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8 Attorneys for Debtor in Possession,
9 POST GREEN FELL LLC

10 UNITED STATES BANKRUPTCY COURT
11 NORTHERN DISTRICT OF CALIFORNIA

12 In re
13 POST GREEN FELL LLC,
14 Debtor.

Case No. 17-30314-DM-11

Chapter 11

**DEBTOR'S MOTION TO SELL REAL
PROPERTY FREE AND CLEAR OF
LIENS (1776 GREEN STREET, SAN
FRANCISCO) AND PAY COMMISSION**

Date: March 13, 2018

Time: 2:30 p.m.

Place: Courtroom 17

450 Golden Gate Avenue, 16th Floor
San Francisco, CA

Hon. Dennis Montali

Proposed Purchaser

Local Capital Group, LLC, its related assignee,

Asset to be Sold

1776 Green Street, San Francisco

(Block 0544, Lot 006)

Price

\$5,750,000.00 (subject to a
\$30,000 credit and a \$50,000
escrow holdback)

Secured Creditors

Green & Post Partners, LP

Denise Nasey

United States of America (IRS)

Employment Development Department

Priority

First

Second

Third

Fourth

1 COMES NOW Post Green Fell LLC, Debtor-in-Possession herein, and moves for entry of an
2 order approving the sale free and clear of liens the real property commonly known as 1776 Green
3 Street, San Francisco, California (Block 0544, Lot 006), approving payment of a real estate broker's
4 commission, and approving a proposed \$50,000 breakup fee, respectfully represents as follows:

5 **I. JURISDICTION AND VENUE**

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

9 This Motion is made pursuant to Bankruptcy Code Sections 105(a), 363(b), 363(f),
10 1123(b)(4), Rule 6004 of the Federal Rules of Bankruptcy Procedure and Bankruptcy Local Rule
11 6004-1. This Motion is based on the memorandum of points and authorities below, the Declarations
12 of Michael Muzzy and Richard Hills, filed herewith, any other pleadings or declarations that may be
13 filed in support hereof, and will be based upon such other evidence and arguments as may be
14 presented prior to or at the hearing on this Motion.

15 **II. BACKGROUND AND SUMMARY OF RELIEF SOUGHT**

16 The within case was commenced by filing a voluntary chapter 11 petition on April 4, 2017.
17 No trustee has been appointed and the Debtor is in possession of the estate.

18 Among the assets of the estate is the real property commonly known as 1776 Green Street,
19 San Francisco, California (Block 0544, Lot 006) (the "Property"). Local Capital Group, LLC has
20 agreed to purchase the Property subject to the terms and conditions of the of the Purchase Agreement
21 (the "PSA") is attached as Exhibit "A" to the Declaration of Michael Muzzy, filed herewith. Under
22 the terms of the PSA, Local Capital agrees to purchase the property for the sum of \$5.75 million,
23 subject to a \$30,000 credit in favor Local Capital and a \$50,000 escrow holdback to address certain
24 environmental issues.

25 Prior to commencement of the case, Debtor retained L & W Construction Services, Inc. to
26 remove and perform environmental remediation work at the Property related to certain underground
27 storage tanks. As part of the services it rendered, L & W removed one or more underground storage
28 tank(s) from the Property and collected soil data in connection therewith. L & W has not released

1 the soil data and reports to Debtor or the San Francisco Department of Public Health because L & W
2 claims that Debtor owes L & W approximately \$30,000.00.¹ The Department of Public Health may
3 not issue a “No Further Action” letter for the Property without the release of the soil data and reports
4 for the Property. To address this issue, Debtor and Local Capital agree that in the event that Buyer
5 pays L & W the \$30,000, or any portion thereof, prior to the Closing and receives the Soil Data, the
6 Purchase Price shall be reduced by \$30,000, for a net purchase price of \$5.72 million.

7 Additionally, the parties agreed that if the Department of Public Health does not issue a “No
8 Further Action” letter for the Property on or before the close of escrow, then escrow agent shall
9 withhold from the purchase price the sum of \$50,000 and shall deposit that amount into a separate
10 escrow to pay costs Local Capital actually incurs in obtaining a “No Further Action” letter for the
11 Property. For further details, reference is made to Section 3.1.4 of the PSA.

12 The Property secures the following claims:

13

<u>Priority</u>	<u>Claim Holder</u>	<u>Proof of Claim No.</u>	<u>Amount of Claim</u>
1 st	Green & Post Partners, LP	4	\$7,044,219.35 ²
2 nd	Denise Nasey	None	\$486,000.00
3 rd	Internal Revenue Service	1	\$7,814,470.39 ³
4 th	Employment Development Department	None	\$152,951.23

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18 The claims of Denise Nasey, the Internal Revenue Service, and the Employment
19 Development Department are also secured by two other properties owned by Debtor, to wit: 2360
20 Post Street, San Francisco, California, and 1213 Fell Street, San Francisco, California, as well as the
21 real property commonly known as 624 Stanyan Street, San Francisco, California, which is the chief
22 asset of the debtor in the *In re 624 Stanyan Street, LLC* bankruptcy case which is pending before this
23 court (Case No. 16-30965-DM-11).

