Motion, the Debtors propose to pay from
18 the proceeds of the sale of the Property any pre-closing real property taxes for the Property
19 allocated to the Debtors.

20 In addition to the Hargitay DOT and Keros’ alleged rights under the Keros Purchase
21 Agreement and the related Keros *Lis Pendens*, the Debtors are also seeking to sell the Property
22 free and clear of all other liens, claims, encumbrances, and interests (other than the Excepted
23 Items), including, but not limited to, licenses (the “Licenses”) allowing the limited use of the
24 Property granted by the Debtors in favor of John Powell, David Leon, Thomas Nickel, Rozae
25 Nichols, and Alan Diamond (the “License Parties”), which Licenses by their terms will

26 ⁶ The Debtors believe that the Mobilization Agreement is no longer valid because, *inter alia*, the rights under the
27 Mobilization Agreement could not be transferred by Wecker without the Debtors express written consent and the
28 Debtors never provided such consent to Wecker, who sold his property.

1 automatically terminate upon the close of the sale of the Property.

2 **C. HISTORICAL LITIGATION REGARDING THE PROPERTY AND THE**
3 **DEBTORS INCURRENCE OF DEBT RELATED THERETO**

4 In 2013, Concerned Residents Sunset Plaza Drive, John Powell, David Leon, Thomas
5 Nickel, Rozae Nichols and Alan Diamond, as plaintiffs, filed an action against the Debtors,
6 Hargitay, Daniel Franklin, and Susanne Konigsberg, as defendants, regarding claims for
7 prescriptive easement, implied dedication, and declaratory relief related to, among other things,
8 the Property (the "Unrelated Easement Action"). In the Unrelated Easement Action, the
9 plaintiffs argued that they were entitled to use a private road that was owned by the defendants.
10 The Debtors and the other defendants ultimately successfully defended against the Unrelated
11 Easement Action, unfortunately at significant cost and expense.

12 While the Debtors live very modestly, the Debtors' ordinary monthly living expenses
13 far exceed their monthly income. Given that all their monthly income is already consumed by
14 ordinary living expenses, the Debtors had to resort to borrowing to fund, among other things,
15 the fees and costs associated with the Unrelated Easement Action. Indeed, in total, during the
16 years leading up to their bankruptcy filing, the Debtors had to borrow more than \$1,200,000 in
17 order to fund their negative cash flow, including to pay for the fees and costs associated with
18 the Unrelated Easement Action.

19 The Debtors could not indefinitely operate on a negative cash flow basis. To pay off
20 their debt and fund their future living expenses, the Debtors made the very difficult emotional
21 decision to sell their beloved Property. Unfortunately, as detailed further below, their effort to
22 sell and pay their creditors turned into a nightmare for the Debtors.

23 **D. NEGOTIATIONS REGARDING THE POTENTIAL GRANTING OF AN**
24 **EASEMENT BY NEIGHBOR JUDY NAGLER IN FAVOR OF THE DEBTORS**
25 **AND THEIR PROPERTY**

26 In order to maximize the value of the Property, in the fall of 2016, Mr. Shepherd began
27 to have informal discussions with the Debtors' then neighbor, Judy Nagler ("Nagler"),
28 regarding the possibility of Nagler granting an ingress/egress easement and a sewer easement
(collectively, the "Proposed Easements") over her property in favor of the Debtors, which the

1 Debtors believed would benefit the Debtors and the value of their Property, in exchange for a
2 one-time fee.

3 After preliminary discussions on the topic, the Debtors and Nagler decided to explore
4 whether the granting of the Proposed Easements was possible. On or about March 2, 2017, the
5 Debtors provided Nagler with a draft “Covenant and Agreement to Grant Easement” and an
6 “Easement Agreement” for the Debtors’ and Nagler’s discussion and negotiation purposes
7 regarding the Proposed Easements. It was immediately apparent to Mr. Shepherd and Nagler
8 that the foregoing draft agreements were incomplete and not acceptable to Nagler. Mr.
9 Shepherd and Nagler discussed several aspects of the draft agreements regarding the Proposed
10 Easements that were unacceptable to Nagler, including, among other items, the fact that the
11 draft agreements did not include the limitation on the number of vehicles that would have
12 access through the Proposed Easements; the absence of a prohibition on construction vehicles
13 that Nagler had stated would be a requirement to granting the Proposed Easements; and
14 ambiguity as to where the road would be widened and the exact location of the Nagler property
15 to be subject to the Proposed Easements.

16 In addition to the foregoing, Nagler informed Mr. Shepherd that she understood that, in
17 order to grant the Proposed Easements, she would have to inform her lender of the Proposed
18 Easements and would have to subordinate the lender’s deed of trust to the Proposed Easements.
19 Nagler advised Mr. Shepherd that this was unacceptable to her and that this issue, as well as
20 the foregoing issues regarding the draft agreements regarding the Proposed Easements and the
21 price to be paid, would have to be resolved before she would be amenable to granting the
22 Proposed Easements (or easement of any kind).

23 **E. DISPUTES REGARDING THE KEROS PURCHASE AGREEMENT AND**
24 **PUTATIVE PRIOR SALE OF THE PROPERTY AND KEROS’ REVELATION**
OF HIS SCORCHED EARTH LITIGATION TACTICS.

25 As noted, the Debtors made the difficult decision to sell the Property to pay their
26 existing creditors and fund their retirement and future living expenses. Consistent with this
27 goal, on the evening of March 5, 2017, the Debtors and Keros met concerning a potential sale
28

1 of the Property by the Debtors to Keros. The Debtors were allegedly “represented” at that
2 meeting by real estate broker Douglas Elliman and Douglas Elliman real estate agent Altman.
3 Unbeknownst to the Debtors at the time, however, Altman had a long existing relationship with
4 Keros. Indeed, Keros was Altman’s tennis partner and was, unbeknownst to the Debtors, a real
5 estate expert. To make matters worse, Douglas Elliman and Altman also acted as the
6 broker/agent for Keros as the putative purchaser.⁷

7 At the meeting, Keros and Altman presented the Debtors with the purported Keros
8 Purchase Agreement which provided for the sale of the Property to Keros for \$7.9 million.
9 Pursuant to the Keros’ Purchase Agreement, an escrow was opened and Keros paid a \$237,000
10 deposit (the “Keros Deposit Amount”) into escrow, which the Debtors understand was later
11 returned to Keros. The purported Keros Purchase Agreement included an ambiguous
12 handwritten addendum (the “Addendum”) which provided, among other things, that the sale of
13 the Property was conditioned upon the Debtors obtaining the Proposed Easements from Nagler.
14 See Exhibit “6” hereto. While the Keros Purchase Agreement indicates that Keros intended to
15 occupy the Property as his primary residence, see Exhibit “6” hereto, at ¶ 9.A, the Debtors are
16 informed and believe that Keros had no intent to occupy the Property as his primary residence
17 and that he intended to develop the Property as an investment to be sold to a third-party.

18 After reviewing the proposed Keros Purchase Agreement, the Debtors expressly stated
19 to both Keros and Altman that no agreement existed between Nagler and the Debtors requiring
20 Nagler to convey the Proposed Easements to the Debtor, that the Debtors had no control over
21 whether Nagler would grant the Proposed Easements, and that obtaining the Proposed
22 Easements would have to be an express contingency of the transaction. Both Keros and
23 Altman acknowledged the foregoing and informed the Debtors not to worry about the terms of

24 _____
25 ⁷ On March 5, 2017, the Debtors, on one hand, and Douglas Elliman/Altman, on the other hand, executed a
26 Disclosure Regarding Real Estate Agency Relationship (the “Agency Agreement”) setting forth, among other
27 things, certain duties and obligations of Douglas Elliman/Altman in acting as broker/agent for *both* the Debtors
28 and Keros, including, among other things, that (1) Douglas Elliman/Altman owe a fiduciary duty of utmost care,
integrity, honesty, and loyalty in their dealings with both parties and (2) Douglas Elliman/Altman owe a duty of
honest and fair dealing and good faith to both parties.

1 the Addendum or the Proposed Easements because the Addendum was not a final
2 understanding of the parties. Rather, Keros and Altman both stated the Addendum would be
3 revised to reflect that Nagler's granting of the Proposed Easements was an express contingency
4 of the transaction as well as to address several of the Debtors' other concerns with the draft
5 document. Based upon Keros' and Altman's representations and acknowledgments (and
6 believing that Altman was acting in the best interests of the Debtors), the Debtors executed the
7 proposed Keros Purchase Agreement. However, the process resulting in the Debtors'
8 execution of the proposed Keros Purchase Agreement was the result of fraud,
9 misrepresentation and undue influence.

10 Soon after executing the Keros Purchase Agreement, issues and disputes arose among
11 the Debtors, Keros, and Nagler regarding the Proposed Easements discussed above and in the
12 Addendum. Incredibly, notwithstanding his express agreement to the contrary, and
13 notwithstanding his acknowledgment that the Keros Purchase Agreement was merely a draft,
14 Keros took the position that the Debtors had an unconditional obligation to obtain the Proposed
15 Easements from Nagler at any cost and to convey the Property to Keros with the Proposed
16 Easements from Nagler – all of which of course made no sense because the Debtors have no
17 control over Nagler and what would happen if Nagler refused to agree to the Proposed
18 Easements which to date was the case as explained above. Keros also took the untenable
19 position that the Addendum was a final agreement of the parties. Moreover, someone (exactly
20 who remains to be discovered) actually modified the Addendum and the map that was included
21 as part of the documents to make it appear that such documents reflected the final agreements
22 of the parties, when such was not the case at all.

23 On or about March 13, 2017, Nagler contacted Mr. Shepherd and advised him that she
24 had accepted an offer to sell her property (which was to the proposed Buyer (as defined below)
25 of the Debtors' Property or an affiliate of the Buyer) and that she was no longer in a position to
26 grant the Proposed Easements over her property. At that time, Nagler also advised Mr.
27 Shepherd that Keros and Altman had threatened a lawsuit against her should she proceed with
28

1 the sale of her property. Buttrussing the foregoing, the following day, Mr. Shepherd received a
2 telephone call from Keros.

3 During that call, Keros demanded that Mr. Shepherd listen to him and take notes and
4 convey all of the information to his counsel. During the call, Keros emphatically stated that
5 the Debtors must sue Nagler for “breaking her promise to give [the Debtors] an easement.”
6 Keros told Mr. Shepherd that the Debtors must immediately sue Nagler for Specific
7 Performance, Breach of Contract, Promissory Estoppel and Detrimental Reliance, and that the
8 Debtors must immediately record a Lis Pendens on her property to “tie it up.” Mr. Shepherd
9 again advised Keros that Nagler never promised to provide the Proposed Easements to the
10 Debtors and that the Debtors and Nagler had never reached an agreement on the terms for the
11 Proposed Easements. Keros told Mr. Shepherd that, even if he thought there were not good
12 chances of ultimately wining the lawsuit, that did not matter and that the lawsuit against Nagler
13 was merely a “chess game” that would send a message to Nagler that her property would be
14 tied up in litigation for several years. During the call, Keros stated several times to Mr.
15 Shepherd that this was not his “first rodeo” when it comes to litigation. This came as a surprise
16 to Mr. Shepherd given that Keros had told the Debtors in connection with the execution of the
17 proposed Keros Purchase Agreement that he was not “a litigious person” when he was
18 encouraging the Debtors to sign the proposed Keros Purchase Agreement that he
19 acknowledged would have to be revised later. In fact, Keros appears to be a highly litigious
20 person, having been involved in numerous actions over the years.⁸

21
22 ⁸ A search for litigation involving Keros identified the following actions involving Keros:

- 23 1. 6/7/1994, LASC, BC106318, *American Motorists Ins Co. v. Mark G. Arizemendi et al.* (Nicholas and Vicki
24 Keros are co-defendants in this Civil case). See Exhibit 12.a (docket from subject case).
25 2. 4/9/1997, LASC, GC018924, *Dewain Walton v. Nicholas Keros* (Civil). See Exhibit 12.b (docket from
26 subject case).
27 3. 7/7/1997, LASC, BC174119, *Walter W. Hammock, Sr. v. Countrywide Home Loan, Inc. et al.* (Keros and
28 Keros-Mozilo Mortgage were co-defendants in this Promissory Note/Collections case). See Exhibit 12.c (docket
from subject case).
4. 3/29/2000, LASC, GC024852, *Kerler Development, LLC v. Cho Yiu Kwan* (Nicholas & Vicki Lynn Keros
were Intervenors in this Dec. Relief case). See Exhibit 12.d (docket from subject case).
5. 3/18/2005, VCSC, SC042323, *Nicholas Keros v. RWR Homes Inc.* (Real Property case). See Exhibit 12.e
(docket from subject case).
6. 11/19/2008, LASC, BC302278, *RA Maize Corp v. Thomas Schiff et al.* (Contractual Fraud case, Keros and

1 Keros' scorched earth litigation tactics and willingness to initiate legal actions to gain
2 tactical and negotiating leverage, even where the underlying legal action is without merit, was
3 on full display when Keros made the following statements during his March 14, 2017 call with
4 Mr. Shepherd:

5 "She [Nagler] is going to be frozen for the next four years
6 and she won't be able to do squat with that property until
7 the judge makes a determination and she spends half a
million dollars defending her position."

8 "She [Nagler] might win; she might lose but does she really
9 want to do that? No. Does the buyer really want to do
10 that? No. If you play the game the way I am telling you to
play it, we walk away with it"

11 "I guaranty it. As soon as they see a Lis Pendens on their
12 property, they will shit."

13 On the following day of March 15, 2017, Mr. Shepherd sent an e-mail (the "3/15/17
14 Email") to Altman expressing his concerns about the troubling call with Keros the prior day.
15 In that e-mail, Mr. Shepherd stated to Altman "Gigi and I were frankly taken aback by [Nick
16 Keros'] treatment of us and apparent claim that we are required to secure an easement from
17

18 Keros & Company are co-defendants). See Exhibit 12.f (docket from subject case).

19 7. 4/13/2009, LASC, BS120064, *Nicholas Keros v. Steve Godman et al.* See Exhibit 12.g (docket from subject
case).

20 8. 4/13/2009, LASC, BS120101, *Nicholas Keros v. Rebecca Bowers.* See Exhibit 12.h (docket from subject
case).

21 9. 10/20/2009, LASC, BC424291, *Nicholas Keros v. Virtual Escrow Inc et al.* See Exhibit 12.i (docket from
subject case).

22 10. 5/25/2012, OCSC, 30-2012-00572280-CL-CL-HLH, *Emerald Bay Community Association v. Nicholas A.*
Keros. See Exhibit 12.j (docket from subject case).

23 11. 1/3/2013, US District Court-C.D. CA 2:13-CV-00050, *Nicholas Keros v. Virtual Escrow Inc. et al.* See
Exhibit 12.k (docket from subject case).

24 12. 1/23/2013, OCSC, 30-2013-00625854-CU-OR-CJC, *Nicholas A. Keros v. JP Morgan Chase Bank.* See
Exhibit 12.l (docket from subject case).

25 13. 3/27/2013, US District Court-C.D. CA 2:13-CV-02207, *Nicholas Keros v. Virtual Escrow Inc. et al.* See
Exhibit 12.m (docket from subject case).

26 14. 7/24/2014, LASC, EC062619, *Keros Nicholas A. v. JP Morgan Chase Bank.* See Exhibit 12.n (docket from
subject case).

27 15. 4/1/2015, OSCS, 30-2015-00780178-CL-BC-CJC, *Emerald Bay Community Association v. Nicholas A.*
Keros. See Exhibit 12.o (docket from subject case).

28 16. 6/1/2015, OCSC, 30-2015-00790708-CU-OR-CJC, *Nicholas A. Keros v. JPMorgan Chase Bank.* See
Exhibit 12.p (complaint from subject case).

1 [Nagler] and that [Nagler] is now obligated to give us an easement even though we never
2 reached a deal. We are puzzled by this and puzzled by [Keros'] demand that we sue her!" A
3 true and correct copy of the 3/15/17 Email is attached to the annexed Shepherd Declaration as
4 **Exhibit "7."** In the 3/15/17 Email, Mr. Shepherd also stated to Altman that, based on Mr.
5 Shepherd's discussion with Altman, "I [,Mr. Shepherd,] know that [he, Altman,] understood
6 that [Nagler's] easement was clearly a contingency [to the proposed Keros Purchase
7 Agreement.]" *See* Exhibit "7."

8 Notwithstanding Keros' efforts to extract terms not agreed to between the parties, and
9 notwithstanding fraud in the inception of the Keros Purchase Agreement, the Debtors
10 nonetheless remained willing to allow Keros to purchase the Property for the contract price of
11 \$7.9 million in order to bring this nightmare to an end and given they had no means to fight
12 Keros. In that regard, on April 18, 2017, pursuant to the terms of the Keros Purchase
13 Agreement, the Debtors' counsel sent a Notice to Buyer to Perform (the "NBP") to Keros
14 requesting that Keros waive all contingencies (including the contingency to provide the
15 Proposed Easements) and otherwise preform his obligations under the Keros Purchase
16 Agreement, which would have allowed Keros to close a purchase of the Property for \$7.9
17 million. A true and correct copy of the NBP is attached hereto as **Exhibit "8."** Notably, Keros
18 failed and refused to waive all contingencies (including the contingency to provide the
19 Proposed Easements) within the time set by the NBP. Keros also failed to deposit the balance
20 of the purchase price under the Keros Purchase Agreement into escrow or to otherwise perform
21 the terms of the Keros Purchase Agreement. As a result, on April 20, 2017, in accordance with
22 the express terms of the Keros Purchase Agreement, the Debtors' counsel sent an email (the
23 "4/20/17 Email") to Keros advising him that the Keros Purchase Agreement was cancelled and
24 terminated, to the extent the Keros Purchase Agreement was ever even enforceable, to which
25 was attached a Cancellation of Contract, Release of Deposit and Cancellation of Escrow. A
26 true and correct copy of the 4/20/17 Email is attached hereto as **Exhibit "9."** Based on the
27 foregoing, Keros never paid the balance of the purchase price into escrow and escrow never
28

1 closed.

2 Notwithstanding Keros' unwillingness and refusal to perform, Keros asserts that: (1)
3 providing the Proposed Easements was a covenant that the Debtors were required to perform
4 under the Keros Purchase Agreement, (2) the Keros Purchase Agreement was not validly
5 cancelled and terminated by the Debtors, (3) the Keros Purchase Agreement is valid and
6 enforceable, (4) Keros has performed all covenants under the Keros Purchase Agreement, and
7 (5) the Debtors are required to perform on the Keros Purchase Agreement. There are also other
8 disputes between the Debtors and Keros.

9 True to the scorched earth litigation tactics and willingness to bring baseless litigation
10 claims to create leverage that Keros revealed to Mr. Shepherd during their call, prior to Keros'
11 failure to close and the cancellation and termination of the Keros Purchase Agreement (to the
12 extent it was even enforceable), on March 17, 2017, Keros initiated an action in state court
13 styled *Keros v. Paul Shepherd et al.* (Case No. BC654456) (the "State Court Action") by filing
14 a complaint (the "Complaint") against the Debtors, Nagler, and Nagler's entity, Force-Nagler,
15 LLC ("Nagler LLC") together with Nagler, the "Nagler Defendants") pertaining to the
16 purported Keros Purchase Agreement. Also on March 17, 2017, in connection with filing the
17 State Court Action, Keros recorded a Notice of Pendency of Action (Lis Pendens) against the
18 Property (the "Lis Pendens") (Filing No. 2017-0309123). Keros also recorded a Notice of
19 Pendency of Action (Lis Pendens) against Nagler's property, which has since been expunged
20 by the court in the State Court Action.

21 On May 31, 2017, Keros filed a first amended Complaint (the "FAC") in the State
22 Court Action against the Debtors and the Nagler Defendants. A true and correct copy of the
23 FAC, without exhibits, is attached to the annexed Shepherd Declaration as **Exhibit "10."** The
24 State Court Action was stayed by the filing of the Debtors' bankruptcy case. Pursuant to the
25 FAC, Keros is asserting: (1) a claim for deceit against the Nagler Defendants regarding an
26 alleged promise to provide the Proposed Easements, (2) a claim for breach of contract against
27 the Debtors regarding an alleged breach of the Keros Purchase Agreement by the Debtors, (3) a

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1 claim for specific performance against the Debtors seeking to force them to perform the terms
2 of the Keros Purchase Agreement, and (4) a claim for anticipatory breach against the Debtors
3 seeking to force them to perform the terms of the Keros Purchase Agreement.

4 In addition to the foregoing issues and disputes between the Debtors and the Nagler
5 Defendants, on one hand, and Keros, on the other hand, after the Keros Purchase Agreement
6 and Agency Agreement were executed, issues and disputes arose between the Debtors, on one
7 hand, and Douglas Elliman/Altman, on the other hand. As more specifically set forth in the
8 Statement of Events (the "Statement of Events") attached to the complaint (the "Broker/Agent
9 Complaint") filed by the Debtors on or about June 2, 2017 with the State of California Bureau
10 of Real Estate against Douglas Elliman/Altman, the Debtors assert that, among other things,
11 Douglas Elliman/Altman engaged in fraud, misrepresentation, and gross breaches of fiduciary
12 and other duties owed to the Debtors, by, among other things: (1) favoring the interests of
13 Keros over those of the Debtors, (2) coercing the Debtors to enter into the Keros Purchase
14 Agreement late at night and notwithstanding the Debtors' expressed concerns over their lack of
15 understanding of certain provisions of the Keros Purchase Agreement and Addendum; (3)
16 failing to fulfill the promise to amend the Addendum to clarify and eliminate any ambiguity
17 regarding the agreement between the Debtors and Keros that obtaining the Proposed
18 Easements was a contingency, *not* a covenant of the Keros Purchase Agreement, and (4)
19 surreptitiously altering the executed Keros Purchase Agreement to make it appear that the draft
20 Addendum that was to be amended was incorporated into and part of the Keros Purchase
21 Agreement. A true and correct copy of the Broker/Agent Complaint is attached hereto as
22 **Exhibit "11."**

23 On June 20, 2017, as required by the Commission Agreement executed in connection
24 with the Keros Purchase Agreement, the Debtors engaged in a mediation of their claims against
25 Douglas Elliman/Altman. The mediation did not result in a settlement of the Debtors' claims
26 against Douglas Elliman/Altman (the "Broker Claims"). Barring a settlement with Douglas
27 Elliman/Altman, the Debtors intend to initiate an action (the "Broker Action") against Douglas
28

1 Elliman/Altman to recover damages on the Broker Claims.

2 **F. THE REASONS FOR THE FILING OF THE DEBTORS' BANKRUPTCY CASE.**

3 The restraint on alienation of the Property and the mounting legal bills resulting from
4 the State Court Action and related *Lis Pendens* (i.e., the exact anticipated effects of Keros'
5 stated litigation tactics) were the primary reasons the Debtors filed their bankruptcy case.
6 More specifically, when the dispute with Keros arose, the Debtors did not have funds to pay
7 their living expenses for a protracted period of time, to pay legal expenses and defend the State
8 Court Action, and to repay the claims of their creditors, and Mr. Shepherd's mother was no
9 longer able to lend additional funds to the Debtors to pay such expenses and claims. The
10 Debtors sought conventional and hard money loans from, among others, Wells Fargo, Bank of
11 America, and Marquee Funding Group, but they were not able to secure such loans due to the
12 Keros *Lis Pendens* on the Property, as well as the fact that the Debtors could not provide
13 evidence of income. Also, Robert Flaxman ("Flaxman"), who manages, owns, and/or controls
14 RND Sunset Associates, LLC or its designee (the "Buyer"), provided the Debtors with talking
15 points for a potential financing arrangement with the Debtors, but those talking points never
16 materialized into an offer to provide financing or any financing. Without any available
17 traditional sources of obtaining loans, the Debtors asked their neighbor and friend, Hargitay, to
18 lend them money to defend against the Keros State Court Action. Hargitay agreed to lend a
19 limited amount of funds for a short period of time but made clear she could not continue doing
20 so. Ultimately, Hargitay loaned the Debtors approximately \$152,000 to fund litigation costs
21 pursuant to two loans referenced in the Debtors' Schedules. Given the foregoing, and because
22 the Debtors do not have a sufficient source of income to pay for their basic living expenses
23 (and the Debtors live very modestly), to fund their litigation, and to pay the claims of their
24 creditors, the Debtors filed a voluntary petition for relief under Chapter 11 of the Bankruptcy
25 Code on the Petition Date of June 30, 2017.

26 As set forth in other papers filed with the Court, the Debtors' intent has always been to
27 market and sell the Property in their bankruptcy case as soon as practicable, for the highest and
28

1 best price, free and clear of liens, claims, encumbrances, and interests, pursuant to 11 U.S.C. §
2 363(b) and (f).

3 **G. EMPLOYMENT OF A REAL ESTATE BROKER, AND PRIOR AND**
4 **EXPECTED FUTURE EFFORTS TO MARKET THE PROPERTY TO OBTAIN**
5 **THE HIGHEST AND BEST PRICE FOR THE PROPERTY.**

6 In furtherance of the Debtors' efforts to sell the Property and utilizing the proceeds
7 thereof to pay all allowed claims in full, soon after the Petition Date, on July 26, 2017, the
8 Debtors filed their application (the "H&H Employment Application") [Dkt. 24] to employ
9 Hilton & Hyland ("H&H") as their real estate broker in connection with the marketing and sale
10 of the Property. On August 18, 2017, the Court entered its order granting the H&H
11 Employment Application. [Dkt. 48]

12 In summary, the provisions of the H&H Employment Application (and the listing
13 Residential Listing Agreement (Exclusive Authorization and Right to Sell)), approved by the
14 Court's order provide for a commission between 0% to 5% to be paid to H&H (to be shared
15 with buyer's broker under certain circumstances) as follows: (1) 0% if the Buyer purchases the
16 Property at the Purchase Price with no Overbid, (2) 2.5% if the Buyer is the successful
17 Overbidder at an Auction and closes the sale, (3) 4% on any other sale where Denise Moreno
18 or Gordon MacGeachy of H&H, or both of them, also represent the Overbidder (other than the
19 Buyer), and (4) 5% on any other sale where there is an Overbidder and neither Denise Moreno
20 nor Gordon MacGeachy of H&H represent the Overbidder.

21 To date, H&H has taken the following and other actions to market and sell the
22 Property: (1) photographed the Property and created a drone video of the Property, (2)
23 internally marketed the Property among its agents and affiliates, (3) followed up on previous
24 expressions of interest in the Property, (4) prepared a database of reports and due diligence
25 materials regarding the Property, (5) prepared seller transfer disclosure statements and other
26 statutory disclosures, and (6) prepared the MLS listing for the Property and, on August 17,
27 2017, listed the Property with a listing price of \$10.5 million.⁹

28 ⁹ Listings for the Property can be viewed at (1) [H&H](#) and (2) [Redfin](#).

1 In addition to the foregoing, through Sunday October 15, 2017, H&H had (1) in
2 addition to the MLS listing, listed the Property on six real property marketing websites,¹⁰ (2)
3 published numerous print ads and sent numerous email blasts marketing the Property,¹¹ (3)
4 reached out to known developers and owner users that may be interested in the Property, (4)
5 responded to inquiries regarding the Property, and (5) conducted 11 private showings of the
6 Property and three separate showings with a single interested potential buyer.

7 From and after October 15, 2017, through the date of the Auction (as defined below),
8 H&H has continued, and will continue, to market the Property for sale consistent with H&H's
9 prior efforts to market the Property outlined above. In addition, once an Auction date is set and
10 the Overbid Procedures (as defined below) and Overbid/Auction Notice is approved, H&H will
11 send the Overbid/Auction Notice to the agents of all parties that have expressed interest in the
12 Property and update the MLS listing to promote the Auction.

13 **H. THE PURCHASE AGREEMENT AND PROPOSED SALE OF THE PROPERTY**
14 **TO THE BUYER, SUBJECT TO OVERBID,**

15 In or about March 10, 2017, Flaxman, who manages, owns, and/or controls the Buyer,
16 expressed interest in purchasing the Property. Prior to in or about March 10, 2017, (1) the
17 Debtors did not know of, and had no business or other dealings with, the Buyer or Flaxman, and
18 (2) to the best of the Debtor's knowledge, the Debtors did not know of, and had no business or
19 other dealings with, any entities Flaxman owns, manages, and/or controls.

20 _____
21 ¹⁰ The listings were at: (1) H&H (<https://www.hiltonhyland.com/listings/2460-sunset-plaza-dr-los-angeles-ca-90069/>), (2) Private Beverly Hills (<http://www.privatebeverlyhills.com/listings/richard-neutra-chuey-house/>), (3)
22 Luxury Portfolio (<http://www.luxuryportfolio.com/Property/los-angeles-properties-amazing-opportunity/ZHZD>),
23 (4) Christies Real Estate (<http://www.christiesrealestate.com/eng/sales/detail/170-1-47-f1708282039700001/2460-sunset-plaza-dr-los-angeles-ca-90069>), (5) wsj.com ([WSJ](http://www.wsj.com)), and (6) mansionglobal.com
(<https://www.mansionglobal.com/losangeles/619757-2460-sunset-plaza-dr-90069>).

24 ¹¹ The print ads and email blasts were as follows (1) 8/29/17 - PBH e-newsletter (featured property in newsletter that
25 is sent to over 8300 global clients), (2) 9/16/17 - LA Times (H&H corporate ad), (3) 9/24/17 - PBH RE blast (Global
26 Real Estate brokers 800+ recipients), (4) 9/25/17 - MLS Caravan (H&H corporate ad), (5) 9/30/17 - LA Times
27 (H&H corporate ad), (6) 10/6/17 - H&H E-Newsletter (email blast to 15,000 + recipients), (7) 10/7/17 - LA Times
(H&H corporate ad), (8) 10/10/17 - PBH e-newsletter (Featured property in newsletter that is sent to over 8,300
28 global clients), (9) 10/13/17 - PBH RE blast (Global Real Estate brokers 800+ recipients), (10) 10/14/17 - LA Times
(H&H corporate ad), and (10) 10/15/17 - H&H E-Blast (email blast to 2,000 agents and brokers).

1 Both prior to and after the Petition Date, the Debtors, often acting through their counsel,
2 and the Buyer, often acting through Flaxman or the Buyer's counsel, engaged in protracted-
3 arms-length negotiations, regarding a possible sale of the Property by the Debtors to the Buyer,
4 subject to overbid. The terms of the proposed sale and overbid procedures that the Debtors and
5 Buyer ultimately agreed to are set forth in the Residential Purchase Agreement and Joint
6 Escrow Instructions and related agreements (the "RND Purchase Agreement"), a true and
7 correct copy of which is attached hereto as **Exhibit "3,"** and the proposed order approving the
8 sale and proposed overbid procedures and providing related relief (the "Sale Order"), a true and
9 correct copy of which is attached hereto as **Exhibit "1."**

10 In summary, pursuant to the RND Purchase Agreement and the Sale Order, the Debtors
11 are seeking (1) approval of the sale of the Property to (a) the Buyer free and clear of any and all
12 liens, claims, encumbrances, and interests, other than the Excepted Items, for a purchase price
13 of \$8.5 million (the "Purchase Price"), subject to overbid (each an "Overbid" and collectively
14 the "Overbids") pursuant to the overbid procedures (the "Overbid Procedures") set forth below
15 and any auction (the "Auction") conducted pursuant to the Overbid Procedures, or (b) a winning
16 overbidder (each an "Overbidder" and collectively the "Overbidders") at the Auction, and (2)
17 finding that the Buyer or any winning Overbidder at the Auction confirmed as the winning
18 bidder for the Property is a "good faith" purchaser entitled to the protections afforded under 11
19 U.S.C. § 363(m).

20 In summary, the RND Purchase Agreement includes the following terms:¹²

- 21 • Name of Buyer: RND Sunset Associates, LLC or its designee.
- 22 • Asset: The Property.
- 23 • Purchase Price: \$8.5 million.
- 24 • Deposits: Within three (3) business days of the execution of the RND

25 Purchase Agreement, the Buyer is required to make an initial deposit of \$250,000 (the
26

27 ¹² This is a summary only. To the extent there is any inconsistency between this summary and the terms of the
28 RND Purchase Agreement, the terms of the RND Purchase Agreement shall govern.

1 “Initial Deposit”) into a segregated trust account at LNBYB. If the Court denies the
2 Motion (or does not grant this Motion) for any reason other than the Buyer’s breach, at
3 the conclusion of the hearing on the Motion, the \$250,000 Initial Deposit will be
4 immediately refunded to the Buyer. In the event the Buyer breaches the RND Purchase
5 Agreement, the Buyer shall forfeit the Initial Deposit to the Debtors’ estate as liquidated
6 damages. If the Court grants the Motion, then within three (3) business days following
7 the entry of the Sale Order, the Buyer shall deposit an additional \$600,000 into the
8 segregated trust account at LNBYB (for a total deposit of \$850,000) (with the Initial
9 Deposit, the “Buyer Deposit”). The Buyer Deposit will be non-refundable (a) in the
10 event there is *not* one or more qualified Overbid and no Auction is conducted, if the
11 Buyer fails to close the purchase of the Property within thirty (30) days following the
12 date the Debtors file a notice with the Court indicating that (i) no qualified Overbidder
13 timely submitted a qualifying Overbid in accordance with the Overbid Procedures and
14 that, based thereon (ii) the Auction and hearing to consider Overbids are being canceled
15 or (b) in the event there is one or more qualified Overbid and an Auction is conducted
16 and the Buyer is the winning bidder, if the Buyer fails to close the purchase of the
17 Property within thirty (30) days following the date of entry of the Post-Auction Sale
18 Order approving the Buyer as the winning bidder – regardless of whether an appeal has
19 been filed of the Sale Order or the Post-Auction Sale Order provided there is no entered
20 stay pending appeal (*i.e.*, no final order requirement/condition). In the event that the
21 Buyer breaches the RND Purchase Agreement, the Buyer shall forfeit the entire Buyer
22 Deposit to the Debtors’ estate as liquidated damages. The Buyer Deposit shall only be
23 returned to the Buyer in the event that (a) the Sale Order is not entered by the
24 Bankruptcy Court in substantially and materially the form of the proposed order attached
25 hereto as Exhibit “1” other than as a result of the Buyer’s default under the RND
26 Purchase Agreement, (b) to the extent the Auction occurs, the Buyer is not confirmed as
27 the winning bidder at the hearing to confirm the winning bidder and approve the sale
28

1 following the Auction pursuant to the Post-Auction Sale Order, or (c) the close of
2 escrow does not occur because (i) of a breach by the Debtors, (ii) of the failure of a
3 condition precedent to the Buyer's obligation to proceed to the close of escrow set forth
4 in the RND Purchase Agreement, (iii) the Property or any portion thereof is destroyed or
5 materially damaged, and the Buyer elects to terminate the RND Purchase Agreement
6 pursuant to Paragraph 43 thereof, (iv) the Property or any portion thereof is subject to a
7 taking (or a written threat of taking) by a public or governmental authority, and the
8 Buyer elects to terminate the RND Purchase Agreement pursuant to Paragraph 43
9 thereof, (v) the Buyer elects to terminate the RND Purchase Agreement pursuant to
10 Paragraph 10.A(6) thereof, or (vi) the sale to the Buyer does not occur for any reason
11 other than Buyer's default.

12 • Damages: Except as expressly provided by the RND Purchase
13 Agreement, if the RND Purchase Agreement is terminated by the Buyer for any reason,
14 escrow holder shall return the Buyer Deposit(s) to the Buyer in accordance with the
15 Buyer's written instructions, and except for the Buyer's express indemnity obligations
16 and another provision of the RND Purchase Agreement which expressly survives
17 termination of the RND Purchase Agreement, the parties shall have no liability or
18 further rights or obligations to one another under the RND Purchase Agreement.
19 Notwithstanding anything contrary in the RND Purchase Agreement, the Buyer retains
20 (a) any right it may have to damages for any breach of the RND Purchase Agreement,
21 subject to a cap of \$150,000, and (b) to assert the remedy of specific performance in the
22 event that the Debtors obtain the Sale Order and/or the Post-Auction Sale Order, as
23 applicable, and thereafter fail to close due to a breach of the RND Sale Agreement by
24 the Debtors; provided, however, that the foregoing shall not, in any way, be deemed to
25 expand or create any remedy under applicable law. In the event the close of escrow does
26 not occur by reason of default of the Buyer, or in the event that the Sale Order is not
27 entered as a result of any actions or omissions taken or made by the Debtors in bad faith,
28

1 in disregard of the RND Purchase Agreement, or involving willful misconduct on the
2 part of the Debtors, the Buyer and the Debtors agree to liquidated damages as provided
3 by paragraphs 21.B and 21.C of the RND Purchase Agreement.

4 • Estimated Costs of Sale: (a) Commission between 0% to 5% to be paid to
5 H&H (to be shared with an Overbidder's broker under certain circumstances) as follows:
6 (i) 0% if the Buyer purchases the Property at the Purchase Price with no Overbid, (ii)
7 2.5% if the Buyer is the successful Overbidder at an Auction and closes the sale, (iii) 4%
8 on any other sale where Denise Moreno or Gordon MacGeachy of H&H, or both of
9 them, also represent the Overbidder (other than the Buyer), and (iv) 5% on any other
10 sale where there is an Overbidder and neither Denise Moreno nor Gordon MacGeachy
11 of H&H represent the Overbidder, and (b) other customary fees and costs of sale.

12 • Condition of Asset/Property: "As-is" and "Where is."

13 • Contingencies: Entry of the Sale Order substantially and materially in the
14 form attached hereto as Exhibit "1," without any material modifications except as
15 consented to by the Buyer and, to the extent there is one or more qualified Overbid and
16 an Auction ensues, entry of the Post-Auction Sale Order approving the sale of the
17 Property to the Buyer or the winning Overbidder, with such Post-Auction Sale Order to
18 be substantially and materially in the form of the Sale Order attached hereto as Exhibit
19 "1," with revisions to address the occurrence at the Auction, bids at the Auction, and the
20 results of the Auction, including the winning Overbidder.

21 • Other Terms: The Debtors' sale of the Property shall be free and clear of
22 any and all liens, claims, encumbrances, and interests, other than the Excepted Items,
23 which non-excepted liens, claims, encumbrances, and interests the Debtors believe are
24 limited to (a) the secured claim of Hargitay in the approximate amount of \$110,000,
25 which is secured by a senior deed of trust on the Property, (b) the alleged claims and
26 interest of Keros in the Property pursuant to the purported Keros Purchase Agreement
27 and a *lis pendens* recorded against the Property by Keros, with any such liens/interests to
28

1 be paid at the sale closing out of the net sale proceeds (in the case of Hargitay) or to
2 attach to the net sale proceeds with the same validity, scope, and interest as existed on
3 the Petition Date (in the case of Keros' alleged interest, if any), and (c) the unrecorded
4 licenses granted by the Debtors in favor of John Powell, David Leon, Thomas Nickel,
5 Rozae Nichols, and Alan Diamond.

6 **I. THE PROPOSED OVERBID PROCEDURES.**

7 In connection with negotiating the terms of the RND Purchase Agreement and the Sale
8 Order, the entry of which, substantially and materially in the form attached hereto as Exhibit
9 "1," is a condition to the RND Purchase Agreement, the Debtor and the Buyer negotiated
10 Overbid Procedures, the approval of which is a condition to the RND Purchase Agreement. In
11 summary, the RND Purchase Agreement, and the Sale Order, provide for the following Overbid
12 Procedures:¹³

13 • Break-Up Fee: \$255,000 (3% of the Purchase Price) (the "Break-Up
14 Fee"), paid to the Buyer if there is at least one qualifying Overbidder, an Auction is
15 held, and the Buyer is not the winning bidder at the Auction, with the Break-Up Fee to
16 be paid to the Buyer out of the proceeds of the sale to the winning bidder.

17 • Initial Overbid Amount: At least \$9,000,000 (the "Initial Overbid
18 Amount");

19 • Qualification of Overbidders: In order for any prospective Overbidder to
20 have the right to bid at the Auction, the prospective Overbidder must, within three (3)
21 business days prior to the Auction, (a) provide to counsel for the Debtors and the Buyer,
22 a signed proposed purchase agreement (each an "Overbid Purchase Agreement"), that is
23 substantially and materially in the same form as the RND Purchase Agreement, redlined
24 to show any changes, with such purchase agreement not to contain any financing,
25 inspection, due diligence, or other contingencies (including, a removal of all

26 ¹³ This is a summary only. To the extent there is any inconsistency between this summary and the terms of the
27 Overbid Procedures set forth in the RND Purchase Agreement and the Sale Order, the terms of the RND Purchase
28 Agreement and Sale Order shall govern.

1 contingencies in the form attached to the RND Purchase Agreement as CAR Form CR
2 14.C.), and with a minimum purchase price of at least the Initial Overbid Amount of
3 \$9.0 million; (b) submit a deposit in the amount of \$850,000 into a segregated trust
4 account maintained by LNBYB; (c) demonstrate to counsel for the Debtors that the
5 prospective Overbidder has sufficient funds to close the transaction within thirty (30)
6 days following the date of entry of the Post-Auction Sale Order approving the
7 prospective Overbidder as the winning bidder and the free and clear sale of the Property
8 to the winning bidder; and (d) agree that the prospective Overbidder's deposit will be
9 non-refundable if the prospective Overbidder is the winning bidder at the Auction and
10 fails to close the purchase of the Property within thirty (30) days following the date of
11 entry of the Post-Auction Sale Order approving the prospective Overbidder as the
12 winning bidder – regardless of whether an appeal has been filed of the Post-Auction Sale
13 Order, provided there is no entered stay pending appeal (*i.e.*, no final order
14 requirement); and

15 • Overbidding Increments and Considerations in Determining the Winning
16 Bidder at Any Auction: In order to qualify to bid at the Auction, any Overbid Purchase
17 Agreement is required to include an Initial Overbid Amount of at least \$9.0 million.
18 Subsequent overbids at the Auction must be in increments of \$100,000 or amounts that
19 are wholly divisible by \$100,000. In the event there is one or more qualified Overbids
20 and the Buyer elects to participate in the Auction, the \$255,000 Break-Up Fee to be paid
21 to the Buyer in the event someone else is the winning bidder will be counted towards
22 determining the highest bid (*i.e.*, the winning bid will be the bid that results in the
23 highest net cash to the estate after taking into account the Break-Up Fee, but
24 commissions due and owing and any other costs and expenses will not be taken into
25 consideration in determining the highest bid).

26 The proposed notice of Overbid Procedures and the Auction (the "Overbid/Auction
27 Notice"), which the Debtors are seeking to have approved pursuant to the Sale Order, is
28

1 attached hereto as **Exhibit “4.”**¹⁴

2 The Debtors believe that the proposed Overbid Procedures, together with efforts already
3 undertaken by H&H to market the Property and by the Debtors and the estate to negotiate and
4 enter into the RND Purchase Agreement, will result in the Debtors and the estate receiving the
5 highest and best price for the Property under the circumstances.

6
7 **III.**

8 **DISCUSSION**

9 **A. TO THE EXTENT THE KEROS PURCHASE AGREEMENT IS CURRENTLY**
10 **VALID AND ENFORCEABLE, THE COURT SHOULD APPROVE THE**
11 **DEBTORS’ REJECTION THEREOF, WHICH WOULD ELIMINATE ANY**
12 **RIGHT TO SPECIFIC PERFORMANCE THAT KEROS MAY OTHERWISE**
13 **HAVE.**

14 For the reasons discussed above, the Debtors assert that the Keros Purchase Agreement
15 was either legally unenforceable or was validly terminated prepetition. If the Debtors are not
16 correct and the Keros Purchase Agreement is currently valid and enforceable, the Debtors are
17 seeking to reject it. Section 365(a) authorizes a debtor in possession, “subject to the court’s
18 approval . . . [to] assume or reject any executory contract . . . of the debtor.” 11 U.S.C. § 365(a).
19 In a Chapter 11 case, such as the Debtors, the debtor may “reject an executory contract . . . of the
20 debtor at any time before the confirmation of a plan.” 11 U.S.C. § 365(d)(2).

21 **1. The Keros Purchase Agreement To The Extent Valid and Enforceable Is**
22 **Executory.**

23 The Ninth Circuit generally applies the “Countryman” definition to determine whether,
24 for purposes of Section 365, a contract is executory. *See Pacific Express, Inc. v. Teknekron*
25 *Infoswitch Corp. (In re Pacific Express)*, 780 F.2d 1482, 1487 (9th Cir.1986). Under that test, a
26 contract is executory if the obligations of both parties to the contract “are so far underperformed
27 that the failure of either would constitute a material breach excusing the performance of the
28

¹⁴ In addition to serving the Overbid/Auction Notice on parties in interest and potential Overbidders, pursuant to LBR 6007-1(f), as soon as the Motion is granted, the Debtors will submit a copy of the Overbid/Auction Notice and a From F 6004-2.NOTICE.SALE to the Clerk of the Court for publication.

1 other.” Countryman, *Executory Contracts in Bankruptcy: Part I*, 57 Minn. L.Rev. 439, 460
2 (1973), cited in *Benevides v. Alexander (In re Alexander)*, 670 F.2d 885, 887 (9th Cir.1982); see
3 also *Commercial Union Ins. Co. v. Texscan Corp. (In re Texscan Corp.)*, 976 F.2d 1269, 1271–
4 72 (9th Cir.1992). In *Texscan*, the Ninth Circuit discussed how to apply the Countryman test:

5 We must first evaluate the obligations of both parties and
6 determine whether they are material obligations. Next we
7 determine whether, on the date the petition was filed, either
8 party's failure to perform its remaining obligations would
9 give rise to a material breach and excuse performance. If
10 either party has “substantially performed” its side of the
11 bargain, such that the party's failure to perform further
12 would not excuse performance by the other party, then the
13 contract is not executory.

14 *Texscan*, 976 F.2d at 1272.

15 In *Alexander*, the Ninth Circuit cited and then applied the Countryman test to a real
16 estate purchase contract. *Alexander*, 670 F.2d 885. In that case, the debtor, entered into a
17 prepetition contract to sell her real property for \$73,000 under certain conditions to be met in 60
18 days; the buyers deposited \$1,000 into escrow with the balance due in 60 days; on the closing
19 date, the buyers deposited additional funds necessary to close and had a loan commitment for
20 the balance. *Id.* at 886. On these facts, the *Alexander* court found that the buyers’ mere tender
21 of performance was not sufficient to render their obligations fully performed and make the
22 subject purchase agreement a non-executory contract because actual performance is required.
23 *Id.* at 887. As a result, the Court went on to hold that the subject purchase contract remained
24 executory because the buyer “still had to pay the remainder of the purchase price, and [the
25 debtor] had to give up possession and convey title. *Id.* at 887; see also *In re Aslan*, 65 B.R. 826,
26 828 (Bankr. C.D. Cal. 1986) (following *Alexander* and holding that purchase contract at issue
27 was executory where debtor seller had not deposited certain required documents into escrow
28 and because buyer had not yet paid the remainder of the purchase price for the real property and
title had not actually been conveyed by the seller) *aff’d In re Aslan*, 909 F.3d 367, 370-71 (9th
Cir. 1990); *TKO Properties, LLC v. Young (In re Young)*, 214 B.R. 905, 910 (Bankr. D. Idaho

1 1997) (holding that debtor contract to sell real property is executory where buyer has yet to pay
2 the purchase price and seller has yet to transfer title and give up possession and noting that
3 suing for specific performance and treating the purchase contract as still in effect is also
4 evidence that the subject purchase agreement is executory).¹⁵

5 Just as in *Alexander* and the other cases cited above, here, as of the Petition Date,
6 Keros still had to pay the balance of the purchase price **and** to remove the contingency that the
7 Debtors deliver the Proposed Easements, and the Debtors still had to convey the Property (and,
8 according to Keros, the Proposed Easements) to Keros. Further, in the State Court Action,
9 Keros sued the Debtors for specific performance of the Keros Purchase Agreement and,
10 therefore, himself treated the Keros Purchase Agreement as though it was still in effect and
11 executory. Under the binding authority of *Alexander*, to the extent the Keros Purchase
12 Agreement did not terminate prepetition or was void as a result of fraud, the Keros Purchase
13 Agreement is executory and, therefore, subject to rejection.

14 Here, for the reasons discussed above, the Keros Purchase Agreement was never valid
15 and enforceable or, alternatively, was validly terminated prior to the Petition Date pursuant to
16 the NBP and 4/20/17 Email to Keros advising him that the Keros Purchase Agreement was
17 cancelled and terminated due to Keros' failure to perform.

18 To the extent the Keros Purchase Agreement was still valid and enforceable as of the
19 Petition Date, the Keros Purchase Agreement is an executory contract because Keros refused to
20 waive contingencies as required by the Keros Purchase Agreement, Keros never deposited the
21 balance of the purchase price into escrow as required under the Keros Purchase Agreement,
22 escrow never closed, and the Debtors never transferred title to the Property to Keros.
23 Additionally, since Keros asserts that providing the Proposed Easements was a covenant of the
24 Keros Purchase Agreement (which the Debtors dispute), from Keros' perspective, failure to

25 ¹⁵ *In re Hertz*, 536 B.R. 434 (Bankr. C.D. Cal. 2015) questions certain bases and reasoning underlying the
26 determination in *Alexander* that the underlying purchase contract in that case remained executory, and *Aslan's*
27 reliance on *Alexander* in determining whether the purchase contract in that case was executory. However, even
28 *Hertz* is in accord with the notion that the failure of a buyer to deposit the entire purchase price into escrow leaves
the purchase contract so unperformed that the contract is executory.

1 convey the Proposed Easements would be another material outstanding obligation of the
2 Debtors under the Keros Purchase Agreement.

3 Based on the foregoing, and because Keros initiated the State Court Action treating the
4 Keros Purchase Agreement as still in effect by seeking, *inter alia*, specific performance of the
5 Keros Purchase Agreement, the Keros Purchase Agreement is an executory contract and subject
6 to rejection.

7
8 **2. The Debtors' Decision To Reject The Keros Purchase Agreement Satisfies**
9 **The "Business Judgment Test."**

10 A debtor in possession may assume or reject executory contracts for the benefit of the
11 estate. *In re Klein Sleep Products, Inc.*, 78 F.3d 18, 25 (2d. Cir.1996); *In re Central Fla. Metal*
12 *Fabrication, Inc.*, 190 B.R. 119, 124 (Bankr. N.D. Fla. 1995); *In re Gucci*, 193 B.R. 411, 415
13 (S.D.N.Y. 1996). In reviewing a debtor in possession's decision to assume or reject an
14 executory contract, a bankruptcy court should apply the "business judgment test" to determine
15 whether it would be beneficial to the estate to reject it. *Robertson v. Pierce (In re Chi-Feng*
16 *Huang)*, 23 B.R. 798, 800 (B.A.P. 9th Cir. 1982). As stated in *In re Chi-Feng Huang* In
17 applying the business judgment test, the "***primary issue is whether rejection would benefit***
18 ***general unsecured creditors.***" *Id.* at 801. In *In re Chi-Feng Huang*, the Ninth Circuit
19 Bankruptcy Appellate Panel reversed and remanded a bankruptcy court order denying a Chapter
20 11 trustee's motion to reject a contract for the sale of property by the debtor because, *inter alia*,
21 (1) the bankruptcy court gave too much weight to the notion that the buyer could potentially
22 lose the benefits of the purchase contract because rejection always involves the disappointment
23 of the expectations of the other party to the contract and, as a result, "gave insufficient weight to
24 the benefit accruing to unsecured creditors arising from rejection" and (2) the bankruptcy
25 court's conclusion that the "primary beneficiaries" of the rejection would be the debtors, not
26 general unsecured creditors, was incorrect and not supported by the record in the case, because
27 the bankruptcy court failed to consider (a) the claims of relatives and how they may benefit
28 from rejection, (b) whether there would be any benefit to general unsecured creditors from the

1 rejection, and (c) that the debtors would not be the direct primary beneficiaries of rejection
2 because, before any surplus was realized by the debtors, the claims of general unsecured
3 creditors would first have to be paid in full, and such claims would include the claim of the
4 buyer under the rejected purchase agreement, whose claim would presumably include any
5 appreciation in the value of the property. *Id.* at 801-803.¹⁶

6 Here, the Debtors' decision to reject the Keros Purchase Agreement satisfies the
7 "business judgment test," because rejection will benefit creditors. **First**, rejection will assist the
8 Debtors in their efforts to sell the Property free and clear of liens, claims, encumbrances, and
9 interests. Keros asserts an interest in the Property pursuant to the Keros Purchase Agreement
10 and the State Court action seeking specific performance thereof and the related *Lis Pendens*.
11 While the Debtors may be able to sell the Property free and clear of Keros' alleged interest
12 pursuant to, *inter alia*, Section 363(f)(3) because the interest is in *bona fide* dispute for the
13 reasons set forth above, Section 363(f)(4) because the Purchase Price exceeds the value of liens
14 on the Property, and/or Section 363(f)(5) because Keros could be compelled in a legal or
15 equitable proceeding (including the State Court Action) to accept money in satisfaction of is
16 alleged interest, the rejection of the Keros Purchase Agreement would convert his "interest" and
17 any claim for specific performance into a lien in the maximum amount of the \$237,000 Keros
18 Deposit Amount and only to the extent it was paid to the Debtors, which it was not. 11 U.S.C. §
19 365(j). Thus, in the event of rejection of the Keros Purchase Agreement, the liens secured by
20

21 ¹⁶ In *Chi-Feng Huang*, the court did state that:

22 If without regard to rejection of the contract, the estate is solvent and the unsecured creditors would
23 receive 100 percent of their claims, rejection would then accomplish nothing for the general unsecured
24 creditors. We do not doubt that if in the judgment of the bankruptcy court, an estate is solvent in the
25 sense that a 100 percent payout will occur in the event of liquidation, that it is within the discretion of
the court to decline to authorize rejection of a contract ***on the grounds that no benefit would accrue to
the creditors from the rejection. In such circumstances, rejection might only impose unwarranted
administrative expenses or delay.***

26 *Id.* at 803 (emphasis added). This statement is consistent with the court's holding that the primary inquiry in
27 applying the business judgment test is whether rejection will result in some benefit to creditors. As discussed
28 below, creditors will benefit from rejection by having the time before their claims are paid substantially reduced.

1 the Property would total only the approximately \$110,000 amount of the Hargitay DOT and, in
2 the worst case scenario an additional \$237,000 for the Keros Deposit Amount for a total of
3 approximately \$347,000 in liens on the Property, which is greatly exceeded by the \$8.5 million
4 Purchase Price, which would assure a free and clear sale under Section 363(f)(4), which will
5 benefit the Debtors' creditors.

6 **Second**, the sale of the Property and the net proceeds from the sale will benefit creditors.
7 As discussed above, as of the Petition Date, the Debtors only had approximately \$76,700 in
8 liquid assets, which has now decreased to approximately \$51,484 due to the payment of
9 ordinary living expenses, and over \$1.4 million in claims, the majority of which are general
10 unsecured claims. In the absence of a sale of the Property in the context of the Debtors'
11 bankruptcy case, which will be facilitated by the rejection of the Keros Purchase Agreement, the
12 Debtors would likely be unable to liquidate the Property to generate proceeds to pay creditors
13 for many years until the conclusion of the State Court Action and after expending considerable
14 sums defending the State Court Action, which was Keros' stated purpose for initiating the State
15 Court Action. Indeed, **by Keros' own estimation, any sale of the Property and distribution**
16 **of proceeds to creditors would be delayed by four years, which is a key part of Keros'**
17 **stated litigation strategy.**¹⁷ All of the foregoing would cause extreme prejudice to creditors.
18 Providing for the rejection of the Keros Purchase Agreement, will allow the Debtors to sell the
19 Property within the next few months and to generate sufficient funds from the sale of the
20 Property to pay all allowed claims, in full, in the near future.

21 The Debtors anticipate that Keros will oppose and make arguments against rejection.
22 While the Debtors reserve their right to counter any arguments made by Keros, the Debtors
23 assert that any arguments by Keros against rejection would lack merit. **First**, Keros may argue
24 that the Debtors could simply close the sale to Keros, litigate over the damages allegedly owed

25 _____
26 ¹⁷ As noted, in discussing his litigation tactics to force sales of property, Keros told the Debtor that "She [Nagler]
27 is going to be frozen for the next four years and she won't be able to do squat with that property until the judge
28 makes a determination [in the specific performance action] and she spends half a million dollars defending her
position."

1 to Keros, and use the funds to pay allowed claims. However, this would deprive the Debtors of
2 their right to maximize the value realized from the Property and to litigate the enforceability of
3 the Keros Purchase Agreement to vindicate the Debtors' rights, and Keros would still be
4 seeking what he contends are millions of dollars of damages from the Debtors to offset claims
5 for the alleged right to the Proposed Easements. Under Keros' theory, Debtors could risk
6 losing everything if they go down this path. Moreover, Keros' entire argument does not even
7 make sense. If delivery of the Proposed Easements was a covenant of the Debtors under the
8 Keros Purchase Agreement (*i.e.*, the Debtors were required to deliver the Proposed Easements)
9 as Keros contends (but which the Debtors deny), as opposed to delivery of the Proposed
10 Easements being a condition to the validity of the Keros Purchase Agreement, then the Debtors
11 have no ability to consummate the Keros Purchase Agreement by definition which voids any
12 credible argument that Keros could possibly make in favor of specific performance. More
13 importantly, denying the Debtors request for rejection of the Keros Purchase Agreement would
14 (1) reward Keros' stated litigation tactic (to place a blemish on title through the *Lis Pendens*
15 and mire the Debtors in litigation so that their only option is to perform on the Keros Purchase
16 Agreement procured through, among other things, undue influence, fraud, and
17 misrepresentation) and (2) set a precedent that real estate investors can divest unwary buyers of
18 any means of legal relief and force a sale at a low price if they can get a seller to sign a sale
19 agreement (even while representing it is not the final version) and then suing for specific
20 performance and placing a *lis pendens* on the subject property to rob the seller of any ability to
21 obtain additional funds to defend litigation or pay living expenses.

22 **Second**, Keros may argue that the over \$1.2 million in unsecured claims owed to Inez
23 Shepherd, Mr. Shepherd's mother, should not be considered in determining whether the
24 decision to reject the Keros Purchase Agreements meets the business judgment test. Such
25 argument would have no merit, because, as found by the court in *In re Chi-Feng Huang*, 23
26 B.R. 798 (B.A.P. 9th Cir. 1982), such claims are relevant to the inquiry of whether creditors
27 will benefit from a proposed rejection of a contract to sell real property, as "[a]allowable claims
28

1 of friends and relatives of the debtor[] are not given an inferior priority to all other unsecured
2 claims.” *Id.* at 802.

3 **Third**, Keros may argue based on *Chi-Feng Huang* that the Debtors are seeking to reject
4 the Keros Purchase Agreement in bad faith, because the Debtors, not creditors, would be the
5 “direct primary beneficiaries” of the rejection. Such argument would lack merit. In *Chi-Feng*
6 *Huang*, the Court assumed that the buyer had a valid, specifically enforceable contract. *In re*
7 *Chi-Feng Huang*, 23 B.R. at 799. That is not the case here because, as discussed hereinabove
8 and below, there is a *bona fide* dispute about whether or not the Keros Purchase Agreement is
9 valid and enforceable. Due to the *bona fide* dispute and the facts underlying and supporting the
10 dispute, any analysis of whether the Debtors are seeking to reject the Keros Purchase
11 Agreement in bad faith is much different.

12 Further, as discussed above, the primary issue in determining whether the Keros
13 Purchase Agreement should be rejected is “***whether rejection would benefit general unsecured***
14 ***creditors***” and not whether the Debtors’ will be the “direct primary beneficiaries” of the
15 rejection. Even so, here, the facts show that the Debtors would not be the primary beneficiaries
16 of the rejection of the Keros Purchase Agreement and a resulting sale of the Property. In fact,
17 the Debtors may not benefit at all. As discussed below, after rejection, if Keros is successful in
18 his State Court Action against the Debtors, Keros may be entitled to recover any increase in the
19 sale price for the Property over the \$7.9 million contract price, plus attorneys’ fees and costs. In
20 that case, the Debtors in no way benefit from rejection. On the other hand, unsecured creditors
21 would assuredly receive a material benefit from the rejection of the Keros Purchase Agreement
22 and a resulting sale of the Property by accelerating the time until their claims are paid. Thus,
23 general unsecured creditors are likely the primary beneficiaries of the rejection of the Keros
24 Purchase Agreement. Setting aside Keros’ bad faith litigation tactics, converting the currently
25 illiquid Property into cash also serves to Keros’ benefit because if Keros is correct and prevails
26 in the State Court Action, it provides the estate with a source of funds to pay to Keros.

27 Based on the foregoing, the Court should approve the rejection of the Keros Purchase
28

1 Agreement to the extent it is valid and enforceable.

2 **3. Effect Of Rejection.**

3 After rejection, the (1) non-debtor purchasing party to the purchase agreement loses any
4 specific performance rights it may have had, *In re Aslan*, 65 B.R. at 831, *In re Malden Brooks*
5 *Farm LLC*, 435 B.R. 81, 84 (Bankr. D. Mass.2010), *TKO Properties, LLC v. Young (In re*
6 *Young)*, 214 B.R. at 911-13 (relegating cause of action for specific performance to a lien on the
7 property for the amount of money advanced pursuant to Bankruptcy Code Section 365(j)), and
8 (2) the purchasing party’s remedies are limited to (a) “lien on the interest of the debtor in such
9 property for the recovery of any portion of the purchase price that such purchaser or party has
10 paid,” 11 U.S.C. § 365(j), and (b) an unsecured claim for rejection damages, which are
11 calculated as the difference between the contract price for the property and the fair market value
12 of the property on the day immediately preceding the petition date, 11 U.S.C. § 365(g)(1); *In re*
13 *Aslan*, 909 F.3d at 71 (9th Cir. 1990); *see also* Cal. Civ. Code. § 3306 (setting forth monetary
14 damages for breach of an agreement to convey real property).

15 **B. THE COURT SHOULD APPROVE THE SALE OF THE DEBTORS’**
16 **PROPERTY TO THE BUYER, SUBJECT TO OVERBID, OR TO ANY**
WINNING OVERBIDDER AT AUCTION.

17 **1. The Debtors Have Or Will Have Complied With All Applicable Notice**
18 **Requirements.**

19 Section 363(b)(1) provides that the Debtors, “after notice and a hearing, may use, sell or
20 lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C.
21 § 363(b)(1). Section 102(1) defines “after notice and a hearing” as after such notice as is
22 appropriate in the particular circumstances, and such opportunity for hearing as is appropriate in
23 the particular circumstances. 11 U.S.C. § 102(1)(A).

24 FRBP 6004(a) provides, in pertinent part, that notice of a proposed sale not in the
25 ordinary course of business must be given pursuant to FRBP 2002(a)(2), (c)(1), (i) and (k), and,
26 if applicable, in accordance with Section 363(b)(2). Fed. R. Bankr. P. 6004(a). FRBP
27 2002(a)(2) requires at least 21 days’ notice by mail of a proposed sale of property of the estate
28 other than in the ordinary course of business, unless the Court for cause shown shortens the time

1 or directs another method of giving notice. Fed. R. Bankr. P. 2002(a)(2). FRBP 2002(c)(1)
2 requires that the notice of a proposed sale include the date, time and place of any public sale, the
3 terms and conditions of any private sale, and the time fixed for filing objections. It also
4 provides that the notice of sale or property is sufficient if it generally describes the property.
5 Fed. R. Bankr. P. 2002(c)(1). FRBP 2002(k) requires that the notice be given to the United
6 States Trustee. Fed. R. Bankr. P. 2002(k).

7 In addition, LBR 6004-1 requires that the notice contain the information specified in
8 LBR 6004-1(c)(3) and that an additional copy of the notice be submitted to the Clerk of the
9 Bankruptcy Court together with a Form F 6004-2.NOTICE.SALE at the time of filing for
10 purposes of publication. LBR 6004-1(c)(3) and (f).

11 The Debtors have or will have complied with all of the above provisions of the
12 Bankruptcy Code, the FRBP and the LBR. The Debtors has complied with FRBP 6004(a) and
13 2002(a)(2), (c)(1), (i) and (k), as well as LBR 6004-1(c)(3), because the Notice of the Motion
14 and Motion and this Memorandum, Declarations, and Exhibits includes all of the required
15 information, other than the auction date, including, without limitation, the date, time and place
16 of the hearing on the Motion to approve the proposed sale of the Property to the Buyer, subject
17 to overbid, the deadline for objecting to the Motion, and the Notice of Motion and Motion have
18 been served on the Office of the United States Trustee, the Debtors, all of the Debtors' known
19 creditors, all parties appearing on the Title Report (even parties to the Excepted Items where
20 addresses are available), and all parties requesting special notice (the "Notice Parties"). As to
21 notice of the Auction date and related Overbid Procedures, the Auction date and final Overbid
22 Procedures will not be known until the Motion is granted. Once the Motion is granted (1) in
23 addition to serving the Notice of Motion and Motion on the Notice Parties, (i) the Debtors will
24 serve the Overbid/Auction Notice, which provides information about the Auction date and
25 Overbid Procedures, on the Notice Parties and (ii) H&H will send the Overbid Auction Notice
26 to the agents of all parties that have expressed interest in the Property, and (2) pursuant to LBR
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1 6007-1(f), the Debtors will submit a copy of the Overbid/Auction Notice and a Form F 6004-
2 2.NOTICE.SALE to the Clerk of the Court for publication.

3 Based on the foregoing, all applicable notice requirements have been satisfied.

4 **2. The Sale Of The Property To The Buyer, Subject To Overbid, Or To Any**
5 **Winning Overbidder At Auction, Should Be Approved, Because Good**
6 **Business Reasons For The Sale Exist, The Purchase Price For The Property**
7 **Is Fair And Reasonable, And The Proposed Sale Is In The Best Interests Of**
8 **The Estate And Creditors.**

9 As a general matter, a Court considering a motion to approve a sale under Section
10 363(b) should determine from the evidence presented before it that a “good business reason”
11 exists to grant such a motion. *In re Lionel Corp.*, 722 F.2d 1063, 1071 (2d Cir. 1983). In
12 addition, the Court must further find that the sale is in the best interest of the estate. To make
13 this determination, a Court should consider whether:

- 14 (1) the sale is fair and reasonable, *i.e.*, the price to be paid is adequate;
- 15 (2) the property has been given adequate marketing;
- 16 (3) the sale is in good faith, *i.e.*, there is an absence of any lucrative deals
with insiders, and
- 17 (4) adequate notice has been provided to creditors.

18 *In re Wilde Horse Enterprises, Inc.*, 136 B.R. 830, 841-2 (Bankr. C.D. Cal. 1991); *In re*
19 *The Landing*, 156 B.R. 246, 249 (Bankr. E.D. Mo. 1993); *In re Mama’s Original Foods, Inc.*,
20 234 B.R. 500, 502-505 (C.D. Cal. 1999). Here, the proposed sale of the Property to the Buyer
21 pursuant to the terms of the RND Purchase Agreement, or to successful Overbidder at the
22 Auction, satisfies each of these requirements.

23 **a. Sound Business Purpose.**

24 The Ninth Circuit Bankruptcy Appellate Panel in *Walter v. Sunwest Bank (In re Walter)*,
25 83 B.R. 14, 19 (B.A.P. 9th Cir. 1988) has adopted a flexible case-by-case test to determine
26 whether the business purpose for a proposed sale justifies disposition of property of the estate
27 under Section 363(b). The facts pertaining to the sale at issue here amply substantiate the
28 Debtors’ business decision that the contemplated sale of the Property, to the Buyer pursuant to

1 the terms of the RND Purchase Agreement, or to successful Overbidder at the Auction, serves
2 the best interests of the estate and merits the approval of this Court.

3 The sale of the Property will generate net sale proceeds sufficient to pay all allowed
4 claims in full. That is, assuming a sale to the Buyer at the Purchase Price of \$8.5 million (*i.e.*,
5 there is no Overbid, in which case there will be no material costs of sale), less capital gains
6 taxes in the amount of approximately \$1.2 million, the sale would net the estate approximately
7 \$7.3 million. The foregoing amount would be more than sufficient to pay (1) the \$1,407,424 in
8 undisputed, non-contingent, liquidated claims set forth in the Debtors' Schedules, plus (2)
9 administrative claims projected at \$500,000 for the purposes of the Motion only, plus (3) any
10 alleged claim of Keros for damages arising from the Debtors' alleged failure to close on the
11 Keros Purchase Agreement (to the extent it is found to be valid and enforceable), which
12 presumably would be limited to the \$600,000 spread between the \$7.9 million purchase price in
13 the Keros Purchase Agreement and the \$8.5 million purchase price under the RND Purchase
14 Agreement, plus potentially attorneys' fees incurred by Keros' counsel (only to the extent the
15 Keros Purchase Agreement is found to be valid and enforceable and only to the extent Keros is
16 the "prevailing party") projected at \$250,000 for the purposes of the Motion only, for a total
17 maximum Keros claim of \$850,000, and an overall total of approximately \$2,757,424 in alleged
18 claims. In summary net proceeds from the sale exceed alleged claims by approximately \$4.542
19 million, which amount will only increase in the event of one or more Overbids at the Auction.

20 More importantly, in the absence of the proposed sale, the Debtors may not be able to
21 realize on the equity in the Property for the benefit of creditors for years and creditors would be
22 forced to assume all of the risk of being paid in the future and the ability to sell a complicated
23 property in the future for the same price. That is, in the absence of the proposed sale, the
24 Debtors likely would not be able to sell the Property and generate funds to pay allowed claims
25 unless and until the Keros' pending State Court Action is resolved and the *Lis Pendens* is
26 removed, which, by Keros' own estimation, will take four years.

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1 Based on the foregoing, the Debtors submit that the proposed sale of the Property is
2 overwhelmingly in the best interests of the estate and their creditors and, therefore, represents a
3 sound exercise of the Debtors' business judgment.

4 **b. Fair and Reasonable Price.**

5 In order for a sale to be approved under Section 363(b), the purchase price must be fair
6 and reasonable. *See generally, In re Canyon Partnership*, 55 B.R. 520 (Bankr. S.D. Cal. 1985).
7 The trustee is given substantial discretion in this regard. *Id.* In addition, Courts have broad
8 discretion with respect to matters under section 363(b). *See Big Shanty Land Corp. v. Comer*
9 *Properties, Inc.*, 61 B.R. 272, 278 (Bankr. N.D. Ga. 1985). In any sale of estate assets, the
10 ultimate purpose is to obtain the highest price for the property sold. *Wilde Horse Enterprises,*
11 *Inc.*, 136 B.R. at 841 (*citing In re Chung King, Inc.*, 753 F.2d 547 (7th Cir. 1985)), *In re Alpha*
12 *Industries, Inc.*, 84 B.R. 703, 705 (Bankr. Mont. 1988).

13 The proposed sale to the Buyer at the Purchase Price of \$8.5 million already exceeds the
14 purchase price of \$7.9 million under the alleged Keros Purchase Agreement by \$600,000.
15 Further, the Overbid Procedures and Auction process proposed to be implemented by the
16 Debtors is specifically designed to ensure that the highest price possible is obtained for
17 Property. Although the Debtors will not know the results of the Auction (if one is conducted)
18 until the Auction has been completed, based upon the marketing efforts by the Debtors' highly
19 experienced brokers at H&H after the Petition Date, which are outlined above and which will
20 continue through the Auction date, the Property will have been exposed to those parties who are
21 most likely to be interested in acquiring the Property, and the highest and best bid obtained for
22 the Property (whether it is the bid offered by the Buyer or an Overbid submitted by a successful
23 Overbidder) will constitute fair and reasonable value for the Property.

24 **c. Adequate Marketing.**

25 The intensive marketing efforts undertaken by H&H after the Petition Date, which will
26 continue through the Auction date, are set forth in detail in Paragraph II.G. above and are not
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1 repeated here. In consideration of the foregoing marketing efforts by H&H, the Property has
2 been, and will be, adequately marketed.

3 **d. Good Faith.**

4 When a Bankruptcy Court authorizes a sale of assets pursuant to Section 363(b)(1), it is
5 required to make a finding with respect to the “good faith” of the purchaser. *In re Abbotts*
6 *Dairies*, 788 F.2d at 149. Such a procedure ensures that Section 363(b)(1) will not be employed
7 to circumvent creditor protections. *Id.* at 150. With respect to the Debtors’ conduct in
8 conjunction with the proposed sale of the Property, the good faith requirement focuses
9 principally on whether there is any evidence of “fraud, collusion between the purchaser and
10 other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders.”
11 *Abbotts Dairies*, 788 F.2d at 147; *Wilde Horse Enterprises*, 136 B.R. at 842.

12 Here, as discussed above, prior to on or about March 10, 2017, when Flaxman,
13 expressed interest in purchasing the Property, the Debtors did not know of, and had no business
14 or other dealings with, the Buyer or Flaxman or any of his affiliated entities. After on or about
15 March 10, 2017, both prior to and after the Petition Date, the Debtor and the Buyer, often acting
16 through counsel, engaged in protracted-arms-length negotiations, regarding a sale of the
17 Property by the Debtors to the Buyer, subject to overbid. Those negotiations resulted in the
18 RND Purchase Agreement and related Sale Order setting forth the terms of the proposed sale.

19 Based on the foregoing, and because the Buyer has no affiliation with the Debtors other
20 than as set forth above and is not an “insider” of the Debtors as that term is defined in Section
21 101(31), the Debtors submit that there has been no fraud or collusion in connection with the
22 proposed sale of the Property. Further, the Debtors, with the assistance of the Debtors’ third
23 party broker, H&H, which is highly motivated to find Overbidders since the proposed sale to
24 the Buyer will not generate any commission for H&H, have sought competitive bids for the
25 Property, which will ensure that the estate receives the highest and best price for the Property.
26 No offer to purchase the Property received by H&H and the Debtors has been or will be
27 ignored. Based on the foregoing, the good faith requirement has been satisfied, and that the
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1 Buyer (or a successful Overbidder) should be deemed a “good faith” purchaser under Section
2 363(m) and entitled to the benefits under Section 363(m).

3 **e. Accurate and Reasonable Notice.**

4 The purpose of the notice is to provide an opportunity for objections and hearing before
5 the Court if there are objections. *In re Karpe*, 84 B.R. 926, 930 (Bankr. M.D.Pa. 1988). A
6 notice is sufficient if it includes the terms and conditions of the sale and if it states the time for
7 filing objections. *Id.*

8 As set forth in detail in Paragraph III.B.1 above, the Debtors have complied with all of
9 the applicable notice provisions of the Bankruptcy Code, the FRBP and the LBR. Thus, the
10 Notice of the Motion (and proposed sale of the Property) should be deemed adequate, accurate,
11 and reasonable by the Court.

12 **C. THE COURT SHOULD APPROVE THE SALE OF THE DEBTORS’ PROPERTY**
13 **FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND**
14 **INTERESTS, OTHER THAN THE EXCEPTED ITEMS, TO THE BUYER OR**
ANY WINNING OVERBIDDER AT THE AUCTION.

15 The Bankruptcy Court has the power to authorize the sale of property free and clear of
16 liens, claims, or interests. *See* 11 U.S.C. § 363(f); *In re Gerwer*, 898 F.2d 730, 733 (9th Cir.
17 1990).

18 Section 363(f) permits a sale of property “free and clear of any interest in such property
19 of an entity other than the estate” if ***any one*** of the following five conditions is met:

- 20 (1) applicable nonbankruptcy law permits sale of such
21 property free and clear of such interest;
- 22 (2) such entity consents;
- 23 (3) such interest is a lien and the price at which such
24 property is to be sold is greater than the aggregate value
25 of all liens on such property;
- 26 (4) such interest is in bona fide dispute; or
- 27 (5) such entity could be compelled, in a legal or equitable
28 proceeding, to accept a money satisfaction of such

1 interest.

2 11 U.S.C. § 363(f). Section 363(f) is written in the disjunctive; thus, satisfaction of any one of
3 the five conditions is sufficient to sell property free and clear of liens. *See e.g., Citicorp*
4 *Homeowners Services, Inc. v. Elliot (In re Elliot)*, 94 B.R. 343, 345 (Bankr. E.D. Pa. 1988);
5 *Mutual Life Ins. Co. of New York v. Red Oak Farms, Inc. (In re Red Oak Farms, Inc.)*, 36 B.R.
6 856, 858 (Bankr. W.D. Mo. 1984).

7 In regard to Section 363(f)(2), the “consent” of an entity asserting an interest in the
8 property sought to be sold, as referenced in 11 U.S.C. § 363(f)(2), can be implied if such entity
9 fails to make a timely objection to the sale after receiving notice of the sale. *In re Eliot*, 94 B.R.
10 343, 345 (E.D. Pa. 1988); *see also, In re Ex-Cel Concrete Company, Inc.*, 178 B.R. 198, 203
11 (B.A.P. 9th Cir. 1995) (“The issue here is whether there was consent or non-opposition by
12 Citicorp.”); *In re Paddlewheels, Inc.*, 2007 WL 1035151 (Bankr. E.D.La. April 2, 2007) (“The
13 Sale Motion complies with section 363(f) of the Bankruptcy Code, in that the Trustee either
14 obtained the consent of Whitney to the sale of the Vessel to Purchaser or Whitney had no
15 objection to the Sale.”); *In re Gabel*, 61 B.R. 661 (Bankr. W.D. La. 1985) (implied consent is
16 sufficient to authorize a sale under § 363(f)(2)).

17 Here, as discussed above, after excluding the Excepted Items, which the Debtors are not
18 trying to sell free and clear of, the only purported remaining liens, claims, encumbrances, and
19 interests against the Property are the Hargitay DOT, the Keros interest under the Keros
20 Purchase Agreement and the related Keros *Lis Pendens*, and the Licenses of the License Parties,
21 which Licenses by their terms will automatically terminate upon the close of the sale of the
22 Property.

23 **1. The Debtors Can Sell Free And Clear Of The Hargitay DOT.**

24 The Debtors believe that Hargitay will consent to the proposed sale of the Property.
25 Further, the Purchase Price of \$8.5 million greatly exceeds the value of (1) the Hargitay DOT
26 (*i.e.*, lien) in the approximate amount of \$110,000 and (2) to the extent it is considered a “lien,”
27 the value of Keros’ *Lis Pendens* against the Property, which, as discussed above, has an
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1 estimated maximum value of \$850,000 (*i.e.*, assuming that the Keros Purchase Agreement is
2 found to be valid and enforceable and Keros is the “prevailing party” in any action, damages
3 could potentially include the \$600,000 spread between the \$7.9 million purchase price in the
4 Keros Purchase Agreement and the \$8.5 million purchase price under the RND Purchase
5 Agreement, plus potentially attorneys’ fees projected at \$250,000 for the purposes of the
6 Motion only).

7 Based on the foregoing, the Property can be sold free and clear of the Hargitay DOT
8 pursuant to Sections 363(f)(2) and (3).

9 **2. The Debtors Can Sell Free And Clear Of The Keros *Lis Pendens* And Any**
10 **Alleged Related Specific Performance Rights.**

11 **a. If the Keros Purchase Agreement Is Rejected.**

12 In the event the Court authorizes the rejection of the Keros Purchase Agreement, upon
13 rejection, Keros would lose any specific performance rights he may have had, and his remedies
14 would be limited to (1) a “lien on the interest of the [Debtors] in [the] property for the recovery
15 of any portion of the purchase price that [Keros] has paid” and (2) an *unsecured* claim for
16 rejection damages, which are calculated as the difference between the contract price for the
17 property and the fair market value of the property on the day immediately preceding the petition
18 date, 11 U.S.C. §§ 365(g)(1) and (j); *In re Aslan*, 909 F.3d at 370-71; *In re Aslan*, 65 B.R. at
19 831; *see also* Cal. Civ. Code. § 3306 (setting forth monetary damages for breach of an
20 agreement to convey real property). Based on the foregoing, if the Keros Purchase Agreement
21 is rejected, his lien against the Property would be limited to, at most, the \$237,000 Keros
22 Deposit Amount, but more likely \$0, since the Debtors understand that the Keros Deposit
23 Amount was returned to Keros.

24 Even at the maximum potential amount of \$237,000, a Keros lien in the amount of
25 \$237,000 pursuant to Section 365(j) upon rejection of the Keros Purchase Agreement, plus the
26 Hargitay DOT (*i.e.*, lien) in the approximate amount of \$110,000, only total \$347,000, and the
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1 purchase price of \$8.5 million greatly exceeds the foregoing aggregate amount of all liens on
2 the Property.

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4 Based on the foregoing, in the event the Keros Purchase Agreement is rejected, the
5 Property can be sold free and clear of any lien arising in favor of Keros pursuant to Section
6 363(f)(3).

7 **b. If the Keros Purchase Agreement Is Not Rejected.**

8 **i. Section 363(f)(3).**

9 As discussed above in regard to the request to sell free and clear of the Hargitay DOT,
10 the Purchase Price of \$8.5 million greatly exceeds the value of (1) the Hargitay DOT (*i.e.*, lien)
11 in the approximate amount of \$110,000 and (2) to the extent it is considered a “lien,” the value
12 of Keros’ interest under the Keros Purchase Agreement and the related Keros *Lis Pendens*
13 against the Property, which, as discussed above, has an estimated maximum value of \$850,000.

14 Based on the foregoing, pursuant to Section 363(f)(3), the Property can be sold free and
15 clear of Keros’ alleged interest in the property based on the Keros Purchase Agreement and
16 related *Lis Pendens*.

17 **ii. Section 363(f)(4).**

18 To satisfy section 363(f)(4), there must be an objective basis for a factual or legal dispute
19 as to the validity of the interest. *In re Kellogg-Taxe*, 2014 WL 1016045, at *6 (Bankr. C.D. Cal.
20 Mar.17, 2014) (*citing In re Gaylord Grain L.L.C.*, 306 B.R. 624, 627 (B.A.P. 8th Cir. 2004)); *In*
21 *re Daufuskie Island Props., LLC*, 431 B.R. 626, 645 (Bankr. D.S.C. 2010); *see also Higgins v.*
22 *Vortex Fishing Systems, Inc. (In re Vortex Fishing Sys., Inc.)*, 277 F.3d 1057, 1062 (9th Cir.
23 2002) (adopting objective test for determining whether claim supporting involuntary petition is
24 subject to *bona fide* dispute). “[T]he moving party must ‘provide some factual grounds to show
25 some objective basis for the dispute.’” *SEC v. Capital Cove Bancorp LLC*, 2015 WL 9701154,
26 at *7 (C.D. Cal. Oct.13, 2015). The court is not required to resolve the underlying dispute as a
27 condition to authorizing the sale, but must determine that it exists. *Capital Cove Bancorp*, 2015

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1 WL 9701154, at *7; *Kellogg-Taxe*, 2014 WL 1016045, at *6. .

2 Here, there is ample evidence that Keros' alleged interest in the Property pursuant to
3 the Keros Purchase Agreement, and the related State Court Action and *Lis Pendens*, is in *bona*
4 *fide* dispute. Indeed, the filing of the State Court Action and *Lis Pendens* themselves indicate
5 that there is a *bona fide* dispute. The existence of a *bona fide* dispute is further evidenced by
6 the dispute between the Debtors and Keros as to whether the Keros Purchase Agreement is
7 valid and enforceable, as (1) the Debtors assert that the Addendum created a condition to the
8 validity and enforceability of the Keros Purchase Agreement that the Debtors be able to deliver
9 the Proposed Easements to Keros, but Keros disputes such assertion and instead asserts that the
10 Addendum created a covenant that the Debtors deliver the Proposed Easements to Keros, (2)
11 the Debtors assert that the Keros Purchase Agreement is not enforceable because it was
12 procured through, among other things, undue influence, fraud, and misrepresentation, and
13 Keros disputes such assertions, (3) the Debtors assert that, due to the Debtors' inability to
14 satisfy the condition to deliver the Proposed Easements and because of Keros' failure and
15 refusal to waive the condition and otherwise perform as requested pursuant to the NBP, the
16 Debtors validly terminated the Keros Purchase Agreement, but Keros disputes such assertions
17 and instead asserts that because the requirement to deliver the Proposed Easements was a
18 covenant, there were no covenants or conditions to waive, or that waiving all covenants or
19 conditions, subject to abatement for the value of the Proposed Easements was sufficient. All of
20 the foregoing bear on the question of whether Keros has an interest in the Property and
21 demonstrate that such alleged interest in the Property, including as asserted pursuant to the
22 Keros *Lis Pendens*, is subject to *bona fide* dispute.

23 Based on the foregoing, pursuant to Section 363(f)(4), the Property can be sold free and
24 clear of Keros' alleged interest in the property based on the Keros Purchase Agreement and
25 related *Lis Pendens*.

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iii. Section 363(f)(5).