24

25 ¹ Said amount had been secured by a mechanic’s lien recorded against the Property which L & W subsequently released.
26 *See infra.*

27 ² As of February 28, 2018. *See* Stipulation Between Debtor and Secured Creditor Green & Post Partners, LP re (1)
Allowance of Liens and Claims; (2) Sale Process; (3) Relief from Stay; and (4) Orders re Evergreen Refinance, Doc.144.

28 ³ As of November 12, 2017. *See* Exhibit E to Debtor’s Second Amended Status Report, Doc. 124.

1 L & W Construction Services, Inc. had recorded a mechanic's lien against the Property.
2 Because of L & W Construction Services' failure to commence a legal action within the statutory
3 time periods required by applicable law, Debtor demanded that L & W Construction Services record
4 a release of the lien, which L & W Construction Services did. *See* Exhibit "C." L & W Construction
5 Services' claim is, therefore, wholly unsecured.

6 Under the terms of the court-approved listing agreement between Debtor and Vanguard
7 Properties, Debtor's court-approved real estate broker, Vanguard is entitled to a commission of
8 5.25% of the purchase price. This amount was to be divided as follows: 2.5% to an outside (non-
9 Vanguard) broker representing buyer and 2.75% to Vanguard as the broker representing Debtor.
10 Because of the structure of this sale and there being no broker representing the buyer, the total
11 commission is 2.75% of the purchase price, or \$157,300. Debtor also estimates its share of the
12 closing costs will total approximately \$129,464.95, consisting of transfer taxes of \$129,375 and a
13 natural hazards report of \$89.95. Debtor is also responsible for payment of a prorated amount of real
14 property taxes based on the closing date of the sale. Because Debtor's tax obligations pass-through
15 to its equity interest holders, Debtor does not anticipate any tax impacts from the sale to burden its
16 estate. In connection with the sale, Debtor requests authority to pay these sums, including the
17 broker's commission.

18 Pursuant to the stipulation between Debtor and Green & Post Partners, LP and the terms of
19 section 5.E. of the promissory note executed by Debtor in favor of Green & Post Partners, LP,
20 Debtor may obtain Green & Post Partners release of its lien on the Property without paying the full
21 balance due under the promissory note. As set forth in the stipulation (docket number 144), the
22 Green & Post Partners estimates the release price as of February 28, 2018, to be \$5,597,619.35,
23 consisting of principal of \$3,597,000.00, accrued but unpaid interest and late fees of \$1,744,989.87,
24 and lenders costs for legal, title, appraisal, and property taxes of \$255,629.48.

25 Debtor does not believe the sale will generate sufficient funds to pay Green & Post Partners'
26 release price after payment of the transfer tax, closing costs, and broker's commission. The parties
27 have conferred, and Green & Posts has agreed to accept the net proceeds from the sale after payment
28 of the transfer tax, closing costs, and broker's commission, up to the then-due release price under the

1 promissory note, but not less than \$5.3 million, in exchange for a release of its deed of trust on the
2 Property so long as escrow closes on or before March 31, 2018. Any amounts which remain
3 outstanding under the note held by Green & Post Partners will remain secured by its other collateral
4 (in particular, the real property commonly known as 2360 Post Street, San Francisco, California).
5 Debtor estimates that approximately \$5.43 million will be distributed to Green & Post Partners.

6 This Motion requests authority to sell the Property free and clear of all liens, claims, and
7 encumbrances secured by the Property pursuant to Bankruptcy Code § 363(f). Debtor anticipates
8 that Ms. Nasey, the IRS, and the EDD will each consent to the sale even though Debtor does not
9 anticipate that they will receive a distribution from the sale.

10 This Motion also requests a determination that Local Capital Group, LLC is a good-faith
11 buyer and is entitled to the protections of Bankruptcy Code § 363(m) and Debtor intends to offer a
12 declaration from Local Capital to support such a finding. Debtor requests that the provisions of Rule
13 62(a) of the Federal Rules of Civil Procedure and Rule 6004(h) of the Federal Rules of Bankruptcy
14 Procedure that would stay the order approving the sale be waived under the circumstances. Debtor
15 requests approval of the transaction as a private sale not subject to overbidding.

16 **III. SUMMARY OF PROPOSED SALE**

17 The following is a summary of the material terms of the PSA:

18 a. Local Capital, or its related assignee, will purchase the Property for the gross
19 price of \$5,750,000.00, subject to a \$30,000 price reduction and a \$50,000 holdback if certain
20 conditions are met. *See* PSA § 3.1.4.

21 b. The sale will close within 15 days of entry of the Court's order approving the
22 sale or 15 days after the end of the due-diligence period (discussed *infra*), whichever is later.

23 c. The agreement provides for a due-diligence period ending 30 days after
24 execution of the agreement (February 12, 2018) during which time Local Capital may cancel the
25 agreement and receive a return of its deposit. As recited by the PSA's Summary of Terms, the due
26 diligence expiration date is March 14, 2018. There are no financing contingencies.

27 d. The agreement requires that Debtor terminate its lease with Automotive Clinic
28 prior to the close of escrow and to deliver the property vacant and free of any tenant or other

1 occupant.

2 e. Within two days of the execution of the PSA, Local Capital will deposit
3 \$75,000.00 to escrow. At the end of the due-diligence period, Local Capital will deposit an
4 additional \$75,000.00, for a total of \$150,000.00. Said deposits are refundable only if: (1) the
5 agreement is terminated prior to the end of the due-diligence period; (2) the Bankruptcy Court does
6 not approve the sale, or (3) certain other limited conditions described in Section 4.5 and 19.1 of the
7 PSA.

8 f. Unpaid real property taxes shall be pro-rated, Debtor shall pay for the transfer
9 tax, a natural hazards report, and the broker's commission to Vanguard. Each party shall pay its own
10 legal fees. All remaining closing costs will be borne by Local Capital.

11 g. In the event Debtor defaults on the PSA and escrow fails to close because of
12 the default, Local Capital is entitled to either (i) cancel the PSA, receive a refund of the deposits, and
13 seek reimbursement for its out-of-pocket, third-party expenses incurred in connection with the
14 proposed sale, up to \$50,000, or (ii) seek specific performance of the PSA. In addition, if Seller
15 breaches by conveying the property to a different buyer, Local Capital shall have the right to seek
16 additional damages from Debtor in an amount equal to the difference between the \$5,750,000
17 purchase price and the price of the sale to such third party. Failure to obtain Court approval of the
18 sale is not a default by Debtor. *See* PSA § 19.1.1. In the event Local Capital defaults under the PSA
19 and escrow fails to close, Local Capital forfeits its \$150,000 deposit and any interest thereon. *See*
20 PSA §§ 19.2 & 25.

21 The foregoing summary is provided for the convenience of the Court and parties in interest,
22 and the terms of the PSA shall control in the event of any discrepancy.

23 **IV. ANALYSIS OF SALE**

24 **A. Marketing of Assets**

25 The Property was appropriately marketed. The Property was posted on the MLS system on
26 August 10, 2016, and to date, the posting has been viewed 874 times by registered real estate agents
27 and brokers. In August 2017, Vanguard posted a 4-foot by 4-foot sign on the building directing
28 interested parties to a dedicated website for the sale of the Property and Debtor's other assets,

1 www.sfgarages.com. The Property has also been marketed on Vanguard's website, which feeds to
2 competing brokerages' websites (including Sotheby's, Pacific Union, and McGuire Real Estate). By
3 virtue of inclusion on Vanguard's website, the property was included in the Vanguard Weekly
4 Report, a weekly newsletter distributed to over 14,000 subscribers.

5 Debtor's agent has fielded no less than 175 calls and about 40 emails regarding the Property,
6 in two main categories: (1) potential buyers/agents who have seen the sign and (2) agents who have
7 seen the property on MLS. Debtor's real estate agent called and emailed back every potential buyer
8 and agent, giving them the website address to view photos of and disclosures about the Property.
9 These marketing efforts resulted in more 45 property tours, of which about six were second
10 showings with architects, engineers, and other professionals.

11 Under Debtor's prior bankruptcy counsel, Debtor was pursuing auction with a stalking-horse
12 bidder to obtain Court approval of the sale. Copies of Debtor's proposed Bidding Procedures were
13 distributed to all agents and potential buyers who requested them, a total of about two dozen parties.
14 Debtor did not receive any offers or letters of intent while the stalking-horse bidding procedures
15 were in effect.

16 Debtor eventually abandoned the auction and proposed moving forward with Court approval
17 through a private sale on notice to creditors. Debtor's agent communicated the change in sale
18 procedures to 22 parties who were monitoring the property by email on November 8, 2017, and to a
19 further approximately 10 interested parties over the following 10 days.

20 Immediately after the November 8 email was sent, Debtor's agent received three offers for
21 the purchase of the Property. Debtor and the parties who submitted offers then engaged in several
22 rounds of counteroffers. Following the counteroffers, Local Capital's offer was the highest offer
23 received, and the Debtor determined the terms thereof to be the best achievable under the
24 circumstances.

25 **B. Alternatives to Sale**

26 The most likely alternative to the proposed sale is for Green & Post Partners to foreclose its
27 lien against the Property. The Debtor expects that this would leave unsecured creditors and the
28 junior lien holders with no recovery. Accordingly, the Debtor has determined that the proposed sale

1 is in the best interests of the estate.

2 **C. No Relationship to Purchaser**

3 Neither the Debtor nor its Responsible Individual (Larry Nasey) have any known relationship
4 to Local Capital. Local Capital has no known relationship with any of the estate’s major creditors or
5 known parties in interest. The proposed sale is the result of arms-length negotiations. Local Capital
6 may assign the Property to a related assignee. Local Capital expects that such assignee would be a
7 subsidiary of Local Capital or owned by a combination of Local Capital’s existing investors, or both.
8 Local Capital does not contemplate assigning the Property to any individual or entity related to the
9 Debtor.