Pursuant to Section 363(f)(5), a debtor in possession may sell property free and clear of any interest if the holder of that interest “*could* be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.” 11 U.S.C. § 363(f)(5) (emphasis added). Section 363(f)(5) has generally been interpreted to mean that if, under applicable law, the holder of the lien or interest could be compelled to accept payment in exchange for its interest, the debtor in possession may take advantage of that right by replacing the holder’s lien or interest with a payment or other adequate protection. COLLIER ON BANKRUPTCY, ¶ 363.06 [6] (15th ed. rev. 2003).

In *Clear Channel Out-door, Inc. v. Knupfer (In re PW, LLC)*, 391 B.R. 25 (B.A.P. 9th Cir. 2008), the Bankruptcy Appellate Panel for the Ninth Circuit reversed the Bankruptcy Court’s approval of a sale to a senior lender free and clear of the liens of the junior lienholder under § 363(f)(5). In reversing the Bankruptcy Court’s decision, the Bankruptcy Appellate Panel found that Section 363(f)(5) requires that “(1) a proceeding exists or *could* be brought, in which (2) the nondebtor could be compelled to accept a money satisfaction of (3) its interest.” *Id.* at 41 (emphasis added). Analyzing the aforementioned factors in reverse order, the Bankruptcy Appellate Panel concluded that a lien constitutes an “interest” for purposes of Section 363(f)(5). *Id.* With respect to the second factor, the Bankruptcy Appellate Panel ruled that Section 363(f)(5) refers to those proceedings in which the creditor “*could* be compelled to take less than the value of the claim secured by the interest.” *Id.* (emphasis added). In order to approve a sale free and clear under Section 363(f)(5), the Court must “make a finding of the existence of ... a mechanism [to address extinguishing the lien or interest without paying such interest in full] and the [debtor in possession] must demonstrate how satisfaction of the lien ‘could be compelled.’” *Id.* at 45. Finally, the Bankruptcy Appellate Panel held that Section 363(f)(5) requires that there be, “or that there be the possibility of, some proceeding, either at law or at equity, in which the nondebtor could be forced to accept money in satisfaction of its interest.” *Id.*

1 Here, all of the factors set forth in *Clear Channel* for a sale free and clear of Keros' *Lis*
2 *Pendens* are satisfied for two independent reasons. As an initial matter, like the lien at issue in
3 *Clear Channel*, and maybe even more so, Keros' alleged rights under the Keros Purchase
4 Agreement and related *Lis Pendens* is an interest in the Property, because Keros filed the *Lis*
5 *Pendens* to protect his alleged ownership interest in the Property pursuant to the State Court
6 Action and the specific performance remedy sought therein. In regard to the two independent
7 reasons that Section 363(f)(5) is satisfied, **first**, as discussed above, pursuant to Section 365(j)
8 the Debtors *could*¹⁸ conceivably reject the Keros Purchase Agreement, which would eliminate
9 any specific performance rights Keros may have had and his remedies would be limited to
10 money damages for (1) any portion of the purchase price that Keros paid and (2) an unsecured
11 claim for rejection damages, which are calculated as the difference between the contract price
12 for the property and the fair market value of the property on the day immediately preceding the
13 petition date. 11 U.S.C. §§ 365(g)(1) and (j); *In re Aslan*, 909 F.3d at 370-71; *In re Aslan*, 65
14 B.R. at 831; *see also* Cal. Civ. Code. § 3306 (setting forth monetary damages for breach of an
15 agreement to convey real property).

16 **Second**, the court presiding over the State Court Action could deny Keros a right to
17 specific performance and only allow him to pursue money damages. Cal. Civ. Code § 3387
18 provides that:

19 It is to be presumed that the breach of an agreement to transfer real
20 property cannot be adequately relieved by pecuniary
21 compensation. In the case of a *single-family dwelling which the*
22 *party seeking performance intends to occupy*, this presumption is
conclusive. In all other cases, this presumption is a presumption
affecting the burden of proof.

26 ¹⁸ Since Section 363(f)(5) and *Clear Channel* only require that Keros "*could*" be compelled, in a legal or equitable
27 proceeding, to accept money satisfaction of [his alleged] interest" in the Property, whether or not the Court allows
28 the rejection of the Keros Purchase Agreement is largely irrelevant. 11 U.S.C. § 363(f)(5) (emphasis added).

1 Cal. Civ. Code § 3387. Here, the presumption does not apply because (1) according to Keros,
2 the Keros Purchase Agreement, relates not only to the Upper Lot upon which the Debtors'
3 single-family dwelling is located, but also the Lower Lot, which is undeveloped land, as well as
4 (according to Keros) the Proposed Easements, and (2) while the Keros Purchase Agreement
5 Exhibit "6" hereto, at ¶ 9.A, indicates that Keros intended to occupy the Property as his primary
6 residence, as discussed above, the Debtors are informed and believe that Keros had no intent to
7 occupy the Property as his primary residence and that he intended to develop the Property as an
8 investment to be sold to a third-party.

9 In consideration of the foregoing, it is possible that Keros "could" be compelled to
10 accept money satisfaction of his alleged interest in the property pursuant to the Keros Purchase
11 Agreement and related *Lis Pendens*. In such instances where money damages can be compelled
12 over a right of specific performance, a sale free and clear of a potential specific performance
13 right is warranted under Section 363(f)(5). See *GBL Holding Co., Inc. v.*
14 *Blackburn/Travis/Cole, Ltd. (In re State Park Bldg Group, Ltd.)*, 331 B.R. 251, 254 (N.D. Tex.
15 2005). Based on the foregoing, the Property can be sold free and clear of Keros' alleged interest
16 in the Property, and his related *Lis Pendens*, pursuant to Section 363(f)(5).

17 c. **Keros' Alleged Interest In The Property Will Be Adequately**
18 **Protected By Providing Keros With A Lien In the Amount Of**
19 **\$850,000**

20 Section 363(e) provides that:

21 (e) Notwithstanding any other provision of this section, at any
22 time, on request of an entity that has an interest in property ...
23 proposed to be ... sold ... by the [debtor in possession], the court,
with or without a hearing, shall prohibit or condition such ... sale
as is necessary to provide adequate protection of such interest.

24 11 U.S.C. § 363(e). In turn, Section 361 provides that, when adequate protection is required
25 under Section 363 of an interest in property, such adequate protection can be provided in a
26 number of ways, "including granting such other relief ... as will result in the realization by such
27 entity of the indubitable equivalent of such entities interest in such property." 11 U.S.C. § 361.
28

1 Here, as discussed above, Keros' purported damage claim based on his alleged interest in the
2 Property has an estimated maximum value of \$850,000. Based on the foregoing, Keros will be
3 adequately protected by placing a lien upon \$850,000 of the proceeds from the sale of the
4 Property or any other amount the Court determines to be appropriate. Moreover, other than as
5 set forth herein, the Debtors would not use any of the net sale proceeds from a sale of the
6 Property without a prior order of the Court.

7 **3. The Debtors Can Sell Free And Clear Of The Licenses of the License**
8 **Parties.**

9 The Licenses¹⁹ granted by the Debtors to the License Parties, who were served with the
10 Motion and the instant Memorandum, Declarations, and Exhibits, provide the License Parties
11 with rights for limited use of the Property. Since the Licenses by their terms will automatically
12 terminate upon the close of the sale of the Property, the Debtors do not expect any of the
13 License Parties to object to the sale of the Property free and clear of the Licenses. In that case,
14 the License Parties' consent to the sale of the Property free and clear of the Licenses can be
15 inferred and the Property can be sold free and clear of the Licenses pursuant to Section
16 363(f)(2).

17 In addition, as discussed above in regard to the Keros Purchase Agreement, the Debtors
18 could reject the agreements underlying the Licenses, which would eliminate any specific
19 performance rights the License Parties may have had and compel them to accept money
20 satisfaction of any interests they have in the Property pursuant to the Licenses. Therefore, the
21 Property can also be sold free and clear of the Licenses pursuant to Section 363(f)(5).

22 Due to the fact that the Licenses by their terms will automatically terminate upon the
23 close of the sale of the Property, the Debtors submit that they should not be required to provide
24 any adequate protection to the License Parties pursuant to Section 363(e).

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26
27 ¹⁹ Due to confidentiality provisions in agreements with the License Parties, the Debtors are unable to disclose the
28 terms of the agreements or provide copies thereof to the Court.

1 **D. THE COURT SHOULD APPROVE THE OVERBID PROCEDURES AND SET A**
2 **DATE TO CONDUCT AN AUCTION TO CONSIDER OVERBIDS AND TO**
3 **CONDUCT A HEARING TO CONFIRM THE WINNING BIDDER.**

4 FRBP 2002 and 6004 govern the scope of the notice to be provided in the event a
5 trustee elects to sell property of the estate under Section 363; however, with respect to the
6 procedures to be adopted in conducting a sale outside the ordinary course, FRBP 6004
7 provides only that such sale may be by private sale or public auction, and requires only that the
8 trustee provide an itemized list of the property sold together with the prices received upon
9 consummation of the sale. Fed. R. Bankr. P. 6004(f).

10 Neither the Bankruptcy Code nor the FRBP contain specific provisions with respect to
11 the procedures to be employed by a trustee in conducting a public or private sale. Nonetheless,
12 as one Court has stated, “[i]t is a well-established principle of bankruptcy law that the objective
13 of bankruptcy rules and the trustee’s duty with respect to such sales is to obtain the highest
14 price or greatest overall benefit possible for the estate.” *In re Atlanta Packaging Products,*
15 *Inc.*, 99 B.R. 124, 131 (Bankr. N.D. Ga. 1988). Additionally, courts have long recognized the
16 need for competitive bidding at hearings on private sales; “[c]ompetitive bidding yields higher
17 offers and thus benefits the estate. Therefore, the objective is ‘to maximize bidding, not
18 restrict it.’” *Id.*

19 The Debtors believe that the proposed Overbid Procedures, which are set forth in
20 Section II.I hereof, will maximize the price ultimately obtained for the Property while still
21 protecting the estate from parties who may wish to bid on the Property but who are ultimately
22 unable to consummate a purchase of the Property. The Overbid Procedures serve numerous
23 legitimate purposes. Among other things, the Overbid Procedures will (1) foster competitive
24 bidding among any serious potential purchasers, (2) eliminate from consideration purchasers
25 who would waste the estate’s time because they would not have the financial ability to
26 consummate a purchase of the Property, and (3) ensure that the highest possible price is
27 obtained for the Property.

1 One of the Overbid Procedures provided under the RND Purchase Agreement and Sale
2 Order is the payment of the Break-Up Fee in the sum of \$255,000 (3% of the Purchase Price)
3 to the Buyer in the event that the Buyer is not the winning bidder for the Property. The
4 Debtors submits that, under the circumstances of this case, the proposed Break-Up Fee is
5 reasonable and should be approved.

6 A corollary to the principles noted by the Court in the *Atlanta Packaging Products* case
7 – that the objective of bankruptcy rules and the duty of the trustee or debtor with respect to
8 sales of assets is to obtain the highest price or greatest overall benefit possible for the estate –
9 is that the Court should not “cherry-pick” among contractual provisions, objecting to select
10 individual portions, if the agreement as a whole is supported by an articulated business
11 judgment. At least one bankruptcy court has expressly applied this corollary to a transaction
12 including breakup and overbid provisions in the sale of the debtor’s business. In *In re*
13 *Crowthers McCall Pattern, Inc.*, 114 B.R. 877 (Bankr. S.D.N.Y. 1990), the Court approved a
14 transaction including provisions relating to a breakup fee and minimum overbids. In
15 responding to objections to other provisions of the agreement, the Court held that:

16 The Court is not to second guess the inclusion of some provisions
17 as long as the Agreement as a whole is within reasonable business
18 judgment, and the subject provisions do not distort the balance
19 Congress struck in Chapter 11. *Cf. In re Ames Dep’t Stores, Inc.,*
20 *Eastern Retailers Service Corp., et al.*, 115 B.R. 34, 37-38 (Bankr.
S.D.N.Y. 1990) (some contractual provisions may be justified by
the need to attract a prospective investor.).

21 114 B.R. at 886.

22 A break-up fee like the one which is proposed to be paid to the Buyer in the event of a
23 successful sale of the Property to a party other than the Buyer has been approved by other
24 courts. In general, “[a] ‘break-up fee’ is an incentive payment to an unsuccessful bidder who
25 placed the estate property in a sales configuration mode ... to attract other bidders to the
26 auction.” *In re Financial News Network, Inc.*, 126 B.R. 152, 154 n. 5 (Bankr. S.D.N.Y. 1991);
27 *see also In re Integrated Resources, Inc.*, 147 B.R. 650, 653 (S.D.N.Y. 1992), *app dismissed*

1 *on jurisdictional grounds*, 3 F.3d 49 (2d Cir. 1993) [“[a] break-up fee, or more appropriately, a
2 termination fee, is an incentive payment to a prospective purchaser with which a company fails
3 to consummate a transaction”]. Agreements to provide breakup fees are designed to
4 compensate the potential acquirer who serves as a catalyst or “stalking horse” which attracts
5 more favorable offers. *In re S.N.A. Nut Co.*, 186 B.R. 98, 101 (Bankr. N.D. Ill. 1995); *In re*
6 *995 Fifth Ave. Assoc., L.P.*, 96 B.R. 24, 28 (Bankr. S.D.N.Y. 1989).

7 Outside of bankruptcy, a break-up fee is generally allowed as long as it “enhances” the
8 bidding. *In re S.N.A. Nut Co.*, 186 B.R. at 102. In the bankruptcy context, a break-up fee is
9 generally permissible “if reasonably related to the bidder’s efforts and the transaction’s
10 magnitude.” *Cottle v. Storer Communication Inc.*, 849 F.2d 570, 578 (11th Cir. 1988); *In re*
11 *995 Fifth Ave., supra*, 96 B.R. at 28. Generally speaking, whether the payment of a break-up
12 fee is appropriate is evaluated under the “business judgment rule.” *In re S.N.A. Nut Co., supra*,
13 186 B.R. at 102. Under this rule, there is a presumption that, in making a business decision,
14 the debtor acted on an informed basis, in good faith and in the honest belief that the action
15 taken was in the best interest of the company.

16 In evaluating the appropriateness of a break-up fee, the appropriate question for the
17 Court to consider is “whether the break-up fee served any of three possible useful functions:
18 (1) to attract or retain a potentially successful bid, (2) to establish a bid standard or minimum
19 for other bidders to follow, or (3) to attract additional bidders.” *In re Integrated Resources,*
20 *Inc.*, 147 B.R. at 662. Further, LBR 6004-1(b)(6) provides that in making a request for
21 approval of a break-up fee, the debtor must provide evidence establishing that the fee is likely
22 to enhance the ultimate sale price and that the break-up fee is reasonable. Here, the Break-Up
23 Fee allowed the Debtors to attract and retain a potentially successful bid from the Buyer. That
24 bid does not include any financing, inspection, due diligence, or other contingencies, which
25 may give other potential Overbidders confidence to make Overbids on the Property, which
26 would enhance the ultimate sale price for the Property. Without the Break-Up Fee, which was
27 part of the package of consideration for the RND Purchase Agreement, the Buyer would not
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1 have entered into the RND Purchase Agreement and there may not have been any purchase
2 price for the Property. In addition to attracting the Buyer and serving to enhance the price
3 received for the Property, the Break-Up Fee also serves to establish a bid minimum for any
4 Overbids. The Debtors submit that the Break-Up Fee equal to 3% of the Purchase Price is
5 reasonable and break-up fees of between 3% and 5% been approved in numerous other cases.
6 *See e.g., In re T Asset Acquisition Co., LLC*, No. 2:09-31853-ER, 2010 WL 4689562, at *2
7 (Bankr. C.D. Cal. Jan. 28, 2010) (approving 3% break-up fee as reasonable); *In re Pomare,*
8 *Ltd.*, No. 15-00203, 2015 WL 3523096, at *4 (Bankr. D. Haw. May 18, 2015) (approving 5%
9 break-up fee as reasonable); *In re Net Data Centers*, Case No. 15-12690-BB, Dkt. No. 259
10 (Bankr. CD Cal. Sep. 1, 2015) (approving 5% break-up fee as reasonable).

11 Based on the foregoing, the Debtors submit that the proposed Overbid Procedures,
12 including the proposed Break-Up Fee, are reasonable and in the best interests of the estate and,
13 therefore, should be approved.

14 LBR 6004-1 provides that a hearing on a motion to establish procedures for the sale of
15 assets may be scheduled on not less than seven (7) days' notice. The notice must describe the
16 proposed procedures, include a copy of the proposed purchase agreement, describe the prior
17 marketing effort, and provide that opposition may be filed on or before one (1) day prior to the
18 hearing. LBR 6004-1(b)(2). Here the Notice of Motion and Motion, and the instant
19 Memorandum, Declarations, and Exhibits, which contain all of the information and documents
20 required by LBR 6004-1(b)(2), were served on the Debtors, all of the Debtors' creditors, all
21 known parties in interest, all parties requesting special notice, and the Office of the United
22 States Trustee, via first-class mail. Notwithstanding the provisions of LBR 6004-1, which
23 allow a hearing on a bidding procedures motion to be scheduled on notice of only seven (7)
24 days, with oppositions due one (1) day before the hearing, the Debtors filed and served their
25 Notice of Motion and Motion on regular twenty-one (21) days' notice and, therefore, parties in
26 interest will have seven (7) days (*i.e.*, 14 days before the hearing) to file any oppositions.

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1 **E. THE COURT SHOULD APPROVE THE PAYMENT OF CERTAIN CLAIMS**
2 **FROM SALE PROCEEDS UPON THE CLOSE OF THE SALE OF THE**
3 **PROPERTY.**

4 LBR 6004-1(h) provides as follows:

5 A disbursement of proceeds [from a sale of estate property] must
6 not be made without a specific order of the court authorizing the
7 disbursement, *except* for payment to secured creditors, payment to
8 a debtor of exempt proceeds, and payment for expenses of sale.
9 Proceeds may be disbursed to pay auctioneer's fees and brokers'
10 commissions without additional order of the court if payment is
11 consistent with the terms of the order approving the sale or
12 authorizing the employment of the auctioneer or broker.

13 LBR 6004-1(h).

14 Here, pursuant to the Motion, the Debtors are requesting authority for the Debtors to pay
15 from the proceeds of the sale of the Property (1) any pre-closing real property taxes for the
16 Property allocated to the Debtors, which are secured by the Property, (2) any commission owed
17 to the Debtors' broker, H&H, and any cooperating broker, pursuant to the H&H Employment
18 Application (as amended) and the order of the Court approving the same [Dkts. 24 and 48], (3)
19 the secured claim of Hargitay in the approximate amount of \$110,000 secured by the Hargitay
20 DOT, (4) \$100,000 to the Debtors, representing exempt proceeds from the sale of the Property,
21 and (5) customary escrow closing fees and charges. All of the foregoing are consistent with
22 allowed disbursements of sale proceeds under LBR 6004-1(h).

23 **F. THE COURT SHOULD WAIVE THE 14-DAY STAY PERIOD SET FORTH IN**
24 **BANKRUPTCY RULES 6004(h).**

25 FRBP 6004(h) provides, among other things, that an order authorizing the ... sale ... of
26 property . . . is stayed until the expiration of fourteen days after entry of the court order, unless
27 the court orders otherwise.

28 The Debtors goals have always been to market and sell the Property for the highest and
best price possible and then to quickly proceed with a plan providing for the payment of
allowed claims in full. Waiver of the stay under FRBP 6004(h) will further these goals by
allowing for an expedited closing of the proposed sale decreasing the chances that the Buyer (or

1 successful Overbidder at the Auction) fail to close due to the passage of time. Based on the
2 foregoing, the Debtors request that the Court waive the stay under FRBP 6004(h) and that the
3 Sale Order and any additional order required after any Auction to confirm the Buyer or a
4 successful Overbidder as the winning bidder be effective immediately upon entry.

5
6 **IV.**

7 **CONCLUSION**

8 **WHEREFORE**, the Debtors respectfully request that this Court:

9 (1) enter a Rejection Order (a) granting the Motion insofar as it seeks approval of the
10 rejection of the Keros Purchase Agreement, to the extent it is valid and enforceable, (b)
11 approving the rejection of the Keros Purchase Agreement, to the extent it is valid and
12 enforceable, and (c) granting such other and further relief as the Court deems just and proper in
13 regard to rejection of the Keros Purchase Agreement; and

14 (2) enter the Sale Order substantially and materially in the form attached hereto as
15 Exhibit "1" (a) granting the Motion and the relief requested therein insofar as the Motion seeks
16 relief other than the rejection of the Keros Purchase Agreement and (b) granting such other and
17 further relief as the Court deems just and proper insofar as the Motion seeks relief other than the
18 rejection of the Keros Purchase Agreement.

19 Dated: October 30, 2017

PAUL S. SHEPHERD and
GIGI R. SHEPHERD,

20 By: /s/ Todd M. Arnold

21 RON BENDER

22 BETH ANN R. YOUNG

23 TODD M. ARNOLD

LEVENE, NEALE, BENDER, YOO

& BRILL L.L.P.

24 Attorneys for Debtors and Debtors in Possession

DECLARATION OF PAUL S. SHEPHERD

I, Paul S. Shepherd, hereby declare as follows:

1. I am over 18 years of age. Except where otherwise stated, I have personal knowledge of the facts set forth herein, and, if called as a witness, could and would testify competently with respect thereto.

2. I make this declaration in support of the Motion and Memorandum to which this declaration is attached. Unless otherwise stated, all capitalized terms herein have the same meanings as in the Motion and Memorandum.

3. My wife, Gigi R. Shepherd, and I (“we” or “us”), are the Chapter 11 debtors and debtors in possession in the above-captioned Chapter 11 case.

4. On June 30, 2017 (the “Petition Date”), we commenced our bankruptcy case by filing a voluntary petition under Chapter 11. We are operating our estate and managing our financial affairs as debtors in possession. An Official Committee of Unsecured Creditors has not been formed.

5. On July 7, 2017, we filed our Schedules of Assets and Liabilities (the “Schedules”). A true and correct copy of the Schedules is attached hereto as **Exhibit “5.”** As set forth in the Schedules, as of the Petition Date, (1) we had approximately \$59,000 in cash and non-retirement savings, and \$6,200 in expected tax refunds for a total of approximately \$65,200 in liquid assets and no other material liquid assets, which amount has decreased since the Petition Date as cash and savings have been used to pay our ordinary living expenses since we only have nominal monthly income, and which liquid assets currently total approximately \$51,484, and (2) excluding Keros’ disputed claim, we had \$110,000 in secured claims and \$1,297,424 in general unsecured claims for a total of approximately \$1,407,424 in claims.

6. We live on our property, which is comprised of two contiguous parcels of real property: (1) 2460 Sunset Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-011) (the “Upper Lot”), an approximately 1.5 acre lot on which is located our principal residence, and (2) 2375 Sunset Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-012) (the “Lower Lot” and

1 together with the Upper Lot, the "Property"), an adjacent approximately 1 acre lot of
2 undeveloped land. The Property was inherited by us from my wife's aunt, who purchased the
3 Property in 1954 and tended after the Property until her passing in 2004, when title to the
4 Property was transferred to us. I believe the Property has a collective fair market value of
5 between approximately \$8.5 and \$10 million (or more). Attached hereto as **Exhibit "2"** is a
6 combined preliminary title report for the Upper Lot and Lower Lot (together the "Title Report").

7 7. As can be seen from the Title Report, the Upper Lot is encumbered by a first
8 priority deed of trust (the "Hargitay DOT") in favor of Ellen Hargitay ("Hargitay") securing a
9 loan to us from Hargitay in the principal amount of \$109,744.90 (the "Secured Hargitay Loan").
10 The proceeds from the Secured Hargitay Loan and an additional unsecured loan from Hargitay in
11 the amount of \$43,254.50 were used to fund certain legal expenses arising from disputes by and
12 between, among others, us, Nicholas Keros ("Keros"), real estate broker Douglas Elliman
13 ("Douglas Elliman"), and Douglas Elliman real estate agent Josh Altman regarding a purported
14 Residential Purchase Agreement and Joint Escrow Instructions (the "Keros Purchase
15 Agreement") pertaining to a prior potential sale of the Property to Keros that never
16 consummated. A true and correct copy of the Keros Purchase Agreement (except for alterations
17 noted herein) is attached hereto as **Exhibit "6."** As discussed in more detail below, we contend
18 that the purported Keros Purchase Agreement is either legally unenforceable or was validly
19 terminated prepetition and was also obtained through, among other things, undue influence,
20 fraud, and misrepresentation.

21 8. As can be seen from the Title Report and as also further discussed below, the
22 Property is also encumbered by a *Lis Pendens* recorded by Keros in connection with his State
23 Court Action (as defined below) seeking specific performance of the Keros Purchase Agreement.

24 9. As can be seen from the Title Report, after excepting Items 1-27 set forth in the
25 Title Report attached hereto as **Exhibit "2"** and any alleged rights under that certain
26 Mobilization Agreement between the Debtors and James Wecker II (the "Excepted Items"),
27 which we are not seeking to sell free and clear of, the only remaining liens, claims,
28

1 encumbrances, and interests recorded against the Property are the Hargitay DOT and Keros'
2 alleged rights under the Keros Purchase Agreement and the related Keros *Lis Pendens*. I believe
3 that the Mobilization Agreement is no longer valid because, *inter alia*, the rights under the
4 Mobilization Agreement could not be transferred by Wecker without our express written consent
5 and we never provided such consent to Wecker, who sold his property. There are placeholder
6 liens for real property taxes in the Title Report, but the Title Report indicates that such taxes are
7 paid current. We are not seeking to sell free and clear of the liens securing real property taxes,
8 which are included in the Excepted Items. However, pursuant to the RND Purchase Agreement
9 and as requested in the Motion, we propose to pay from the proceeds of the sale of the Property
10 any pre-closing real property taxes for the Property allocated to us.

11 10. In addition to the Hargitay DOT and Keros' alleged rights under the Keros
12 Purchase Agreement and the related Keros *Lis Pendens*, we are also seeking to sell the Property
13 free and clear of all other liens, claims, encumbrances, and interests (other than the Excepted
14 Items), including, but not limited to, licenses (the "Licenses") allowing the limited use of the
15 Property granted by the Debtors in favor of John Powell, David Leon, Thomas Nickel, Rozae
16 Nichols, and Alan Diamond (the "License Parties"), which Licenses by their terms will
17 automatically terminate upon the close of the sale of the Property.

18 11. In 2013, Concerned Residents Sunset Plaza Drive, John Powell, David Leon,
19 Thomas Nickel, Rozae Nichols and Alan Diamond, as plaintiffs, filed an action against us,
20 Hargitay, Daniel Franklin, and Susanne Konigsberg, as defendants, regarding claims for
21 prescriptive easement, implied dedication, and declaratory relief related to, among other things,
22 the Property (the "Unrelated Easement Action"). In the Unrelated Easement Action, the
23 plaintiffs argued that they were entitled to use a private road that was owned by the defendants.
24 We and the other defendants ultimately successfully defended against the Unrelated Easement
25 Action, unfortunately at significant cost and expense.

26 12. While we live very modestly, our ordinary monthly living expenses far exceed
27 our monthly income. Given that all our monthly income is already consumed by ordinary living
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1 expenses, we had to resort to borrowing to fund, among other things, the fees and costs
2 associated with the Unrelated Easement Action. Indeed, in total, during the years leading up to
3 our bankruptcy filing, we had to borrow more than \$1,200,000 in order to fund our negative cash
4 flow, including to pay for the fees and costs associated with the Unrelated Easement Action.

5 13. We could not indefinitely operate on a negative cash flow basis. To pay off our
6 debt and fund our future living expenses, we made the very difficult emotional decision to sell
7 our beloved Property.

8 14. In order to maximize the value of the Property, in the fall of 2016, I began to have
9 informal discussions with our then neighbor, Judy Nagler (“Nagler”), regarding the possibility of
10 Nagler granting an ingress/egress easement and a sewer easement (collectively, the “Proposed
11 Easements”) over her property in our favor, which we believed would benefit us and the value of
12 our Property, in exchange for a one-time fee.

13 15. After preliminary discussions on the topic, we and Nagler decided to explore
14 whether the granting of the Proposed Easements was possible. On or about March 2, 2017, we
15 provided Nagler with a draft “Covenant and Agreement to Grant Easement” and an “Easement
16 Agreement” for discussion and negotiation purposes regarding the Proposed Easements. It was
17 immediately apparent to me and Nagler that the foregoing draft agreements were incomplete and
18 not acceptable to Nagler. Nagler and I discussed several aspects of the draft agreements
19 regarding the Proposed Easements that were unacceptable to Nagler, including, among other
20 items, the fact that the draft agreements did not include the limitation on the number of vehicles
21 that would have access through the Proposed Easements; the absence of a prohibition on
22 construction vehicles that Nagler had stated would be a requirement to granting the Proposed
23 Easements; and ambiguity as to where the road would be widened and the exact location of the
24 Nagler property to be subject to the Proposed Easements.

25 16. In addition to the foregoing, Nagler informed me that she understood that, in
26 order to grant the Proposed Easements, she would have to inform her lender of the Proposed
27 Easements and would have to subordinate the lender’s deed of trust to the Proposed Easements.

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1 Nagler advised me that this was unacceptable to her and that this issue, as well as the foregoing
2 issues regarding the draft agreements regarding the Proposed Easements and the price to be paid,
3 would have to be resolved before she would be amenable to granting the Proposed Easements (or
4 easement of any kind).

5 17. As noted, we made the difficult decision to sell the Property to pay our existing
6 creditors and fund our retirement and future living expenses. Consistent with this goal, on the
7 evening of March 5, 2017, we met with Keros concerning a potential sale of the Property by us to
8 Keros. We were allegedly “represented” at that meeting by real estate broker Douglas Elliman
9 and Douglas Elliman real estate agent Altman. Unbeknownst to us at the time, however, Altman,
10 as I am informed and believe, had a long existing relationship with Keros. Indeed, I am informed
11 and believe that Keros was Altman’s tennis partner and was, unbeknownst to us, a real estate
12 expert. To make matters worse, Douglass Elliman and Altman also acted as the broker/agent for
13 Keros as the putative purchaser.

14 18. On March 5, 2017, we, on one hand, and Douglas Elliman/Altman, on the other
15 hand, executed a Disclosure Regarding Real Estate Agency Relationship (the “Agency
16 Agreement”) setting forth, among other things, certain duties and obligations of Douglas
17 Elliman/Altman in acting as broker/agent for *both* us *and* Keros, including, among other things,
18 that (1) Douglas Elliman/Altman owe a fiduciary duty of utmost care, integrity, honesty, and
19 loyalty in their dealings with both parties and (2) Douglas Elliman/Altman owe a duty of honest
20 and fair dealing and good faith to both parties.

21 19. At the meeting, Keros and Altman presented us with the purported Keros
22 Purchase Agreement which provided for the sale of the Property to Keros for \$7.9 million.
23 Pursuant to the Keros’ Purchase Agreement, an escrow was opened and Keros paid a \$237,000
24 deposit (the “Keros Deposit Amount”) into escrow, which I understand was later returned to
25 Keros. The purported Keros Purchase Agreement included an ambiguous handwritten addendum
26 (the “Addendum”) which provided, among other things, that the sale of the Property was
27 conditioned upon us obtaining the Proposed Easements from Nagler. While the Keros Purchase
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1 Agreement indicates that Keros intended to occupy the Property as his primary residence, I am
2 informed and believe that Keros had no intent to occupy the Property as his primary residence
3 and that he intended to develop the Property as an investment to be sold to a third-party.

4 20. After reviewing the proposed Keros Purchase Agreement, we expressly stated to
5 both Keros and Altman that no agreement existed between Nagler and us requiring Nagler to
6 convey the Proposed Easements to us, that we had no control over whether Nagler would grant
7 the Proposed Easements, and that obtaining the Proposed Easements would have to be an express
8 contingency of the transaction. Both Keros and Altman acknowledged the foregoing and
9 informed us not to worry about the terms of the Addendum or the Proposed Easements because
10 the Addendum was not a final understanding of the parties. Rather, Keros and Altman both
11 stated the Addendum would be revised to reflect that Nagler's granting of the Proposed
12 Easements was an express contingency of the transaction as well as to address several of our
13 other concerns with the draft document. Based upon Keros' and Altman's representations and
14 acknowledgments (and believing that Altman was acting in our best interests), we executed the
15 proposed Keros Purchase Agreement.

16 21. Soon after executing the Keros Purchase Agreement, issues and disputes arose
17 among the us, Keros, and Nagler regarding the Proposed Easements discussed above and in the
18 Addendum. Incredibly, notwithstanding his express agreement to the contrary, and
19 notwithstanding his acknowledgment that the Keros Purchase Agreement was merely a draft,
20 Keros took the position that we had an unconditional obligation to obtain the Proposed
21 Easements from Nagler at any cost and to convey the Property to Keros with the Proposed
22 Easements from Nagler – all of which of course made no sense because we have no control over
23 Nagler and what would happen if Nagler refused to agree to the Proposed Easements which to
24 date was the case. Keros also took the untenable position that the Addendum was a final
25 agreement of the parties. Moreover, someone (exactly who remains to be discovered) actually
26 modified the Addendum and the map that was included as part of the documents to make it
27 appear that such documents reflected the final agreements of the parties, when such was not the
28

1 case at all.

2 22. On or about March 13, 2017, Nagler contacted me and advised me that she had
3 accepted an offer to sell her property (which was to the proposed Buyer (as defined below) of the
4 Debtors' Property or an affiliate of the Buyer) and that she was no longer in a position to grant
5 the Proposed Easements over her property. At that time, Nagler also advised me that Keros and
6 Altman had threatened a lawsuit against her should she proceed with the sale of her property.
7 Buttrussing the foregoing, the following day, I received a telephone call from Keros.

8 23. During that call, Keros demanded that I listen to him and take notes and convey
9 all of the information to my counsel. During the call, Keros emphatically stated that we must sue
10 Nagler for "breaking her promise to give [us] an easement." Keros told me that we must
11 immediately sue Nagler for Specific Performance, Breach of Contract, Promissory Estoppel and
12 Detrimental Reliance, and that we must immediately record a Lis Pendens on her property to "tie
13 it up." I again advised Keros that Nagler never promised to provide the Proposed Easements to
14 us and that we and Nagler had never reached an agreement on the terms for the Proposed
15 Easements. Keros told me that, even if he thought there were not good chances of ultimately
16 wining the lawsuit, that did not matter and that the lawsuit against Nagler was merely a "chess
17 game" that would send a message to Nagler that her property would be tied up in litigation for
18 several years. During the call, Keros stated several times to me that this was not his "first rodeo"
19 when it comes to litigation. This came as a surprise to me given that Keros had told us in
20 connection with the execution of the proposed Keros Purchase Agreement that he was not "a
21 litigious person" when he was encouraging the Debtors to sign the proposed Keros Purchase
22 Agreement that he acknowledged would have to be revised later.

23 24. Keros' scorched earth litigation tactics and willingness to initiate legal actions to
24 gain tactical and negotiating leverage, even where the underlying legal action is without merit,
25 was on full display when Keros made the following statements during his March 14, 2017 call
26 with me:

27 "She [Nagler] is going to be frozen for the next four years
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1 and she won't be able to do squat with that property until
2 the judge makes a determination and she spends half a
million dollars defending her position.”

3 “She [Nagler] might win; she might lose but does she really
4 want to do that? No. Does the buyer really want to do
5 that? No. If you play the game the way I am telling you to
play it, we walk away with it”

6 “I guaranty it. As soon as they see a Lis Pendens on their
7 property, they will shit.”

8 25. On the following day of March 15, 2017, I sent an e-mail (the “3/15/17 Email”)
9 to Altman expressing my concerns about the troubling call with Keros the prior day. A true
10 and correct copy of the 3/15/17 Email is attached hereto as **Exhibit “7.”**

11 26. Notwithstanding Keros’ efforts to extract terms not agreed to between the
12 parties, and notwithstanding fraud in the inception of the Keros Purchase Agreement, we
13 nonetheless remained willing to allow Keros to purchase the Property for the contract price of
14 \$7.9 million in order to bring this nightmare to an end and given we had no means to fight
15 Keros. In that regard, on April 18, 2017, pursuant to the terms of the Keros Purchase
16 Agreement, our counsel sent a Notice to Buyer to Perform (the “NBP”) to Keros requesting
17 that Keros waive all contingencies (including the contingency to provide the Proposed
18 Easements) and otherwise preform his obligations under the Keros Purchase Agreement,
19 which would have allowed Keros to close a purchase of the Property for \$7.9 million. A true
20 and correct copy of the NBP is attached hereto as **Exhibit “8.”** Notably, Keros failed and
21 refused to waive all contingencies (including the contingency to provide the Proposed
22 Easements) within the time set by the NBP. Keros also failed to deposit the balance of the
23 purchase price under the Keros Purchase Agreement into escrow or to otherwise perform the
24 terms of the Keros Purchase Agreement. As a result, on April 20, 2017, in accordance with
25 the express terms of the Keros Purchase Agreement, our counsel sent an email (the “4/20/17
26 Email”) to Keros advising him that the Keros Purchase Agreement was cancelled and
27 terminated, to the extent the Keros Purchase Agreement was ever even enforceable, to which
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1 was attached a Cancellation of Contract, Release of Deposit and Cancellation of Escrow. A
2 true and correct copy of the 4/20/17 Email is attached hereto as **Exhibit “9.”** Based on the
3 foregoing, Keros never paid the balance of the purchase price into escrow and escrow never
4 closed.

5 27. Notwithstanding Keros’ unwillingness and refusal to perform, Keros asserts
6 that: (1) providing the Proposed Easements was a covenant that we were required to perform
7 under the Keros Purchase Agreement, (2) the Keros Purchase Agreement was not validly
8 cancelled and terminated by us, (3) the Keros Purchase Agreement is valid and enforceable,
9 (4) Keros has performed all covenants under the Keros Purchase Agreement, and (5) we are
10 required to perform on the Keros Purchase Agreement. There are also other disputes between
11 us and Keros.

12 28. True to the scorched earth litigation tactics and willingness to bring baseless
13 litigation claims to create leverage that Keros revealed to me during our call, prior to Keros’
14 failure to close and the cancellation and termination of the Keros Purchase Agreement (to the
15 extent it was even enforceable), on March 17, 2017, Keros initiated an action in state court
16 styled *Keros v. Paul Shepherd et al.* (Case No. BC654456) (the “State Court Action”) by
17 filing a complaint (the “Complaint”) against us, Nagler, and Nagler’s entity, Force-Nagler,
18 LLC (“Nagler LLC”) together with Nagler, the “Nagler Defendants”) pertaining to the
19 purported Keros Purchase Agreement. Also on March 17, 2017, in connection with filing the
20 State Court Action, Keros recorded a Notice of Pendency of Action (Lis Pendens) against the
21 Property (the “Lis Pendens”) (Filing No. 2017-0309123). Keros also recorded a Notice of
22 Pendency of Action (Lis Pendens) against Nagler’s property, which has since been expunged
23 by the court in the State Court Action.

24 29. On May 31, 2017, Keros filed a first amended Complaint (the “FAC”) in the
25 State Court Action against us and the Nagler Defendants. A true and correct copy of the FAC,
26 without exhibits, is attached hereto as **Exhibit “10.”**

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1 30. In addition to the foregoing issues and disputes between us and the Nagler
2 Defendants, on one hand, and Keros, on the other hand, after the Keros Purchase Agreement
3 and Agency Agreement were executed, issues and disputes arose between us, on one hand,
4 and Douglas Elliman/Altman, on the other hand. As more specifically set forth in the
5 Statement of Events (the “Statement of Events”) attached to the complaint (the “Broker/Agent
6 Complaint”) filed by us on or about June 2, 2017 with the State of California Bureau of Real
7 Estate against Douglas Elliman/Altman, we assert that, among other things, Douglas
8 Elliman/Altman engaged in fraud, misrepresentation, and gross breaches of fiduciary and
9 other duties owed to us, by, among other things: (1) favoring the interests of Keros over our,
10 (2) coercing us to enter into the Keros Purchase Agreement late at night and notwithstanding
11 our expressed concerns over our lack of understanding of certain provisions of the Keros
12 Purchase Agreement and Addendum; (3) failing to fulfill the promise to amend the Addendum
13 to clarify and eliminate any ambiguity regarding the agreement between us and Keros that
14 obtaining the Proposed Easements was a contingency, *not* a covenant of the Keros Purchase
15 Agreement, and (4) surreptitiously altering the executed Keros Purchase Agreement to make it
16 appear that the draft Addendum that was to be amended was incorporated into and part of the
17 Keros Purchase Agreement. A true and correct copy of the Broker/Agent Complaint is
18 attached hereto as **Exhibit “11.”**

19 31. On June 20, 2017, as required by the Commission Agreement executed in
20 connection with the Keros Purchase Agreement, we engaged in a mediation of their claims
21 against Douglas Elliman/Altman. The mediation did not result in a settlement of our claims
22 against Douglas Elliman/Altman (the “Broker Claims”). Barring a settlement with Douglas
23 Elliman/Altman, we intend to initiate an action (the “Broker Action”) against Douglas
24 Elliman/Altman to recover damages on the Broker Claims.

25 32. The restraint on alienation of the Property and the mounting legal bills resulting
26 from the State Court Action and related *Lis Pendens* (*i.e.*, the exact anticipated effects of
27 Keros’ stated litigation tactics) were the primary reasons we filed our bankruptcy case. More
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1 specifically, when the dispute with Keros arose, we did not have funds to pay our living
2 expenses for a protracted period of time, to pay legal expenses and defend the State Court
3 Action, and to repay the claims of their creditors, and my mother was no longer able to lend
4 additional funds to us to pay such expenses and claims. We sought conventional and hard
5 money loans from, among others, Wells Fargo, Bank of America, and Marquee Funding
6 Group, but we were not able to secure such loans due to the Keros *Lis Pendens* on the
7 Property, as well as the fact that we could not provide evidence of income. Also, Robert
8 Flaxman (“Flaxman”), who I am informed and believe manages, owns, and/or controls RND
9 Sunset Associates, LLC or its designee (the “Buyer”), provided us with talking points for a
10 potential financing arrangement with us, but those talking points never materialized into an
11 offer to provide financing or any financing. Without any available traditional sources of
12 obtaining loans, we asked our neighbor and friend, Hargitay, to lend us money to defend
13 against the Keros State Court Action. Hargitay agreed to lend a limited amount of funds for a
14 short period of time but made clear she could not continue doing so. Ultimately, Hargitay
15 loaned us approximately \$152,000 to fund litigation costs pursuant to two loans referenced in
16 our Schedules. Given the foregoing, and because we do not have a sufficient source of
17 income to pay for our basic living expenses, to fund our litigation, and to pay the claims of
18 our creditors, we filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code
19 on the Petition Date of June 30, 2017.

20 33. As set forth in other papers filed with the Court, our intent has always been to
21 market and sell the Property in their bankruptcy case as soon as practicable, for the highest
22 and best price, free and clear of liens, claims, encumbrances, and interests.

23 34. In furtherance of our efforts to sell the Property and utilizing the proceeds
24 thereof to pay all allowed claims in full, soon after the Petition Date, on July 26, 2017, we
25 filed our application (the “H&H Employment Application”) [Dkt. 24] to employ Hilton &
26 Hyland (“H&H”) as our real estate broker in connection with the marketing and sale of the
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1 Property. On August 18, 2017, the Court entered its order granting the H&H Employment
2 Application. [Dkt. 48]

3 35. In summary, the provisions of the H&H Employment Application (and the
4 listing Residential Listing Agreement (Exclusive Authorization and Right to Sell)), approved
5 by the Court's order provide for a commission between 0% to 5% to be paid to H&H (to be
6 shared with buyer's broker under certain circumstances) as follows: (1) 0% if the Buyer
7 purchases the Property at the Purchase Price with no Overbid, (2) 2.5% if the Buyer is the
8 successful Overbidder at an Auction and closes the sale, (3) 4% on any other sale where
9 Denise Moreno or Gordon MacGeachy of H&H, or both of them, also represent the
10 Overbidder (other than the Buyer), and (4) 5% on any other sale where there is an Overbidder
11 and neither Denise Moreno nor Gordon MacGeachy of H&H represent the Overbidder.

12 36. I am informed and believe that, to date, H&H has taken the following and other
13 actions to market and sell the Property: (1) photographed the Property and created a drone
14 video of the Property, (2) internally marketed the Property among its agents and affiliates, (3)
15 followed up on previous expressions of interest in the Property, (4) prepared a database of
16 reports and due diligence materials regarding the Property, (5) prepared seller transfer
17 disclosure statements and other statutory disclosures, and (6) prepared the MLS listing for the
18 Property and, on August 17, 2017, listed the Property with a listing price of \$10.5 million.²⁰
19 Other actions taken by H&H to market the Property are set forth in the annexed declaration of
20 Denise Moreno.

21 37. In or about March 10, 2017, Flaxman, who I am informed and believe manages,
22 owns, and/or controls the Buyer, expressed interest in purchasing the Property. Prior to in or
23 about March 10, 2017, (1) we did not know of, and had no business or other dealings with, the
24 Buyer or Flaxman, and (2) to the best of my knowledge, we did not know of, and had no
25 business or other dealings with, any entities Flaxman owns, manages, and/or controls.

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²⁰ Listings for the Property can be viewed at (1) [H&H](#) and (2) [Redfin](#).

1 38. Both prior to and after the Petition Date, we, often acting through our counsel,
2 and the Buyer, often acting through Flaxman or the Buyer's counsel, engaged in protracted-
3 arms-length negotiations, regarding a possible sale of the Property by us to the Buyer, subject
4 to overbid. The terms of the proposed sale and overbid procedures that we and the Buyer
5 ultimately agreed to are set forth in the Residential Purchase Agreement and Joint Escrow
6 Instructions and related agreements (the "RND Purchase Agreement"), a true and correct copy
7 of which is attached hereto as **Exhibit "3,"** and the proposed order approving the sale and
8 proposed overbid procedures and providing related relief (the "Sale Order"), a true and correct
9 copy of which is attached hereto as **Exhibit "1."**

10 39. In connection with negotiating the terms of the RND Purchase Agreement and
11 the Sale Order, the entry of which, substantially and materially in the form attached hereto as
12 Exhibit "1," is a condition to the RND Purchase Agreement, we and the Buyer negotiated
13 Overbid Procedures, the approval of which is a condition to the RND Purchase Agreement.

14 40. The proposed notice of Overbid Procedures and the Auction (the
15 "Overbid/Auction Notice"), which the Debtors are seeking to have approved pursuant to the
16 Sale Order, is attached hereto as **Exhibit "4."**

17 41. I believe that the proposed Overbid Procedures, together with efforts already
18 undertaken by H&H to market the Property and by us and the estate to negotiate and enter into
19 the RND Purchase Agreement, will result in us and the estate receiving the highest and best
20 price for the Property under the circumstances.

21 42. In an exercise of my business judgment, I believe that rejection of the Keros
22 Purchase Agreement is in the best interests of the estate and its creditors. For example,
23 rejection will assist us in our efforts to sell the Property free and clear of liens, claims,
24 encumbrances, and interests. Keros asserts an interest in the Property pursuant to the Keros
25 Purchase Agreement and the State Court action seeking specific performance thereof and the
26 related *Lis Pendens*. While we may be able to sell the Property free and clear of Keros'
27 alleged interest pursuant to, *inter alia*, Section 363(f)(3) because the interest is in *bona fide*
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1 dispute, Section 363(f)(4) because the Purchase Price exceeds the value of liens on the
2 Property, and/or Section 363(f)(5) because Keros could be compelled in a legal or equitable
3 proceeding (including the State Court Action) to accept money in satisfaction of is alleged
4 interest, I am informed by my counsel and believe that the rejection of the Keros Purchase
5 Agreement would convert his “interest” and any claim for specific performance into a lien in
6 the maximum amount of the \$237,000 Keros Deposit Amount and only to the extent it was
7 paid to the Debtors, which it was not.

8 43. In turn, the sale of the Property and the net proceeds from the sale will benefit
9 creditors. As discussed above, as of the Petition Date, we only had approximately \$76,700 in
10 liquid assets, which has now decreased to approximately \$51,484 due to the payment of
11 ordinary living expenses, and over \$1.4 million in claims, the majority of which are general
12 unsecured claims. In the absence of a sale of the Property in the context of our bankruptcy
13 case, which will be facilitated by the rejection of the Keros Purchase Agreement, we would
14 likely be unable to liquidate the Property to generate proceeds to pay creditors for many years
15 until the conclusion of the State Court Action and after expending considerable sums
16 defending the State Court Action. All of the foregoing would cause extreme prejudice to
17 creditors. Providing for the rejection of the Keros Purchase Agreement, will allow us to sell
18 the Property within the next few months and to generate sufficient funds from the sale of the
19 Property to pay all allowed claims, in full, in the near future.

20 44. In consideration of the foregoing, in an exercise of my business judgment, I also
21 believe that the sale of the Property proposed herein is in the best interests of the estate and its
22 creditors.

23 45. Specifically, as noted, the sale of the Property will generate net sale proceeds
24 sufficient to pay all allowed claims in full. In the absence of the proposed sale, we may not be
25 able to realize on the equity in the Property for the benefit of creditors for years and creditors
26 would be forced to assume all of the risk of being paid in the future and the ability to sell a
27 complicated property in the future for the same price. That is, in the absence of the proposed
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1 sale, we likely would not be able to sell the Property and generate funds to pay allowed claims
2 unless and until the Keros' pending State Court Action is resolved and the *Lis Pendens* is
3 removed, which, by Keros' own estimation, will take four years.

4 46. Here, as discussed above, prior to on or about March 10, 2017, when Flaxman,
5 expressed interest in purchasing the Property, we did not know of, and had no business or
6 other dealings with, the Buyer or Flaxman or any of his affiliated entities. After on or about
7 March 10, 2017, both prior to and after the Petition Date, we and the Buyer, often acting
8 through counsel, engaged in protracted-arms-length negotiations, regarding a sale of the
9 Property by us to the Buyer, subject to overbid. Those negotiations resulted in the RND
10 Purchase Agreement and related Sale Order setting forth the terms of the proposed sale.

11 47. I believe that Hargitay will consent to the proposed sale of the Property.

12 48. Due to confidentiality provisions in agreements with the License Parties, I am
13 unable to disclose the terms of the agreements or provide copies thereof to the Court. With
14 that said, the Licenses granted by us to the License Parties provide the License Parties with
15 rights for limited use of the Property. Since the Licenses will automatically terminate upon
16 the close of the sale of the Property, I do not expect any of the License Parties to object to the
17 sale of the Property free and clear of the Licenses.

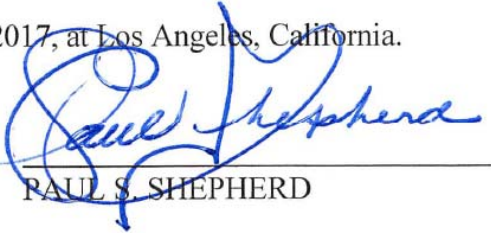
18 49. In an exercise of my business judgment, I believe that the proposed Overbid
19 Procedures, which are set forth in the foregoing Memorandum at Section II.I, will maximize
20 the price ultimately obtained for the Property while still protecting the estate from parties who
21 may wish to bid on the Property but who are ultimately unable to consummate a purchase of
22 the Property. I believe that the Overbid Procedures serve numerous legitimate purposes.
23 Among other things, the Overbid Procedures will, in my opinion, (1) foster competitive
24 bidding among any serious potential purchasers, (2) eliminate from consideration purchasers
25 who would waste the estate's time because they would not have the financial ability to
26 consummate a purchase of the Property, and (3) ensure that the highest possible price is
27 obtained for the Property.

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1 50. One of the Overbid Procedures provided under the RND Purchase Agreement
2 and Sale Order is the payment of the Break-Up Fee in the sum of \$255,000 (3% of the
3 Purchase Price) to the Buyer in the event that the Buyer is not the winning bidder for the
4 Property. I submit that, under the circumstances of this case, the proposed Break-Up Fee is
5 reasonable and should be approved.

6 51. Based on the foregoing, I submit that the proposed Overbid Procedures,
7 including the proposed Break-Up Fee, are reasonable and in the best interests of the estate
8 and, therefore, should be approved.

9 I declare under penalty of perjury that the foregoing is true and correct to the best of my
10 knowledge. Executed on this 25th day of October 2017, at Los Angeles, California.

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13 PAUL S. SHEPHERD
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DECLARATION OF SCOTT J. LEIPZIG, ESQ.

I, SCOTT J. LEIPZIG, Esq., hereby declare as follows:

1. I am over 18 years of age. I have personal knowledge of the facts set forth below and, if called to testify, would and could competently testify thereto.

2. I am a partner of the law firm of Allen Matkins Leck Gamble Mallory & Natsis LLP ("Allen Matkins"). I am an attorney licensed to practice law in the State of California and before this Court.

3. I make this declaration in support of the Motion and Memorandum to which this declaration is attached. Unless otherwise stated, all capitalized terms herein have the same meanings as in the Motion and Memorandum.

4. Notwithstanding disputes between the parties and what the Debtors saw as efforts by Keros to extract terms not agreed to between the parties, the Debtors nonetheless remained willing to allow Keros to purchase the Property for the contract price of \$7.9 million. In that regard, on April 18, 2017, pursuant to the terms of the Keros Purchase Agreement, I sent a Notice to Buyer to Perform (the "NBP") to Keros requesting that Keros waive all contingencies (including the contingency to provide the Proposed Easements) and otherwise preform his obligations under the Keros Purchase Agreement, which would have allowed Keros to close a purchase of the Property for \$7.9 million. A true and correct copy of the NBP is attached hereto as **Exhibit "8."** Keros failed and refused to waive all contingencies (including the contingency to provide the Proposed Easements) within the time set by the NBP. Keros also failed to deposit the balance of the purchase price under the Keros Purchase Agreement into escrow or to otherwise perform the terms of the Keros Purchase Agreement. As a result, on April 20, 2017, in accordance with the express terms of the Keros Purchase Agreement, I sent an email (the "4/20/17 Email") to Keros advising him that the Keros Purchase Agreement was cancelled and terminated, to the extent the Keros Purchase Agreement was ever even enforceable, to which was attached a Cancellation of Contract, Release of Deposit and Cancellation of Escrow. A true and correct copy of the 4/20/17 Email is attached hereto as **Exhibit "9."** Based on the foregoing,

1 Keros never paid the balance of the purchase price into escrow and escrow never closed.

2 5. Attached hereto as Exhibits "12.a" – "12.n" are docket pages from actions
3 involving Keros or related entities.

4 I declare and verify under penalty of perjury that the foregoing is true and correct
5 to the best of my knowledge.

6 Executed on this 25th day of October 2017, at Dallas, Texas.

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9 SCOTT J. LEIPZIG

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DECLARATION OF DENISE MORENO

I, Denise Moreno, hereby declare as follows:

1. I am over 18 years of age. Except where otherwise stated, I have personal knowledge of the facts set forth below and, if called to testify, would and could competently testify thereto.

2. I am a licensed real estate agent in the State of California contracting with Hilton & Hyland ("H&H"). I have Bachelor of Arts degrees in Communications and Economics from the University of Southern California. I work as a team with Gordon MacGeachy of H&H.

3. I make this declaration in support of the Motion and Memorandum to which this declaration is attached. Unless otherwise stated, all capitalized terms herein have the same meanings as in the Motion and Memorandum.

4. In furtherance of the Debtors' efforts to sell the Property, soon after the Petition Date, on July 26, 2017, the Debtors filed their application (the "H&H Employment Application") [Dkt. 24] to employ Hilton & Hyland ("H&H") as their real estate broker in connection with the marketing and sale of the Property. On August 18, 2017, the Court entered its order granting the H&H Employment Application. [Dkt. 48]

5. In summary, the provisions of the H&H Employment Application (and the listing Residential Listing Agreement (Exclusive Authorization and Right to Sell)), approved by the Court's order provide for a commission between 0% to 5% to be paid to H&H (to be shared with buyer's broker under certain circumstances) as follows: (1) 0% if RND Sunset Associates, LLC or its designee (the "Buyer") purchases the Property at the Purchase Price with no Overbid, (2) 2.5% if the Buyer is the successful Overbidder at an Auction and closes the sale, (3) 4% on any other sale where me or Gordon MacGeachy, or both of us, also represent the Overbidder (other than the Buyer), and (4) 5% on any other sale where there is an Overbidder and neither me nor Gordon MacGeachy represent the Overbidder.

6. To date, H&H has taken the following and other actions to market and sell the Property: (1) photographed the Property and created a drone video of the Property, (2) internally

1 marketed the Property among its agents and affiliates, (3) followed up on previous expressions of
2 interest in the Property, (4) prepared a database of reports and due diligence materials regarding
3 the Property, (5) prepared seller transfer disclosure statements and other statutory disclosures,
4 and (6) prepared the MLS listing for the Property and, on August 17, 2017, listed the Property
5 with a listing price of \$10.5 million.²¹

6 7. In addition to the foregoing, through Sunday October 15, 2017, H&H had (1) in
7 addition to the MLS listing, listed the Property on six real property marketing websites,²² (2)
8 published numerous print ads and sent numerous email blasts marketing the Property,²³ (3)
9 reached out to known developers and owner users that may be interested in the Property, (4)
10 responded to inquiries regarding the Property, and (5) conducted 11 private showings of the
11 Property and three separate showings with a single interested potential buyer.

12 8. From and after October 15, 2017, through the date of the Auction (as defined
13 below), H&H has continued, and will continue, to market the Property for sale consistent with
14 H&H's prior efforts to market the Property outlined above. In addition, once an Auction date
15 is set and the Overbid Procedures (as defined below) and Overbid/Auction Notice is approved,
16 H&H will send the Overbid/Auction Notice to the agents of all parties that have expressed
17 interest in the Property and update the MLS listing to promote the Auction.

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20 ²¹ Listings for the Property can be viewed at (1) [H&H](#) and (2) [Redfin](#).

21 ²² The listings were at: (1) H&H (<https://www.hiltonhyland.com/listings/2460-sunset-plaza-dr-los-angeles-ca-90069/>), (2) Private Beverly Hills (<http://www.privatebeverlyhills.com/listings/richard-neutra-chuey-house/>), (3)
22 Luxury Portfolio (<http://www.luxuryportfolio.com/Property/los-angeles-properties-amazing-opportunity/ZHZD>),
23 (4) Christies Real Estate (<http://www.christiesrealestate.com/eng/sales/detail/170-1-47-f1708282039700001/2460-sunset-plaza-dr-los-angeles-ca-90069>), (5) [wsj.com](#) ([WSJ](#)), and (6) [mansionglobal.com](https://www.mansionglobal.com/losangeles/619757-2460-sunset-plaza-dr-90069)
(<https://www.mansionglobal.com/losangeles/619757-2460-sunset-plaza-dr-90069>).

24 ²³ The print ads and email blasts were as follows (1) 8/29/17 - PBH e-newsletter (featured property in newsletter that
25 is sent to over 8300 global clients), (2) 9/16/17 - LA Times (H&H corporate ad), (3) 9/24/17 - PBH RE blast (Global
26 Real Estate brokers 800+ recipients), (4) 9/25/17 - MLS Caravan (H&H corporate ad), (5) 9/30/17 - LA Times
27 (H&H corporate ad), (6) 10/6/17 - H&H E-Newsletter (email blast to 15,000 + recipients), (7) 10/7/17 - LA Times
(H&H corporate ad), (8) 10/10/17 - PBH e-newsletter (Featured property in newsletter that is sent to over 8,300
28 global clients), (9) 10/13/17 - PBH RE blast (Global Real Estate brokers 800+ recipients), (10) 10/14/17 - LA Times
(H&H corporate ad), and (10) 10/15/17 - H&H E-Blast (email blast to 2,000 agents and brokers).

1 9. No offer to purchase the Property received by H&H and the Debtors has been or
2 will be ignored.

3 10. I declare and verify under penalty of perjury that the foregoing is true and
4 correct to the best of my knowledge.

5 Executed on this 25th day of October 2017, at Los Angeles, California.

6 DocuSigned by:
7 *Denise C. Moreno*
8 DENISE MORENO

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EXHIBIT "1"

1 RON BENDER (SBN 143364)
BETH ANN R. YOUNG (SBN 143945)
2 TODD M. ARNOLD (SBN 221868)
LEVENE, NEALE, BENDER, YOO & BRILL LLP
3 10250 Constellation Blvd., Suite 1700
Los Angeles, CA 90067
4 Telephone: (310) 229-1234 / Fax: (310) 229-1244
5 Email: rb@lnbyb.com, tma@lnbyb.com

6 Attorneys for Debtors and Debtors in Possession

7 SCOTT J. LEIPZIG (SBN 192005)
MICHAEL S. GREGER (SBN 156525)
8 ALLEN MATKINS LECK GAMBLE MALLORY & NATSIS LLP
1901 Avenue of the Stars, Suite 1800
9 Los Angeles, CA 90067-6019
Telephone: (310) 788-2400 / Fax: (310) 788-2410
10 Email: sleipzig@allenmatkins.com, mgreger@allenmatkins.com

11 Special Litigation and Real Estate Counsel for Debtors and Debtors in Possession

12 **UNITED STATES BANKRUPTCY COURT**
13 **CENTRAL DISTRICT OF CALIFORNIA**
14 **LOS ANGELES DIVISION**

15 In re:
16
17 PAUL S. SHEPHERD and
GIGI R. SHEPHERD,
18 Debtors and Debtors in Possession.

Case No.: 2:17-bk-17991-BB

Chapter 11 Case

ORDER:
(1) APPROVING THE SALE OF THE DEBTORS' REAL PROPERTY FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS, WITH THE EXCEPTION OF ENUMERATED EXCLUSIONS,
(2) APPROVING BIDDING PROCEDURES AND SETTING A DATE TO CONDUCT AN AUCTION AND A HEARING TO CONFIRM THE WINNING BIDDER,
(3) AUTHORIZING AND APPROVING THE PAYMENT OF CERTAIN CLAIMS FROM THE SALE PROCEEDS, AND
(4) PROVIDING RELATED RELIEF

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Hearing:

Date: [TBD]
Time: [TBD]
Place: Courtroom 1539
255 E. Temple Street
Los Angeles, California 90012

A hearing was held at the above-referenced date, time, and location to consider the motion (the “Motion”) by Paul S. Shepherd and Gigi R. Shepherd, the chapter 11 debtors and debtors in possession herein (the “Debtors”), pursuant to 11 U.S.C. §§ 105(a), 363(b), (e), (f), and (m) of 11 U.S.C. §101 *et seq.* (the “Bankruptcy Code”)¹ and (j), FRBP 2002, and 6004, and any applicable Local Bankruptcy Rules (the “LBR”), for the entry of an order (the “Sale Order”):

- (1) granting the Motion;
- (2) pursuant to 11 U.S.C. §§ 363(b), (e), and (f), approving the sale of the property, which is comprised of two contiguous parcels of real property – 2460 Sunset Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-011) and 2375 Sunset Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-012) (together, the “Property”) – to (a) RND Sunset Associates, LLC or its designee (the “Buyer”), free and clear of any and all liens, claims, encumbrances, and interests, with the exception of Items 1-27 set forth in the combined preliminary title report for the Upper Lot and Lower Lot (together the “Title Report”) attached to the Motion as **Exhibit “2”** and any alleged rights under that certain Mobilization Agreement between the Debtors and James Wecker II (the “Excepted Items”), for a purchase price of \$8.5 million (the “Purchase Price”) pursuant to the Residential Purchase Agreement and Joint Escrow Instructions and related agreements (the “RND Purchase Agreement”), attached to the Motion as **Exhibit “3,”**

¹ Unless otherwise stated all Section references herein are to the Bankruptcy Code.

1 subject to overbid (each an “Overbid” and collectively the “Overbids”) pursuant to the
2 overbid procedures (the “Overbid Procedures”) set forth below and any auction (the
3 “Auction”) conducted pursuant to the Overbid Procedures, or (b) the winning overbidder
4 (each an “Overbidder” and collectively the “Overbidders”) at the Auction;

5 (3) pursuant to 11 U.S.C. § 363(m) finding that the Buyer or any winning
6 Overbidder at the Auction confirmed as the winning bidder for the Property is a “good
7 faith” purchaser entitled to the protections afforded under 11 U.S.C. § 363(m);

8 (4) approving the Overbid Procedures set forth in the Motion and the
9 Memorandum of Points and Authorities and Declarations in support of this Motion, as
10 well as the exhibits thereto (together, the “Memorandum, Declarations, and Exhibits”)
11 filed in support of the Motion,²

12 (5) setting a date, if necessary, for the Court to conduct, an Auction and
13 consider Overbids and to conduct a hearing to confirm the winning bid for the Property
14 and approve the Debtors’ sale of the Property to the Buyer or the winning bidder at the
15 Auction (the “Auction and Hearing To Consider Overbids”);

16 (6) approving the proposed notice of Overbid Procedures and the Auction
17 (the “Overbid/Auction Notice”) attached to the Motion as **Exhibit “4,”**³

18 (7) authorizing and directing the Debtors to pay from the proceeds of the sale
19 of the Property (a) any pre-closing real property taxes for the Property allocated to the
20 Debtors, (b) any commission owed to the Debtors’ broker, Hilton & Hyland (“H&H”),
21 and any cooperating broker, pursuant to the Debtors’ application to employ H&H (as
22 amended), which was previously approved by the Court, (c) the claim of Ellen Hargitay
23 (“Hargitay”) in the approximate amount of \$110,000, which is secured by a senior deed
24

25 ² Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Motion and
26 Memorandum, Declarations, and Exhibits.

27 ³ In addition to serving the Overbid/Auction Notice on parties in interest and potential Overbidders, pursuant to LBR
28 6007-1(f), within one (1) business day after the entry of this Sale Order, the Debtors shall submit a copy of the
Overbid/Auction Notice and a From F 6004-2.NOTICE.SALE to the Clerk of the Court for publication.

1 of trust on the Property, (d) \$100,000 to the Debtors, representing exempt proceeds from
2 the sale of the Property, and (e) customary escrow closing fees and charges;

3 (8) waiving the 14-day stay period set forth in Rule 6004(h) of the Federal
4 Rules of Bankruptcy Procedure (“FRBP”) to enable the sale of the Property to close as
5 quickly as possible; and

6 (9) providing such other relief as is appropriate under the circumstances.

7 Appearances at the hearing on the Motion were made as set forth on the record of the
8 Court.

9 Upon consideration of the Notice of Motion and Motion, the Memorandum,
10 Declarations, and Exhibits in support of the Motion, any oppositions to the Motion, and any
11 replies thereto, all other evidence duly admitted by the Court in connection with consideration
12 of the foregoing, the record in this case, and the arguments and statements of counsel to be
13 made at the hearing on the Motion,

14 **IT IS HEREBY FOUND, DETERMINED AND CONCLUDED THAT:**⁴

15 A. The findings and conclusions set forth in this Sale Order constitute the Court’s
16 findings of fact and conclusions of law pursuant to FRBP 7052, made applicable to this
17 proceeding pursuant to FRBP 9014.

18 B. To the extent any of the following findings of fact constitute conclusions of law,
19 they are adopted as such, and to the extent any of the following conclusions of law constitute
20 findings of fact, they are adopted as such.

21 C. The Court has jurisdiction over this matter and over the property of the Debtors’
22 estate, including the Property to be sold, transferred or conveyed pursuant to the RND Purchase
23 Agreement, pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant
24 to 28 U.S.C. § 157(b)(2). Venue of the Debtors’ chapter 11 case is proper pursuant to 28 U.S.C.
25 §§ 1408 and 1409.

26 _____
27 ⁴ All findings of fact and conclusions of law announced by the Court at the hearing relating to the Motion and the
28 matters addressed by this Order are hereby incorporated herein to the extent not inconsistent with this Order.

1 D. The statutory and other predicates for the relief sought in the Motion are (1) 11
2 U.S.C. §§ 102, 105, and 363, (2) FRBP 2002, 6004, 9006, 9007, and 9014, and (3) any
3 applicable Local Bankruptcy Rules (the “LBR”).

4 E. This Sale Order constitutes a final and appealable order within the meaning of 28
5 U.S.C. § 158(a).

6 F. Unless (1) a qualified Overbidder timely submits a qualifying Overbid in
7 accordance with the Overbid Procedures and, based thereon and (2) the Court is required to
8 conduct an Auction and Hearing To Consider Overbids, confirm the winning bid for the
9 Property, and approve the Debtors’ sale of the Property to the Buyer or the winning bidder at
10 the Auction, no other or further hearing or order shall be required to approve the sale of the
11 Property to the Buyer pursuant to the terms of the RND Purchase Agreement, free and clear of
12 any and all liens, claims, encumbrances, and interests, with the exception of the Excepted Items,
13 which non-excepted liens, claims, encumbrances, and interests the Debtors believe are limited
14 to (1) the secured claim of Hargitay in the approximate amount of \$110,000, which is secured
15 by a senior deed of trust on the Property, (2) the alleged claims and interest of Keros in the
16 Property pursuant to the purported Keros Purchase Agreement and a *lis pendens* recorded
17 against the Property by Keros, with any such liens/interests to be paid at the sale closing out of
18 the net sale proceeds (in the case of Hargitay) or to attach to the net sale proceeds with the same
19 validity, scope, and interest as existed on the Petition Date (in the case of Keros’ alleged
20 interest, if any), and (3) the unrecorded licenses granted by the Debtors in favor of John Powell,
21 David Leon, Thomas Nickel, Rozae Nichols, and Alan Diamond, or to afford any other relief
22 requested in the Motion, and provided by this Sale Order.

23 G. If no qualified Overbidder timely submits a qualifying Overbid in accordance
24 with the Overbid Procedures, the Debtor shall file a notice with the Court indicating that (1) no
25 qualified Overbidder timely submitted a qualifying Overbid in accordance with the Overbid
26 Procedures and that, based thereon, (2) the Auction and Hearing To Consider Overbids are
27 being canceled (the “No Auction Notice”). Upon filing the No Auction Notice, assuming no
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1 stay of this Sale Order is in effect, the parties may proceed to close the transaction for the sale
2 of the Property to the Buyer as provided for by, and in accordance with, the RND Purchase
3 Agreement, the Motion, and this Sale Order.

4 H. If one or more qualified Overbidders timely submit one or more qualifying
5 Overbids in accordance with the Overbid Procedures, the Court shall conduct an Auction and
6 Hearing To Consider Overbids to confirm the winning bid for the Property and approve the
7 Debtors' sale of the Property to the Buyer or the winning bidder at the Auction; after the
8 conclusion of any required Auction and Hearing To Consider Overbids, the Court shall enter a
9 post-Auction sale order (the "Post-Auction Sale Order"), (1) in the event the Buyer is the
10 winning bidder, affirming that the Buyer was the winning bidder such that the parties may
11 proceed to close the transaction for the sale of the Property to the Buyer as provided for by, and
12 in accordance with, the RND Purchase Agreement, the Motion, and this Sale Order, and (2) in
13 the event the buyer is a qualified Overbidder other than the Buyer, providing materially the
14 same relief set forth herein in favor of the winning Overbidder for the Property.

15 I. Notwithstanding FRBP 6004(h), and to any extent necessary under FRBP 9014
16 and Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by FRBP 7054, the
17 Court expressly finds that there is no just reason for delay in the implementation of this Sale
18 Order.

19 J. On June 30, 2015 (the "Petition Date"), the Debtors filed a voluntary petition
20 under chapter 11 of the Bankruptcy Code. Since the Petition Date, the Debtors have continued
21 in possession and management of their business and property as debtors in possession pursuant
22 to Sections 1107(a) and 1108. No Official Committee of Unsecured Creditors has been formed.

23 K. Notice of the Motion has been provided, and a reasonable opportunity to object
24 or be heard regarding relief requested by the Motion has been afforded, to all interested persons
25 and entities, including, without limitation: (1) the Office of the United States Trustee, (2) the
26 Debtors, (3) all of the Debtors' known creditors, (4) all parties appearing on the Title Report
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1 (even parties to the Excepted Items where addresses are available), (5) Nicolas Keros (“Keros”),
2 and (6) all parties requesting special notice (the “Notice Parties”).

3 L. As evidenced by the proofs of service filed with the Court, proper, timely,
4 adequate, and sufficient notice of the Motion was provided in accordance with Sections 102(1),
5 105(a) and 363(b), FRBP 2002, 6004, 9006, 9007, and 9014, the LBR, the procedural due
6 process requirements of the United States Constitution.

7 M. The Debtors’ notice of the Motion was, and the Overbid/Auction Notice is,
8 reasonably calculated to, (1) provide all interested parties with timely and proper notice of (a)
9 the proposed sale of the Property to the Buyer, subject to Overbid, (b) the Overbid Procedures,
10 (c) the Auction, and (d) a possible Auction and Hearing to Consider Overbids, to confirm the
11 winning bid for the Property and approve the Debtors’ sale of the Property to the Buyer or the
12 winning Overbidder at the Auction and (2) maximize the value of, and obtain the highest and
13 best price for, the Property.

14 N. The disclosures made by the Debtors concerning the Motion, the RND Purchase
15 Agreement, the Overbid Procedures, the Auction, and the proposed sale of the Property to the
16 Buyer or any winning Overbidder at the Auction were sufficient, complete and adequate.

17 O. The Overbid Procedures provided all parties in interest with a non-collusive,
18 substantively and procedurally fair sale process.

19 P. The Debtors and their professionals conducted a sale process in accordance, and
20 otherwise have complied in good faith. Through extensive marketing efforts, which are set
21 forth in the Memorandum, Declarations, and Exhibits, and which will continue through the date
22 of any Auction, the Overbid/Auction Notice, and the potential for a competitive sale process to
23 be conducted in accordance with the Overbid Procedures, the Debtors (1) afforded, or will
24 afford, interested potential Overbidders a full, fair and reasonable opportunity to qualify as
25 Overbidders, to submit Overbids, and participate in the Auction for the Property and (2)
26 provided, or will provide, potential Overbidders, upon request, sufficient information to enable
27 them to make an informed judgment on whether to bid on the Property.

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1 Q. The offer of the Buyer, upon the terms and conditions set forth in the RND
2 Purchase Agreement, including the form and total consideration to be realized by the Debtors
3 pursuant to the RND Purchase Agreement, and particularly because it is subject to Overbid
4 pursuant to the Overbid Procedures: (1) is fair and reasonable, (2) is in the best interests of the
5 Debtors' bankruptcy estate and their creditors, and (3) constitutes full and adequate
6 consideration and reasonably equivalent value for the Property under the Bankruptcy Code, the
7 Uniform Fraudulent Transfer Act, the Uniform Fraudulent Conveyance Acts and any other
8 applicable laws of the United States, any state, territory or possession, or the District of
9 Columbia.

10 R. Approval of the Motion, the Overbid Procedures, the RND Purchase Agreement
11 and the consummation of the transactions contemplated thereby are in the best interests of the
12 Debtors, their estate, and creditors and other parties in interest.

13 S. The Buyer is not an "insider" of the Debtors, as that term is defined in Section
14 101(31). The Buyer is buying the Property in "good faith," as that term is used in the
15 Bankruptcy Code and the decisions thereunder, and is entitled to the protections of Section
16 363(m). The Buyer has proceeded in good faith in all respects in connection with the Debtors'
17 chapter 11 cases in that, *inter alia*: (1) the Buyer recognized that the Debtors were free to deal
18 with any other party interested in acquiring the Property and made its offer subject to Overbids
19 pursuant to the Overbid Procedures at any Auction conducted pursuant to the Overbid
20 Procedures; (2) the RND Purchase Agreement is the result of arms-length bargaining and
21 negotiations between the Buyer and the Debtors, (3) the Buyer in no way induced the chapter 11
22 filing by the Debtors, and (4) all payments to be made by the Buyer in connection with the
23 purchase of the Property have been disclosed.

24 T. The RND Purchase Agreement was negotiated and entered into in good faith,
25 based upon arm's length bargaining and negotiation, and without collusion or fraud of any kind.
26 Neither the Debtors nor the Buyer has engaged in any conduct that would cause or permit (1)
27 the application of or implicate Section 363(n) to the RND Purchase Agreement or to the
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1 consummation of the sale transaction and transfer of the Property to the Buyer; or (2) costs or
2 damages to be imposed under Section 363(n). Specifically, the Buyer has not acted in a
3 collusive manner with any person and the purchase price was not controlled by any agreement
4 among other interested Buyers.

5 U. Upon entry of this Sale Order, but subject to any requirement for the entry of a
6 Post-Auction Sale Order after any required Auction and Hearing To Consider Overbids,
7 regardless of whether an appeal has been filed of the Sale Order or any required Post-Auction
8 Sale Order, provided there is no entered stay pending appeal (*i.e.*, no final order
9 requirement/condition), the Debtors' execution of the RND Purchase Agreement and any other
10 documents contemplated thereby is approved, and the Debtors are authorized to consummate
11 the transaction contemplated by the RND Purchase Agreement.

12 V. Subject to entry of any required Post-Auction Sale Order and the terms of the
13 RND Purchase Agreement, the sale and transfer of the Property is a legal, valid and effective
14 transfers of the Property under all applicable provisions of the Bankruptcy Code, including,
15 without limitation, Sections 105(a) and 363, and all applicable requirements of such Sections
16 have been complied with in respect thereof.

17 W. With the exception the Excepted Items, the Property shall be sold free and clear
18 of any and all liens, (whether contractual, statutory or otherwise), *lis pendens* (including, but not
19 limited to, the Keros *Lis Pendens*) hypothecations, encumbrances, security interests, mortgages,
20 pledges, restrictions, charges, claims (including, but not limited to, any claims of Keros arising
21 from, based on, or in any related to the Keros Purchase Agreement, the State Court Action,
22 and/or the *Lis Pendens*), instruments, licenses (including, but not limited to, licenses granted by
23 the Debtors in favor of John Powell, David Leon, Thomas Nickel, Rozae Nichols, and Alan
24 Diamond), preferences, priorities, security agreements, easements, covenants, encroachments,
25 options, warrants, trusts or deemed trusts (whether contractual, statutory or otherwise),
26 obligations, liabilities, demands, guarantees, restrictions, contractual commitments, rights, or
27 other interest in the subject property, including without limitation any right of recovery, tax
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1 (including foreign, federal, state and local tax), order of any governmental authority, rights of
2 first refusal and rights of set-off, liens, executions, levies, penalties, charges, or other financial
3 or monetary claims, adverse claims, rights of use, or other claim there against or therein, of any
4 kind or nature (including, but not limited to (a) the Keros Purchase Agreement, (b) any
5 conditional sale or other title retention agreement and any lease having substantially the same
6 effect as any of the foregoing, (c) any assignment or deposit arrangement in the nature of a
7 security device, (d) any claims based on any theory that Buyer is a successor, transferee or
8 continuation of the Debtors or the Assets, and (e) any leasehold interest, license or other right,
9 in favor of a person other than Buyer, to use any portion of the Property), whether arising prior
10 to or subsequent to the commencement of the Debtors' chapter 11 case, whether or not they
11 have attached or been perfected, registered or filed and whether secured or unsecured, choate or
12 inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or
13 unrecorded, contingent or non-contingent, material or non-material, known or unknown, legal,
14 equitable, possessory or otherwise, actual or threatened civil, criminal, administrative,
15 regulatory, arbitral or investigative inquiry, action, complaint, suit, investigation, dispute,
16 petition or proceeding by or before any governmental authority or person at law or in equity
17 whether imposed by agreement, understanding, law, equity or otherwise, and any claim or
18 demand resulting therefrom (collectively, "Interests") with such Interests to attach to the
19 proceeds to be received by the Debtors from the sale of the Property (the "Sale Proceeds") with
20 the same extent, priority and subject to the same defenses and avoidability, if any, as before the
21 closing of the sale of the Property to the Buyer or any successful Overbidder at the Auction (the
22 "Closing Date"), and provided that Keros shall not have any lien on the Sale Proceeds, but
23 \$850,000 of the Sale Proceeds shall be held in a segregated account maintained by the Debtors'
24 counsel, Levene, Neale, Bender, Yoo & Brill L.L.P. ("LNBYB") in order to provide adequate
25 protection of Keros' alleged interest in the Property pursuant to Section 363(e), and such
26 proceeds shall only be released by LNBYB to the Debtors, Keros, or any other party upon
27 further order of the Court.

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1 X. The Debtors are the sole and lawful owners of the Property. The transfer of the
2 Property to the Buyer pursuant to the RND Purchase Agreement, the Sale Order, and any
3 required Post-Auction Sale Order, is a legal, valid and effective transfer of the Property and
4 shall vest the Buyer with all rights, title and interest of the Debtors to the Property free and clear
5 of any and all Interests. Except as specifically provided in the RND Purchase Agreement, this
6 Sale Order, and any required Post-Auction Sale Order, the Buyer shall not assume or become
7 liable for any Interests relating to the Property being sold by the Debtors.

8 Y. The Debtors may sell the Property free and clear of all Interests of any kind or
9 nature whatsoever because, with respect to each creditor asserting an Interest, one or more of
10 the standards set forth in Sections 363(f)(1)-(5) have been satisfied. Those holders of Interests
11 from which the Property is to be sold free and clear who did not object, or who withdrew their
12 objections, to the sale of the Property and the Motion are deemed to have consented to the
13 Motion and the sale of the Property pursuant to Section 363(f)(2). All holders of Interests are
14 adequately protected by having their Interests, if any, attach to the Sale Proceeds with the same
15 extent, priority and subject to the same defenses and avoidability, if any, as before the Closing
16 Date and, with specific regard to Keros, his alleged interest in the Property will be adequately
17 protected by having \$850,000 of the Sale Proceeds held in a segregated account maintained by
18 LNBYB, and such proceeds only being subject to release by LNBYB to the Debtors, Keros, or
19 any other party upon further order of the Court.

20 Z. The Buyer would not have entered into the RND Purchase Agreement and would
21 not consummate the transactions contemplated thereby, thus adversely affecting the Debtors,
22 their estate, and creditors and parties in interest, if either: (1) the sale of the Property to the
23 Buyer was not free and clear of all Interests or (2) the Buyer would, or in the future could, be
24 liable for any of such Interests or any claims against the Debtors based upon successor or
25 vicarious liability or otherwise. The Buyer shall not be responsible for any Interests or any such
26 claims against the Debtors based upon successor or vicarious liability or otherwise.

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1 AA. The sale of the Property pursuant to the terms of the RND Purchase Agreement,
2 this Sale Order, and any required Post-Auction Sale Order are in the best interests of the
3 Debtors, their bankruptcy estate, their creditors, and other parties in interest, and represents the
4 exercise of sound and prudent business judgment by the Debtors.

5 BB. In the absence of a stay pending appeal of this Sale Order and any required Post-
6 Auction Sale Order, the Buyer is acting in good faith, pursuant to Section 363(m), in closing the
7 transactions contemplated by the RND Purchase Agreement at any time on or after the entry of
8 this Sale Order and any required Post-Auction Sale Order and cause has been shown as to why
9 this Sale Order should not be subject to the stay provided by FRBP 6004(h).

10
11 **NOW, THEREFORE, BASED UPON ALL OF THE FOREGOING, IT IS**
12 **ORDERED THAT:**

13 1. The Motion is hereby GRANTED.

14 2. All objections, responses, and requests for continuance concerning the Motion
15 are resolved in accordance with the terms of this Sale Order and as set forth in the record of the
16 Hearing. To the extent any such objection, response or request for continuance was not
17 otherwise withdrawn, waived, mooted, or settled, it, and all reservations of rights contained
18 therein, is OVERRULED and DENIED.

19 3. Subject to entry of any required Post-Auction Sale Order, pursuant to Sections
20 363(b), (e), (f), and (m), (a) the sale of the Property free and clear of any and all Interests (if) to
21 the Buyer for a purchase price of the Purchase Price of \$8.5 million pursuant to the RND
22 Purchase Agreement, subject to Overbid pursuant to the Overbid Procedures set forth below
23 and any Auction conducted pursuant to the Overbid Procedures, or (ii) to the winning
24 Overbidder at the Auction is hereby approved, and (b) the Debtors and the Buyer, or the
25 winning Overbidder at the Auction are authorized to take any and all actions reasonably
26 necessary to consummate the sale of the Property,

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1 4. Subject to entry of any required Post-Auction Sale Order, the Buyer or any
2 winning Overbidder at the Auction confirmed as the winning bidder for the Property is hereby
3 deemed to be a “good faith” purchaser entitled to the protections afforded under Section
4 363(m).