10 **D. Insider Compensation**

11 Except for the aforesaid purchase price, Local Capital has not offered any compensation to
12 the Debtor, its manager, its responsible individual or any employee or agent thereof. To the best of
13 the Debtor’s knowledge, Local Capital does not contemplate paying any consideration to any person
14 or entity other than the Debtor in connection with the sale.

15 **V. ARGUMENT**

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

17 The Debtor is entitled to sell the Property upon the terms described above because such a sale
18 is within the Debtor’s reasonable business judgment. *In re Continental Air Lines, Inc.*, 780 F.2d
19 1223, 1226 (5th Cir. 1986) (standard under 11 U.S.C. § 363(b)(1) is “business judgment”); *In re*
20 *Ernst Home Center, Inc.*, 209 B.R. 974, 979 (Bankr. W.D. Wash. 1997). “[T]he bankruptcy court
21 should presume that the debtor-in-possession acted prudently, on an informed basis, in good faith,
22 and in the honest belief that the action taken was in the best interests of the bankruptcy estate.” *In re*
23 *Pomona Valley Medical Group, Inc.*, 476 F.3d 665, 670 (9th Cir. 2007) (applying business judgment
24 standard). Where a sale is proposed in good faith and upon a reasonable basis, “[t]he court will not
25 entertain objections to a trustee’s conduct of the estate.” *In re Curlew Valley Associates*, 14 B.R.
26 506, 513–514 (Bankr. D. Utah 1981); *see also In re Southern Biotech, Inc.*, 37 B.R. 318, 322–323
27 (Bankr. M.D. Fla. 1983). This is because the “[Debtor], not the Court, is selling this property.” *In*
28 *re Gulf States Steel, Inc.*, 285 B.R. 497, 516 (Bankr. N.D. Ala. 2002).

1 The Debtor submits that the sale is in the best interests of the estate. While a sale by auction
2 is preferred, no buyers were interested in participating in an auction process for the purchase of the
3 Property. Only after Debtor abandoned the proposed auction did it receive an offer. Debtor
4 negotiated with each of those proposed purchasers and eventually agreed to a sale to the party with
5 the highest offer. The proposed sale price is in excess of the scheduled value of the Property after
6 arms-length negotiations and provides a substantial benefit to the estate by paying down the senior
7 secured lien on the Property, thereby reducing claims against other assets of Debtor which secure
8 junior liens. Following the reduction in the outstanding loan balance to Green & Post Partners, the
9 accrual of interest on that obligation will be significantly reduced and Debtor anticipates promptly
10 proposing a plan of reorganization to address the outstanding claims.

11 Because the sale is in the best interests of creditors and the estate, the proposed sale should
12 be approved, and the broker's commission and Debtor's share of the closing costs should be paid
13 from the proceeds of the sale.

14 **B. THE COURT SHOULD APPROVE THE SALE FREE AND CLEAR**
15 **OF LIENS ASSERTED AGAINST THE PROPERTY**

16 The Court may order that a sale be free and clear of liens which attach to the Property. 11
17 U.S.C. § 363(f). A request to sell an asset free and clear of liens is made by motion and is a
18 contested matter governed by Bankruptcy Rule 9014. Fed. R. Bankr. P. 6004(c). The sale free and
19 clear of a lien or other interest is authorized where:

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

25 11 U.S.C. § 363(f). Here, the Court may authorize the sale free and clear of liens because one or
26 more of the entities consents to the sale free and clear of their liens and the junior holders could be
27 compelled to accept a money satisfaction for their interest.

28 Here, creditors—particularly Green & Post Partners—will likely consent to sale of the

1 property free and clear of their liens, permitting the Court to sell the Property free and clear of their
2 interests. 11 U.S.C. § 363(f)(2).

3 To the extent they do not consent, the remaining junior creditors could be compelled to
4 accept a money satisfaction for their interest. *Id.* at § 363(f)(5). These junior creditors may be forced
5 to accept a money satisfaction through a foreclosure sale commenced by Green & Post Partners. Cal.
6 Civ. Code §§ 2924j–2924k; *see also In re Jolan, Inc.*, 403 B.R. 866, 869 (Bankr. W.D. Wash. 2009)
7 (holders of junior security interests could be forced to accept a money satisfaction under the default
8 remedies of Article 9 of Washington’s enactment of the Uniform Commercial Code, meeting the
9 requirements of § 363(f)(5), even though the sale proceeds would be insufficient to distribute any
10 funds to the holders of junior security interests). Judge Brandt noted in *Jolan* that if the trustee had
11 proposed to sell real property, Washington’s judicial and nonjudicial foreclosure laws also met the
12 standard of § 363(f)(5) because the junior liens “attach to proceeds in excess of the costs of sale and
13 the obligation or judgment foreclosed.” 403 B.R. at 870.

14 As in Washington, a holder of a junior lien secured by real property in California may be
15 forced in a nonjudicial-foreclosure proceeding to accept a money satisfaction for its interest by
16 having its interests attach to the proceeds after payment of the senior claims and costs of sale. Cal.
17 Civ. Code §§ 2924j–2924k. Thus, because Green & Post Partners has already consented to the sale
18 of the Property with the net proceeds paid to Green & Post Partners and the holders of junior secured
19 claims may be forced to accept a money satisfaction—that is, any proceeds from this sale over and
20 above the interest of Green & Post Partners—the Court may authorize the sale free a clear of liens
21 even if the junior lien holders do not consent to the sale.

22 **C. THE PROPOSED SALE IS IN GOOD FAITH AND THE**
23 **PURCHASER IS ENTITLED TO THE PROTECTIONS OF**
24 **BANKRUPTCY CODE § 363(m)**

25 Local Capital is a good-faith buyer and is entitled to the protections of Bankruptcy Code
26 § 363(m). Although the Bankruptcy Code does not define “good faith,” courts have found that the
27 good faith requirement of § 363(m) focuses primarily upon the disclosure of all material sale terms
28 and the absence of fraud or collusion between bidders. *See, e.g., In re Abbotts Dairies*, 788 F.2d at
147–148; *see also In re Apex Oil Co.*, 92 B.R. 847, 869–871 (Bankr. M.D. Mo. 1988). It is typically

1 only “fraud, collusion between the purchaser and other bidders or the Debtor, or an attempt to take
2 grossly unfair advantage of other bidders” that leads to a determination that there was a lack of good
3 faith. *In re M Capital Corp.*, 290 B.R. 743, 748 n.3 (B.A.P. 9th Cir. 2003) (quoting *Community*
4 *Thrift & Loan v. Suchy (In re Suchy)*, 786 F.2d 900, 902 (9th Cir. 1985).

5 As further discussed above, the Purchase Agreement was negotiated at arms’ length, Local
6 Capital has no material connection to any other party in interest and no special treatment for the
7 Debtors or any insider is proposed. This Motion provides for an open and competitive auction. The
8 Debtor is informed that Local Capital will execute a declaration to support a finding of its good faith
9 in advance of the hearing.

10 **D. THE STAYS PROVIDED IN RULE 62(a) OF THE FEDERAL RULES**
11 **OF CIVIL PROCEDURE AND RULE 6004(h) OF THE FEDERAL**
12 **RULES OF BANKRUPTCY PROCEDURE SHOULD BE WAIVED**

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

17 **V. PRAYER FOR RELIEF**

18 **WHEREFORE**, the Debtor prays for an order as follows:

- 19 1. Granting the Motion and approving the sale to Local Capital for the sum of
20 \$5,720,000;
- 21 2. Authorizing the Debtor to consummate, and carry out the actions reasonably
22 necessary to close, the sale;
- 23 3. Approving the sale free and clear of all liens, claims and encumbrances, with the liens
24 attaching to proceeds of the sale in the same extent, validity, and priority as under non-bankruptcy
25 law;
- 26 4. Approving the disbursement of the proceeds from escrow to the holders of secured
27 claims in order of their priority under applicable non-bankruptcy law to the extent funds are
28 available to pay them;
5. Approving and authorizing payment of the aforesaid broker’s commissions and

1 closing costs, including 2.75% commission to Vanguard Properties, transfer taxes due the City and
2 County of San Francisco, and fees for a natural hazards report;

3 6. Determining Local Capital Group, LLC to be a good faith purchaser pursuant to
4 Bankruptcy Code Section 363(m);

5 7. Waiving the stays imposed by Rule 62(a) of the Federal Rules of Civil Procedure and
6 Rule 6004(h) of the Federal Rules of Bankruptcy Procedure; and

7 8. For such other and further relief as is appropriate in the premises.

8 DATED: February 13, 2018

MACDONALD FERNANDEZ LLP

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By: /s/ Matthew J. Olson

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Matthew J. Olson
Attorneys for Debtor in Possession,
POST GREEN FELL LLC

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8 Attorneys for Debtor in Possession,
9 POST GREEN FELL LLC

10 UNITED STATES BANKRUPTCY COURT
11 NORTHERN DISTRICT OF CALIFORNIA

12 In re
13 POST GREEN FELL LLC,
14 Debtor.

Case No. 17-30314-DM-11

Chapter 11

**DECLARATION OF RICHARD M.
HILLS IN SUPPORT OF DEBTOR'S
MOTION TO SELL REAL PROPERTY
FREE AND CLEAR OF LIENS (1776
GREEN STREET, SAN FRANCISCO)
AND PAY COMMISSION**

Date: March 13, 2018
Time: 2:30 p.m.
Place: Courtroom 17

450 Golden Gate Avenue, 16th Floor
San Francisco, CA

Hon. Dennis Montali

15 I, Richard M. Hills, declare:

16 1. I am over the age of 18 and not a party to this action. I am the court-appointed real
17 estate agent for Post Green Fell LLC for the sale of the real property commonly known as 1776
18 Green Street, San Francisco, California (Block 0544, Lot 006) (the "Property"). I make this
19 Declaration of my own personal knowledge, and if called as a witness I could and would competently
20 testify as follows.