5 5. The following Overbid Procedures are hereby approved:

6 a. Break-Up Fee: \$255,000 (3% of the Purchase Price) (the “Break-Up
7 Fee”), shall paid to the Buyer if there is at least one qualifying Overbidder, an Auction is
8 held, and the Buyer is not the winning bidder at the Auction, with the Break-Up Fee to
9 be paid to the Buyer out of the proceeds of the sale to the winning bidder;

10 b. Initial Overbid Amount: At least \$9,000,000 (the “Initial Overbid
11 Amount”);

12 c. Qualification of Overbidders: In order for any prospective Overbidder to
13 have the right to bid at the Auction, the prospective Overbidder must, within three (3)
14 business days prior to the Auction, (a) provide to counsel for the Debtors and the Buyer,
15 a signed proposed purchase agreement (each an “Overbid Purchase Agreement”), that is
16 substantially and materially in the same form as the RND Purchase Agreement, redlined
17 to show any changes, with such purchase agreement not to contain any financing,
18 inspection, due diligence, or other contingencies (including, a removal of all
19 contingencies in the form attached to the RND Purchase Agreement as CAR Form CR
20 14.C.), and with a minimum purchase price of at least the Initial Overbid Amount of
21 \$9.0 million; (b) submit a deposit in the amount of \$850,000 into a segregated trust
22 account maintained by LNBYB; (c) demonstrate to counsel for the Debtors that the
23 prospective Overbidder has sufficient funds to close the transaction within thirty (30)
24 days following the date of entry of the Post-Auction Sale Order approving the
25 prospective Overbidder as the winning bidder and the free and clear sale of the Property
26 to the winning bidder; and (d) agree that the prospective Overbidder’s deposit will be
27 non-refundable if the prospective Overbidder is the winning bidder at the Auction and
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1 fails to close the purchase of the Property within thirty (30) days following the date of
2 entry of the Post-Auction Sale Order approving the prospective Overbidder as the
3 winning bidder – regardless of whether an appeal has been filed of the Post-Auction Sale
4 Order, provided there is no entered stay pending appeal (*i.e.*, no final order
5 requirement); and

6 d. Overbidding Increments and Considerations in Determining the Winning
7 Bidder at Any Auction: In order to qualify to bid at the Auction, any Overbid Purchase
8 Agreement is required to include an Initial Overbid Amount of at least \$9.0 million.
9 Subsequent overbids at the Auction must be in increments of \$100,000 or amounts that
10 are wholly divisible by \$100,000. In the event there is one or more qualified Overbids
11 and the Buyer elects to participate in the Auction, the \$255,000 Break-Up Fee to be paid
12 to the Buyer in the event someone else is the winning bidder will be counted towards
13 determining the highest bid (*i.e.*, the winning bid will be the bid that results in the
14 highest net cash to the estate after taking into account the Break-Up Fee, but
15 commissions due and owing and any other costs and expenses will not be taken into
16 consideration in determining the highest bid).

17 6. If necessary, and the Debtors do not file a No Auction/Final Hearing Notice
18 pursuant to the terms of this Sale Order, the Auction and Post-Auction Hearing for the Court to
19 conduct an Auction and consider Overbids and to conduct a hearing to confirm the winning bid
20 for the Property and approve the Debtors’ sale of the Property to the Buyer or the winning
21 bidder at the Auction shall be held on _____, 2017, at ___:___ .m.

22 7. The Overbid/Auction Notice attached to the Motion as Exhibit “4” is hereby
23 approved.

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1 8. By no later than _____, 2017, the Debtors shall (a) serve the
2 Overbid/Auction Notice to the Notice Parties by (i) NEF via the Court's ECF system, (ii) U.S.
3 Mail, and/or (iii) email, and (b) pursuant to LBR 6007-1(f), submit a copy of the
4 Overbid/Auction Notice and a Form F 6004-2.NOTICE.SALE to the Clerk of the Court for
5 publication.

6 9. By no later than _____, 2017, H&H shall send the Overbid Auction
7 Notice to the agents of all parties that have expressed interest in the Property.

8 10. Upon the close of a sale of the Property to the Buyer or an Overbidder, the
9 Debtors are hereby authorized to and shall pay from the Sale Proceeds: (a) any pre-closing real
10 property taxes for the Property allocated to the Debtors, (b) any commission owed to H&H, and
11 any cooperating broker, pursuant to the Debtors' application to employ H&H (as amended),
12 which was previously approved by the Court, (c) the claim of Hargitay in the approximate
13 amount of \$110,000, which is secured by the Hargitay DOT on the Property, (d) \$100,000 to the
14 Debtors, representing exempt proceeds from the sale of the Property, and (e) customary escrow
15 closing fees and charges

16 11. The 14-day stay period set forth in FRBP 6004(h) is hereby waived to enable the
17 sale of the Property to close as quickly as possible.

18 12. Subject to entry of any required Post-Auction Sale Order, a certified copy of this
19 Sale Order and/or the Post-Auction Sale Order may be filed with the appropriate clerk and/or
20 recorded with the recorder to act to cancel any liens, *lis pendens*, including the Keros *Lis*
21 *Pendens*, and other encumbrances of record except the Excepted Items.

22 13. The Buyer and any successful Overbidder at the Auction has not assumed or is
23 otherwise not obligated for any of the Debtors' liabilities. Consequently, subject to entry of any
24 required Post-Auction Sale Order, all persons, governmental units (as defined in Sections
25 101(27) and 101(41)), all holders of Interests based upon or arising out of liabilities retained by
26 the Debtors are hereby enjoined from taking any action against the Buyer, any successful
27 Overbidder at the Auction, or the Property, including asserting any *lis pendens*, setoff, right of
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1 subrogation or recoupment of any kind, or to recover any Interests or enforce any claims or
2 causes of action or on account of any liabilities of the Debtors.

3 14. Subject to Excepted Items, to the extent applicable, entry of any required Post-
4 Auction Sale Order, except to the extent needed to enforce the terms of the RND Purchase
5 Agreement, pursuant to Sections 105 and 363, all persons and entities, including, but not limited
6 to, the Debtors, all debt security holders, equity security holders, governmental, tax and
7 regulatory authorities, lenders, parties to or beneficiaries under any benefit plan, trade and other
8 creditors asserting or holding a claim or Interest of any kind or nature whatsoever against, in, or
9 with respect to any the Debtors and the Property (whether legal or equitable, secured or
10 unsecured, matured or unmatured, contingent or non-contingent, senior or subordinated), arising
11 under or out of, in connection with, or in any way relating to the Debtors or the Property prior to
12 the Closing Date, shall be forever barred, prohibited, estopped and permanently enjoined from
13 (a) after the Closing Date, asserting, prosecuting or otherwise pursuing such Interest, whether
14 by payment, setoff, or otherwise, directly or indirectly, against the Buyer, their affiliates,
15 successors or assigns, and current affiliates, officers, directors, employees, managers, partners,
16 members, financial advisors, attorneys, agents, and representatives, or the Assets; and (b) taking
17 any action that would adversely affect or interfere with the ability of the Debtors to sell and
18 transfer the Property to the Buyer, any successful Overbidder at the Auction, pursuant to the
19 terms of the Sale Order and the Post-Auction Sale Order.

20 15. Subject to entry of any required Post-Auction Sale Order and the terms of the
21 RND Purchase Agreement, the RND Purchase Agreement and any related agreements may be
22 waived, modified, amended, or supplemented by agreement of the Debtors and the Buyer,
23 without further action or order of the Court; provided, however, that any such waiver,
24 modification, amendment, or supplement materially and substantially conforms to, and
25 effectuates, the RND Purchase Agreement and any related agreements.

26 16. The failure specifically to include any particular provisions of the RND Purchase
27 Agreement or any related agreements in this Sale Order and any required Post-Auction Sale
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1 Order shall not diminish or impair the effectiveness of such provision, it being the intent of the
2 Court, the Debtors and the Buyer that the RND Purchase Agreement and any related agreements
3 are authorized and approved in their entirety with such amendments thereto as may be made by
4 the parties in accordance with this Sale Order and any required Post-Auction Sale Order prior to
5 the Closing Date.

6 17. Subject to entry of any required Post-Auction Sale Order, this Sale Order and the
7 RND Purchase Agreement shall be binding upon and govern the acts of all persons and entities,
8 including without limitation, the Debtors' bankruptcy estate, the Debtors and their successors
9 and assigns, including, without limitation, any chapter 11 trustee or examiner hereinafter
10 appointed for the Debtors' bankruptcy estate or any chapter 7 trustee appointed if the case is
11 converted from chapter 11, all creditors of the Debtors (whether known or unknown), the Buyer
12 and their successors and assigns, the Property, filing agents, filing officers, title agents,
13 recording agencies, secretaries of state, and all other persons and entities who may be required
14 to report or insure any title in or to the Property or who may be required by operation of law, the
15 duties of their office or contract, to accept, file, register, or otherwise record or release any
16 documents or instruments that reflect that the Buyer or any successful Overbidder at the
17 Auction is the owner of the Property free and clear of all Interests, except as otherwise provided
18 in the RND Purchase Agreement, this Sale Order, or the Post-Auction Sale Order, and each of
19 the foregoing persons and entities is hereby directed to accept for filing any and all of the
20 documents and instruments necessary and appropriate to consummate the transactions
21 contemplated by the RND Purchase Agreement.

22 18. The provisions of this Sale Order are non-severable and mutually dependent.

23 19. Assuming the Buyer is the successful bidder for the Property, nothing in any
24 order of the Court, including any required Post-Auction Sale Order, or contained in any plan of
25 reorganization or liquidation confirmed in the Debtors' chapter 11 case, or in any subsequent or
26 converted cases of the Debtors under chapter 7 of the Bankruptcy Code, or in any related
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1 proceeding, shall conflict with or derogate from the provisions of the RND Purchase Agreement
2 or the terms of this Sale Order.

3 20. Notwithstanding FRBP 6004 and 7062, this Sale Order shall be effective and
4 enforceable immediately upon entry and its provisions shall be self-executing, and the Motion
5 or notice thereof shall be deemed to provide sufficient notice of the Debtors' request for waiver
6 of the otherwise applicable stay of this Sale Order. Subject to entry of any required Post-
7 Auction Sale Order, in the absence of any person or entity obtaining a stay pending appeal, the
8 Debtors and the Buyer are free to close under the RND Purchase Agreement at any time, subject
9 to the terms of this Sale Order and the RND Purchase Agreement. The Buyer has acted in
10 "good faith," and, in the absence of any person or entity obtaining a stay pending appeal, if the
11 Debtors and the Buyer close under the RND Purchase Agreement, the Buyer shall be entitled to
12 the protections of Section 363(m) as to all aspects of the transactions under and pursuant to the
13 RND Purchase Agreement if this Order or any authorization contained herein is reversed or
14 modified on appeal.

15 21. The Court shall retain exclusive jurisdiction to interpret, implement and enforce
16 the terms and provisions of this Sale Order, any required Post-Auction Sale Order, and the RND
17 Purchase Agreement, all amendments thereto and any waivers and consents thereunder and each
18 of the agreements executed in connection therewith to which the Debtors are a party or that
19 have been assigned by the Debtors to the Buyer in all respects, and to decide any disputes
20 concerning this Sale Order, any required Post-Auction Sale Order, and the RND Purchase
21 Agreement, or the rights and duties of the parties hereunder or thereunder or any issues relating
22 to the RND Purchase Agreement, this Sale Order, and any required Post-Auction Sale Order,
23 including but not limited to, retaining jurisdiction to (a) compel delivery of the Property to the
24 Buyer; (b) interpret, implement and enforce the terms, conditions and provisions of this Sale
25 Order, any required Post-Auction Sale Order, and the RND Purchase Agreement; (c) determine
26 the status, nature and extent of the Property; (d) protect the Buyer against any Interests against
27 the Debtors or the Property of any kind or nature whatsoever attaching to the proceeds of the
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1 sale. Any proceeding commenced pursuant to this paragraph may be commenced as a contested
2 matter.

3 **IT IS SO ORDERED.**

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EXHIBIT "2"



Chicago Title Company

725 South Figueroa Street, Suite 200, Los Angeles, CA 90017
Phone: (213) 488-4300 • Fax: (213) 488-4377

Issuing Policies of Chicago Title Insurance Company

ORDER NO.: 00069646-994-X49-DB

Escrow/Customer Phone: (213) 488-4300

7/11/17

Chicago Title Company -NBU
725 S. Figueroa St.200
Los Angeles, CA 90017
ATTN: Marley Harrill
Email: harrillm@ctt.com
Ref: NBU# 69637-MH

Title Officer: **Dave Balassi (LA/Comm)**
Title Officer Phone: (213) 488-4394
Title Officer Fax: (213) 488-4360
Title Officer Email: **DL-CTI-LosAngeles-UnitX49@ctt.com**

PROPERTY: 2460 SUNSET PLAZA & 2375 SUNSET PLAZA, LOS ANGELES, CA

PRELIMINARY REPORT

In response to the application for a policy of title insurance referenced herein, Chicago Title Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Chicago Title Insurance Company, a Florida corporation.

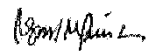

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.

Chicago Title Company

By: 
Authorized Signature



By: 
Randy Quirk, President
Attest: 
Michael Granello, Secretary



Chicago Title Company

725 South Figueroa Street, Suite 200, Los Angeles, CA 90017
Phone: (213) 488-4300 • Fax: (213) 488-4377

PRELIMINARY REPORT

EFFECTIVE DATE: July 11, 2017 at 7:30 a.m.

ORDER NO.: 00069646-994-X49-DB

The form of policy or policies of title insurance contemplated by this report is:

Extended

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

**A Fee as to Parcel(s) 1 and 2
Easement(s) more fully described below as to Parcel(s) 1A and 2A**

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

Paul Shepherd and Gigi Shepherd, husband and wife as community property with the right of survivorship, subject to proceedings pending in the bankruptcy court where a petition for relief was filed, a certified copy of the petition being recorded July 5, 2017 as Instrument No. 2017-0746036 of Official Records.

**Name of Debtor: Paul Stuart Shepherd and GiGi Renee Shepherd
Date of Filing: June 30, 2017
U.S. District Court: Central District of California
Case No: 2:17-bk-17991-BB**

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

See Exhibit A attached hereto and made a part hereof.

PRELIMINARY REPORT
YOUR REFERENCE: NBU# 69637-MH

Chicago Title Company
ORDER NO.: 00069646-994-X49-DB

EXHIBIT "A"

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

THAT PORTION OF LOT "D" OF LOOKOUT MOUNTAIN PARK, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 14 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN ANGLE POINT ON THE SOUTHEASTERLY RIGHT-OF-WAY OF CRESCENT DRIVE AS SHOWN ON THE MAP OF TRACT NO. 1649, RECORDED IN BOOK 20 PAGE 141 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT BEING THE NORTHEASTERLY TERMINUS OF THAT CERTAIN COURSE SHOWN ON SAID MAP AS HAVING A BEARING AND DISTANCE OF "SOUTH 71° 17' 15" WEST 144.79 FEET"; THENCE ALONG SAID RIGHT-OF-WAY, SOUTH 71° 17' 19" WEST 7.05 FEET; THENCE LEAVING SAID RIGHT-OF-WAY, SOUTH 59° 35' 46" EAST 95.85 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 35.00 FEET; THENCE SOUTHEASTERLY AND NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 78° 55' 00", AN ARC DISTANCE OF 48.21 FEET; THENCE NORTH 41° 29' 14" EAST 11.23 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 63.66 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 10° 15' 54", AN ARC DISTANCE OF 11.41 FEET; THENCE NORTH 31° 13' 20" EAST 29.25 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 126.34 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 32° 38' 05", AN ARC DISTANCE OF 71.96 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 81.34 FEET; THENCE NORTHEASTERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 59° 26' 26", AN ARC DISTANCE OF 84.38 FEET; THENCE SOUTH 56° 42' 09" EAST 50.78 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 256.34 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 05° 03' 53", AN ARC DISTANCE OF 22.66 FEET; THENCE SOUTH 51° 38' 16" EAST 19.15 FEET TO THE EASTERLY BOUNDARY OF DEED RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 2006-2867024, IN OFFICIAL RECORDS; THENCE ALONG SAID EASTERLY BOUNDARY THE FOLLOWING COURSES:

1. NORTH 23° 22' 58" EAST 37.92 FEET TO AN ANGLE POINT;
2. NORTH 41° 00' 00" EAST 116.00 FEET TO AN ANGLE POINT;
3. NORTH 25° 00' 00" WEST 182.00 FEET TO THE MOST EASTERLY CORNER OF LOT 752 OF TRACT NO. 1371, AS PER MAP RECORDED IN BOOK 18 PAGES 138 AND 139 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE ALONG THE SOUTHEASTERLY LINE OF SAID LOT AND OF LOTS 751 AND 750 OF SAID TRACT, THE FOLLOWING COURSES:

1. SOUTH 22° 05' 29" WEST 32.57 FEET;
2. SOUTH 21° 50' 54" WEST 31.70 FEET;
3. SOUTH 21° 13' 50" WEST 30.38 FEET TO THE SOUTHERLY CORNER OF SAID LOT 750;

THENCE ALONG THE SOUTHWESTERLY LINE OF SAID LOT, NORTH 55° 09' 42" WEST 95.36 FEET TO SAID SOUTHEASTERLY RIGHT-OF-WAY OF CRESCENT DRIVE; THENCE ALONG SAID RIGHT-OF-WAY, THE FOLLOWING COURSES:

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EXHIBIT A
(Continued)

1. SOUTH 48° 36' 20" WEST 62.94 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 103.86 FEET;
2. SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 32° 47' 00" AN ARC DISTANCE OF 59.43 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 40.00 FEET;
3. SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 82° 43' 30", AN ARC DISTANCE OF 57.75 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 69.70 FEET;
4. SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 59° 37' 15", AN ARC DISTANCE OF 72.53 FEET;
5. SOUTH 58° 17' 05" WEST 97.66 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 20.00 FEET;
6. SOUTHWESTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 76° 59' 46", AN ARC DISTANCE OF 26.88 FEET TO THE POINT OF BEGINNING.

SAID LAND IS SHOWN AS PARCEL 1 ON THE CERTIFICATE OF COMPLIANCE FOR LOT-LINE ADJUSTMENT, PARCEL MAP EXEMPTION NO. AA-2013-0041-PMEX, RECORDED OCTOBER 18, 2013 AS INSTRUMENT NO. 2013-1496913. OFFICIAL RECORDS.

PARCEL 1A:

A NON-EXCLUSIVE EASEMENT OVER THOSE PORTIONS OF LOT "D" OF LOOKOUT MOUNTAIN PARK, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 14 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED IN THOSE CERTAIN DEEDS RECORDED NOVEMBER 6, 2013 AS INSTRUMENT NO. 2013-1581204, AND MAY 2, 2016 AS INSTRUMENT NO. 2016-496596. BOTH OF OFFICIAL RECORDS.

PARCEL 2:

THAT PORTION OF LOT "D" OF LOOKOUT MOUNTAIN PARK, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 14 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT AN ANGLE POINT ON THE SOUTHEASTERLY RIGHT-OF-WAY OF CRESCENT DRIVE AS SHOWN ON THE MAP OF TRACT NO. 1649, RECORDED IN BOOK 20 PAGE 141 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT BEING THE NORTHEASTERLY TERMINUS OF THAT CERTAIN COURSE SHOWN ON SAID MAP AS HAVING A BEARING AND DISTANCE OF "SOUTH 71° 17' 15" WEST 144.79 FEET"; THENCE ALONG SAID RIGHT-OF-WAY, SOUTH 71° 17' 19" WEST 7.05 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID RIGHT-OF-WAY, SOUTH 59° 35' 46" EAST 95.85 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 35.00 FEET; THENCE SOUTHEASTERLY AND NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 78° 55' 00" AN ARC DISTANCE OF 48.21 FEET; THENCE NORTH 41° 29' 14" EAST 11.23 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 63.66 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 10° 15' 54", AN ARC DISTANCE OF 11.41 FEET; THENCE NORTH 31° 13' 20" EAST 29.25 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 126.34 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 32° 38' 05", AN ARC DISTANCE OF 71.96 FEET TO

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(Continued)

THE BEGINNING OF A COMPOUND CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 81.34 FEET; THENCE NORTHEASTERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 59° 26' 26", AN ARC DISTANCE OF 84.38 FEET; THENCE SOUTH 56° 42' 09" EAST 50.78 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 256.34 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 05° 03' 53", AN ARC DISTANCE OF 22.66 FEET; THENCE SOUTH 51° 38' 16" EAST 19.15 FEET TO A POINT ON THE EASTERLY BOUNDARY OF DEED RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 2006-2867024, IN OFFICIAL RECORDS; THENCE ALONG SAID BOUNDARY, SOUTH 23° 22' 58" WEST 18.04 FEET TO THE MOST EASTERLY CORNER OF DEED RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 2006-2867023, IN OFFICIAL RECORDS; THENCE ALONG THE SOUTHEASTERLY BOUNDARY OF SAID LAST MENTIONED DEED, SOUTH 23° 22' 58" WEST 81.03 FEET TO AN ANGLE POINT THEREOF; THENCE SOUTH 44° 59' 16" EAST 9.00 FEET TO THE MOST NORTHERLY CORNER OF LOT 21 OF TRACT NO. 23753, AS PER MAP RECORDED IN BOOK 630 PAGES 57 THROUGH 63 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG THE NORTHERLY BOUNDARY OF SAID LOT, SOUTH 45° 00' 44" WEST 100.00 FEET TO AN ANGLE POINT THEREOF; THENCE SOUTH 88° 23' 26" WEST 74.90 FEET TO THE MOST SOUTHERLY SOUTHWESTERLY CORNER OF SAID LAST MENTIONED DEED; THENCE LEAVING SAID NORTHERLY BOUNDARY AND ALONG THE WESTERLY AND SOUTHWESTERLY BOUNDARY OF SAID LAST MENTIONED DEED THE FOLLOWING COURSES:

1. NORTH 01° 31' 55" WEST 67.21 FEET TO AN ANGLE POINT;
2. NORTH 84° 29' 31" WEST 57.93 FEET TO AN ANGLE POINT;
3. NORTH 59° 35' 46" WEST 171.98 FEET TO AN ANGLE POINT;
4. SOUTH 77° 09' 42" WEST 86.05 FEET TO AN ANGLE POINT;
5. NORTH 15° 46' 30" WEST 2.56 FEET TO SAID SOUTHEASTERLY RIGHT-OF-WAY OF CRESCENT DRIVE;

THENCE ALONG SAID RIGHT-OF-WAY, NORTH 71° 17' 19" EAST 112.22 FEET TO THE TRUE POINT OF BEGINNING.

SAID LAND IS SHOWN AS PARCEL 2 ON THE CERTIFICATE OF COMPLIANCE FOR LOT-LINE ADJUSTMENT, PARCEL MAP EXEMPTION NO. AA-2013-0041-PMEX, RECORDED OCTOBER 18, 2013 AS INSTRUMENT NO. 2013-1496913, OFFICIAL RECORDS.

PARCEL 2A:

A NON-EXCLUSIVE EASEMENT OVER THOSE PORTIONS OF LOT "D" OF LOOKOUT MOUNTAIN PARK, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 14 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED IN THOSE CERTAIN DEEDS RECORDED NOVEMBER 6, 2013 AS INSTRUMENT NO. 2013-1581203, AND MAY 2, 2016 AS INSTRUMENT NO. 2016-496597, BOTH OF OFFICIAL RECORDS.

APN: 5563-031-011, 5563-031-012

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EXCEPTIONS

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2017-2018.

2. An assessment by the improvement district shown below:

Assessment
(or Bond) No: Not Set Out
Series: AD#1
District: County of Los Angeles
For: MRCA Brush Fire Clear'g Dist #1
Bond issued: August 6, 2003
Original Amount: Not Set Out

Said assessment is collected with the county/city property taxes.

3. Any liens or other assessments, bonds, or special district liens including without limitation, Community Facility Districts, that arise by reason of any local, City, Municipal or County Project or Special District.

4. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.

5. Water rights, claims or title to water, whether or not disclosed by the public records.

6. Easement(s) in favor of the public over any existing roads lying within said Land.

7. Easement(s) or right(s) of way for the purpose(s) shown below and rights incidental thereto, as granted and/or reserved in various deeds of record:

Purpose: Ingress and egress, pipelines, drainage and/or public utilities and incidental purposes thereto over, under, along and across the easement parcel(s) herein described
Affects: Parcels 1A and 2A

8. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other matters which a correct survey would disclose and which are not shown by the public records.

9. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: public utilities
Recording No: Book 5907, Page 36 of Deeds
Affects: said land as more particularly described herein

10. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: public utilities
Recording Date: July 6, 1962
Recording No: 5435, of Official Records
Affects: said land as more particularly described herein

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EXCEPTIONS
(Continued)

11. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:
- Purpose: line or lines of pipe, vaults and manholes, together with appurtenant structures and equipment for conveying and distributing water
Recording Date: October 1, 1971
Recording No: 3250. of Official Records
Affects: said land as more particularly described herein
12. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:
- Purpose: line or lines of pipes, vaults and manholes, together with appurtenant structures and equipment for conveying and distributing water
Recording Date: October 8, 1971
Recording No: 2544. of Official Records
Affects: said land as more particularly described herein
13. Matters contained in that certain document
- Entitled: Notice of Consent to Use Land
Recording Date: December 29, 2004
Recording No: 04-3375894. of Official Records
- Reference is hereby made to said document for full particulars.
14. Matters contained in that certain document
- Entitled: Notice of Consent to Use Land
Recording Date: December 29, 2004
Recording No: 04-3375895. of Official Records
- Reference is hereby made to said document for full particulars.
15. Matters contained in that certain document
- Entitled: Notice of Consent to Use Land
Recording Date: March 7, 2006
Recording No: 06-0485777. of Official Records
- Reference is hereby made to said document for full particulars.
- Matters contained in that certain document
- Entitled: Partial Revocation of Consent to Use Land
Recording Date: October 12, 2007
Recording No: 20072334048. of Official Records
- Reference is hereby made to said document for full particulars.

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EXCEPTIONS
(Continued)

16. An instrument entitled Covenant and Agreement for Community Driveway

Executed by: Paul Shepherd, Gigi Shepherd and James Wecker II
In favor of: City of Los Angeles
Recording Date: August 13, 2007
Recording No: 20071892972, of Official Records

Which among other things provides: as provided therein

Reference is hereby made to said document for full particulars.

This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

17. An instrument entitled Covenant and Agreement for Community Driveway

Executed by: Paul Shepherd, Gigi Shepherd and James Wecker II
In favor of: City of Los Angeles
Recording Date: August 13, 2007
Recording No: 20071892973, of Official Records

Which among other things provides: as provided therein

Reference is hereby made to said document for full particulars.

This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

18. Matters contained in that certain document

Entitled: Memorandum of Easement Agreement
Recording Date: August 13, 2007
Recording No: 20071892974, of Official Records

Reference is hereby made to said document for full particulars.

19. Matters contained in that certain document

Entitled: Easement Deed for Ingress and Egress
Recording Date: November 6, 2013
Recording No: 20131581205, of Official Records
(Parcel 2)

Reference is hereby made to said document for full particulars.

20. Matters contained in that certain document

Entitled: Easement Deed for Ingress and Egress
Recording Date: November 6, 2013
Recording No: 20131581206, of Official Records
(Parcel 1)

Reference is hereby made to said document for full particulars.

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EXCEPTIONS
(Continued)

21. An instrument entitled Covenant and Agreement Regarding Private Sewer Easement

Executed by: Ellen, Hargitay, Mickey Hargitay, Paul Shepherd and Gigi Shepherd
In favor of: City of Los Angeles
Recording Date: September 25, 2013
Recording No: 20131392258, of Official Records

Which among other things provides: as provided therein

Reference is hereby made to said document for full particulars.

This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

22. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Mickey Hargitay and Ellen Hargitay
Purpose: ingress and egress
Recording Date: May 2, 2016
Recording No: 2016-496594, of Official Records
Affects: said land as more particularly described herein
(Parcel 1)

23. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Mickey Hargitay and Ellen Hargitay
Purpose: ingress and egress
Recording Date: May 2, 2016
Recording No: 2016-496595, of Official Records
Affects: said land as more particularly described herein
(Parcel 2)

24. This exception has been intentionally deleted.

25. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

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EXCEPTIONS
(Continued)

26. If the Land is located within the area affected by a Geographic Targeting Order issued by FinCEN (California counties of Los Angeles, San Diego, San Francisco, Santa Clara and San Mateo), the Company must be supplied with a completed ALTA Information Collection Form ("ICF").

27. Matters contained in that certain document

Entitled: Notice of Special Tax Lien
Dated: January 11, 2017
Recording Date: January 13, 2017
Recording No: 2017-0055098, of Official Records

Reference is hereby made to said document for full particulars.

This property, along with all other parcels in the CFD, is liable for an annual special tax. This special tax is included with and payable with the general property taxes of the City of Los Angeles, County of Los Angeles. The tax may not be prepaid.

28. A pending court action as disclosed by a recorded notice:

Plaintiff: Nicholas Keros, an individual
Defendant: Paul Shepherd, an individual; GiGi Shepherd, an individual; Judy Nagler, an individual; and Force-Nagler, LLC, a California limited liability company
County: Los Angeles
Court: Superior Court
Case No.: BC654456
Nature of Action: as described therein
Recording Date: March 17, 2017
Recording No: 2017-0309121 of Official Records

Affects: Parcel 2

An examination of said proceedings has been ordered. Upon completion the Company reserves the right to except additional items and/or make additional requirements.

29. A pending court action as disclosed by a recorded notice:

Plaintiff: Nicholas Keros, an individual
Defendant: Paul Shepherd, an individual; GiGi Shepherd, an individual; Judy Nagler, an individual; and Force-Nagler, LLC, a California limited liability company
County: Los Angeles
Court: Superior Court
Case No.: BC654456
Nature of Action: as described therein
Recording Date: March 17, 2017
Recording No: 2017-0309123 of Official Records

Affects: Parcel 1

An examination of said proceedings has been ordered. Upon completion the Company reserves the right to except additional items and/or make additional requirements.

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**EXCEPTIONS
(Continued)**

30. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$109,744.90
Dated: June 14, 2017
Trustor/Grantor Paul and Gigi Shepherd as husband and wife
Trustee: 1st American Title Company, a California Corporation
Beneficiary: Ellen Hargitay
Recording Date: June 15, 2017
Recording No: 2017-0661700 of Official Records

This Company will require that the original note, the original deed of trust and a properly executed request for full reconveyance together with appropriate documentation (i.e., copy of trust, partnership agreement or corporate resolution) be in this office prior to the close of this transaction if the above-mentioned item is to be paid through this transaction or deleted from a policy of title insurance.

Any demands submitted to us for payoff must be signed by all beneficiaries as shown on said deed of trust, and/or any assignments thereto. In the event said demand is submitted by an agent of the beneficiary(s), we will require the written approval of the demand by the beneficiary(s). Servicing agreements do not constitute approval for the purposes of this requirement.

If no amounts remain due under the obligation a zero balance demand will be required along with the reconveyance documents.

In addition, we require the written approval of said demand by the trustor(s) on said deed of trust or the current owners if applicable.

PLEASE REFER TO THE "INFORMATIONAL NOTES" AND "REQUIREMENTS" SECTIONS WHICH FOLLOW FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION.

END OF EXCEPTIONS

REQUIREMENTS SECTION

1. In order to complete this report, the Company requires a Statement of Information to be completed by the following party(s),

Party(s): All Parties

The Company reserves the right to add additional items or make further requirements after review of the requested Statement of Information.

NOTE: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact affect another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file.

2. In order to complete this report, the Company requires a Statement of Information to be completed by the following party(s),

Party(s): Paul Shepherd

The Company reserves the right to add additional items or make further requirements after review of the requested Statement of Information.

NOTE: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact affect another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file.

3. The Company will require an affidavit signed by the seller/mortgagor certifying that there are no matters that could give rise to any defects, liens, encumbrances, adverse claims or other matters that would attach to the Land between the effective date of the report and the recording of the instruments creating the estate to be insured.

END OF REQUIREMENTS

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INFORMATIONAL NOTES SECTION

- 1. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.
- 2. Note: Property taxes, including any personal property taxes and any assessments collected with taxes, are paid. For proration purposes the amounts were:

Tax Identification No.: 5563-031-011
 Fiscal Year: 2016-2017
 1st Installment: \$6,886.60
 2nd Installment: \$6,886.59
 Exemption: None
 Code Area: 00067

- 3. Note: Property taxes, including any personal property taxes and any assessments collected with taxes, are paid. For proration purposes the amounts were:

Tax Identification No.: 5563-031-012
 Fiscal Year: 2016-2017
 1st Installment: \$1,992.74
 2nd Installment: \$1,992.73
 Exemption: None
 Code Area: 00067

- 4. None of the items shown in this report will cause the Company to decline to attach CLTA Endorsement Form I00 to an Extended Coverage Loan Policy, when issued.
- 5. The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land Single Family Residential properties, known as 2460 Sunset Plaza & 2375 Sunset Plaza, located within the city of Los Angeles, California, , to an Extended Coverage Loan Policy.
- 6. Note: Please contact your Title Officer to obtain the current recording fees. Chicago Title Company will pay Chicago Title Insurance Company 12% of the title premium, as disclosed on lines 1107 and 1108 of the HUD-1.
- 7. Note: The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.

END OF INFORMATIONAL NOTES

Dave Balassi (LA/Comm)/jk9

**FIDELITY NATIONAL FINANCIAL
PRIVACY NOTICE**

At Fidelity National Financial, Inc., we respect and believe it is important to protect the privacy of consumers and our customers. This Privacy Notice explains how we collect, use, and protect any information that we collect from you, when and to whom we disclose such information, and the choices you have about the use of that information. A summary of the Privacy Notice is below, and we encourage you to review the entirety of the Privacy Notice following this summary. You can opt-out of certain disclosures by following our opt-out procedure set forth at the end of this Privacy Notice.

<p>Types of Information Collected. You may provide us with certain personal information about you, like your contact information, address demographic information, social security number (SSN), driver's license, passport, other government ID numbers and/or financial information. We may also receive browsing information from your Internet browser, computer and/or mobile device if you visit or use our websites or applications.</p>	<p>How Information is Collected. We may collect personal information from you via applications, forms, and correspondence we receive from you and others related to our transactions with you. When you visit our websites from your computer or mobile device, we automatically collect and store certain information available to us through your Internet browser or computer equipment to optimize your website experience.</p>
<p>Use of Collected Information. We request and use your personal information to provide products and services to you, to improve our products and services, and to communicate with you about these products and services. We may also share your contact information with our affiliates for marketing purposes.</p>	<p>When Information Is Disclosed. We may disclose your information to our affiliates and/or nonaffiliated parties providing services for you or us, to law enforcement agencies or governmental authorities, as required by law, and to parties whose interest in title must be determined.</p>
<p>Choices With Your Information. Your decision to submit information to us is entirely up to you. You can opt-out of certain disclosure or use of your information or choose to not provide any personal information to us.</p>	<p>Information From Children. We do not knowingly collect information from children who are under the age of 13, and our website is not intended to attract children.</p>
<p>Privacy Outside the Website. We are not responsible for the privacy practices of third parties, even if our website links to those parties' websites.</p>	<p>International Users. By providing us with you information, you consent to its transfer, processing and storage outside of your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.</p>
<p>The California Online Privacy Protection Act. Some FNF companies provide services to mortgage loan servicers and, in some cases, their websites collect information on behalf of mortgage loan servicers. The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through those websites.</p>	
<p>Your Consent To This Privacy Notice. By submitting information to us or by using our website, you are accepting and agreeing to the terms of this Privacy Notice.</p>	<p>Access and Correction; Contact Us. If you desire to contact us regarding this notice or your information, please contact us at privacy@fnf.com or as directed at the end of this Privacy Notice.</p>

**FIDELITY NATIONAL FINANCIAL, INC.
PRIVACY NOTICE**

Fidelity National Financial, Inc. and its majority-owned subsidiary companies providing title insurance, real estate- and loan-related services (collectively, "FNF", "our" or "we") respect and are committed to protecting your privacy. We will take reasonable steps to ensure that your Personal Information and Browsing Information will only be used in compliance with this Privacy Notice and applicable laws. This Privacy Notice is only in effect for Personal Information and Browsing Information collected and/or owned by or on behalf of FNF, including Personal Information and Browsing Information collected through any FNF website, online service or application (collectively, the "Website").

Types of Information Collected

We may collect two types of information from you: Personal Information and Browsing Information.

Personal Information. FNF may collect the following categories of Personal Information:

- contact information (e.g., name, address, phone number, email address);
- demographic information (e.g., date of birth, gender, marital status);
- social security number (SSN), driver's license, passport, and other government ID numbers;
- financial account information; and
- other personal information needed from you to provide title insurance, real estate- and loan-related services to you.

Browsing Information. FNF may collect the following categories of Browsing Information:

- Internet Protocol (or IP) address or device ID/UDID, protocol and sequence information;
- browser language and type;
- domain name system requests;
- browsing history, such as time spent at a domain, time and date of your visit and number of clicks;
- http headers, application client and server banners; and
- operating system and fingerprinting data.

How Information is Collected

In the course of our business, we may collect *Personal Information* about you from the following sources:

- applications or other forms we receive from you or your authorized representative;
- the correspondence you and others send to us;
- information we receive through the Website;
- information about your transactions with, or services performed by, us, our affiliates or nonaffiliated third parties; and
- information from consumer or other reporting agencies and public records maintained by governmental entities that we obtain directly from those entities, our affiliates or others.

If you visit or use our Website, we may collect *Browsing Information* from you as follows:

- **Browser Log Files.** Our servers automatically log each visitor to the Website and collect and record certain browsing information about each visitor. The Browsing Information includes generic information and reveals nothing personal about the user.
- **Cookies.** When you visit our Website, a "cookie" may be sent to your computer. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive. When you visit a website again, the cookie allows the website to recognize your computer. Cookies may store user preferences and other information. You can choose whether or not to accept cookies by changing your Internet browser settings, which may impair or limit some functionality of the Website.

Use of Collected Information

Information collected by FNF is used for three main purposes:

- To provide products and services to you or any affiliate or third party who is obtaining services on your behalf or in connection with a transaction involving you.
- To improve our products and services.
- To communicate with you and to inform you about our, our affiliates' and third parties' products and services, jointly or independently.

When Information Is Disclosed

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) and Browsing Information to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Please see the section "Choices With Your Personal Information" to learn how to limit the discretionary disclosure of your Personal Information and Browsing Information.

Disclosures of your Personal Information may be made to the following categories of affiliates and nonaffiliated third parties:

- to third parties to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure;
- to our affiliate financial service providers for their use to market their products or services to you;
- to nonaffiliated third party service providers who provide or perform services on our behalf and use the disclosed information only in connection with such services;
- to nonaffiliated third party service providers with whom we perform joint marketing, pursuant to an agreement with them to market financial products or services to you;
- to law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoena or court order;
- to lenders, lien holders, judgment creditors, or other parties claiming an interest in title whose claim or interest must be determined, settled, paid, or released prior to closing; and

- other third parties for whom you have given us written authorization to disclose your Personal Information.

We may disclose Personal Information and/or Browsing Information when required by law or in the good-faith belief that such disclosure is necessary to:

- comply with a legal process or applicable laws;
- enforce this Privacy Notice;
- investigate or respond to claims that any material, document, image, graphic, logo, design, audio, video or any other information provided by you violates the rights of a third party; or
- protect the rights, property or personal safety of FNF, its users or the public.

We maintain reasonable safeguards to keep your Personal Information secure. When we provide Personal Information to our affiliates or third party service providers as discussed in this Privacy Notice, we expect that these parties process such information in compliance with our Privacy Notice or in a manner that is in compliance with applicable privacy laws. The use of your information by a business partner may be subject to that party's own Privacy Notice. Unless permitted by law, we do not disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent.

We reserve the right to transfer your Personal Information, Browsing Information, and any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets, or in the event of our bankruptcy, reorganization, insolvency, receivership or an assignment for the benefit of creditors. You expressly agree and consent to the use and/or transfer of the foregoing information in connection with any of the above described proceedings. We cannot and will not be responsible for any breach of security by a third party or for any actions of any third party that receives any of the information that is disclosed to us.

Choices With Your Information

Whether you submit Personal Information or Browsing Information to FNF is entirely up to you. If you decide not to submit Personal Information or Browsing Information, FNF may not be able to provide certain services or products to you. The uses of your Personal Information and/or Browsing Information that, by law, you cannot limit, include:

- for our everyday business purposes – to process your transactions, maintain your account(s), to respond to law
- enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders, or report to credit bureaus;
- for our own marketing purposes;
- for joint marketing with financial companies; and
- for our affiliates' everyday business purposes – information about your transactions and experiences.

You may choose to prevent FNF from disclosing or using your Personal Information and/or Browsing Information under the following circumstances ("opt-out"):

- for our affiliates' everyday business purposes – information about your creditworthiness; and
- for our affiliates to market to you.

To the extent permitted above, you may opt-out of disclosure or use of your Personal Information and Browsing Information by notifying us by one of the methods at the end of this Privacy Notice. We do not share your personal information with non-affiliates for their direct marketing purposes.

For California Residents: We will not share your Personal Information and Browsing Information with nonaffiliated third parties, except as permitted by California law. Currently, our policy is that we do not recognize "do not track" requests from Internet browsers and similar devices.

For Nevada Residents: You may be placed on our internal Do Not Call List by calling (888) 934-3354 or by contacting us via the information set forth at the end of this Privacy Notice. Nevada law requires that we also provide you with the following contact information: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; Phone number: (702) 486-3132; email: BCPINFO@ag.state.nv.us.

For Oregon Residents: We will not share your Personal Information and Browsing Information with nonaffiliated third parties for marketing purposes, except after you have been informed by us of such sharing and had an opportunity to indicate that you do not want a disclosure made for marketing purposes.

For Vermont Residents: We will not share your Personal Information and Browsing Information with nonaffiliated third parties, except as permitted by Vermont law, such as to process your transactions or to maintain your account. In addition, we will not share information about your creditworthiness with our affiliates except with your authorization. For joint marketing in Vermont, we will only disclose your name, contact information and information about your transactions.

Information From Children

The Website is meant for adults and is not intended or designed to attract children under the age of thirteen (13). We do not collect Personal Information from any person that we know to be under the age of thirteen (13) without permission from a parent or guardian. By using the Website, you affirm that you are over the age of 13 and will abide by the terms of this Privacy Notice.

Privacy Outside the Website

The Website may contain links to other websites. FNF is not and cannot be responsible for the privacy practices or the content of any of those other websites.

International Users

FNF's headquarters is located within the United States. If you reside outside the United States or are a citizen of the European Union, please note that we may transfer your Personal Information and/or Browsing Information outside of your country of residence or the European Union for any of the purposes described in this Privacy Notice. By providing FNF with your Personal Information and/or Browsing Information, you consent to our collection and transfer of such information in accordance with this Privacy Notice.

The California Online Privacy Protection Act

FNF Privacy Statement (Eff. 5/1/2015) Last Updated March 1, 2017
MISC0219 (DSI Rev. 3/2/17)

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Page 3 Order No. 00069646-994-X49-DB

For some FNF websites, such as the Customer CareNet ("CCN"), FNF is acting as a third party service provider to a mortgage loan servicer. In those instances, we may collect certain information on behalf of that mortgage loan servicer via the website. The information which we may collect on behalf of the mortgage loan servicer is as follows:

- first and last name;
- property address;
- user name and password;
- loan number;
- social security number - masked upon entry;
- email address;
- three security questions and answers; and
- IP address.

The information you submit through the website is then transferred to your mortgage loan servicer by way of CCN. **The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through this website. For example, if you believe that your payment or user information is incorrect, you must contact your mortgage loan servicer.**

CCN does not share consumer information with third parties, other than (1) those with which the mortgage loan servicer has contracted to interface with the CCN application, or (2) law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders. All sections of this Privacy Notice apply to your interaction with CCN, except for the sections titled "Choices with Your Information" and "Access and Correction." If you have questions regarding the choices you have with regard to your personal information or how to access or correct your personal information, you should contact your mortgage loan servicer.

Your Consent To This Privacy Notice

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of the information by us in compliance with this Privacy Notice. Amendments to the Privacy Notice will be posted on the Website. Each time you provide information to us, or we receive information about you, following any amendment of this Privacy Notice will signify your assent to and acceptance of its revised terms for all previously collected information and information collected from you in the future. We may use comments, information or feedback that you submit to us in any manner that we may choose without notice or compensation to you.

Accessing and Correcting Information; Contact Us

If you have questions, would like to access or correct your Personal Information, or want to opt-out of information sharing with our affiliates for their marketing purposes, please send your requests to privacy@fnf.com or by mail or phone to:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer
(888) 934-3354

Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the field rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for each discount. These discounts only apply to transaction involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

FNF Underwritten Title Company
CTC - Chicago Title Company

FNF Underwriter
CTIC - Chicago Title Insurance Company

Available Discounts

CREDIT FOR PRELIMINARY REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (CTIC)

Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within 12 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge within the following time period from the date of the report.

DISASTER LOANS (CTIC)

The charge for a lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (CTIC)

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be 50% to 70% of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be 40% to 50% of the appropriate title insurance rate, depending on the type of coverage selected.

EMPLOYEE RATE (CTC and CTIC)

No charge shall be made to employees (including employees on approved retirement) of the Company or its underwritten, subsidiary title companies for policies or escrow services in connection with financing, refinancing, sale or purchase of the employees' bona fide home property. Waiver of such charges is authorized only in connection with those costs which the employee would be obligated to pay, by established custom, as a party to the transaction.

ATTACHMENT ONE

**CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY – 1990**

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE**

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;

- c. that result in no loss to You; or
- d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
- 5. Failure to pay value for Your Title.
- 6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.
 This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
- 7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
- 8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
- 9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1.00% % of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 18:	1.00% % of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 5,000.00

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

(Except as provided in Schedule B - Part II, (t or T)his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

(PART I

(The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:)

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
 - (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

(The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

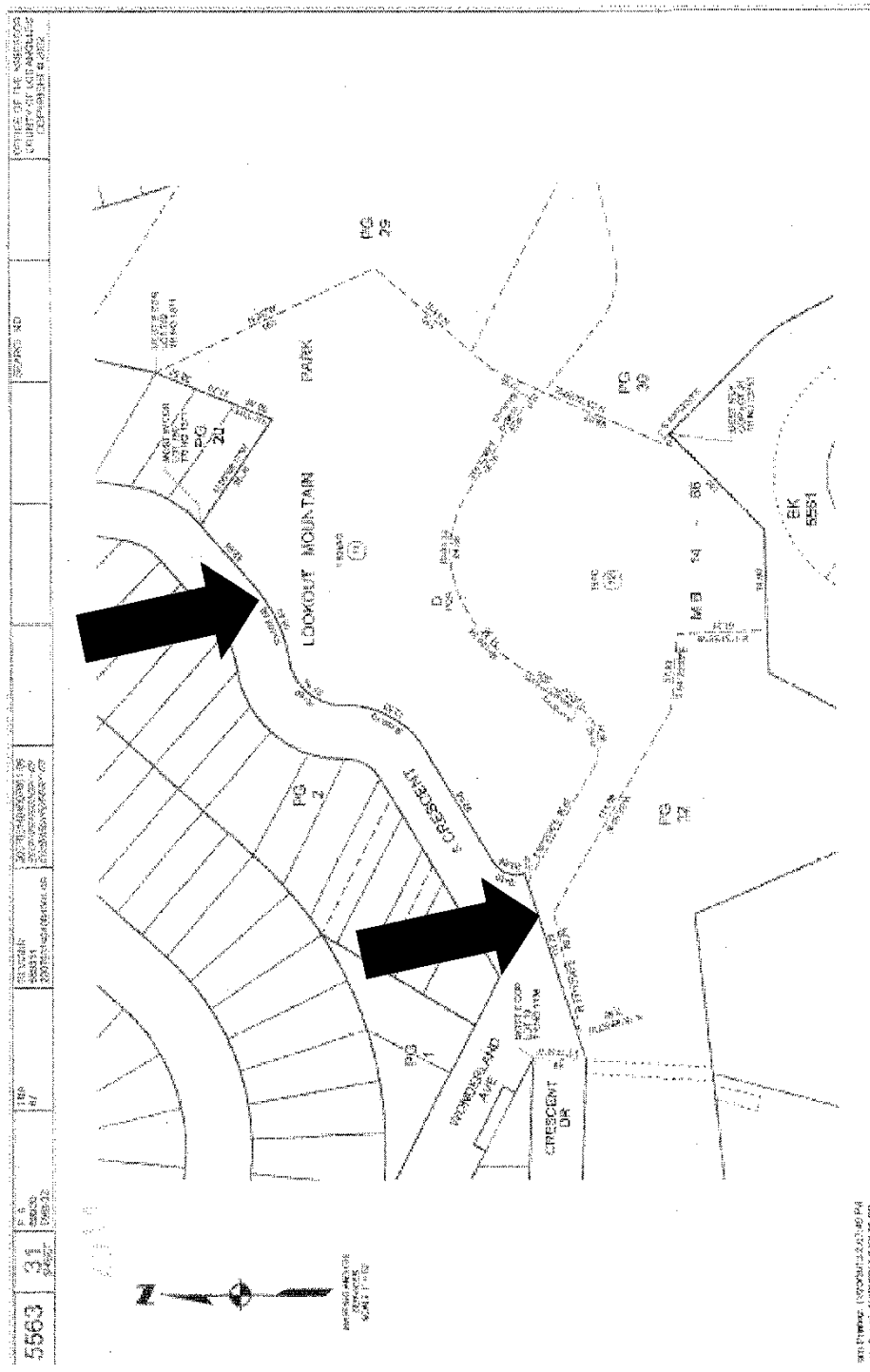
1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
7. (Variable exceptions such as taxes, easements, CC&R's, etc. shown here.)

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (12-02-13)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.



This map plan is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of this insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

Order: 00069646 Requested By: Raopathi, Printed: 2/21/2017 1:24 PM
 Doc: CALOSA/MASS 5563-00031 Page 1 of 1

STATEMENT OF INFORMATION

CONFIDENTIAL INFORMATION STATEMENT TO BE USED IN CONNECTION WITH ORDER NO: 00069646-994-X49-DB
 COMPLETION OF THIS FORM WILL EXPEDITE YOUR ORDER AND WILL HELP PROTECT YOU.

THE STREET ADDRESS of the property in this transaction is:					
IF NONE LEAVE BLANK					
ADDRESS:			CITY:		
IMPROVEMENTS: <input type="checkbox"/> SINGLE RESIDENCE		<input type="checkbox"/> MULTIPLE RESIDENCE		<input type="checkbox"/> COMMERCIAL	
OCCUPIED BY: <input type="checkbox"/> OWNER		<input type="checkbox"/> LESSEE		<input type="checkbox"/> TENANTS	
ANY PORTION OF NEW LOAN FUNDS TO BE USED FOR CONSTRUCTION:			<input type="checkbox"/> YES <input type="checkbox"/> NO		
NAME			SPOUSES NAME		
FIRST	MIDDLE	LAST	FIRST	MIDDLE	LAST
BIRTHPLACE		BIRTH DATE	BIRTHPLACE		BIRTH DATE
I HAVE LIVED IN CALIFORNIA SINCE		SOCIAL SECURITY NUMBER	I HAVE LIVED IN CALIFORNIA SINCE		SOCIAL SECURITY NUMBER
DRIVER'S LICENSE NO. _____			DRIVER'S LICENSE NO. _____		
WIFE'S MAIDEN NAME: _____					
WE WERE MARRIED ON			AT		
RESIDENCE(S) FOR LAST 10 YEARS					
NUMBER AND STREET		CITY	FROM	TO	
NUMBER AND STREET		CITY	FROM	TO	
NUMBER AND STREET		CITY	FROM	TO	
NUMBER AND STREET		CITY	FROM	TO	
OCCUPATION(S) FOR LAST 10 YEARS					
HUSBAND					
PRESENT OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS		
PRIOR OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS		
PRIOR OCCUPATION WIFE	FIRM NAME	ADDRESS	NO. OF YEARS		
PRESENT OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS		
PRIOR OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS		
PRIOR OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS		
FORMER MARRIAGES: IF NO FORMER MARRIAGES, WRITE "NONE": _____					
NAME OF FORMER SPOUSE _____					
IF DECEASED: DATE			WHERE		
CURRENT LOAN ON PROPERTY					
PAYMENTS ARE BEING MADE TO:					
1. _____		2. _____		3. _____	
HOMEOWNERS ASSOCIATION _____			NUMBER: _____		

DATE _____ SIGNATURE _____
 HOME PHONE _____ BUSINESS PHONE _____

STATEMENT OF INFORMATION

CONFIDENTIAL INFORMATION STATEMENT TO BE USED IN CONNECTION WITH ORDER NO: 00069646-994-X49-DB
COMPLETION OF THIS FORM WILL EXPEDITE YOUR ORDER AND WILL HELP PROTECT YOU.

THE STREET ADDRESS of the property in this transaction is:					
IF NONE LEAVE BLANK					
ADDRESS:			CITY:		
IMPROVEMENTS: <input type="checkbox"/> SINGLE RESIDENCE <input type="checkbox"/> MULTIPLE RESIDENCE <input type="checkbox"/> COMMERCIAL OCCUPIED BY: <input type="checkbox"/> OWNER <input type="checkbox"/> LESSEE <input type="checkbox"/> TENANTS ANY PORTION OF NEW LOAN FUNDS TO BE USED FOR CONSTRUCTION: <input type="checkbox"/> YES <input type="checkbox"/> NO					
NAME			SPOUSES NAME		
FIRST	MIDDLE	LAST	FIRST	MIDDLE	LAST
BIRTHPLACE		BIRTH DATE	BIRTHPLACE		BIRTH DATE
I HAVE LIVED IN CALIFORNIA SINCE		SOCIAL SECURITY NUMBER	I HAVE LIVED IN CALIFORNIA SINCE		SOCIAL SECURITY NUMBER
DRIVER'S LICENSE NO. _____			DRIVER'S LICENSE NO. _____		
WIFE'S MAIDEN NAME: _____					
WE WERE MARRIED ON			AT		
RESIDENCE(S) FOR LAST 10 YEARS					
NUMBER AND STREET		CITY	FROM	TO	
NUMBER AND STREET		CITY	FROM	TO	
NUMBER AND STREET		CITY	FROM	TO	
NUMBER AND STREET		CITY	FROM	TO	
OCCUPATION(S) FOR LAST 10 YEARS					
HUSBAND					
PRESENT OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS		
PRIOR OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS		
PRIOR OCCUPATION WIFE	FIRM NAME	ADDRESS	NO. OF YEARS		
PRESENT OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS		
PRIOR OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS		
PRIOR OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS		
FORMER MARRIAGES: IF NO FORMER MARRIAGES, WRITE "NONE": _____					
NAME OF FORMER SPOUSE _____					
IF DECEASED: DATE			WHERE		
CURRENT LOAN ON PROPERTY					
PAYMENTS ARE BEING MADE TO: _____ 2. _____					
1. _____		3. _____			
HOMEOWNERS ASSOCIATION _____			NUMBER: _____		

DATE _____ SIGNATURE _____
 HOME PHONE _____ BUSINESS PHONE _____



Chicago Title Company

725 South Figueroa Street, Suite 200, Los Angeles, CA 90017
Phone: (213) 488-4300 • Fax: (213) 488-4377

Owner's Information Statement

Order No. 00069646-994-DB

This Affidavit, when fully completed, is to be signed **and notarized**, then returned to Chicago Title Company to enable Chicago Title Company to insure the presently pending transaction.

A F F I D A V I T

The undersigned owner hereby states that there are no unrecorded leases or agreements affecting the property described in the Preliminary Report for Title Order Number 00069646-994-DB and that there is no one in possession or entitled to possession of said property other than the vestee shown in said Preliminary Report, **except:**

The undersigned owner states that to his/her knowledge, there are no liens or rights to liens upon said property for labor, services and materials for work contracted for, and completed by, an owner, lessee, sub-lessee or tenant within the last year or which is now in progress, **except:**

This statement is made in connection with the request to Chicago Title Company to issue its policy(ies) of title insurance with respect to Title Order Number 00069646-994-DB.

Dated: _____

By: _____

By: _____

By: _____

By: _____

Address: _____

EXHIBIT "3"

DocuSign Envelope ID: 08495B8E-35EF-4119-BDC8-AC3BA8B51D11



CALIFORNIA
ASSOCIATION
OF REALTORS®

**RESIDENTIAL PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

(C.A.R. Form RPA-CA, Revised 12/15)

Date Prepared: 10/27/2017

1. OFFER:

- A. THIS IS AN OFFER FROM RND Sunset Associates, LLC, a Delaware limited liability company ("Buyer").
- B. THE REAL PROPERTY to be acquired is 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069, situated in Los Angeles (City), Los Angeles (County), California, 90069 (Zip Code), Assessor's Parcel No. 5563-031-011/012 ("Property").
- C. THE PURCHASE PRICE offered is Eight Million, Five Hundred Thousand

D. CLOSE OF ESCROW shall occur on see Addendum #1 (date) or _____ Days After Acceptance). Dollars \$ 8,500,000.00

E. Buyer and Seller are referred to herein as the "Parties." Brokers are not Parties to this Agreement.

2. AGENCY:

A. DISCLOSURE: The Parties each acknowledge receipt of a "Disclosure Regarding Real Estate Agency Relationships" (C.A.R. Form AD).

B. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:

Listing Agent N/A NO BROKER (Print Firm Name) is the agent of (check one):
 the Seller exclusively; or both the Buyer and Seller.

Selling Agent N/A NO BROKER (Print Firm Name) (if not the same as the Listing Agent) is the agent of (check one): the Buyer exclusively; or the Seller exclusively; or both the Buyer and Seller.

C. POTENTIALLY COMPETING BUYERS AND SELLERS: The Parties each acknowledge receipt of a "Possible Representation of More than One Buyer or Seller - Disclosure and Consent" (C.A.R. Form PRBS).

3. FINANCE TERMS: Buyer represents that funds will be good when deposited with Escrow Holder.

A. INITIAL DEPOSIT: Deposit shall be in the amount of _____ \$ 250,000.00

(1) Buyer Direct Deposit: Buyer shall deliver deposit directly to Escrow Holder by electronic funds transfer, cashier's check, personal check, other wire transfer within 3 business days after Acceptance (or _____);

OR (2) Buyer Deposit with Agent: Buyer has given the deposit by personal check (or _____) to the agent submitting the offer (or to _____), made payable to _____.

The deposit shall be held uncashed until Acceptance and then deposited with Escrow Holder within 3 business days after Acceptance (or _____).

Deposit checks given to agent shall be an original signed check and not a copy.

(Note: Initial and increased deposits checks received by agent shall be recorded in Broker's trust fund log.)

B. INCREASED DEPOSIT: Buyer shall deposit with Escrow Holder an increased deposit in the amount of _____ \$ 600,000.00 within _____ Days After Acceptance (or _____).

If the Parties agree to liquidated damages in this Agreement, they also agree to incorporate the increased deposit into the liquidated damages amount in a separate liquidated damages clause (C.A.R. Form RID) at the time the increased deposit is delivered to Escrow Holder.

C. ALL CASH OFFER: No loan is needed to purchase the Property. This offer is NOT contingent on Buyer obtaining a loan. Written verification of sufficient funds to close this transaction IS ATTACHED to this offer or Buyer shall, within 3 (or _____) Days After Acceptance, Deliver to Seller such verification.

D. LOAN(S):

(1) FIRST LOAN: in the amount of _____ \$ _____

This loan will be conventional financing or FHA, VA, Seller financing (C.A.R. Form SFA), assumed financing (C.A.R. Form AFA), Other _____. This loan shall be at a fixed rate not to exceed _____% or, an adjustable rate loan with initial rate not to exceed _____%. Regardless of the type of loan, Buyer shall pay points not to exceed _____% of the loan amount.

(2) SECOND LOAN in the amount of _____ \$ _____

This loan will be conventional financing or Seller financing (C.A.R. Form SFA), assumed financing (C.A.R. Form AFA), Other _____. This loan shall be at a fixed rate not to exceed _____% or, an adjustable rate loan with initial rate not to exceed _____%. Regardless of the type of loan, Buyer shall pay points not to exceed _____% of the loan amount.

(3) FHAVA: For any FHA or VA loan specified in 3D(1), Buyer has 17 (or _____) Days After Acceptance to Deliver to Seller written notice (C.A.R. Form FVA) of any lender-required repairs or costs that Buyer requests Seller to pay for or otherwise correct. Seller has no obligation to pay or satisfy lender requirements unless agreed in writing. A FHAVA amendatory clause (C.A.R. Form FVAC) shall be a part of this Agreement.

E. ADDITIONAL FINANCING TERMS: All cash offer

F. BALANCE OF DOWN PAYMENT OR PURCHASE PRICE in the amount of _____ \$ 7,650,000.00

to be deposited with Escrow Holder pursuant to Escrow Holder instructions.

G. PURCHASE PRICE (TOTAL): _____ \$ 8,500,000.00

Buyer's Initials (RAF) (_____)

Seller's Initials (_____) (_____)

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RPA-CA REVISED 12/15 (PAGE 1 OF 10)

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 1 OF 10)





CALIFORNIA
ASSOCIATION
OF REALTORS®

**RESIDENTIAL PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

(C.A.R. Form RPA-CA, Revised 12/15)

Date Prepared: 10/27/2017

1. OFFER:

- A. THIS IS AN OFFER FROM RND Sunset Associates, LLC, a Delaware limited liability company ("Buyer").
- B. THE REAL PROPERTY to be acquired is 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069, situated in Los Angeles (City), Los Angeles (County), California, 90069 (Zip Code), Assessor's Parcel No. 5563-031-011/012 ("Property").
- C. THE PURCHASE PRICE offered is Eight Million, Five Hundred Thousand Dollars \$ 8,500,000.00.
- D. CLOSE OF ESCROW shall occur on see Addendum #1 (date) (or Days After Acceptance).
- E. Buyer and Seller are referred to herein as the "Parties." Brokers are not Parties to this Agreement.

2. AGENCY:

- A. DISCLOSURE: The Parties each acknowledge receipt of a "Disclosure Regarding Real Estate Agency Relationships" (C.A.R. Form AD).
- B. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:
Listing Agent N/A NO BROKER (Print Firm Name) is the agent of (check one):
 the Seller exclusively; or both the Buyer and Seller.
Selling Agent N/A NO BROKER (Print Firm Name) (if not the same as the Listing Agent) is the agent of (check one): the Buyer exclusively; or the Seller exclusively; or both the Buyer and Seller.
- C. POTENTIALLY COMPETING BUYERS AND SELLERS: The Parties each acknowledge receipt of a "Possible Representation of More than One Buyer or Seller - Disclosure and Consent" (C.A.R. Form PRBS).

3. FINANCE TERMS: Buyer represents that funds will be good when deposited with Escrow Holder.

- A. INITIAL DEPOSIT: Deposit shall be in the amount of 250,000.00 \$ 250,000.00
(1) Buyer Direct Deposit: Buyer shall deliver deposit directly to Escrow Holder by electronic funds transfer, cashier's check, personal check, other wire transfer within 3 business days after Acceptance (or);
OR (2) Buyer Deposit with Agent: Buyer has given the deposit by personal check (or) to the agent submitting the offer (or to), made payable to . The deposit shall be held uncashed until Acceptance and then deposited with Escrow Holder within 3 business days after Acceptance (or).
Deposit checks given to agent shall be an original signed check and not a copy.

(Note: Initial and increased deposits checks received by agent shall be recorded in Broker's trust fund log.)

- B. INCREASED DEPOSIT: Buyer shall deposit with Escrow Holder an increased deposit in the amount of 600,000.00 \$ 600,000.00 within Days After Acceptance (or).

If the Parties agree to liquidated damages in this Agreement, they also agree to incorporate the increased deposit into the liquidated damages amount in a separate liquidated damages clause (C.A.R. Form RID) at the time the increased deposit is delivered to Escrow Holder.

- C. ALL CASH OFFER: No loan is needed to purchase the Property. This offer is NOT contingent on Buyer obtaining a loan. Written verification of sufficient funds to close this transaction IS ATTACHED to this offer or Buyer shall, within 3 (or) Days After Acceptance, Deliver to Seller such verification.

D. LOAN(S):

- (1) FIRST LOAN: in the amount of \$
This loan will be conventional financing or FHA, VA, Seller financing (C.A.R. Form SFA), assumed financing (C.A.R. Form AFA), Other . This loan shall be at a fixed rate not to exceed % or, an adjustable rate loan with initial rate not to exceed %. Regardless of the type of loan, Buyer shall pay points not to exceed % of the loan amount.
- (2) SECOND LOAN in the amount of \$
This loan will be conventional financing or Seller financing (C.A.R. Form SFA), assumed financing (C.A.R. Form AFA), Other . This loan shall be at a fixed rate not to exceed % or, an adjustable rate loan with initial rate not to exceed %. Regardless of the type of loan, Buyer shall pay points not to exceed % of the loan amount.
- (3) FHA/VA: For any FHA or VA loan specified in 3D(1), Buyer has 17 (or) Days After Acceptance to Deliver to Seller written notice (C.A.R. Form FVA) of any lender-required repairs or costs that Buyer requests Seller to pay for or otherwise correct. Seller has no obligation to pay or satisfy lender requirements unless agreed in writing. A FHA/VA amendatory clause (C.A.R. Form FVAC) shall be a part of this Agreement.

E. ADDITIONAL FINANCING TERMS: All cash offer

- F. BALANCE OF DOWN PAYMENT OR PURCHASE PRICE in the amount of 7,650,000.00 \$ 7,650,000.00 to be deposited with Escrow Holder pursuant to Escrow Holder instructions.
- G. PURCHASE PRICE (TOTAL): 8,500,000.00 \$ 8,500,000.00

Buyer's Initials () ()

Seller's Initials () ()

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RPA-CA REVISED 12/15 (PAGE 1 OF 10)

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 1 OF 10)



DocuSign Envelope ID: 08495B8E-35EF-4119-BDC8-AC3BA8B51D11

Property Address: 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069 Date: October 27, 2017

- H. VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS:** Buyer (or Buyer's lender or loan broker pursuant to paragraph 3J(1)) shall, within 3 (or _____) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs. (Verification attached.)
- I. APPRAISAL CONTINGENCY AND REMOVAL:** This Agreement is (or is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the purchase price. Buyer shall, as specified in paragraph 14B(3), in writing, remove the appraisal contingency or cancel this Agreement within 17 (or _____) Days After Acceptance.
- J. LOAN TERMS:**
- (1) **LOAN APPLICATIONS:** Within 3 (or _____) Days After Acceptance, Buyer shall Deliver to Seller a letter from Buyer's lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in paragraph 3D. If any loan specified in paragraph 3D is an adjustable rate loan, the prequalification or preapproval letter shall be based on the qualifying rate, not the initial loan rate. (Letter attached.)
- (2) **LOAN CONTINGENCY:** Buyer shall act diligently and in good faith to obtain the designated loan(s). Buyer's qualification for the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. If there is no appraisal contingency or the appraisal contingency has been waived or removed, then failure of the Property to appraise at the purchase price does not entitle Buyer to exercise the cancellation right pursuant to the loan contingency if Buyer is otherwise qualified for the specified loan. Buyer's contractual obligations regarding deposit, balance of down payment and closing costs are not contingencies of this Agreement.
- (3) **LOAN CONTINGENCY REMOVAL:**
Within 21 (or _____) Days After Acceptance, Buyer shall, as specified in paragraph 14, in writing, remove the loan contingency or cancel this Agreement. If there is an appraisal contingency, removal of the loan contingency shall not be deemed removal of the appraisal contingency.
- (4) **NO LOAN CONTINGENCY:** Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.
- (5) **LENDER LIMITS ON BUYER CREDITS:** Any credit to Buyer, from any source, for closing or other costs that is agreed to by the Parties ("Contractual Credit") shall be disclosed to Buyer's lender. If the total credit allowed by Buyer's lender ("Lender Allowable Credit") is less than the Contractual Credit, then (i) the Contractual Credit shall be reduced to the Lender Allowable Credit, and (ii) in the absence of a separate written agreement between the Parties, there shall be no automatic adjustment to the purchase price to make up for the difference between the Contractual Credit and the Lender Allowable Credit.
- K. BUYER STATED FINANCING:** Seller is relying on Buyer's representation of the type of financing specified (including but not limited to, as applicable, all cash, amount of down payment, or contingent or non-contingent loan). Seller has agreed to a specific closing date, purchase price and to sell to Buyer in reliance on Buyer's covenant concerning financing. Buyer shall pursue the financing specified in this Agreement. Seller has no obligation to cooperate with Buyer's efforts to obtain any financing other than that specified in the Agreement and the availability of any such alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.
- 4. SALE OF BUYER'S PROPERTY:**
- A.** This Agreement and Buyer's ability to obtain financing are NOT contingent upon the sale of any property owned by Buyer.
- OR B.** This Agreement and Buyer's ability to obtain financing are contingent upon the sale of property owned by Buyer as specified in the attached addendum (C.A.R. Form COP).
- 5. ADDENDA AND ADVISORIES:**
- A. ADDENDA:**
- | |
|---|
| <input checked="" type="checkbox"/> Addendum # 1 (C.A.R. Form ADM) |
| <input type="checkbox"/> Back Up Offer Addendum (C.A.R. Form BUO) |
| <input type="checkbox"/> Court Confirmation Addendum (C.A.R. Form CCA) |
| <input type="checkbox"/> Septic, Well and Property Monument Addendum (C.A.R. Form SWPI) |
| <input type="checkbox"/> Short Sale Addendum (C.A.R. Form SSA) |
| <input checked="" type="checkbox"/> Other Exhibits A, B, and C |
- B. BUYER AND SELLER ADVISORIES:**
- | |
|--|
| <input checked="" type="checkbox"/> Buyer's Inspection Advisory (C.A.R. Form BIA) |
| <input type="checkbox"/> Probate Advisory (C.A.R. Form PA) |
| <input checked="" type="checkbox"/> Statewide Buyer and Seller Advisory (C.A.R. Form SBSA) |
| <input type="checkbox"/> Trust Advisory (C.A.R. Form TA) |
| <input type="checkbox"/> REO Advisory (C.A.R. Form REO) |
| <input type="checkbox"/> Short Sale Information and Advisory (C.A.R. Form SSIA) |
| <input type="checkbox"/> Other |
- 6. OTHER TERMS: See Addendum #1 and Contingency Removal No. 1**
-
- 7. ALLOCATION OF COSTS**
- A. INSPECTIONS, REPORTS AND CERTIFICATES:** Unless otherwise agreed in writing, this paragraph only determines who is to pay for the inspection, test, certificate or service ("Report") mentioned; it does not determine who is to pay for any work recommended or identified in the Report.
- (1) Buyer Seller shall pay for a natural hazard zone disclosure report, including tax environmental Other: _____ prepared by Seller's Choice
- (2) Buyer Seller shall pay for the following Report _____ prepared by _____
- (3) Buyer Seller shall pay for the following Report _____ prepared by _____

Buyer's Initials (RLF) (_____)

Seller's Initials (_____) (_____)

RPA-CA REVISED 12/15 (PAGE 2 OF 10)

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 2 OF 10)

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

Shepherd



Property Address: 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069 Date: October 27, 2017

- H. **VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS:** Buyer (or Buyer's lender or loan broker pursuant to paragraph 3J(1)) shall, within 3 (or) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs. (Verification attached.)
- I. **APPRAISAL CONTINGENCY AND REMOVAL:** This Agreement is (or is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the purchase price. Buyer shall, as specified in paragraph 14B(3), in writing, remove the appraisal contingency or cancel this Agreement within 17 (or) Days After Acceptance.
- J. **LOAN TERMS:**
 (1) **LOAN APPLICATIONS:** Within 3 (or) Days After Acceptance, Buyer shall Deliver to Seller a letter from Buyer's lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in paragraph 3D. If any loan specified in paragraph 3D is an adjustable rate loan, the prequalification or preapproval letter shall be based on the qualifying rate, not the initial loan rate. (Letter attached.)
 (2) **LOAN CONTINGENCY:** Buyer shall act diligently and in good faith to obtain the designated loan(s). Buyer's qualification for the loan(s) specified above is a **contingency** of this Agreement unless otherwise agreed in writing. If there is no appraisal contingency or the appraisal contingency has been waived or removed, then failure of the Property to appraise at the purchase price does not entitle Buyer to exercise the cancellation right pursuant to the loan contingency if Buyer is otherwise qualified for the specified loan. Buyer's contractual obligations regarding deposit, balance of down payment and closing costs **are not contingencies** of this Agreement.
 (3) **LOAN CONTINGENCY REMOVAL:**
 Within 21 (or) Days After Acceptance, Buyer shall, as specified in paragraph 14, in writing, remove the loan contingency or cancel this Agreement. If there is an appraisal contingency, removal of the loan contingency shall not be deemed removal of the appraisal contingency.
 (4) **NO LOAN CONTINGENCY:** Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.
 (5) **LENDER LIMITS ON BUYER CREDITS:** Any credit to Buyer, from any source, for closing or other costs that is agreed to by the Parties ("Contractual Credit") shall be disclosed to Buyer's lender. If the total credit allowed by Buyer's lender ("Lender Allowable Credit") is less than the Contractual Credit, then (i) the Contractual Credit shall be reduced to the Lender Allowable Credit, and (ii) in the absence of a separate written agreement between the Parties, there shall be no automatic adjustment to the purchase price to make up for the difference between the Contractual Credit and the Lender Allowable Credit.
- K. **BUYER STATED FINANCING:** Seller is relying on Buyer's representation of the type of financing specified (including but not limited to, as applicable, all cash, amount of down payment, or contingent or non-contingent loan). Seller has agreed to a specific closing date, purchase price and to sell to Buyer in reliance on Buyer's covenant concerning financing. Buyer shall pursue the financing specified in this Agreement. Seller has no obligation to cooperate with Buyer's efforts to obtain any financing other than that specified in the Agreement and the availability of any such alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.
4. **SALE OF BUYER'S PROPERTY:**
 A. This Agreement and Buyer's ability to obtain financing are NOT contingent upon the sale of any property owned by Buyer.
 OR B. This Agreement and Buyer's ability to obtain financing are contingent upon the sale of property owned by Buyer as specified in the attached addendum (C.A.R. Form COP).
5. **ADDENDA AND ADVISORIES:**
 A. **ADDENDA:**

<input checked="" type="checkbox"/> Addendum # <u>1</u> (C.A.R. Form ADM)	
<input type="checkbox"/> Back Up Offer Addendum (C.A.R. Form BUO)	<input type="checkbox"/> Court Confirmation Addendum (C.A.R. Form CCA)
<input type="checkbox"/> Septic, Well and Property Monument Addendum (C.A.R. Form SWPI)	
<input type="checkbox"/> Short Sale Addendum (C.A.R. Form SSA)	<input checked="" type="checkbox"/> Other <u>Exhibits A, B, and C</u>

 B. **BUYER AND SELLER ADVISORIES:**

<input checked="" type="checkbox"/> Buyer's Inspection Advisory (C.A.R. Form BIA)	
<input type="checkbox"/> Probate Advisory (C.A.R. Form PA)	<input checked="" type="checkbox"/> Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)
<input type="checkbox"/> Trust Advisory (C.A.R. Form TA)	<input type="checkbox"/> REO Advisory (C.A.R. Form REO)
<input type="checkbox"/> Short Sale Information and Advisory (C.A.R. Form SSIA)	<input type="checkbox"/> Other
6. **OTHER TERMS:** See Addendum #1 and Contingency Removal No. 1

7. **ALLOCATION OF COSTS**
 A. **INSPECTIONS, REPORTS AND CERTIFICATES:** Unless otherwise agreed in writing, this paragraph only determines who is to pay for the inspection, test, certificate or service ("Report") mentioned; it **does not determine who is to pay for any work recommended or identified in the Report.**
 (1) Buyer Seller shall pay for a natural hazard zone disclosure report, including tax environmental Other: _____ prepared by Seller's Choice
 (2) Buyer Seller shall pay for the following Report _____ prepared by _____
 (3) Buyer Seller shall pay for the following Report _____ prepared by _____

Buyer's Initials (_____) (_____)

Seller's Initials (JS) (JD)

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CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 2 OF 10)

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Shepherd



DocuSign Envelope ID: 08495B8E-35EF-4119-BDC8-AC3BA8B51D11

Property Address: 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069

Date: October 27, 2017

B. GOVERNMENT REQUIREMENTS AND RETROFIT:

- (1) Buyer Seller shall pay for smoke alarm and carbon monoxide device installation and water heater bracing, if required by Law. Prior to Close Of Escrow ("COE"), Seller shall provide Buyer written statement(s) of compliance in accordance with state and local Law, unless Seller is exempt.
- (2) (i) Buyer Seller shall pay the cost of compliance with any other minimum mandatory government inspections and reports if required as a condition of closing escrow under any Law.
- (ii) Buyer Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards required as a condition of closing escrow under any Law, whether the work is required to be completed before or after COE.
- (iii) Buyer shall be provided, within the time specified in paragraph 14A, a copy of any required government conducted or point-of-sale inspection report prepared pursuant to this Agreement or in anticipation of this sale of the Property.

C. ESCROW AND TITLE:

- (1) (a) Buyer Seller shall pay escrow fee Each party to pay their own
- (b) Escrow Holder shall be Chicago Title Company Attn: Veronica Alexander
- (c) The Parties shall, within 5 (or) Days After receipt, sign and return Escrow Holder's general provisions.
- (2) (a) Buyer Seller shall pay for owner's title insurance policy specified in paragraph 13E
- (b) Owner's title policy to be issued by Chicago Title Insurance Company Attn: Dave Balassi
(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

D. OTHER COSTS:

- (1) Buyer Seller shall pay County transfer tax or fee
- (2) Buyer Seller shall pay City transfer tax or fee
- (3) Buyer Seller shall pay Homeowners' Association ("HOA") transfer fee
- (4) Seller shall pay HOA fees for preparing documents required to be delivered by Civil Code §4525.
- (5) Buyer Seller shall pay HOA fees for preparing all documents other than those required by Civil Code §4525.
- (6) Buyer to pay for any HOA certification fee.
- (7) Buyer Seller shall pay for any private transfer fee
- (8) Buyer Seller shall pay for
- (9) Buyer Seller shall pay for
- (10) Buyer Seller shall pay for the cost, not to exceed \$, of a standard (or upgraded) one-year home warranty plan, issued by , with the following optional coverages: Air Conditioner Pool/Spa Other:
Buyer is informed that home warranty plans have many optional coverages in addition to those listed above. Buyer is advised to investigate these coverages to determine those that may be suitable for Buyer.

OR Buyer waives the purchase of a home warranty plan. Nothing in this paragraph precludes Buyer's purchasing a home warranty plan during the term of this Agreement.

8. ITEMS INCLUDED IN AND EXCLUDED FROM SALE:

A. NOTE TO BUYER AND SELLER: Items listed as included or excluded in the MLS, flyers or marketing materials are not included in the purchase price or excluded from the sale unless specified in paragraph 8 B or C.

B. ITEMS INCLUDED IN SALE: Except as otherwise specified or disclosed,

- (1) All EXISTING fixtures and fittings that are attached to the Property;
- (2) EXISTING electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar power systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, air coolers/conditioners, pool/spa equipment, garage door openers/remote controls, mailbox, in-ground landscaping, trees/shrubs, water features and fountains, water softeners, water purifiers, security systems/alarms and the following if checked: all stove(s), except ; all refrigerator(s) except ; all washer(s) and dryer(s), except ;
- (3) The following additional items: Any plans, reports, drawings, applications, and permits relating to the Property
- (4) Existing integrated phone and home automation systems, including necessary components such as intranet and Internet-connected hardware or devices, control units (other than non-dedicated mobile devices, electronics and computers) and applicable software, permissions, passwords, codes and access information, are (are NOT) included in the sale.
- (5) **LEASED OR LIENED ITEMS AND SYSTEMS:** Seller shall, within the time specified in paragraph 14A, (i) disclose to Buyer if any item or system specified in paragraph 8B or otherwise included in the sale is leased, or not owned by Seller, or specifically subject to a lien or other encumbrance, and (ii) Deliver to Buyer all written materials (such as lease, warranty, etc.) concerning any such item. Buyer's ability to assume any such lease, or willingness to accept the Property subject to any such lien or encumbrance, is a contingency in favor of Buyer and Seller as specified in paragraph 14B and C.
- (6) Seller represents that all items included in the purchase price, unless otherwise specified, (i) are owned by Seller and shall be transferred free and clear of liens and encumbrances, except the items and systems identified pursuant to 8B(5) and , and (ii) are transferred without Seller warranty regardless of value.

C. ITEMS EXCLUDED FROM SALE: Unless otherwise specified, the following items are excluded from sale: (i) audio and video components (such as flat screen TVs, speakers and other items) if any such item is not itself attached to the Property, even if a bracket or other mechanism attached to the component or item is attached to the Property; (ii) furniture and other items secured to the Property for earthquake purposes; and (iii)

 . Brackets attached to walls, floors or ceilings for any such component, furniture or item shall remain with the Property (or will be removed and holes or other damage shall be repaired, but not painted).

Buyer's Initials (RS) ()

Seller's Initials () ()

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CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 3 OF 10)

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Shepherd



Property Address: 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069

Date: October 27, 2017

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- (2) (i) Buyer Seller shall pay the cost of compliance with any other minimum mandatory government inspections and reports if required as a condition of closing escrow under any Law.
(ii) Buyer Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards required as a condition of closing escrow under any Law, whether the work is required to be completed before or after COE.
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(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

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- (1) Buyer Seller shall pay County transfer tax or fee _____
- (2) Buyer Seller shall pay City transfer tax or fee _____
- (3) Buyer Seller shall pay Homeowners' Association ("HOA") transfer fee _____
- (4) Seller shall pay HOA fees for preparing documents required to be delivered by Civil Code §4525.
- (5) Buyer Seller shall pay HOA fees for preparing all documents other than those required by Civil Code §4525.
- (6) Buyer to pay for any HOA certification fee.
- (7) Buyer Seller shall pay for any private transfer fee _____
- (8) Buyer Seller shall pay for _____
- (9) Buyer Seller shall pay for _____
- (10) Buyer Seller shall pay for the cost, not to exceed \$ _____, of a standard (or upgraded) one-year home warranty plan, issued by _____, with the following optional coverages: Air Conditioner Pool/Spa Other: _____
Buyer is informed that home warranty plans have many optional coverages in addition to those listed above. Buyer is advised to investigate these coverages to determine those that may be suitable for Buyer.

OR Buyer waives the purchase of a home warranty plan. Nothing in this paragraph precludes Buyer's purchasing a home warranty plan during the term of this Agreement.

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B. ITEMS INCLUDED IN SALE: Except as otherwise specified or disclosed,

- (1) All EXISTING fixtures and fittings that are attached to the Property;
- (2) EXISTING electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar power systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, air coolers/conditioners, pool/spa equipment, garage door openers/remote controls, mailbox, in-ground landscaping, trees/shrubs, water features and fountains, water softeners, water purifiers, security systems/alerts and the following if checked: all stove(s), except _____; all refrigerator(s) except _____; all washer(s) and dryer(s), except _____;
- (3) The following additional items: Any plans, reports, drawings, applications, and permits relating to the Property _____
- (4) Existing integrated phone and home automation systems, including necessary components such as intranet and Internet-connected hardware or devices, control units (other than non-dedicated mobile devices, electronics and computers) and applicable software, permissions, passwords, codes and access information, are (are NOT) included in the sale.
- (5) **LEASED OR LIENED ITEMS AND SYSTEMS:** Seller shall, within the time specified in paragraph 14A, (i) disclose to Buyer if any item or system specified in paragraph 8B or otherwise included in the sale is leased, or not owned by Seller, or specifically subject to a lien or other encumbrance, and (ii) Deliver to Buyer all written materials (such as lease, warranty, etc.) concerning any such item. Buyer's ability to assume any such lease, or willingness to accept the Property subject to any such lien or encumbrance, is a contingency in favor of Buyer and Seller as specified in paragraph 14B and C.
- (6) Seller represents that all items included in the purchase price, unless otherwise specified, (i) are owned by Seller and shall be transferred free and clear of liens and encumbrances, except the items and systems identified pursuant to 8B(5) and _____, and (ii) are transferred without Seller warranty regardless of value.

C. ITEMS EXCLUDED FROM SALE: Unless otherwise specified, the following items are excluded from sale: (i) audio and video components (such as flat screen TVs, speakers and other items) if any such item is not itself attached to the Property, even if a bracket or other mechanism attached to the component or item is attached to the Property; (ii) furniture and other items secured to the Property for earthquake purposes; and (iii) _____

Brackets attached to walls, floors or ceilings for any such component, furniture or item shall remain with the Property (or will be removed and holes or other damage shall be repaired, but not painted).

Buyer's Initials (_____) (_____)

Seller's Initials (*JD*) (*AB*)

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CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 3 OF 10)

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Property Address: **2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069**

Date: **October 27, 2017**

9. CLOSING AND POSSESSION:

- A. Buyer intends (or does not intend) to occupy the Property as Buyer's primary residence.
- B. Seller-occupied or vacant property: Possession shall be delivered to Buyer: (i) at 6 PM or (AM/ PM) on the date of Close Of Escrow; (ii) no later than ___ calendar days after Close Of Escrow; or (iii) at ___ AM/ PM on _____.
- C. Seller remaining in possession After Close Of Escrow: If Seller has the right to remain in possession after Close Of Escrow, (i) the Parties are advised to sign a separate occupancy agreement such as C.A.R. Form SIP, for Seller continued occupancy of less than 30 days, C.A.R. Form RLAS for Seller continued occupancy of 30 days or more; and (ii) the Parties are advised to consult with their insurance and legal advisors for information about liability and damage or injury to persons and personal and real property; and (iii) Buyer is advised to consult with Buyer's lender about the impact of Seller's occupancy on Buyer's loan.
- D. Tenant-occupied property: Property shall be vacant at least 5 (or ___) Days Prior to Close Of Escrow, unless otherwise agreed in writing. Note to Seller: If you are unable to deliver Property vacant in accordance with rent control and other applicable Law, you may be in breach of this Agreement.

OR Tenant to remain in possession (C.A.R. Form TIP).

- E. At Close Of Escrow: Seller assigns to Buyer any assignable warranty rights for items included in the sale; and Seller shall Deliver to Buyer available Copies of any such warranties. Brokers cannot and will not determine the assignability of any warranties.
- F. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys, passwords, codes and/or means to operate all locks, mailboxes, security systems, alarms, home automation systems and intranet and Internet-connected devices included in the purchase price, and garage door openers. If the Property is a condominium or located in a common interest subdivision, Buyer may be required to pay a deposit to the Homeowners' Association ("HOA") to obtain keys to accessible HOA facilities.

10. STATUTORY AND OTHER DISCLOSURES (INCLUDING LEAD-BASED PAINT HAZARD DISCLOSURES) AND CANCELLATION RIGHTS:

- A. (1) Seller shall, within the time specified in paragraph 14A, Deliver to Buyer: (i) if required by Law, a fully completed: Federal Lead-Based Paint Disclosures (C.A.R. Form FLD) and pamphlet ("Lead Disclosures"); and (ii) unless exempt, fully completed disclosures or notices required by sections 1102 et. seq. and 1103 et. seq. of the Civil Code ("Statutory Disclosures"). Statutory Disclosures include, but are not limited to, a Real Estate Transfer Disclosure Statement ("TDS"), Natural Hazard Disclosure Statement ("NHD"), notice or actual knowledge of release of illegal controlled substance, notice of special tax and/or assessments (or, if allowed, substantially equivalent notice regarding the Mello-Roos Community Facilities Act of 1982 and Improvement Bond Act of 1915) and, if Seller has actual knowledge, of industrial use and military ordnance location (C.A.R. Form SPQ or ESD).
- (2) Any Statutory Disclosure required by this paragraph is considered fully completed if Seller has answered all questions and completed and signed the Seller section(s) and the Listing Agent, if any, has completed and signed the Listing Broker section(s), or, if applicable, an Agent Visual Inspection Disclosure (C.A.R. Form AVID). Nothing stated herein relieves a Buyer's Broker, if any, from the obligation to (i) conduct a reasonably competent and diligent visual inspection of the accessible areas of the Property and disclose, on Section IV of the TDS, or an AVID, material facts affecting the value or desirability of the Property that were or should have been revealed by such an inspection or (ii) complete any sections on all disclosures required to be completed by Buyer's Broker.
- (3) Note to Buyer and Seller: Waiver of Statutory and Lead Disclosures is prohibited by Law.
- (4) Within the time specified in paragraph 14A, (i) Seller, unless exempt from the obligation to provide a TDS, shall, complete and provide Buyer with a Seller Property Questionnaire (C.A.R. Form SPQ); (ii) if Seller is not required to provide a TDS, Seller shall complete and provide Buyer with an Exempt Seller Disclosure (C.A.R. Form ESD).
- (5) Buyer shall, within the time specified in paragraph 14B(1), return Signed Copies of the Statutory, Lead and other disclosures to Seller.
- (6) In the event Seller or Listing Broker, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer, Seller shall promptly provide a subsequent or amended disclosure or notice, in writing, covering those items. However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies of which Buyer is otherwise aware, or which are disclosed in reports provided to or obtained by Buyer or ordered and paid for by Buyer.
- (7) If any disclosure or notice specified in paragraph 10A(1), or subsequent or amended disclosure or notice is Delivered to Buyer after the offer is Signed, Buyer shall have the right to cancel this Agreement within 3 Days After Delivery in person, or 5 Days After Delivery by deposit in the mail, by giving written notice of cancellation to Seller or Seller's agent.
- B. NATURAL AND ENVIRONMENTAL HAZARD DISCLOSURES AND OTHER BOOKLETS: Within the time specified in paragraph 14A, Seller shall, if required by Law: (i) Deliver to Buyer earthquake guide(s) (and questionnaire), environmental hazards booklet, and home energy rating pamphlet; (ii) disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; and Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.
- C. WITHHOLDING TAXES: Within the time specified in paragraph 14A, to avoid required withholding, Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law (C.A.R. Form AS or QS).
- D. MEGAN'S LAW DATABASE DISCLOSURE: Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer's inspection contingency period. Brokers do not have expertise in this area.)
- E. NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES: This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov/>. To seek further information about possible transmission pipelines near the Property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Web site.
- F. CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES:
 - (1) SELLER HAS: 7 (or ___) Days After Acceptance to disclose to Buyer if the Property is a condominium, or is located in a planned development or other common interest subdivision (C.A.R. Form SPQ or ESD).

Buyer's Initials (RLP) (_____)
RPA-CA REVISED 12/15 (PAGE 4 OF 10)

Seller's Initials (_____) (_____)



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 4 OF 10)

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- C. **Seller remaining in possession After Close Of Escrow:** If Seller has the right to remain in possession after Close Of Escrow, (i) the Parties are advised to sign a separate occupancy agreement such as C.A.R. Form SIP, for Seller continued occupancy of less than 30 days, C.A.R. Form RLAS for Seller continued occupancy of 30 days or more; and (ii) the Parties are advised to consult with their insurance and legal advisors for information about liability and damage or injury to persons and personal and real property; and (iii) Buyer is advised to consult with Buyer's lender about the impact of Seller's occupancy on Buyer's loan.
- D. **Tenant-occupied property:** Property shall be vacant at least 5 (or ___) Days Prior to Close Of Escrow, unless otherwise agreed in writing. **Note to Seller:** If you are unable to deliver Property vacant in accordance with rent control and other applicable Law, you may be in breach of this Agreement.

OR Tenant to remain in possession (C.A.R. Form TIP).

- E. At Close Of Escrow: Seller assigns to Buyer any assignable warranty rights for items included in the sale; and Seller shall Deliver to Buyer available Copies of any such warranties. Brokers cannot and will not determine the assignability of any warranties.
- F. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys, passwords, codes and/or means to operate all locks, mailboxes, security systems, alarms, home automation systems and intranet and Internet-connected devices included in the purchase price, and garage door openers. If the Property is a condominium or located in a common interest subdivision, Buyer may be required to pay a deposit to the Homeowners' Association ("HOA") to obtain keys to accessible HOA facilities.

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- (2) Any Statutory Disclosure required by this paragraph is considered fully completed if Seller has answered all questions and completed and signed the Seller section(s) and the Listing Agent, if any, has completed and signed the Listing Broker section(s), or, if applicable, an Agent Visual Inspection Disclosure (C.A.R. Form AVID). Nothing stated herein relieves a Buyer's Broker, if any, from the obligation to (i) conduct a reasonably competent and diligent visual inspection of the accessible areas of the Property and disclose, on Section IV of the TDS, or an AVID, material facts affecting the value or desirability of the Property that were or should have been revealed by such an inspection or (ii) complete any sections on all disclosures required to be completed by Buyer's Broker.
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- (5) Buyer shall, within the time specified in paragraph 14B(1), return Signed Copies of the Statutory, Lead and other disclosures to Seller.
- (6) In the event Seller or Listing Broker, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer, Seller shall promptly provide a subsequent or amended disclosure or notice, in writing, covering those items. **However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies of which Buyer is otherwise aware, or which are disclosed in reports provided to or obtained by Buyer or ordered and paid for by Buyer.**
- (7) If any disclosure or notice specified in paragraph 10A(1), or subsequent or amended disclosure or notice is Delivered to Buyer after the offer is Signed, Buyer shall have the right to cancel this Agreement within 3 Days After Delivery in person, or 5 Days After Delivery by deposit in the mail, by giving written notice of cancellation to Seller or Seller's agent.
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- C. **WITHHOLDING TAXES:** Within the time specified in paragraph 14A, to avoid required withholding, Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law (C.A.R. Form AS or QS).
- D. **MEGAN'S LAW DATABASE DISCLOSURE:** Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer's inspection contingency period. Brokers do not have expertise in this area.)
- E. **NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES:** This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov/>. To seek further information about possible transmission pipelines near the Property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Web site.
- F. **CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES:**
 - (1) **SELLER HAS:** 7 (or ___) Days After Acceptance to disclose to Buyer if the Property is a condominium, or is located in a planned development or other common interest subdivision (C.A.R. Form SPQ or ESD).

Buyer's Initials (_____) (_____)
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Seller's Initials (*JS*) (*AD*)



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 4 OF 10)

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Shepherd

DocuSign Envelope ID: 08495B8E-35EF-4119-BDC8-AC3BA8B51D11

Property Address: 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069

Date: October 27, 2017

(2) If the Property is a condominium or is located in a planned development or other common interest subdivision, Seller has 3 (or ____) Days After Acceptance to request from the HOA (C.A.R. Form HOA1): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings; and (v) the names and contact information of all HOAs governing the Property (collectively, "CI Disclosures"). (vi) private transfer fees; (vii) Pet fee restrictions; and (viii) smoking restrictions. Seller shall itemize and Deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 14B(3). The Party specified in paragraph 7, as directed by escrow, shall deposit funds into escrow or direct to HOA or management company to pay for any of the above.

- 11. **CONDITION OF PROPERTY:** Unless otherwise agreed in writing: (i) the Property is sold (a) "AS-IS" in its PRESENT physical condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow.
 - A. Seller shall, within the time specified in paragraph 14A, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, and make any and all other disclosures required by law.
 - B. Buyer has the right to conduct Buyer Investigations of the Property and, as specified in paragraph 14B, based upon information discovered in those investigations: (i) cancel this Agreement; or (ii) request that Seller make Repairs or take other action.
 - C. Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition. Seller may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.

- 12. **BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:**
 - A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 14B. Within the time specified in paragraph 14B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to: (i) a general physical inspection; (ii) an inspection specifically for wood destroying pests and organisms. Any inspection for wood destroying pests and organisms shall be prepared by a registered Structural Pest Control company; shall cover the main building and attached structures; may cover detached structures; shall NOT include water tests of shower pans on upper level units unless the owners of property below the shower consent; shall NOT include roof coverings; and, if the Property is a unit in a condominium or other common interest subdivision, the inspection shall include only the separate interest and any exclusive-use areas being transferred, and shall NOT include common areas; and shall include a report ("Pest Control Report") showing the findings of the company which shall be separated into sections for evident infestation or infections (Section 1) and for conditions likely to lead to infestation or infection (Section 2); (iii) inspect for lead-based paint and other lead-based paint hazards; (iv) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA); (v) review the registered sex offender database; (vi) confirm the insurability of Buyer and the Property including the availability and cost of flood and fire insurance; and (vii) review and seek approval of leases that may need to be assumed by Buyer. Without Seller's prior written consent, Buyer shall neither make nor cause to be made: invasive or destructive Buyer Investigations, except for minimally invasive testing required to prepare a Pest Control Report; or inspections by any governmental building or zoning inspector or government employee, unless required by Law.
 - B. Seller shall make the Property available for all Buyer Investigations. Buyer shall (i) as specified in paragraph 14B, complete Buyer Investigations and either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all such Investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.
 - C. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.
 - D. **Buyer indemnity and seller protection for entry upon property:** Buyer shall: (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-Responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination of this Agreement.

- 13. **TITLE AND VESTING:**
 - A. Within the time specified in paragraph 14, Buyer shall be provided a current preliminary title report ("Preliminary Report"). The Preliminary Report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the Preliminary Report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 14B. The company providing the Preliminary Report shall, prior to issuing a Preliminary Report, conduct a search of the General Index for all Sellers except banks or other institutional lenders selling properties they acquired through foreclosure (REOs), corporations, and government entities. Seller shall within 7 Days After Acceptance, give Escrow Holder a completed Statement of Information.
 - B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except for: (i) monetary liens of record (which Seller is obligated to pay off) unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.
 - C. Within the time specified in paragraph 14A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.
 - D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.

Buyer's Initials (DS) (RKF)
RPA-CA REVISED 12/15 (PAGE 5 OF 10)

Seller's Initials (_____) (_____)



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 5 OF 10)

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Shepherd

Property Address: 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069

Date: October 27, 2017

(2) If the Property is a condominium or is located in a planned development or other common interest subdivision, Seller has 3 (or ____) Days After Acceptance to request from the HOA (C.A.R. Form HOA1): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings; and (v) the names and contact information of all HOAs governing the Property (collectively, "CI Disclosures"). (vi) private transfer fees; (vii) Pet fee restrictions; and (viii) smoking restrictions. Seller shall itemize and Deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 14B(3). The Party specified in paragraph 7, as directed by escrow, shall deposit funds into escrow or direct to HOA or management company to pay for any of the above.

11. **CONDITION OF PROPERTY:** Unless otherwise agreed in writing: (i) the Property is sold (a) "AS-IS" in its PRESENT physical condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow.

- A. Seller shall, within the time specified in paragraph 14A, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, and make any and all other disclosures required by law.
- B. Buyer has the right to conduct Buyer Investigations of the Property and, as specified in paragraph 14B, based upon information discovered in those investigations: (i) cancel this Agreement; or (ii) request that Seller make Repairs or take other action.
- C. Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition. Seller may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.

12. **BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:**

- A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 14B. Within the time specified in paragraph 14B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to: (i) a general physical inspection; (ii) an inspection specifically for wood destroying pests and organisms. Any inspection for wood destroying pests and organisms shall be prepared by a registered Structural Pest Control company; shall cover the main building and attached structures; may cover detached structures; shall NOT include water tests of shower pans on upper level units unless the owners of property below the shower consent; shall NOT include roof coverings; and, if the Property is a unit in a condominium or other common interest subdivision, the inspection shall include only the separate interest and any exclusive-use areas being transferred, and shall NOT include common areas; and shall include a report ("Pest Control Report") showing the findings of the company which shall be separated into sections for evident infestation or infections (Section 1) and for conditions likely to lead to infestation or infection (Section 2); (iii) inspect for lead-based paint and other lead-based paint hazards; (iv) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA); (v) review the registered sex offender database; (vi) confirm the insurability of Buyer and the Property including the availability and cost of flood and fire insurance; and (vii) review and seek approval of leases that may need to be assumed by Buyer. Without Seller's prior written consent, Buyer shall neither make nor cause to be made: invasive or destructive Buyer Investigations, except for minimally invasive testing required to prepare a Pest Control Report; or inspections by any governmental building or zoning inspector or government employee, unless required by Law.
- B. Seller shall make the Property available for all Buyer Investigations. Buyer shall (i) as specified in paragraph 14B, complete Buyer Investigations and either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all such Investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.
- C. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.
- D. **Buyer indemnity and seller protection for entry upon property:** Buyer shall: (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-Responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination of this Agreement.

13. **TITLE AND VESTING:**

- A. Within the time specified in paragraph 14, Buyer shall be provided a current preliminary title report ("Preliminary Report"). The Preliminary Report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the Preliminary Report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 14B. The company providing the Preliminary Report shall, prior to issuing a Preliminary Report, conduct a search of the General Index for all Sellers except banks or other institutional lenders selling properties they acquired through foreclosure (REOs), corporations, and government entities. Seller shall within 7 Days After Acceptance, give Escrow Holder a completed Statement of Information.
- B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except for: (i) monetary liens of record (which Seller is obligated to pay off) unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.
- C. Within the time specified in paragraph 14A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.
- D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. **THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.**

Buyer's Initials (_____) (_____)
RPA-CA REVISED 12/15 (PAGE 5 OF 10)

Seller's Initials (JS) (AL)



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 5 OF 10)

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Property Address: **2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069**

Date: **October 27, 2017**

- E. Buyer shall receive a CLTA/ALTA "Homeowner's Policy of Title Insurance", if applicable to the type of property and buyer. If not, Escrow Holder shall notify Buyer. A title company can provide information about the availability, coverage, and cost of other title policies and endorsements. If the Homeowner's Policy is not available, Buyer shall choose another policy, instruct Escrow Holder in writing and shall pay any increase in cost.
- 14. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).
 - A. SELLER HAS: 7 (or ____) Days After Acceptance to Deliver to Buyer all Reports, disclosures and information for which Seller is responsible under paragraphs 5, 6, 7, 8B(5), 10A, B, C, and F, 11A and 13A. If, by the time specified, Seller has not Delivered any such item, Buyer after first Delivering to Seller a Notice to Seller to Perform (C.A.R. Form NSP) may cancel this Agreement.
 - B. (1) BUYER HAS: 17 (or ____) Days After Acceptance, unless otherwise agreed in writing, to: (i) complete all Buyer Investigations; review all disclosures, reports, lease documents to be assumed by Buyer pursuant to paragraph 8B(5), and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property; and (ii) Deliver to Seller Signed Copies of Statutory and Lead Disclosures and other disclosures Delivered by Seller in accordance with paragraph 10A.
 - (2) Within the time specified in paragraph 14B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to (C.A.R. Form RRRR) Buyer's requests.
 - (3) By the end of the time specified in paragraph 14B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller a removal of the applicable contingency or cancellation (C.A.R. Form CR or CC) of this Agreement. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in paragraph 14A, then Buyer has 5 (or ____) Days After Delivery of any such items, or the time specified in paragraph 14B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.
 - (4) Continuation of Contingency: Even after the end of the time specified in paragraph 14B(1) and before Seller cancels, if at all, pursuant to paragraph 14D, Buyer retains the right, in writing, to either (i) remove remaining contingencies, or (ii) cancel this Agreement based on a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to paragraph 14D(1).
 - (5) Access to Property: Buyer shall have access to the Property to conduct inspections and investigations for 17 (or ____) Days After Acceptance, whether or not any part of the Buyer's Investigation Contingency has been waived or removed.
 - C. REMOVAL OF CONTINGENCIES WITH OFFER: Buyer removes the contingencies specified in the attached Contingency Removal form (C.A.R. Form CR). If Buyer removes any contingency without an adequate understanding of the Property's condition or Buyer's ability to purchase, Buyer is acting against the advice of Broker.
 - D. SELLER RIGHT TO CANCEL:
 - (1) Seller right to Cancel; Buyer Contingencies: If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement, then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.
 - (2) Seller right to Cancel; Buyer Contract Obligations: Seller, after first delivering to Buyer a NBP, may cancel this Agreement if, by the time specified in this Agreement, Buyer does not take the following action(s): (i) Deposit funds as required by paragraph 3A, or 3B or if the funds deposited pursuant to paragraph 3A or 3B are not good when deposited; (ii) Deliver a notice of FHA or VA costs or terms as required by paragraph 3D(3) (C.A.R. Form FVA); (iii) Deliver a letter as required by paragraph 3J(1); (iv) Deliver verification, or a satisfactory verification if Seller reasonably disapproves of the verification already provided, as required by paragraph 3C or 3H; (v) In writing assume or accept leases or liens specified in 8B5; (vi) Return Statutory and Lead Disclosures as required by paragraph 10A(5); or (vii) Sign or initial a separate liquidated damages form for an increased deposit as required by paragraphs 3B and 21B; or (viii) Provide evidence of authority to sign in a representative capacity as specified in paragraph 19. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.
 - E. NOTICE TO BUYER OR SELLER TO PERFORM: The NBP or NSP shall: (i) be in writing; (ii) be signed by the applicable Buyer or Seller; and (iii) give the other Party at least 2 (or ____) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP or NSP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for the other Party to remove a contingency or cancel this Agreement or meet an obligation specified in paragraph 14.
 - F. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES: If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in writing, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for the inability to obtain financing.
 - G. CLOSE OF ESCROW: Before Buyer or Seller may cancel this Agreement for failure of the other Party to close escrow pursuant to this Agreement, Buyer or Seller must first Deliver to the other Party a demand to close escrow (C.A.R. Form DCE). The DCE shall: (i) be signed by the applicable Buyer or Seller; and (ii) give the other Party at least 3 (or ____) Days After Delivery to close escrow. A DCE may not be Delivered any earlier than 3 Days Prior to the scheduled close of escrow.
 - H. EFFECT OF CANCELLATION ON DEPOSITS: If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, the Parties agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Except as specified below, release of funds will require mutual Signed release instructions from the Parties, judicial decision or arbitration award. If either Party fails to execute mutual instructions to cancel escrow, one Party may make a written demand to Escrow Holder for the deposit. (C.A.R. Form BDRD or SDRD). Escrow Holder, upon receipt, shall promptly deliver notice of the demand to the other Party. If, within 10 Days After Escrow Holder's notice, the other Party does not object to the demand, Escrow Holder shall disburse the deposit to the Party making the demand. If Escrow Holder complies with the preceding process, each Party shall be deemed to have released Escrow Holder from any and all claims or liability related to the disbursement of the deposit. Escrow Holder, at its discretion, may nonetheless require mutual cancellation instructions. A Party may be subject to a civil penalty of up to \$1,000 for refusal to sign cancellation instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).

Buyer's Initials (PS) (RLP)
RPA-CA REVISED 12/15 (PAGE 6 OF 10)

Seller's Initials (_____) (_____)



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 6 OF 10)

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Shepherd

Property Address: 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069

Date: October 27, 2017

- E. Buyer shall receive a CLTA/ALTA "Homeowner's Policy of Title Insurance", if applicable to the type of property and buyer. If not, Escrow Holder shall notify Buyer. A title company can provide information about the availability, coverage, and cost of other title policies and endorsements. If the Homeowner's Policy is not available, Buyer shall choose another policy, instruct Escrow Holder in writing and shall pay any increase in cost.
- 14. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).
 - A. SELLER HAS: 7 (or) Days After Acceptance to Deliver to Buyer all Reports, disclosures and information for which Seller is responsible under paragraphs 5, 6, 7, 8B(5), 10A, B, C, and F, 11A and 13A. If, by the time specified, Seller has not Delivered any such item, Buyer after first Delivering to Seller a Notice to Seller to Perform (C.A.R. Form NSP) may cancel this Agreement.
 - B. (1) BUYER HAS: 17 (or) Days After Acceptance, unless otherwise agreed in writing, to: (i) complete all Buyer Investigations; review all disclosures, reports, lease documents to be assumed by Buyer pursuant to paragraph 8B(5), and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property; and (ii) Deliver to Seller Signed Copies of Statutory and Lead Disclosures and other disclosures Delivered by Seller in accordance with paragraph 10A.
 - (2) Within the time specified in paragraph 14B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to (C.A.R. Form RRRR) Buyer's requests.
 - (3) By the end of the time specified in paragraph 14B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller a removal of the applicable contingency or cancellation (C.A.R. Form CR or CC) of this Agreement. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in paragraph 14A, then Buyer has 5 (or) Days After Delivery of any such items, or the time specified in paragraph 14B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.
 - (4) Continuation of Contingency: Even after the end of the time specified in paragraph 14B(1) and before Seller cancels, if at all, pursuant to paragraph 14D, Buyer retains the right, in writing, to either (i) remove remaining contingencies, or (ii) cancel this Agreement based on a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to paragraph 14D(1).
 - (5) Access to Property: Buyer shall have access to the Property to conduct inspections and investigations for 17 (or) Days After Acceptance, whether or not any part of the Buyer's Investigation Contingency has been waived or removed.
 - C. REMOVAL OF CONTINGENCIES WITH OFFER: Buyer removes the contingencies specified in the attached Contingency Removal form (C.A.R. Form CR). If Buyer removes any contingency without an adequate understanding of the Property's condition or Buyer's ability to purchase, Buyer is acting against the advice of Broker.
 - D. SELLER RIGHT TO CANCEL:
 - (1) Seller right to Cancel; Buyer Contingencies: If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement, then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.
 - (2) Seller right to Cancel; Buyer Contract Obligations: Seller, after first delivering to Buyer a NBP, may cancel this Agreement if, by the time specified in this Agreement, Buyer does not take the following action(s): (i) Deposit funds as required by paragraph 3A, or 3B or if the funds deposited pursuant to paragraph 3A or 3B are not good when deposited; (ii) Deliver a notice of FHA or VA costs or terms as required by paragraph 3D(3) (C.A.R. Form FVA); (iii) Deliver a letter as required by paragraph 3J(1); (iv) Deliver verification, or a satisfactory verification if Seller reasonably disapproves of the verification already provided, as required by paragraph 3C or 3H; (v) In writing assume or accept leases or liens specified in 8B5; (vi) Return Statutory and Lead Disclosures as required by paragraph 10A(5); or (vii) Sign or initial a separate liquidated damages form for an increased deposit as required by paragraphs 3B and 21B; or (viii) Provide evidence of authority to sign in a representative capacity as specified in paragraph 19. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.
 - E. NOTICE TO BUYER OR SELLER TO PERFORM: The NBP or NSP shall: (i) be in writing; (ii) be signed by the applicable Buyer or Seller; and (iii) give the other Party at least 2 (or) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP or NSP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for the other Party to remove a contingency or cancel this Agreement or meet an obligation specified in paragraph 14.
 - F. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES: If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in writing, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for the inability to obtain financing.
 - G. CLOSE OF ESCROW: Before Buyer or Seller may cancel this Agreement for failure of the other Party to close escrow pursuant to this Agreement, Buyer or Seller must first Deliver to the other Party a demand to close escrow (C.A.R. Form DCE). The DCE shall: (i) be signed by the applicable Buyer or Seller; and (ii) give the other Party at least 3 (or) Days After Delivery to close escrow. A DCE may not be Delivered any earlier than 3 Days Prior to the scheduled close of escrow.
 - H. EFFECT OF CANCELLATION ON DEPOSITS: If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, the Parties agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Except as specified below, release of funds will require mutual Signed release instructions from the Parties, judicial decision or arbitration award. If either Party fails to execute mutual instructions to cancel escrow, one Party may make a written demand to Escrow Holder for the deposit. (C.A.R. Form BDRD or SDRD). Escrow Holder, upon receipt, shall promptly deliver notice of the demand to the other Party. If, within 10 Days After Escrow Holder's notice, the other Party does not object to the demand, Escrow Holder shall disburse the deposit to the Party making the demand. If Escrow Holder complies with the preceding process, each Party shall be deemed to have released Escrow Holder from any and all claims or liability related to the disbursement of the deposit. Escrow Holder, at its discretion, may nonetheless require mutual cancellation instructions. A Party may be subject to a civil penalty of up to \$1,000 for refusal to sign cancellation instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).

Buyer's Initials () ()
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Seller's Initials () ()



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 6 OF 10)

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Property Address: **2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069**

Date: **October 27, 2017**

15. **FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final verification of the Property within 5 (or) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 11; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. Form VP).
16. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain invoices and paid receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of invoices and paid receipts and statements to Buyer prior to final verification of condition.
17. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller (see C.A.R. Form SPT or SBSA for further information). TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.
18. **BROKERS:**
- A. **COMPENSATION:** Seller or Buyer, or both, as applicable, agree to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
- B. **SCOPE OF DUTY:** Buyer and Seller acknowledge and agree that Broker: (i) Does not decide what price Buyer should pay or Seller should accept; (ii) Does not guarantee the condition of the Property; (iii) Does not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) Does not have an obligation to conduct an inspection of common areas or areas off the site of the Property; (v) Shall not be responsible for identifying defects on the Property, in common areas, or offsite unless such defects are visually observable by an inspection of reasonably accessible areas of the Property or are known to Broker; (vi) Shall not be responsible for inspecting public records or permits concerning the title or use of Property; (vii) Shall not be responsible for identifying the location of boundary lines or other items affecting title; (viii) Shall not be responsible for verifying square footage, representations of others or information contained in Investigation reports, Multiple Listing Service, advertisements, flyers or other promotional material; (ix) Shall not be responsible for determining the fair market value of the Property or any personal property included in the sale; (x) Shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller; and (xi) Shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.
19. **REPRESENTATIVE CAPACITY:** If one or more Parties is signing this Agreement in a representative capacity and not for him/herself as an individual then that Party shall so indicate in paragraph 31 or 32 and attach a Representative Capacity Signature Disclosure (C.A.R. Form RCSD). Wherever the signature or initials of the representative identified in the RCSD appear on this Agreement or any related documents, it shall be deemed to be in a representative capacity for the entity described and not in an individual capacity, unless otherwise indicated. The Party acting in a representative capacity (i) represents that the entity for which that party is acting already exists and (ii) shall Deliver to the other Party and Escrow Holder, within 3 Days After Acceptance, evidence of authority to act in that capacity (such as but not limited to: applicable portion of the trust or Certification Of Trust (Probate Code §18100.5), letters testamentary, court order, power of attorney, corporate resolution, or formation documents of the business entity).
20. **JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:**
- A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: paragraphs 1, 3, 4B, 5A, 6, 7, 10C, 13, 14G, 17, 18A, 19, 20, 26, 29, 30, 31, 32 and paragraph D of the section titled Real Estate Brokers on page 10. If a Copy of the separate compensation agreement(s) provided for in paragraph 18A, or paragraph D of the section titled Real Estate Brokers on page 10 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions, if any, directly from Escrow Holder and will execute such provisions within the time specified in paragraph 7C(1)(c). To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow and, as directed by Escrow Holder, within 3 (or) Days, shall pay to Escrow Holder or HOA or HOA management company or others any fee required by paragraphs 7, 10 or elsewhere in this Agreement.
- B. A Copy of this Agreement including any counter offer(s) and addenda shall be delivered to Escrow Holder within 3 Days After Acceptance (or). Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement. Escrow Holder shall provide Seller's Statement of Information to Title company when received from Seller. If Seller delivers an affidavit to Escrow Holder to satisfy Seller's FIRPTA obligation under paragraph 10C, Escrow Holder shall deliver to Buyer a Qualified Substitute statement that complies with federal Law.

Buyer's Initials ^{DS} RAF () ()
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Seller's Initials () ()



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 7 OF 10)

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Shepherd

Property Address: 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069

Date: October 27, 2017

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16. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain invoices and paid receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of invoices and paid receipts and statements to Buyer prior to final verification of condition.
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18. **BROKERS:**
- A. **COMPENSATION:** Seller or Buyer, or both, as applicable, agree to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
- B. **SCOPE OF DUTY:** Buyer and Seller acknowledge and agree that Broker: (i) Does not decide what price Buyer should pay or Seller should accept; (ii) Does not guarantee the condition of the Property; (iii) Does not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) Does not have an obligation to conduct an inspection of common areas or areas off the site of the Property; (v) Shall not be responsible for identifying defects on the Property, in common areas, or offsite unless such defects are visually observable by an inspection of reasonably accessible areas of the Property or are known to Broker; (vi) Shall not be responsible for inspecting public records or permits concerning the title or use of Property; (vii) Shall not be responsible for identifying the location of boundary lines or other items affecting title; (viii) Shall not be responsible for verifying square footage, representations of others or information contained in Investigation reports, Multiple Listing Service, advertisements, flyers or other promotional material; (ix) Shall not be responsible for determining the fair market value of the Property or any personal property included in the sale; (x) Shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller; and (xi) Shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.
19. **REPRESENTATIVE CAPACITY:** If one or more Parties is signing this Agreement in a representative capacity and not for him/herself as an individual then that Party shall so indicate in paragraph 31 or 32 and attach a Representative Capacity Signature Disclosure (C.A.R. Form RCSD). Wherever the signature or initials of the representative identified in the RCSD appear on this Agreement or any related documents, it shall be deemed to be in a representative capacity for the entity described and not in an individual capacity, unless otherwise indicated. The Party acting in a representative capacity (i) represents that the entity for which that party is acting already exists and (ii) shall Deliver to the other Party and Escrow Holder, within 3 Days After Acceptance, evidence of authority to act in that capacity (such as but not limited to: applicable portion of the trust or Certification Of Trust (Probate Code §18100.5), letters testamentary, court order, power of attorney, corporate resolution, or formation documents of the business entity).
20. **JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:**
- A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: paragraphs 1, 3, 4B, 5A, 6, 7, 10C, 13, 14G, 17, 18A, 19, 20, 26, 29, 30, 31, 32 and paragraph D of the section titled Real Estate Brokers on page 10. If a Copy of the separate compensation agreement(s) provided for in paragraph 18A, or paragraph D of the section titled Real Estate Brokers on page 10 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions, if any, directly from Escrow Holder and will execute such provisions within the time specified in paragraph 7C(1)(c). To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow and, as directed by Escrow Holder, within 3 (or) Days, shall pay to Escrow Holder or HOA or HOA management company or others any fee required by paragraphs 7, 10 or elsewhere in this Agreement.
- B. A Copy of this Agreement including any counter offer(s) and addenda shall be delivered to Escrow Holder within 3 Days After Acceptance (or). Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement. Escrow Holder shall provide Seller's Statement of Information to Title company when received from Seller. If Seller delivers an affidavit to Escrow Holder to satisfy Seller's FIRPTA obligation under paragraph 10C, Escrow Holder shall deliver to Buyer a Qualified Substitute statement that complies with federal Law.

Buyer's Initials () ()
RPA-CA REVISED 12/15 (PAGE 7 OF 10)

Seller's Initials () ()



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 7 OF 10)

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Property Address: 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069

Date: October 27, 2017

- C. Brokers are a party to the escrow for the sole purpose of compensation pursuant to paragraph 18A and paragraph D of the section titled Real Estate Brokers on page 10. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraph 18A, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement.
- D. Upon receipt, Escrow Holder shall provide Seller and Seller's Broker verification of Buyer's deposit of funds pursuant to paragraph 3A and 3B. Once Escrow Holder becomes aware of any of the following, Escrow Holder shall immediately notify all Brokers: (i) if Buyer's initial or any additional deposit or down payment is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if Buyer and Seller instruct Escrow Holder to cancel escrow.
- E. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 3 Days after mutual execution of the amendment.

21. REMEDIES FOR BUYER'S BREACH OF CONTRACT:

- A. Any clause added by the Parties specifying a remedy (such as release or forfeiture of deposit or making a deposit non-refundable) for failure of Buyer to complete the purchase in violation of this Agreement shall be deemed invalid unless the clause independently satisfies the statutory liquidated damages requirements set forth in the Civil Code.
- B. LIQUIDATED DAMAGES: If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. If the Property is a dwelling with no more than four units, one of which Buyer intends to occupy, then the amount retained shall be no more than 3% of the purchase price. Any excess shall be returned to Buyer. Except as provided in paragraph 14H, release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award. AT THE TIME OF ANY INCREASED DEPOSIT BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION INCORPORATING THE INCREASED DEPOSIT AS LIQUIDATED DAMAGES (C.A.R. FORM RID).

Buyer's Initials _____ / _____

Seller's Initials _____ / _____

22. DISPUTE RESOLUTION:

- A. MEDIATION: The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action through the C.A.R. Real Estate Mediation Center for Consumers (www.consumermediation.org) or through any other mediation provider or service mutually agreed to by the Parties. The Parties also agree to mediate any disputes or claims with Broker(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. Mediation fees, if any, shall be divided equally among the Parties involved. If, for any dispute or claim to which this paragraph applies, any Party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that Party shall not be entitled to recover attorney fees, even if they would otherwise be available to that Party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. Exclusions from this mediation agreement are specified in paragraph 22C.

B. ARBITRATION OF DISPUTES:

The Parties agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The Parties also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator. The Parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 22C.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials _____ / _____

Seller's Initials _____ / _____

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:

- (1) EXCLUSIONS: The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; and (iii) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court.

Buyer's Initials (RLK) (_____)

Seller's Initials (_____) (_____)

RPA-CA REVISED 12/15 (PAGE 8 OF 10)

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 8 OF 10)

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Property Address: 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069 Date: October 27, 2017

- C. Brokers are a party to the escrow for the sole purpose of compensation pursuant to paragraph 18A and paragraph D of the section titled Real Estate Brokers on page 10. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraph 18A, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement.
- D. Upon receipt, Escrow Holder shall provide Seller and Seller's Broker verification of Buyer's deposit of funds pursuant to paragraph 3A and 3B. Once Escrow Holder becomes aware of any of the following, Escrow Holder shall immediately notify all Brokers: (i) if Buyer's initial or any additional deposit or down payment is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if Buyer and Seller instruct Escrow Holder to cancel escrow.
- E. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 3 Days after mutual execution of the amendment.

21. REMEDIES FOR BUYER'S BREACH OF CONTRACT:

- A. Any clause added by the Parties specifying a remedy (such as release or forfeiture of deposit or making a deposit non-refundable) for failure of Buyer to complete the purchase in violation of this Agreement shall be deemed invalid unless the clause independently satisfies the statutory liquidated damages requirements set forth in the Civil Code.
- B. **LIQUIDATED DAMAGES:** If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. If the Property is a dwelling with no more than four units, one of which Buyer intends to occupy, then the amount retained shall be no more than 3% of the purchase price. Any excess shall be returned to Buyer. Except as provided in paragraph 14H, release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award. **AT THE TIME OF ANY INCREASED DEPOSIT BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION INCORPORATING THE INCREASED DEPOSIT AS LIQUIDATED DAMAGES (C.A.R. FORM RID).**

Buyer's Initials _____ / _____ Seller's Initials _____ / _____

22. DISPUTE RESOLUTION:

- A. **MEDIATION:** The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action through the C.A.R. Real Estate Mediation Center for Consumers (www.consumermediation.org) or through any other mediation provider or service mutually agreed to by the Parties. The Parties also agree to mediate any disputes or claims with Broker(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. Mediation fees, if any, shall be divided equally among the Parties involved. If, for any dispute or claim to which this paragraph applies, any Party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that Party shall not be entitled to recover attorney fees, even if they would otherwise be available to that Party in any such action. **THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.** Exclusions from this mediation agreement are specified in paragraph 22C.

B. ARBITRATION OF DISPUTES:

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"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials _____ / _____ Seller's Initials _____ / _____

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:

- (1) **EXCLUSIONS:** The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; and (iii) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court.

Buyer's Initials (_____) (_____) Seller's Initials () ()

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CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 8 OF 10)

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Property Address: 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069

Date: October 27, 2017

- (2) **PRESERVATION OF ACTIONS:** The following shall not constitute a waiver nor violation of the mediation and arbitration provisions: (i) the filing of a court action to preserve a statute of limitations; (ii) the filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies; or (iii) the filing of a mechanic's lien.
- (3) **BROKERS:** Brokers shall not be obligated nor compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to this Agreement.
- 23. **SELECTION OF SERVICE PROVIDERS:** Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.
- 24. **MULTIPLE LISTING SERVICE ("MLS"):** Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the sales price and other terms of this transaction shall be provided to the MLS to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.
- 25. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 22A.
- 26. **ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interest in this Agreement without first having obtained the separate written consent of Seller to a specified assignee. Such consent shall not be unreasonably withheld. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement unless otherwise agreed in writing by Seller. (C.A.R. Form AOOA).
- 27. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
- 28. **TERMS AND CONDITIONS OF OFFER:**

This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initiated by all Parties or if incorporated by mutual agreement in a counter offer or addendum. If at least one but not all Parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. The Parties have read and acknowledge receipt of a Copy of the offer and agree to the confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

- 29. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the Parties are incorporated in this Agreement. Its terms are intended by the Parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Except as otherwise specified, this Agreement shall be interpreted and disputes shall be resolved in accordance with the Laws of the State of California. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.
- 30. **DEFINITIONS:** As used in this Agreement:
 - A. "Acceptance" means the time the offer or final counter offer is accepted in writing by a Party and is delivered to and personally received by the other Party or that Party's authorized agent in accordance with the terms of this offer or a final counter offer.
 - B. "Agreement" means this document and any counter offers and any incorporated addenda, collectively forming the binding agreement between the Parties. Addenda are incorporated only when Signed by all Parties.
 - C. "C.A.R. Form" means the most current version of the specific form referenced or another comparable form agreed to by the parties.
 - D. "Close Of Escrow", including "COE", means the date the grant deed, or other evidence of transfer of title, is recorded.
 - E. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
 - F. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
 - G. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.
 - H. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
 - I. "Deliver", "Delivered" or "Delivery", unless otherwise specified in writing, means and shall be effective upon: personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in the section titled Real Estate Brokers on page 10, regardless of the method used (i.e., messenger, mail, email, fax, other).
 - J. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either Party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other Party.
 - K. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
 - L. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
 - M. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.
- 31. **EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit, if any, shall be returned to Buyer unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by _____ who is authorized to receive it, by 5:00 PM on the third Day after this offer is signed by Buyer (or by _____ AM/ PM, on _____ (date)).

One or more Buyers is signing this Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Declaration (C.A.R. Form RCSD-B) for additional terms.

Date 10/27/2017 BUYER [Signature] Robert Flaxman, Authorized Signatory
 (Print name) RND Sunset Associates, LLC, a Delaware limited liability company
 Date _____ BUYER _____
 (Print name) _____

Additional Signature Addendum attached (C.A.R. Form ASA).

Seller's Initials (_____) (_____)

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CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 9 OF 10)

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Shepherd

Property Address: 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069

Date: October 27, 2017

- (2) **PRESERVATION OF ACTIONS:** The following shall not constitute a waiver nor violation of the mediation and arbitration provisions: (i) the filing of a court action to preserve a statute of limitations; (ii) the filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies; or (iii) the filing of a mechanic's lien.
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- 24. **MULTIPLE LISTING SERVICE ("MLS"):** Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the sales price and other terms of this transaction shall be provided to the MLS to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.
- 25. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 22A.
- 26. **ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interest in this Agreement without first having obtained the separate written consent of Seller to a specified assignee. Such consent shall not be unreasonably withheld. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement unless otherwise agreed in writing by Seller. (C.A.R. Form AOAA).
- 27. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
- 28. **TERMS AND CONDITIONS OF OFFER:**

This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initialed by all Parties or if incorporated by mutual agreement in a counter offer or addendum. If at least one but not all Parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. The Parties have read and acknowledge receipt of a Copy of the offer and agree to the confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

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- 30. **DEFINITIONS:** As used in this Agreement:

- A. "Acceptance" means the time the offer or final counter offer is accepted in writing by a Party and is delivered to and personally received by the other Party or that Party's authorized agent in accordance with the terms of this offer or a final counter offer.
- B. "Agreement" means this document and any counter offers and any incorporated addenda, collectively forming the binding agreement between the Parties. Addenda are incorporated only when Signed by all Parties.
- C. "C.A.R. Form" means the most current version of the specific form referenced or another comparable form agreed to by the parties.
- D. "Close Of Escrow", including "COE", means the date the grant deed, or other evidence of transfer of title, is recorded.
- E. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
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- I. "Deliver", "Delivered" or "Delivery", unless otherwise specified in writing, means and shall be effective upon: personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in the section titled Real Estate Brokers on page 10, regardless of the method used (i.e., messenger, mail, email, fax, other).
- J. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either Party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other Party.
- K. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
- L. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
- M. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.

- 31. **EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit, if any, shall be returned to Buyer unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by _____ who is authorized to receive it, by 5:00 PM on the third Day after this offer is signed by Buyer (or by _____ AM/ PM, on _____ (date)).

One or more Buyers is signing this Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-B) for additional terms.

Date _____ BUYER _____
 (Print name) RND Sunset Associates, LLC, a Delaware limited liability company
 Date _____ BUYER _____
 (Print name) _____

Additional Signature Addendum attached (C.A.R. Form ASA).

Seller's Initials (RS) (SA)

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CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 9 OF 10)

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Shepherd



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Property Address: 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069 Date: October 27, 2017

32. ACCEPTANCE OF OFFER: Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, and agrees to sell the Property on the above terms and conditions. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to Deliver a Signed Copy to Buyer.

(If checked) SELLER'S ACCEPTANCE IS SUBJECT TO ATTACHED COUNTER OFFER (C.A.R. Form SCO or SMCO) DATED: _____

One or more Sellers is signing this Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-S) for additional terms.

Date _____ SELLER _____
(Print name) Paul Shepherd and Gigi Shepherd

Date _____ SELLER _____
(Print name) _____

Additional Signature Addendum attached (C.A.R. Form ASA).

(_____/_____) (Do not initial if making a counter offer.) CONFIRMATION OF ACCEPTANCE: A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) _____ at _____
(Initials) AM/ PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

REAL ESTATE BROKERS:

A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.
 B. Agency relationships are confirmed as stated in paragraph 2.
 C. If specified in paragraph 3A(2), Agent who submitted the offer for Buyer acknowledges receipt of deposit.
 D. COOPERATING BROKER COMPENSATION: Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow, the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS. If Listing Broker and Cooperating Broker are not both Participants of the MLS, or a reciprocal MLS, in which the Property is offered for sale, then compensation must be specified in a separate written agreement (C.A.R. Form CBC). Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

Real Estate Broker (Selling Firm) N/A NO BROKER CalBRE Lic. # _____
 By _____ CalBRE Lic. # _____ Date _____
 By _____ CalBRE Lic. # _____ Date _____
 Address _____ City _____ State _____ Zip _____
 Telephone _____ Fax _____ E-mail _____

Real Estate Broker (Listing Firm) N/A NO BROKER CalBRE Lic. # _____
 By _____ CalBRE Lic. # _____ Date _____
 By _____ CalBRE Lic. # _____ Date _____
 Address _____ City _____ State _____ Zip _____
 Telephone _____ Fax _____ E-mail _____

ESCROW HOLDER ACKNOWLEDGMENT:
 Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, a deposit in the amount of \$ _____), counter offer numbers _____ Seller's Statement of Information and _____, and agrees to act as Escrow Holder subject to paragraph 20 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.
 Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is _____
 Escrow Holder _____ Escrow # _____
 By _____ Date _____
 Address _____
 Phone/Fax/E-mail _____
 Escrow Holder has the following license number # _____
 Department of Business Oversight, Department of Insurance, Bureau of Real Estate.

PRESENTATION OF OFFER: (_____) Listing Broker presented this offer to Seller on _____ (date).
 Broker or Designee Initials _____

REJECTION OF OFFER: (_____) (_____) No counter offer is being made. This offer was rejected by Seller on _____ (date).
 Seller's Initials _____

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Published and Distributed by: _____ Buyer Acknowledges that page 10 is part of this Agreement (_____) (_____)
 REAL ESTATE BUSINESS SERVICES, INC. Buyer's Initials _____
 a subsidiary of the CALIFORNIA ASSOCIATION OF REALTORS®
 525 South Virgil Avenue, Los Angeles, California 90020

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Reviewed by _____
 Broker or Designee



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 10 OF 10)

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Shepherd

Property Address: 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069 Date: October 27, 2017

32. ACCEPTANCE OF OFFER: Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, and agrees to sell the Property on the above terms and conditions. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to Deliver a Signed Copy to Buyer.

(If checked) SELLER'S ACCEPTANCE IS SUBJECT TO ATTACHED COUNTER OFFER (C.A.R. Form SCO or SMCO) DATED: _____

One or more Sellers is signing this Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-S) for additional terms.

Date 10-27-17 SELLER Paul Shepherd
(Print name) Paul Shepherd and Gigi Shepherd

Date 10-27-17 SELLER Gigi Shepherd
(Print name) _____

Additional Signature Addendum attached (C.A.R. Form ASA).

(_____/_____) (Do not initial if making a counter offer.) CONFIRMATION OF ACCEPTANCE: A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) _____ at _____
(Initials) AM/ PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

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- A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.
- B. Agency relationships are confirmed as stated in paragraph 2.
- C. If specified in paragraph 3A(2), Agent who submitted the offer for Buyer acknowledges receipt of deposit.
- D. COOPERATING BROKER COMPENSATION: Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow, the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS. If Listing Broker and Cooperating Broker are not both Participants of the MLS, or a reciprocal MLS, in which the Property is offered for sale, then compensation must be specified in a separate written agreement (C.A.R. Form CBC), Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

Real Estate Broker (Selling Firm) N/A NO BROKER CalBRE Lic. # _____
By _____ CalBRE Lic. # _____ Date _____
By _____ CalBRE Lic. # _____ Date _____
Address _____ City _____ State _____ Zip _____
Telephone _____ Fax _____ E-mail _____

Real Estate Broker (Listing Firm) N/A NO BROKER CalBRE Lic. # _____
By _____ CalBRE Lic. # _____ Date _____
By _____ CalBRE Lic. # _____ Date _____
Address _____ City _____ State _____ Zip _____
Telephone _____ Fax _____ E-mail _____

ESCROW HOLDER ACKNOWLEDGMENT:

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, a deposit in the amount of \$ _____), counter offer numbers _____ Seller's Statement of Information and _____, and agrees to act as Escrow Holder subject to paragraph 20 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is _____

Escrow Holder _____ Escrow # _____
By _____ Date _____
Address _____
Phone/Fax/E-mail _____

Escrow Holder has the following license number # _____
 Department of Business Oversight, Department of Insurance, Bureau of Real Estate.

PRESENTATION OF OFFER: (_____) Listing Broker presented this offer to Seller on _____ (date).
Broker or Designee Initials _____

REJECTION OF OFFER: (_____) (_____) No counter offer is being made. This offer was rejected by Seller on _____ (date).
Seller's Initials _____

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Reviewed by _____
Broker or Designee



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 10 OF 10)

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Shepherd

**ADDENDUM NO. 1 TO CALIFORNIA RESIDENTIAL PURCHASE AND
SALE AGREEMENT**

(2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069)

This ADDENDUM NO. 1 (“**Addendum**”) is attached to and made a part of the California Residential Purchase Agreement and Joint Escrow Instructions (the “**Purchase Agreement**”) by and between RND Sunset Associates, LLC, a Delaware limited liability company (“**Buyer**”) and Paul Shepherd and Gigi Shepherd (together, “**Seller**”), for the property known as 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069 (the “**Property**”), dated October 27, 2017 (the “**Effective Date**”). In the event of any inconsistency or conflict between the terms of this Addendum and the terms of the Purchase Agreement to which this Addendum is attached, the terms of this Addendum shall control. Any capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement. Except for purposes of determining whether a conflict exists between the Purchase Agreement and this Addendum, the term “**Agreement**” (as used herein and in the Purchase Agreement) shall include both the Purchase Agreement and the provisions of this Addendum.

32. The closing of the transaction contemplated by this Agreement is contingent on the entry of an order substantially and materially in the form of the proposed order attached hereto as **Exhibit A** (the “**Sale Order**”) by the United States Bankruptcy Court, Central District of California (the “**Bankruptcy Court**”) and, to the extent applicable, the entry of the Post-Auction Sale Order (as such term is defined in the Sale Order) substantially and materially in the form of the Sale Order other than changing the terms of such order to reflect the terms of Buyer’s successful overbid at the Auction (as term is defined in the Sale Order). Seller shall make a reasonable, good faith effort to obtain entry of the Sale Order. Seller and Buyer may waive any requirement that the Sale Order or, to the extent applicable, the Post-Auction Sale Order be in a particular form by written agreement signed by both parties. This Agreement incorporates by reference the Sale Order attached hereto.

33. The Property is more particularly described on **Exhibit B** attached hereto and incorporated herein. Seller represents and warrants that Seller has the full right and authority, subject to Bankruptcy Court approval and entry of the Sale Order, to enter into this Agreement and to perform under this Agreement.

34. Paragraph 3.B. of the Agreement shall be deemed revised to reflect that the increased deposit shall be delivered to Escrow Holder within three (3) business days following notice of entry of the Sale Order.

35. Paragraph 1.D. of the Agreement shall be revised as follows: "Provided that all conditions for Closing expressly set forth in this Agreement have been satisfied, the Close of Escrow shall occur not later than thirty (30) days after the earlier to occur of either: (a) the date the Debtors file the No Auction Notice (as such terms are

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defined in the Sale Order) with the Bankruptcy Court; or (b) the date the Bankruptcy Court enters the Post-Auction Sale Order, and under all circumstances, regardless of whether an appeal has been filed, provided there is no stay entered pending appeal."

36. Buyer acknowledges that because conveyance of the Property will be made pursuant to the Sale Order entered by the Bankruptcy Court, Seller is exempt from the disclosure and notice obligations set forth in sections 1102 et. seq. and 1103 et. seq. of the California Civil Code, including, without limitation, the obligation to deliver to Buyer any Reports. Accordingly, Paragraphs 7.A and 10 of the Agreement, and any other references in the Agreement to such disclosure or notice obligations of Seller, are hereby deleted in their entirety and replaced with "Intentionally Omitted."

37. Seller acknowledges that Buyer has satisfied the verification of funds requirements under Paragraph 3.H.

38. Paragraph 9.B is hereby modified by adding the following language: "Except as otherwise shown in the preliminary title report described in Paragraph 13 below, or previously disclosed in writing to Buyer in connection with execution of this Agreement, Seller represents and warrants to Buyer that Seller is not currently a party to any leases, occupancy agreements, licenses, easements or other agreements affecting the Property."

39. Paragraph 12 is hereby deleted in its entirety, and replaced with the following, in order to allow Buyer to have access to the Property to conduct inspections and investigations, at Buyer's sole cost and expense, until the earlier to occur of either the Close of Escrow or the Auction and Hearing to Consider Overbids (the "**Auction**") provided for in the Sale Order.

"12. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY: Buyer shall provide Seller's counsel with at least two (2) business days' prior written or telephone notice with a confirmation email (to sleipzig@allenmatkins.com and (213) 925-5386) of its desire to enter upon the Property for inspection and/or testing and any such inspections or testing shall be conducted at a time and manner reasonably approved by Seller. Seller shall have a right to be present at any such inspections or investigations. Prior to conducting any inspections or investigations, Buyer or its consultants shall deliver to Seller a certificate of insurance naming Seller as an additional insured (on a primary, non-contributing basis) evidencing commercial general liability and property damage insurance with limits of not less than One Million and 00/100 Dollars (\$1,000,000.00) for liability coverage and not less than One Million and 00/100 Dollars (\$1,000,000.00) for property damage. Notwithstanding the foregoing, Buyer shall not be permitted to undertake any air or paint sampling or any intrusive or destructive testing of the Property, including, without limitation, a "Phase II"

environmental assessment (collectively, the “**Intrusive Tests**”), without in each instance first obtaining Seller’s prior written consent thereto, which consent Seller may give or withhold in Seller’s sole and absolute discretion; provided, however, if any “Phase I” environmental assessment prepared by or on behalf of Buyer in accordance with the terms of this Paragraph 12 recommends performance of a Phase II environmental assessment, Seller’s consent to the performance of such Phase II environmental assessment shall not be unreasonably withheld, conditioned, or delayed. If Seller fails to advise Buyer of its approval of any proposed Intrusive Tests within such two (2) business day period, such failure shall be deemed Seller’s disapproval thereof. Buyer shall restore the Property to its original condition immediately after any and all testing and inspections conducted by or on behalf of Buyer. Buyer hereby agrees to indemnify, defend and hold Seller and the Property harmless from any and all costs, loss, damages or expenses of any kind or nature (collectively, “**Claims**”) arising out of or resulting from any entry and/or activities upon the Property by Buyer and/or Buyer’s agents, employees, contractors or consultants (collectively, “**Buyer’s Representatives**”), and Buyer, for itself and for all of Buyer’s Representatives, hereby waives and releases Seller from all Claims resulting directly or indirectly from access to, entrance upon, or inspection of the Property by Buyer and/or Buyer’s Representatives unless caused by the willful misconduct of Seller; provided, however, such indemnification obligation shall not be applicable to the extent of Buyer’s mere discovery of any pre-existing condition at the Property. Notwithstanding anything to the contrary in this Agreement, Buyer shall not be relieved of its obligation to indemnify, defend and hold harmless Seller in the event that any pre-existing condition is aggravated by Buyer and/or any of Buyer’s Representatives in connection with any inspection of the Property. Buyer agrees that the provisions of this Paragraph 12 shall supersede any prior access agreements between Buyer and Seller, as of the Effective Date. Buyer further agrees and acknowledges that pursuant to Paragraph 51 below and that certain Contingency Removal No. 1 (C.A.R. Form CR) delivered by Buyer concurrently with its execution and delivery of this Agreement, Buyer has waived any and all Buyer contingencies, and as such, Buyer shall have no right to terminate this Agreement as a result of conducting (or failing to conduct) any inspections or investigations of the Property.”

40. Pursuant to Paragraph 51 below and that certain Contingency Removal No. 1 (C.A.R. Form CR) delivered by Buyer concurrently with its execution and delivery of this Agreement, Paragraphs 14.A. and 14.B. are hereby deleted in their entirety and replaced with "Intentionally Omitted."

41. The parties hereby agree as follows:

A. Buyer and Seller must each initial Paragraph 21, as revised below, where indicated. The heading of Paragraph 21 is hereby deleted in its entirety and replaced with the following: "REMEDIES".

B. Paragraph 21.B. is hereby deleted in its entirety and replaced with the following:

"LIQUIDATED DAMAGES OF SELLER. IN THE EVENT THE CLOSE OF ESCROW DOES NOT OCCUR AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF BUYER, BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES WHICH SELLER MAY SUFFER. THEREFORE BUYER AND SELLER DO HEREBY AGREE THAT A REASONABLE ESTIMATE OF THE TOTAL NET DETRIMENT THAT SELLER WOULD SUFFER IN THE EVENT THAT BUYER DEFAULTS AND FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY IS AND SHALL BE AN AMOUNT EQUAL TO THE DEPOSIT, TOGETHER WITH THE ACCRUED INTEREST THEREON; AND, AS SELLER'S SOLE AND EXCLUSIVE REMEDY (WHETHER AT LAW OR IN EQUITY), SAID AMOUNT SHALL BE DISBURSED TO SELLER AS THE FULL, AGREED AND LIQUIDATED DAMAGES FOR A BREACH OF THIS AGREEMENT BY BUYER WHICH RESULTS IN THE CLOSE OF ESCROW NOT OCCURRING, ALL OTHER CLAIMS TO DAMAGES OR OTHER REMEDIES IN RESPECT OF BUYER'S BREACH OF THIS AGREEMENT BEING HEREIN EXPRESSLY WAIVED BY SELLER. SUCH PAYMENT OF THE DEPOSIT IS NOT INTENDED AS A PENALTY, BUT AS FULL LIQUIDATED DAMAGES. NOTHING CONTAINED IN THIS PARAGRAPH SHALL LIMIT ANY RIGHT OF SELLER TO RECEIVE REIMBURSEMENT FOR ATTORNEY FEES AND COSTS PURSUANT TO PARAGRAPH 25 OF THIS AGREEMENT, NOR WAIVE OR AFFECT BUYER'S INDEMNITY OBLIGATIONS EXPRESSLY SET FORTH IN THIS AGREEMENT."

C. Paragraph 21.C. is hereby added, as follows:

"LIQUIDATED DAMAGES OF BUYER. IN THE EVENT THAT THE SALE ORDER IS NOT ENTERED AS A RESULT OF ANY ACTIONS OR OMISSIONS TAKEN OR MADE BY SELLER IN BAD FAITH, IN DISREGARD OF THIS AGREEMENT, OR INVOLVING WILLFUL MISCONDUCT ON THE PART OF SELLER, BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES WHICH BUYER MAY SUFFER. THEREFORE, BUYER AND SELLER DO HEREBY AGREE THAT A REASONABLE ESTIMATE OF THE TOTAL NET

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DETRIMENT THAT BUYER WOULD SUFFER IN THE EVENT THAT THE SALE ORDER IS NOT ENTERED AS A RESULT OF ANY ACTIONS OR OMISSIONS TAKEN OR MADE BY SELLER IN BAD FAITH, IN DISREGARD OF THIS AGREEMENT, OR INVOLVING WILLFUL MISCONDUCT ON THE PART OF SELLER IS AND SHALL BE AN AMOUNT EQUAL TO TWO HUNDRED FIFTY-FIVE THOUSAND AND 00/100 DOLLARS (\$255,000.00), WHICH AMOUNT IS EQUAL TO THE BREAK-UP FEE PROVIDED BY SELLER TO BUYER IN THE SALE MOTION, AS BUYER'S SOLE AND EXCLUSIVE REMEDY WHETHER AT LAW OR IN EQUITY). BUYER SHALL HAVE AN ALLOWED ADMINISTRATIVE CLAIM IN THE AMOUNT OF TWO HUNDRED FIFTY-FIVE THOUSAND AND 00/100 DOLLARS (\$255,000.00) PURSUANT TO SECTION 503(b) OF THE BANKRUPTCY CODE AS THE FULL, AGREED AND LIQUIDATED DAMAGES FOR SELLER'S FAILURE TO MAKE A GOOD FAITH EFFORT TO OBTAIN THE SALE ORDER. SUCH PAYMENT IS NOT INTENDED AS A PENALTY, BUT AS FULL LIQUIDATED DAMAGES."

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Buyer's Initials

Seller's Initials

42. For the avoidance of doubt, the parties hereby agree as follows:

(i) the term "Deposit" as used in Paragraph 21.B. of the Agreement (as the same is amended by Paragraph 41 of this Addendum, above) and in this Paragraph 42, shall mean and refer to the initial Deposit (i.e., \$250,000.00) in the event of a Buyer default prior to entry of the Sale Order, and shall mean and refer to the total Deposit (i.e., \$850,000.00, consisting of the initial Deposit and the \$600,000.00 increased Deposit) in the event of a Buyer default after entry of the Sale Order;

(ii) the Deposit shall be deemed immediately accrued and owed by Buyer upon execution of this Agreement, in the case of the initial Deposit, and upon entry of the Sale Order, in the case of the increased Deposit, notwithstanding any delay between execution or entry, as the case may be, and the delivery of funds to escrow that may be permitted pursuant to Paragraphs 3.A. or 3.B. (as the same is amended pursuant to Paragraph 34 above), respectively;

(iii) the Deposit shall only be returned to Buyer in the event that (a) the Sale Order is not entered by the Bankruptcy Court in substantially and materially the form of the proposed order attached as **Exhibit A** to this Agreement other than as a result of Buyer's default under this Agreement, (b) to the extent the Auction occurs, Buyer is not confirmed as the winning bidder at the hearing to confirm the winning bidder and approve the sale following the Auction pursuant to the Post-Auction Sale Order, or (c) the Close of Escrow does not occur because (I) of a breach by Seller, (II)

DETRIMENT THAT BUYER WOULD SUFFER IN THE EVENT THAT THE SALE ORDER IS NOT ENTERED AS A RESULT OF ANY ACTIONS OR OMISSIONS TAKEN OR MADE BY SELLER IN BAD FAITH, IN DISREGARD OF THIS AGREEMENT, OR INVOLVING WILLFUL MISCONDUCT ON THE PART OF SELLER IS AND SHALL BE AN AMOUNT EQUAL TO TWO HUNDRED FIFTY-FIVE THOUSAND AND 00/100 DOLLARS (\$255,000.00), WHICH AMOUNT IS EQUAL TO THE BREAK-UP FEE PROVIDED BY SELLER TO BUYER IN THE SALE MOTION, AS BUYER'S SOLE AND EXCLUSIVE REMEDY WHETHER AT LAW OR IN EQUITY). BUYER SHALL HAVE AN ALLOWED ADMINISTRATIVE CLAIM IN THE AMOUNT OF TWO HUNDRED FIFTY-FIVE THOUSAND AND 00/100 DOLLARS (\$255,000.00) PURSUANT TO SECTION 503(b) OF THE BANKRUPTCY CODE AS THE FULL, AGREED AND LIQUIDATED DAMAGES FOR SELLER'S FAILURE TO MAKE A GOOD FAITH EFFORT TO OBTAIN THE SALE ORDER. SUCH PAYMENT IS NOT INTENDED AS A PENALTY, BUT AS FULL LIQUIDATED DAMAGES."

Buyer's Initials



Seller's Initials

42. For the avoidance of doubt, the parties hereby agree as follows:

(i) the term "Deposit" as used in Paragraph 21.B. of the Agreement (as the same is amended by Paragraph 41 of this Addendum, above) and in this Paragraph 42, shall mean and refer to the initial Deposit (i.e., \$250,000.00) in the event of a Buyer default prior to entry of the Sale Order, and shall mean and refer to the total Deposit (i.e., \$850,000.00, consisting of the initial Deposit and the \$600,000.00 increased Deposit) in the event of a Buyer default after entry of the Sale Order;

(ii) the Deposit shall be deemed immediately accrued and owed by Buyer upon execution of this Agreement, in the case of the initial Deposit, and upon entry of the Sale Order, in the case of the increased Deposit, notwithstanding any delay between execution or entry, as the case may be, and the delivery of funds to escrow that may be permitted pursuant to Paragraphs 3.A. or 3.B. (as the same is amended pursuant to Paragraph 34 above), respectively;

(iii) the Deposit shall only be returned to Buyer in the event that (a) the Sale Order is not entered by the Bankruptcy Court in substantially and materially the form of the proposed order attached as Exhibit A to this Agreement other than as a result of Buyer's default under this Agreement, (b) to the extent the Auction occurs, Buyer is not confirmed as the winning bidder at the hearing to confirm the winning bidder and approve the sale following the Auction pursuant to the Post-Auction Sale Order, or (c) the Close of Escrow does not occur because (I) of a breach by Seller, (II)

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of the failure of a condition precedent to Buyer's obligation to proceed to the Close of Escrow set forth in this Agreement, (III) the Property or any portion thereof is destroyed or materially damaged, and Buyer elects to terminate this Agreement pursuant to Paragraph 43, (IV) the Property or any portion thereof is subject to a taking (or a written threat of taking) by a public or governmental authority, and Buyer elects to terminate this Agreement pursuant to Paragraph 43, (V) Buyer elects to terminate this Agreement pursuant to Paragraph 10.A(6) as modified below, or (VI) the sale to Buyer does not occur for any reason other than Buyer's default. For the avoidance of doubt, Buyer hereby agrees and acknowledges that in the event the Close of Escrow does not occur for any reason, including, but not limited to, because of the occurrence of any event described in clause (a), (b) or (c) of this item (iii) other than clause (c)(I) (i.e., a breach of this Agreement by Seller), Buyer's sole and exclusive remedy at law or in equity shall be the right to terminate this Agreement and receive a return of its Deposit (and, if applicable, any break-up fee), and except for Buyer's express indemnity obligations and any other provision of this Agreement which expressly survives termination of the Agreement, the parties shall have no liability or further rights or obligations to one another under this Agreement;

(iv) Paragraph 14.H. is hereby deleted in its entirety; and

(v) no separate liquidated damages provision (whether C.A.R. Form RID or otherwise) shall be required to be executed by the parties.

SELLER'S INITIALS

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BUYER'S INITIALS

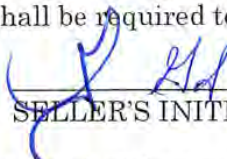
43. The parties hereby agree as follows:

A. For purposes of clause (c)(III) of item (iii) of Paragraph 42 above, the Property shall be "materially damaged" if the cost of restoration or repair, as estimated by Buyer and Seller in their reasonable discretion, of such damage shall exceed Three Hundred Thousand and 00/100 Dollars (\$300,000.00). If either party becomes aware of any damage to the Property, such party shall promptly notify the other party in writing. Thereafter, Buyer and Seller shall reasonably and in good faith agree upon an estimation of the cost of restoration or repair. Within ten (10) days of Buyer and Seller agreeing upon such estimation, if Buyer has the right to terminate this Agreement, Buyer shall notify Seller in writing whether Buyer elects to terminate this Agreement and receive a return of the Deposit pursuant to the terms of Paragraph 42 above and this Paragraph 43. If, on account of the damage to the Property, Buyer does not have the right to terminate this Agreement, Buyer elects not to terminate this Agreement, or Buyer fails to give notice of termination to Seller within said ten (10) day period, Buyer shall accept the Property in its then condition and proceed with the consummation of the transaction contemplated by this Agreement, without an abatement or reduction in the Purchase Price (other than a reduction in the amount of the insurance deductible), but with an assignment from

of the failure of a condition precedent to Buyer's obligation to proceed to the Close of Escrow set forth in this Agreement, (III) the Property or any portion thereof is destroyed or materially damaged, and Buyer elects to terminate this Agreement pursuant to Paragraph 43, (IV) the Property or any portion thereof is subject to a taking (or a written threat of taking) by a public or governmental authority, and Buyer elects to terminate this Agreement pursuant to Paragraph 43, (V) Buyer elects to terminate this Agreement pursuant to Paragraph 10.A(6) as modified below, or (VI) the sale to Buyer does not occur for any reason other than Buyer's default. For the avoidance of doubt, Buyer hereby agrees and acknowledges that in the event the Close of Escrow does not occur for any reason, including, but not limited to, because of the occurrence of any event described in clause (a), (b) or (c) of this item (iii) other than clause (c)(I) (i.e., a breach of this Agreement by Seller), Buyer's sole and exclusive remedy at law or in equity shall be the right to terminate this Agreement and receive a return of its Deposit (and, if applicable, any break-up fee), and except for Buyer's express indemnity obligations and any other provision of this Agreement which expressly survives termination of the Agreement, the parties shall have no liability or further rights or obligations to one another under this Agreement;

(iv) Paragraph 14.H. is hereby deleted in its entirety; and

(v) no separate liquidated damages provision (whether C.A.R. Form RID or otherwise) shall be required to be executed by the parties.


SELLER'S INITIALS

BUYER'S INITIALS

43. The parties hereby agree as follows:

A. For purposes of clause (c)(III) of item (iii) of Paragraph 42 above, the Property shall be "materially damaged" if the cost of restoration or repair, as estimated by Buyer and Seller in their reasonable discretion, of such damage shall exceed Three Hundred Thousand and 00/100 Dollars (\$300,000.00). If either party becomes aware of any damage to the Property, such party shall promptly notify the other party in writing. Thereafter, Buyer and Seller shall reasonably and in good faith agree upon an estimation of the cost of restoration or repair. Within ten (10) days of Buyer and Seller agreeing upon such estimation, if Buyer has the right to terminate this Agreement, Buyer shall notify Seller in writing whether Buyer elects to terminate this Agreement and receive a return of the Deposit pursuant to the terms of Paragraph 42 above and this Paragraph 43. If, on account of the damage to the Property, Buyer does not have the right to terminate this Agreement, Buyer elects not to terminate this Agreement, or Buyer fails to give notice of termination to Seller within said ten (10) day period, Buyer shall accept the Property in its then condition and proceed with the consummation of the transaction contemplated by this Agreement, without an abatement or reduction in the Purchase Price (other than a reduction in the amount of the insurance deductible), but with an assignment from

Seller of any and all insurance proceeds (or the right to all insurance proceeds) with respect to such damage.

B. If either party becomes aware that any portion of the Property is subject to a taking (or a written threat of a taking) by a public or governmental authority, such party shall promptly notify the other party in writing. Within ten (10) days of Buyer becoming aware of such taking or threatened taking, Buyer shall notify Seller in writing whether Buyer elects to terminate this Agreement and receive a return of the Deposit pursuant to the terms of Paragraph 42 above and this Paragraph 43. If Buyer elects not to terminate this Agreement, or Buyer fails to give notice of termination to Seller within said ten (10) day period, Buyer shall accept the Property in its then condition and proceed with the consummation of the transaction contemplated by this Agreement, without an abatement or reduction in the Purchase Price, but with an assignment from Seller of any and all rights to any condemnation proceeds.

C. If this Agreement is terminated by Buyer for any reason, including, but not limited to, as provided in clause (a), (b) or (c) of item (iii) of Paragraph 42 above, Escrow Holder shall return the Deposit to Buyer in accordance with Buyer's written instructions, and except for Buyer's express indemnity obligations and any other provision of this Agreement which expressly survives termination of the Agreement, the parties shall have no liability or further rights or obligations to one another under this Agreement. Notwithstanding anything to the contrary in this Paragraph 43.C. and this Agreement, Buyer retains (a) any right it may have to damages for any breach of this Agreement, subject to the cap imposed by Paragraph 55 and (b) to assert the remedy of specific performance in the event that Seller obtains the Sale Order and/or the Post-Auction Sale Order, as applicable, and thereafter fails to close due to a breach of this Agreement by Seller; provided, however, that the foregoing shall not, in any way, be deemed to expand or create any remedy under applicable law.

44. Paragraph 22 of the Agreement is hereby deleted in its entirety and replaced with "Intentionally Omitted." The Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and decide any claims or disputes that may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the Sale of the Property. And all proceedings related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the parties hereby consent to and submit to the jurisdiction of the Bankruptcy Court. Each party waives any right to trial by jury in any action, matter or proceedings regarding this Agreement or any provision thereof. This Agreement shall be governed and construed in accordance with California law.

45. Paragraphs 13.A., 13.B., and 13.C. are hereby deleted in their entirety and replaced by the following:

"13.A. Prior to the Effective Date of this Agreement, Buyer was provided with that certain Chicago Title Company Amended Preliminary Report dated as of September 26, 2017, Amended October 10, 2017 (Amendment No. 1), Amended October 16, 2017 (Amendment No. 2), under Order No. 00069646-994-X49-DB (the "**Preliminary Report**"), attached hereto as **Exhibit C**. By executing this Agreement, Buyer hereby approves the Preliminary Report, subject to the terms of Paragraph 13.B. below, and waives any right to object to the same.

13.B. Pursuant to Paragraph 13.A. above and the Sale Order, Seller shall deliver the Property free and clear of all liens, claims, encumbrances, lis pendens, easements, covenants, conditions, restrictions, deeds of trust and other rights affecting the Property, whether of record or not, except for (i) all matters of record as of the Effective Date (including, without limitation, those matters set forth in the Preliminary Report), other than those matters identified as Exception Nos. 28, 29, and 30 of the Preliminary Report (the "**Disapproved Matters**"), which Disapproved Matters shall be removed by Seller, at its sole cost and expense, through the entry of the Sale Order, on or before the Close of Escrow, and (ii) that certain Mobilization Agreement by and between Seller and James Wecker II, dated as of March 25, 2006 (the "**Mobilization Agreement**"). All such matters of record other than the Disapproved Matters and the Mobilization Agreement are hereinafter collectively referred to as the "**Permitted Exceptions.**" Subject to a breach arising from Seller's representations set forth in Paragraphs 33 and 53 of this Agreement, Seller's obligations under Paragraph 13.C, and Seller's obligation to remove the Disapproved Matters, Seller shall not be in breach under this Agreement based upon any condition of title to the Property (including, without limitation, any Claim relating to any off-record agreement affecting the Property). Upon Closing, Seller shall be entirely released from any liability for, and shall have no liability or other obligation to Buyer with respect to, any Claims regarding the condition of title to the Property (including, without limitation, any Claim relating to any off-record agreement affecting the Property), provided that the foregoing release is not intended to and does not cover any claims arising from a breach of Seller's representations or warranties set forth in Paragraphs 33 and 53 of this Agreement.

13.C. From and after the Effective Date, Seller shall not execute, agree to, permit, suffer or allow any deed, easement, restriction, covenant, lien agreement or other matter affecting the Property unless Buyer has received a copy thereof and has approved the same in writing. Buyer, in its sole and absolute discretion, shall be entitled to grant or withhold its approval with respect to any such instrument that is proposed

between the Effective Date and the Closing. If Buyer fails to object in writing to any such proposed instrument within ten (10) business days after receipt of the aforementioned copy of such instrument, Buyer shall be deemed to have approved the proposed instrument. Any approved (or deemed approved) instrument shall be a Permitted Exception."

46. Notwithstanding anything to the contrary set forth in Paragraph 17 of the Purchase Agreement, all real estate and personal property taxes and assessments attributable to the Property will be prorated at Closing. Seller shall be charged with the all such taxes and assessments up to, but not including, the Closing date. If the applicable tax rate and assessments for the Property have not been established for the year in which Closing occurs, the proration of real estate and/or personal property taxes, as the case may be, will be based upon the rate and assessments for the preceding year. All taxes imposed because of a change of use of the Property after Closing will be paid by Buyer. Real property tax refunds and credits received after the Closing which are attributable to a fiscal tax year prior to the Closing shall belong to Seller, and those which are attributable to the fiscal tax year in which the Closing occurs shall be prorated based upon the date of Closing.

47. Paragraphs 10.A(6) and 10.A(7) are hereby deleted in their entirety and replaced with the following:

"(6) If, after the Effective Date, Seller obtains knowledge of any fact or circumstance which would materially and adversely affect the Property, then Seller shall notify Buyer of such fact or circumstance. Notwithstanding the foregoing sentence, Buyer agrees and acknowledges that pursuant to Paragraph 51 below, Buyer has irrevocably elected to waive its rights to terminate this Agreement pursuant to this Paragraph 10, and as such, Buyer shall have no right to terminate this Agreement as a result of Seller's disclosure of (or failure to disclose) any previously undisclosed fact or circumstance, unless (i) such previously undisclosed fact or circumstance gives Buyer the right to terminate this Agreement pursuant to another provision of this Agreement (i.e., damage or condemnation), (ii) such previously undisclosed fact or circumstance would materially and adversely change one of the representations or warranties of Seller set forth in Paragraphs 33 or 53 of this Agreement, or (iii) such previously undisclosed fact or circumstance exists due to Seller's breach of another provision or covenant set forth in this Agreement. Upon Buyer becoming aware of such fact or circumstance, and the application of clause (i) above (whether by notice from Seller, Buyer's own investigations or inquiries, or otherwise), the terms of Paragraph 43 shall apply. Upon Buyer becoming aware of such fact or circumstance, and the application of clause (ii) or (iii) above (whether by notice from Seller, Buyer's own investigations or inquiries, or otherwise), Buyer, as its sole and

exclusive remedy at law or in equity, shall have the option of (x) waiving such matter and proceeding with the Close of Escrow, or (y) terminating this Agreement, in which event the Deposit shall be returned to Buyer. Any such election shall be made by Buyer not later than five (5) business days from Buyer becoming aware of such matter. If Buyer does not timely elect to terminate this Agreement pursuant to this Paragraph 10.A(6), then Buyer shall be deemed to have elected to proceed with the Close of Escrow, and to have waived all remedies at law or in equity with respect to such matter.

(7) Buyer specifically acknowledges that Seller has disclosed to Buyer that the improvements located on the Property may have been or may in the future be designated as a "historic landmark" by the county in which the Property is located (the "**Special Disclosure Matter**"). Buyer further acknowledges that prior to the Effective Date, Buyer conducted, or has waived its right to conduct, such due diligence as Buyer has deemed or shall deem necessary or appropriate with respect to the Special Disclosure Matter, and that Buyer shall rely exclusively on its own independent investigation and evaluation of the Special Disclosure Matter, and not on any information disclosed by or provided to Buyer by Seller with respect to the Special Disclosure Matter."

48. Buyer acknowledges and agrees that this Agreement is subject to overbid at the Auction. Notwithstanding entry into this Agreement, Seller and its agents shall have the right to continue marketing the Property to other potential buyers after the Effective Date, and neither continued marketing of the Property nor any sale of the Property to any overbidder at the Auction shall in any way constitute a breach by Seller of this Agreement or otherwise subject Seller to any liability to Buyer; provided, however, that this Paragraph 48 shall not affect: (a) Buyer's right, if any, to payment of a break-up fee in accordance with the Sale Order; or (b) Buyer's right, if any, to return of the Deposit in accordance with this Agreement.

49. At Buyer's election, subject to the provisions of Paragraph 52 below, Buyer shall receive a 2006 ATLA Extended Coverage Owner's Policy (the "**Owner's Policy**"), rather than a "CLTA/ALTA Homeowner's Policy." Notwithstanding anything to the contrary set forth in the Agreement (including, without limitation, Paragraph 7.C), Buyer will be responsible for the cost of the extended coverage portion of the Owner's Policy, plus the cost of any endorsements requested by Buyer.

50. Seller and Buyer shall execute and deliver any documents, and provide any information or documents reasonably required to effectuate the transactions contemplated by this Agreement, including, without limitation, any documents reasonably requested by the Bankruptcy Court, Escrow Holder or the Title Company (including, without limitation, an owner's declaration reasonably acceptable to Seller and the Title Company).

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51. Notwithstanding anything to the contrary set forth in the Agreement, Buyer acknowledges and agrees as follows:

- a) Prior to the Effective Date, Buyer conducted, or has waived its right to conduct, such due diligence as Buyer has deemed or shall deem necessary or appropriate in order to undertake the transactions contemplated by this Agreement.
- b) Subject to the terms of this Agreement, the Property shall be sold, and Buyer shall accept possession of the Property on the Closing Date, "AS IS, WHERE IS, WITH ALL FAULTS," with no right of setoff or reduction in the Purchase Price (except as otherwise expressly provided in this Agreement). Paragraphs 11 and 16 are hereby deleted in their entirety and replaced with "Intentionally Omitted." Paragraph 15 is deleted in its entirety and replaced with the following: "Buyer shall have the right to make a final verification of the Property within five (5) days prior to the Close of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm that the Property has not been "materially damaged" within the meaning of Paragraph 43."
- c) Except as expressly set forth in the Agreement or any closing document, Seller has not, nor shall be deemed to have made, any verbal or written representations, warranties, promises or guarantees (whether express, implied, statutory or otherwise) to Buyer with respect to the Property, the Special Disclosure Matter or any other matter set forth, contained or addressed in the Agreement or any closing document (including, but not limited to, the accuracy and completeness thereof), or the results of any Buyer due diligence. Buyer shall independently confirm to its satisfaction all information that it considers material to its purchase of the Property and the transactions contemplated by this Agreement.
- d) Intentionally Deleted.
- e) By executing this Agreement, Buyer hereby acknowledges and agrees that (i) Buyer is satisfied with the results of Buyer's due diligence, and (ii) Buyer has no right to terminate this Agreement as a result of any due diligence conducted by Buyer after the Effective Date, or for any other reason, except upon the occurrence of an event described in clause (a), (b), or (c) of item (iii) of Paragraph 42 above.

52. Notwithstanding anything to the contrary set forth in this Agreement, it shall be a condition precedent to Buyer's obligation to proceed to the Close of Escrow that, on or before the Close of Escrow, the Title Company shall be unconditionally and irrevocably committed to issue to Buyer the Owner's Policy, effective as of the Close of Escrow, insuring Buyer in the amount of the Purchase Price, subject only to the Permitted Exceptions (the "**Owner's Policy Condition**"). In the event that the Owner's Policy Condition will not be satisfied as of the Close of Escrow, Buyer shall

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have the right, at Buyer's sole election, to either (i) terminate this Agreement and receive a return of its Deposit, and except for Buyer's express indemnity obligations and any other provision of this Agreement which expressly survives termination of the Agreement, the parties shall have no liability or further rights or obligations to one another under this Agreement, or (ii) extend the Close of Escrow until such time as the Owner's Policy Condition has been satisfied; provided, however, in no event shall such period of extension exceed sixty (60) days.

53. Notwithstanding anything to the contrary set forth in this Agreement (including, without limitation, Paragraph 7.C.(2)), Buyer shall have the right to select a title company other than Chicago Title Insurance Company, which alternate title company shall be subject to Seller's approval, to issue the Owner's Policy to Buyer if reasonably necessary to further the satisfaction of the Owner's Policy Condition. Buyer shall pay the incremental cost, if any, of using a title company other than Chicago Title Insurance Company.

54. Seller represents and warrants that Seller has never consented to an assignment of the Mobilization Agreement, or other transfer of the rights set forth therein to any third party. If and to the extent reasonably requested by Buyer after the Closing, Seller shall reasonably cooperate with Buyer, in good faith and at Buyer's sole cost and expense, in connection with any future disputes, lawsuits or proceedings brought against Buyer with respect to the Mobilization Agreement. The foregoing representation and warranty, and Seller's cooperation obligation pursuant to this Paragraph 54, will survive Closing for a period of nine (9) months (the "**Survival Period**"). No claim for a breach by Seller of the representation or warranty set forth in this Paragraph 54 will be actionable or payable if (i) Buyer does not notify Seller in writing of such breach and commence a legal action thereon within said Survival Period, or (ii) the breach in question results from or is based on a condition, state of facts, or other matter which was actually known to Buyer prior to Closing.

55. Buyer on its own behalf and on behalf of its agents, members, partners, employees, representatives, officers, directors, agents, related and affiliated entities, successors and assigns (collectively, the "**Buyer Parties**") hereby agrees that subject to the provisions of Paragraphs 21.C. above, 25, and 43.C, the maximum aggregate liability of Seller, and the maximum aggregate amount which may be awarded to and collected by Buyer for any breach of any representation, warranty, indemnity and/or covenant of Seller under this Agreement or any documents executed pursuant hereto or in connection herewith (including, without limitation, any closing document), shall, under no circumstances whatsoever, exceed One Hundred and Fifty Thousand and 00/100 Dollars (\$150,000.00).