21 2. At the direction of Debtor, I have been marketing the Green Street Property and
22 Debtor's other real properties for sale. Local Capital Group, LLC has agreed to purchase the
23 Property for the gross price of \$5,720,000.00.
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1 3. Under the terms of the court-approved listing agreement between Debtor and
2 Vanguard Properties, Debtor's court-approved real estate broker, Vanguard is entitled to a
3 commission of 5.25% of the purchase price. This amount was to be divided as follows: 2.5% to an
4 outside (non-Vanguard) broker representing buyer and 2.75% to Vanguard as the broker
5 representing Debtor. Because of the structure of this sale and there being no broker representing the
6 buyer, the total commission is 2.75% of the purchase price, or \$157,300.

7 4. I estimate that Debtor's share of the closing costs as the seller will total
8 approximately \$129,464.95, consisting of transfer taxes of \$129,375 and a natural hazards report of
9 \$89.95. Debtor is also responsible for payment of a prorated amount of real property taxes based on
10 the closing date of the sale and any other customary closing costs typically paid by sellers of real
11 property in the City and County of San Francisco, but I do not expect Debtor to be responsible for
12 any additional closing costs other than the transfer taxes and natural hazards report.

13 5. I was charged with appropriately marketing the Property. The Property was posted
14 on the MLS system on August 10, 2016, and to date, the posting has been viewed 874 times by
15 registered real estate agents and brokers. In August 2017, Vanguard posted a 4-foot by 4-foot sign
16 on the building directing interested parties to a dedicated website for the sale of the Property and
17 Debtor's other assets, www.sfgarages.com.

18 6. The Property has also been marketed on Vanguard's website, which feeds to
19 competing brokerages' websites (including Sotheby's, Pacific Union, and McGuire Real Estate). By
20 virtue of inclusion on Vanguard's website, the property was included in the Vanguard Weekly
21 Report, a weekly newsletter distributed to over 14,000 subscribers.

22 7. I have fielded no less than 175 calls and about 40 emails regarding the Property, in
23 two main categories: (1) potential buyers/agents who have seen the sign and (2) agents who have
24 seen the property on MLS. I called and emailed back every potential buyer and agent, giving them
25 the website address to view photos of and disclosures about the Property. These marketing efforts
26 resulted in more 45 property tours, of which about six were second showings with architects,
27 engineers, and other professionals.

28 8. Under Debtor's prior bankruptcy counsel, the sale was structured as an auction with a

1 stalking-horse bidder. I distributed copies of Debtor's proposed Bidding Procedures to all
2 agents and potential buyers who requested them, a total of about two dozen parties. No written
3 offers or letters of intent were received while those auction-like bidding procedures were in effect.

4 9. Debtor eventually abandoned the auction and proposed moving forward with Court
5 approval through a private sale on notice to creditors. I communicated the change in sale procedures
6 by email on November 8, 2017, to 22 parties who were monitoring the property and to a further
7 approximately 10 interested parties over the following 10 days.

8 10. Immediately after the November 8 email was sent, I received three offers for the
9 purchase of the Property and forwarded those to Debtor's management. I engaged in extensive
10 negotiations with all three offerors, including several rounds of counteroffers. Following the
11 counteroffers, Local Capital's offer was the highest offer received, and the Debtor determined the
12 terms thereof to be the best achievable under the circumstances.

13 I declare under penalty of perjury according to the laws of the United States of America that the
14 foregoing is true and correct. Executed this 8th day of February, 2018, at San Francisco, California.

15 /s/ Richard M. Hills
16 RICHARD M. HILLS

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1 MACDONALD | FERNANDEZ LLP
2 IAIN A. MACDONALD (SBN 051073)
3 MATTHEW J. OLSON (SBN 265908)
4 221 Sansome Street, Third Floor
5 San Francisco, CA 94104
6 Telephone: (415) 362-0449
7 Facsimile: (415) 394-5544

8 Attorneys for Debtor in Possession,
9 POST GREEN FELL LLC

10 UNITED STATES BANKRUPTCY COURT
11 NORTHERN DISTRICT OF CALIFORNIA

12 In re
13 POST GREEN FELL LLC,
14 Debtor.

Case No. 17-30314-DM-11

Chapter 11

**DECLARATION OF MICHAEL P.
MUZZY IN SUPPORT OF DEBTOR'S
MOTION TO SELL REAL PROPERTY
FREE AND CLEAR OF LIENS (1776
GREEN STREET, SAN FRANCISCO)
AND PAY COMMISSION**

Date: March 13, 2018
Time: 2:30 p.m.
Place: Courtroom 17

450 Golden Gate Avenue, 16th Floor
San Francisco, CA

Hon. Dennis Montali

20
21 I, Michael P. Muzzy, declare:

22 1. I am over the age of 18 and not a party to this action. I am a partner with Lubin
23 Olson & Niewiadomski LLP, special counsel for Post Green Fell LLC, the Debtor in Possession. I
24 make this Declaration of my own personal knowledge, and if called as a witness I could and would
25 competently testify as follows.