56. Notwithstanding anything to the contrary set forth in this Agreement (including, without limitation, Paragraph 26), Buyer shall have the right, without Seller's consent but upon written notice to Seller at least five (5) business days prior to Closing) to assign its rights under this Agreement to any legal entity in which

Robert Flaxman is the Manager or has a controlling equity interest; provided that (i) Buyer and the proposed assignee shall execute a commercially reasonable assignment and assumption of this Agreement and provide a copy of such fully-executed assignment to Seller, and (ii) in no event shall any assignment of this Agreement release or discharge Buyer from any liability or obligation hereunder unless expressly agreed otherwise by Seller in writing.

57. Seller has disclosed the existence of a previous lawsuit against Seller and others over access to a private road (the "**Private Road**") through the Property – *Concerned Residents Sunset Plaza Drive, et al. v. Koningsberg, et. al.*, Los Angeles Superior Court Case No. BC500478 (the "**Action**"), which resulted in a settlement. After Closing, upon Buyer's request, Seller shall provide Buyer with access to all documents in Seller's possession, custody, or reasonable control relating to the action, for inspection and right to copy, at Buyer's expense. Seller shall not object to Buyer retaining Allen Matkins Leck Gamble Mallory & Natsis LLP, the law firm that represented Seller in the Action, for any matter related to the Action or the Private Road. If and to the extent reasonably requested by Buyer after the Closing, Seller shall reasonably cooperate with Buyer, in good faith and at Buyer's sole cost and expense, in connection with any future disputes, lawsuits or proceedings arising out of or related to the Action or access to the Private Road. Seller's cooperation obligation pursuant to this Paragraph 57 will survive Closing for the Survival Period.


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The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this Addendum and have executed this Addendum as of the Effective Date.

BUYER:

RND Sunset Associates LLC,
a Delaware limited liability company

By: 
Name: Robert Flaxman
Its: Authorized Signatory

SELLER:

Paul Shepherd

Gigi Shepherd

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this Addendum and have executed this Addendum as of the Effective Date.

BUYER:

RND Sunset Associates LLC,
a Delaware limited liability company

By: _____
Name: Robert Flaxman
Its: Authorized Signatory

SELLER:



Paul Shepherd



Gigi Shepherd

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EXHIBIT A
SALE ORDER

[see attached]

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1 RON BENDER (SBN 143364)
2 BETH ANN R. YOUNG (SBN 143945)
3 TODD M. ARNOLD (SBN 221868)
4 LEVENE, NEALE, BENDER, YOO & BRILL LLP
5 10250 Constellation Blvd., Suite 1700
6 Los Angeles, CA 90067
7 Telephone: (310) 229-1234 / Fax: (310) 229-1244
8 Email: rb@lnbyb.com, tma@lnbyb.com

9 Attorneys for Debtors and Debtors in Possession

10 SCOTT J. LEIPZIG (SBN 192005)
11 MICHAEL S. GREGER (SBN 156525)
12 ALLEN MATKINS LECK GAMBLE MALLORY & NATSIS LLP
13 1901 Avenue of the Stars, Suite 1800
14 Los Angeles, CA 90067-6019
15 Telephone: (310) 788-2400 / Fax: (310) 788-2410
16 Email: sleipzig@allenmatkins.com, mgreger@allenmatkins.com

17 Special Litigation and Real Estate Counsel for Debtors and Debtors in Possession

18
19 **UNITED STATES BANKRUPTCY COURT**
20 **CENTRAL DISTRICT OF CALIFORNIA**
21 **LOS ANGELES DIVISION**

22 In re:
23
24 PAUL S. SHEPHERD and
25 GIGI R. SHEPHERD,
26
27 Debtors and Debtors in Possession.

Case No.: 2:17-bk-17991-BB
Chapter 11 Case

ORDER:
(1) APPROVING THE SALE OF THE DEBTORS' REAL PROPERTY FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS, WITH THE EXCEPTION OF ENUMERATED EXCLUSIONS,
(2) APPROVING BIDDING PROCEDURES AND SETTING A DATE TO CONDUCT AN AUCTION AND A HEARING TO CONFIRM THE WINNING BIDDER,
(3) AUTHORIZING AND APPROVING THE PAYMENT OF CERTAIN CLAIMS FROM THE SALE PROCEEDS, AND
(4) PROVIDING RELATED RELIEF

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Hearing:

Date: [TBD]
Time: [TBD]
Place: Courtroom 1539
255 E. Temple Street
Los Angeles, California 90012

A hearing was held at the above-referenced date, time, and location to consider the motion (the "Motion") by Paul S. Shepherd and Gigi R. Shepherd, the chapter 11 debtors and debtors in possession herein (the "Debtors"), pursuant to 11 U.S.C. §§ 105(a), 363(b), (e), (f), and (m) of 11 U.S.C. §101 *et seq.* (the "Bankruptcy Code")¹ and (j), FRBP 2002, and 6004, and any applicable Local Bankruptcy Rules (the "LBR"), for the entry of an order (the "Sale Order"):

- (1) granting the Motion;
- (2) pursuant to 11 U.S.C. §§ 363(b), (e), and (f), approving the sale of the property, which is comprised of two contiguous parcels of real property – 2460 Sunset Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-011) and 2375 Sunset Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-012) (together, the "Property") – to (a) RND Sunset Associates, LLC or its designee (the "Buyer"), free and clear of any and all liens, claims, encumbrances, and interests, with the exception of Items 1-27 set forth in the combined preliminary title report for the Upper Lot and Lower Lot (together the "Title Report") attached to the Motion as **Exhibit "2"** and any alleged rights under that certain Mobilization Agreement between the Debtors and James Wecker II (the "Excepted Items"), for a purchase price of \$8.5 million (the "Purchase Price") pursuant to the Residential Purchase Agreement and Joint Escrow Instructions and related agreements (the "RND Purchase Agreement"), attached to the Motion as **Exhibit "3,"** subject to overbid (each an "Overbid" and collectively the "Overbids") pursuant to the

¹ Unless otherwise stated all Section references herein are to the Bankruptcy Code.

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1 overbid procedures (the “Overbid Procedures”) set forth below and any auction (the
2 “Auction”) conducted pursuant to the Overbid Procedures, or (b) the winning overbidder
3 (each an “Overbidder” and collectively the “Overbidders”) at the Auction;

4 (3) pursuant to 11 U.S.C. § 363(m) finding that the Buyer or any winning
5 Overbidder at the Auction confirmed as the winning bidder for the Property is a “good
6 faith” purchaser entitled to the protections afforded under 11 U.S.C. § 363(m);

7 (4) approving the Overbid Procedures set forth in the Motion and the
8 Memorandum of Points and Authorities and Declarations in support of this Motion, as
9 well as the exhibits thereto (together, the “Memorandum, Declarations, and Exhibits”)
10 filed in support of the Motion;²

11 (5) setting a date, if necessary, for the Court to conduct, an Auction and
12 consider Overbids and to conduct a hearing to confirm the winning bid for the Property
13 and approve the Debtors’ sale of the Property to the Buyer or the winning bidder at the
14 Auction (the “Auction and Hearing To Consider Overbids”);

15 (6) approving the proposed notice of Overbid Procedures and the Auction
16 (the “Overbid/Auction Notice”) attached to the Motion as **Exhibit “4;”**³

17 (7) authorizing and directing the Debtors to pay from the proceeds of the sale
18 of the Property (a) any pre-closing real property taxes for the Property allocated to the
19 Debtors, (b) any commission owed to the Debtors’ broker, Hilton & Hyland (“H&H”),
20 and any cooperating broker, pursuant to the Debtors’ application to employ H&H (as
21 amended), which was previously approved by the Court, (c) the claim of Ellen Hargitay
22 (“Hargitay”) in the approximate amount of \$110,000, which is secured by a senior deed
23 of trust on the Property, (d) \$100,000 to the Debtors, representing exempt proceeds from
24

25 ² Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Motion and
26 Memorandum, Declarations, and Exhibits.

27 ³ In addition to serving the Overbid/Auction Notice on parties in interest and potential Overbidders, pursuant to LBR
28 6007-1(f), within one (1) business day after the entry of this Sale Order, the Debtors shall submit a copy of the
Overbid/Auction Notice and a Form F 6004-2.NOTICE.SALE to the Clerk of the Court for publication.

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- 1 the sale of the Property, and (e) customary escrow closing fees and charges;
- 2 (8) waiving the 14-day stay period set forth in Rule 6004(h) of the Federal
- 3 Rules of Bankruptcy Procedure (“FRBP”) to enable the sale of the Property to close as
- 4 quickly as possible; and
- 5 (9) providing such other relief as is appropriate under the circumstances.

6 Appearances at the hearing on the Motion were made as set forth on the record of the

7 Court.

8 Upon consideration of the Notice of Motion and Motion, the Memorandum,

9 Declarations, and Exhibits in support of the Motion, any oppositions to the Motion, and any

10 replies thereto, all other evidence duly admitted by the Court in connection with consideration

11 of the foregoing, the record in this case, and the arguments and statements of counsel to be

12 made at the hearing on the Motion,

13 **IT IS HEREBY FOUND, DETERMINED AND CONCLUDED THAT:**⁴

14 A. The findings and conclusions set forth in this Sale Order constitute the Court’s

15 findings of fact and conclusions of law pursuant to FRBP 7052, made applicable to this

16 proceeding pursuant to FRBP 9014.

17 B. To the extent any of the following findings of fact constitute conclusions of law,

18 they are adopted as such, and to the extent any of the following conclusions of law constitute

19 findings of fact, they are adopted as such.

20 C. The Court has jurisdiction over this matter and over the property of the Debtors’

21 estate, including the Property to be sold, transferred or conveyed pursuant to the RND Purchase

22 Agreement, pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant

23 to 28 U.S.C. § 157(b)(2). Venue of the Debtors’ chapter 11 case is proper pursuant to 28 U.S.C.

24 §§ 1408 and 1409.

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⁴ All findings of fact and conclusions of law announced by the Court at the hearing relating to the Motion and the matters addressed by this Order are hereby incorporated herein to the extent not inconsistent with this Order.

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1 D. The statutory and other predicates for the relief sought in the Motion are (1) 11
2 U.S.C. §§ 102, 105, and 363, (2) FRBP 2002, 6004, 9006, 9007, and 9014, and (3) any
3 applicable Local Bankruptcy Rules (the “LBR”).

4 E. This Sale Order constitutes a final and appealable order within the meaning of 28
5 U.S.C. § 158(a).

6 F. Unless (1) a qualified Overbidder timely submits a qualifying Overbid in
7 accordance with the Overbid Procedures and, based thereon and (2) the Court is required to
8 conduct an Auction and Hearing To Consider Overbids, confirm the winning bid for the
9 Property, and approve the Debtors’ sale of the Property to the Buyer or the winning bidder at
10 the Auction, no other or further hearing or order shall be required to approve the sale of the
11 Property to the Buyer pursuant to the terms of the RND Purchase Agreement, free and clear of
12 any and all liens, claims, encumbrances, and interests, with the exception of the Excepted Items,
13 or to afford any other relief requested in the Motion, and provided by this Sale Order.

14 G. If no qualified Overbidder timely submits a qualifying Overbid in accordance
15 with the Overbid Procedures, the Debtor shall file a notice with the Court indicating that (1) no
16 qualified Overbidder timely submitted a qualifying Overbid in accordance with the Overbid
17 Procedures and that, based thereon, (2) the Auction and Hearing To Consider Overbids are
18 being canceled (the “No Auction Notice”). Upon filing the No Auction Notice, assuming no
19 stay of this Sale Order is in effect, the parties may proceed to close the transaction for the sale
20 of the Property to the Buyer as provided for by, and in accordance with, the RND Purchase
21 Agreement, the Motion, and this Sale Order.

22 H. If one or more qualified Overbidders timely submit one or more qualifying
23 Overbids in accordance with the Overbid Procedures, the Court shall conduct an Auction and
24 Hearing To Consider Overbids to confirm the winning bid for the Property and approve the
25 Debtors’ sale of the Property to the Buyer or the winning bidder at the Auction; after the
26 conclusion of any required Auction and Hearing To Consider Overbids, the Court shall enter a
27 post-Auction sale order (the “Post-Auction Sale Order”), (1) in the event the Buyer is the
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1 winning bidder, affirming that the Buyer was the winning bidder such that the parties may
2 proceed to close the transaction for the sale of the Property to the Buyer as provided for by, and
3 in accordance with, the RND Purchase Agreement, the Motion, and this Sale Order, and (2) in
4 the event the buyer is a qualified Overbidder other than the Buyer, providing materially the
5 same relief set forth herein in favor of the winning Overbidder for the Property.

6 I. Notwithstanding FRBP 6004(h), and to any extent necessary under FRBP 9014
7 and Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by FRBP 7054, the
8 Court expressly finds that there is no just reason for delay in the implementation of this Sale
9 Order.

10 J. On June 30, 2015 (the "Petition Date"), the Debtors filed a voluntary petition
11 under chapter 11 of the Bankruptcy Code. Since the Petition Date, the Debtors have continued
12 in possession and management of their business and property as debtors in possession pursuant
13 to Sections 1107(a) and 1108. No Official Committee of Unsecured Creditors has been formed.

14 K. Notice of the Motion has been provided, and a reasonable opportunity to object
15 or be heard regarding relief requested by the Motion has been afforded, to all interested persons
16 and entities, including, without limitation: (1) the Office of the United States Trustee, (2) the
17 Debtors, (3) all of the Debtors' known creditors, (4) all parties appearing on the Title Report
18 (even parties to the Excepted Items where addresses are available), (5) Nicolas Keros ("Keros"),
19 and (6) all parties requesting special notice (the "Notice Parties").

20 L. As evidenced by the proofs of service filed with the Court, proper, timely,
21 adequate, and sufficient notice of the Motion was provided in accordance with Sections 102(1),
22 105(a) and 363(b), FRBP 2002, 6004, 9006, 9007, and 9014, the LBR, the procedural due
23 process requirements of the United States Constitution.

24 M. The Debtors' notice of the Motion was, and the Overbid/Auction Notice is,
25 reasonably calculated to, (1) provide all interested parties with timely and proper notice of (a)
26 the proposed sale of the Property to the Buyer, subject to Overbid, (b) the Overbid Procedures,
27 (c) the Auction, and (d) a possible Auction and Hearing to Consider Overbids, to confirm the

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1 winning bid for the Property and approve the Debtors' sale of the Property to the Buyer or the
2 winning Overbidder at the Auction and (2) maximize the value of, and obtain the highest and
3 best price for, the Property.

4 N. The disclosures made by the Debtors concerning the Motion, the RND Purchase
5 Agreement, the Overbid Procedures, the Auction, and the proposed sale of the Property to the
6 Buyer or any winning Overbidder at the Auction were sufficient, complete and adequate.

7 O. The Overbid Procedures provided all parties in interest with a non-collusive,
8 substantively and procedurally fair sale process.

9 P. The Debtors and their professionals conducted a sale process in accordance, and
10 otherwise have complied in good faith. Through extensive marketing efforts, which are set
11 forth in the Memorandum, Declarations, and Exhibits, and which will continue through the date
12 of any Auction, the Overbid/Auction Notice, and the potential for a competitive sale process to
13 be conducted in accordance with the Overbid Procedures, the Debtors (1) afforded, or will
14 afford, interested potential Overbidders a full, fair and reasonable opportunity to qualify as
15 Overbidders, to submit Overbids, and participate in the Auction for the Property and (2)
16 provided, or will provide, potential Overbidders, upon request, sufficient information to enable
17 them to make an informed judgment on whether to bid on the Property.

18 Q. The offer of the Buyer, upon the terms and conditions set forth in the RND
19 Purchase Agreement, including the form and total consideration to be realized by the Debtors
20 pursuant to the RND Purchase Agreement, and particularly because it is subject to Overbid
21 pursuant to the Overbid Procedures: (1) is fair and reasonable, (2) is in the best interests of the
22 Debtors' bankruptcy estate and their creditors, and (3) constitutes full and adequate
23 consideration and reasonably equivalent value for the Property under the Bankruptcy Code, the
24 Uniform Fraudulent Transfer Act, the Uniform Fraudulent Conveyance Acts and any other
25 applicable laws of the United States, any state, territory or possession, or the District of
26 Columbia.

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1 R. Approval of the Motion, the Overbid Procedures, the RND Purchase Agreement
2 and the consummation of the transactions contemplated thereby are in the best interests of the
3 Debtors, their estate, and creditors and other parties in interest.

4 S. The Buyer is not an “insider” of the Debtors, as that term is defined in Section
5 101(31). The Buyer is buying the Property in “good faith,” as that term is used in the
6 Bankruptcy Code and the decisions thereunder, and is entitled to the protections of Section
7 363(m). The Buyer has proceeded in good faith in all respects in connection with the Debtors’
8 chapter 11 cases in that, *inter alia*: (1) the Buyer recognized that the Debtors were free to deal
9 with any other party interested in acquiring the Property and made its offer subject to Overbids
10 pursuant to the Overbid Procedures at any Auction conducted pursuant to the Overbid
11 Procedures; (2) the RND Purchase Agreement is the result of arms-length bargaining and
12 negotiations between the Buyer and the Debtors, (3) the Buyer in no way induced the chapter 11
13 filing by the Debtors, and (4) all payments to be made by the Buyer in connection with the
14 purchase of the Property have been disclosed.

15 T. The RND Purchase Agreement was negotiated and entered into in good faith,
16 based upon arm’s length bargaining and negotiation, and without collusion or fraud of any kind.
17 Neither the Debtors nor the Buyer has engaged in any conduct that would cause or permit (1)
18 the application of or implicate Section 363(n) to the RND Purchase Agreement or to the
19 consummation of the sale transaction and transfer of the Property to the Buyer; or (2) costs or
20 damages to be imposed under Section 363(n). Specifically, the Buyer has not acted in a
21 collusive manner with any person and the purchase price was not controlled by any agreement
22 among other interested Buyers.

23 U. Upon entry of this Sale Order, but subject to any requirement for the entry of a
24 Post-Auction Sale Order after any required Auction and Hearing To Consider Overbids,
25 regardless of whether an appeal has been filed of the Sale Order or any required Post-Auction
26 Sale Order, provided there is no entered stay pending appeal (*i.e.*, no final order
27 requirement/condition), the Debtors’ execution of the RND Purchase Agreement and any other
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1 documents contemplated thereby is approved, and the Debtors are authorized to consummate
2 the transaction contemplated by the RND Purchase Agreement.

3 V. Subject to entry of any required Post-Auction Sale Order and the terms of the
4 RND Purchase Agreement, the sale and transfer of the Property is a legal, valid and effective
5 transfers of the Property under all applicable provisions of the Bankruptcy Code, including,
6 without limitation, Sections 105(a) and 363, and all applicable requirements of such Sections
7 have been complied with in respect thereof.

8 W. With the exception the Excepted Items, the Property shall be sold free and clear
9 of any and all liens, (whether contractual, statutory or otherwise), *lis pendens* (including, but not
10 limited to, the Keros *Lis Pendens*) hypothecations, encumbrances, security interests, mortgages,
11 pledges, restrictions, charges, claims (including, but not limited to, any claims of Keros arising
12 from, based on, or in any related to the Keros Purchase Agreement, the State Court Action,
13 and/or the *Lis Pendens*), instruments, licenses (including, but not limited to, licenses granted by
14 the Debtors in favor of John Powell, David Leon, Thomas Nickel, Rozae Nichols, and Alan
15 Diamond), preferences, priorities, security agreements, easements, covenants, encroachments,
16 options, warrants, trusts or deemed trusts (whether contractual, statutory or otherwise),
17 obligations, liabilities, demands, guarantees, restrictions, contractual commitments, rights, or
18 other interest in the subject property, including without limitation any right of recovery, tax
19 (including foreign, federal, state and local tax), order of any governmental authority, rights of
20 first refusal and rights of set-off, liens, executions, levies, penalties, charges, or other financial
21 or monetary claims, adverse claims, rights of use, or other claim there against or therein, of any
22 kind or nature (including, but not limited to (a) the Keros Purchase Agreement, (b) any
23 conditional sale or other title retention agreement and any lease having substantially the same
24 effect as any of the foregoing, (c) any assignment or deposit arrangement in the nature of a
25 security device, (d) any claims based on any theory that Buyer is a successor, transferee or
26 continuation of the Debtors or the Assets, and (e) any leasehold interest, license or other right,
27 in favor of a person other than Buyer, to use any portion of the Property), whether arising prior
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1 to or subsequent to the commencement of the Debtors' chapter 11 case, whether or not they
2 have attached or been perfected, registered or filed and whether secured or unsecured, choate or
3 inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or
4 unrecorded, contingent or non-contingent, material or non-material, known or unknown, legal,
5 equitable, possessory or otherwise, actual or threatened civil, criminal, administrative,
6 regulatory, arbitral or investigative inquiry, action, complaint, suit, investigation, dispute,
7 petition or proceeding by or before any governmental authority or person at law or in equity
8 whether imposed by agreement, understanding, law, equity or otherwise, and any claim or
9 demand resulting therefrom (collectively, "Interests") with such Interests to attach to the
10 proceeds to be received by the Debtors from the sale of the Property (the "Sale Proceeds") with
11 the same extent, priority and subject to the same defenses and avoidability, if any, as before the
12 closing of the sale of the Property to the Buyer or any successful Overbidder at the Auction (the
13 "Closing Date"), and provided that Keros shall not have any lien on the Sale Proceeds, but
14 \$850,000 of the Sale Proceeds shall be held in a segregated account maintained by the Debtors'
15 counsel, Levene, Neale, Bender, Yoo & Brill L.L.P. ("LNBYB") in order to provide adequate
16 protection of Keros' alleged interest in the Property pursuant to Section 363(e), and such
17 proceeds shall only be released by LNBYB to the Debtors, Keros, or any other party upon
18 further order of the Court.

19 X. The Debtors are the sole and lawful owners of the Property. The transfer of the
20 Property to the Buyer pursuant to the RND Purchase Agreement, the Sale Order, and any
21 required Post-Auction Sale Order, is a legal, valid and effective transfer of the Property and
22 shall vest the Buyer with all rights, title and interest of the Debtors to the Property free and clear
23 of any and all Interests. Except as specifically provided in the RND Purchase Agreement, this
24 Sale Order, and any required Post-Auction Sale Order, the Buyer shall not assume or become
25 liable for any Interests relating to the Property being sold by the Debtors.

26 Y. The Debtors may sell the Property free and clear of all Interests of any kind or
27 nature whatsoever because, with respect to each creditor asserting an Interest, one or more of
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1 the standards set forth in Sections 363(f)(1)-(5) have been satisfied. Those holders of Interests
2 from which the Property is to be sold free and clear who did not object, or who withdrew their
3 objections, to the sale of the Property and the Motion are deemed to have consented to the
4 Motion and the sale of the Property pursuant to Section 363(f)(2). All holders of Interests are
5 adequately protected by having their Interests, if any, attach to the Sale Proceeds with the same
6 extent, priority and subject to the same defenses and avoidability, if any, as before the Closing
7 Date and, with specific regard to Keros, his alleged interest in the Property will be adequately
8 protected by having \$850,000 of the Sale Proceeds held in a segregated account maintained by
9 LNBYB, and such proceeds only being subject to release by LNBYB to the Debtors, Keros, or
10 any other party upon further order of the Court.

11 Z. The Buyer would not have entered into the RND Purchase Agreement and would
12 not consummate the transactions contemplated thereby, thus adversely affecting the Debtors,
13 their estate, and creditors and parties in interest, if either: (1) the sale of the Property to the
14 Buyer was not free and clear of all Interests or (2) the Buyer would, or in the future could, be
15 liable for any of such Interests or any claims against the Debtors based upon successor or
16 vicarious liability or otherwise. The Buyer shall not be responsible for any Interests or any such
17 claims against the Debtors based upon successor or vicarious liability or otherwise.

18 AA. The sale of the Property pursuant to the terms of the RND Purchase Agreement,
19 this Sale Order, and any required Post-Auction Sale Order are in the best interests of the
20 Debtors, their bankruptcy estate, their creditors, and other parties in interest, and represents the
21 exercise of sound and prudent business judgment by the Debtors.

22 BB. In the absence of a stay pending appeal of this Sale Order and any required Post-
23 Auction Sale Order, the Buyer is acting in good faith, pursuant to Section 363(m), in closing the
24 transactions contemplated by the RND Purchase Agreement at any time on or after the entry of
25 this Sale Order and any required Post-Auction Sale Order and cause has been shown as to why
26 this Sale Order should not be subject to the stay provided by FRBP 6004(h).

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1 **NOW, THEREFORE, BASED UPON ALL OF THE FOREGOING, IT IS**
2 **ORDERED THAT:**

3 1. The Motion is hereby GRANTED.

4 2. All objections, responses, and requests for continuance concerning the Motion
5 are resolved in accordance with the terms of this Sale Order and as set forth in the record of the
6 Hearing. To the extent any such objection, response or request for continuance was not
7 otherwise withdrawn, waived, mooted, or settled, it, and all reservations of rights contained
8 therein, is OVERRULED and DENIED.

9 3. Subject to entry of any required Post-Auction Sale Order, pursuant to Sections
10 363(b), (e), (f), and (m), (a) the sale of the Property free and clear of any and all Interests (if) to
11 the Buyer for a purchase price of the Purchase Price of \$8.5 million pursuant to the RND
12 Purchase Agreement, subject to Overbid pursuant to the Overbid Procedures set forth below
13 and any Auction conducted pursuant to the Overbid Procedures, or (ii) to the winning
14 Overbidder at the Auction is hereby approved, and (b) the Debtors and the Buyer, or the
15 winning Overbidder at the Auction are authorized to take any and all actions reasonably
16 necessary to consummate the sale of the Property,

17 4. Subject to entry of any required Post-Auction Sale Order, the Buyer or any
18 winning Overbidder at the Auction confirmed as the winning bidder for the Property is hereby
19 deemed to be a "good faith" purchaser entitled to the protections afforded under Section
20 363(m).

21 5. The following Overbid Procedures are hereby approved:

22 a. Break-Up Fee: \$255,000 (3% of the Purchase Price) (the "Break-Up
23 Fee"), shall paid to the Buyer if there is at least one qualifying Overbidder, an Auction is
24 held, and the Buyer is not the winning bidder at the Auction, with the Break-Up Fee to
25 be paid to the Buyer out of the proceeds of the sale to the winning bidder;

26 b. Initial Overbid Amount: At least \$9,000,000 (the "Initial Overbid
27 Amount");

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1 c. Qualification of Overbidders: In order for any prospective Overbidder to
2 have the right to bid at the Auction, the prospective Overbidder must, within three (3)
3 business days prior to the Auction, (a) provide to counsel for the Debtors and the Buyer,
4 a signed proposed purchase agreement (each an "Overbid Purchase Agreement"), that is
5 substantially and materially in the same form as the RND Purchase Agreement, redlined
6 to show any changes, with such purchase agreement not to contain any financing,
7 inspection, due diligence, or other contingencies (including, a removal of all
8 contingencies in the form attached to the RND Purchase Agreement as CAR Form CR
9 14.C.), and with a minimum purchase price of at least the Initial Overbid Amount of
10 \$9.0 million; (b) submit a deposit in the amount of \$850,000 into a segregated trust
11 account maintained by LNBYB; (c) demonstrate to counsel for the Debtors that the
12 prospective Overbidder has sufficient funds to close the transaction within thirty (30)
13 days following the date of entry of the Post-Auction Sale Order approving the
14 prospective Overbidder as the winning bidder and the free and clear sale of the Property
15 to the winning bidder; and (d) agree that the prospective Overbidder's deposit will be
16 non-refundable if the prospective Overbidder is the winning bidder at the Auction and
17 fails to close the purchase of the Property within thirty (30) days following the date of
18 entry of the Post-Auction Sale Order approving the prospective Overbidder as the
19 winning bidder – regardless of whether an appeal has been filed of the Post-Auction Sale
20 Order, provided there is no entered stay pending appeal (*i.e.*, no final order
21 requirement); and

22 d. Overbidding Increments and Considerations in Determining the Winning
23 Bidder at Any Auction: In order to qualify to bid at the Auction, any Overbid Purchase
24 Agreement is required to include an Initial Overbid Amount of at least \$9.0 million.
25 Subsequent overbids at the Auction must be in increments of \$100,000 or amounts that
26 are wholly divisible by \$100,000. In the event there is one or more qualified Overbids
27 and the Buyer elects to participate in the Auction, the \$255,000 Break-Up Fee to be paid
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1 to the Buyer in the event someone else is the winning bidder will be counted towards
2 determining the highest bid (*i.e.*, the winning bid will be the bid that results in the
3 highest net cash to the estate after taking into account the Break-Up Fee, but
4 commissions due and owing and any other costs and expenses will not be taken into
5 consideration in determining the highest bid).

6 6. If necessary, and the Debtors do not file a No Auction/Final Hearing Notice
7 pursuant to the terms of this Sale Order, the Auction and Post-Auction Hearing for the Court to
8 conduct an Auction and consider Overbids and to conduct a hearing to confirm the winning bid
9 for the Property and approve the Debtors' sale of the Property to the Buyer or the winning
10 bidder at the Auction shall be held on _____, 2017, at ____:____.m.

11 7. The Overbid/Auction Notice attached to the Motion as Exhibit "4" is hereby
12 approved.

13 8. By no later than _____, 2017, the Debtors shall (a) serve the
14 Overbid/Auction Notice to the Notice Parties by (i) NEF via the Court's ECF system, (ii) U.S.
15 Mail, and/or (iii) email, and (b) pursuant to LBR 6007-1(f), submit a copy of the
16 Overbid/Auction Notice and a Form F 6004-2.NOTICE.SALE to the Clerk of the Court for
17 publication.

18 9. By no later than _____, 2017, H&H shall send the Overbid Auction
19 Notice to the agents of all parties that have expressed interest in the Property.

20 10. Upon the close of a sale of the Property to the Buyer or an Overbidder, the
21 Debtors are hereby authorized to and shall pay from the Sale Proceeds: (a) any pre-closing real
22 property taxes for the Property allocated to the Debtors, (b) any commission owed to H&H, and
23 any cooperating broker, pursuant to the Debtors' application to employ H&H (as amended),
24 which was previously approved by the Court, (c) the claim of Hargitay in the approximate
25 amount of \$110,000, which is secured by the Hargitay DOT on the Property, (d) \$100,000 to the
26 Debtors, representing exempt proceeds from the sale of the Property, and (e) customary escrow
27 closing fees and charges

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1 11. The 14-day stay period set forth in FRBP 6004(h) is hereby waived to enable the
2 sale of the Property to close as quickly as possible.

3 12. Subject to entry of any required Post-Auction Sale Order, a certified copy of this
4 Sale Order and/or the Post-Auction Sale Order may be filed with the appropriate clerk and/or
5 recorded with the recorder to act to cancel any liens, *lis pendens*, including the *Keros Lis*
6 *Pendens*, and other encumbrances of record except the Excepted Items.

7 13. The Buyer and any successful Overbidder at the Auction has not assumed or is
8 otherwise not obligated for any of the Debtors' liabilities. Consequently, subject to entry of any
9 required Post-Auction Sale Order, all persons, governmental units (as defined in Sections
10 101(27) and 101(41)), all holders of Interests based upon or arising out of liabilities retained by
11 the Debtors are hereby enjoined from taking any action against the Buyer, any successful
12 Overbidder at the Auction, or the Property, including asserting any *lis pendens*, setoff, right of
13 subrogation or recoupment of any kind, or to recover any Interests or enforce any claims or
14 causes of action or on account of any liabilities of the Debtors.

15 14. Subject to Excepted Items, to the extent applicable, entry of any required Post-
16 Auction Sale Order, except to the extent needed to enforce the terms of the RND Purchase
17 Agreement, pursuant to Sections 105 and 363, all persons and entities, including, but not limited
18 to, the Debtors, all debt security holders, equity security holders, governmental, tax and
19 regulatory authorities, lenders, parties to or beneficiaries under any benefit plan, trade and other
20 creditors asserting or holding a claim or Interest of any kind or nature whatsoever against, in, or
21 with respect to any the Debtors and the Property (whether legal or equitable, secured or
22 unsecured, matured or unmatured, contingent or non-contingent, senior or subordinated), arising
23 under or out of, in connection with, or in any way relating to the Debtors or the Property prior to
24 the Closing Date, shall be forever barred, prohibited, estopped and permanently enjoined from
25 (a) after the Closing Date, asserting, prosecuting or otherwise pursuing such Interest, whether
26 by payment, setoff, or otherwise, directly or indirectly, against the Buyer, their affiliates,
27 successors or assigns, and current affiliates, officers, directors, employees, managers, partners,

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1 members, financial advisors, attorneys, agents, and representatives, or the Assets; and (b) taking
2 any action that would adversely affect or interfere with the ability of the Debtors to sell and
3 transfer the Property to the Buyer, any successful Overbidder at the Auction, pursuant to the
4 terms of the Sale Order and the Post-Auction Sale Order.

5 15. Subject to entry of any required Post-Auction Sale Order and the terms of the
6 RND Purchase Agreement, the RND Purchase Agreement and any related agreements may be
7 waived, modified, amended, or supplemented by agreement of the Debtors and the Buyer,
8 without further action or order of the Court; provided, however, that any such waiver,
9 modification, amendment, or supplement materially and substantially conforms to, and
10 effectuates, the RND Purchase Agreement and any related agreements.

11 16. The failure specifically to include any particular provisions of the RND Purchase
12 Agreement or any related agreements in this Sale Order and any required Post-Auction Sale
13 Order shall not diminish or impair the effectiveness of such provision, it being the intent of the
14 Court, the Debtors and the Buyer that the RND Purchase Agreement and any related agreements
15 are authorized and approved in their entirety with such amendments thereto as may be made by
16 the parties in accordance with this Sale Order and any required Post-Auction Sale Order prior to
17 the Closing Date.

18 17. Subject to entry of any required Post-Auction Sale Order, this Sale Order and the
19 RND Purchase Agreement shall be binding upon and govern the acts of all persons and entities,
20 including without limitation, the Debtors' bankruptcy estate, the Debtors and their successors
21 and assigns, including, without limitation, any chapter 11 trustee or examiner hereinafter
22 appointed for the Debtors' bankruptcy estate or any chapter 7 trustee appointed if the case is
23 converted from chapter 11, all creditors of the Debtors (whether known or unknown), the Buyer
24 and their successors and assigns, the Property, filing agents, filing officers, title agents,
25 recording agencies, secretaries of state, and all other persons and entities who may be required
26 to report or insure any title in or to the Property or who may be required by operation of law, the
27 duties of their office or contract, to accept, file, register, or otherwise record or release any
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1 documents or instruments that reflect that the Buyer or any successful Overbidder at the
2 Auction is the owner of the Property free and clear of all Interests, except as otherwise provided
3 in the RND Purchase Agreement, this Sale Order, or the Post-Auction Sale Order, and each of
4 the foregoing persons and entities is hereby directed to accept for filing any and all of the
5 documents and instruments necessary and appropriate to consummate the transactions
6 contemplated by the RND Purchase Agreement.

7 18. The provisions of this Sale Order are non-severable and mutually dependent.

8 19. Assuming the Buyer is the successful bidder for the Property, nothing in any
9 order of the Court, including any required Post-Auction Sale Order, or contained in any plan of
10 reorganization or liquidation confirmed in the Debtors' chapter 11 case, or in any subsequent or
11 converted cases of the Debtors under chapter 7 of the Bankruptcy Code, or in any related
12 proceeding, shall conflict with or derogate from the provisions of the RND Purchase Agreement
13 or the terms of this Sale Order.

14 20. Notwithstanding FRBP 6004 and 7062, this Sale Order shall be effective and
15 enforceable immediately upon entry and its provisions shall be self-executing, and the Motion
16 or notice thereof shall be deemed to provide sufficient notice of the Debtors' request for waiver
17 of the otherwise applicable stay of this Sale Order. Subject to entry of any required Post-
18 Auction Sale Order, in the absence of any person or entity obtaining a stay pending appeal, the
19 Debtors and the Buyer are free to close under the RND Purchase Agreement at any time, subject
20 to the terms of this Sale Order and the RND Purchase Agreement. The Buyer has acted in
21 "good faith," and, in the absence of any person or entity obtaining a stay pending appeal, if the
22 Debtors and the Buyer close under the RND Purchase Agreement, the Buyer shall be entitled to
23 the protections of Section 363(m) as to all aspects of the transactions under and pursuant to the
24 RND Purchase Agreement if this Order or any authorization contained herein is reversed or
25 modified on appeal.

26 21. The Court shall retain exclusive jurisdiction to interpret, implement and enforce
27 the terms and provisions of this Sale Order, any required Post-Auction Sale Order, and the RND
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1 Purchase Agreement, all amendments thereto and any waivers and consents thereunder and each
2 of the agreements executed in connection therewith to which the Debtors are a party or that
3 have been assigned by the Debtors to the Buyer in all respects, and to decide any disputes
4 concerning this Sale Order, any required Post-Auction Sale Order, and the RND Purchase
5 Agreement, or the rights and duties of the parties hereunder or thereunder or any issues relating
6 to the RND Purchase Agreement, this Sale Order, and any required Post-Auction Sale Order,
7 including but not limited to, retaining jurisdiction to (a) compel delivery of the Property to the
8 Buyer; (b) interpret, implement and enforce the terms, conditions and provisions of this Sale
9 Order, any required Post-Auction Sale Order, and the RND Purchase Agreement; (c) determine
10 the status, nature and extent of the Property; (d) protect the Buyer against any Interests against
11 the Debtors or the Property of any kind or nature whatsoever attaching to the proceeds of the
12 sale. Any proceeding commenced pursuant to this paragraph may be commenced as a contested
13 matter.

14 **IT IS SO ORDERED.**

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EXHIBIT B

LEGAL DESCRIPTION OF THE PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

THAT PORTION OF LOT "D" OF LOOKOUT MOUNTAIN PARK, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 14 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN ANGLE POINT ON THE SOUTHEASTERLY RIGHT-OF-WAY OF CRESCENT DRIVE AS SHOWN ON THE MAP OF TRACT NO. 1649, RECORDED IN BOOK 20 PAGE 141 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT BEING THE NORTHEASTERLY TERMINUS OF THAT CERTAIN COURSE SHOWN ON SAID MAP AS HAVING A BEARING AND DISTANCE OF "SOUTH 71° 17' 15" WEST 144.79 FEET"; THENCE ALONG SAID RIGHT-OF-WAY, SOUTH 71° 17' 19" WEST 7.05 FEET; THENCE LEAVING SAID RIGHT-OF-WAY, SOUTH 59° 35' 46" EAST 95.85 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 35.00 FEET; THENCE SOUTHEASTERLY AND NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 78° 55' 00", AN ARC DISTANCE OF 48.21 FEET; THENCE NORTH 41° 29' 14" EAST 11.23 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 63.66 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 10° 15' 54", AN ARC DISTANCE OF 11.41 FEET; THENCE NORTH 31° 13' 20" EAST 29.25 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 126.34 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 32° 38' 05", AN ARC DISTANCE OF 71.96 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 81.34 FEET; THENCE NORTHEASTERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 59° 26' 26", AN ARC DISTANCE OF 84.38 FEET; THENCE SOUTH 56° 42' 09" EAST 50.78 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 256.34 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 05° 03' 53", AN ARC DISTANCE OF 22.66 FEET; THENCE SOUTH 51° 38' 16" EAST 19.15 FEET TO THE EASTERLY BOUNDARY OF DEED RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO.

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2006-2867024, IN OFFICIAL RECORDS; THENCE ALONG SAID EASTERLY BOUNDARY THE FOLLOWING COURSES:

1. NORTH 23° 22' 58" EAST 37.92 FEET TO AN ANGLE POINT;
2. NORTH 41° 00' 00" EAST 116.00 FEET TO AN ANGLE POINT;
3. NORTH 25° 00' 00" WEST 182.00 FEET TO THE MOST EASTERLY CORNER OF LOT 752 OF TRACT NO. 1371, AS PER MAP RECORDED IN BOOK 18 PAGES 138 AND 139 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE ALONG THE SOUTHEASTERLY LINE OF SAID LOT AND OF LOTS 751 AND 750 OF SAID TRACT, THE FOLLOWING COURSES:

1. SOUTH 22° 05' 29" WEST 32.57 FEET;
2. SOUTH 21° 50' 54" WEST 31.70 FEET;
3. SOUTH 21° 13' 50" WEST 30.38 FEET TO THE SOUTHERLY CORNER OF SAID LOT 750;

THENCE ALONG THE SOUTHWESTERLY LINE OF SAID LOT, NORTH 55° 09' 42" WEST 95.36 FEET TO SAID SOUTHEASTERLY RIGHT-OF-WAY OF CRESCENT DRIVE; THENCE ALONG SAID RIGHT-OF-WAY, THE FOLLOWING COURSES:

1. SOUTH 48° 36' 20" WEST 62.94 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 103.86 FEET;
2. SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 32° 47' 00" AN ARC DISTANCE OF 59.43 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 40.00 FEET;
3. SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 82° 43' 30", AN ARC DISTANCE OF 57.75 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 69.70 FEET;
4. SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 59° 37' 15", AN ARC DISTANCE OF 72.53 FEET;

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5. SOUTH 58° 17' 05" WEST 97.66 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 20.00 FEET;

6. SOUTHWESTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 76° 59' 46", AN ARC DISTANCE OF 26.88 FEET TO THE POINT OF BEGINNING.

SAID LAND IS SHOWN AS PARCEL 1 ON THE CERTIFICATE OF COMPLIANCE FOR LOT-LINE ADJUSTMENT, PARCEL MAP EXEMPTION NO. AA-2013-0041-PMEX, RECORDED OCTOBER 18, 2013 AS INSTRUMENT NO. 2013-1496913, OFFICIAL RECORDS.

PARCEL 1A:

A NON-EXCLUSIVE EASEMENT OVER THOSE PORTIONS OF LOT "D" OF LOOKOUT MOUNTAIN PARK, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 14 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED IN THOSE CERTAIN DEEDS RECORDED NOVEMBER 6, 2013 AS INSTRUMENT NO. 2013-1581204, AND MAY 2, 2016 AS INSTRUMENT NO. 2016-496596, BOTH OF OFFICIAL RECORDS.

PARCEL 2:

THAT PORTION OF LOT "D" OF LOOKOUT MOUNTAIN PARK, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 14 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT AN ANGLE POINT ON THE SOUTHEASTERLY RIGHT-OF-WAY OF CRESCENT DRIVE AS SHOWN ON THE MAP OF TRACT NO. 1649, RECORDED IN BOOK 20 PAGE 141 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT BEING THE NORTHEASTERLY TERMINUS OF THAT CERTAIN COURSE SHOWN ON SAID MAP AS HAVING A BEARING AND DISTANCE OF "SOUTH 71° 17' 15" WEST 144.79 FEET"; THENCE ALONG SAID RIGHT-OF-WAY, SOUTH 71° 17' 19" WEST 7.05 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID RIGHT-OF-WAY, SOUTH 59° 35' 46" EAST 95.85 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 35.00 FEET; THENCE SOUTHEASTERLY AND NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 78° 55' 00" AN ARC DISTANCE OF 48.21 FEET; THENCE NORTH 41° 29' 14" EAST 11.23 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS

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OF 63.66 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $10^{\circ} 15' 54''$, AN ARC DISTANCE OF 11.41 FEET; THENCE NORTH $31^{\circ} 13' 20''$ EAST 29.25 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 126.34 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $32^{\circ} 38' 05''$, AN ARC DISTANCE OF 71.96 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 81.34 FEET; THENCE NORTHEASTERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $59^{\circ} 26' 26''$, AN ARC DISTANCE OF 84.38 FEET; THENCE SOUTH $56^{\circ} 42' 09''$ EAST 50.78 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 256.34 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $05^{\circ} 03' 53''$, AN ARC DISTANCE OF 22.66 FEET; THENCE SOUTH $51^{\circ} 38' 16''$ EAST 19.15 FEET TO A POINT ON THE EASTERLY BOUNDARY OF DEED RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 2006-2867024, IN OFFICIAL RECORDS; THENCE ALONG SAID BOUNDARY, SOUTH $23^{\circ} 22' 58''$ WEST 18.04 FEET TO THE MOST EASTERLY CORNER OF DEED RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 2006-2867023, IN OFFICIAL RECORDS; THENCE ALONG THE SOUTHEASTERLY BOUNDARY OF SAID LAST MENTIONED DEED, SOUTH $23^{\circ} 22' 58''$ WEST 81.03 FEET TO AN ANGLE POINT THEREOF; THENCE SOUTH $44^{\circ} 59' 16''$ EAST 9.00 FEET TO THE MOST NORTHERLY CORNER OF LOT 21 OF TRACT NO. 23753, AS PER MAP RECORDED IN BOOK 630 PAGES 57 THROUGH 63 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG THE NORTHERLY BOUNDARY OF SAID LOT, SOUTH $45^{\circ} 00' 44''$ WEST 100.00 FEET TO AN ANGLE POINT THEREOF; THENCE SOUTH $88^{\circ} 23' 26''$ WEST 74.90 FEET TO THE MOST SOUTHERLY SOUTHWESTERLY CORNER OF SAID LAST MENTIONED DEED; THENCE LEAVING SAID NORTHERLY BOUNDARY AND ALONG THE WESTERLY AND SOUTHWESTERLY BOUNDARY OF SAID LAST MENTIONED DEED THE FOLLOWING COURSES:

1. NORTH $01^{\circ} 31' 55''$ WEST 67.21 FEET TO AN ANGLE POINT;
2. NORTH $84^{\circ} 29' 31''$ WEST 57.93 FEET TO AN ANGLE POINT;
3. NORTH $59^{\circ} 35' 46''$ WEST 171.98 FEET TO AN ANGLE POINT;
4. SOUTH $77^{\circ} 09' 42''$ WEST 86.05 FEET TO AN ANGLE POINT;
5. NORTH $15^{\circ} 46' 30''$ WEST 2.56 FEET TO SAID SOUTHEASTERLY RIGHT-OF-WAY OF CRESCENT DRIVE;

THENCE ALONG SAID RIGHT-OF-WAY, NORTH 71° 17' 19" EAST 112.22 FEET TO THE TRUE POINT OF BEGINNING.

SAID LAND IS SHOWN AS PARCEL 2 ON THE CERTIFICATE OF COMPLIANCE FOR LOT-LINE ADJUSTMENT, PARCEL MAP EXEMPTION NO. AA-2013-0041-PMEX, RECORDED OCTOBER 18, 2013 AS INSTRUMENT NO. 2013-1496913, OFFICIAL RECORDS.

PARCEL 2A:

A NON-EXCLUSIVE EASEMENT OVER THOSE PORTIONS OF LOT "D" OF LOOKOUT MOUNTAIN PARK, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 14 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED IN THOSE CERTAIN DEEDS RECORDED NOVEMBER 6, 2013 AS INSTRUMENT NO. 2013-1581203, AND MAY 2, 2016 AS INSTRUMENT NO. 2016-496597, BOTH OF OFFICIAL RECORDS.

PARCEL 2B:

AN EASEMENT FOR THE INSTALLATION AND MAINTENANCE OF THREE LATERAL SEWER LINES, AS SET FORTH IN THE MEMORANDUM OF EASEMENT AGREEMENT RECORDED AUGUST 13, 2007 AS INSTRUMENT NO. 20071892974, OF OFFICIAL RECORDS, OVER THAT PORTION OF PARCEL 2, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS DESCRIBED IN THE DEED RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 06-2867026, SAID PARCEL 2 IS ALSO SHOWN IN THAT CERTIFICATE OF COMPLIANCE FOR LOT-LINE ADJUSTMENT WITH PARCEL MAP EXEMPTION NO. AA-2006-5734-PMEX, RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 06-2867021, BOTH OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; BEING A STRIP OF LAND 12.00 FEET IN WIDTH, THE SOUTHEASTERLY LINES OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

BEGINNING AT AN ANGLE POINT IN THE NORTHERLY BOUNDARY OF SAID PARCEL 2, SAID POINT BEING THE NORTHWESTERLY TERMINUS OF THAT LINE DESCRIBED AS "N59°35'46"W 171.98 FEET" IN SAID DEED; THENCE LEAVING SAID NORTHERLY BOUNDARY, SOUTH 30°24'14" WEST 59.51 FEET; THENCE SOUTH 37°56'00" WEST 43.08 FEET; THENCE SOUTH 67°59'31" WEST 25.78 FEET; THENCE SOUTH 56°55'45" WEST 21.64 FEET; THENCE NORTH 84°04'17" WEST 13.47 FEET; THENCE SOUTH 05°55'43" WEST 12.37 FEET TO THE SOUTHERLY BOUNDARY OF SAID PARCEL 2. THE NORTHWESTERLY LINES OF SAID STRIP IS TO BE SHORTENED OR

LENGTHEN TO TERMINATE IN THE NORTHERLY AND SOUTHERLY BOUNDARIES OF SAID PARCEL 2.

PARCEL 2C:

AN EASEMENT FOR A PERPETUAL VIEW AS SET FORTH IN THE MEMORANDUM OF EASEMENT AGREEMENT RECORDED AUGUST 13, 2007 AS INSTRUMENT NO. 20071892974, OF OFFICIAL RECORDS, ACROSS THAT PORTION OF PARCEL 2, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS DESCRIBED IN THE DEED RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 06-2867026, SAID PARCEL 2 IS ALSO SHOWN IN THAT CERTIFICATE OF COMPLIANCE FOR LOT-LINE ADJUSTMENT WITH PARCEL MAP EXEMPTION NO. AA-2006-5734-PMEX, RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 06-2867021, BOTH OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEASTERLY CORNER OF SAID PARCEL 2; THENCE ALONG THE EASTERLY BOUNDARY OF SAID PARCEL, SOUTH 01°31'55" EAST 67.21 FEET TO THE SOUTHEASTERLY CORNER OF SAID PARCEL; THENCE ALONG THE SOUTHERLY BOUNDARY OF SAID PARCEL, SOUTH 88°23'26" WEST 31.70 FEET TO AN ANGLE POINT THEREOF; THENCE LEAVING SAID SOUTHERLY BOUNDARY, NORTH 01°31'55" WEST 71.17 FEET TO THE NORTHERLY BOUNDARY OF SAID PARCEL; THENCE ALONG SAID NORTHERLY BOUNDARY, SOUTH 84°29'31" EAST 57.93 FEET TO THE POINT OF BEGINNING.

PARCEL 2D:

AN EASEMENT FOR STORM DRAIN PIPE EASEMENT AS SET FORTH IN THE MEMORANDUM OF EASEMENT AGREEMENT RECORDED AUGUST 13, 2007 AS INSTRUMENT NO. 20071892974, OF OFFICIAL RECORDS, OVER THAT PORTION OF PARCEL 2, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS DESCRIBED IN THE DEED RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 06-2867026, SAID PARCEL 2 IS ALSO SHOWN IN THAT CERTIFICATE OF COMPLIANCE FOR LOT-LINE ADJUSTMENT WITH PARCEL MAP EXEMPTION NO. AA-2006-5734-PMEX, RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 06-2867021, BOTH OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; DESCRIBED AS FOLLOWS:

BEGINNING AT AN ANGLE POINT IN THE NORTHERLY BOUNDARY OF SAID PARCEL 2, SAID POINT BEING THE NORTHWESTERLY TERMINUS OF THAT LINE DESCRIBED AS "N59°35'46"W 171.98 FEET" IN SAID DEED;

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THENCE ALONG SAID NORTHERLY BOUNDARY, SOUTH 59°35'46" EAST 163.51 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTHERLY BOUNDARY, SOUTH 59°35'46" EAST 8.47 FEET TO AN ANGLE POINT THEREOF; THENCE SOUTH 84°29'31" EAST 57.93 FEET TO THE NORTHEASTERLY CORNER OF SAID PARCEL; THENCE ALONG THE EASTERLY BOUNDARY OF SAID PARCEL, SOUTH 01°31'55" EAST 16.71 FEET; THENCE LEAVING SAID EASTERLY BOUNDARY, NORTH 84°24'35" WEST 33.42 FEET; THENCE NORTH 59°35'46" WEST 39.52 FEET; THENCE NORTH 30°24'14" EAST 3.82 FEET TO THE TRUE POINT OF BEGINNING.

APN: 5563-031-011, 5563-031-012

EXHIBIT C
PRELIMINARY TITLE REPORT

[see attached]

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725 South Figueroa Street, Suite 200, Los Angeles, CA 90017
Phone: (213) 488-4300 • Fax: (213) 488-4377

Issuing Policies of Chicago Title Insurance Company

ORDER NO.: 00069646-994-X49-DB

Escrow/Customer Phone: (213) 488-4300

Chicago Title Company -NBU
725 S. Figueroa St.200
Los Angeles, CA 90017
ATTN: Marley Harrill
Email: harrillm@ctt.com
Ref: NBU# 69637-MH

Title Officer: **Dave Balassi (LA/Comm)**
Title Officer Phone: (213) 488-4394
Title Officer Fax: (213) 488-4360
Title Officer Email: **DL-CTI-LosAngeles-UnitX49@ctt.com**

PROPERTY: 2460 SUNSET PLAZA & 2375 SUNSET PLAZA, LOS ANGELES, CA

10,PRELIMINARY REPORT

In response to the application for a policy of title insurance referenced herein, Chicago Title Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Chicago Title Insurance Company, a Florida corporation.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.


It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.

Chicago Title Company

By: 
Authorized Signature



By: 
Randy Quirk, President

Attest: 
Michael Gravelle, Secretary

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725 South Figueroa Street, Suite 200, Los Angeles, CA 90017
Phone: (213) 488-4300 • Fax: (213) 488-4377

10,PRELIMINARY REPORT

EFFECTIVE DATE: September 26, 2017 at 7:30 a.m., Amended: October 10, 2017, Amendment No. 1
Amended October 16, 2017, Amendment No. 2

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The form of policy or policies of title insurance contemplated by this report is:

Extended

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

**A Fee as to Parcel(s) 1 and 2
Easement(s) more fully described below as to Parcel(s) 1A and 2A, 2B, 2C, and 2D**

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

Paul Shepherd and Gigi Shepherd, husband and wife as community property with the right of survivorship, subject to proceedings pending in the bankruptcy court where a petition for relief was filed, a certified copy of the petition being recorded July 5, 2017 as Instrument No. 2017-0746036 of Official Records.

**Name of Debtor: Paul Stuart Shepherd and GiGi Renee Shepherd
Date of Filing: June 30, 2017
U.S. District Court: Central District of California
Case No: 2:17-bk-17991-BB**

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

See Exhibit A attached hereto and made a part hereof.

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YOUR REFERENCE: NBU# 69637-MH

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EXHIBIT "A"

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

THAT PORTION OF LOT "D" OF LOOKOUT MOUNTAIN PARK, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 14 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN ANGLE POINT ON THE SOUTHEASTERLY RIGHT-OF-WAY OF CRESCENT DRIVE AS SHOWN ON THE MAP OF TRACT NO. 1649, RECORDED IN BOOK 20 PAGE 141 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT BEING THE NORTHEASTERLY TERMINUS OF THAT CERTAIN COURSE SHOWN ON SAID MAP AS HAVING A BEARING AND DISTANCE OF "SOUTH 71° 17' 15" WEST 144.79 FEET"; THENCE ALONG SAID RIGHT-OF-WAY, SOUTH 71° 17' 19" WEST 7.05 FEET; THENCE LEAVING SAID RIGHT-OF-WAY, SOUTH 59° 35' 46" EAST 95.85 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 35.00 FEET; THENCE SOUTHEASTERLY AND NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 78° 55' 00", AN ARC DISTANCE OF 48.21 FEET; THENCE NORTH 41° 29' 14" EAST 11.23 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 63.66 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 10° 15' 54", AN ARC DISTANCE OF 11.41 FEET; THENCE NORTH 31° 13' 20" EAST 29.25 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 126.34 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 32° 38' 05", AN ARC DISTANCE OF 71.96 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 81.34 FEET; THENCE NORTHEASTERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 59° 26' 26", AN ARC DISTANCE OF 84.38 FEET; THENCE SOUTH 56° 42' 09" EAST 50.78 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 256.34 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 05° 03' 53", AN ARC DISTANCE OF 22.66 FEET; THENCE SOUTH 51° 38' 16" EAST 19.15 FEET TO THE EASTERLY BOUNDARY OF DEED RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 2006-2867024, IN OFFICIAL RECORDS; THENCE ALONG SAID EASTERLY BOUNDARY THE FOLLOWING COURSES:

1. NORTH 23° 22' 58" EAST 37.92 FEET TO AN ANGLE POINT;
2. NORTH 41° 00' 00" EAST 116.00 FEET TO AN ANGLE POINT;
3. NORTH 25° 00' 00" WEST 182.00 FEET TO THE MOST EASTERLY CORNER OF LOT 752 OF TRACT NO. 1371, AS PER MAP RECORDED IN BOOK 18 PAGES 138 AND 139 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE ALONG THE SOUTHEASTERLY LINE OF SAID LOT AND OF LOTS 751 AND 750 OF SAID TRACT, THE FOLLOWING COURSES:

1. SOUTH 22° 05' 29" WEST 32.57 FEET;
2. SOUTH 21° 50' 54" WEST 31.70 FEET;
3. SOUTH 21° 13' 50" WEST 30.38 FEET TO THE SOUTHERLY CORNER OF SAID LOT 750;

THENCE ALONG THE SOUTHWESTERLY LINE OF SAID LOT, NORTH 55° 09' 42" WEST 95.36 FEET TO SAID SOUTHEASTERLY RIGHT-OF-WAY OF CRESCENT DRIVE; THENCE ALONG SAID RIGHT-OF-WAY, THE FOLLOWING COURSES:

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EXHIBIT A
(Continued)

1. SOUTH 48° 36' 20" WEST 62.94 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 103.86 FEET;
2. SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 32° 47' 00" AN ARC DISTANCE OF 59.43 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 40.00 FEET;
3. SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 82° 43' 30", AN ARC DISTANCE OF 57.75 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 69.70 FEET;
4. SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 59° 37' 15", AN ARC DISTANCE OF 72.53 FEET;
5. SOUTH 58° 17' 05" WEST 97.66 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 20.00 FEET;
6. SOUTHWESTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 76° 59' 46", AN ARC DISTANCE OF 26.88 FEET TO THE POINT OF BEGINNING.

SAID LAND IS SHOWN AS PARCEL 1 ON THE CERTIFICATE OF COMPLIANCE FOR LOT-LINE ADJUSTMENT, PARCEL MAP EXEMPTION NO. AA-2013-0041-PMEX, RECORDED OCTOBER 18, 2013 AS INSTRUMENT NO. 2013-1496913. OFFICIAL RECORDS.

PARCEL 1A:

A NON-EXCLUSIVE EASEMENT OVER THOSE PORTIONS OF LOT "D" OF LOOKOUT MOUNTAIN PARK, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 14 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED IN THOSE CERTAIN DEEDS RECORDED NOVEMBER 6, 2013 AS INSTRUMENT NO. 2013-1581204, AND MAY 2, 2016 AS INSTRUMENT NO. 2016-496596, BOTH OF OFFICIAL RECORDS.

PARCEL 2:

THAT PORTION OF LOT "D" OF LOOKOUT MOUNTAIN PARK, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 14 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT AN ANGLE POINT ON THE SOUTHEASTERLY RIGHT-OF-WAY OF CRESCENT DRIVE AS SHOWN ON THE MAP OF TRACT NO. 1649, RECORDED IN BOOK 20 PAGE 141 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, SAID POINT BEING THE NORTHEASTERLY TERMINUS OF THAT CERTAIN COURSE SHOWN ON SAID MAP AS HAVING A BEARING AND DISTANCE OF "SOUTH 71° 17' 15" WEST 144.79 FEET"; THENCE ALONG SAID RIGHT-OF-WAY, SOUTH 71° 17' 19" WEST 7.05 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID RIGHT-OF-WAY, SOUTH 59° 35' 46" EAST 95.85 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 35.00 FEET; THENCE SOUTHEASTERLY AND NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 78° 55' 00" AN ARC DISTANCE OF 48.21 FEET; THENCE NORTH 41° 29' 14" EAST 11.23 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 63.66 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 10° 15' 54", AN ARC DISTANCE OF 11.41 FEET; THENCE NORTH 31° 13' 20" EAST 29.25 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 126.34 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 32° 38' 05", AN ARC DISTANCE OF 71.96 FEET TO

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THE BEGINNING OF A COMPOUND CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 81.34 FEET; THENCE NORTHEASTERLY AND SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 59° 26' 26", AN ARC DISTANCE OF 84.38 FEET; THENCE SOUTH 56° 42' 09" EAST 50.78 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 256.34 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 05° 03' 53", AN ARC DISTANCE OF 22.66 FEET; THENCE SOUTH 51° 38' 16" EAST 19.15 FEET TO A POINT ON THE EASTERLY BOUNDARY OF DEED RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 2006-2867024, IN OFFICIAL RECORDS; THENCE ALONG SAID BOUNDARY, SOUTH 23° 22' 58" WEST 18.04 FEET TO THE MOST EASTERLY CORNER OF DEED RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 2006-2867023, IN OFFICIAL RECORDS; THENCE ALONG THE SOUTHEASTERLY BOUNDARY OF SAID LAST MENTIONED DEED, SOUTH 23° 22' 58" WEST 81.03 FEET TO AN ANGLE POINT THEREOF; THENCE SOUTH 44° 59' 16" EAST 9.00 FEET TO THE MOST NORTHERLY CORNER OF LOT 21 OF TRACT NO. 23753, AS PER MAP RECORDED IN BOOK 630 PAGES 57 THROUGH 63 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG THE NORTHERLY BOUNDARY OF SAID LOT, SOUTH 45° 00' 44" WEST 100.00 FEET TO AN ANGLE POINT THEREOF; THENCE SOUTH 88° 23' 26" WEST 74.90 FEET TO THE MOST SOUTHERLY SOUTHWESTERLY CORNER OF SAID LAST MENTIONED DEED; THENCE LEAVING SAID NORTHERLY BOUNDARY AND ALONG THE WESTERLY AND SOUTHWESTERLY BOUNDARY OF SAID LAST MENTIONED DEED THE FOLLOWING COURSES:

1. NORTH 01° 31' 55" WEST 67.21 FEET TO AN ANGLE POINT;
2. NORTH 84° 29' 31" WEST 57.93 FEET TO AN ANGLE POINT;
3. NORTH 59° 35' 46" WEST 171.98 FEET TO AN ANGLE POINT;
4. SOUTH 77° 09' 42" WEST 86.05 FEET TO AN ANGLE POINT;
5. NORTH 15° 46' 30" WEST 2.56 FEET TO SAID SOUTHEASTERLY RIGHT-OF-WAY OF CRESCENT DRIVE;

THENCE ALONG SAID RIGHT-OF-WAY, NORTH 71° 17' 19" EAST 112.22 FEET TO THE TRUE POINT OF BEGINNING.

SAID LAND IS SHOWN AS PARCEL 2 ON THE CERTIFICATE OF COMPLIANCE FOR LOT-LINE ADJUSTMENT, PARCEL MAP EXEMPTION NO. AA-2013-0041-PMEX, RECORDED OCTOBER 18, 2013 AS INSTRUMENT NO. 2013-1496913, OFFICIAL RECORDS.

PARCEL 2A:

A NON-EXCLUSIVE EASEMENT OVER THOSE PORTIONS OF LOT "D" OF LOOKOUT MOUNTAIN PARK, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 14 PAGE 88 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED IN THOSE CERTAIN DEEDS RECORDED NOVEMBER 6, 2013 AS INSTRUMENT NO. 2013-1581203, AND MAY 2, 2016 AS INSTRUMENT NO. 2016-496597, BOTH OF OFFICIAL RECORDS.

PARCEL 2B:

AN EASEMENT FOR THE INSTALLATION AND MAINTENANCE OF THREE LATERAL SEWER LINES, AS SET FORTH IN THE MEMORANDUM OF EASEMENT AGREEMENT RECORDED AUGUST 13, 2007 AS INSTRUMENT NO. 20071892974, OF OFFICIAL RECORDS, OVER THAT PORTION OF PARCEL 2, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS DESCRIBED IN THE DEED RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 06-2867026, SAID PARCEL 2 IS ALSO SHOWN IN THAT CERTIFICATE OF COMPLIANCE FOR LOT-LINE ADJUSTMENT WITH PARCEL MAP EXEMPTION NO. AA-2006-5734-PMEX, RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 06-2867021, BOTH OF OFFICIAL RECORDS.

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EXHIBIT A
(Continued)

IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; BEING A STREP OF LAND 12.00 FEET IN WIDTH, THE SOUTHEASTERLY LINES OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

BEGINNING AT AN ANGLE POINT IN THE NORTHERLY BOUNDARY OF SAID PARCEL 2, SAID POINT BEING THE NORTHWESTERLY TERMINUS OF THAT LINE DESCRIBED AS "N59°35'46"W 171.98 FEET" IN SAID DEED; THENCE LEAVING SAID NORTHERLY BOUNDARY, SOUTH 30°24'14" WEST 59.51 FEET; THENCE SOUTH 37°56'00" WEST 43.08 FEET; THENCE SOUTH 67°59'31" WEST 25.78 FEET; THENCE SOUTH 56°55'45" WEST 21.64 FEET; THENCE NORTH 84°04'17" WEST 13.47 FEET; THENCE SOUTH 05°55'43" WEST 12.37 FEET TO THE SOUTHERLY BOUNDARY OF SAID PARCEL 2. THE NORTHWESTERLY LINES OF SAID STRIP IS TO BE SHORTENED OR LENGTHEN TO TERMINATE IN THE NORTHERLY AND SOUTHERLY BOUNDARIES OF SAID PARCEL 2.

PARCEL 2C:

AN EASEMENT FOR A PERPETUAL VIEW AS SET FORTH IN THE MEMORANDUM OF EASEMENT AGREEMENT RECORDED AUGUST 13, 2007 AS INSTRUMENT NO. 20071892974, OF OFFICIAL RECORDS, ACROSS THAT PORTION OF PARCEL 2, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS DESCRIBED IN THE DEED RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 06-2867026, SAID PARCEL 2 IS ALSO SHOWN IN THAT CERTIFICATE OF COMPLIANCE FOR LOT-LINE ADJUSTMENT WITH PARCEL MAP EXEMPTION NO. AA-2006-5734-PMEX, RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 06-2867021, BOTH OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEASTERLY CORNER OF SAID PARCEL 2; THENCE ALONG THE EASTERLY BOUNDARY OF SAID PARCEL, SOUTH 01°31'55" EAST 67.21 FEET TO THE SOUTHEASTERLY CORNER OF SAID PARCEL; THENCE ALONG THE SOUTHERLY BOUNDARY OF SAID PARCEL, SOUTH 88°23'26" WEST 31.70 FEET TO AN ANGLE POINT THEREOF; THENCE LEAVING SAID SOUTHERLY BOUNDARY, NORTH 01°31'55" WEST 71.17 FEET TO THE NORTHERLY BOUNDARY OF SAID PARCEL; THENCE ALONG SAID NORTHERLY BOUNDARY, SOUTH 84°29'31" EAST 57.93 FEET TO THE POINT OF BEGINNING.

PARCEL 2D:

AN EASEMENT FOR STORM DRAIN PIPE EASEMENT AS SET FORTH IN THE MEMORANDUM OF EASEMENT AGREEMENT RECORDED AUGUST 13, 2007 AS INSTRUMENT NO. 20071892974, OF OFFICIAL RECORDS, OVER THAT PORTION OF PARCEL 2, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS DESCRIBED IN THE DEED RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 06-2867026, SAID PARCEL 2 IS ALSO SHOWN IN THAT CERTIFICATE OF COMPLIANCE FOR LOT-LINE ADJUSTMENT WITH PARCEL MAP EXEMPTION NO. AA-2006-5734-PMEX, RECORDED DECEMBER 26, 2006 AS INSTRUMENT NO. 06-2867021, BOTH OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; DESCRIBED AS FOLLOWS:

BEGINNING AT AN ANGLE POINT IN THE NORTHERLY BOUNDARY OF SAID PARCEL 2, SAID POINT BEING THE NORTHWESTERLY TERMINUS OF THAT LINE DESCRIBED AS "N59°35'46"W 171.98 FEET" IN SAID DEED; THENCE ALONG SAID NORTHERLY BOUNDARY, SOUTH 59°35'46" EAST 163.51 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTHERLY BOUNDARY, SOUTH 59°35'46" EAST 8.47 FEET TO AN ANGLE POINT THEREOF; THENCE SOUTH 84°29'31" EAST 57.93 FEET TO THE NORTHEASTERLY CORNER OF SAID PARCEL; THENCE ALONG THE EASTERLY BOUNDARY OF SAID PARCEL, SOUTH 01°31'55" EAST 16.71 FEET; THENCE LEAVING SAID EASTERLY BOUNDARY, NORTH 84°24'35" WEST 33.42 FEET; THENCE NORTH 59°35'46" WEST 39.52 FEET; THENCE NORTH 30°24'14" EAST 3.82 FEET TO THE TRUE POINT OF BEGINNING.

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EXCEPTIONS

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

- 1. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 5563-031-011
Fiscal Year: 2017-2018
1st Installment: \$7,072.35, UNPAID (Delinquent after December 10)
Penalty: \$707.23
2nd Installment: \$7,072.34, UNPAID (Delinquent after April 10)
Penalty and Cost: \$717.23
Homeowners Exemption: \$None
Code Area: 00067

Affects: Parcel 1

- 1A. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 5563-031-012
Fiscal Year: 2017-2018
1st Installment: \$2,045.28, UNPAID (Delinquent after December 10)
Penalty: \$204.52
2nd Installment: \$2,045.27, UNPAID (Delinquent after April 10)
Penalty and Cost: \$214.52
Homeowners Exemption: \$None
Code Area: 00067

Affects: Parcel 2

- 2. An assessment by the improvement district shown below:

Assessment
(or Bond) No: Not Set Out
Series: AD#1
District: County of Los Angeles
For: MRCA Brush Fire Clear'g Dist #1
Bond issued: August 6, 2003
Original Amount: Not Set Out

Said assessment is collected with the county/city property taxes.

Notice of Amended Assessment

Recording Date: December 8, 2015
Recording No.: 20151538488, Official Records

- 3. Any liens or other assessments, bonds, or special district liens including without limitation, Community Facility Districts, that arise by reason of any local, City, Municipal or County Project or Special District.

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EXCEPTIONS
(Continued)

4. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.
5. Water rights, claims or title to water, whether or not disclosed by the public records.
6. This exception has been intentionally deleted.
7. This exception has been intentionally deleted.
8. Any rights, claims or interests that may exist or arise by reason of the following facts disclosed by a map dated August 1, 2017 of an ALTA/NSPS Land Title Survey completed July 26, 2017 prepared by or under the responsible charge of Pascal R. Apotheloz LS 7734, of/for DRC Engineering, Inc., Project/Job No. 17-412.
 - A. A brick wall lies 0.7 feet southeast of the northwesterly line of Parcel 1.
 - B. A sewer cleanout lies 0.6 feet south of the northerly line of Parcel 1.
 - C. There are sewer cleanouts and a water improvement on Parcel 1.
 - D. There are power poles on Parcel 2.
 - E. The fact that a portion of said land lies within Sunset Plaza Drive, an improved private street.
9. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose:	public utilities
Recording No:	<u>Book 5907, Page 36 of Deeds</u>
Affects:	said land as more particularly described herein
10. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose:	public utilities
Recording Date:	July 6, 1962
Recording No:	<u>5435, of Official Records</u>
Affects:	said land as more particularly described herein
11. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose:	line or lines of pipe, vaults and manholes, together with appurtenant structures and equipment for conveying and distributing water
Recording Date:	October 1, 1971
Recording No:	<u>3250, of Official Records</u>
Affects:	said land as more particularly described herein
12. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose:	line or lines of pipes, vaults and manholes, together with appurtenant structures and equipment for conveying and distributing water
Recording Date:	October 8, 1971
Recording No:	<u>2544, of Official Records</u>
Affects:	said land as more particularly described herein

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(Continued)

13. Matters contained in that certain document

Entitled: Notice of Consent to Use Land
Recording Date: December 29, 2004
Recording No: 04-3375894, of Official Records

Reference is hereby made to said document for full particulars.

14. Matters contained in that certain document

Entitled: Notice of Consent to Use Land
Recording Date: December 29, 2004
Recording No: 04-3375895, of Official Records

Reference is hereby made to said document for full particulars.

15. Matters contained in that certain document

Entitled: Notice of Consent to Use Land
Recording Date: March 7, 2006
Recording No: 06-0485777, of Official Records

Reference is hereby made to said document for full particulars.

Matters contained in that certain document

Entitled: Partial Revocation of Consent to Use Land
Recording Date: October 12, 2007
Recording No: 20072334048, of Official Records

Reference is hereby made to said document for full particulars.

16. An instrument entitled Covenant and Agreement for Community Driveway

Executed by: Paul Shepherd, Gigi Shepherd and James Wecker II
In favor of: City of Los Angeles
Recording Date: August 13, 2007
Recording No: 20071892972, of Official Records

Which among other things provides: as provided therein

Reference is hereby made to said document for full particulars.

This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

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EXCEPTIONS
(Continued)

17. An instrument entitled Covenant and Agreement for Community Driveway

Executed by: Paul Shepherd, Gigi Shepherd and James Wecker II
In favor of: City of Los Angeles
Recording Date: August 13, 2007
Recording No: 20071892973, of Official Records

Which among other things provides: as provided therein

Reference is hereby made to said document for full particulars.

This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

18. Matters contained in that certain document

Entitled: Memorandum of Easement Agreement
Recording Date: August 13, 2007
Recording No: 20071892974, of Official Records

Reference is hereby made to said document for full particulars.

19. Matters contained in that certain document

Entitled: Easement Deed for Ingress and Egress
Recording Date: November 6, 2013
Recording No: 20131581205, of Official Records
(Parcel 2)

Reference is hereby made to said document for full particulars.

20. Matters contained in that certain document

Entitled: Easement Deed for Ingress and Egress
Recording Date: November 6, 2013
Recording No: 20131581206, of Official Records
(Parcel 1)

Reference is hereby made to said document for full particulars.

21. An instrument entitled Covenant and Agreement Regarding Private Sewer Easement

Executed by: Ellen, Hargitay, Mickey Hargitay, Paul Shepherd and Gigi Shepherd
In favor of: City of Los Angeles
Recording Date: September 25, 2013
Recording No: 20131392258, of Official Records

Which among other things provides: as provided therein

Reference is hereby made to said document for full particulars.

This covenant and agreement provides that it shall be binding upon any future owners, encumbrancers, their successors or assigns, and shall continue in effect until the advisory agency approves termination.

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EXCEPTIONS
(Continued)

22. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Mickey Hargitay and Ellen Hargitay
Purpose: ingress and egress
Recording Date: May 2, 2016
Recording No: 2016-496594, of Official Records
Affects: said land as more particularly described herein
(Parcel 1)

23. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Mickey Hargitay and Ellen Hargitay
Purpose: ingress and egress
Recording Date: May 2, 2016
Recording No: 2016-496595, of Official Records
Affects: said land as more particularly described herein
(Parcel 2)

24. This exception has been intentionally deleted.

25. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

26. This exception has been intentionally deleted.

27. Matters contained in that certain document

Entitled: Notice of Special Tax Lien
Dated: January 11, 2017
Recording Date: January 13, 2017
Recording No: 2017-0055098, of Official Records

Reference is hereby made to said document for full particulars.

This property, along with all other parcels in the CFD, is liable for an annual special tax. This special tax is included with and payable with the general property taxes of the City of Los Angeles, County of Los Angeles. The tax may not be prepaid.

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EXCEPTIONS
(Continued)

28. A pending court action as disclosed by a recorded notice:

Plaintiff: Nicholas Keros, an individual
Defendant: Paul Shepherd, an individual; GiGi Shepherd, an individual; Judy Nagler, an individual; and Force-Nagler, LLC, a California limited liability company
County: Los Angeles
Court: Superior Court
Case No.: BC654456
Nature of Action: as described therein
Recording Date: March 17, 2017
Recording No: 2017-0309121 of Official Records
Affects: Parcel 2

An examination of said proceedings has been ordered. Upon completion the Company reserves the right to except additional items and/or make additional requirements.

29. A pending court action as disclosed by a recorded notice:

Plaintiff: Nicholas Keros, an individual
Defendant: Paul Shepherd, an individual; GiGi Shepherd, an individual; Judy Nagler, an individual; and Force-Nagler, LLC, a California limited liability company
County: Los Angeles
Court: Superior Court
Case No.: BC654456
Nature of Action: as described therein
Recording Date: March 17, 2017
Recording No: 2017-0309123 of Official Records
Affects: Parcel 1

An examination of said proceedings has been ordered. Upon completion the Company reserves the right to except additional items and/or make additional requirements.

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EXCEPTIONS
(Continued)

30. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$109,744.90
Dated: June 14, 2017
Trustor/Grantor Paul and Gigi Shepherd as husband and wife
Trustee: 1st American Title Company, a California Corporation
Beneficiary: Ellen Hargitay
Recording Date: June 15, 2017
Recording No: 2017-0661700 of Official Records

This Company will require that the original note, the original deed of trust and a properly executed request for full reconveyance together with appropriate documentation (i.e., copy of trust, partnership agreement or corporate resolution) be in this office prior to the close of this transaction if the above-mentioned item is to be paid through this transaction or deleted from a policy of title insurance.

Any demands submitted to us for payoff must be signed by all beneficiaries as shown on said deed of trust, and/or any assignments thereto. In the event said demand is submitted by an agent of the beneficiary(s), we will require the written approval of the demand by the beneficiary(s). Servicing agreements do not constitute approval for the purposes of this requirement.

If no amounts remain due under the obligation a zero balance demand will be required along with the reconveyance documents.

In addition, we require the written approval of said demand by the trustor(s) on said deed of trust or the current owners if applicable.

PLEASE REFER TO THE "INFORMATIONAL NOTES" AND "REQUIREMENTS" SECTIONS WHICH FOLLOW FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION.

END OF EXCEPTIONS

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REQUIREMENTS SECTION

- 1. In order to complete this report, the Company requires a Statement of Information to be completed by the following party(s),

Party(s): All Parties

The Company reserves the right to add additional items or make further requirements after review of the requested Statement of Information.

NOTE: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact affect another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file.

- 2. In order to complete this report, the Company requires a Statement of Information to be completed by the following party(s),

Party(s): Paul Shepherd

The Company reserves the right to add additional items or make further requirements after review of the requested Statement of Information.

NOTE: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact affect another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file.

- 3. The Company will require an affidavit signed by the seller/mortgagor certifying that there are no matters that could give rise to any defects, liens, encumbrances, adverse claims or other matters that would attach to the Land between the effective date of the report and the recording of the instruments creating the estate to be insured.

- 4. Furnish proof satisfactory to the Company that the proposed conveyance/mortgage necessary for the proposed insured transaction complies with all requirements of the United States Bankruptcy Code in connection with the following:

Name of Debtor: Paul Stuart Shepherd and GiGi Renee Shepherd
Date of Filing: June 30, 2017
U.S. District Court: Central District of California
Case No: 2:17-bk-17991-BB

- 5. Dismiss the pending court action referred to below and furnish for recordation a release of the lis pendens:

Court: Superior Court
Case No: BC654456
County: Los Angeles
Plaintiff: Nicholas Keros, an individual
Defendant: Paul Shepherd, an individual; GiGi Shepherd, an individual; Judy Nagler, an individual; and Force-Nagler, LLC, a California limited liability company
Lis Pendens Recording Date: March 17, 2017
Lis Pendens Recording No: 2017-0309121 of Official Records

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REQUIREMENTS
(Continued)

6. Dismiss the pending court action referred to below and furnish for recordation a release of the lis pendens:
- | | |
|-----------------------------|---|
| Court: | Superior Court |
| Case No: | BC654456 |
| County: | Los Angeles |
| Plaintiff: | Nicholas Keros, an individual |
| Defendant: | Paul Shepherd, an individual; GiGi Shepherd, an individual; Judy Nagler, an individual; and Force-Nagler, LLC, a California limited liability company |
| Lis Pendens Recording Date: | March 17, 2017 |
| Lis Pendens Recording No: | <u>2017-0309123 of Official Records</u> |
7. If the Land is located within the area affected by a Geographic Targeting Order issued by FinCEN (California counties of Los Angeles, San Diego, San Francisco, Santa Clara and San Mateo), the Company must be supplied with a completed ALTA Information Collection Form ("ICF").

END OF REQUIREMENTS

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INFORMATIONAL NOTES SECTION

1. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.
2. None of the items shown in this report will cause the Company to decline to attach CLTA Endorsement Form 100 to an Extended Coverage Loan Policy, when issued.
3. The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land Single Family Residential properties, known as 2460 Sunset Plaza & 2375 Sunset Plaza, located within the city of Los Angeles, California, , to an Extended Coverage Loan Policy.
4. Note: Please contact your Title Officer to obtain the current recording fees. Chicago Title Company will pay Chicago Title Insurance Company 12% of the title premium, as disclosed on lines 1107 and 1108 of the HUD-1.
5. Note: The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.
6. Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.

END OF INFORMATIONAL NOTES

Dave Balassi (LA/Comm)/jk9

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**FIDELITY NATIONAL FINANCIAL
PRIVACY NOTICE**

At Fidelity National Financial, Inc., we respect and believe it is important to protect the privacy of consumers and our customers. This Privacy Notice explains how we collect, use, and protect any information that we collect from you, when and to whom we disclose such information, and the choices you have about the use of that information. A summary of the Privacy Notice is below, and we encourage you to review the entirety of the Privacy Notice following this summary. You can opt-out of certain disclosures by following our opt-out procedure set forth at the end of this Privacy Notice.

<p>Types of Information Collected. You may provide us with certain personal information about you, like your contact information, address demographic information, social security number (SSN), driver’s license, passport, other government ID numbers and/or financial information. We may also receive browsing information from your Internet browser, computer and/or mobile device if you visit or use our websites or applications.</p>	<p>How Information is Collected. We may collect personal information from you via applications, forms, and correspondence we receive from you and others related to our transactions with you. When you visit our websites from your computer or mobile device, we automatically collect and store certain information available to us through your Internet browser or computer equipment to optimize your website experience.</p>
<p>Use of Collected Information. We request and use your personal information to provide products and services to you, to improve our products and services, and to communicate with you about these products and services. We may also share your contact information with our affiliates for marketing purposes.</p>	<p>When Information Is Disclosed. We may disclose your information to our affiliates and/or nonaffiliated parties providing services for you or us, to law enforcement agencies or governmental authorities, as required by law, and to parties whose interest in title must be determined.</p>
<p>Choices With Your Information. Your decision to submit information to us is entirely up to you. You can opt-out of certain disclosure or use of your information or choose to not provide any personal information to us.</p>	<p>Information From Children. We do not knowingly collect information from children who are under the age of 13, and our website is not intended to attract children.</p>
<p>Privacy Outside the Website. We are not responsible for the privacy practices of third parties, even if our website links to those parties’ websites.</p>	<p>International Users. By providing us with your information, you consent to its transfer, processing and storage outside of your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.</p>
<p>The California Online Privacy Protection Act. Some FNF companies provide services to mortgage loan servicers and, in some cases, their websites collect information on behalf of mortgage loan servicers. The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through those websites.</p>	
<p>Your Consent To This Privacy Notice. By submitting information to us or by using our website, you are accepting and agreeing to the terms of this Privacy Notice.</p>	<p>Access and Correction; Contact Us. If you desire to contact us regarding this notice or your information, please contact us at privacy@fnf.com or as directed at the end of this Privacy Notice.</p>

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**FIDELITY NATIONAL FINANCIAL, INC.
PRIVACY NOTICE**

Fidelity National Financial, Inc. and its majority-owned subsidiary companies providing title insurance, real estate- and loan-related services (collectively, "FNF", "our" or "we") respect and are committed to protecting your privacy. We will take reasonable steps to ensure that your Personal Information and Browsing Information will only be used in compliance with this Privacy Notice and applicable laws. This Privacy Notice is only in effect for Personal Information and Browsing Information collected and/or owned by or on behalf of FNF, including Personal Information and Browsing Information collected through any FNF website, online service or application (collectively, the "Website").

Types of Information Collected

We may collect two types of information from you: Personal Information and Browsing Information.

Personal Information. FNF may collect the following categories of Personal Information:

- contact information (e.g., name, address, phone number, email address);
- demographic information (e.g., date of birth, gender, marital status);
- social security number (SSN), driver's license, passport, and other government ID numbers;
- financial account information; and
- other personal information needed from you to provide title insurance, real estate- and loan-related services to you.

Browsing Information. FNF may collect the following categories of Browsing Information:

- Internet Protocol (or IP) address or device ID/UDID, protocol and sequence information;
- browser language and type;
- domain name system requests;
- browsing history, such as time spent at a domain, time and date of your visit and number of clicks;
- http headers, application client and server banners; and
- operating system and fingerprinting data.

How Information is Collected

In the course of our business, we may collect *Personal Information* about you from the following sources:

- applications or other forms we receive from you or your authorized representative;
- the correspondence you and others send to us;
- information we receive through the Website;
- information about your transactions with, or services performed by, us, our affiliates or nonaffiliated third parties; and
- information from consumer or other reporting agencies and public records maintained by governmental entities that we obtain directly from those entities, our affiliates or others.