26 2. Among the assets of the estate is the real property commonly known as 1776 Green
27 Street, San Francisco, California (Block 0544, Lot 006) (the "Property"). Local Capital Group, LLC
28 has agreed to purchase the Property subject to the terms and conditions of the of the Purchase

1 Agreement (the “PSA”), a true and correct copy of which is attached as Exhibit “A” hereto and
2 incorporated herein by reference. I negotiated the PSA on behalf of Debtor and I am familiar with
3 its terms.

4 3. Under the terms of the PSA, Local Capital agrees to purchase the property for the
5 sum of \$5.75 million, subject to a \$30,000 credit in favor Local Capital and a \$50,000 escrow
6 holdback to address certain environmental issues, as more fully described herein.

7 4. Based on my discussions with Larry Nasey, Debtor’s responsible individual, I
8 understand that prior to commencement of the case, Debtor retained L & W Construction Services,
9 Inc. to remove and perform environmental remediation work at the Property related to certain
10 underground storage tanks. As part of the services it rendered, L & W removed one or more
11 underground storage tank(s) from the Property and collected soil data in connection therewith.
12 L & W has not released the soil data and reports to Debtor or the San Francisco Department of
13 Public Health because L & W claims that Debtor owes L & W approximately \$30,000.00.

14 5. The Department of Public Health may not issue a “No Further Action” letter for the
15 Property without the release of the soil data and reports for the Property. To address this issue,
16 Debtor and Local Capital agree that in the event that Buyer pays L & W the \$30,000, or any portion
17 thereof, prior to the Closing and receives the Soil Data, the Purchase Price shall be reduced by
18 \$30,000, for a net purchase price of \$5.72 million.

19 6. Additionally, the parties agreed that if the Department of Public Health does not issue
20 a “No Further Action” letter for the Property on or before the close of escrow, then escrow agent
21 shall withhold from the purchase price the sum of \$50,000 and shall deposit that amount into a
22 separate escrow to pay costs Local Capital actually incurs in obtaining a “No Further Action” letter
23 for the Property. For further details, reference is made to Section 3.1.4 of the PSA.

24 7. From my review of the preliminary title report for the Property, a true and correct
25 copy of which is offered as Exhibit “B”, I understand that the Property secures the following claims:

26 ///

27
28 ///

<u>Priority</u>	<u>Claim Holder</u>
1 st	Green & Post Partners, LP
2 nd	Denise Nasey
3 rd	Internal Revenue Service
4 th	Employment Development Department

8. I understand that the claims of Denise Nasey, the Internal Revenue Service, and the Employment Development Department are also secured by two other properties owned by Debtor, to wit: 2360 Post Street, San Francisco, California, and 1213 Fell Street, San Francisco, California, as well as the real property commonly known as 624 Stanyan Street, San Francisco, California, which is the chief asset of the debtor in the *In re 624 Stanyan Street, LLC* bankruptcy case which is pending before this court (Case No. 16-30965-DM-11).

9. L & W Construction Services, Inc. had recorded a mechanic's lien against the Property. Because of L & W's failure to commence a legal action within the statutory time periods required by applicable law, our firm demanded that L & W Construction Services record a release of the lien on behalf of Debtor, which L & W Construction Services did. *See* Exhibit "C." L & W Construction Services' claim is, therefore, wholly unsecured.

10. The following is a summary of the material terms of the PSA:

a. Local Capital, or its related assignee, will purchase the Property for the gross price of \$5,750,000.00, subject to a \$30,000 price reduction and a \$50,000 holdback if certain conditions are met. *See* PSA § 3.1.4.

b. The sale will close within 15 days of entry of the Court's order approving the sale or 15 days after the end of the due-diligence period (discussed *infra*), whichever is later.

c. The agreement provides for a due-diligence period ending 30 days after execution of the agreement (February 12, 2018) during which time Local Capital may cancel the agreement and receive a return of its deposit. As recited by the PSA's Summary of Terms, the due diligence expiration date is March 14, 2018. There are no financing contingencies.

d. The agreement requires that Debtor terminate its lease with Automotive Clinic prior to the close of escrow and to deliver the property vacant and free of any tenant or other

1 occupant.

2 e. Within two days of the execution of the PSA, Local Capital will deposit
3 \$75,000.00 to escrow. At the end of the due-diligence period, Local Capital will deposit an
4 additional \$75,000.00, for a total of \$150,000.00. Said deposits are refundable only if: (1) the
5 agreement is terminated prior to the end of the due-diligence period; (2) the Bankruptcy Court does
6 not approve the sale, or (3) certain other limited conditions described in Section 4.5 and 19.1 of the
7 PSA.