If you visit or use our Website, we may collect *Browsing Information* from you as follows:

- **Browser Log Files.** Our servers automatically log each visitor to the Website and collect and record certain browsing information about each visitor. The Browsing Information includes generic information and reveals nothing personal about the user.
- **Cookies.** When you visit our Website, a "cookie" may be sent to your computer. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive. When you visit a website again, the cookie allows the website to recognize your computer. Cookies may store user preferences and other information. You can choose whether or not to accept cookies by changing your Internet browser settings, which may impair or limit some functionality of the Website.

Use of Collected Information

Information collected by FNF is used for three main purposes:

- To provide products and services to you or any affiliate or third party who is obtaining services on your behalf or in connection with a transaction involving you.
- To improve our products and services.
- To communicate with you and to inform you about our, our affiliates' and third parties' products and services, jointly or independently.

When Information Is Disclosed

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) and Browsing Information to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Please see the section "Choices With Your Personal Information" to learn how to limit the discretionary disclosure of your Personal Information and Browsing Information.

Disclosures of your Personal Information may be made to the following categories of affiliates and nonaffiliated third parties:

- to third parties to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure;
- to our affiliate financial service providers for their use to market their products or services to you;
- to nonaffiliated third party service providers who provide or perform services on our behalf and use the disclosed information only in connection with such services;
- to nonaffiliated third party service providers with whom we perform joint marketing, pursuant to an agreement with them to market financial products or services to you;
- to law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoena or court order;
- to lenders, lien holders, judgment creditors, or other parties claiming an interest in title whose claim or interest must be determined, settled, paid, or released prior to closing; and

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- other third parties for whom you have given us written authorization to disclose your Personal Information.

We may disclose Personal Information and/or Browsing Information when required by law or in the good-faith belief that such disclosure is necessary to:

- comply with a legal process or applicable laws;
- enforce this Privacy Notice;
- investigate or respond to claims that any material, document, image, graphic, logo, design, audio, video or any other information provided by you violates the rights of a third party; or
- protect the rights, property or personal safety of FNF, its users or the public.

We maintain reasonable safeguards to keep your Personal Information secure. When we provide Personal Information to our affiliates or third party service providers as discussed in this Privacy Notice, we expect that these parties process such information in compliance with our Privacy Notice or in a manner that is in compliance with applicable privacy laws. The use of your information by a business partner may be subject to that party's own Privacy Notice. Unless permitted by law, we do not disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent.

We reserve the right to transfer your Personal Information, Browsing Information, and any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets, or in the event of our bankruptcy, reorganization, insolvency, receivership or an assignment for the benefit of creditors. You expressly agree and consent to the use and/or transfer of the foregoing information in connection with any of the above described proceedings. We cannot and will not be responsible for any breach of security by a third party or for any actions of any third party that receives any of the information that is disclosed to us.

Choices With Your Information

Whether you submit Personal Information or Browsing Information to FNF is entirely up to you. If you decide not to submit Personal Information or Browsing Information, FNF may not be able to provide certain services or products to you. The uses of your Personal Information and/or Browsing Information that, by law, you cannot limit, include:

- for our everyday business purposes – to process your transactions, maintain your account(s), to respond to law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders, or report to credit bureaus;
- for our own marketing purposes;
- for joint marketing with financial companies; and
- for our affiliates' everyday business purposes – information about your transactions and experiences.

You may choose to prevent FNF from disclosing or using your Personal Information and/or Browsing Information under the following circumstances ("opt-out"):

- for our affiliates' everyday business purposes – information about your creditworthiness; and
- for our affiliates to market to you.

To the extent permitted above, you may opt-out of disclosure or use of your Personal Information and Browsing Information by notifying us by one of the methods at the end of this Privacy Notice. We do not share your personal information with non-affiliates for their direct marketing purposes.

For California Residents: We will not share your Personal Information and Browsing Information with nonaffiliated third parties, except as permitted by California law. Currently, our policy is that we do not recognize "do not track" requests from Internet browsers and similar devices.

For Nevada Residents: You may be placed on our internal Do Not Call List by calling (888) 934-3354 or by contacting us via the information set forth at the end of this Privacy Notice. Nevada law requires that we also provide you with the following contact information: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; Phone number: (702) 486-3132; email: BCPINFO@ag.state.nv.us.

For Oregon Residents: We will not share your Personal Information and Browsing Information with nonaffiliated third parties for marketing purposes, except after you have been informed by us of such sharing and had an opportunity to indicate that you do not want a disclosure made for marketing purposes.

For Vermont Residents: We will not share your Personal Information and Browsing Information with nonaffiliated third parties, except as permitted by Vermont law, such as to process your transactions or to maintain your account. In addition, we will not share information about your creditworthiness with our affiliates except with your authorization. For joint marketing in Vermont, we will only disclose your name, contact information and information about your transactions.

Information From Children

The Website is meant for adults and is not intended or designed to attract children under the age of thirteen (13). We do not collect Personal Information from any person that we know to be under the age of thirteen (13) without permission from a parent or guardian. By using the Website, you affirm that you are over the age of 13 and will abide by the terms of this Privacy Notice.

Privacy Outside the Website

The Website may contain links to other websites. FNF is not and cannot be responsible for the privacy practices or the content of any of those other websites.

International Users

FNF's headquarters is located within the United States. If you reside outside the United States or are a citizen of the European Union, please note that we may transfer your Personal Information and/or Browsing Information outside of your country of residence or the European Union for any of the purposes described in this Privacy Notice. By providing FNF with your Personal Information and/or Browsing Information, you consent to our collection and transfer of such information in accordance with this Privacy Notice.

The California Online Privacy Protection Act

FNF Privacy Statement (Eff. 5/1/2015) Last Updated March 1, 2017
MISC0219 (DSI Rev. 3/2/17)

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For some FNF websites, such as the Customer CareNet ("CCN"), FNF is acting as a third party service provider to a mortgage loan servicer. In those instances, we may collect certain information on behalf of that mortgage loan servicer via the website. The information which we may collect on behalf of the mortgage loan servicer is as follows:

- first and last name;
- property address;
- user name and password;
- loan number;
- social security number - masked upon entry;
- email address;
- three security questions and answers; and
- IP address.

The information you submit through the website is then transferred to your mortgage loan servicer by way of CCN. **The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through this website. For example, if you believe that your payment or user information is incorrect, you must contact your mortgage loan servicer.**

CCN does not share consumer information with third parties, other than (1) those with which the mortgage loan servicer has contracted to interface with the CCN application, or (2) law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders. All sections of this Privacy Notice apply to your interaction with CCN, except for the sections titled "Choices with Your Information" and "Access and Correction." If you have questions regarding the choices you have with regard to your personal information or how to access or correct your personal information, you should contact your mortgage loan servicer.

Your Consent To This Privacy Notice

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of the information by us in compliance with this Privacy Notice. Amendments to the Privacy Notice will be posted on the Website. Each time you provide information to us, or we receive information about you, following any amendment of this Privacy Notice will signify your assent to and acceptance of its revised terms for all previously collected information and information collected from you in the future. We may use comments, information or feedback that you submit to us in any manner that we may choose without notice or compensation to you.

Accessing and Correcting Information; Contact Us

If you have questions, would like to access or correct your Personal Information, or want to opt-out of information sharing with our affiliates for their marketing purposes, please send your requests to privacy@fnf.com or by mail or phone to:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer
(888) 934-3354

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Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the field rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for each discount. These discounts only apply to transaction involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

FNF Underwritten Title Company

CTC - Chicago Title Company

FNF Underwriter

CTIC - Chicago Title Insurance Company

Available Discounts

CREDIT FOR PRELIMINARY REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (CTIC)

Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within 12 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge within the following time period from the date of the report.

DISASTER LOANS (CTIC)

The charge for a lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (CTIC)

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be 50% to 70% of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be 40% to 50% of the appropriate title insurance rate, depending on the type of coverage selected.

EMPLOYEE RATE (CTC and CTIC)

No charge shall be made to employees (including employees on approved retirement) of the Company or its underwritten, subsidiary title companies for policies or escrow services in connection with financing, refinancing, sale or purchase of the employees' bona fide home property. Waiver of such charges is authorized only in connection with those costs which the employee would be obligated to pay, by established custom, as a party to the transaction.

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ATTACHMENT ONE

**CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY – 1990**

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE**

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;

Attachment One (6-5-14) CA & NV

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- c. that result in no loss to You; or
- d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
- 5. Failure to pay value for Your Title.
- 6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.
 This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
- 7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
- 8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
- 9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1.00% % of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 18:	1.00% % of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 5,000.00

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

(Except as provided in Schedule B - Part II, (t(or T)his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

Attachment One (6-5-14) CA & NV

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(PART I

(The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:)

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

(The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
7. (Variable exceptions such as taxes, easements, CC&R's, etc. shown here.)

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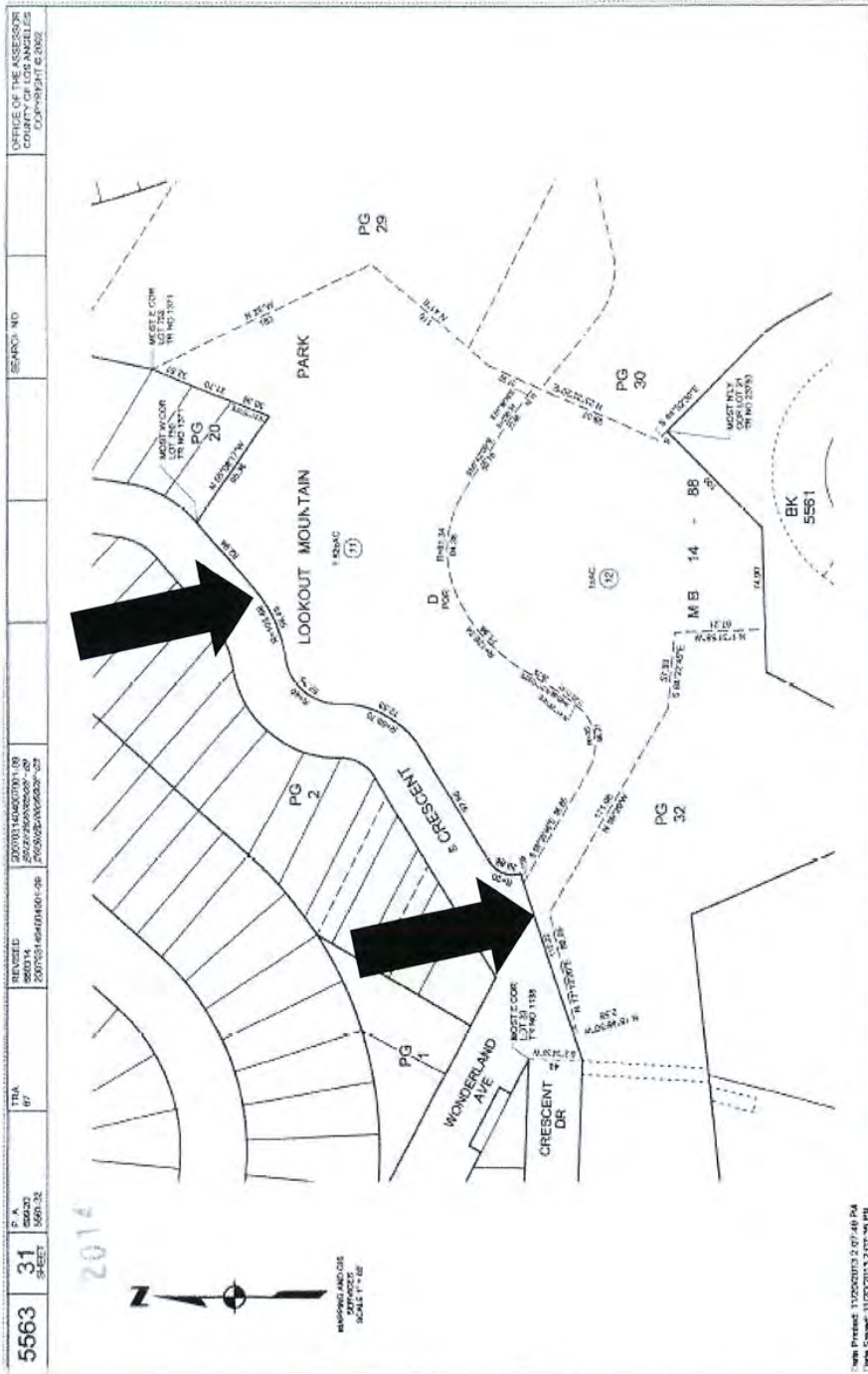
ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (12-02-13)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

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This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

Order 00069646
Page 1 of 1
Requested By: Boopathi, Printed: 3/21/2017 1:24 PM

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STATEMENT OF INFORMATION

CONFIDENTIAL INFORMATION STATEMENT TO BE USED IN CONNECTION WITH ORDER NO: 00069646-994-X49-DB
 COMPLETION OF THIS FORM WILL EXPEDITE YOUR ORDER AND WILL HELP PROTECT YOU.

THE STREET ADDRESS of the property in this transaction is:
 IF NONE LEAVE BLANK

ADDRESS: _____ CITY: _____

IMPROVEMENTS: SINGLE RESIDENCE MULTIPLE RESIDENCE COMMERCIAL
 OCCUPIED BY: OWNER LESSEE TENANTS
 ANY PORTION OF NEW LOAN FUNDS TO BE USED FOR CONSTRUCTION: YES NO

NAME			SPOUSES NAME		
FIRST	MIDDLE	LAST	FIRST	MIDDLE	LAST
BIRTHPLACE			BIRTHPLACE		
BIRTH DATE			BIRTH DATE		
I HAVE LIVED IN CALIFORNIA SINCE			I HAVE LIVED IN CALIFORNIA SINCE		
SOCIAL SECURITY NUMBER			SOCIAL SECURITY NUMBER		
DRIVER'S LICENSE NO. _____			DRIVER'S LICENSE NO. _____		
WIFE'S MAIDEN NAME: _____					
WE WERE MARRIED ON _____			AT _____		

RESIDENCE(S) FOR LAST 10 YEARS

NUMBER AND STREET	CITY	FROM	TO
NUMBER AND STREET	CITY	FROM	TO
NUMBER AND STREET	CITY	FROM	TO
NUMBER AND STREET	CITY	FROM	TO

OCCUPATION(S) FOR LAST 10 YEARS

HUSBAND			
PRESENT OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS
PRIOR OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS
PRIOR OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS
WIFE			
PRESENT OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS
PRIOR OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS
PRIOR OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS

FORMER MARRIAGES: IF NO FORMER MARRIAGES, WRITE "NONE": _____

NAME OF FORMER SPOUSE _____

IF DECEASED: DATE _____ WHERE _____

CURRENT LOAN ON PROPERTY

PAYMENTS ARE BEING MADE TO: _____ 2. _____

1. _____ 3. _____

HOMEOWNERS ASSOCIATION _____ NUMBER: _____

DATE _____ SIGNATURE _____
 HOME PHONE _____ BUSINESS PHONE _____

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STATEMENT OF INFORMATION
CONFIDENTIAL INFORMATION STATEMENT TO BE USED IN CONNECTION WITH ORDER NO: 00069646-994-X49-DB
COMPLETION OF THIS FORM WILL EXPEDITE YOUR ORDER AND WILL HELP PROTECT YOU.

THE STREET ADDRESS of the property in this transaction is: IF NONE LEAVE BLANK			
ADDRESS: _____		CITY: _____	
IMPROVEMENTS: <input type="checkbox"/> SINGLE RESIDENCE	<input type="checkbox"/> MULTIPLE RESIDENCE	<input type="checkbox"/> COMMERCIAL	
OCCUPIED BY: <input type="checkbox"/> OWNER	<input type="checkbox"/> LESSEE	<input type="checkbox"/> TENANTS	
ANY PORTION OF NEW LOAN FUNDS TO BE USED FOR CONSTRUCTION:		<input type="checkbox"/> YES <input type="checkbox"/> NO	
NAME		SPOUSES NAME	
FIRST _____	MIDDLE _____	LAST _____	
FIRST _____	MIDDLE _____	LAST _____	
BIRTHPLACE _____		BIRTH DATE _____	
BIRTHPLACE _____		BIRTH DATE _____	
I HAVE LIVED IN CALIFORNIA SINCE _____		SOCIAL SECURITY NUMBER _____	
I HAVE LIVED IN CALIFORNIA SINCE _____		SOCIAL SECURITY NUMBER _____	
DRIVER'S LICENSE NO. _____		DRIVER'S LICENSE NO. _____	
WIFE'S MAIDEN NAME: _____			
WE WERE MARRIED ON _____		AT _____	
RESIDENCE(S) FOR LAST 10 YEARS			
NUMBER AND STREET _____		CITY _____	FROM _____ TO _____
NUMBER AND STREET _____		CITY _____	FROM _____ TO _____
NUMBER AND STREET _____		CITY _____	FROM _____ TO _____
NUMBER AND STREET _____		CITY _____	FROM _____ TO _____
OCCUPATION(S) FOR LAST 10 YEARS			
HUSBAND			
PRESENT OCCUPATION _____	FIRM NAME _____	ADDRESS _____	NO. OF YEARS _____
PRIOR OCCUPATION _____	FIRM NAME _____	ADDRESS _____	NO. OF YEARS _____
PRIOR OCCUPATION _____	FIRM NAME _____	ADDRESS _____	NO. OF YEARS _____
WIFE			
PRESENT OCCUPATION _____	FIRM NAME _____	ADDRESS _____	NO. OF YEARS _____
PRIOR OCCUPATION _____	FIRM NAME _____	ADDRESS _____	NO. OF YEARS _____
PRIOR OCCUPATION _____	FIRM NAME _____	ADDRESS _____	NO. OF YEARS _____
FORMER MARRIAGES: IF NO FORMER MARRIAGES, WRITE "NONE": _____			
NAME OF FORMER SPOUSE _____			
IF DECEASED: DATE _____		WHERE _____	
CURRENT LOAN ON PROPERTY			
PAYMENTS ARE BEING MADE TO: _____ 2. _____			
1. _____	3. _____		
HOMEOWNERS ASSOCIATION _____		NUMBER: _____	

DATE _____ SIGNATURE _____
 HOME PHONE _____ BUSINESS PHONE _____

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Chicago Title Company

725 South Figueroa Street, Suite 200, Los Angeles, CA 90017
Phone: (213) 488-4300 • Fax: (213) 488-4377

Owner's Information Statement

Order No. 00069646-994-DB

This Affidavit, when fully completed, is to be signed **and notarized**, then returned to Chicago Title Company to enable Chicago Title Company to insure the presently pending transaction.

A F F I D A V I T

The undersigned owner hereby states that there are no unrecorded leases or agreements affecting the property described in the Preliminary Report for Title Order Number 00069646-994-DB and that there is no one in possession or entitled to possession of said property other than the vestee shown in said Preliminary Report, **except:**

The undersigned owner states that to his/her knowledge, there are no liens or rights to liens upon said property for labor, services and materials for work contracted for, and completed by, an owner, lessee, sub-lessee or tenant within the last year or which is now in progress, **except:**

This statement is made in connection with the request to Chicago Title Company to issue its policy(ies) of title insurance with respect to Title Order Number 00069646-994-DB.

Dated: _____

By: _____

By: _____

By: _____

By: _____

Address: _____

AFFD0002



CALIFORNIA ASSOCIATION OF REALTORS®

CONTINGENCY REMOVAL No. 1 (C.A.R. Form CR, Revised, 6/16)

In accordance with the terms and conditions of the: [X] Residential Purchase Agreement (C.A.R. Form RPA-CA), [] Request For Repair (C.A.R. Form RR), [] Response And Reply To Request For Repair (C.A.R. Form RRRR) or [] Other

dated 10/27/2017, on property known as 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069 ("Property"), between RND Sunset Associates, LLC, a Delaware limited liability company ("Buyer") and Paul Shepherd and Gigi Shepherd ("Seller").

I. BUYER REMOVAL OF BUYER CONTINGENCIES:

1. With respect to any contingency and cancellation right that Buyer removes, unless otherwise specified in a separate written agreement between Buyer and Seller, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations and review of reports and other applicable information and disclosures; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and, expense, if any, for Repairs, corrections, or for the inability to obtain financing. Waiver of statutory disclosures is prohibited by law.

2. Buyer removes those contingencies specified below.

A. ONLY the following individually checked Buyer contingencies are removed:

- 1. [] Loan (Paragraph 3J)
2. [] Appraisal (Paragraph 3I)
3. [] Buyer's Physical Inspection (Paragraph 12)
4. [] All Buyer Investigations other than a physical inspection (Paragraph 12)
5. [] Condominium/Planned Development (HOA or OA) Disclosures (Paragraph 10F)
6. [] Reports/Disclosures (Paragraphs 7 and 10)
7. [] Title: Preliminary Report (Paragraph 13)
8. [] Sale of Buyer's Property (Paragraph 4B)
9. [] Review of documentation for leased or liened items (Paragraph 8B(5))
10. [] Other:
11. [] Other:

OR B. [X] ALL Buyer contingencies are removed, EXCEPT: [] Loan Contingency (Paragraph 3J); [] Appraisal Contingency (Paragraph 3I); [] Contingency for the Sale of Buyer's Property (Paragraph 4B); [] Condominium/Planned Development (HOA) Disclosures (Paragraph 10F); [X] Other Entry of Sale Order (Addendum No. 1, para. 32)

OR C. [] BUYER HEREBY REMOVES ANY AND ALL BUYER CONTINGENCIES.

3. Once all contingencies are removed, whether or not Buyer has satisfied him/herself regarding all contingencies or received any information relating to those contingencies, Buyer may not be entitled to a return of Buyer's deposit if Buyer does not close escrow. This could happen even if, for example, Buyer does not approve of some aspect of the Property or lender does not approve Buyer's loan.

NOTE: Paragraph numbers refer to the California Residential Purchase Agreement (C.A.R. Form RPA-CA). Applicable paragraph numbers for each contingency or contractual action in other C.A.R. contracts are found in Contract Paragraph Matrix (C.A.R. Form CPM).

Buyer [Signature] Robert Flaxman, Authorized Signatory Date 10/27/2017
RND Sunset Associates, LLC, a Delaware limited liability company

II. SELLER REMOVAL OF SELLER CONTINGENCIES: Seller hereby removes the following Seller contingencies:

[] Finding of replacement property (C.A.R. Form SPRP); [] Closing on replacement property (C.A.R. Form SPRP)
[X] Other Any and all contingencies, other than Entry of Sale Order (Addendum No. 1, para. 32)

Seller Paul Shepherd and Gigi Shepherd Date

Seller Date

(/) (Initials) CONFIRMATION OF RECEIPT: A copy of this signed Contingency Removal was personally received by [] Buyer [] Seller or authorized agent on (date), at AM / PM.

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Reviewed by Date



CR REVISED 6/16 (PAGE 1 OF 1)

CONTINGENCY REMOVAL (CR PAGE 1 OF 1)



CALIFORNIA ASSOCIATION OF REALTORS®

CONTINGENCY REMOVAL No. 1
(C.A.R. Form CR, Revised, 6/16)

In accordance with the terms and conditions of the: Residential Purchase Agreement (C.A.R. Form RPA-CA), Request For Repair (C.A.R. Form RR), Response And Reply To Request For Repair (C.A.R. Form RRRR) or Other _____

dated 10/27/2017, on property known as 2375 and 2460 Sunset Plaza Drive, Los Angeles, CA 90069 ("Property"),
between RND Sunset Associates, LLC, a Delaware limited liability company ("Buyer"),
and Paul Shepherd and Gigi Shepherd ("Seller").

I. BUYER REMOVAL OF BUYER CONTINGENCIES:

1. With respect to any contingency and cancellation right that Buyer removes, unless otherwise specified in a separate written agreement between Buyer and Seller, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations and review of reports and other applicable information and disclosures; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and, expense, if any, for Repairs, corrections, or for the inability to obtain financing. Waiver of statutory disclosures is prohibited by law.

2. Buyer removes those contingencies specified below.

A. ONLY the following individually checked Buyer contingencies are removed:

- 1. Loan (Paragraph 3J)
- 2. Appraisal (Paragraph 3I)
- 3. Buyer's Physical Inspection (Paragraph 12)
- 4. All Buyer Investigations other than a physical inspection (Paragraph 12)
- 5. Condominium/Planned Development (HOA or OA) Disclosures (Paragraph 10F)
- 6. Reports/Disclosures (Paragraphs 7 and 10)
- 7. Title: Preliminary Report (Paragraph 13)
- 8. Sale of Buyer's Property (Paragraph 4B)
- 9. Review of documentation for leased or liened items (Paragraph 8B(5))
- 10. Other: _____
- 11. Other: _____

OR B. ALL Buyer contingencies are removed, EXCEPT: Loan Contingency (Paragraph 3J); Appraisal Contingency (Paragraph 3I); Contingency for the Sale of Buyer's Property (Paragraph 4B); Condominium/Planned Development (HOA) Disclosures (Paragraph 10F); Other Entry of Sale Order (Addendum No. 1, para. 32)

OR C. BUYER HEREBY REMOVES ANY AND ALL BUYER CONTINGENCIES.

3. Once all contingencies are removed, whether or not Buyer has satisfied him/herself regarding all contingencies or received any information relating to those contingencies, Buyer may not be entitled to a return of Buyer's deposit if Buyer does not close escrow. This could happen even if, for example, Buyer does not approve of some aspect of the Property or lender does not approve Buyer's loan.

NOTE: Paragraph numbers refer to the California Residential Purchase Agreement (C.A.R. Form RPA-CA). Applicable paragraph numbers for each contingency or contractual action in other C.A.R. contracts are found in Contract Paragraph Matrix (C.A.R. Form CPM).

Buyer RND Sunset Associates, LLC, a Delaware limited liability Date _____
Buyer _____ Date _____

II. SELLER REMOVAL OF SELLER CONTINGENCIES: Seller hereby removes the following Seller contingencies:

- Finding of replacement property (C.A.R. Form SPRP); Closing on replacement property (C.A.R. Form SPRP)
- Other Any and all contingencies, other than Entry of Sale Order (Addendum No. 1, para. 32)

Seller Paul Shepherd and Gigi Shepherd Date 10-27-2017
Seller Gigi Shepherd Date 10-27-2017

(_____/_____) (Initials) **CONFIRMATION OF RECEIPT:** A copy of this signed Contingency Removal was personally received by Buyer Seller or authorized agent on _____ (date), at _____ AM / PM.

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THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS®. NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ACCURACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.



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CR REVISED 6/16 (PAGE 1 OF 1)

CONTINGENCY REMOVAL (CR PAGE 1 OF 1)

Elkins Kalt Weintraub Reuben Gartside LLP, 2049 Century Park East Suite 2700 Los Angeles, CA 90067 Phone: (310)746-4401 Fax: _____
Keith Elkins Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.ziplogix.com **Shepherd**

EXHIBIT "4"

1 RON BENDER (SBN 143364)
BETH ANN R. YOUNG (SBN 143945)
2 TODD M. ARNOLD (SBN 221868)
LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.
3 10250 Constellation Blvd., Suite 1700
Los Angeles, CA 90067
4 Telephone: (310) 229-1234 / Fax: (310) 229-1244
5 Email: rb@lnbyb.com, tma@lnbyb.com

6 Attorneys for Debtors and Debtors in Possession

7 SCOTT J. LEIPZIG (SBN 192005)
MICHAEL S. GREGER (SBN 156525)
8 ALLEN MATKINS LECK GAMBLE MALLORY & NATSIS LLP
1901 Avenue of the Stars, Suite 1800
9 Los Angeles, CA 90067-6019
Telephone: (310) 788-2400 / Fax: (310) 788-2410
10 Email: sleipzig@allenmatkins.com, mgreger@allenmatkins.com

11 Special Litigation and Real Estate Counsel for Debtors and Debtors in Possession

12 **UNITED STATES BANKRUPTCY COURT**
13 **CENTRAL DISTRICT OF CALIFORNIA**
14 **LOS ANGELES DIVISION**

16
17 In re:
18 PAUL S. SHEPHERD and
GIGI R. SHEPHERD,
19 Debtors and Debtors in Possession.

Case No.: 2:17-bk-17991-BB

Chapter 11 Case

DEBTORS' NOTICE OF:
(1) OVERBID PROCEDURES,
(2) AUCTION, AND
(3) HEARING TO APPROVE WINNING
BIDDER AT AUCTION

Auction / Hearing:

Date: [REDACTED]
Time: [REDACTED] .m.
Place: Courtroom 1539
255 E. Temple Street
Los Angeles, California 90012

1 **PLEASE TAKE NOTICE** that, on November 15, 2017, the Court held a hearing to
2 consider the *Motion For Entry Of An Order (1) To The Extent The Agreement Is Valid And*
3 *Enforceable, Approving The Rejection Of An Alleged Agreement By The Debtors To Sell Real*
4 *Property To Nicolas Keros, (2) Approving The Sale Of The Debtors’ Real Property Free And*
5 *Clear Of All Liens, Claims, Encumbrances, And Interests, With The Exception Of Enumerated*
6 *Exclusions, To RND Sunset Associates, LLC, Subject To Overbid, (3) Approving Bidding*
7 *Procedures And Setting A Date To Conduct An Auction And A Hearing To Confirm The*
8 *Winning Bidder, (4) Authorizing And Approving The Payment Of Certain Claims From The*
9 *Sale Proceeds, And (5) Providing Related Relief* (the “Motion”) [Dkt.].

10 **PLEASE TAKE FURTHER NOTICE** that, pursuant to the Motion, the Debtors
11 sought, *inter alia*, entry of an order (the “Sale Order”), among other things:

12 (1) approving the sale of the Debtors’ real property, comprised of 2460
13 Sunset Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-011) and 2375 Sunset
14 Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-012) (together, the “Property”), to
15 (a) RND Sunset Associates, LLC or its designee (the “Buyer”), free and clear of any and
16 all liens, claims, encumbrances, and interests, with the exception of certain Excepted
17 Items (as defined, discussed, and identified in the Motion and the Memorandum of
18 Points and Authorities, Declarations, and Exhibits (together, the “Memorandum,
19 Declarations, and Exhibits”) filed in support of the Motion) and set forth in the Title
20 Report (as defined and discussed in the Motion and Memorandum, Declarations, and
21 Exhibits) attached to the Memorandum, Declarations, and Exhibits as Exhibit “2,” for a
22 purchase price of \$8.5 million (the “Purchase Price”), pursuant to the Residential
23 Purchase Agreement and Joint Escrow Instructions and related agreements (the “RND
24 Purchase Agreement”) attached to the Memorandum, Declarations, and Exhibits as
25 Exhibit “3,” subject to overbid (each an “Overbid” and collectively the “Overbids”)
26 pursuant to the overbid procedures (the “Overbid Procedures”) set forth below and any
27 auction (the “Auction”) conducted pursuant to the Overbid Procedures, or (b) the
28

1 winning overbidder (each an “Overbidder” and collectively the “Overbidders”) at the
2 Auction;

3 (2) finding that the Buyer or any winning Overbidder at the Auction
4 confirmed as the winning bidder for the Property is a “good faith” purchaser entitled to
5 the protections afforded under 11 U.S.C. § 363(m);

6 (3) approving Overbid Procedures; and

7 (4) in the event that there are Qualified Overbids, setting a date and time to
8 conduct an Auction and consider Overbids and to conduct a hearing (the “Auction and
9 Hearing To Consider Overbids”) to confirm the winning bid for the Property and
10 approve the Debtors’ sale of the Property to the Buyer or the winning bidder at the
11 Auction.

12 **PLEASE TAKE FURTHER NOTICE** that the terms and conditions of the proposed
13 sale to the Buyer, subject to Overbid, include the following:¹

- 14 • Name of Buyer: RND Sunset Associates, LLC or its designee.
- 15 • Asset: The Property.
- 16 • Purchase Price: \$8.5 million.
- 17 • Deposits: Within three (3) business days of the execution of the RND
18 Purchase Agreement, the Buyer is required to make an initial deposit of \$250,000 (the
19 “Initial Deposit”) into a segregated trust account with the Debtors’ bankruptcy counsel -
20 Levene, Neale, Bender, Yoo & Brill L.L.P. (“LNBYB”). If the Court denies the Motion
21 (or does not grant the Motion) for any reason other than the Buyer’s breach, at the
22 conclusion of the hearing on the Motion, the \$250,000 Initial Deposit will be
23 immediately refunded to the Buyer. In the event the Buyer breaches the RND Purchase
24 Agreement, the Buyer shall forfeit the Initial Deposit to the Debtors’ estate as liquidated
25 damages. If the Court grants the Motion, then within three (3) business days following

26
27 ¹ This is a summary only. To the extent there is any inconsistency between this summary and the terms of the
28 RND Purchase Agreement, the terms of the RND Purchase Agreement shall govern.

1 the entry of the Sale Order, the Buyer shall deposit an additional \$600,000 into the
2 segregated trust account at LNBYB (for a total deposit of \$850,000) (with the Initial
3 Deposit, the "Buyer Deposit"). The Buyer Deposit will be non-refundable (a) in the
4 event there is *not* one or more qualified Overbid and no Auction is conducted, if the
5 Buyer fails to close the purchase of the Property within thirty (30) days following the
6 date the Debtors file a notice with the Court indicating that (i) no qualified Overbidder
7 timely submitted a qualifying Overbid in accordance with the Overbid Procedures and
8 that, based thereon (ii) the Auction and hearing to consider Overbids are being canceled
9 or (b) in the event there is one or more qualified Overbid and an Auction is conducted
10 and the Buyer is the winning bidder, if the Buyer fails to close the purchase of the
11 Property within thirty (30) days following the date of entry of a Court order approving
12 the Buyer is the winning bidder (the "Post-Auction Sale Order") – regardless of whether
13 an appeal has been filed of the Sale Order or the Post-Auction Sale Order provided there
14 is no entered stay pending appeal (*i.e.*, no final order requirement/condition). In the
15 event that the Buyer breaches the RND Purchase Agreement, the Buyer shall forfeit the
16 entire Buyer Deposit to the Debtors' estate as liquidated damages. The Buyer Deposit
17 shall only be returned to the Buyer in the event that (a) the Sale Order is not entered by
18 the Bankruptcy Court in substantially and materially the form of the proposed order
19 attached to the Memorandum, Declarations, and Exhibits as Exhibit "1" other than as a
20 result of the Buyer's default under the RND Purchase Agreement, (b) to the extent the
21 Auction occurs, the Buyer is not confirmed as the winning bidder at the hearing to
22 confirm the winning bidder and approve the sale following the Auction pursuant to the
23 Post-Auction Sale Order, or (c) the close of escrow does not occur because (i) of a
24 breach by the Debtors, (ii) of the failure of a condition precedent to the Buyer's
25 obligation to proceed to the close of escrow set forth in the RND Purchase Agreement,
26 (iii) the Property or any portion thereof is destroyed or materially damaged, and the
27 Buyer elects to terminate the RND Purchase Agreement pursuant to Paragraph 43
28

1 thereof, (iv) the Property or any portion thereof is subject to a taking (or a written threat
2 of taking) by a public or governmental authority, and the Buyer elects to terminate the
3 RND Purchase Agreement pursuant to Paragraph 43 thereof, (v) the Buyer elects to
4 terminate the RND Purchase Agreement pursuant to Paragraph 10.A(6) thereof, or (vi)
5 the sale to the Buyer does not occur for any reason other than Buyer's default.

6 • Damages: Except as expressly provided by the RND Purchase
7 Agreement, if the RND Purchase Agreement is terminated by the Buyer for any reason,
8 escrow holder shall return the Buyer Deposit(s) to the Buyer in accordance with the
9 Buyer's written instructions, and except for the Buyer's express indemnity obligations
10 and another provision of the RND Purchase Agreement which expressly survives
11 termination of the RND Purchase Agreement, the parties shall have no liability or
12 further rights or obligations to one another under the RND Purchase Agreement.
13 Notwithstanding anything contrary in the RND Purchase Agreement, the Buyer retains
14 (a) any right it may have to damages for any breach of the RND Purchase Agreement,
15 subject to a cap of \$150,000, and (b) to assert the remedy of specific performance in the
16 event that the Debtors obtain the Sale Order and/or the Post-Auction Sale Order, as
17 applicable, and thereafter fail to close due to a breach of the RND Sale Agreement by
18 the Debtors; provided, however, that the foregoing shall not, in any way, be deemed to
19 expand or create any remedy under applicable law. In the event the close of escrow does
20 not occur by reason of default of the Buyer, or in the event that the Sale Order is not
21 entered as a result of any actions or omissions taken or made by the Debtors in bad faith,
22 in disregard of the RND Purchase Agreement, or involving willful misconduct on the
23 part of the Debtors, the Buyer and the Debtors agree to liquidated damages as provided
24 by paragraphs 21.B and 21.C of the RND Purchase Agreement.

25 • Condition of Asset/Property: "As-is" and "Where is."

26 • Contingencies: Entry of the Sale Order substantially and materially in the
27 form attached to the Memorandum, Declarations, and Exhibits as Exhibit Exhibit "1,"
28

1 without any material modifications except as consented to by the Buyer and, to the
2 extent there is one or more qualified Overbid and an Auction ensues, entry of the Post-
3 Auction Sale Order approving the sale of the Property to the Buyer or the winning
4 Overbidder, with such Post-Auction Sale Order to be substantially and materially in the
5 form of the Sale Order attached to the Memorandum, Declarations, and Exhibits as
6 Exhibit “1,” with revisions to address the occurrence at the Auction, bids at the Auction,
7 and the results of the Auction, including the winning Overbidder.

8 • Other Terms: The Debtors’ sale of the Property shall be free and clear of
9 any and all liens, claims, encumbrances, and interests, other than the Excepted Items,
10 which non-excepted liens, claims, encumbrances, and interests the Debtors believe are
11 limited to (a) the secured claim of Hargitay in the approximate amount of \$110,000,
12 which is secured by a senior deed of trust on the Property, (b) the alleged claims and
13 interest of Keros in the Property pursuant to the purported Keros Purchase Agreement
14 and a *lis pendens* recorded against the Property by Keros, with any such liens/interests to
15 be paid at the sale closing out of the net sale proceeds (in the case of Hargitay) or to
16 attach to the net sale proceeds with the same validity, scope, and interest as existed on
17 the Petition Date (in the case of Keros’ alleged interest, if any), and (c) the unrecorded
18 licenses granted by the Debtors in favor of John Powell, David Leon, Thomas Nickel,
19 Rozae Nichols, and Alan Diamond.

20 **PLEASE TAKE FURTHER NOTICE that the Auction and Final Hearing will be**
21 **conducted by, and held before, the Court on [REDACTED], at [REDACTED]:[REDACTED].m. in**
22 **Courtroom 1539, located at 255 E. Temple Street, Los Angeles, California 90012.**

23 **PLEASE TAKE FURTHER NOTICE** that the Court approved the following Overbid
24 Procedures, and the following Overbid Procedures will apply to the Auction:

25 • Break-Up Fee: \$255,000 (3% of the Purchase Price) (the “Break-Up
26 Fee”), paid to the Buyer if there is at least one qualifying Overbidder, an Auction is
27 held, and the Buyer is not the winning bidder at the Auction, with the Break-Up Fee to
28

1 be paid to the Buyer out of the proceeds of the sale to the winning bidder;

2 • Initial Overbid Amount: At least \$9,000,000 (the “Initial Overbid
3 Amount”);

4 • Qualification of Overbidders: In order for any prospective Overbidder to
5 have the right to bid at the Auction, the prospective Overbidder must, within three (3)
6 business days prior to the Auction, **(a)** provide to counsel for the Debtors ((i) Levene,
7 Neale, Bender, Yoo & Brill L.L.P., Attn: Ron Bender Esq. and Todd M. Arnold Esq,
8 10250 Constellation Blvd., Suite 1700, Los Angeles, CA 90067, Fax: (310) 229-1244,
9 Email: rb@lnbyb.com, tma@lnbyb.com and (ii) Allen Matkins Leck Gamble Mallory &
10 Natsis LLP, Attn: Scott J. Leipzig and Michael S. Greger, 1901 Avenue of the Stars,
11 Suite 1800, Los Angeles, CA 90067-6019, Fax: (310) 788-2410, Email:
12 sleipzig@allenmatkins.com, mgreger@allenmatkins.com) and counsel for the Buyer ((i)
13 Landau Gottfried & Berger LLP, Attn: Michael I. Gottfried, Esq., 1801 Century Park
14 East, Suite 700, Los Angeles, CA 90067, Fax: 310-557-0056, Email:
15 mgottfried@lgbfirm.com and (ii) Elkins Kalt Weintraub Reuben Gartside LLP, Attn:
16 Eric J. Lorenzini, 2049 Century Park East, Suite 2700 | Los Angeles, California 90067,
17 Fax: (310) 746-4499, Email: elorenzini@elkinskalt.com) a signed proposed purchase
18 agreement (each an “Overbid Purchase Agreement”), in substantially and materially the
19 same form as the RND Purchase Agreement, redlined to show any changes, with such
20 purchase agreement not to contain any financing, inspection, due diligence, or other
21 contingencies (including, a removal of all contingencies in the form attached to the RND
22 Purchase Agreement as CAR Form CR 14.C.), and with a minimum purchase price of at
23 least the Initial Overbid Amount of \$9.0 million; **(b)** submit a deposit in the amount of
24 \$850,000 into a segregated trust account maintained by the Debtors’ bankruptcy
25 counsel, LNBYB; **(c)** demonstrate to counsel for the Debtors that the prospective
26 Overbidder has sufficient funds to close the transaction within thirty (30) days following
27 the date of entry of the Post-Auction Sale Order approving the prospective Overbidder
28

1 as the winning bidder and the free and clear sale of the Property to the winning bidder;
2 and (d) agree that the prospective Overbidder’s deposit will be non-refundable if the
3 prospective Overbidder is the winning bidder at the Auction and fails to close the
4 purchase of the Property within thirty (30) days following the date of entry of the Post-
5 Auction Sale Order – regardless of whether an appeal has been filed of the Sale Order or
6 Post-Auction Sale Order, provided there is no entered stay pending appeal of either of
7 the foregoing orders (i.e., no final order requirement); and

8 • Overbidding Increments and Considerations in Determining the Winning
9 Bidder at Any Auction: In order to qualify to bid at the Auction, any Overbid Purchase
10 Agreement is required to include an Initial Overbid Amount of at least \$9.0 million.
11 Subsequent overbids at the Auction must be in increments of \$100,000 or amounts that
12 are wholly divisible by \$100,000. In the event there is one or more qualified Overbids
13 and the Buyer elects to participate in the Auction, the \$255,000 Break-Up Fee to be paid
14 to the Buyer in the event someone else is the winning bidder will be counted towards
15 determining the highest bid (i.e., the winning bid will be the bid that results in the
16 highest net cash to the estate after taking into account the Break-Up Fee, but
17 commissions due and owing and any other costs and expenses will not be taken into
18 consideration in determining the highest bid).

19 Dated: November [redacted], 2017

PAUL S. SHEPHERD and
GIGI R. SHEPHERD,

21
22 By: _____
23 RON BENDER
24 BETH ANN R. YOUNG
25 TODD M. ARNOLD
26 LEVENE, NEALE, BENDER, YOO
27 & BRILL L.L.P.
28 Attorneys for Debtors and Debtors in Possession

EXHIBIT "5"

Fill in this information to identify your case:

Debtor 1 Paul Stuart Shepherd
First Name Middle Name Last Name

Debtor 2 GiGi Renee Shepherd
(Spouse if, filing) First Name Middle Name Last Name

United States Bankruptcy Court for the: CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

Case number 2:17-bk-17991-BB
(if known)

Check if this is an amended filing

B 104

For Individual Chapter 11 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims Against You and Are Not Insiders

12/15

If you are an individual filing for bankruptcy under Chapter 11, you must fill out this form. If you are filing under Chapter 7, Chapter 12, or Chapter 13, do not fill out this form. Do not include claims by anyone who is an insider. Insiders include your relatives; any general partners; relatives of any general partners; partnerships of which you are a general partner; corporations of which you are an officer, director, person in control, or owner of 20 percent or more of their voting securities; and any managing agent, including one for a business you operate as a sole proprietor. 11 U.S.C. § 101. Also, do not include claims by secured creditors unless the unsecured claim resulting from inadequate collateral value places the creditor among the holders of the 20 largest unsecured claims.

Be as complete and accurate as possible. If two married people are filing together, both are equally responsible for supplying correct information.

Part 1: List the 20 Unsecured Claims in Order from Largest to Smallest. Do Not Include Claims by Insiders.

			Unsecured claim
<p>1</p> <p>Ellen Hargitay 2370 Sunset Plaza Dr. Los Angeles, CA 90069</p> <hr/> <p>Contact _____</p> <hr/> <p>Contact phone _____</p>	<p>What is the nature of the claim? <u>Loan</u></p> <p>As of the date you file, the claim is: Check all that apply</p> <p><input type="checkbox"/> Contingent</p> <p><input type="checkbox"/> Unliquidated</p> <p><input type="checkbox"/> Disputed</p> <p><input checked="" type="checkbox"/> None of the above apply</p> <p>Does the creditor have a lien on your property?</p> <p><input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/> Yes. Total claim (secured and unsecured) \$ _____</p> <p style="margin-left: 20px;">Value of security: - \$ _____</p> <p style="margin-left: 20px;">Unsecured claim \$ _____</p>		<p>\$ 43,254.50</p>

<p>2</p> <p>Allen Matkins Leck Gamble Mallory & Natsis LLP 1901 Avenue of the Stars, 18th Fl Los Angeles, CA 90067</p> <hr/> <p>Scott Leipzig</p>	<p>What is the nature of the claim? <u>Professional Legal Services</u></p> <p>As of the date you file, the claim is: Check all that apply</p> <p><input type="checkbox"/> Contingent</p> <p><input type="checkbox"/> Unliquidated</p> <p><input type="checkbox"/> Disputed</p> <p><input checked="" type="checkbox"/> None of the above apply</p> <p>Does the creditor have a lien on your property?</p> <p><input checked="" type="checkbox"/> No</p>		<p>\$ 36,473.00</p>
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Debtor 1 **Paul Stuart Shepherd**
 Debtor 2 **GiGi Renee Shepherd** Case number (if known) **2:17-bk-17991-BB**

Contact Yes. Total claim (secured and unsecured) \$ _____
 (310) 788-2400 Value of security: - \$ _____
 Contact phone Unsecured claim \$ _____

3 **Bank of America** What is the nature of the claim? **Credit Card** \$ **\$3,152.00**
P.O. Box 15168
Wilmington, DE 19850-5168

As of the date you file, the claim is: Check all that apply
 Contingent
 Unliquidated
 Disputed
 None of the above apply

Does the creditor have a lien on your property?
 No
 Yes. Total claim (secured and unsecured) \$ _____
 Value of security: - \$ _____
 Unsecured claim \$ _____

Contact _____
 Contact phone _____

4 **Glenn Stevens** What is the nature of the claim? **Professional Legal Services** \$ **\$800.00**
355 North Canon Drive
Beverly Hills, CA 90210

As of the date you file, the claim is: Check all that apply
 Contingent
 Unliquidated
 Disputed
 None of the above apply

Does the creditor have a lien on your property?
 No
 Yes. Total claim (secured and unsecured) \$ _____
 Value of security: - \$ _____
 Unsecured claim \$ _____

Glenn Stevens
 Contact _____
310-271-2229
 Contact phone _____

Part 2: Sign Below

Under penalty of perjury, I declare that the information provided in this form is true and correct.

X /s/ Paul Stuart Shepherd
Paul Stuart Shepherd
 Signature of Debtor 1

X /s/ GiGi Renee Shepherd
GiGi Renee Shepherd
 Signature of Debtor 2

Date July 14, 2017

Date July 14, 2017

Fill in this information to identify your case:

Debtor 1	Paul Stuart Shepherd	_____	_____	_____
	First Name	Middle Name	Last Name	
Debtor 2 (Spouse if, filing)	GiGi Renee Shepherd	_____	_____	_____
	First Name	Middle Name	Last Name	
United States Bankruptcy Court for the:	CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION			
Case number (if known)	2:17-bk-17991-BB			

Check if this is an amended filing

Official Form 106Sum

Summary of Your Assets and Liabilities and Certain Statistical Information

12/15

Be as complete and accurate as possible. If two married people are filing together, both are equally responsible for supplying correct information. Fill out all of your schedules first; then complete the information on this form. If you are filing amended schedules after you file your original forms, you must fill out a new *Summary* and check the box at the top of this page.

Part 1: Summarize Your Assets

		Your assets
		Value of what you own
1.	Schedule A/B: Property (Official Form 106A/B)	
1a.	Copy line 55, Total real estate, from Schedule A/B.....	\$ 9,000,000.00
1b.	Copy line 62, Total personal property, from Schedule A/B.....	\$ 124,670.84
1c.	Copy line 63, Total of all property on Schedule A/B.....	\$ 9,124,670.84

Part 2: Summarize Your Liabilities

		Your liabilities
		Amount you owe
2.	<i>Schedule D: Creditors Who Have Claims Secured by Property</i> (Official Form 106D)	
2a.	Copy the total you listed in Column A, <i>Amount of claim</i> , at the bottom of the last page of Part 1 of <i>Schedule D</i> ...	\$ 109,744.90
3.	<i>Schedule E/F: Creditors Who Have Unsecured Claims</i> (Official Form 106E/F)	
3a.	Copy the total claims from Part 1 (priority unsecured claims) from line 6e of <i>Schedule E/F</i>	\$ 0.00
3b.	Copy the total claims from Part 2 (nonpriority unsecured claims) from line 6j of <i>Schedule E/F</i>	\$ 1,297,424.26
Your total liabilities		\$ 1,407,169.16

Part 3: Summarize Your Income and Expenses

4.	<i>Schedule I: Your Income</i> (Official Form 106I)	
	Copy your combined monthly income from line 12 of <i>Schedule I</i>	\$ 1,250.00
5.	<i>Schedule J: Your Expenses</i> (Official Form 106J)	
	Copy your monthly expenses from line 22c of <i>Schedule J</i>	\$ 7,395.00

Part 4: Answer These Questions for Administrative and Statistical Records

6. **Are you filing for bankruptcy under Chapters 7, 11, or 13?**
- No. You have nothing to report on this part of the form. Check this box and submit this form to the court with your other schedules.
- Yes
7. **What kind of debt do you have?**
- Your debts are primarily consumer debts.** *Consumer debts* are those "incurred by an individual primarily for a personal, family, or household purpose." 11 U.S.C. § 101(8). Fill out lines 8-9g for statistical purposes. 28 U.S.C. § 159.
- Your debts are not primarily consumer debts.** You have nothing to report on this part of the form. *Check this box* and submit this form to

Debtor 1 **Paul Stuart Shepherd**

Debtor 2 **GiGi Renee Shepherd**

Case number (if known) **2:17-bk-17991-BB**

the court with your other schedules.

8. **From the Statement of Your Current Monthly Income:** Copy your total current monthly income from Official Form 122A-1 Line 11; OR, Form 122B Line 11; OR, Form 122C-1 Line 14.

\$ 1,370.77

9. **Copy the following special categories of claims from Part 4, line 6 of Schedule E/F:**

From Part 4 on Schedule E/F, copy the following:	Total claim
9a. Domestic support obligations (Copy line 6a.)	\$ <u>0.00</u>
9b. Taxes and certain other debts you owe the government. (Copy line 6b.)	\$ <u>0.00</u>
9c. Claims for death or personal injury while you were intoxicated. (Copy line 6c.)	\$ <u>0.00</u>
9d. Student loans. (Copy line 6f.)	\$ <u>0.00</u>
9e. Obligations arising out of a separation agreement or divorce that you did not report as priority claims. (Copy line 6g.)	\$ <u>0.00</u>
9f. Debts to pension or profit-sharing plans, and other similar debts. (Copy line 6h.)	+\$ <u>0.00</u>
9g. Total. Add lines 9a through 9f.	\$ <u>0.00</u>

Fill in this information to identify your case and this filing:

Debtor 1 **Paul Stuart Shepherd**
First Name Middle Name Last Name

Debtor 2 **GiGi Renee Shepherd**
(Spouse, if filing) First Name Middle Name Last Name

United States Bankruptcy Court for the: CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES
DIVISION

Case number **2:17-bk-17991-BB**

Check if this is an amended filing

Official Form 106A/B
Schedule A/B: Property

12/15

In each category, separately list and describe items. List an asset only once. If an asset fits in more than one category, list the asset in the category where you think it fits best. Be as complete and accurate as possible. If two married people are filing together, both are equally responsible for supplying correct information. If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write your name and case number (if known). Answer every question.

Part 1: Describe Each Residence, Building, Land, or Other Real Estate You Own or Have an Interest In

1. Do you own or have any legal or equitable interest in any residence, building, land, or similar property?

- No. Go to Part 2.
- Yes. Where is the property?

1.1

2375 and 2460 Sunset Plaza Drive

Street address, if available, or other description

Los Angeles CA 90069-0000

City State ZIP Code

Los Angeles

County

What is the property? Check all that apply

- Single-family home
- Duplex or multi-unit building
- Condominium or cooperative
- Manufactured or mobile home
- Land
- Investment property
- Timeshare
- Other _____

Who has an interest in the property? Check one

- Debtor 1 only
- Debtor 2 only
- Debtor 1 and Debtor 2 only
- At least one of the debtors and another

Do not deduct secured claims or exemptions. Put the amount of any secured claims on Schedule D: Creditors Who Have Claims Secured by Property.

Current value of the entire property?	Current value of the portion you own?
\$9,000,000.00	\$9,000,000.00

Describe the nature of your ownership interest (such as fee simple, tenancy by the entireties, or a life estate), if known.

Check if this is community property (see instructions)

Other information you wish to add about this item, such as local property identification number:

The Debtors' real property consists of two contiguous lots: (1) 2460 Sunset Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-011) (the "Upper Lot"), an approximately 1.5 acre lot on which is located the Debtors' principal residence, and (2) 2375 Sunset Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-012) (the "Lower Lot" and together with the Upper Lot the "Property"), an approximately 1 acre lot of undeveloped land.

The Debtors believe that the Property has a collective fair market value of between approximately \$8 and \$10 million. The middle value of \$9 million is used in "Current Value" above.

2. Add the dollar value of the portion you own for all of your entries from Part 1, including any entries for pages you have attached for Part 1. Write that number here.....=>

\$9,000,000.00

Part 2: Describe Your Vehicles

Debtor 1 **Paul Stuart Shepherd**
 Debtor 2 **GiGi Renee Shepherd**

Case number (if known) **2:17-bk-17991-BB**

Do you own, lease, or have legal or equitable interest in any vehicles, whether they are registered or not? Include any vehicles you own that someone else drives. If you lease a vehicle, also report it on *Schedule G: Executory Contracts and Unexpired Leases*.

3. Cars, vans, trucks, tractors, sport utility vehicles, motorcycles

- No
 Yes

3.1 Make: **Toyota**
 Model: **Tacoma**
 Year: **2005**
 Approximate mileage: **120,000**
 Other information:

Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069

Who has an interest in the property? Check one

- Debtor 1 only
 Debtor 2 only
 Debtor 1 and Debtor 2 only
 At least one of the debtors and another

Check if this is community property
 (see instructions)

Do not deduct secured claims or exemptions. Put the amount of any secured claims on *Schedule D: Creditors Who Have Claims Secured by Property*.

Current value of the entire property?

Current value of the portion you own?

\$9,500.00

\$9,500.00

3.2 Make: **Toyota**
 Model: **Prius**
 Year: **2013**
 Approximate mileage: **46,000**
 Other information:

Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069

Who has an interest in the property? Check one

- Debtor 1 only
 Debtor 2 only
 Debtor 1 and Debtor 2 only
 At least one of the debtors and another

Check if this is community property
 (see instructions)

Do not deduct secured claims or exemptions. Put the amount of any secured claims on *Schedule D: Creditors Who Have Claims Secured by Property*.

Current value of the entire property?

Current value of the portion you own?

\$14,106.00

\$14,106.00

4. Watercraft, aircraft, motor homes, ATVs and other recreational vehicles, other vehicles, and accessories

Examples: Boats, trailers, motors, personal watercraft, fishing vessels, snowmobiles, motorcycle accessories

- No
 Yes

5 Add the dollar value of the portion you own for all of your entries from Part 2, including any entries for pages you have attached for Part 2. Write that number here.....=>

\$23,606.00

Part 3: Describe Your Personal and Household Items

Do you own or have any legal or equitable interest in any of the following items?

Current value of the portion you own?

Do not deduct secured claims or exemptions.

6. Household goods and furnishings

Examples: Major appliances, furniture, linens, china, kitchenware

- No
 Yes. Describe.....

Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069

Miscellaneous Items, including GE refrigerator, gas stove, couch, 2 living room chairs, linens, microwave oven, love seat, glass coffee table, glass end table, bedding, kitchenware, etc.

\$1,500.00

7. Electronics

Examples: Televisions and radios; audio, video, stereo, and digital equipment; computers, printers, scanners; music collections; electronic devices including cell phones, cameras, media players, games

- No
 Yes. Describe.....

Debtor 1 **Paul Stuart Shepherd**

Debtor 2 **GiGi Renee Shepherd**

Case number (if known) **2:17-bk-17991-BB**

Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069

Miscellaneous Items, including 1 TiVo, 1 Dell Desktop Computer (2013), 1 Sony TV, etc.

\$500.00

8. Collectibles of value

Examples: Antiques and figurines; paintings, prints, or other artwork; books, pictures, or other art objects; stamp, coin, or baseball card collections; other collections, memorabilia, collectibles

No

Yes. Describe.....

Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069

Approximately 200 Robert Chuey paintings each with an approximate value of \$100

\$20,000.00

9. Equipment for sports and hobbies

Examples: Sports, photographic, exercise, and other hobby equipment; bicycles, pool tables, golf clubs, skis; canoes and kayaks; carpentry tools; musical instruments

No

Yes. Describe.....

Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069

Chuck Norris Total Gym

\$500.00

Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069

2 Bowling Balls (20 years old)

\$10.00

10. Firearms

Examples: Pistols, rifles, shotguns, ammunition, and related equipment

No

Yes. Describe.....

11. Clothes

Examples: Everyday clothes, furs, leather coats, designer wear, shoes, accessories

No

Yes. Describe.....

Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069

Miscellaneous Items

\$500.00

12. Jewelry

Examples: Everyday jewelry, costume jewelry, engagement rings, wedding rings, heirloom jewelry, watches, gems, gold, silver

No

Yes. Describe.....

13. Non-farm animals

Examples: Dogs, cats, birds, horses

No

Yes. Describe.....

Debtor 1 Paul Stuart Shepherd
Debtor 2 GiGi Renee Shepherd

Case number (if known) 2:17-bk-17991-BB

Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069
German Shepherd

\$900.00

14. Any other personal and household items you did not already list, including any health aids you did not list

- No
Yes. Give specific information.....

Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069
Weed Whacker and Lawn Blower

\$200.00

15. Add the dollar value of all of your entries from Part 3, including any entries for pages you have attached for Part 3. Write that number here

\$24,110.00

Part 4: Describe Your Financial Assets

Do you own or have any legal or equitable interest in any of the following?

Current value of the portion you own? Do not deduct secured claims or exemptions.

16. Cash

Examples: Money you have in your wallet, in your home, in a safe deposit box, and on hand when you file your petition

- No
Yes.....

Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069

\$2,055.00

17. Deposits of money

Examples: Checking, savings, or other financial accounts; certificates of deposit; shares in credit unions, brokerage houses, and other similar institutions. If you have multiple accounts with the same institution, list each.

- No
Yes..... Institution name:

17.1. Checking (Acct # XXXX6136) Wells Fargo \$57,108.62

17.2. Checking (Acct # XXXX4589) Bank of America \$41.68

18. Bonds, mutual funds, or publicly traded stocks

Examples: Bond funds, investment accounts with brokerage firms, money market accounts

- No
Yes..... Institution or issuer name:

19. Non-publicly traded stock and interests in incorporated and unincorporated businesses, including an interest in an LLC, partnership, and joint venture

- No
Yes. Give specific information about them..... Name of entity: % of ownership:

20. Government and corporate bonds and other negotiable and non-negotiable instruments

Negotiable instruments include personal checks, cashiers' checks, promissory notes, and money orders. Non-negotiable instruments are those you cannot transfer to someone by signing or delivering them.

Debtor 1 **Paul Stuart Shepherd**
 Debtor 2 **GiGi Renee Shepherd**

Case number (if known) **2:17-bk-17991-BB**

- No
- Yes. Give specific information about them
 Issuer name:

21. Retirement or pension accounts

Examples: Interests in IRA, ERISA, Keogh, 401(k), 403(b), thrift savings accounts, or other pension or profit-sharing plans

- No
- Yes. List each account separately.
 Type of account:

Institution name:

Retirement

CalStrs Retirement (Mrs. Shepherd)

\$11,533.54

22. Security deposits and prepayments

Your share of all unused deposits you have made so that you may continue service or use from a company

Examples: Agreements with landlords, prepaid rent, public utilities (electric, gas, water), telecommunications companies, or others

- No
- Yes.
 Institution name or individual:

23. Annuities (A contract for a periodic payment of money to you, either for life or for a number of years)

- No
- Yes..... Issuer name and description.

24. Interests in an education IRA, in an account in a qualified ABLE program, or under a qualified state tuition program.

26 U.S.C. §§ 530(b)(1), 529A(b), and 529(b)(1).

- No
- Yes..... Institution name and description. Separately file the records of any interests. 11 U.S.C. § 521(c):

25. Trusts, equitable or future interests in property (other than anything listed in line 1), and rights or powers exercisable for your benefit

- No
- Yes. Give specific information about them...

26. Patents, copyrights, trademarks, trade secrets, and other intellectual property

Examples: Internet domain names, websites, proceeds from royalties and licensing agreements

- No
- Yes. Give specific information about them...

27. Licenses, franchises, and other general intangibles

Examples: Building permits, exclusive licenses, cooperative association holdings, liquor licenses, professional licenses

- No
- Yes. Give specific information about them...

Money or property owed to you?

Current value of the portion you own?
 Do not deduct secured claims or exemptions.

28. Tax refunds owed to you

- No
- Yes. Give specific information about them, including whether you already filed the returns and the tax years.....

2016 Federal Tax Refund

Federal (IRS)

\$5,286.00

2016 State Tax Refund

State (FTB)

\$930.00

29. Family support

Examples: Past due or lump sum alimony, spousal support, child support, maintenance, divorce settlement, property settlement

- No

Debtor 1 **Paul Stuart Shepherd**
Debtor 2 **GiGi Renee Shepherd**

Case number (if known) **2:17-bk-17991-BB**

Yes. Give specific information.....

30. Other amounts someone owes you

Examples: Unpaid wages, disability insurance payments, disability benefits, sick pay, vacation pay, workers' compensation, Social Security benefits; unpaid loans you made to someone else

No

Yes. Give specific information..

31. Interests in insurance policies

Examples: Health, disability, or life insurance; health savings account (HSA); credit, homeowner's, or renter's insurance

No

Yes. Name the insurance company of each policy and list its value.

Company name:

Beneficiary:

Surrender or refund value:

32. Any interest in property that is due you from someone who has died

If you are the beneficiary of a living trust, expect proceeds from a life insurance policy, or are currently entitled to receive property because someone has died.

No

Yes. Give specific information..

33. Claims against third parties, whether or not you have filed a lawsuit or made a demand for payment

Examples: Accidents, employment disputes, insurance claims, or rights to sue

No

Yes. Describe each claim.....

Potential litigation claims against Nicholas Keros for, inter alia, breach of contract, undue influence, fraud, misrepresentation, deceit, reformation, rescission, and declaratory relief re: proper termination of the subject purported purchase agreement, based on the transaction and conduct described in (1) the Complaint and First Amended Complaint filed in Keros v. Shepherd, et al. (Case No. BC654456) and (2) the Statement of Events attached to the complaint filed by the Debtors on or about June 2, 2017 with the State of California Bureau of Real Estate against Douglas Elliman of California, Inc. and Josh Altman.

Unknown

Potential litigation claims against Douglas Elliman of California, Inc. and Josh Altman for, inter alia, breach of contract, undue influence, fraud, misrepresentation, deceit, negligence, and breach of fiduciary duty based on the putative transaction and conduct described in (1) the Complaint and First Amended Complaint filed in Keros v. Shepherd, et al. (Case No. BC654456) and (2) the Statement of Events attached to the complaint filed by the Debtors on or about June 2, 2017 with the State of California Bureau of Real Estate against Douglas Elliman of California, Inc. and Josh Altman

Unknown

34. Other contingent and unliquidated claims of every nature, including counterclaims of the debtor and rights to set off claims

No

Yes. Describe each claim.....

35. Any financial assets you did not already list

No

Yes. Give specific information..

Debtor 1 **Paul Stuart Shepherd**

Debtor 2 **GiGi Renee Shepherd**

Case number (if known) **2:17-bk-17991-BB**

36. Add the dollar value of all of your entries from Part 4, including any entries for pages you have attached for Part 4. Write that number here.....

\$76,954.84

Part 5: Describe Any Business-Related Property You Own or Have an Interest In. List any real estate in Part 1.

37. Do you own or have any legal or equitable interest in any business-related property?

No. Go to Part 6.

Yes. Go to line 38.

Part 6: Describe Any Farm- and Commercial Fishing-Related Property You Own or Have an Interest In.

If you own or have an interest in farmland, list it in Part 1.

46. Do you own or have any legal or equitable interest in any farm- or commercial fishing-related property?

No. Go to Part 7.

Yes. Go to line 47.

Part 7: Describe All Property You Own or Have an Interest in That You Did Not List Above

53. Do you have other property of any kind you did not already list?

Examples: Season tickets, country club membership

No

Yes. Give specific information.....

54. Add the dollar value of all of your entries from Part 7. Write that number here

\$0.00

Part 8: List the Totals of Each Part of this Form

55. Part 1: Total real estate, line 2		\$9,000,000.00
56. Part 2: Total vehicles, line 5	<u>\$23,606.00</u>	
57. Part 3: Total personal and household items, line 15	<u>\$24,110.00</u>	
58. Part 4: Total financial assets, line 36	<u>\$76,954.84</u>	
59. Part 5: Total business-related property, line 45	<u>\$0.00</u>	
60. Part 6: Total farm- and fishing-related property, line 52	<u>\$0.00</u>	
61. Part 7: Total other property not listed, line 54	+ <u>\$0.00</u>	
62. Total personal property. Add lines 56 through 61...	<u>\$124,670.84</u>	Copy personal property total <u>\$124,670.84</u>
63. Total of all property on Schedule A/B. Add line 55 + line 62		\$9,124,670.84

Fill in this information to identify your case:

Debtor 1	Paul Stuart Shepherd	_____	_____	_____
	First Name	Middle Name	Last Name	
Debtor 2 (Spouse if, filing)	GiGi Renee Shepherd	_____	_____	_____
	First Name	Middle Name	Last Name	
United States Bankruptcy Court for the:	CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION			
Case number (if known)	2:17-bk-17991-BB			

Check if this is an amended filing

Official Form 106C

Schedule C: The Property You Claim as Exempt

4/16

Be as complete and accurate as possible. If two married people are filing together, both are equally responsible for supplying correct information. Using the property you listed on *Schedule A/B: Property* (Official Form 106A/B) as your source, list the property that you claim as exempt. If more space is needed, fill out and attach to this page as many copies of *Part 2: Additional Page* as necessary. On the top of any additional pages, write your name and case number (if known).

For each item of property you claim as exempt, you must specify the amount of the exemption you claim. One way of doing so is to state a specific dollar amount as exempt. Alternatively, you may claim the full fair market value of the property being exempted up to the amount of any applicable statutory limit. Some exemptions—such as those for health aids, rights to receive certain benefits, and tax-exempt retirement funds—may be unlimited in dollar amount. However, if you claim an exemption of 100% of fair market value under a law that limits the exemption to a particular dollar amount and the value of the property is determined to exceed that amount, your exemption would be limited to the applicable statutory amount.

Part 1: Identify the Property You Claim as Exempt

1. Which set of exemptions are you claiming? Check one only, even if your spouse is filing with you.

- You are claiming state and federal nonbankruptcy exemptions. 11 U.S.C. § 522(b)(3)
- You are claiming federal exemptions. 11 U.S.C. § 522(b)(2)

2. For any property you list on *Schedule A/B* that you claim as exempt, fill in the information below.

Brief description of the property and line on <i>Schedule A/B</i> that lists this property	Current value of the portion you own <small>Copy the value from <i>Schedule A/B</i></small>	Amount of the exemption you claim <small>Check only one box for each exemption.</small>	Specific laws that allow exemption
2375 and 2460 Sunset Plaza Drive Los Angeles, CA 90069 Los Angeles County The Debtors' real property consists of two contiguous lots: (1) 2460 Sunset Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-011) (the "Upper Lot"), an approximately 1.5 acre lot o Line from <i>Schedule A/B</i> : 1.1	\$9,000,000.00	<input checked="" type="checkbox"/> \$100,000.00 <input type="checkbox"/> 100% of fair market value, up to any applicable statutory limit	C.C.P. § 704.730
Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069 Miscellaneous Items, including GE refrigerator, gas stove, couch, 2 living room chairs, linens, microwave oven, love seat, glass coffee table, glass end table, bedding, kitchenware, etc. Line from <i>Schedule A/B</i> : 6.1	\$1,500.00	<input checked="" type="checkbox"/> 100% <input type="checkbox"/> 100% of fair market value, up to any applicable statutory limit	C.C.P. § 704.020

Debtor 1 **Paul Stuart Shepherd**
 Debtor 2 **GiGi Renee Shepherd**

Case number (if known) **2:17-bk-17991-BB**

Brief description of the property and line on Schedule A/B that lists this property	Current value of the portion you own <small>Copy the value from Schedule A/B</small>	Amount of the exemption you claim <small>Check only one box for each exemption.</small>	Specific laws that allow exemption
Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069 Miscellaneous Items, including 1 TiVo, 1 Dell Desktop Computer (2013), 1 Sony TV, etc. Line from Schedule A/B: 7.1	<u>\$500.00</u>	<input checked="" type="checkbox"/> 100% <input type="checkbox"/> 100% of fair market value, up to any applicable statutory limit	C.C.P. § 704.020
Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069 Approximately 200 Robert Chuey paintings each with an approximate value of \$100 Line from Schedule A/B: 8.1	<u>\$20,000.00</u>	<input checked="" type="checkbox"/> \$8,000.00 <input type="checkbox"/> 100% of fair market value, up to any applicable statutory limit	C.C.P. § 704.040
Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069 Chuck Norris Total Gym Line from Schedule A/B: 9.1	<u>\$500.00</u>	<input checked="" type="checkbox"/> 100% <input type="checkbox"/> 100% of fair market value, up to any applicable statutory limit	C.C.P. § 704.020
Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069 2 Bowling Balls (20 years old) Line from Schedule A/B: 9.2	<u>\$10.00</u>	<input checked="" type="checkbox"/> 100% <input type="checkbox"/> 100% of fair market value, up to any applicable statutory limit	C.C.P. § 704.020
Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069 Miscellaneous Items Line from Schedule A/B: 11.1	<u>\$500.00</u>	<input checked="" type="checkbox"/> 100% <input type="checkbox"/> 100% of fair market value, up to any applicable statutory limit	C.C.P. § 704.020
Location: 2460 Sunset Plaza Drive, Los Angeles CA 90069 Weed Whacker and Lawn Blower Line from Schedule A/B: 14.1	<u>\$200.00</u>	<input checked="" type="checkbox"/> 100% <input type="checkbox"/> 100% of fair market value, up to any applicable statutory limit	C.C.P. § 704.020
Retirement: CalStrs Retirement (Mrs. Shepherd) Line from Schedule A/B: 21.1	<u>\$11,533.54</u>	<input checked="" type="checkbox"/> 100% <input type="checkbox"/> 100% of fair market value, up to any applicable statutory limit	C.C.P. § 704.115(a)(1) & (2), (b)

3. **Are you claiming a homestead exemption of more than \$160,375?**
 (Subject to adjustment on 4/01/19 and every 3 years after that for cases filed on or after the date of adjustment.)
- No
- Yes. Did you acquire the property covered by the exemption within 1,215 days before you filed this case?
- No
- Yes

Fill in this information to identify your case:

Debtor 1 **Paul Stuart Shepherd**
First Name Middle Name Last Name

Debtor 2 **GiGi Renee Shepherd**
(Spouse if, filing) First Name Middle Name Last Name

United States Bankruptcy Court for the: CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

Case number **2:17-bk-17991-BB**
(if known)

Check if this is an amended filing

Official Form 106D

Schedule D: Creditors Who Have Claims Secured by Property

12/15

Be as complete and accurate as possible. If two married people are filing together, both are equally responsible for supplying correct information. If more space is needed, copy the Additional Page, fill it out, number the entries, and attach it to this form. On the top of any additional pages, write your name and case number (if known).

1. Do any creditors have claims secured by your property?

- No. Check this box and submit this form to the court with your other schedules. You have nothing else to report on this form.
- Yes. Fill in all of the information below.

Part 1: List All Secured Claims

2. List all secured claims. If a creditor has more than one secured claim, list the creditor separately for each claim. If more than one creditor has a particular claim, list the other creditors in Part 2. As much as possible, list the claims in alphabetical order according to the creditor's name.

Column A	Column B	Column C
Amount of claim Do not deduct the value of collateral.	Value of collateral that supports this claim	Unsecured portion If any
\$109,744.90	\$9,000,000.00	\$0.00

2.1 **Ellen Hargitay**
Creditor's Name

Describe the property that secures the claim:

Only the Upper Lot of the Property as defined and described in Schedule A -- i.e., 2460 Sunset Plaza Drive, Los Angeles, CA 90069 (APN 5563-031-011), an approximately 1.5 acre lot on which is located the Debtors' principal residence.

**2370 Sunset Plaza Dr.
 Los Angeles, CA 90069**

Number, Street, City, State & Zip Code

As of the date you file, the claim is: Check all that apply.

- Contingent
- Unliquidated
- Disputed

Nature of lien. Check all that apply.

- An agreement you made (such as mortgage or secured car loan)
- Statutory lien (such as tax lien, mechanic's lien)
- Judgment lien from a lawsuit

Who owes the debt? Check one.

- Debtor 1 only
- Debtor 2 only
- Debtor 1 and Debtor 2 only
- At least one of the debtors and another
- Check if this claim relates to a community debt

Other (including a right to offset) 1st Priority Trust Deed

Date debt was incurred 6/14/17 Last 4 digits of account number _____

Add the dollar value of your entries in Column A on this page. Write that number here:
 If this is the last page of your form, add the dollar value totals from all pages.
 Write that number here:

\$109,744.90
\$109,744.90

Part 2: List Others to Be Notified for a Debt That You Already Listed

Use this page only if you have others to be notified about your bankruptcy for a debt that you already listed in Part 1. For example, if a collection agency is trying to collect from you for a debt you owe to someone else, list the creditor in Part 1, and then list the collection agency here. Similarly, if you have more than one creditor for any of the debts that you listed in Part 1, list the additional creditors here. If you do not have additional persons to be notified for any debts in Part 1, do not fill out or submit this page.

Fill in this information to identify your case:

Debtor 1 **Paul Stuart Shepherd**
First Name Middle Name Last Name

Debtor 2 **GiGi Renee Shepherd**
(Spouse if, filing) First Name Middle Name Last Name

United States Bankruptcy Court for the: CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

Case number **2:17-bk-17991-BB**
(if known)

Check if this is an amended filing

Official Form 106E/F

Schedule E/F: Creditors Who Have Unsecured Claims

12/15

Be as complete and accurate as possible. Use Part 1 for creditors with PRIORITY claims and Part 2 for creditors with NONPRIORITY claims. List the other party to any executory contracts or unexpired leases that could result in a claim. Also list executory contracts on Schedule A/B: Property (Official Form 106A/B) and on Schedule G: Executory Contracts and Unexpired Leases (Official Form 106G). Do not include any creditors with partially secured claims that are listed in Schedule D: Creditors Who Have Claims Secured by Property. If more space is needed, copy the Part you need, fill it out, number the entries in the boxes on the left. Attach the Continuation Page to this page. If you have no information to report in a Part, do not file that Part. On the top of any additional pages, write your name and case number (if known).

Part 1: List All of Your PRIORITY Unsecured Claims

1. Do any creditors have priority unsecured claims against you?

No. Go to Part 2.

Yes.

2. List all of your priority unsecured claims. If a creditor has more than one priority unsecured claim, list the creditor separately for each claim. For each claim listed, identify what type of claim it is. If a claim has both priority and nonpriority amounts, list that claim here and show both priority and nonpriority amounts. As much as possible, list the claims in alphabetical order according to the creditor's name. If you have more than two priority unsecured claims, fill out the Continuation Page of Part 1. If more than one creditor holds a particular claim, list the other creditors in Part 3.

(For an explanation of each type of claim, see the instructions for this form in the instruction booklet.)

		Total claim	Priority amount	Nonpriority amount	
2.1	Employment Development Dept. Priority Creditor's Name Bankruptcy Group MIC 92E P.O. Box 826880 Sacramento, CA 94280-0001 Number Street City State Zip Code	Last 4 digits of account number _____	\$0.00	\$0.00	\$0.00
	Who incurred the debt? Check one. <input type="checkbox"/> Debtor 1 only <input type="checkbox"/> Debtor 2 only <input checked="" type="checkbox"/> Debtor 1 and Debtor 2 only <input type="checkbox"/> At least one of the debtors and another <input type="checkbox"/> Check if this claim is for a community debt Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	When was the debt incurred? _____ As of the date you file, the claim is: Check all that apply <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed Type of PRIORITY unsecured claim: <input type="checkbox"/> Domestic support obligations <input checked="" type="checkbox"/> Taxes and certain other debts you owe the government <input type="checkbox"/> Claims for death or personal injury while you were intoxicated <input type="checkbox"/> Other. Specify _____	For Notice Purposes Only		

Debtor 1 Paul Stuart Shepherd
Debtor 2 GiGi Renee Shepherd

Case number (if know) 2:17-bk-17991-BB

2.2 Franchise Tax Board
Priority Creditor's Name
Bankruptcy Section, MS: A-340
P.O. Box 2952
Sacramento, CA 95812-2952
Number Street City State Zip Code
Who incurred the debt? Check one.
Last 4 digits of account number \$0.00 \$0.00 \$0.00
When was the debt incurred?
As of the date you file, the claim is: Check all that apply
Type of PRIORITY unsecured claim:
For Notice Purposes Only

2.3 Internal Revenue Service (IRS)
Priority Creditor's Name
P.O. Box 7346
Philadelphia, PA 19101-7346
Number Street City State Zip Code
Who incurred the debt? Check one.
Last 4 digits of account number \$0.00 \$0.00 \$0.00
When was the debt incurred?
As of the date you file, the claim is: Check all that apply
Type of PRIORITY unsecured claim:
For Notice Purposes Only

2.4 Los Angeles County Tax Collector
Priority Creditor's Name
P.O. Box 54110
Los AngelesCA 90054-0110
Number Street City State Zip Code
Who incurred the debt? Check one.
Last 4 digits of account number 3101 \$0.00 \$0.00 \$0.00
When was the debt incurred?
As of the date you file, the claim is: Check all that apply
Type of PRIORITY unsecured claim:
For Notice Purposes Only

Part 2: List All of Your NONPRIORITY Unsecured Claims

3. Do any creditors have nonpriority unsecured claims against you?

- No. You have nothing to report in this part. Submit this form to the court with your other schedules.
Yes.

4. List all of your nonpriority unsecured claims in the alphabetical order of the creditor who holds each claim. If a creditor has more than one nonpriority unsecured claim, list the creditor separately for each claim. For each claim listed, identify what type of claim it is. Do not list claims already included in Part 1. If more than one creditor holds a particular claim, list the other creditors in Part 3. If you have more than three nonpriority unsecured claims fill out the Continuation Page of

Debtor 1 **Paul Stuart Shepherd**
 Debtor 2 **GiGi Renee Shepherd**

Case number (if know) **2:17-bk-17991-BB**

Part 2.

		Total claim	
4.1	<p>Allen Matkins Leck Gamble Nonpriority Creditor's Name Mallory & Natsis LLP 1901 Avenue of the Stars, 18th Fl Los Angeles, CA 90067 Number Street City State Zip Code</p> <p>Who incurred the debt? Check one.</p> <p><input type="checkbox"/> Debtor 1 only <input type="checkbox"/> Debtor 2 only <input checked="" type="checkbox"/> Debtor 1 and Debtor 2 only <input type="checkbox"/> At least one of the debtors and another</p> <p><input checked="" type="checkbox"/> Check if this claim is for a community debt</p> <p>Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes</p>	<p>Last 4 digits of account number _____</p> <p>When was the debt incurred? _____</p> <p>As of the date you file, the claim is: Check all that apply</p> <p><input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed</p> <p>Type of NONPRIORITY unsecured claim: <input type="checkbox"/> Student loans <input type="checkbox"/> Obligations arising out of a separation agreement or divorce that you did not report as priority claims <input type="checkbox"/> Debts to pension or profit-sharing plans, and other similar debts <input checked="" type="checkbox"/> Other. Specify Professional Legal Services</p>	<p>\$36,473.00</p>
4.2	<p>Bank of America Nonpriority Creditor's Name P.O. Box 15168 Wilmington, DE 19850-5168 Number Street City State Zip Code</p> <p>Who incurred the debt? Check one.</p> <p><input type="checkbox"/> Debtor 1 only <input checked="" type="checkbox"/> Debtor 2 only <input type="checkbox"/> Debtor 1 and Debtor 2 only <input type="checkbox"/> At least one of the debtors and another</p> <p><input type="checkbox"/> Check if this claim is for a community debt</p> <p>Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes</p>	<p>Last 4 digits of account number 0514</p> <p>When was the debt incurred? Various</p> <p>As of the date you file, the claim is: Check all that apply</p> <p><input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed</p> <p>Type of NONPRIORITY unsecured claim: <input type="checkbox"/> Student loans <input type="checkbox"/> Obligations arising out of a separation agreement or divorce that you did not report as priority claims <input type="checkbox"/> Debts to pension or profit-sharing plans, and other similar debts <input checked="" type="checkbox"/> Other. Specify Credit Card</p>	<p>\$3,152.00</p>
4.3	<p>Douglas Elliman Nonpriority Creditor's Name c/o Colin Keenan, Sr. VP-Mng Broker 150 El Camino Drive Beverly Hills, CA 90212 Number Street City State Zip Code</p> <p>Who incurred the debt? Check one.</p> <p><input type="checkbox"/> Debtor 1 only <input type="checkbox"/> Debtor 2 only <input checked="" type="checkbox"/> Debtor 1 and Debtor 2 only <input type="checkbox"/> At least one of the debtors and another</p> <p><input checked="" type="checkbox"/> Check if this claim is for a community debt</p> <p>Is the claim subject to offset? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes</p>	<p>Last 4 digits of account number _____</p> <p>When was the debt incurred? _____</p> <p>As of the date you file, the claim is: Check all that apply</p> <p><input checked="" type="checkbox"/> Contingent <input checked="" type="checkbox"/> Unliquidated <input checked="" type="checkbox"/> Disputed</p> <p>Type of NONPRIORITY unsecured claim: <input type="checkbox"/> Student loans <input type="checkbox"/> Obligations arising out of a separation agreement or divorce that you did not report as priority claims <input type="checkbox"/> Debts to pension or profit-sharing plans, and other similar debts <input checked="" type="checkbox"/> Other. Specify Alleged Contingent Sale Commission</p>	<p>\$0.00</p>

Debtor 1 **Paul Stuart Shepherd**
Debtor 2 **GiGi Renee Shepherd**

Case number (if know) **2:17-bk-17991-BB**

4.4 **Ellen Hargitay** Last 4 digits of account number _____ \$43,254.50
 Nonpriority Creditor's Name
2370 Sunset Plaza Dr.
Los Angeles, CA 90069
 Number Street City State Zip Code
 Who incurred the debt? Check one.
 Debtor 1 only
 Debtor 2 only
 Debtor 1 and Debtor 2 only
 At least one of the debtors and another
 Check if this claim is for a community debt
 Is the claim subject to offset?
 No
 Yes
 When was the debt incurred? **4/26/17**
 As of the date you file, the claim is: Check all that apply
 Contingent
 Unliquidated
 Disputed
 Type of NONPRIORITY unsecured claim:
 Student loans
 Obligations arising out of a separation agreement or divorce that you did not report as priority claims
 Debts to pension or profit-sharing plans, and other similar debts
 Other. Specify **Loan**

4.5 **Force-Nagler, LLC** Last 4 digits of account number _____ \$0.00
 Nonpriority Creditor's Name
1868 North Doheney Drive
Los Angeles, CA 90069
 Number Street City State Zip Code
 Who incurred the debt? Check one.
 Debtor 1 only
 Debtor 2 only
 Debtor 1 and Debtor 2 only
 At least one of the debtors and another
 Check if this claim is for a community debt
 Is the claim subject to offset?
 No
 Yes
 When was the debt incurred? _____
 As of the date you file, the claim is: Check all that apply
 Contingent
 Unliquidated
 Disputed
 Type of NONPRIORITY unsecured claim:
 Student loans
 Obligations arising out of a separation agreement or divorce that you did not report as priority claims
 Debts to pension or profit-sharing plans, and other similar debts
 Other. Specify **For Notice Purposes Only**

4.6 **Force-Nagler, LLC** Last 4 digits of account number _____ \$0.00
 Nonpriority Creditor's Name
c/o Ms. Judy Nagler, Agent for Serv
13622 Gault Street
Van Nuys, CA 91405
 Number Street City State Zip Code
 Who incurred the debt? Check one.
 Debtor 1 only
 Debtor 2 only
 Debtor 1 and Debtor 2 only
 At least one of the debtors and another
 Check if this claim is for a community debt
 Is the claim subject to offset?
 No
 Yes
 When was the debt incurred? _____
 As of the date you file, the claim is: Check all that apply
 Contingent
 Unliquidated
 Disputed
 Type of NONPRIORITY unsecured claim:
 Student loans
 Obligations arising out of a separation agreement or divorce that you did not report as priority claims
 Debts to pension or profit-sharing plans, and other similar debts
 Other. Specify **For Notice Purposes Only**

Debtor 1 Paul Stuart Shepherd
Debtor 2 GiGi Renee Shepherd

Case number (if know) 2:17-bk-17991-BB

4.7 **Glenn Stevens** Last 4 digits of account number _____ \$800.00
 Nonpriority Creditor's Name
355 North Canon Drive
Beverly Hills, CA 90210
 Number Street City State Zip Code
 Who incurred the debt? Check one.
 Debtor 1 only
 Debtor 2 only
 Debtor 1 and Debtor 2 only
 At least one of the debtors and another
 Check if this claim is for a community debt
 Is the claim subject to offset?
 No
 Yes

When was the debt incurred? **April or May 2017**

As of the date you file, the claim is: Check all that apply
 Contingent
 Unliquidated
 Disputed
 Type of NONPRIORITY unsecured claim:
 Student loans
 Obligations arising out of a separation agreement or divorce that you did not report as priority claims
 Debts to pension or profit-sharing plans, and other similar debts
 Other. Specify **Attorney Fees**

4.8 **Inez Shepherd** Last 4 digits of account number _____ \$135,000.00
 Nonpriority Creditor's Name
3209 Shoreheight Street
Las Vegas, NV 89117
 Number Street City State Zip Code
 Who incurred the debt? Check one.
 Debtor 1 only
 Debtor 2 only
 Debtor 1 and Debtor 2 only
 At least one of the debtors and another
 Check if this claim is for a community debt
 Is the claim subject to offset?
 No
 Yes

When was the debt incurred? **June 2015**

As of the date you file, the claim is: Check all that apply
 Contingent
 Unliquidated
 Disputed
 Type of NONPRIORITY unsecured claim:
 Student loans
 Obligations arising out of a separation agreement or divorce that you did not report as priority claims
 Debts to pension or profit-sharing plans, and other similar debts
 Other. Specify **Personal Loan**

4.9 **Inez Shepherd** Last 4 digits of account number _____ \$205,847.36
 Nonpriority Creditor's Name
3209 Shoreheight Street
Las Vegas, NV 89117
 Number Street City State Zip Code
 Who incurred the debt? Check one.
 Debtor 1 only
 Debtor 2 only
 Debtor 1 and Debtor 2 only
 At least one of the debtors and another
 Check if this claim is for a community debt
 Is the claim subject to offset?
 No
 Yes

When was the debt incurred? **March 2014**

As of the date you file, the claim is: Check all that apply
 Contingent
 Unliquidated
 Disputed
 Type of NONPRIORITY unsecured claim:
 Student loans
 Obligations arising out of a separation agreement or divorce that you did not report as priority claims
 Debts to pension or profit-sharing plans, and other similar debts
 Other. Specify **Personal Loan**

Debtor 1 **Paul Stuart Shepherd**
Debtor 2 **GiGi Renee Shepherd**

Case number (if know) **2:17-bk-17991-BB**

4.1 0	Inez Shepherd	Last 4 digits of account number	\$872,897.40
	Nonpriority Creditor's Name 3209 Shoreheight Street Las Vegas, NV 89117	When was the debt incurred?	2012
	Number Street City State Zip Code Who incurred the debt? Check one.	As of the date you file, the claim is: Check all that apply	
	<input type="checkbox"/> Debtor 1 only	<input type="checkbox"/> Contingent	
	<input type="checkbox"/> Debtor 2 only	<input type="checkbox"/> Unliquidated	
	<input checked="" type="checkbox"/> Debtor 1 and Debtor 2 only	<input type="checkbox"/> Disputed	
	<input type="checkbox"/> At least one of the debtors and another	Type of NONPRIORITY unsecured claim:	
	<input checked="" type="checkbox"/> Check if this claim is for a community debt	<input type="checkbox"/> Student loans	
	Is the claim subject to offset?	<input type="checkbox"/> Obligations arising out of a separation agreement or divorce that you did not report as priority claims	
	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Debts to pension or profit-sharing plans, and other similar debts	
	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> Other. Specify Personal Loan	

4.1 1	LA DWP	Last 4 digits of account number	\$0.00
	Nonpriority Creditor's Name P.O. Box. 30808 Los Angeles, CA 90030-0808	When was the debt incurred?	
	Number Street City State Zip Code Who incurred the debt? Check one.	As of the date you file, the claim is: Check all that apply	
	<input type="checkbox"/> Debtor 1 only	<input type="checkbox"/> Contingent	
	<input checked="" type="checkbox"/> Debtor 2 only	<input type="checkbox"/> Unliquidated	
	<input type="checkbox"/> Debtor 1 and Debtor 2 only	<input type="checkbox"/> Disputed	
	<input type="checkbox"/> At least one of the debtors and another	Type of NONPRIORITY unsecured claim:	
	<input type="checkbox"/> Check if this claim is for a community debt	<input type="checkbox"/> Student loans	
	Is the claim subject to offset?	<input type="checkbox"/> Obligations arising out of a separation agreement or divorce that you did not report as priority claims	
	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Debts to pension or profit-sharing plans, and other similar debts	
	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> Other. Specify Utility	

4.1 2	Mercury Insurance	Last 4 digits of account number	\$0.00
	Nonpriority Creditor's Name PO Box 11991 Santa Ana, CA 92711	When was the debt incurred?	
	Number Street City State Zip Code Who incurred the debt? Check one.	As of the date you file, the claim is: Check all that apply	
	<input checked="" type="checkbox"/> Debtor 1 only	<input type="checkbox"/> Contingent	
	<input type="checkbox"/> Debtor 2 only	<input type="checkbox"/> Unliquidated	
	<input type="checkbox"/> Debtor 1 and Debtor 2 only	<input type="checkbox"/> Disputed	
	<input type="checkbox"/> At least one of the debtors and another	Type of NONPRIORITY unsecured claim:	
	<input type="checkbox"/> Check if this claim is for a community debt	<input type="checkbox"/> Student loans	
	Is the claim subject to offset?	<input type="checkbox"/> Obligations arising out of a separation agreement or divorce that you did not report as priority claims	
	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Debts to pension or profit-sharing plans, and other similar debts	
	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> Other. Specify Insurance	

Debtor 1 **Paul Stuart Shepherd**
Debtor 2 **GiGi Renee Shepherd**

Case number (if know) **2:17-bk-17991-BB**

4.1
3

Mr. Josh Altman Last 4 digits of account number _____ \$0.00

Nonpriority Creditor's Name
The Altman Brothers
150 El Camino Drive
Beverly Hills, CA 90212

Number Street City State Zip Code

Who incurred the debt? Check one.

Debtor 1 only
 Debtor 2 only
 Debtor 1 and Debtor 2 only
 At least one of the debtors and another

Check if this claim is for a community debt

Is the claim subject to offset?
 No
 Yes

When was the debt incurred? _____

As of the date you file, the claim is: Check all that apply

Contingent
 Unliquidated
 Disputed

Type of NONPRIORITY unsecured claim:

Student loans
 Obligations arising out of a separation agreement or divorce that you did not report as priority claims
 Debts to pension or profit-sharing plans, and other similar debts
 Other. Specify **Alleged Contingent Sale Commission**

4.1
4

Ms. Judy Nagler Last 4 digits of account number _____ \$0.00

Nonpriority Creditor's Name
1868 North Doheney Drive
Los Angeles, CA 90069

Number Street City State Zip Code

Who incurred the debt? Check one.

Debtor 1 only
 Debtor 2 only
 Debtor 1 and Debtor 2 only
 At least one of the debtors and another

Check if this claim is for a community debt

Is the claim subject to offset?
 No
 Yes

When was the debt incurred? _____

As of the date you file, the claim is: Check all that apply

Contingent
 Unliquidated
 Disputed

Type of NONPRIORITY unsecured claim:

Student loans
 Obligations arising out of a separation agreement or divorce that you did not report as priority claims
 Debts to pension or profit-sharing plans, and other similar debts
 Other. Specify **For Notice Purposes Only**

4.1
5

Nicholas Keros Last 4 digits of account number _____ \$0.00

Nonpriority Creditor's Name
301 N. Lake Ave. Ste 1002
Pasadena, CA 91101

Number Street City State Zip Code

Who incurred the debt? Check one.

Debtor 1 only
 Debtor 2 only
 Debtor 1 and Debtor 2 only
 At least one of the debtors and another

Check if this claim is for a community debt

Is the claim subject to offset?
 No
 Yes

When was the debt incurred? _____

As of the date you file, the claim is: Check all that apply

Contingent
 Unliquidated
 Disputed

Type of NONPRIORITY unsecured claim:

Student loans
 Obligations arising out of a separation agreement or divorce that you did not report as priority claims
 Debts to pension or profit-sharing plans, and other similar debts
 Other. Specify **Alleged Claim Pertaining to Real Property to Purported Real Property Transaction**

Debtor 1 Paul Stuart Shepherd
Debtor 2 GiGi Renee Shepherd

Case number (if know) 2:17-bk-17991-BB

4.1
6

Pacific Specialty Company Last 4 digits of account number **0711** **\$0.00**

Nonpriority Creditor's Name
2200 Geng Road
Suite 200
Millbrae, CA 94030

Number Street City State Zip Code
When was the debt incurred? _____

Who incurred the debt? Check one.

Debtor 1 only Contingent
 Debtor 2 only Unliquidated
 Debtor 1 and Debtor 2 only Disputed
 At least one of the debtors and another
 Check if this claim is for a community debt
 Student loans

Is the claim subject to offset?
 No Obligations arising out of a separation agreement or divorce that you did not report as priority claims
 Yes Debts to pension or profit-sharing plans, and other similar debts

As of the date you file, the claim is: Check all that apply
 Other. Specify **Insurance**

4.1
7

Sprint Last 4 digits of account number _____ **\$0.00**

Nonpriority Creditor's Name
PO Box 629023
El Dorado Hills, CA 95762

Number Street City State Zip Code
When was the debt incurred? _____

Who incurred the debt? Check one.

Debtor 1 only Contingent
 Debtor 2 only Unliquidated
 Debtor 1 and Debtor 2 only Disputed
 At least one of the debtors and another
 Check if this claim is for a community debt
 Student loans

Is the claim subject to offset?
 No Obligations arising out of a separation agreement or divorce that you did not report as priority claims
 Yes Debts to pension or profit-sharing plans, and other similar debts

As of the date you file, the claim is: Check all that apply
 Other. Specify **Utilities (Cell Phone)**

4.1
8

Time Warner Cable Last 4 digits of account number **6496** **\$0.00**

Nonpriority Creditor's Name
Attn: Recovery Support
3347 Platt Springs Road
West Columbia, SC 29170

Number Street City State Zip Code
When was the debt incurred? _____

Who incurred the debt? Check one.

Debtor 1 only Contingent
 Debtor 2 only Unliquidated
 Debtor 1 and Debtor 2 only Disputed
 At least one of the debtors and another
 Check if this claim is for a community debt
 Student loans

Is the claim subject to offset?
 No Obligations arising out of a separation agreement or divorce that you did not report as priority claims
 Yes Debts to pension or profit-sharing plans, and other similar debts

As of the date you file, the claim is: Check all that apply
 Other. Specify **Utility**

Debtor 1 **Paul Stuart Shepherd**
 Debtor 2 **GiGi Renee Shepherd**

Case number (if know) **2:17-bk-17991-BB**

4.1 9	Traveler's Insurance	Last 4 digits of account number 5427	\$0.00
	Nonpriority Creditor's Name PO Box 660307 Dallas, TX 75266-0307	When was the debt incurred? _____	
	Number Street City State Zip Code Who incurred the debt? Check one.	As of the date you file, the claim is: Check all that apply	
	<input checked="" type="checkbox"/> Debtor 1 only	<input type="checkbox"/> Contingent	
	<input type="checkbox"/> Debtor 2 only	<input type="checkbox"/> Unliquidated	
	<input type="checkbox"/> Debtor 1 and Debtor 2 only	<input type="checkbox"/> Disputed	
	<input type="checkbox"/> At least one of the debtors and another	Type of NONPRIORITY unsecured claim:	
	<input type="checkbox"/> Check if this claim is for a community debt	<input type="checkbox"/> Student loans	
	Is the claim subject to offset?	<input type="checkbox"/> Obligations arising out of a separation agreement or divorce that you did not report as priority claims	
	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Debts to pension or profit-sharing plans, and other similar debts	
	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> Other. Specify Insurance	

Part 3: List Others to Be Notified About a Debt That You Already Listed

5. Use this page only if you have others to be notified about your bankruptcy, for a debt that you already listed in Parts 1 or 2. For example, if a collection agency is trying to collect from you for a debt you owe to someone else, list the original creditor in Parts 1 or 2, then list the collection agency here. Similarly, if you have more than one creditor for any of the debts that you listed in Parts 1 or 2, list the additional creditors here. If you do not have additional persons to be notified for any debts in Parts 1 or 2, do not fill out or submit this page.

Name and Address David M. Bass/Michael D. Murphy Gerard Fox Law, P.C. 1880 Century Park East, Suite 1410 Los Angeles, CA 90067	On which entry in Part 1 or Part 2 did you list the original creditor? Line 4.15 of (Check one): <input type="checkbox"/> Part 1: Creditors with Priority Unsecured Claims <input checked="" type="checkbox"/> Part 2: Creditors with Nonpriority Unsecured Claims
Last 4 digits of account number	

Name and Address Douglas Elliman Agent for Service: C T Corporation 818 West 7th Street, Suite 930 Los Angeles, CA 90017	On which entry in Part 1 or Part 2 did you list the original creditor? Line 4.3 of (Check one): <input type="checkbox"/> Part 1: Creditors with Priority Unsecured Claims <input checked="" type="checkbox"/> Part 2: Creditors with Nonpriority Unsecured Claims
Last 4 digits of account number	

Name and Address LA County Office of the Assessor 500 W Temple St. Los Angeles, CA 90012	On which entry in Part 1 or Part 2 did you list the original creditor? Line 2.4 of (Check one): <input checked="" type="checkbox"/> Part 1: Creditors with Priority Unsecured Claims <input type="checkbox"/> Part 2: Creditors with Nonpriority Unsecured Claims
Last 4 digits of account number	

Name and Address Spectrum Cable PO Box 60074 City of Industry, CA 91716	On which entry in Part 1 or Part 2 did you list the original creditor? Line 4.18 of (Check one): <input type="checkbox"/> Part 1: Creditors with Priority Unsecured Claims <input checked="" type="checkbox"/> Part 2: Creditors with Nonpriority Unsecured Claims
Last 4 digits of account number	

Part 4: Add the Amounts for Each Type of Unsecured Claim

6. Total the amounts of certain types of unsecured claims. This information is for statistical reporting purposes only. 28 U.S.C. §159. Add the amounts for each type of unsecured claim.

				Total Claim
Total claims from Part 1	6a. Domestic support obligations	6a.	\$	0.00
	6b. Taxes and certain other debts you owe the government	6b.	\$	0.00
	6c. Claims for death or personal injury while you were intoxicated	6c.	\$	0.00
	6d. Other. Add all other priority unsecured claims. Write that amount here.	6d.	\$	0.00
	6e. Total Priority. Add lines 6a through 6d.	6e.	\$	0.00
Total Claim				

Debtor 1 **Paul Stuart Shepherd**
 Debtor 2 **GiGi Renee Shepherd**

Case number (if know) **2:17-bk-17991-BB**

Total claims from Part 2	6f. Student loans	6f.	\$	<u>0.00</u>
	6g. Obligations arising out of a separation agreement or divorce that you did not report as priority claims	6g.	\$	<u>0.00</u>
	6h. Debts to pension or profit-sharing plans, and other similar debts	6h.	\$	<u>0.00</u>
	6i. Other. Add all other nonpriority unsecured claims. Write that amount here.	6i.	\$	<u>1,297,424.26</u>
	6j. Total Nonpriority. Add lines 6f through 6i.	6j.	\$	<u>1,297,424.26</u>

Fill in this information to identify your case:

Debtor 1	Paul Stuart Shepherd		
	First Name	Middle Name	Last Name
Debtor 2 (Spouse if, filing)	GiGi Renee Shepherd		
	First Name	Middle Name	Last Name
United States Bankruptcy Court for the:	CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION		
Case number (if known)	2:17-bk-17991-BB		

Check if this is an amended filing

Official Form 106G

Schedule G: Executory Contracts and Unexpired Leases

12/15

Be as complete and accurate as possible. If two married people are filing together, both are equally responsible for supplying correct information. If more space is needed, copy the additional page, fill it out, number the entries, and attach it to this page. On the top of any additional pages, write your name and case number (if known).

- Do you have any executory contracts or unexpired leases?**

No. Check this box and file this form with the court with your other schedules. You have nothing else to report on this form.

Yes. Fill in all of the information below even if the contacts of leases are listed on *Schedule A/B: Property* (Official Form 106 A/B).
- List separately each person or company with whom you have the contract or lease. Then state what each contract or lease is for (for example, rent, vehicle lease, cell phone).** See the instructions for this form in the instruction booklet for more examples of executory contracts and unexpired leases.

Person or company with whom you have the contract or lease <small>Name, Number, Street, City, State and ZIP Code</small>	State what the contract or lease is for
<p>2.1 Nicholas Keros 301 N. Lake Ave. Ste 1002 Pasadena, CA 91101</p>	<p>The purported Residential Purchase Agreement and Joint Escrow Instructions (the "Purchase Agreement") pertaining to a pre-petition date potential sale of the Property (as described in Schedule A) is either legally unenforceable or was validly terminated prior to the petition date. Therefore, the Purchase Agreement is not an executory contract and is only listed here out of an abundance of caution. However, to the extent it is found to be an executory contract, the Debtors reserve the right to reject the Purchase Agreement pursuant to 11 U.S.C. § 365.</p>

Fill in this information to identify your case:

Debtor 1 **Paul Stuart Shepherd**
First Name Middle Name Last Name

Debtor 2 **GiGi Renee Shepherd**
(Spouse if, filing) First Name Middle Name Last Name

United States Bankruptcy Court for the: CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES
DIVISION

Case number **2:17-bk-17991-BB**
(if known)

Check if this is an amended filing

Official Form 106H
Schedule H: Your Codebtors

12/15

Codebtors are people or entities who are also liable for any debts you may have. Be as complete and accurate as possible. If two married people are filing together, both are equally responsible for supplying correct information. If more space is needed, copy the Additional Page, fill it out, and number the entries in the boxes on the left. Attach the Additional Page to this page. On the top of any Additional Pages, write your name and case number (if known). Answer every question.

1. Do you have any codebtors? (If you are filing a joint case, do not list either spouse as a codebtor.)

- No
- Yes

2. Within the last 8 years, have you lived in a community property state or territory? (Community property states and territories include Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, Washington, and Wisconsin.)

- No. Go to line 3.
- Yes. Did your spouse, former spouse, or legal equivalent live with you at the time?

- No
- Yes.

In which community state or territory did you live? -NONE-. Fill in the name and current address of that person.

Name of your spouse, former spouse, or legal equivalent
Number, Street, City, State & Zip Code

3. In Column 1, list all of your codebtors. Do not include your spouse as a codebtor if your spouse is filing with you. List the person shown in line 2 again as a codebtor only if that person is a guarantor or cosigner. Make sure you have listed the creditor on Schedule D (Official Form 106D), Schedule E/F (Official Form 106E/F), or Schedule G (Official Form 106G). Use Schedule D, Schedule E/F, or Schedule G to fill out Column 2.

Column 1: Your codebtor
Name, Number, Street, City, State and ZIP Code

Column 2: The creditor to whom you owe the debt
Check all schedules that apply:

3.1 _____
Name

Number Street
City State ZIP Code

- Schedule D, line _____
- Schedule E/F, line _____
- Schedule G, line _____

3.2 _____
Name

Number Street
City State ZIP Code

- Schedule D, line _____
- Schedule E/F, line _____
- Schedule G, line _____

Fill in this information to identify your case:

Debtor 1 Paul Stuart Shepherd

Debtor 2 GiGi Renee Shepherd
 (Spouse, if filing)

United States Bankruptcy Court for the: CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

Case number 2:17-bk-17991-BB
 (If known)

Check if this is:
 An amended filing
 A supplement showing postpetition chapter 13 income as of the following date:

MM / DD / YYYY

Official Form 106I

Schedule I: Your Income

12/15

Be as complete and accurate as possible. If two married people are filing together (Debtor 1 and Debtor 2), both are equally responsible for supplying correct information. If you are married and not filing jointly, and your spouse is living with you, include information about your spouse. If you are separated and your spouse is not filing with you, do not include information about your spouse. If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write your name and case number (if known). Answer every question.

Part 1: Describe Employment

		Debtor 1	Debtor 2 or non-filing spouse
1. Fill in your employment information. If you have more than one job, attach a separate page with information about additional employers. Include part-time, seasonal, or self-employed work. Occupation may include student or homemaker, if it applies.	Employment status	<input type="checkbox"/> Employed <input checked="" type="checkbox"/> Not employed	<input checked="" type="checkbox"/> Employed <input type="checkbox"/> Not employed
	Occupation		<u>Substitute school teacher</u>
	Employer's name		<u>LACOE</u>
	Employer's address		<u>9300 Imperial Hwy Downey, CA 90242</u>
	How long employed there?		<u>4 years</u>

Part 2: Give Details About Monthly Income

Estimate monthly income as of the date you file this form. If you have nothing to report for any line, write \$0 in the space. Include your non-filing spouse unless you are separated.

If you or your non-filing spouse have more than one employer, combine the information for all employers for that person on the lines below. If you need more space, attach a separate sheet to this form.

	For Debtor 1	For Debtor 2 or non-filing spouse
2. List monthly gross wages, salary, and commissions (before all payroll deductions). If not paid monthly, calculate what the monthly wage would be.	\$ <u>0.00</u>	\$ <u>0.00</u>
3. Estimate and list monthly overtime pay.	+\$ <u>0.00</u>	+\$ <u>0.00</u>
4. Calculate gross income. Add line 2 + line 3.	\$ <u>0.00</u>	\$ <u>0.00</u>

Debtor 1 **Paul Stuart Shepherd**
 Debtor 2 **GiGi Renee Shepherd**

Case number (if known) **2:17-bk-17991-BB**

	For Debtor 1	For Debtor 2 or non-filing spouse
Copy line 4 here	\$ 0.00	\$ 0.00
5. List all payroll deductions:		
5a. Tax, Medicare, and Social Security deductions	\$ 0.00	\$ 0.00
5b. Mandatory contributions for retirement plans	\$ 0.00	\$ 0.00
5c. Voluntary contributions for retirement plans	\$ 0.00	\$ 0.00
5d. Required repayments of retirement fund loans	\$ 0.00	\$ 0.00
5e. Insurance	\$ 0.00	\$ 0.00
5f. Domestic support obligations	\$ 0.00	\$ 0.00
5g. Union dues	\$ 0.00	\$ 0.00
5h. Other deductions. Specify: _____	\$ 0.00	\$ 0.00
6. Add the payroll deductions. Add lines 5a+5b+5c+5d+5e+5f+5g+5h.	\$ 0.00	\$ 0.00
7. Calculate total monthly take-home pay. Subtract line 6 from line 4.	\$ 0.00	\$ 0.00
8. List all other income regularly received:		
8a. Net income from rental property and from operating a business, profession, or farm Attach a statement for each property and business showing gross receipts, ordinary and necessary business expenses, and the total monthly net income.	\$ 0.00	\$ 0.00
8b. Interest and dividends	\$ 0.00	\$ 0.00
8c. Family support payments that you, a non-filing spouse, or a dependent regularly receive Include alimony, spousal support, child support, maintenance, divorce settlement, and property settlement.	\$ 0.00	\$ 0.00
8d. Unemployment compensation	\$ 0.00	\$ 0.00
8e. Social Security	\$ 0.00	\$ 0.00
8f. Other government assistance that you regularly receive Include cash assistance and the value (if known) of any non-cash assistance that you receive, such as food stamps (benefits under the Supplemental Nutrition Assistance Program) or housing subsidies. Specify: _____	\$ 0.00	\$ 0.00
8g. Pension or retirement income	\$ 0.00	\$ 0.00
8h. Other monthly income. Specify: Occasional but sporadic photo shoots of Debtors' home	\$ 1,250.00	\$ 0.00
9. Add all other income. Add lines 8a+8b+8c+8d+8e+8f+8g+8h.	\$ 1,250.00	\$ 0.00
10. Calculate monthly income. Add line 7 + line 9. Add the entries in line 10 for Debtor 1 and Debtor 2 or non-filing spouse.	\$ 1,250.00	\$ 0.00
11. State all other regular contributions to the expenses that you list in Schedule J. Include contributions from an unmarried partner, members of your household, your dependents, your roommates, and other friends or relatives. Do not include any amounts already included in lines 2-10 or amounts that are not available to pay expenses listed in Schedule J. Specify: _____		11. +\$ 0.00
12. Add the amount in the last column of line 10 to the amount in line 11. The result is the combined monthly income. Write that amount on the Summary of Schedules and Statistical Summary of Certain Liabilities and Related Data, if it applies		12. \$ 1,250.00 Combined monthly income
13. Do you expect an increase or decrease within the year after you file this form? <input type="checkbox"/> No. <input checked="" type="checkbox"/> Yes. Explain: The Debtors expect income from the sale of the Upper Lot and/or Lower Lot of the Property, as defined and described in Schedule A.		

Fill in this information to identify your case:

Debtor 1 Paul Stuart Shepherd

Debtor 2 GiGi Renee Shepherd
 (Spouse, if filing)

United States Bankruptcy Court for the: CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

Case number 2:17-bk-17991-BB
 (If known)

Check if this is:

- An amended filing
 A supplement showing postpetition chapter 13 expenses as of the following date:

 MM / DD / YYYY

Official Form 106J

Schedule J: Your Expenses

12/15

Be as complete and accurate as possible. If two married people are filing together, both are equally responsible for supplying correct information. If more space is needed, attach another sheet to this form. On the top of any additional pages, write your name and case number (if known). Answer every question.

Part 1: Describe Your Household

1. Is this a joint case?

No. Go to line 2.

Yes. Does Debtor 2 live in a separate household?

No

Yes. Debtor 2 must file Official Form 106J-2, *Expenses for Separate Household of Debtor 2*.

2. Do you have dependents? No

Do not list Debtor 1 and Debtor 2.

Yes. Fill out this information for each dependent.....

Dependent's relationship to Debtor 1 or Debtor 2

Dependent's age

Does dependent live with you?

Do not state the dependents names.

Jack Son

11

No

Yes

Dylan Son

17

No

Yes

No

Yes

No

Yes

3. Do your expenses include expenses of people other than yourself and your dependents? No
 Yes

Part 2: Estimate Your Ongoing Monthly Expenses

Estimate your expenses as of your bankruptcy filing date unless you are using this form as a supplement in a Chapter 13 case to report expenses as of a date after the bankruptcy is filed. If this is a supplemental *Schedule J*, check the box at the top of the form and fill in the applicable date.

Include expenses paid for with non-cash government assistance if you know the value of such assistance and have included it on *Schedule I: Your Income* (Official Form 106I.)

Your expenses

4. The rental or home ownership expenses for your residence. Include first mortgage payments and any rent for the ground or lot.

4. \$ 0.00

If not included in line 4:

4a. Real estate taxes

4a. \$ 1,458.00

4b. Property, homeowner's, or renter's insurance

4b. \$ 312.00

4c. Home maintenance, repair, and upkeep expenses

4c. \$ 538.00

4d. Homeowner's association or condominium dues

4d. \$ 0.00

5. Additional mortgage payments for your residence, such as home equity loans

5. \$ 0.00

Debtor 1 **Paul Stuart Shepherd**
 Debtor 2 **GiGi Renee Shepherd**

Case number (if known) **2:17-bk-17991-BB**

6. Utilities:	
6a. Electricity, heat, natural gas	6a. \$ <u>120.00</u>
6b. Water, sewer, garbage collection	6b. \$ <u>755.00</u>
6c. Telephone, cell phone, Internet, satellite, and cable services	6c. \$ <u>467.00</u>
6d. Other. Specify: _____	6d. \$ <u>0.00</u>
7. Food and housekeeping supplies	7. \$ <u>1,500.00</u>
8. Childcare and children's education costs	8. \$ <u>300.00</u>
9. Clothing, laundry, and dry cleaning	9. \$ <u>200.00</u>
10. Personal care products and services	10. \$ <u>100.00</u>
11. Medical and dental expenses	11. \$ <u>130.00</u>
12. Transportation. Include gas, maintenance, bus or train fare. Do not include car payments.	12. \$ <u>483.00</u>
13. Entertainment, clubs, recreation, newspapers, magazines, and books	13. \$ <u>400.00</u>
14. Charitable contributions and religious donations	14. \$ <u>0.00</u>
15. Insurance. Do not include insurance deducted from your pay or included in lines 4 or 20.	
15a. Life insurance	15a. \$ <u>0.00</u>
15b. Health insurance	15b. \$ <u>0.00</u>
15c. Vehicle insurance	15c. \$ <u>232.00</u>
15d. Other insurance. Specify: _____	15d. \$ <u>0.00</u>
16. Taxes. Do not include taxes deducted from your pay or included in lines 4 or 20. Specify: _____	16. \$ <u>0.00</u>
17. Installment or lease payments:	
17a. Car payments for Vehicle 1	17a. \$ <u>0.00</u>
17b. Car payments for Vehicle 2	17b. \$ <u>0.00</u>
17c. Other. Specify: _____	17c. \$ <u>0.00</u>
17d. Other. Specify: _____	17d. \$ <u>0.00</u>
18. Your payments of alimony, maintenance, and support that you did not report as deducted from your pay on line 5, Schedule I, Your Income (Official Form 106I).	18. \$ <u>0.00</u>
19. Other payments you make to support others who do not live with you. Specify: _____	19. \$ <u>0.00</u>
20. Other real property expenses not included in lines 4 or 5 of this form or on Schedule I: Your Income.	
20a. Mortgages on other property	20a. \$ <u>0.00</u>
20b. Real estate taxes	20b. \$ <u>0.00</u>
20c. Property, homeowner's, or renter's insurance	20c. \$ <u>0.00</u>
20d. Maintenance, repair, and upkeep expenses	20d. \$ <u>0.00</u>
20e. Homeowner's association or condominium dues	20e. \$ <u>0.00</u>
21. Other: Specify: <u>Pet Expenses</u>	21. +\$ <u>400.00</u>
22. Calculate your monthly expenses	
22a. Add lines 4 through 21.	\$ <u>7,395.00</u>
22b. Copy line 22 (monthly expenses for Debtor 2), if any, from Official Form 106J-2	\$ _____
22c. Add line 22a and 22b. The result is your monthly expenses.	\$ <u>7,395.00</u>
23. Calculate your monthly net income.	
23a. Copy line 12 (<i>your combined monthly income</i>) from Schedule I.	23a. \$ <u>1,250.00</u>
23b. Copy your monthly expenses from line 22c above.	23b. -\$ <u>7,395.00</u>
23c. Subtract your monthly expenses from your monthly income. The result is your <i>monthly net income</i> .	23c. \$ <u>-6,145.00</u>

24. Do you expect an increase or decrease in your expenses within the year after you file this form?
 For example, do you expect to finish paying for your car loan within the year or do you expect your mortgage payment to increase or decrease because of a modification to the terms of your mortgage?

No.

Yes.

Explain here: **We expect our legal bills to go up over the next year due to Keros lawsuit**

Fill in this information to identify your case:

Debtor 1 Paul Stuart Shepherd
First Name Middle Name Last Name

Debtor 2 GiGi Renee Shepherd
(Spouse if, filing) First Name Middle Name Last Name

United States Bankruptcy Court for the: CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

Case number 2:17-bk-17991-BB
(if known)

Check if this is an amended filing

Official Form 106Dec

Declaration About an Individual Debtor's Schedules

12/15

If two married people are filing together, both are equally responsible for supplying correct information.

You must file this form whenever you file bankruptcy schedules or amended schedules. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$250,000, or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

Sign Below

Did you pay or agree to pay someone who is NOT an attorney to help you fill out bankruptcy forms?

- No
- Yes. Name of person _____

Attach Bankruptcy Petition Preparer's Notice, Declaration, and Signature (Official Form 119)

Under penalty of perjury, I declare that I have read the summary and schedules filed with this declaration and that they are true and correct.

X /s/ Paul Stuart Shepherd
Paul Stuart Shepherd
Signature of Debtor 1

X /s/ GiGi Renee Shepherd
GiGi Renee Shepherd
Signature of Debtor 2

Date July 14, 2017

Date July 14, 2017

Fill in this information to identify your case:

Debtor 1	Paul Stuart Shepherd		
	First Name	Middle Name	Last Name
Debtor 2 (Spouse if, filing)	GiGi Renee Shepherd		
	First Name	Middle Name	Last Name
United States Bankruptcy Court for the:	CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION		
Case number (if known)	2:17-bk-17991-BB		

Check if this is an amended filing

Official Form 107
Statement of Financial Affairs for Individuals Filing for Bankruptcy

4/16

Be as complete and accurate as possible. If two married people are filing together, both are equally responsible for supplying correct information. If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write your name and case number (if known). Answer every question.

Part 1: Give Details About Your Marital Status and Where You Lived Before

1. What is your current marital status?

- Married
- Not married

2. During the last 3 years, have you lived anywhere other than where you live now?

- No
- Yes. List all of the places you lived in the last 3 years. Do not include where you live now.

Debtor 1 Prior Address:	Dates Debtor 1 lived there	Debtor 2 Prior Address:	Dates Debtor 2 lived there
--------------------------------	-----------------------------------	--------------------------------	-----------------------------------

3. Within the last 8 years, did you ever live with a spouse or legal equivalent in a community property state or territory? (Community property states and territories include Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, Washington and Wisconsin.)

- No
- Yes. Make sure you fill out *Schedule H: Your Codebtors* (Official Form 106H).

Part 2 Explain the Sources of Your Income

4. Did you have any income from employment or from operating a business during this year or the two previous calendar years?

Fill in the total amount of income you received from all jobs and all businesses, including part-time activities. If you are filing a joint case and you have income that you receive together, list it only once under Debtor 1.

- No
- Yes. Fill in the details.

Debtor 1		Debtor 2	
Sources of income Check all that apply.	Gross income (before deductions and exclusions)	Sources of income Check all that apply.	Gross income (before deductions and exclusions)

Debtor 1 **Paul Stuart Shepherd**
 Debtor 2 **GiGi Renee Shepherd**

Case number (if known) **2:17-bk-17991-BB**

5. Did you receive any other income during this year or the two previous calendar years?

Include income regardless of whether that income is taxable. Examples of *other income* are alimony; child support; Social Security, unemployment, and other public benefit payments; pensions; rental income; interest; dividends; money collected from lawsuits; royalties; and gambling and lottery winnings. If you are filing a joint case and you have income that you received together, list it only once under Debtor 1.

List each source and the gross income from each source separately. Do not include income that you listed in line 4.

- No
 Yes. Fill in the details.

	Debtor 1 Sources of income Describe below.	Gross income from each source (before deductions and exclusions)	Debtor 2 Sources of income Describe below.	Gross income (before deductions and exclusions)
From January 1 of current year until the date you filed for bankruptcy:	All Sources Both Spouses	\$8,224.63		
For last calendar year: (January 1 to December 31, 2016)	All Sources Both Spouses	\$12,069.00		
For the calendar year before that: (January 1 to December 31, 2015)	All Sources Both Spouses	\$15,305.00		

Part 3: List Certain Payments You Made Before You Filed for Bankruptcy

6. Are either Debtor 1's or Debtor 2's debts primarily consumer debts?

- No. **Neither Debtor 1 nor Debtor 2 has primarily consumer debts.** *Consumer debts* are defined in 11 U.S.C. § 101(8) as "incurred by an individual primarily for a personal, family, or household purpose."

During the 90 days before you filed for bankruptcy, did you pay any creditor a total of \$6,425* or more?

- No. Go to line 7.
 Yes List below each creditor to whom you paid a total of \$6,425* or more in one or more payments and the total amount you paid that creditor. Do not include payments for domestic support obligations, such as child support and alimony. Also, do not include payments to an attorney for this bankruptcy case.

* Subject to adjustment on 4/01/19 and every 3 years after that for cases filed on or after the date of adjustment.

- Yes. **Debtor 1 or Debtor 2 or both have primarily consumer debts.**

During the 90 days before you filed for bankruptcy, did you pay any creditor a total of \$600 or more?

- No. Go to line 7.
 Yes List below each creditor to whom you paid a total of \$600 or more and the total amount you paid that creditor. Do not include payments for domestic support obligations, such as child support and alimony. Also, do not include payments to an attorney for this bankruptcy case.

Creditor's Name and Address	Dates of payment	Total amount paid	Amount you still owe	Was this payment for ...
Allen Matkins Leck Gamble Mallory & Natsis LLP 1901 Avenue of the Stars, Ste 1800 Los Angeles, CA 90067	4/28/17, 6/15/17	\$95,762.00	\$36,473.00	<input type="checkbox"/> Mortgage <input type="checkbox"/> Car <input type="checkbox"/> Credit Card <input type="checkbox"/> Loan Repayment <input type="checkbox"/> Suppliers or vendors <input checked="" type="checkbox"/> Other Professional Legal Services

Debtor 1 **Paul Stuart Shepherd**
 Debtor 2 **GiGi Renee Shepherd**

Case number (if known) **2:17-bk-17991-BB**

Creditor's Name and Address	Dates of payment	Total amount paid	Amount you still owe	Was this payment for ...
Tomas Mejas	5/13/17, 5/14/17, and 5/17/17 (Annual Hillside Brush Clearance) 4/6/17, 5/3/17, and 6/1/17 (Weekly Landscaping Maintenance)	\$2,800.00	\$0.00	<input type="checkbox"/> Mortgage <input type="checkbox"/> Car <input type="checkbox"/> Credit Card <input type="checkbox"/> Loan Repayment <input type="checkbox"/> Suppliers or vendors <input checked="" type="checkbox"/> Other <u>Annual Hillside Brush Clearance and Weekly Landscaping Maintenance</u>
Spectrum / Time Warner Cable Attn: Recovery Support 3347 Platt Springs Road West Columbia, SC 29170	4/23/17, 5/24/17, and 6/23/17	\$713.62	\$0.00	<input type="checkbox"/> Mortgage <input type="checkbox"/> Car <input type="checkbox"/> Credit Card <input type="checkbox"/> Loan Repayment <input type="checkbox"/> Suppliers or vendors <input checked="" type="checkbox"/> Other <u>Cable and Phone</u>
LA DWP P.O. Box. 30808 Los Angeles, CA 90030-0808	6/1/17	\$1,372.24	\$0.00	<input type="checkbox"/> Mortgage <input type="checkbox"/> Car <input type="checkbox"/> Credit Card <input type="checkbox"/> Loan Repayment <input type="checkbox"/> Suppliers or vendors <input checked="" type="checkbox"/> Other <u>Water, Power, Sewer Services</u>

7. **Within 1 year before you filed for bankruptcy, did you make a payment on a debt you owed anyone who was an insider?**
Insiders include your relatives; any general partners; relatives of any general partners; partnerships of which you are a general partner; corporations of which you are an officer, director, person in control, or owner of 20% or more of their voting securities; and any managing agent, including one for a business you operate as a sole proprietor. 11 U.S.C. § 101. Include payments for domestic support obligations, such as child support and alimony.

- No
 Yes. List all payments to an insider.

Insider's Name and Address	Dates of payment	Total amount paid	Amount you still owe	Reason for this payment
----------------------------	------------------	-------------------	----------------------	-------------------------

8. **Within 1 year before you filed for bankruptcy, did you make any payments or transfer any property on account of a debt that benefited an insider?**
 Include payments on debts guaranteed or cosigned by an insider.

- No
 Yes. List all payments to an insider

Insider's Name and Address	Dates of payment	Total amount paid	Amount you still owe	Reason for this payment Include creditor's name
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Part 4: Identify Legal Actions, Repossessions, and Foreclosures

9. **Within 1 year before you filed for bankruptcy, were you a party in any lawsuit, court action, or administrative proceeding?**
 List all such matters, including personal injury cases, small claims actions, divorces, collection suits, paternity actions, support or custody modifications, and contract disputes.

- No
 Yes. Fill in the details.

Case title Case number	Nature of the case	Court or agency	Status of the case
---------------------------	--------------------	-----------------	--------------------

Debtor 1 **Paul Stuart Shepherd**
 Debtor 2 **GiGi Renee Shepherd**

Case number (if known) **2:17-bk-17991-BB**

Case title Case number	Nature of the case	Court or agency	Status of the case
Keros v. Paul Shepherd, Gigi Shepherd, et al. BC654456	(1) DECEIT; (2) BREACH OF CONTRACT; (3) SPECIFIC PERFORMANCE; AND (4) ANTICIPATORY BREACH.	California Superior Court - LA	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
Paul Shepherd and Gigi Shepherd v. Douglas Elliman of California Inc. and Josh Altman	Real Estate Broker/Agent Complaint (Mandatory Non-Binding Mediation)	State of California Bureau of Real Estate	<input checked="" type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded

10. **Within 1 year before you filed for bankruptcy, was any of your property repossessed, foreclosed, garnished, attached, seized, or levied?**
 Check all that apply and fill in the details below.

- No. Go to line 11.
 Yes. Fill in the information below.

Creditor Name and Address	Describe the Property Explain what happened	Date	Value of the property
---------------------------	--	------	-----------------------

11. **Within 90 days before you filed for bankruptcy, did any creditor, including a bank or financial institution, set off any amounts from your accounts or refuse to make a payment because you owed a debt?**

- No
 Yes. Fill in the details.

Creditor Name and Address	Describe the action the creditor took	Date action was taken	Amount
---------------------------	---------------------------------------	-----------------------	--------

12. **Within 1 year before you filed for bankruptcy, was any of your property in the possession of an assignee for the benefit of creditors, a court-appointed receiver, a custodian, or another official?**

- No
 Yes

Part 5: List Certain Gifts and Contributions

13. **Within 2 years before you filed for bankruptcy, did you give any gifts with a total value of more than \$600 per person?**

- No
 Yes. Fill in the details for each gift.

Gifts with a total value of more than \$600 per person Person to Whom You Gave the Gift and Address:	Describe the gifts	Dates you gave the gifts	Value
---	--------------------	--------------------------	-------

14. **Within 2 years before you filed for bankruptcy, did you give any gifts or contributions with a total value of more than \$600 to any charity?**

- No
 Yes. Fill in the details for each gift or contribution.

Gifts or contributions to charities that total more than \$600 Charity's Name Address (Number, Street, City, State and ZIP Code)	Describe what you contributed	Dates you contributed	Value
--	-------------------------------	-----------------------	-------

Part 6: List Certain Losses

15. **Within 1 year before you filed for bankruptcy or since you filed for bankruptcy, did you lose anything because of theft, fire, other disaster,**

Debtor 1 **Paul Stuart Shepherd**
 Debtor 2 **GiGi Renee Shepherd**

Case number (if known) **2:17-bk-17991-BB**

or gambling?

- No
 Yes. Fill in the details.

Describe the property you lost and how the loss occurred	Describe any insurance coverage for the loss <small>Include the amount that insurance has paid. List pending insurance claims on line 33 of Schedule A/B: Property.</small>	Date of your loss	Value of property lost
--	--	-------------------	------------------------

Part 7: List Certain Payments or Transfers

16. Within 1 year before you filed for bankruptcy, did you or anyone else acting on your behalf pay or transfer any property to anyone you consulted about seeking bankruptcy or preparing a bankruptcy petition?
 Include any attorneys, bankruptcy petition preparers, or credit counseling agencies for services required in your bankruptcy.

- No
 Yes. Fill in the details.

Person Who Was Paid Address Email or website address Person Who Made the Payment, if Not You	Description and value of any property transferred	Date payment or transfer was made	Amount of payment
Levene, Neale, Bender, Yoo & Brill 1250 Constellation Blvd. Suite 1700 Los Angeles, CA 90067 Inbyb.com		6/16/17	\$10,000.00
Access Counseling Inc 633 W 5th Street, Ste 2601 Los Angeles, CA 90071 accesscounselinginc.org		6/15/17	\$25.00

17. Within 1 year before you filed for bankruptcy, did you or anyone else acting on your behalf pay or transfer any property to anyone who promised to help you deal with your creditors or to make payments to your creditors?
 Do not include any payment or transfer that you listed on line 16.

- No
 Yes. Fill in the details.

Person Who Was Paid Address	Description and value of any property transferred	Date payment or transfer was made	Amount of payment
--------------------------------	---	-----------------------------------	-------------------

18. Within 2 years before you filed for bankruptcy, did you sell, trade, or otherwise transfer any property to anyone, other than property transferred in the ordinary course of your business or financial affairs?
 Include both outright transfers and transfers made as security (such as the granting of a security interest or mortgage on your property). Do not include gifts and transfers that you have already listed on this statement.

- No
 Yes. Fill in the details.

Person Who Received Transfer Address Person's relationship to you	Description and value of property transferred	Describe any property or payments received or debts paid in exchange	Date transfer was made
---	---	--	------------------------

19. Within 10 years before you filed for bankruptcy, did you transfer any property to a self-settled trust or similar device of which you are a beneficiary? (These are often called *asset-protection devices*.)

- No
 Yes. Fill in the details.

Name of trust	Description and value of the property transferred	Date Transfer was made
---------------	---	------------------------

Debtor 1 **Paul Stuart Shepherd**
 Debtor 2 **GiGi Renee Shepherd**

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Part 8: List of Certain Financial Accounts, Instruments, Safe Deposit Boxes, and Storage Units

20. Within 1 year before you filed for bankruptcy, were any financial accounts or instruments held in your name, or for your benefit, closed, sold, moved, or transferred? Include checking, savings, money market, or other financial accounts; certificates of deposit; shares in banks, credit unions, brokerage houses, pension funds, cooperatives, associations, and other financial institutions.

- No
 Yes. Fill in the details.

Name of Financial Institution and Address (Number, Street, City, State and ZIP Code)	Last 4 digits of account number	Type of account or instrument	Date account was closed, sold, moved, or transferred	Last balance before closing or transfer
Wells Fargo	XXXX-4512	<input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market <input type="checkbox"/> Brokerage <input type="checkbox"/> Other__	Closed 6/16/17 and balance of \$25,409.44 transferred to Debtors' Wells Fargo Account No. XXXX6136. Account re-opened to address \$0.10 in interest paid after the original account closing and then account was again closed.	\$25,409.44

21. Do you now have, or did you have within 1 year before you filed for bankruptcy, any safe deposit box or other depository for securities, cash, or other valuables?

- No
 Yes. Fill in the details.

Name of Financial Institution Address (Number, Street, City, State and ZIP Code)	Who else had access to it? Address (Number, Street, City, State and ZIP Code)	Describe the contents	Do you still have it?
--	---	-----------------------	-----------------------

22. Have you stored property in a storage unit or place other than your home within 1 year before you filed for bankruptcy?

- No
 Yes. Fill in the details.

Name of Storage Facility Address (Number, Street, City, State and ZIP Code)	Who else has or had access to it? Address (Number, Street, City, State and ZIP Code)	Describe the contents	Do you still have it?
---	--	-----------------------	-----------------------

Part 9: Identify Property You Hold or Control for Someone Else

23. Do you hold or control any property that someone else owns? Include any property you borrowed from, are storing for, or hold in trust for someone.

- No
 Yes. Fill in the details.

Owner's Name Address (Number, Street, City, State and ZIP Code)	Where is the property? (Number, Street, City, State and ZIP Code)	Describe the property	Value
---	---	-----------------------	-------

Part 10: Give Details About Environmental Information

For the purpose of Part 10, the following definitions apply:

- Environmental law** means any federal, state, or local statute or regulation concerning pollution, contamination, releases of hazardous or toxic substances, wastes, or material into the air, land, soil, surface water, groundwater, or other medium, including statutes or

Debtor 1 Paul Stuart Shepherd
Debtor 2 GiGi Renee Shepherd

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regulations controlling the cleanup of these substances, wastes, or material.

- Site means any location, facility, or property as defined under any environmental law, whether you now own, operate, or utilize it or used to own, operate, or utilize it, including disposal sites.
Hazardous material means anything an environmental law defines as a hazardous waste, hazardous substance, toxic substance, hazardous material, pollutant, contaminant, or similar term.

Report all notices, releases, and proceedings that you know about, regardless of when they occurred.

24. Has any governmental unit notified you that you may be liable or potentially liable under or in violation of an environmental law?

- No
Yes. Fill in the details.

Form with columns: Name of site, Governmental unit, Environmental law, if you know it, Date of notice. Includes address fields.

25. Have you notified any governmental unit of any release of hazardous material?

- No
Yes. Fill in the details.

Form with columns: Name of site, Governmental unit, Environmental law, if you know it, Date of notice. Includes address fields.

26. Have you been a party in any judicial or administrative proceeding under any environmental law? Include settlements and orders.

- No
Yes. Fill in the details.

Form with columns: Case Title, Court or agency, Nature of the case, Status of the case. Includes case number and address fields.

Part 11: Give Details About Your Business or Connections to Any Business

27. Within 4 years before you filed for bankruptcy, did you own a business or have any of the following connections to any business?

- A sole proprietor or self-employed in a trade, profession, or other activity, either full-time or part-time
A member of a limited liability company (LLC) or limited liability partnership (LLP)
A partner in a partnership
An officer, director, or managing executive of a corporation
An owner of at least 5% of the voting or equity securities of a corporation

- No. None of the above applies. Go to Part 12.
Yes. Check all that apply above and fill in the details below for each business.

Form with columns: Business Name, Describe the nature of the business, Employer Identification number, Name of accountant or bookkeeper, Dates business existed.

28. Within 2 years before you filed for bankruptcy, did you give a financial statement to anyone about your business? Include all financial institutions, creditors, or other parties.

- No
Yes. Fill in the details below.

Form with columns: Name, Date Issued. Includes address field.

Part 12: Sign Below

I have read the answers on this Statement of Financial Affairs and any attachments, and I declare under penalty of perjury that the answers are true and correct. I understand that making a false statement, concealing property, or obtaining money or property by fraud in connection

Debtor 1 **Paul Stuart Shepherd**
Debtor 2 **GiGi Renee Shepherd**

Case number (if known) **2:17-bk-17991-BB**

with a bankruptcy case can result in fines up to \$250,000, or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

/s/ Paul Stuart Shepherd
Paul Stuart Shepherd
Signature of Debtor 1

/s/ GiGi Renee Shepherd
GiGi Renee Shepherd
Signature of Debtor 2

Date July 14, 2017

Date July 14, 2017

Did you attach additional pages to *Your Statement of Financial Affairs for Individuals Filing for Bankruptcy* (Official Form 107)?

- No
- Yes

Did you pay or agree to pay someone who is not an attorney to help you fill out bankruptcy forms?

- No
- Yes. Name of Person _____. Attach the *Bankruptcy Petition Preparer's Notice, Declaration, and Signature* (Official Form 119).

B2030 (Form 2030) (12/15)

United States Bankruptcy Court
Central District of California - Los Angeles Division

In re Paul Stuart Shepherd
GiGi Renee Shepherd

Debtor(s)

Case No. 2:17-bk-17991-BB
Chapter 11

DISCLOSURE OF COMPENSATION OF ATTORNEY FOR DEBTOR(S)

1. Pursuant to 11 U.S.C. § 329(a) and Fed. Bankr. P. 2016(b), I certify that I am the attorney for the above named debtor(s) and that compensation paid to me within one year before the filing of the petition in bankruptcy, or agreed to be paid to me, for services rendered or to be rendered on behalf of the debtor(s) in contemplation of or in connection with the bankruptcy case is as follows:

Table with 3 rows: For legal services, I have agreed to accept \$ 10,000.00*; Prior to the filing of this statement I have received \$ 10,000.00*; Balance Due \$ 0.00*

* \$10,000 retainer, balance of fees and expenses incurred to be paid by the Debtors or their bankruptcy estate.

2. \$ 1,717.00 of the filing fee has been paid.

3. The source of the compensation paid to me was:

[X] Debtor [] Other (specify):

4. The source of compensation to be paid to me is:

[X] Debtor [X] Other (specify): and/or bankruptcy estate

5. [X] I have not agreed to share the above-disclosed compensation with any other person unless they are members and associates of my law firm.

[] I have agreed to share the above-disclosed compensation with a person or persons who are not members or associates of my law firm. A copy of the agreement, together with a list of the names of the people sharing in the compensation is attached.

6. In return for the above-disclosed fee, I have agreed to render legal service for all aspects of the bankruptcy case, including:

- a. Analysis of the debtor's financial situation, and rendering advice to the debtor in determining whether to file a petition in bankruptcy;
b. Preparation and filing of any petition, schedules, statement of affairs and plan which may be required;
c. Representation of the debtor at the meeting of creditors and confirmation hearing, and any adjourned hearings thereof;
d. Representation of the debtor in adversary proceedings and other contested bankruptcy matters;
e. [Other provisions as needed]

Advising the Debtor with regard to the requirements of the Bankruptcy Court, Bankruptcy Code, Bankruptcy Rules and the Office of the United States Trustee as they pertain to the Debtor; advising the Debtor with regard to certain rights and remedies of its bankruptcy estate and the rights, claims and interests of creditors; representing the Debtor in any proceeding or hearing in the Bankruptcy Court involving its estate unless the Debtor is represented in such proceeding or hearing by other special counsel; conducting examinations of witnesses, claimants or adverse parties and representing the Debtor in any adversary proceeding except to the extent that any such adversary proceeding is in an area outside of LNBYB's expertise or which is beyond LNBYB's staffing capabilities; preparing and assisting the Debtor in the preparation of reports, applications, pleadings and orders including, but not limited to, applications to employ professionals, interim statements and operating reports, initial filing requirements, schedules and statement of financial affairs, lease pleadings, cash collateral pleadings, financing pleadings, and pleadings with respect to the Debtor's use, sale or lease of property outside the ordinary course of business; representing the Debtor with regard to obtaining use of debtor in possession financing and/or cash collateral including, but not limited to, negotiating and seeking Bankruptcy Court approval of any debtor in possession financing and/or cash collateral pleading or stipulation and preparing any pleadings relating to obtaining use of debtor in possession financing and/or cash collateral; assisting the Debtor in the negotiation, formulation, preparation and confirmation of a plan of reorganization and the preparation and approval of a disclosure statement in respect of the plan; and performing any other services which may be appropriate in LNBYB's representation of the Debtor during its bankruptcy case.

7. By agreement with the debtor(s), the above-disclosed fee does not include the following service:

Matters which are outside of LNBYB's specialization. The Debtors and LNBYB agree that LNBYB will not be representing the Debtors in any non-dischargeability or denial of discharge litigation which may be commenced against the Debtors by any party in interest unless any such representation is pursuant to the terms of a separate written retention agreement which may be entered into between LNBYB and the Debtors in the future or the Court as part of LNBYB's employment application authorizes LNBYB to represent the Debtors in any such matter and to

In re **Paul Stuart Shepherd**
GiGi Renee Shepherd

Debtor(s)

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DISCLOSURE OF COMPENSATION OF ATTORNEY FOR DEBTOR(S)
(Continuation Sheet)

have LNBYB's fees and expenses incurred in regards to such representation constitute an administrative claim against the Debtors' bankruptcy estate in the same manner as any other fees and expenses incurred by LNBYB. As a result, as part of the Application, the Debtors are requesting the Court to authorize LNBYB to represent them in any non-dischargeability or denial of discharge litigation which may be commenced against the Debtors by any party in interest and to have LNBYB's fees and expenses incurred in regards to such representation constitute an administrative claim against the Debtors' bankruptcy estate in the same manner as any other fees and expenses incurred by LNBYB.

CERTIFICATION

I certify that the foregoing is a complete statement of any agreement or arrangement for payment to me for representation of the debtor(s) in this bankruptcy proceeding.

July 14, 2017

Date

/s/ Ron Bender

Ron Bender 143364

Signature of Attorney

Levene, Neale, Bender, Yoo & Brill LLP

10250 Constellation Blvd.

Suite 1700

Los Angeles, CA 90067

(310) 229-1234

Name of law firm

Fill in this information to identify your case:

Debtor 1 Paul Stuart Shepherd
 Debtor 2 GiGi Renee Shepherd
 (Spouse, if filing)
 United States Bankruptcy Court for the: Central District of California - Los Angeles Division
 Case number 2:17-bk-17991-BB
 (if known)

Check if this is an amended filing

Official Form 122B
Chapter 11 Statement of Your Current Monthly Income

12/15

You must file this form if you are an individual and are filing for bankruptcy under Chapter 11. If more space is needed, attach a separate sheet to this form. Include the line number to which the additional information applies. On top of any additional pages, write your name and case number (if known).

Part 1: Calculate Your Current Monthly Income

1. What is your marital and filing status? Check one only.

Not married. Fill out Column A, lines 2-11.

Married and your spouse is filing with you. Fill out both Columns A and B, lines 2-11.

Married and your spouse is NOT filing with you. Fill out Column A, lines 2-11.

Fill in the average monthly income that you received from all sources, derived during the 6 full months before you file this bankruptcy case. 11 U.S.C. § 101(10A). For example, if you are filing on September 15, the 6-month period would be March 1 through August 31. If the amount of your monthly income varied during the 6 months, add the income for all 6 months and divide the total by 6. Fill in the result. Do not include any income amount more than once. For example, if both spouses own the same rental property, put the income from that property in one column only. If you have nothing to report for any line, write \$0 in the space.

	Column A Debtor 1	Column B Debtor 2
2. Your gross wages, salary, tips, bonuses, overtime, and commissions (before all payroll deductions).	\$ 0.00	\$ 100.00
3. Alimony and maintenance payments. Do not include payments from a spouse if Column B is filled in.	\$ 0.00	\$ 0.00
4. All amounts from any source which are regularly paid for household expenses of you or your dependents, including child support. Include regular contributions from an unmarried partner, members of your household, your dependents, parents, and roommates. Include regular contributions from a spouse only if Column B is not filled in. Do not include payments you listed on line 3.	\$ 0.00	\$ 0.00
5. Net income from operating a business, profession, or farm	Debtor 1	Debtor 2
Gross receipts (before all deductions)	\$ 0.00	
Ordinary and necessary operating expenses	-\$ 0.00	
Net monthly income from a business, profession, or farm	\$ 0.00	Copy here -> \$ 0.00
6. Net income from rental and other real property	Debtor 1	Debtor 2
Gross receipts (before all deductions)	\$ 0.00	
Ordinary and necessary operating expenses	-\$ 0.00	
Net monthly income from rental or other real property	\$ 0.00	Copy here -> \$ 0.00

Debtor 1
Debtor 2

Paul Stuart Shepherd
GiGi Renee Shepherd

Case number (if known) **2:17-bk-17991-BB**

	Column A Debtor 1	Column B Debtor 2
7. Interest, dividends, and royalties	\$ <u>0.00</u>	\$ <u>0.00</u>
8. Unemployment compensation	\$ <u>0.00</u>	\$ <u>0.00</u>
Do not enter the amount if you contend that the amount received was a benefit under the Social Security Act. Instead, list it here:		
For you	\$ <u>0.00</u>	
For your spouse	\$ <u>0.00</u>	
9. Pension or retirement income. Do not include any amount received that was a benefit under the Social Security Act.	\$ <u>0.00</u>	\$ <u>0.00</u>
10. Income from all other sources not listed above. Specify the source and amount. Do not include any benefits received under the Social Security Act or payments received as a victim of a war crime, a crime against humanity, or international or domestic terrorism.		
If necessary, list other sources on a separate page and put the total below.		
<u>Photo Shoots on Property etc</u>	\$ <u>1,270.77</u>	\$ <u>0.00</u>
	\$ <u>0.00</u>	\$ <u>0.00</u>
Total amounts from separate pages, if any.	+ \$ <u>0.00</u>	\$ <u>0.00</u>
11. Calculate your total current monthly income.		
Add lines 2 through 10 for each column.		
Then add the total for Column A to the total for Column B.	\$ <u>1,270.77</u>	+ \$ <u>100.00</u> = \$ <u>1,370.77</u>

Debtor 1
Debtor 2

Paul Stuart Shepherd
GiGi Renee Shepherd

Case number (if known) **2:17-bk-17991-BB**

Part 2: Sign Below

By signing here, under penalty of perjury I declare that the information on this statement and in any attachments is true and correct.

X /s/ Paul Stuart Shepherd
Paul Stuart Shepherd
Signature of Debtor 1

X /s/ GiGi Renee Shepherd
GiGi Renee Shepherd
Signature of Debtor 2

Date **July 14, 2017**
MM / DD / YYYY

Date **July 14, 2017**
MM / DD / YYYY

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address Ron Bender 10250 Constellation Blvd. Suite 1700 Los Angeles, CA 90067 (310) 229-1234 143364	FOR COURT USE ONLY
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION	
In re: Paul Stuart Shepherd GiGi Renee Shepherd	CASE NO.: 2:17-bk-17991-BB CHAPTER: 11 <div style="text-align: center;"> DECLARATION BY DEBTOR(S) AS TO WHETHER INCOME WAS RECEIVED FROM AN EMPLOYER WITHIN 60 DAYS OF THE PETITION DATE [11 U.S.C. § 521(a)(1)(B)(iv)] </div>
Debtor(s).	[No hearing Required]

Debtor(s) provides the following declaration(s) as to whether income was received from an employer within 60 days of the Debtor(s) filing this bankruptcy case (Petition Date), as required by 11 U.S.C. § 521(a)(1)(B)(iv):

Declaration of Debtor 1

1. I am Debtor 1 in this case, and I declare under penalty of perjury that the following information is true and correct:

During the 60-day period before the Petition Date (Check only ONE box below):

I was paid by an employer. Attached are copies of all statements of earnings, pay stubs, or other proof of employment income I received from my employer during this 60-day period. (If the Debtor's social security number or bank account is on a pay stub or other proof of income, the Debtor must cross out (redact) the number(s) before filing this declaration.)

I was not paid by an employer because I was either self-employed only, or not employed.

Date: <u>July 14, 2017</u>	<u>Paul Stuart Shepherd</u>	<u>/s/ Paul Stuart Shepherd</u>
	Printed name of Debtor 1	Signature of Debtor 1

Declaration of Debtor 2 (Joint Debtor) (if applicable)

2. I am Debtor 2 in this case, and I declare under penalty of perjury that the following information is true and correct:

During the 60-day period before the Petition Date (Check only ONE box below):

I was paid by an employer. Attached are copies of all statements of earnings, pay stubs, or other proof of employment income I received from my employer during this 60-day period. (If the Debtor's social security number or bank account is on a pay stub or other proof of income, the Debtor must cross out (redact) the number(s) before filing this declaration.)

I was not paid by an employer because I was either self-employed only, or not employed.

Date: July 14, 2017

GiGi Renee Shepherd

Printed name of Debtor 2

/s/ GiGi Renee Shepherd

Signature of Debtor 2

UNITED STATES BANKRUPTCY COURT
 CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

Attorney or Party Name, Address, Telephone & FAX Nos.,
 State Bar No. & Email Address

Ron Bender
Levene, Neale, Bender, Yoo & Brill LLP
10250 Constellation Blvd.
Suite 1700
Los Angeles, CA 90067
(310) 229-1234
143364
 Attorney for: Debtors (Proposed)

CASE NO.: **2:17-bk-17991-BB**

CHAPTER: **11**
 ADVERSARY NO.:
 (if applicable)

In re:

Paul Stuart Shepherd
GiGi Renee Shepherd

Debtor(s).

ELECTRONIC FILING DECLARATION
(INDIVIDUAL)
[LBR 1002-1(f)]

- Petition, statement of affairs, schedules or lists
 Amendments to the petition, statement of affairs, schedules or lists
 Other (specify): **Related Papers Filed with the Schedules and Statement of Financial Affairs on 7/14/17**

Date Filed: **7/14/17**
 Date Filed:
 Date Filed: **7/14/17**

PART I - DECLARATION OF DEBTOR(S) OR OTHER PARTY

I (We), the undersigned Debtor(s) or other party on whose behalf the above-referenced document is being filed (Signing Party), declare under penalty of perjury that: (1) I have read and understand the above-referenced document being filed electronically (Filed Document); (2) the information provided in the Filed Document is true, correct and complete; (3) the "/s/," followed by my name, on the signature line(s) for the Signing Party in the Filed Document serves as my signature and denotes the making of such declarations, requests, statements, verifications and certifications to the same extent and effect as my actual signature on such signature line(s); (4) I have actually signed a true and correct printed copy of the Filed Document in such places and provided the executed printed copy of the Filed Document to my attorney; and (5) I have authorized my attorney to file the electronic version of the Filed Document and this Declaration with the United States Bankruptcy Court for the Central District of California. If the Filed Document is a petition, I further declare under penalty of perjury that I have completed and signed a *Statement About Your Social Security Numbers* (Official Form 121) and provided the executed original to my attorney.

7/14/17

Date:

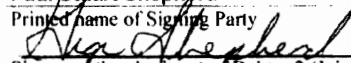

 Signature (handwritten) of Debtor or signing party

Paul Stuart Shepherd

Printed name of Signing Party

7/14/17

Date:


 Signature (handwritten) of Debtor 2 (Joint Debtor) (if applicable)

GiGi Renee Shepherd

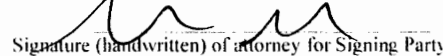
Printed name of Debtor 2, if applicable

PART II - DECLARATION OF ATTORNEY FOR SIGNING PARTY

I, the undersigned attorney for the Signing Party, declare under penalty of perjury that: (1) the "/s/," followed by my name, on the signature lines for the attorney for the Signing Party in the Filed Document serves as my signature and denotes the making of such declarations, requests, statements, verifications and certifications to the same extent and effect as my actual signature on such signature lines; (2) the Signing Party signed *Part I - Declaration of Debtor(s) or Other Party of this Declaration* before I electronically submitted the Filed Document for filing with the United States Bankruptcy Court for the Central District of California; (3) I have actually signed a true and correct printed copy of the Filed Document in the locations that are indicated by "/s/," followed by my name, and have obtained the signature(s) of the Signing Party in the locations that are indicated by "/s/," followed by the Signing Party's name, on the true and correct printed copy of the Filed Document; (4) I shall maintain the executed originals of this Declaration and the Filed Document for a period of five years after the closing of the case in which they are filed; and (5) I shall make the executed originals of this Declaration and the Filed Document available for review upon request of the court or other parties. If the Filed Document is a petition, I further declare under penalty of perjury that: (1) the Signing Party completed and signed the *Statement About Your Social Security Numbers* (Official Form 121) before I electronically submitted the Filed Document for filing with the United States Bankruptcy Court for the Central District of California; (2) I shall maintain the executed original of the *Statement About Your Social Security Numbers* (Official Form 121) for a period of five years after the closing of the case in which they are filed; and (3) I shall make the executed original of the *Statement About Your Social Security Numbers* (Official Form 121) available for review upon request of the court.

7/14/17

Date:


 Signature (handwritten) of attorney for Signing Party

Ron Bender 143364

Printed Name of attorney for Signing Party

EXHIBIT "6"



CALIFORNIA ASSOCIATION OF REALTORS®

RESIDENTIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

(C.A.R. Form RPA-CA, Revised 12/15)

Date Prepared: 3/5/17

1. OFFER:
 - A. THIS IS AN OFFER FROM NICK KERROS AND/OR DESIGNEE ("Buyer").
 - B. THE REAL PROPERTY to be acquired is 2480 Sunset Plaza, Los Angeles, 90069 situated in Los Angeles (City), Los Angeles (County), California, 90069 (Zip Code), Assessor's Parcel No 5563-03-1011 ("Property")
 - C. THE PURCHASE PRICE offered is SEVEN MILLION NINE HUNDRED THOUSAND AND 00/100 Dollars \$ 7,900,000
 - D. CLOSE OF ESCROW shall occur on 6/6/17 (date) (or Days After Acceptance)
 - E. Buyer and Seller are referred to herein as the "Parties" Brokers are not Parties to this Agreement.
2. AGENCY:
 - A. DISCLOSURE: The Parties each acknowledge receipt of a "Disclosure Regarding Real Estate Agency Relationships" (C.A.R. Form AD).
 - B. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:
 - Listing Agent Douglas Elliman (Print Firm Name) is the agent of (check one):
 - the Seller exclusively; or both the Buyer and Seller.
 - Selling Agent Douglas Elliman (Print Firm Name) (if not the same as the Listing Agent) is the agent of (check one):
 - the Buyer exclusively; or the Seller exclusively; or both the Buyer and Seller.
 - C. POTENTIALLY COMPETING BUYERS AND SELLERS: The Parties each acknowledge receipt of a "Possible Representation of More than One Buyer or Seller - Disclosure and Consent" (C.A.R. Form PRBS)
3. FINANCE TERMS: Buyer represents that funds will be good when deposited with Escrow Holder
 - A. INITIAL DEPOSIT: Deposit shall be in the amount of \$ 237,000
 - (1) Buyer Direct Deposit: Buyer shall deliver deposit directly to Escrow Holder by electronic funds transfer, cashier's check, personal check, other within 3 business days after Acceptance (or);
 - OR (2) Buyer Deposit with Agent: Buyer has given the deposit by personal check (or) to the agent submitting the offer (or to), made payable to . The deposit shall be held uncashed until Acceptance and then deposited with Escrow Holder within 3 business days after Acceptance (or). Deposit checks given to agent shall be an original signed check and not a copy. (Note: Initial and increased deposits checks received by agent shall be recorded in Broker's trust fund log.)
 - B. INCREASED DEPOSIT: Buyer shall deposit with Escrow Holder an increased deposit in the amount of \$ within Days After Acceptance (or). If the Parties agree to liquidated damages in this Agreement, they also agree to incorporate the increased deposit into the liquidated damages amount in a separate liquidated damages clause (C.A.R. Form RID) at the time the increased deposit is delivered to Escrow Holder.
 - C. ALL CASH OFFER: No loan is needed to purchase the Property. This offer is NOT contingent on Buyer obtaining a loan. Written verification of sufficient funds to close this transaction IS ATTACHED to this offer or Buyer shall, within 3 (or) Days After Acceptance, Deliver to Seller such verification
 - D. LOAN(S):
 - (1) FIRST LOAN: in the amount of \$ NO LOAN CONTINGENTLY - BUT BUYER CAN GET A LOAN.
 - This loan will be conventional financing or FHA, VA, Seller financing (C.A.R. Form SFA), assumed financing (C.A.R. Form AFA), Other . This loan shall be at a fixed rate not to exceed % or, an adjustable rate loan with initial rate not to exceed % Regardless of the type of loan, Buyer shall pay points not to exceed % of the loan amount.
 - (2) SECOND LOAN in the amount of \$
 - This loan will be conventional financing or Seller financing (C.A.R. Form SFA), assumed financing (C.A.R. Form AFA), Other . This loan shall be at a fixed rate not to exceed % or, an adjustable rate loan with initial rate not to exceed % Regardless of the type of loan, Buyer shall pay points not to exceed % of the loan amount.
 - (3) FHA/VA: For any FHA or VA loan specified in 3D(1), Buyer has 17 (or) Days After Acceptance to Deliver to Seller written notice (C.A.R. Form FVA) of any lender-required repairs or costs that Buyer requests Seller to pay for or otherwise correct. Seller has no obligation to pay or satisfy lender requirements unless agreed in writing. A FHA/VA amendatory clause (C.A.R. Form FVAC) shall be a part of this Agreement.
 - E. ADDITIONAL FINANCING TERMS:
 - F. BALANCE OF DOWN PAYMENT OR PURCHASE PRICE in the amount of \$ 7,663,000 to be deposited with Escrow Holder pursuant to Escrow Holder instructions.
 - G. PURCHASE PRICE (TOTAL): \$ 7,900,000

Buyer's Initials (NK)
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Seller's Initials (JK)

Douglas Elliman, 150 S El Camino Dr Ste 150 Beverly Hills, CA 90212 Phone: 310.819.3399 Fax:
 Joshua Aleson Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48226 www.zipLogix.com Nick Kerros

⊕ THE PRICE OF 7.9 MILLION INCLUDES BOTH PARCELS # 5563-031-011 AND 5563-031-012. ADDITIONAL LANGUAGE CONTAINED ON SEPARATE PAGE.

Property Address: 2460 Sunset Plaza, Los Angeles, 90069

Date: 3/5/17

H. VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS: Buyer (or Buyer's lender or loan broker pursuant to paragraph 3J(1)) shall, within 3 (or) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs. (Verification attached.)

I. APPRAISAL CONTINGENCY AND REMOVAL: NO APPRAISAL CONTINGENCY This Agreement is (or is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the purchase price. Buyer shall, as specified in paragraph 14B(3), in writing, remove the appraisal contingency or cancel this Agreement within 17 (or) Days After Acceptance.

J. LOAN TERMS:

(1) LOAN APPLICATIONS: Within 3 (or) Days After Acceptance, Buyer shall Deliver to Seller a letter from Buyer's lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in paragraph 3D. If any loan specified in paragraph 3D is an adjustable rate loan, the prequalification or preapproval letter shall be based on the qualifying rate, not the initial loan rate. (Letter attached.)

(2) LOAN CONTINGENCY: Buyer shall act diligently and in good faith to obtain the designated loan(s). Buyer's qualification for the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. If there is no appraisal contingency or the appraisal contingency has been waived or removed, then failure of the Property to appraise at the purchase price does not entitle Buyer to exercise the cancellation right pursuant to the loan contingency if Buyer is otherwise qualified for the specified loan. Buyer's contractual obligations regarding deposit, balance of down payment and closing costs are not contingencies of this Agreement.

(3) LOAN CONTINGENCY REMOVAL:

Within 21 (or) Days After Acceptance, Buyer shall, as specified in paragraph 14, in writing, remove the loan contingency or cancel this Agreement. If there is an appraisal contingency, removal of the loan contingency shall not be deemed removal of the appraisal contingency.

(4) NO LOAN CONTINGENCY: Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.

(5) LENDER LIMITS ON BUYER CREDITS: Any credit to Buyer, from any source, for closing or other costs that is agreed to by the Parties ("Contractual Credit") shall be disclosed to Buyer's lender. If the total credit allowed by Buyer's lender ("Lender Allowable Credit") is less than the Contractual Credit, then (i) the Contractual Credit shall be reduced to the Lender Allowable Credit, and (ii) in the absence of a separate written agreement between the Parties, there shall be no automatic adjustment to the purchase price to make up for the difference between the Contractual Credit and the Lender Allowable Credit.

K. BUYER STATED FINANCING: Seller is relying on Buyer's representation of the type of financing specified (including but not limited to, as applicable, all cash, amount of down payment, or contingent or non-contingent loan). Seller has agreed to a specific closing date, purchase price and to sell to Buyer in reliance on Buyer's covenant concerning financing. Buyer shall pursue the financing specified in this Agreement. Seller has no obligation to cooperate with Buyer's efforts to obtain any financing other than that specified in the Agreement and the availability of any such alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.

4. SALE OF BUYER'S PROPERTY:

A. This Agreement and Buyer's ability to obtain financing are NOT contingent upon the sale of any property owned by Buyer.
OR B. This Agreement and Buyer's ability to obtain financing are contingent upon the sale of property owned by Buyer as specified in the attached addendum (C.A.R. Form COP).

5. ADDENDA AND ADVISORIES:

A. ADDENDA:

<input type="checkbox"/> Addendum #	(C.A.R. Form ADM)
<input type="checkbox"/> Back Up Offer Addendum (C.A.R. Form BUO)	<input type="checkbox"/> Court Confirmation Addendum (C.A.R. Form CCA)
<input type="checkbox"/> Septic, Well and Property Monument Addendum (C.A.R. Form SWP)	
<input type="checkbox"/> Short Sale Addendum (C.A.R. Form SSA)	<input checked="" type="checkbox"/> Other Commission Agreement (CA)

B. BUYER AND SELLER ADVISORIES:

<input checked="" type="checkbox"/> Buyer's Inspection Advisory (C.A.R. Form BIA)	
<input type="checkbox"/> Probate Advisory (C.A.R. Form PA)	<input type="checkbox"/> Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)
<input type="checkbox"/> Trust Advisory (C.A.R. Form TA)	<input type="checkbox"/> REO Advisory (C.A.R. Form REO)
<input type="checkbox"/> Short Sale Information and Advisory (C.A.R. Form SSIA)	<input type="checkbox"/> Other

6. OTHER TERMS:

7. ALLOCATION OF COSTS

A. INSPECTIONS, REPORTS AND CERTIFICATES: Unless otherwise agreed in writing, this paragraph only determines who is to pay for the inspection, test, certificate or service ("Report") mentioned; it does not determine who is to pay for any work recommended or identified in the Report.

(1) Buyer Seller shall pay for a natural hazard zone disclosure report, including tax environmental Other: _____ prepared by Click here to select your Service Provider

(2) Buyer Seller shall pay for the following Report _____ prepared by _____

(3) Buyer Seller shall pay for the following Report _____ prepared by _____

Buyer's Initials (AK) (_____)

Seller's Initials (JD) (HL)

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CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 2 OF 10)

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Nick Kerres



Property Address: 2460 Sunset Plaza, Los Angeles, 90069

Date: 3/5/17

B. GOVERNMENT REQUIREMENTS AND RETROFIT:

- (1) Buyer Seller shall pay for smoke alarm and carbon monoxide device installation and water heater bracing, if required by Law. Prior to Close Of Escrow ("COE"), Seller shall provide Buyer written statement(s) of compliance in accordance with state and local Law, unless Seller is exempt.
(ii) Buyer Seller shall pay the cost of compliance with any other minimum mandatory government inspections and reports if required as a condition of closing escrow under any Law.
(iii) Buyer Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards required as a condition of closing escrow under any Law, whether the work is required to be completed before or after COE.
(iv) Buyer shall be provided, within the time specified in paragraph 14A, a copy of any required government conducted or point-of-sale inspection report prepared pursuant to this Agreement or in anticipation of this sale of the Property.

C. ESCROW AND TITLE:

- (1) (a) Buyer Seller shall pay escrow fee SPLIT ESCROW FEES
(b) Escrow Holder shall be GRANITE ESCROW - MARK KISHANAN
(c) The Parties shall, within 5 (or) Days After receipt, sign and return Escrow Holder's general provisions.
(2) (a) Buyer Seller shall pay for owner's title insurance policy specified in paragraph 13E
(b) Owner's title policy to be issued by BUYERS CHOICE
(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

D. OTHER COSTS:

- (1) Buyer Seller shall pay County transfer tax or fee
(2) Buyer Seller shall pay City transfer tax or fee
(3) Buyer Seller shall pay Homeowners' Association ("HOA") transfer fee
(4) Seller shall pay HOA fees for preparing documents required to be delivered by Civil Code §4525.
(5) Buyer Seller shall pay HOA fees for preparing all documents other than those required by Civil Code §4525.
(6) Buyer to pay for any HOA certification fee.
(7) Buyer Seller shall pay for any private transfer fee
(8) Buyer Seller shall pay for
(9) Buyer Seller shall pay for
(10) Buyer Seller shall pay for the cost, not to exceed \$, of a standard (or upgraded) one-year home warranty plan, issued by Click here to select your Service Provider, with the following optional coverages: Air Conditioner Pool/Spa Other:
Buyer is informed that home warranty plans have many optional coverages in addition to those listed above. Buyer is advised to investigate these coverages to determine those that may be suitable for Buyer.

OR Buyer waives the purchase of a home warranty plan. Nothing in this paragraph precludes Buyer's purchasing a home warranty plan during the term of this Agreement.

8. ITEMS INCLUDED IN AND EXCLUDED FROM SALE:

A. NOTE TO BUYER AND SELLER: Items listed as included or excluded in the MLS, flyers or marketing materials are not included in the purchase price or excluded from the sale unless specified in paragraph 8 B or C.

B. ITEMS INCLUDED IN SALE: Except as otherwise specified or disclosed,

- (1) All EXISTING fixtures and fittings that are attached to the Property;
(2) EXISTING electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar power systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, air coolers/conditioners, pool/spa equipment, garage door openers/remote controls, mailbox, in-ground landscaping, trees/shrubs, water features and fountains, water softeners, water purifiers, security systems/alarms and the following if checked: all stove(s), except all refrigerator(s) except all washer(s) and dryer(s), except
(3) The following additional items:
(4) Existing integrated phone and home automation systems, including necessary components such as intranet and Internet-connected hardware or devices, control units (other than non-dedicated mobile devices, electronics and computers) and applicable software, permissions, passwords, codes and access information, are (are NOT) included in the sale.
(5) LEASED OR LIENED ITEMS AND SYSTEMS: Seller shall, within the time specified in paragraph 14A, (i) disclose to Buyer if any item or system specified in paragraph 8B or otherwise included in the sale is leased, or not owned by Seller, or specifically subject to a lien or other encumbrance, and (ii) Deliver to Buyer all written materials (such as lease, warranty, etc.) concerning any such item. Buyer's ability to assume any such lease, or willingness to accept the Property subject to any such lien or encumbrance, is a contingency in favor of Buyer and Seller as specified in paragraph 14B and C.
(6) Seller represents that all items included in the purchase price, unless otherwise specified, (i) are owned by Seller and shall be transferred free and clear of liens and encumbrances, except the items and systems identified pursuant to 8B(5) and and (ii) are transferred without Seller warranty regardless of value.

C. ITEMS EXCLUDED FROM SALE: Unless otherwise specified, the following items are excluded from sale: (i) audio and video components (such as flat screen TVs, speakers and other items) if any such item is not itself attached to the Property, even if a bracket or other mechanism attached to the component or item is attached to the Property; (ii) furniture and other items secured to the Property for earthquake purposes; and (iii)

Brackets attached to walls, floors or ceilings for any such component, furniture or item shall remain with the Property (or will be removed and holes or other damage shall be repaired, but not painted).

Buyer's Initials ()

Seller's Initials ()

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CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 3 OF 10)

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Net Terms

Property Address: 2460 Sunset Plaza, Los Angeles, 90069

Date: 3/5/17

9. CLOSING AND POSSESSION:

- A. Buyer intends (or does not intend) to occupy the Property as Buyer's primary residence.
 - B. Seller-occupied or vacant property: Possession shall be delivered to Buyer: (i) at 6 PM or (AM/ PM) on the date of Close Of Escrow; (ii) no later than calendar days after Close Of Escrow; or (iii) at AM/ PM on .
 - C. Seller remaining in possession After Close Of Escrow: If Seller has the right to remain in possession after Close Of Escrow, (i) the Parties are advised to sign a separate occupancy agreement such as C.A.R. Form SIP, for Seller continued occupancy of less than 30 days, C.A.R. Form RLAS for Seller continued occupancy of 30 days or more; and (ii) the Parties are advised to consult with their insurance and legal advisors for information about liability and damage or injury to persons and personal and real property; and (iii) Buyer is advised to consult with Buyer's lender about the impact of Seller's occupancy on Buyer's loan.
 - D. Tenant-occupied property: Property shall be vacant at least 5 (or) Days Prior to Close Of Escrow, unless otherwise agreed in writing. **Note to Seller: If you are unable to deliver Property vacant in accordance with rent control and other applicable Law, you may be in breach of this Agreement.**
- OR Tenant to remain in possession (C.A.R. Form TIP).
- E. At Close Of Escrow, Seller assigns to Buyer any assignable warranty rights for items included in the sale, and Seller shall Deliver to Buyer available Copies of any such warranties. Brokers cannot and will not determine the assignability of any warranties.
 - F. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys, passwords, codes and/or means to operate all locks, mailboxes, security systems, alarms, home automation, systems and intranet and Internet-connected devices included in the purchase price, and garage door openers. If the Property is a condominium or located in a common interest subdivision, Buyer may be required to pay a deposit to the Homeowners' Association ("HOA") to obtain keys to accessible HOA facilities.

10. STATUTORY AND OTHER DISCLOSURES (INCLUDING LEAD-BASED PAINT HAZARD DISCLOSURES) AND CANCELLATION RIGHTS:

- A. (1) Seller shall, within the time specified in paragraph 14A, Deliver to Buyer: (i) if required by Law, a fully completed: Federal Lead-Based Paint Disclosures (C.A.R. Form FLD) and pamphlet ("Lead Disclosures"); and (ii) unless exempt, fully completed disclosures or notices required by sections 1102 et. seq. and 1103 et. seq. of the Civil Code ("Statutory Disclosures"). Statutory Disclosures include, but are not limited to, a Real Estate Transfer Disclosure Statement ("TDS"), Natural Hazard Disclosure Statement ("NHD"), notice or actual knowledge of release of illegal controlled substance, notice of special tax and/or assessments (or, if allowed, substantially equivalent notice regarding the Mello-Roos Community Facilities Act of 1982 and Improvement Bond Act of 1915) and, if Seller has actual knowledge, of industrial use and military ordnance location (C.A.R. Form SPQ or ESD).
- (2) Any Statutory Disclosure required by this paragraph is considered fully completed if Seller has answered all questions and completed and signed the Seller section(s) and the Listing Agent, if any, has completed and signed the Listing Broker section(s), or, if applicable, an Agent Visual Inspection Disclosure (C.A.R. Form AVID). Nothing stated herein relieves a Buyer's Broker, if any, from the obligation to (i) conduct a reasonably competent and diligent visual inspection of the accessible areas of the Property and disclose, on Section IV of the TDS, or an AVID, material facts affecting the value or desirability of the Property that were or should have been revealed by such an inspection or (ii) complete any sections on all disclosures required to be completed by Buyer's Broker.
- (3) **Note to Buyer and Seller: Waiver of Statutory and Lead Disclosures is prohibited by Law.**
- (4) Within the time specified in paragraph 14A, (i) Seller, unless exempt from the obligation to provide a TDS, shall, complete and provide Buyer with a Seller Property Questionnaire (C.A.R. Form SPQ); (ii) if Seller is not required to provide a TDS, Seller shall complete and provide Buyer with an Exempt Seller Disclosure (C.A.R. Form ESD).
- (5) Buyer shall, within the time specified in paragraph 14B(1), return Signed Copies of the Statutory, Lead and other disclosures to Seller.
- (6) In the event Seller or Listing Broker, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer, Seller shall promptly provide a subsequent or amended disclosure or notice, in writing, covering those items. However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies of which Buyer is otherwise aware, or which are disclosed in reports provided to or obtained by Buyer or ordered and paid for by Buyer.
- (7) If any disclosure or notice specified in paragraph 10A(1), or subsequent or amended disclosure or notice is Delivered to Buyer after the offer is Signed, Buyer shall have the right to cancel this Agreement within 3 Days After Delivery in person, or 5 Days After Delivery by deposit in the mail, by giving written notice of cancellation to Seller or Seller's agent.
- B. **NATURAL AND ENVIRONMENTAL HAZARD DISCLOSURES AND OTHER BOOKLETS:** Within the time specified in paragraph 14A, Seller shall, if required by Law: (i) Deliver to Buyer earthquake guide(s) (and questionnaire), environmental hazards booklet, and home energy rating pamphlet, (ii) disclose if the Property is located in a Special Flood Hazard Area, Potential Flooding (Inundation) Area; Very High Fire Hazard Zone, State Fire Responsibility Area; Earthquake Fault Zone; and Seismic Hazard Zone, and (iii) disclose any other zone as required by Law and provide any other information required for those zones.
- C. **WITHHOLDING TAXES:** Within the time specified in paragraph 14A, to avoid required withholding, Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law (C.A.R. Form AS or QS).
- D. **MEGAN'S LAW DATABASE DISCLOSURE:** Notice Pursuant to Section 29046 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer's inspection contingency period. Brokers do not have expertise in this area.)
- E. **NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES:** This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov/>. To seek further information about possible transmission pipelines near the Property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Web site.
- F. **CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES:**
 - (1) **SELLER HAS:** 7 (or) Days After Acceptance to disclose to Buyer if the Property is a condominium, or is located in a planned development or other common interest subdivision (C.A.R. Form SPQ or ESD)

Buyer's Initials (MLL) ()
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Seller's Initials () ()



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 4 OF 10)

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

Nick Kerres

Property Address: 2460 Sunset Plaza, Los Angeles, 90069

Date: _____

(2) If the Property is a condominium or is located in a planned development or other common interest subdivision, Seller has 3 (or ____) Days After Acceptance to request from the HOA (C.A.R. Form HOA1): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings; and (v) the names and contact information of all HOAs governing the Property (collectively, "CI Disclosures"). (vi) private transfer fees; (vii) Pet fee restrictions; and (viii) smoking restrictions. Seller shall itemize and Deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 14B(3). The Party specified in paragraph 7, as directed by escrow, shall deposit funds into escrow or direct to HOA or management company to pay for any of the above.

11. **CONDITION OF PROPERTY:** Unless otherwise agreed in writing: (i) the Property is sold (a) "AS-IS" in its PRESENT physical condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow

- A. Seller shall, within the time specified in paragraph 14A, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, and make any and all other disclosures required by law.
- B. Buyer has the right to conduct Buyer Investigations of the Property and, as specified in paragraph 14B, based upon information discovered in those investigations: (i) cancel this Agreement; or (ii) request that Seller make Repairs or take other action.
- C. Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition. Seller may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.

12. **BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:**

- A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 14B. Within the time specified in paragraph 14B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to: (i) a general physical inspection; (ii) an inspection specifically for wood destroying pests and organisms. Any inspection for wood destroying pests and organisms shall be prepared by a registered Structural Pest Control company; shall cover the main building and attached structures; may cover detached structures; shall NOT include water tests of shower pans on upper level units unless the owners of property below the shower consent; shall NOT include roof coverings; and, if the Property is a unit in a condominium or other common interest subdivision, the inspection shall include only the separate interest and any exclusive-use areas being transferred, and shall NOT include common areas; and shall include a report ("Pest Control Report") showing the findings of the company which shall be separated into sections for evident infestation or infections (Section 1) and for conditions likely to lead to infestation or infection (Section 2); (iii) inspect for lead-based paint and other lead-based paint hazards; (iv) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA); (v) review the registered sex offender database; (vi) confirm the insurability of Buyer and the Property including the availability and cost of flood and fire insurance; and (vii) review and seek approval of leases that may need to be assumed by Buyer. Without Seller's prior written consent, Buyer shall neither make nor cause to be made: invasive or destructive Buyer Investigations, except for minimally invasive testing required to prepare a Pest Control Report; or inspections by any governmental building or zoning inspector or government employee, unless required by Law.
- B. Seller shall make the Property available for all Buyer investigations. Buyer shall (i) as specified in paragraph 14B, complete Buyer Investigations and either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all such Investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement
- C. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer
- D. **Buyer indemnity and seller protection for entry upon property:** Buyer shall: (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-Responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination of this Agreement

13. **TITLE AND VESTING:**

- A. Within the time specified in paragraph 14, Buyer shall be provided a current preliminary title report ("Preliminary Report"). The Preliminary Report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the Preliminary Report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 14B. The company providing the Preliminary Report shall, prior to issuing a Preliminary Report, conduct a search of the General Index for all Sellers except banks or other institutional lenders selling properties they acquired through foreclosure (REOs), corporations, and government entities. Seller shall within 7 Days After Acceptance, give Escrow Holder a completed Statement of Information
- B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except for: (i) monetary liens of record (which Seller is obligated to pay off) unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing
- C. Within the time specified in paragraph 14A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not
- D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest) including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL

Buyer's Initials (ML)
RPA-CA REVISED 12/15 (PAGE 5 OF 10)

Seller's Initials (JS) (ML)



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 5 OF 10)

Produced with zplForm® by zplLogic, 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zplLogic.com

Nick Kerrea

Property Address: 2460 Sunset Plaza, Los Angeles, 90069

Date: _____

- E. Buyer shall receive a CLTA/ALTA "Homeowner's Policy of Title Insurance", if applicable to the type of property and buyer. If not, Escrow Holder shall notify Buyer. A title company can provide information about the availability, coverage, and cost of other title policies and endorsements. If the Homeowner's Policy is not available, Buyer shall choose another policy, instruct Escrow Holder in writing and shall pay any increase in cost.
- 14. **TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS:** The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).
 - A. **SELLER HAS:** 7 (or _____) Days After Acceptance to Deliver to Buyer all Reports, disclosures and information for which Seller is responsible under paragraphs 5, 6, 7, 8B(5), 10A, B, C, and F, 11A and 13A. If, by the time specified, Seller has not Delivered any such item, Buyer after first Delivering to Seller a Notice to Seller to Perform (C.A.R. Form NSP) may cancel this Agreement.
 - B. (1) **BUYER HAS:** 17 (or 45) Days After Acceptance, unless otherwise agreed in writing, to: (i) complete all Buyer Investigations, review all disclosures, reports, lease documents to be assumed by Buyer pursuant to paragraph 8B(5), and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property; and (ii) Deliver to Seller Signed Copies of Statutory and Lead Disclosures and other disclosures Delivered by Seller in accordance with paragraph 10A.
 - (2) Within the time specified in paragraph 14B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to (C.A.R. Form RRRR) Buyer's requests.
 - (3) By the end of the time specified in paragraph 14B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller a removal of the applicable contingency or cancellation (C.A.R. Form CR or CC) of this Agreement. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in paragraph 14A, then Buyer has 5 (or _____) Days After Delivery of any such items, or the time specified in paragraph 14B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.
 - (4) **Continuation of Contingency:** Even after the end of the time specified in paragraph 14B(1) and before Seller cancels, if at all, pursuant to paragraph 14D, Buyer retains the right, in writing, to either (i) remove remaining contingencies, or (ii) cancel this Agreement based on a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to paragraph 14D(1).
 - (5) **Access to Property:** Buyer shall have access to the Property to conduct inspections and investigations for 17 (or _____) Days After Acceptance, whether or not any part of the Buyer's Investigation Contingency has been waived or removed.
 - C. **REMOVAL OF CONTINGENCIES WITH OFFER:** Buyer removes the contingencies specified in the attached Contingency Removal form (C.A.R. Form CR). If Buyer removes any contingency without an adequate understanding of the Property's condition or Buyer's ability to purchase, Buyer is acting against the advice of Broker.
 - D. **SELLER RIGHT TO CANCEL:**
 - (1) **Seller right to Cancel; Buyer Contingencies:** If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement, then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.
 - (2) **Seller right to Cancel; Buyer Contract Obligations:** Seller, after first delivering to Buyer a NBP, may cancel this Agreement if, by the time specified in this Agreement, Buyer does not take the following action(s): (i) Deposit funds as required by paragraph 3A, or 3B or if the funds deposited pursuant to paragraph 3A or 3B are not good when deposited; (ii) Deliver a notice of FHA or VA costs or terms as required by paragraph 3D(3) (C.A.R. Form FVA); (iii) Deliver a letter as required by paragraph 3J(1); (iv) Deliver verification, or a satisfactory verification if Seller reasonably disapproves of the verification already provided, as required by paragraph 3C or 3H; (v) In writing assume or accept leases or liens specified in 8B5; (vi) Return Statutory and Lead Disclosures as required by paragraph 10A(5); or (vii) Sign or initial a separate liquidated damages form for an increased deposit as required by paragraphs 3B and 21B; or (viii) Provide evidence of authority to sign in a representative capacity as specified in paragraph 19 in such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.
 - E. **NOTICE TO BUYER OR SELLER TO PERFORM:** The NBP or NSP shall (i) be in writing, (ii) be signed by the applicable Buyer or Seller, and (iii) give the other Party at least 2 (or _____) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP or NSP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for the other Party to remove a contingency or cancel this Agreement or meet an obligation specified in paragraph 14.
 - F. **EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES:** If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in writing, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right, (ii) elected to proceed with the transaction, and (iii) assumed all liability, responsibility and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for the inability to obtain financing.
 - G. **CLOSE OF ESCROW:** Before Buyer or Seller may cancel this Agreement for failure of the other Party to close escrow pursuant to this Agreement, Buyer or Seller must first Deliver to the other Party a demand to close escrow (C.A.R. Form DCE). The DCE shall: (i) be signed by the applicable Buyer or Seller; and (ii) give the other Party at least 3 (or _____) Days After Delivery to close escrow. A DCE may not be Delivered any earlier than 3 Days Prior to the scheduled close of escrow.
 - H. **EFFECT OF CANCELLATION ON DEPOSITS:** If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, the Parties agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Except as specified below, release of funds will require mutual Signed release instructions from the Parties, judicial decision or arbitration award. If either Party fails to execute mutual instructions to cancel escrow, one Party may make a written demand to Escrow Holder for the deposit. (C.A.R. Form BDRD or SDRD) Escrow Holder, upon receipt, shall promptly deliver notice of the demand to the other Party. If, within 10 Days After Escrow Holder's notice, the other Party does not object to the demand, Escrow Holder shall disburse the deposit to the Party making the demand. If Escrow Holder complies with the preceding process, each Party shall be deemed to have released Escrow Holder from any and all claims or liability related to the disbursement of the deposit. Escrow Holder, at its discretion, may nonetheless require mutual cancellation instructions. A Party may be subject to a civil penalty of up to \$1,000 for refusal to sign cancellation instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).

Buyer's Initials (ML) (_____)
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Seller's Initials (SL) (_____)



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 6 OF 10)

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Not a form

Property Address: 2460 Sunset Plaza, Los Angeles, 90069

Date: 3/5/17

15. **FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final verification of the Property within 5 (or) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 11; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. Form VP).
16. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain invoices and paid receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of invoices and paid receipts and statements to Buyer prior to final verification of condition.
17. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller (see C.A.R. Form SPT or SBSA for further information). TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.
18. **BROKERS:**
- A. **COMPENSATION:** Seller or Buyer, or both, as applicable, agrees to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
- B. **SCOPE OF DUTY:** Buyer and Seller acknowledge and agree that Broker: (i) Does not decide what price Buyer should pay or Seller should accept; (ii) Does not guarantee the condition of the Property; (iii) Does not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) Does not have an obligation to conduct an inspection of common areas or areas off the site of the Property; (v) Shall not be responsible for identifying defects on the Property, in common areas, or offsite unless such defects are visually observable by an inspection of reasonably accessible areas of the Property or are known to Broker; (vi) Shall not be responsible for inspecting public records or permits concerning the title or use of Property; (vii) Shall not be responsible for identifying the location of boundary lines or other items affecting title; (viii) Shall not be responsible for verifying square footage, representations of others or information contained in investigation reports, Multiple Listing Service, advertisements, flyers or other promotional material; (ix) Shall not be responsible for determining the fair market value of the Property or any personal property included in the sale; (x) Shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller; and (xi) Shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.
19. **REPRESENTATIVE CAPACITY:** If one or more Parties is signing this Agreement in a representative capacity and not for him/herself as an individual then that Party shall so indicate in paragraph 31 or 32 and attach a Representative Capacity Signature Disclosure (C.A.R. Form RCSD). Wherever the signature or initials of the representative identified in the RCSD appear on this Agreement or any related documents, it shall be deemed to be in a representative capacity for the entity described and not in an individual capacity, unless otherwise indicated. The Party acting in a representative capacity (i) represents that the entity for which that party is acting already exists and (ii) shall Deliver to the other Party and Escrow Holder, within 3 Days After Acceptance, evidence of authority to act in that capacity (such as but not limited to: applicable portion of the trust or Certification Of Trust (Probate Code §18100.5), letters testamentary, court order, power of attorney, corporate resolution, or formation documents of the business entity)
20. **JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:**
- A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: paragraphs 1, 3, 4B, 5A, 6, 7, 10C, 13, 14G, 17, 18A, 19, 20, 26, 29, 30, 31, 32 and paragraph D of the section titled Real Estate Brokers on page 10. If a Copy of the separate compensation agreement(s) provided for in paragraph 18A, or paragraph D of the section titled Real Estate Brokers on page 10 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions, if any, directly from Escrow Holder and will execute such provisions within the time specified in paragraph 7C(1)(c). To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow and, as directed by Escrow Holder, within 3 (or) Days, shall pay to Escrow Holder or HOA or HOA management company or others any fee required by paragraphs 7, 10 or elsewhere in this Agreement.
- B. A Copy of this Agreement including any counter offer(s) and addenda shall be delivered to Escrow Holder within 3 Days After Acceptance (or) Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement. Escrow Holder shall provide Seller's Statement of Information to Title company when received from Seller. If Seller delivers an affidavit to Escrow Holder to satisfy Seller's FIRPTA obligation under paragraph 10C, Escrow Holder shall deliver to Buyer a Qualified Substitute statement that complies with federal Law.

Buyer's Initials (AK) ()
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Seller's Initials () ()



Nick Kerros

Property Address: 2460 Sunset Plaza, Los Angeles, 90069

Date: 3/5/17

- C. Brokers are a party to the escrow for the sole purpose of compensation pursuant to paragraph 18A and paragraph D of the section titled Real Estate Brokers on page 10. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraph 18A, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement.
- D. Upon receipt, Escrow Holder shall provide Seller and Seller's Broker verification of Buyer's deposit of funds pursuant to paragraph 3A and 3B. Once Escrow Holder becomes aware of any of the following, Escrow Holder shall immediately notify all Brokers: (i) if Buyer's initial or any additional deposit or down payment is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if Buyer and Seller instruct Escrow Holder to cancel escrow.
- E. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 3 Days after mutual execution of the amendment.

21. REMEDIES FOR BUYER'S BREACH OF CONTRACT:

- A. Any clause added by the Parties specifying a remedy (such as release or forfeiture of deposit or making a deposit non-refundable) for failure of Buyer to complete the purchase in violation of this Agreement shall be deemed invalid unless the clause independently satisfies the statutory liquidated damages requirements set forth in the Civil Code.
- B. **LIQUIDATED DAMAGES:** If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. If the Property is a dwelling with no more than four units, one of which Buyer intends to occupy, then the amount retained shall be no more than 3% of the purchase price. Any excess shall be returned to Buyer. Except as provided in paragraph 14H, release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award. **AT THE TIME OF ANY INCREASED DEPOSIT BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION INCORPORATING THE INCREASED DEPOSIT AS LIQUIDATED DAMAGES (C.A.R. FORM RID).**

Buyer's Initials MC

Seller's Initials HS

22. DISPUTE RESOLUTION:

- A. **MEDIATION:** The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action through the C.A.R. Real Estate Mediation Center for Consumers (www.consumermediation.org) or through any other mediation provider or service mutually agreed to by the Parties. The Parties also agree to mediate any disputes or claims with Broker(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. Mediation fees, if any, shall be divided equally among the Parties involved. If, for any dispute or claim to which this paragraph applies, any Party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that Party shall not be entitled to recover attorney fees, even if they would otherwise be available to that Party in any such action. **THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.** Exclusions from this mediation agreement are specified in paragraph 22C.

B. ARBITRATION OF DISPUTES:

The Parties agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The Parties also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator. The Parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 22C.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials MC

Seller's Initials HS

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:

- (1) **EXCLUSIONS:** The following matters are excluded from mediation and arbitration: (i) judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; and (iii) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court.

Buyer's Initials (MC) (_____)

Seller's Initials (HS) (_____)

RPA-CA REVISED 12/15 (PAGE 8 OF 10)

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 8 OF 10)

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Nick Kertus

Property Address: 2460 Sunset Plaza, Los Angeles, 90069

Date: 3/5/17

- (2) **PRESERVATION OF ACTIONS:** The following shall not constitute a waiver nor violation of the mediation and arbitration provisions: (i) the filing of a court action to preserve a statute of limitations; (ii) the filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies; or (iii) the filing of a mechanic's lien.
- (3) **BROKERS:** Brokers shall not be obligated nor compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to this Agreement.
- 23. **SELECTION OF SERVICE PROVIDERS:** Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.
- 24. **MULTIPLE LISTING SERVICE ("MLS"):** Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the sales price and other terms of this transaction shall be provided to the MLS to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.
- 25. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 22A.
- 26. **ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interest in this Agreement without first having obtained the separate written consent of Seller to a specified assignee. Such consent shall not be unreasonably withheld. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement unless otherwise agreed in writing by Seller. (C.A.R. Form A0AA).
- 27. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
- 28. **TERMS AND CONDITIONS OF OFFER:**

This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initiated by all Parties or if incorporated by mutual agreement in a counter offer or addendum. If at least one but not all Parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. The Parties have read and acknowledge receipt of a Copy of the offer and agree to the confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

29. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the Parties are incorporated in this Agreement. Its terms are intended by the Parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Except as otherwise specified, this Agreement shall be interpreted and disputes shall be resolved in accordance with the Laws of the State of California. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.

30. **DEFINITIONS:** As used in this Agreement

- A. "Acceptance" means the time the offer or final counter offer is accepted in writing by a Party and is delivered to and personally received by the other Party or that Party's authorized agent in accordance with the terms of this offer or a final counter offer.
- B. "Agreement" means this document and any counter offers and any incorporated addenda, collectively forming the binding agreement between the Parties. Addenda are incorporated only when Signed by all Parties.
- C. "C.A.R. Form" means the most current version of the specific form referenced or another comparable form agreed to by the parties.
- D. "Close Of Escrow", including "COE", means the date the grant deed, or other evidence of transfer of title, is recorded.
- E. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
- F. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
- G. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.
- H. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
- I. "Deliver", "Delivered" or "Delivery", unless otherwise specified in writing, means and shall be effective upon: personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in the section titled Real Estate Brokers on page 10, regardless of the method used (i.e., messenger, mail, email, fax, other).
- J. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either Party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other Party.
- K. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
- L. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
- M. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.

31. **EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit, if any, shall be returned to Buyer unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by 3/5/17 10:20PM, who is authorized to receive it, by 5:00 PM on the third Day after this offer is signed by Buyer (or by AM / PM, on _____ (date)).

One or more Buyers is signing this Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-B) for additional terms.

Date 3/5/17 BUYER NICK PEROS AND/OR ASSIGNEE
 (Print name)
 Date _____ BUYER
 (Print name)

Additional Signature Addendum attached (C.A.R. Form ASA).

Seller's Initial ([Signature]) ([Signature])



Nick Kerres

Property Address: 2460 Sunset Plaza, Los Angeles, 90069

Date: 8/5/17

32. ACCEPTANCE OF OFFER: Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, and agrees to sell the Property on the above terms and conditions. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to Deliver a Signed Copy to Buyer.

(If checked) SELLER'S ACCEPTANCE IS SUBJECT TO ATTACHED COUNTER OFFER (C.A.R. Form SCO or SMCO) DATED:

One or more Sellers is signing this Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-S) for additional terms.

Date 3-5-2017 SELLER Paul Shepherd

(Print name) Paul Shepherd

Date 3-5-2017 SELLER Gigi Shepherd

(Print name) Gigi Shepherd

Additional Signature Addendum attached (C.A.R. Form ASA).

(_____/_____/_____) (Do not initial if making a counter offer.) CONFIRMATION OF ACCEPTANCE: A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) _____ at _____

AM PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

REAL ESTATE BROKERS:

- A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.
- B. Agency relationships are confirmed as stated in paragraph 2.
- C. If specified in paragraph 3A(2), Agent who submitted the offer for Buyer acknowledges receipt of deposit.
- D. COOPERATING BROKER COMPENSATION: Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow, the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS. If Listing Broker and Cooperating Broker are not both Participants of the MLS, or a reciprocal MLS, in which the Property is offered for sale, then compensation must be specified in a separate written agreement (C.A.R. Form CBC). Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

Real Estate Broker (Selling Firm) <u>Douglas Elliman</u>	CalBRE Lic. # <u>01447727</u>
By <u>Josh Altman</u>	CalBRE Lic. # <u>01764587</u>
By _____	CalBRE Lic. # _____
Address <u>1570 S EL CAMINO DR #102</u>	City <u>BEVERLY HILLS</u> State <u>CA</u> Zip <u>91602</u>
Telephone <u>310.219.3257</u> Fax _____	E-mail <u>JOSH@THEALTMANBROTHERS.COM</u>
Real Estate Broker (Listing Firm) <u>Douglas Elliman</u>	CalBRE Lic. # <u>01447727</u>
By <u>Josh Altman</u>	CalBRE Lic. # <u>01764587</u>
By _____	CalBRE Lic. # _____
Address <u>1570 S EL CAMINO DR #102</u>	City <u>BEVERLY HILLS</u> State <u>CA</u> Zip <u>91602</u>
Telephone <u>310.219.3257</u> Fax _____	E-mail <u>JOSH@THEALTMANBROTHERS.COM</u>

ESCROW HOLDER ACKNOWLEDGMENT:

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, a deposit in the amount of \$ _____), counter offer numbers _____, and Seller's Statement of Information and _____, and agrees to act as Escrow Holder subject to paragraph 20 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is _____

Escrow Holder _____ Escrow # _____

By _____ Date _____

Address _____

Phone/Fax/E-mail _____

Escrow Holder has the following license number # _____

Department of Business Oversight, Department of Insurance, Bureau of Real Estate.

PRESENTATION OF OFFER: (_____) Listing Broker presented this offer to Seller on _____ (date).

REJECTION OF OFFER: (_____) (_____) No counter offer is being made. This offer was rejected by Seller on _____ (date).

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 RPA-CA REVISED 12/15 (PAGE 10 of 10)

Buyer Acknowledges that page 10 is part of this Agreement (_____) (_____) Buyer's Initials

Reviewed by _____ Broker or Designee



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 10 OF 10)

Produced with zipForm® by zipLogic 18070 Freen Mill Road, Fraser, Michigan 48026 www.ziplogic.com

Nick Kerres



BUYER'S INSPECTION ADVISORY
(C.A.R. Form BIA, Revised 11/14)

Property Address: 2460 Sunset Plaza, Los Angeles, 90069 ("Property").

1. **IMPORTANCE OF PROPERTY INVESTIGATION:** The physical condition of the land and improvements being purchased is not guaranteed by either Seller or Brokers. You have an affirmative duty to exercise reasonable care to protect yourself, including discovery of the legal, practical and technical implications of disclosed facts, and the investigation and verification of information and facts that you know or that are within your diligent attention and observation. A general physical inspection typically does not cover all aspects of the Property nor items affecting the Property that are not physically located on the Property. If the professionals recommend further investigations, including a recommendation by a pest control operator to inspect inaccessible areas of the Property, you should contact qualified experts to conduct such additional investigations.
2. **BROKER OBLIGATIONS:** Brokers do not have expertise in all areas and therefore cannot advise you on many items, such as those listed below. If Broker gives you referrals to professionals, Broker does not guarantee their performance.
3. **YOU ARE STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO THE FOLLOWING. IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.**
 - A. **GENERAL CONDITION OF THE PROPERTY, ITS SYSTEMS AND COMPONENTS:** Foundation, roof (condition, age, leaks, useful life), plumbing, heating, air conditioning, electrical, mechanical, security, pool/spa (cracks, leaks, operation), other structural and nonstructural systems and components, fixtures, built-in appliances, any personal property included in the sale, and energy efficiency of the Property.
 - B. **SQUARE FOOTAGE, AGE, BOUNDARIES:** Square footage, room dimensions, lot size, age of improvements and boundaries. Any numerical statements regarding these items are APPROXIMATIONS ONLY and have not been verified by Seller and cannot be verified by Brokers. Fences, hedges, walls, retaining walls and other barriers or markers do not necessarily identify true Property boundaries.
 - C. **WOOD DESTROYING PESTS:** Presence of, or conditions likely to lead to the presence of wood destroying pests and organisms.
 - D. **SOIL STABILITY:** Existence of fill or compacted soil, expansive or contracting soil, susceptibility to slippage, settling or movement, and the adequacy of drainage.
 - E. **WATER AND UTILITIES; WELL SYSTEMS AND COMPONENTS; WASTE DISPOSAL:** Water and utility availability, use restrictions and costs. Water quality, adequacy, condition, and performance of well systems and components. The type, size, adequacy, capacity and condition of sewer and septic systems and components, connection to sewer, and applicable fees.
 - F. **ENVIRONMENTAL HAZARDS:** Potential environmental hazards, including, but not limited to, asbestos, lead-based paint and other lead contamination, radon, methane, other gases, fuel oil or chemical storage tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, and other substances, materials, products, or conditions (including mold (airborne, toxic or otherwise), fungus or similar contaminants).
 - G. **EARTHQUAKES AND FLOODING:** Susceptibility of the Property to earthquake/seismic hazards and propensity of the Property to flood.
 - H. **FIRE, HAZARD AND OTHER INSURANCE:** The availability and cost of necessary or desired insurance may vary. The location of the Property in a seismic, flood or fire hazard zone, and other conditions, such as the age of the Property and the claims history of the Property and Buyer, may affect the availability and need for certain types of insurance. Buyer should explore insurance options early as this information may affect other decisions, including the removal of loan and inspection contingencies.
 - I. **BUILDING PERMITS, ZONING AND GOVERNMENTAL REQUIREMENTS:** Permits, inspections, certificates, zoning, other governmental limitations, restrictions, and requirements affecting the current or future use of the Property, its development or size.
 - J. **RENTAL PROPERTY RESTRICTIONS:** Some cities and counties impose restrictions that limit the amount of rent that can be charged, the maximum number of occupants, and the right of a landlord to terminate a tenancy. Deadbolt or other locks and security systems for doors and windows, including window bars, should be examined to determine whether they satisfy legal requirements.
 - K. **SECURITY AND SAFETY:** State and local Law may require the installation of barriers, access alarms, self-latching mechanisms and/or other measures to decrease the risk to children and other persons of existing swimming pools and hot tubs, as well as various fire safety and other measures concerning other features of the Property.
 - L. **NEIGHBORHOOD, AREA, SUBDIVISION CONDITIONS; PERSONAL FACTORS:** Neighborhood or area conditions, including schools, law enforcement, crime statistics, registered felons or offenders, fire protection, other government services, availability, adequacy and cost of internet connections or other technology services and installations, commercial, industrial or agricultural activities, existing and proposed transportation, construction and development that may affect noise, view, or traffic, airport noise, noise or odor from any source, wild and domestic animals, other nuisances, hazards, or circumstances, protected species, wetland properties, botanical diseases, historic or other governmentally protected sites or improvements, cemeteries, facilities and condition of common areas of common interest subdivisions, and possible lack of compliance with any governing documents or Homeowners' Association requirements, conditions and influences of significance to certain cultures and/or religions, and personal needs, requirements and preferences of Buyer

By signing below, Buyers acknowledge that they have read, understand, accept and have received a Copy of this Advisory. Buyers are encouraged to read it carefully.

Buyer _____ Buyer _____

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BIA REVISED 11/14 (PAGE 1 OF 1)

Reviewed by _____ Date _____



BUYER'S INSPECTION ADVISORY (BIA PAGE 1 OF 1)

Debra J. Williams, 150 S. El Camino Dr Ste 150 Beverly Hills, CA 90212 Phone: 310.819.3290 Fax: Nick Karmas
Teresa Altman Produced with zipform® by zipLogic, 18070 Fraser Mile Road, Fraser, Michigan 48026 www.zipLogic.com



CALIFORNIA
ASSOCIATION
OF REALTORS®

**DISCLOSURE REGARDING
REAL ESTATE AGENCY RELATIONSHIP**

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

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

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

SELLER'S AGENT

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

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

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

BUYER'S AGENT

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

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

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

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

AGENT REPRESENTING BOTH SELLER AND BUYER

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

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

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

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

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction. This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on page 2. Read it carefully. **I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE BACK (OR A SEPARATE PAGE).**

Buyer Seller Landlord Tenant Paul Shepherd Date 3-5-2017
 Buyer Seller Landlord Tenant Gigi Shepherd Date 3-5-2017

Agent Douglas Elliman BRE Lic. # 01047727
 By Josh Altman Real Estate Broker (Firm) BRE Lic. # 01764537 Date 3/5/17
 (Salesperson or Broker Associate) Josh Altman

Agency Disclosure Compliance (Civil Code §2079.14):

- When the listing brokerage company also represents Buyer/Tenant: The Listing Agent shall have one AD form signed by Seller/Landlord and a different AD form signed by Buyer/Tenant.
- When Seller/Landlord and Buyer/Tenant are represented by different brokerage companies: (i) the Listing Agent shall have one AD form signed by Seller/Landlord and (ii) the Buyer's/Tenant's Agent shall have one AD form signed by Buyer/Tenant and either that same or a different AD form presented to Seller/Landlord for signature prior to presentation of the offer. If the same form is used, Seller may sign here:

Seller/Landlord	Date	Seller/Landlord	Date
<u>Paul Shepherd</u>		<u>Gigi Shepherd</u>	

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Reviewed by _____ Date _____



CIVIL CODE SECTIONS 2079.24 (2079.16 APPEARS ON THE FRONT)

2079.13 As used in Sections 2079.14 to 2079.24, inclusive, the following terms have the following meanings: (a) "Agent" means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. (b) "Associate licensee" means a person who is licensed as a real estate broker or salesperson under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code and who is either licensed under a broker or has entered into a written contract with a broker to act as the broker's agent in connection with acts requiring a real estate license and to function under the broker's supervision in the capacity of an associate licensee. The agent in the real property transaction bears responsibility for his or her associate licensee who perform as agents of the agent. When an associate licensee owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the associate licensee functions. (c) "Buyer" means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes vendee or lessee. (d) "Commercial real property" means all real property in the state, except single-family residential real property, dwelling units made subject to Chapter 2 (commencing with Section 1940) of Title 5, mobilehomes, as defined in Section 796.3, or recreational vehicles, as defined in Section 799.28. (e) "Dual agent" means an agent acting, either directly or through an associate licensee, as agent for both the seller and the buyer in a real property transaction. (f) "Listing agreement" means a contract between an owner of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer. (g) "Listing agent" means a person who has obtained a listing of real property to act as an agent for compensation. (h) "Listing price" is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the listing agent. (i) "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. (j) "Offer to purchase" means a written contract executed by a buyer acting through a selling agent that becomes the contract for the sale of the real property upon acceptance by the seller. (k) "Real property" means any estate specified by subdivision (1) or (2) of Section 781 in property that constitutes or is improved with one to four dwelling units, any commercial real property, any leasehold in these types of property exceeding one year's duration, and mobilehomes, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code. (l) "Real property transaction" means a transaction for the sale of real property in which an agent is employed by one or more of the principals to act in that transaction, and includes a listing or an offer to purchase. (m) "Sell," "sale," or "sold" refers to a transaction for the transfer of real property from the seller to the buyer, and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year's duration. (n) "Seller" means the transferor in a real property transaction, and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor. (o) "Selling agent" means a listing agent who acts alone, or an agent who acts in cooperation with a listing agent, and who sells or finds and obtains a buyer for the real property, or an agent who locates property for a buyer or who finds a buyer for a property for which no listing exists and presents an offer to purchase to the seller. (p) "Subagent" means a person to whom an agent delegates agency powers as provided in Article 5 (commencing with Section 2349) of Chapter 1 of Title 9. However, "subagent" does not include an associate licensee who is acting under the supervision of an agent in a real property transaction.

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

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

2079.16 Reproduced on Page 1 of this AD form.

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

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

(DO NOT COMPLETE, SAMPLE ONLY)

is the agent of (check one): the seller exclusively; or both the buyer and seller.

(Name of Listing Agent)

(DO NOT COMPLETE, SAMPLE ONLY)

is the agent of (check one): the buyer exclusively; or the seller exclusively; or

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

both the buyer and seller.

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

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

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

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

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

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

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

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

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AD REVISED 12/14 (PAGE 2 OF 2)

Reviewed by _____ Date _____



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

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Nick Kerres



CALIFORNIA
ASSOCIATION
OF REALTORS[®]

POSSIBLE REPRESENTATION OF MORE THAN ONE BUYER OR SELLER - DISCLOSURE AND CONSENT

(C.A.R. Form PRBS, 11/14)

A real estate broker (Broker), whether a corporation, partnership or sole proprietorship, may represent more than one buyer or seller. This multiple representation can occur through an individual licensed as a broker or salesperson or through different individual broker's or salespersons (associate licensees) acting under the Broker's license. The associate licensees may be working out of the same or different office locations.

Multiple Buyers: Broker (individually or through its associate licensees) may be working with many prospective buyers at the same time. These prospective buyers may have an interest in, and make offers on, the same properties. Some of these properties may be listed with Broker and some may not. Broker will not limit or restrict any particular buyer from making an offer on any particular property whether or not Broker represents other buyers interested in the same property.

Multiple Sellers: Broker (individually or through its associate licensees) may have listings on many properties at the same time. As a result, Broker will attempt to find buyers for each of those listed properties. Some listed properties may appeal to the same prospective buyers. Some properties may attract more prospective buyers than others. Some of these prospective buyers may be represented by Broker and some may not. Broker will market all listed properties to all prospective buyers whether or not Broker has another or other listed properties that may appeal to the same prospective buyers.

Dual Agency: If Seller is represented by Broker, Seller acknowledges that broker may represent prospective buyers of Seller's property and consents to Broker acting as a dual agent for both seller and buyer in that transaction. If Buyer is represented by Broker, buyer acknowledges that Broker may represent sellers of property that Buyer is interested in acquiring and consents to Broker acting as a dual agent for both buyer and seller with regard to that property.

In the event of dual agency, seller and buyer agree that: (a) Broker, without the prior written consent of the Buyer, will not disclose to seller that the Buyer is willing to pay a price greater than the offered price; (b) Broker, without the prior written consent of the seller, will not disclose to the buyer that seller is willing to sell property at a price less than the listing price; and (c) other than as set forth in (a) and (b) above, a dual agent is obligated to disclose known facts materially affecting the value or desirability of the property to both parties.

Offers not necessarily confidential: Buyer is advised that seller or listing agent may disclose the existence, terms, or conditions of buyer's offer unless all parties and their agent have signed a written confidentiality agreement. Whether any such information is actually disclosed depends on many factors, such as current market conditions, the prevailing practice in the real estate community, the listing agent's marketing strategy and the instructions of the seller.

Buyer and seller understand that Broker may represent more than one buyer or more than one seller and even both buyer and seller on the same transaction and consents to such relationships.

Seller and/or Buyer acknowledges reading and understanding this Possible Representation of More Than One Buyer or Seller - Disclosure and Consent and agrees to the agency possibilities disclosed.

Seller Paul Shepherd CalBRE Lic # 01947727 Date 3-5-2017
 Seller Gigi Shepherd CalBRE Lic # 01764527 Date 3-5-2017
 Buyer _____ Date _____
 Buyer _____ Date _____

Real Estate Broker (Firm) Douglas Elliman CalBRE Lic # 01947727 Date _____
 By Josh Altman CalBRE Lic # 01764527 Date 3/4/17

Real Estate Broker (Firm) Douglas Elliman CalBRE Lic # 01947727 Date _____
 By Josh Altman CalBRE Lic # 01764527 Date 3/5/17

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Reviewed by _____ Date _____



(*)

THE PRICE OF 7.9 MILLION WILL INCLUDE BOTH PARCELS # 5563-03-1011 AND 5563-03-1012.

SELLER WILL BE PROVIDING AN 20' INGRESS/EGRESS EASEMENT OVER JUDY NABLER'S PROPERTY LOCATED AT 1868 N. DOWNEY DR. LA CA 90069 WHICH WILL ALLOW VEHICULAR ACCESS TO THE PROPERTIES. A TEMPORARY DRIVEWAY IS ALREADY IN PLACE. IN ADDITION, JUDY'S EASEMENT WILL INCLUDE A SEWER EASEMENT FOR THE LOWER LOT, WHICH IS # 5563-031-1012.

SELLER WILL GRANT FULL ACCESS TO THE PROPERTIES TO BUYER AND BUYER'S ASSOCIATES DURING ESCROW PERIOD, WITH 24 HOUR NOTICE.

SELLER WILL PROVIDE INGRESS/EGRESS EASEMENT FROM ELLEN HARGITAY.

JUDY'S EASEMENT WILL INCLUDE HER PAYING FOR ROAD IMPROVEMENTS OVER THE EASEMENT TO INCREASE WIDTH TO 20'.

3/5/17

BUYER NICK KERDS MD/OA DESIGNEE

SELLER Paul Shepherd

PAUL SHEPHERD

ⓧ

SELLER WILL GRANT AUTHORIZATION TO BUYER TO TALK TO HIS ATTORNEY'S DIRECTLY AT ALLEN MATKINS.

- SCOTT LEIPZIG
- PATRICK PERRY

SELLER TO PROVIDE ALL DOCUMENTS CURRENTLY IN HIS OR HIS ATTORNEY'S POSSESSION WITH REGARDS TO THE PROPERTIES AND / OR ANY LITIGATION THAT HAS OCCURED IN REGARDS TO THESE PROPERTIES.

BUYER

Nick Keros
NICK KEROS

SELLER

Paul Shepherd
PAUL SHEPHERD

Shepherd

6061 SHEPHERD

UPON ALL CONTINGENCIES BEING REMOVED BUYER WILL RELEASE THE \$237,000 DEPOSIT DIRECTLY TO SELLER. SELLER MUST PROVE AND DOCUMENT THAT JUDY NABLER'S EASEMENT FOR INGRESS AND EGRESS IN REGARDS TO THE SUBJECT PROPERTIES IS AT A MINIMUM 50% PAID FOR AND REMAINING 50% BALANCE WILL BE PAID TO JUDY UPON CLOSING OF THIS ESCROW.

EXHIBIT "7"

From: Paul Shepherd [<mailto:SuccessNow@RoadRunner.Com>]
Sent: Wednesday, March 15, 2017 7:38 PM
To: 'Josh@TheAltmanBrothers.Com' <Josh@TheAltmanBrothers.Com>
Subject: Disclosures 2460 Sunset Plaza

Josh: attached are our disclosures.

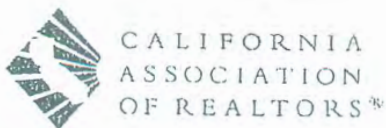
Gigi and I would very much like to move forward, but it is up to Nick as to whether he will want to waive the contingency related to Judy's easement. At this point, as we discussed, it looks very unlikely Judy will grant an easement. Gigi and I were frankly taken aback by Nick's treatment of us and apparent claim that we are required to secure an easement from Judy and that Judy is now obligated to give us an easement even though we never reached a deal. We are puzzled by this and puzzled by his demand that we sue her!

If this is truly Nick's view of the addendum, then we were clearly on different wave lengths here and an agreement doesn't exist at all. Based on our discussion, I know that you understood that Judy's easement was clearly a contingency. Given we are at the early stages here, we should get clarity here so we can either move forward or move on from each other.

Respectfully,

Paul Shepherd

EXHIBIT "8"



NOTICE TO BUYER TO PERFORM

No. 1

(C.A.R. Form NBP, Revised 11/14)

In accordance with the terms and conditions of the California Residential Purchase Agreement (C.A.R. Form RPA) or Residential Income Property Purchase Agreement (C.A.R. Form RIPA), or Commercial Property Purchase Agreement (C.A.R. Form CPA), or Vacant Land Purchase Agreement (C.A.R. Form VLP), or Other _____ ("Agreement"), dated March 5, 2017, on property known as 2460 SUNSET PLAZA DRIVE, Los Angeles, CA 90069 ("Property"), between Nick Keros, and/or Designee ("Buyer"), and Paul Shepherd, Gigi Shepherd ("Seller").

SELLER hereby gives Buyer notice to remove the following contingencies or take the specified contractual action:

I. Contingency

ALL CONTINGENCIES

- A. Loan (Paragraph 3J(3))
- B. Appraisal (Paragraph 3I)
- C. Disclosures/Reports (Paragraphs 7, 10 and 11)
- D. Condominium/Planned Development Disclosures (HOA or OA) (Paragraph 10F)
- E. Buyer Investigation, including insurability(Paragraph 12)
- F. Title: Preliminary Report (Paragraph 13)
- G. Sale of Buyer's Property (Paragraph 4)
- H. Contingency Re: Nagler Easement
- I. (See Attachment H hereto)
- J. _____
- K. _____

II. Contractual Action

- L. Initial Deposit (Paragraph 3A)
- M. Increased Deposit (Paragraph 3B)
- N. Form FVA (Paragraph 3D)
- O. Loan Application Letter (Paragraph 3J(1))
- P. Down Payment Verification (Paragraph 3H)
- Q. All Cash Verification (Paragraph 3C)
- R. Return of Statutory Disclosures (Paragraph 10A(5))
- S. Return of Lead Disclosures (Paragraph 10A(5))
- T. Receipt for Increased Deposit (Paragraph 21B)
- U. Escrow Evidence, Sale of Buyer's Property (C.A.R. Form COP, Paragraph 2(B) or 3(B))
- V. Delivery of a Representative Capacity Signature Addendum and evidence of authority to act (Paragraphs 19 and 31)
- W. Execution of Escrow Instructions

NOTE: Paragraph numbers refer to the California Residential Purchase Agreement (C.A.R. Form RPA-CA). Applicable paragraph numbers for each contingency or contractual action in other C.A.R. contracts are found in Contract Paragraph Matrix (C.A.R. Form CPM) (Pa: 7c)

BUYER: If you do not remove the contingency(ies) (C.A.R. Forms CR or RR) or take the contractual actions specified above within 2 (or 48 HOURS) Days After Delivery (but no less than the time specified in the Agreement) of this Notice to Buyer to Perform, Seller may cancel the Agreement.

Paul Shepherd

April 18, 2017

Seller Paul Shepherd

Date

Gigi Shepherd

April 18, 2017

Seller Gigi Shepherd

Date

(____/____/____) (Initials) CONFIRMATION OF RECEIPT: A Copy of this Signed Notice to Buyer to Perform was personally received by Buyer or authorized agent on APRIL 18, 2017 (date), at NOON AM PM.

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Reviewed by _____ Date _____



NBP REVISED 11/14 (PAGE 1 OF 1)

NOTICE TO BUYER TO PERFORM (NBP PAGE 1 OF 1)

Re/Max Estate Properties, 5 Miraleste Plaza Rancho Palos Verdes, CA 90275 Phone: 310-918-2548 Fax: 310-833-2548 2460&2375 Sunset
Denise Mardesich Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

ATTACHMENT H

Buyer hereby removes the contingency in the Agreement and/or Addendum related to procuring easements of any kind over Judy Nagler's property and any obligation in the Agreement and/or Addendum related thereto. (Addendum to Agreement; paragraphs 12 and 14B1 of Agreement).

*As per prior correspondence, Sellers reserve all rights and remedies.

A handwritten signature in black ink, appearing to be 'J. H. H.', located to the right of the asterisked text.

EXHIBIT "9"

From: Leipzig, Scott [<mailto:sleipzig@allenmatkins.com>]
Sent: Thursday, April 20, 2017 12:03 PM
To: fwt@manningllp.com; mmurphy@gerardfoxlaw.com
Cc: fzaidi@allenmatkins.com
Subject: 2460 Sunset Plaza Drive - Cancellation of Agreement

Counsel:

Having failed to fully and/or properly address the items detailed in the Notice to Buyer to Perform served at noon on April 18, 2017, the Shepherds hereby deem the subject Agreement and Escrow terminated and cancelled pursuant to the attached Cancellation of Contract, Release of Deposit and Cancellation of Escrow. Please contact me with any questions you may have in this regard.

Best Regards,

Scott

Scott J. Leipzig Esq.

Partner, Litigation & Trial Practice
Allen Matkins Leck Gamble Mallory & Natsis LLP
1901 Avenue of the Stars, Suite 1800, Los Angeles, CA 90067-6019
(310) 788-2477 (direct)
(213) 925-5386 (mobile)
(310) 788-2410 (fax)
sleipzig@allenmatkins.com
www.allenmatkins.com

Allen Matkins
CHALLENGE OPPORTUNITY SUCCESS.

From: Leipzig, Scott
Sent: Tuesday, April 18, 2017 12:00 PM
To: fwt@manningllp.com; 'Michael Murphy' <mmurphy@gerardfoxlaw.com>
Cc: Zaidi, Farida <fzaidi@allenmatkins.com>
Subject: 2460 Sunset Plaza Drive - Notice to Buyer to Perform
Importance: High

Dear Messrs. Murphy and Trester:

Please see the attached Notice to Buyer to Perform. Please confirm receipt and please immediately provide this to your respective clients. Also, please immediately return the document after initialing the Confirmation of Receipt.

Best Regards,

Scott J. Leipzig Esq.

Partner, Litigation & Trial Practice
Allen Matkins Leck Gamble Mallory & Natsis LLP

1901 Avenue of the Stars, Suite 1800, Los Angeles, CA 90067-6019
(310) 788-2477 (direct)
(213) 925-5386 (mobile)
(310) 788-2410 (fax)
sleipzig@allenmatkins.com
www.allenmatkins.com

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**CANCELLATION OF CONTRACT,
RELEASE OF DEPOSIT
AND CANCELLATION OF ESCROW**
(C.A.R. Form CC, Revised 11/14)

In accordance with the terms and conditions of the California Residential Purchase Agreement or Other ("Agreement"), dated March 5, 2017, including all amendments and related documents, on property known as 2460 Sunset Plaza Drive, Los Angeles, CA 90069 ("Property"), between Nick Keros and/or Assignee ("Buyer") and Paul Shepherd, Gigi Shepherd ("Seller")

Paragraphs 1 and 2 below constitute escrow instructions to Escrow Holder. Release of funds (pursuant to paragraph 2) requires mutually Signed release instructions from Buyer and Seller, judicial decision or arbitration award. A party may be subject to a civil penalty of up to \$1,000 for refusal to sign such instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).

- CANCELLATION OF CONTRACT:** Buyer Seller both Buyer and Seller cancel(s) the Agreement for the following reason
- A. As permitted by the good faith exercise of paragraph(s) _____ of the Agreement
 - B. Buyer has failed to remove the applicable contingency after being given a Notice to Buyer to Perform (C.A.R. Form NBP).
 - OR C. Buyer has failed to take the applicable contractual action after being given a Notice to Buyer to Perform (C.A.R. Form NBP)
 - OR D. Seller has failed to take the applicable contractual action after being given a Notice to Seller to Perform (C.A.R. Form NSP).
 - OR E. Seller has failed to remove the applicable contingency after being given a Notice to Seller to Perform (C.A.R. Form NSP).
 - OR F. Per mutual agreement
 - OR G. Other

Buyer's or Seller's Signature (party cancelling the contract) Paul Shepherd seller Date 4-20-2017
 Buyer's or Seller's Signature (party cancelling the contract) Gigi Shepherd Seller Date 4-20-2017

RELEASE OF DEPOSIT and CANCELLATION OF ESCROW

- Buyer and Seller cancel escrow # _____ with _____ and _____
- A. Seller authorizes release of Buyer's deposit, less Buyer's fees and costs, to Buyer
 - OR B. Buyer authorizes release of Buyer's deposit, less Seller's fees and costs, to Seller. (Pursuant to a properly executed liquidated damages clause, Buyer's authorization of release of deposit to Seller is limited to no more than 3% of the purchase price. Any additional deposit shall be returned to Buyer.)
 - OR C. Both Buyer and Seller acknowledge mutual cancellation of the Agreement and authorize Escrow Holder to continue to hold the deposit until receiving subsequent mutual instructions, judicial decision or arbitration award
 - OR D. Other

Unless otherwise specified, Buyer and Seller (i) mutually release each other from all obligation to buy, sell or exchange the Property under the Agreement, and from all claims, actions and demands that each may have against the other(s) by reason of the Agreement; and (ii) intend that all rights and obligations arising out of the Agreement are null and void.

Date _____ Date 4-20-2017
 Buyer Nick Keros and/or Assignee Seller Paul Shepherd
 Seller Gigi Shepherd

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CC REVISED 11/14 (PAGE 1 OF 1)

CANCELLATION OF CONTRACT, RELEASE OF DEPOSIT AND CANCELLATION OF ESCROW (CC PAGE 1 OF 1)

EXHIBIT "10"

1 GERARD FOX LAW, P.C.
2 DAVID M. BASS (State Bar No. 117199)
3 dbass@gerardfoxlaw.com
4 MICHAEL D. MURPHY (State Bar No. 224678)
5 mmurphy@gerardfoxlaw.com
6 1880 Century Park East, Suite 1410
7 Los Angeles, CA 90067
8 Telephone: (310) 441-0500
9 Facsimile: (310) 441-4447

10 Attorneys for Plaintiff NICHOLAS KEROS

11
12 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
13 **FOR THE COUNTY OF LOS ANGELES**
14

15 NICHOLAS KEROS, an individual,
16 Plaintiff,

17 vs.

18 PAUL SHEPHERD, an individual; GIGI
19 SHEPHERD, an individual; JUDY
20 NAGLER, an individual; and FORCE-
21 NAGLER, LLC, a California limited
22 liability company,
23 Defendants.

Case No. BC654456

Assigned to Hon. Samantha Jessner, Dept. 31

FIRST AMENDED COMPLAINT FOR:

- (1) **DECEIT;**
- (2) **BREACH OF CONTRACT;**
- (3) **SPECIFIC PERFORMANCE; AND**
- (4) **ANTICIPATORY BREACH.**

Complaint Filed: March 17, 2017
Trial Date: None Set

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1 For his First Amended Complaint (the “Complaint”) herein, Plaintiff Nicholas Keros
2 (“Keros”) alleges as follows:

3
4 **INTRODUCTION**

5 1. At issue in this action is a written purchase and sale agreement between Keros
6 (the buyer) and Defendants Paul Shepherd and Gigi Shepherd (the sellers, collectively referred
7 to herein as the “Shepherd Defendants”), for two parcels located at 2460 Sunset Plaza, Los
8 Angeles, CA 90069, and identified with the Assessor Parcel Numbers (“APN”) 5563-031-011
9 and 5563-031-012 (the “Shepherd Parcels”).

10 2. As a material inducement into the sale of the Shepherd Parcels to Keros, the
11 Shepherd Defendants agreed to deliver an easement over two adjacent parcels owned by
12 Defendant Force-Nagler, LLC (the “Nagler LLC”), identified with the APN 5561-008-048 and
13 5561-008-050 (the “Nagler Parcels”). The street address of the Nagler Parcels is 1868 N.
14 Doheny Dr., Los Angeles, CA 90069.

15 3. Prior to the March 5, 2017 execution of the agreement for purchase and sale of
16 the Shepherd Parcels to Keros, Defendant Judy Nagler, principal of the Defendant Nagler LLC
17 (collectively, the “Nagler Defendants”), made repeated statements representing the intent of the
18 Nagler Defendants to grant an easement over the Nagler Parcels in favor of the Shepherd
19 Parcels.

20 4. The Nagler Defendants knew and intended that – or had reason to expect that – a
21 prospective buyer of the Shepherd Parcels would rely on the repeated statements representing
22 their intent to grant an easement over the Shepherd Parcels. Keros did rely on these
23 representations, when he executed a Purchase and Sale Agreement (Exh. A) with the Shepherd
24 Defendants, whereby he agreed to purchase the Shepherd Parcels and the easement over the
25 Nagler Parcels for good and valuable consideration. That Purchase and Sale Agreement
26 expressly allocated a portion of the consideration to be paid by Keros to the Shepard
27 Defendants for the delivery of the easement over the Nagler Parcels.

28 ///

1 5. Only after Keros' execution of that Purchase and Sale Agreement with – and
2 payment of a deposit of \$237,000 to – the Shepherd Defendants, including the agreement to
3 deliver funds to the Shepherds expressly earmarked for payment to the Nagler Defendants as
4 consideration for the easement, the Nagler Defendants retracted the promise and agreement to
5 grant an easement to the Shepherd Parcels over the Nagler Parcels.

6 6. Put simply, only after Keros became obligated on a contract to pay the Shepherd
7 Defendants consideration, a portion of which was earmarked for the Nagler Defendants, the
8 Nagler Defendants retracted their statement of intent to deliver the easement, for which they
9 were to receive consideration through the Purchase and Sale Agreement.

10 7. After initiation of this action, the Nagler Defendants have since admitted that
11 they never intended to deliver the easement over the Nagler Parcels in favor of the Shepherd
12 Parcels, contrary to their contemporaneous representations of their intent to do so.

13 8. After the disclosure by the Nagler Defendants that they did not, in fact, intend to
14 deliver an easement over the Nagler Parcels, the Shepherd Defendants have misused, and
15 misapplied, procedures in the Purchase and Sale Agreement for the sole purpose of denying
16 Keros the right of title to the Shepherd Parcels – delivery of which is also demanded herein.

17 9. As the result of the Nagler Defendants' false representations, promise, and
18 agreement – as well as the Shepherd Defendants refusal to deliver the Shepherd Parcels as
19 agreed – Keros has been irreparably harmed. Specifically, he entered into a Purchase and Sale
20 Agreement for real estate for a price that included the valuation of the promised easement. The
21 Shepherd Defendants are bound by that agreement, and Keros is entitled to all benefits from
22 that contract, to purchase the Shepherd Parcels, including the easement over the Nagler Parcels,
23 for \$7,900,000. Even if the Shepherd Defendants refuse to deliver the promised easement, they
24 still must deliver title to the Shepherd Parcels even without the easement over the Nagler
25 Parcels (with an accounting and abatement for the value of credit for the undelivered
26 easement). Keros has previously demanded and hereby demands delivery of the Shepard
27 Parcels.

28 ///

1 17. Venue is proper in the County of Los Angeles pursuant to Cal. Code Civ.
2 P. § 395, as Plaintiff and the Defendants reside in the County of Los Angeles, and because
3 contracts at issue were executed in, and to be performed within, the County of Los Angeles.
4

5 **FACTS COMMON TO ALL CAUSES OF ACTION**

6 18. At all times relevant to this action, the Nagler LLC owned the two Nagler
7 Parcels. The Nagler Parcels are adjacent to the Shepherd Parcels.

8 19. In early March of 2017, Keros and the Shepherd Defendants entered
9 negotiations for the acquisition by Keros of the Shepherd Parcels.

10 20. During those negotiations, Keros expressed to the Shepherd Defendants that he
11 also sought an easement over the Nagler Parcels for pedestrian and vehicular ingress and
12 egress, and for installation and maintenance of a private sanitary sewer line to serve the
13 Shepherd Parcels. This easement would materially increase the value of the Shepherd Parcels.

14 21. The Shepherd Defendants agreed that they would obtain such an easement from
15 Defendant Nagler, and negotiated with Defendant Nagler for that purpose.

16 22. Prior to March 5, 2017, the Nagler Defendants expressly represented their intent
17 to grant an easement over the Nagler Parcels for (i) pedestrian and vehicular ingress and egress
18 and for installation, and (ii) maintenance of a private sanitary sewer line to serve the Shepherd
19 Parcels (the "Promised Easement"). This representation came in various forms including:

- 20 a. The representation of the Nagler Defendants, made within one month
21 prior to execution of the Purchase and Sale Agreement, in person, to a
22 prominent real estate agent – Keros' agent – of their intent to deliver an
23 easement over the Nagler Parcels in favor of the Shepherd Parcels.
- 24 b. The representation of the Nagler Defendants, communicated to the
25 Shepherd Defendants, within days before execution of the Purchase and
26 Sale Agreement, of their intent to deliver an easement over the Nagler
27 Parcels in favor of the Shepherd Parcels.

28 ///

1 23. Defendant Judy Nagler, acting on behalf of Defendant Nagler LLC,
2 communicated this representation of the intent to grant the Promised Easement to the Shepherd
3 Defendants, with the actual knowledge that this promise would be communicated to the buyer
4 of the Shepherd Parcels.

5 24. Accordingly, the Nagler Defendants possessed actual knowledge that the buyer
6 of the Shepherd Parcels would rely on the representation of intent to grant the Promised
7 Easement to the Shepherd Defendants prior to Keros closing on the acquisition of the Shepherd
8 Parcels, and intended this reliance to occur. Such reliance was reasonably expected by the
9 Nagler Defendants.

10 25. Subsequent to initiation of this action, the Nagler Defendants have since
11 admitted that they never intended to deliver the easement over the Nagler Parcels in favor of
12 the Shepherd Parcels, even while making representations of their intent to do so.

13 26. In reliance upon the Nagler Defendants' representations, promise, and agreement
14 that the Nagler LLC would grant the Promised Easement to the Shepherd Defendants, Keros
15 and the Shepherd Defendants executed a Purchase and Sale Agreement for the Shepherd
16 Parcels on March 5, 2017, whereby Keros agreed to pay \$7,900,000 in exchange for both the
17 Shepherd Parcels and the Promised Easement. A true and correct copy of that Purchase and
18 Sale Agreement is attached hereto as Exhibit A.

19 27. In an Addendum to the Purchase and Sale Agreement (located in the last two
20 pages of Exhibit A), the Shepherd Defendants expressly agreed, among other things, that they
21 would "be providing an 20' ingress/egress easement over Judy Nagler's property located at
22 1868 N. Doheny Dr. LA CA 90069. Which will allow vehicular access to the properties . . . In
23 addition, Judy's easement will include a sewer easement for the lower lot."

24 28. In consideration for execution of the Purchase and Sale Agreement, Keros
25 furnished to the Shepherd Defendants a down payment of \$237,000.

26 29. As part of the Purchase and Sale Agreement, it was expressly contemplated that
27 a portion of the consideration Keros agreed to furnish in exchange for title to the Shepherd
28

///
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1 Parcels as well as the Promised Easement, would be paid to the Nagler Defendants for the
2 Promised Easement.

3 30. Subsequent to execution of the Purchase and Sale Agreement between Keros
4 and the Shepherd Defendants, and after the payment by Keros of the down payment, the Nagler
5 Defendants represented that they would not grant the Promised Easement to the Shepherd
6 Defendants, contrary to their prior promise, representations, and agreement.

7 31. The retraction and withdrawal of the Nagler Defendants' promise to grant the
8 Promised Easement to the Shepherd Defendants has injured Keros. In reliance upon the
9 promise, representations, and agreement of the Nagler LLC, Keros executed a contract for the
10 purchase of the Shepherd Parcels, and has already furnished a down payment of \$237,000 to
11 the Shepherd Defendants. Moreover, the consideration that Keros agreed to pay in exchange
12 for the Shepherd Properties expressly contained additional consideration for the Promised
13 Easement, funds that were intended to be paid to the Nagler Defendants.

14 32. The Shepherd Defendants agreed to deliver (1) title to the Shepherd Properties,
15 as well as (2) the Promised Easement, and have communicated their refusal and/or purported
16 inability to deliver on both contractual obligations.

17 33. Based on the foregoing, Keros has been injured by each of the Defendants. His
18 injuries include those for which he is without an adequate remedy at law.

19

20 **FURTHER ACTS OF BAD FAITH DESIGNED TO DENY**

21 **KEROS' TITLE TO THE SHEPHERD PROPERTIES**

22 34. Paragraph 14 of the Purchase and Sale Agreement describes a process whereby
23 parties to that contract can demand compliance with its various obligations. That paragraph
24 contains an express agreement by the Shepherd Defendants and Keros to act in "good faith"
25 when applying its provisions.

26 35. On or around April 18, 2017, the Shepherd Defendants delivered a "Notice of
27 Buyer to Perform" ("NBP") to Keros pursuant to Paragraph 14 of the Purchase and Sale

28 ///

1 Agreement. Its contents, and use, by the Shepherd Defendants, evidence bad faith, and an
2 intent to repudiate their contractual obligations.

3 36. Specifically, the NBP asked for all contingencies to be waived, but incorrectly
4 identified covenants pertaining to the Promised Easement as one of those contingencies. Also,
5 the NBP identified a finance obligation that was never agreed to, as an obligation to be
6 performed.

7 37. The NBP demanded that a response be made within 48 hours of its delivery on
8 April 18, 2017 at noon. This was also a bad faith breach of the Purchase and Sale Agreement,
9 as the contract expressly provides that a response to an NBP is due by midnight on the second
10 calendar day after its issuance.

11 38. On April 20, 2017, before noon (within 48 hours), Keros delivered a response
12 (“Keros’ NBP Response”) that agreed to remove all contingencies, confirmed that all
13 contractual obligations had been performed, and represented that Keros was ready, willing,
14 able, and prepared to close on the contract, while disputes as to the covenants pertaining to the
15 Promised Easement are resolved. Put simply, Keros’ NBP Response confirmed that he was
16 prepared to pay for, and take title to, the Shepherd Parcels on the closing date stated in the
17 contract.

18 39. On April 20, 2017, before the contractually agreed to expiration of the NBP, the
19 Shepherd Defendants, through their counsel, delivered, at 12:03 p.m., an email stating that
20 “Having failed to fully and/or properly address the items detailed in the Notice to Buyer to
21 Perform served at noon on April 18, 2017, the Shepherds hereby deem the subject Agreement
22 and Escrow terminated and cancelled pursuant to the attached Cancellation of Contract,
23 Release of Deposit and Cancellation of Escrow. Please contact me with any questions you may
24 have in this regard.”

25 40. Because the window to respond to an NBP had not yet closed, as per the express
26 terms of the Purchase and Sale Agreement, this attempt to cancel the Purchase and Sale
27 Agreement (“Purported April 20, 2017 Cancellation”) cancellation was null and void.

28 ///

1 41. In response to the Purported April 20, 2017 Cancellation, at 12:23 p.m. on
2 April 20, 2017, well within the window to complete any Response to an NBP – and despite
3 having fully and completely satisfied the NBP – Keros’ representative delivered a request for a
4 specification of every aspect of the NBP to which the Shepherd Defendants claimed had not
5 been satisfied.

6 42. The Shepherd Defendants ignored this demand until April 25, 2017, in which the
7 Shepherd’s counsel confirmed, in writing, that their sole basis for purporting to cancel the
8 Purchase and Sale Agreement was their characterization of the covenants pertaining to the
9 Promised Easement as a contingency that required removal within 45 days. Nothing in the
10 Purchase and Sale Agreement provides for this, because, among other things, the Promised
11 Easement was identified as a covenant, not a contingency. Subsequent to this April 25, 2017
12 letter, Keros has again, repeatedly, affirmed that all contingencies have been removed, satisfied
13 all of his obligations under the Purchase and Sale Agreement, and affirmed that he is ready,
14 willing, and able to close on the Purchase and Sale Agreement, irrespective of the Shepherd
15 Defendants’ satisfaction of the covenants pertaining to the Promised Easement.

16 43. In addition to being null and void, the Purported April 20, 2017 Cancellation is
17 evidence of the Shepherd Defendants’ intent to breach and disrupt the Purchase and Sale
18 Agreement. That bad faith, standing alone, is a breach of the contract, as the contract contains
19 an express obligation of good faith.

20 44. Keros is ready, willing, and able to close on the Purchase and Sale Agreement,
21 irrespective of the Shepherd Defendants’ satisfaction of the covenants pertaining to the
22 Promised Easement, without waiver as to his claims arising from that failure. Accordingly,
23 Keros requires orders compelling the Shepherds to close on that contract, and deliver title to the
24 Shepherd Parcels, as agreed.

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FIRST CAUSE OF ACTION FOR DECEIT

(Against the Nagler Defendants)

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45. Keros re-alleges and incorporates herein the allegations of the preceding paragraphs of this Complaint as if fully set forth herein.

46. Prior to March 5, 2017, the Nagler Defendants expressly represented their intent to grant an easement over the Nagler Parcels for (i) pedestrian and vehicular ingress and egress and for installation, and (ii) maintenance of a private sanitary sewer line to serve the Shepherd Parcels. This representation came in various forms including:

- a. The representation of the Nagler Defendants, made within one month prior to execution of the Purchase and Sale Agreement, in person, to a prominent real estate agent, of their intent to deliver an easement over the Nagler Parcels in favor of the Shepherd Parcels.
- b. The representation of the Nagler Defendants, communicated to the Shepherd Defendants, within days before execution of the purchase and sale agreement, of their intent to deliver an easement over the Nagler Parcels in favor of the Shepherd Parcels.

47. Defendant Judy Nagler, acting on behalf of Defendant Nagler LLC, communicated this representation of the intent to grant the Promised Easement to the Shepherd Defendants, with the actual knowledge that this promise would be communicated to the buyer of the Shepherd Parcels. The Nagler Defendants intended that the buyer of the Shepherd Parcels rely in these promises, and it was reasonably expected by the Nagler Defendants that such reliance would occur.

48. Accordingly, the Nagler Defendants possessed actual knowledge that the buyer of the Shepherd Parcels would rely on the representation of an intent to grant the Promised Easement to the Shepherd Defendants prior to Keros closing on the acquisition of the Shepherd Parcels.

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1 49. These statements were repeated by the Nagler Defendants to various third
2 parties, as well as to the Shepherds, with the actual knowledge that these representations would
3 be communicated to the buyer of the Shepherd Parcels.

4 50. The representation by the Nagler Defendants of their intent to grant an easement
5 over the Nagler Parcels in favor of the Shepherd Parcels was false, and known to be false at the
6 time the representations were made. For example, after initiation of this action, the Nagler
7 Defendants have since admitted, under oath, that they never intended to deliver the easement
8 over the Nagler Parcels in favor of the Shepherd Parcels, even while making representations of
9 their intent to do so.

10 51. Keros relied on the promises of the Nagler Defendants. Specifically, Keros
11 entered into the Purchase and Sale Agreement with the Shepherd Defendants, delivered the
12 \$237,000 deposit to the Shepherd Defendants, in reliance upon the promises of the Nagler
13 Defendants, and further agreed to furnish, as part of the consideration for the Purchase and Sale
14 Agreement, additional consideration intended to be paid to the Nagler Defendants as
15 compensation for the Promised Easements.

16 52. The reliance of Keros on the deceit of the Nagler Defendants was both
17 reasonable and foreseeable by the Nagler Defendants.

18 53. The reliance by Keros on the deceit of the Nagler Defendants has caused him
19 damage and injury, in an amount to be established at trial.

20

21 **SECOND CAUSE OF ACTION FOR BREACH OF CONTRACT**

22 **(Against the Shepherd Defendants)**

23 54. Keros re-alleges and incorporates herein the allegations of the preceding
24 paragraphs of this Complaint as if fully set forth herein.

25 55. On March 5, 2017, Keros and the Shepherd Parties entered into the Purchase
26 and Sale Agreement attached hereto as Exhibit A. That contract is both reasonable and
27 supported by adequate consideration. Specifically, and among other things, in exchange for
28 Keros' agreement to furnish \$7,900,000 to the Shepherd Defendants (including a deposit of

1 \$237,000), the Shepherd Defendants would deliver to Keros the Shepherd Parcels, which
2 would include the Promised Easement over the Nagler Parcels.

3 56. Despite having executed the Purchase and Sale Agreement, the Shepherd
4 Defendants now claim that they will not, or cannot, deliver the Shepherd Parcels to Keros.
5 Thus, the Shepherd Defendants are now in breach of the Purchase and Sale Agreement.

6 57. This breach has caused injury to Keros, for which he is without an adequate
7 remedy at law. Specifically, damages would not adequately compensate him for the breach by
8 the Shepherd Defendants of the Purchase and Sale Agreement. Accordingly, he seeks specific
9 performance of the Purchase and Sale Agreement, whereby the Shepherd Defendants are
10 ordered to deliver the Shepherd Parcels, which must include the Promised Easement over the
11 Nagler Parcels.

12 58. Keros has performed, and is prepared to perform, all obligations under the
13 Purchase and Sale Agreement. Thus, there is a mutuality of remedies.

14 59. The terms of the Purchase and Sale Agreement are sufficiently definite to enable
15 the court to know what it is to enforce.

16 60. There is a substantial similarity of the requested performance of the Purchase
17 and Sale Agreement to that promised in the contract.

18

19 **THIRD CAUSE OF ACTION FOR SPECIFIC PERFORMANCE**

20 **(Against the Shepherd Defendants)**

21 61. Keros re-alleges and incorporates herein the allegations of the preceding
22 paragraphs of this Complaint as if fully set forth herein.

23 62. On March 5, 2017, Keros and the Shepherd Parties entered into the Purchase
24 and Sale Agreement attached hereto as Exhibit A. That contract is both reasonable and
25 supported by adequate consideration, and contains express obligations to act in good faith.

26 63. On April 18, 2017, despite having fully performed on all obligations under the
27 Purchase and Sale Agreement, the Shepherd Defendants delivered the NBP, demanding that all
28 contingencies be waived and that all contractual obligations be performed. In bad faith, the

1 Shepherd Defendants included contingency waiver demands and demands for compliance with
2 obligations that are not a part of the Purchase and Sale Agreement. The NBP also demanded a
3 response at a time 12 hours earlier than that which the Purchase and Sale Agreement provides.

4 64. On April 20, 2017, within 24 hours (and despite having 12 hours left to respond
5 to the NBP), Keros delivered the NBP Response, removing all contingencies that were required
6 to be removed, agreeing to perform all agreed upon contractual obligations, and representing,
7 unequivocally, that he was prepared to close on the Purchase and Sale Agreement. Specifically,
8 Keros confirmed that he is ready, willing, and able, to perform on the Purchase and Sale
9 Agreement, and deliver funds, in exchange for title to the Shepherd Properties, and to allow for
10 subsequent resolution of disputes regarding the Promised Easements.

11 65. At 12:03 p.m. on April 20, 2017, 12 hours before the contractually agreed to
12 expiration of the time within which an NBP process is to be completed, the Shepherd
13 Defendants delivered a Purported April 20, 2017 Cancellation, which is null, and void.

14 66. In response to the Purported April 20, 2017 Cancellation, at 12:23 p.m. on
15 April 20, 2017, well within the window to complete any Response to an NBP – and despite
16 having fully and completely satisfied the NBP – Keros’ representative delivered a request for a
17 specification of every aspect of the NBP to which the Shepherd Defendants claimed had not
18 been satisfied.

19 67. The Shepherd Defendants ignored this demand until April 25, 2017, in which the
20 Shepherd’s counsel confirmed, in writing, that their sole basis for purporting to cancel the
21 Purchase and Sale Agreement was their characterization of the Easement Covenant as a
22 contingency that required removal within 45 days. Nothing in the Purchase and Sale allows for
23 Cancellation based on this demand. Subsequent to this April 25, 2017 letter, Keros has again,
24 repeatedly, affirmed that all contingencies have been removed, satisfied all of his obligations
25 under the Purchase and Sale Agreement, and affirmed that he is ready, willing, and able to close
26 on the Purchase and Sale Agreement, irrespective of the Shepherd’s satisfaction of the
27 covenants pertaining to the Promised Easement.

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1 68. In subsequent correspondence, the Shepherd Defendants have refused to retract
2 the Purported Cancellation, have taken the position that the Purchase and Sale Agreement is
3 null and void, and have repudiated their obligation to close on June 6, 2017, and to deliver title
4 to the property agreed to in that contract.

5 69. The NBP and the Purported April 20, 2017 Cancellation, among other actions,
6 constitutes bad faith breach of the Purchase and Sale Agreement, designed to deprive Keros of
7 his contractual rights to the Shepherd Parcels.

8 70. This breach has caused injury to Keros, for which he is without an adequate
9 remedy at law. Specifically, damages would not adequately compensate him for the breach by
10 the Shepherd Defendants of the Purchase and Sale Agreement. Accordingly, he seeks delivery
11 of title to the Shepherd Parcels.

12 71. Keros has performed, and is prepared to perform, all obligations under the
13 Purchase and Sale Agreement. Thus, there is a mutuality of remedies.

14 72. The terms of the Purchase and Sale Agreement are sufficiently definite to enable
15 the court to know what it is to enforce.

16 73. There is a substantial similarity of the requested performance of the Purchase
17 and Sale Agreement to that promised in the contract.

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19 **FOURTH CAUSE OF ACTION FOR ANTICIPATORY BREACH**

20 **(Against the Shepherd Defendants)**

21 74. Keros re-alleges and incorporates herein the allegations of the preceding
22 paragraphs of this Complaint as if fully set forth herein.

23 75. On March 5, 2017, Keros and the Shepherd Parties entered into the Purchase
24 and Sale Agreement attached hereto as Exhibit A. That contract is both reasonable and
25 supported by adequate consideration, and contains express obligations to act in good faith.

26 76. On April 18, 2017, despite having fully performed on all obligations under the
27 Purchase and Sale Agreement, the Shepherd Defendants delivered the NBP, demanding that all
28 contingencies be waived and that all contractual obligations be performed. In bad faith, the

1 Shepherd Defendants included contingency waiver demands and demands for compliance with
2 obligations that are not a part of the Purchase and Sale Agreement. The NBP also demanded a
3 response at a time 12 hours earlier than that which the Purchase and Sale Agreement provides.

4 77. On April 20, 2017, within 24 hours (and despite having 12 hours left to respond
5 to the NBP), Keros delivered the NBP Response, waiving all agreed upon contingencies,
6 agreeing to perform all agreed upon contractual obligations, and representing, unequivocally,
7 that he was prepared to close on the Purchase and Sale Agreement. Specifically, Keros
8 confirmed that he is ready, willing, and able, to perform on the Purchase and Sale Agreement,
9 and deliver funds, in exchange for title to the Shepherd Properties, and to allow for subsequent
10 resolution of disputes regarding the Easement Covenants.

11 78. At 12:03 p.m. on April 20, 2017, 12 hours before the contractually agreed to
12 expiration of the time within which an NBP process is to be completed, the Shepherd
13 Defendants delivered a Purported April 20, 2017 Cancellation, which is null, and void.

14 79. In response to the Purported April 20, 2017 Cancellation, at 12:23 p.m. on
15 April 20, 2017, well within the window to complete any Response to an NBP – and despite
16 having fully and completely satisfied the NBP – Keros’ representative delivered a request for a
17 specification of every aspect of the NBP to which the Shepherds claimed had not been satisfied.

18 80. The Shepherd Defendants ignored this demand until April 25, 2017, in which the
19 Shepherd’s counsel confirmed, in writing, that their sole basis for purporting to cancel the
20 Purchase and Sale Agreement was their characterization of the Easement Covenant as a
21 contingency that required removal within 45 days. Nothing in the Purchase and Sale allows for
22 Cancellation based on this demand. Subsequent to this April 25, 2017 letter, Keros has again,
23 repeatedly, affirmed that all contingencies have been removed, satisfied all of his obligations
24 under the Purchase and Sale Agreement, and affirmed that he is ready, willing, and able to close
25 on the Purchase and Sale Agreement, irrespective of the Shepherd’s satisfaction of the
26 covenants pertaining to the Promised Easement.

27 81. In subsequent correspondence, the Shepherds have refused to retract the
28 Purported Cancellation, have taken the position that the Purchase and Sale Agreement is null

1 and void, and have repudiated their obligation to close on June 6, 2017, and to deliver title to
2 the property agreed to in that contract.

3 82. Performance of the Contract is not yet due. Closing is scheduled for June 6,
4 2017. Nevertheless, the conduct, Purported Cancellation, and other statements of Shepherd
5 Defendants, and their representatives, have been deemed a repudiation by Keros, and such
6 repudiation is being treated as a breach by the Shepherd Defendants.

7 83. The NBP and the Purported April 20, 2017 Cancellation, among other actions,
8 constitutes bad faith breach of the Purchase and Sale Agreement, designed to deprive Keros of
9 his contractual rights to the Shepherd Parcels.

10 84. This breach has caused injury to Keros, for which he is without an adequate
11 remedy at law. Specifically, damages would not adequately compensate him for the breach by
12 the Shepherd Defendants of the Purchase and Sale Agreement. Accordingly, he seeks delivery
13 of title to the Shepherd Parcels in exchange for the funds he has agreed to deliver.

14 85. Keros has performed, and is prepared to perform, all obligations under the
15 Purchase and Sale Agreement. Thus, there is a mutuality of remedies.

16 86. The terms of the Purchase and Sale Agreement are sufficiently definite to enable
17 the court to know what it is to enforce.

18 87. There is a substantial similarity of the requested performance of the Purchase
19 and Sale Agreement to that promised in the contract.

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21 **PRAYER FOR RELIEF**

22 WHEREFORE, Keros prays for judgment against Defendants as follows:

23

24 **ON THE FIRST CAUSE OF ACTION**

- 25 1. Damages from the Nagler Defendants in an amount to be established at trial;
26 2. For costs of suit incurred herein; and
27 3. For such other and further relief as this Court may deem just and proper.

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ON THE SECOND CAUSE OF ACTION

1. Specific Performance of the Purchase and Sale Agreement;
2. Either delivery of the Promised Easement as well as title to the Shepherd
Parcels, or, alternatively, delivery of the title to the Shepherd Parcels with an
abatement of the Purchase Price for the true value of the denied Promised
Easement to be determined at trial;
3. For costs of suit incurred herein, including attorneys' fees; and
4. For such other and further relief as this Court may deem just and proper.

ON THE THIRD CAUSE OF ACTION

1. Specific Performance of the obligation to deliver title to the Shepherd Parcels, as
agreed to in the Purchase and Sale Agreement;
2. Either delivery of the Promised Easement as well as title to the Shepherd
Parcels, or, alternatively, delivery of the title to the Shepherd Parcels with an
abatement of the Purchase Price for the true value of the denied Promised
Easement to be determined at trial;
3. For costs of suit incurred herein, including attorneys' fees; and
4. For such other and further relief as this Court may deem just and proper.

ON THE FOURTH CAUSE OF ACTION

1. Specific Performance of the obligation to deliver title to the Shepherd Parcels, as
agreed to in the Purchase and Sale Agreement;
2. Either delivery of the Promised Easement as well as title to the Shepherd
Parcels, or, alternatively, delivery of the title to the Shepherd Parcels with an
abatement of the Purchase Price for the true value of the denied Promised
Easement to be determined at trial;
3. For costs of suit incurred herein, including attorneys' fees; and
4. For such other and further relief as this Court may deem just and proper.

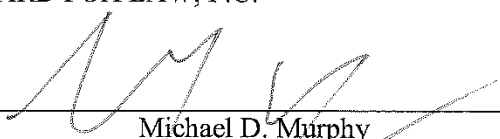
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ON ALL CAUSES OF ACTION

1. For costs of suit incurred herein, including attorneys' fees; and
2. For such other and further relief as this Court may deem just and proper.

Dated: May 31, 2017

GERARD FOX LAW, P.C.

By: 
Michael D. Murphy
Attorneys for Plaintiff NICHOLAS KEROS

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PROOF OF SERVICE

I, Kevin Parr, am employed in the County of Los Angeles, in the State of California. I am over the age of 18 and not a party to the above referenced matter. My business address is: Law Offices of Gerard Fox, Inc., 1880 Century Park East, Suite 1410, Los Angeles, CA 90067. On May 31, 2017, I served the following documents, described as:

FIRST AMENDED COMPLAINT FOR: (1) DECEIT; (2) BREACH OF CONTRACT; (3) SPECIFIC PERFORMANCE; AND (4) ANTICIPATORY BREACH.

on the person(s) listed in the attached Service List. The documents were served by the following means:

<input type="checkbox"/>	<p>By personal service. I personally delivered the documents to the persons at the addresses listed in the attached Service List. For a party represented by an attorney, delivery was made to the attorney or at the attorney's office by leaving the documents, in an envelope or package clearly labeled to identify the attorney being served, with a receptionist or an individual in charge of the office, between the hours of 9 a.m. and 5 p.m. For a party, delivery was made to the party or by leaving the documents at the party's residence with some person not younger than 18 years of age.</p>
<input type="checkbox"/>	<p>By United States Mail. I enclosed the documents in a sealed envelope or package addressed to the persons listed in the attached Service List and placed the envelope for collection and mailing following our ordinary business practices. I am readily familiar with this business's practice for collecting and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.</p>
<input checked="" type="checkbox"/>	<p>By overnight delivery. I enclosed the documents in an envelope or package provided by an overnight delivery carrier and addressed to the persons at the addresses listed in the attached Service List. I placed the envelope or package for collection and overnight delivery at an office or a regularly utilized drop box of the overnight delivery carrier.</p>
<input type="checkbox"/>	<p>By messenger service (personally). I served the documents by placing them in an envelope or packing addressed to the persons at the addresses listed in the attached Service List and providing them to a professional messenger service for delivery.</p>
<input type="checkbox"/>	<p>By facsimile transmission. Based on an agreement of the parties to accept service by fax transmission, I faxed the documents to the persons at the fax numbers listed in the attached Service List. No error was reported by the fax machine that I used. A copy of the record of the fax transmission, which I printed, is attached.</p>
<input type="checkbox"/>	<p>By electronic service: Based on a court order or an agreement of the parties to accept service by electronic transmission, I caused the documents to be sent to the persons at the electronic notification addresses listed in the attached Services List. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.</p>

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date: May 31, 2017


Kevin Parr

Service List

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Scott J. Leipzig, Esq. Allen Matkins Leck Gamble et al LLP 1901 Avenue of the Stars, Suite 1800 Los Angeles, CA 90067	Lawrence H. Nagler, Esq. Lauren Woodland, Esq. Christopher Kolkey, Esq. Browne George Ross LLP 2121 Avenue of the Stars Suite 2800 Los Angeles, CA 90067
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SERVICE LIST