8 f. Unpaid real property taxes shall be pro-rated, Debtor shall pay for the transfer
9 tax, a natural hazards report, and the broker's commission to Vanguard. Each party shall pay its own
10 legal fees. All remaining closing costs will be borne by Local Capital.

11 g. In the event Debtor defaults on the PSA and escrow fails to close because of
12 the default, Local Capital is entitled to either (i) cancel the PSA, receive a refund of the deposits, and
13 seek reimbursement for its out-of-pocket, third-party expenses incurred in connection with the
14 proposed sale, up to \$50,000, or (ii) seek specific performance of the PSA. In addition, if Seller
15 breaches by conveying the property to a different buyer, Local Capital shall have the right to seek
16 additional damages from Debtor in an amount equal to the difference between the \$5,750,000
17 purchase price and the price of the sale to such third party. Failure to obtain Court approval of the
18 sale is not a default by Debtor. *See* PSA § 19.1.1. In the event Local Capital defaults under the PSA
19 and escrow fails to close, Local Capital forfeits its \$150,000 deposit and any interest thereon. *See*
20 PSA §§ 19.2 & 25.

21 I declare under penalty of perjury according to the laws of the United States of America that the
22 foregoing is true and correct. Executed this 12th day of February, 2018, at San Francisco, California.

23 /s/ Michael P. Muzzy
24 MICHAEL P. MUZZY
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EXHIBIT A

**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

**BUYER AND SELLER
SUMMARY OF TERMS**

In re Post Green Fell LLC (Debtor) Case No. 17-30314 DM-11.

Seller's Broker ("**Broker**"): Vanguard Properties, San Francisco, California
Broker's Name: Rick Hills Phone: (415) 519-7774
Address: 25001 Mission Street Fax: 415-321-7200
San Francisco, CA 94110 Email: rh@vanguardsf.com

This Purchase and Sale Agreement and Joint Escrow Instructions dated February 12, 2018 (this "**Agreement**" or this "**Purchase Agreement**") is entered into by and between LOCAL CAPITAL GROUP LLC a Delaware limited liability company ("**Buyer**"), and POST GREEN FELL LLC, a California limited liability company, Debtor in Possession ("**Seller**"), for property held in the bankruptcy estate established pursuant to the petition ("**Petition**") filed April 4, 2017, in the United States Bankruptcy Court for the Northern District of California (the "**Court**"), in the matter styled *IN RE POST GREEN FELL LLC*, Case No. 17-30314-DM-1 (the "**Action**").

The key terms, conditions and dates of this Agreement are as follows:

Purchase Price ("**Purchase Price**"): \$5,750,000.00, as may be reduced in accordance with Section 3.1.4 below (Buyer Credit; Holdback).

Closing Date: The first business day other than a Monday that occurs fifteen (15) calendar days after the later to occur of (a) Court Approval (as defined in the Defined Terms attached to this Agreement), and (b) the Due Diligence Expiration Date.

Initial Deposit: \$75,000.00

Additional Deposit: \$75,000.00

Escrow Company ("**Escrow Agent**" or "**Title Company**") Old Republic Title Company, 601 California Street, Suite 900, San Francisco, CA; Attn: Annie Nobilione

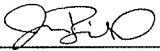
Effective Date: February 12, 2018

Due Diligence Expiration Date: March 14, 2018 (i.e. 30 calendar days from the Effective Date)

By signing below I acknowledge that I have read this Purchase Agreement in its entirety and have initialed in the body of the Purchase Agreement paragraphs where Buyer's initials are required.

BUYER:

LOCAL CAPITAL GROUP LLC,
a Delaware limited liability company

By: 
John Bickford, Manager

SELLER:

POST GREEN FELL LLC,
a California limited liability company,
Debtor in Possession

By: _____
Laurence F. Nasey, Manager

Notice Addresses:

Seller:

Post Green Fell LLC
3336 Divisadero Street
San Francisco, CA 94123
Attn: Larry Nasey
Phone: 415-563-2915
Email: larry@autoclinicsf.com

With a copy to:

MACDONALD FERNANDEZ LLP
221 Sansome Street, Third Floor
San Francisco, CA 94104
Attn: Matthew Olson and Iain Macdonald
Phone: 415-362-0449, Ext. 205
Fax: 415-394-5544
e-mail: matt@macfern.com; imac@macfern.com

And a copy to:

LUBIN OLSON & NIEWIADOMSKI LLP
600 Montgomery Street, Suite 1400
San Francisco, CA 94111
Attn: Michael Muzzy and Gerald Murphy
Phone: 415-981-5005
Fax: 415-981-4343
Email: mmuzzy@lubinolson.com; gmurphy@lubinolson.com

Buyer:

LOCAL CAPITAL GROUP, LLC
572 Ruger, Suite A
San Francisco, CA 94129
Attn: John Bickford
Phone: 415-553-4088
Email: jbickford@localcapgroup.com

By signing below I acknowledge that I have read this Purchase Agreement in its entirety and have initialed in the body of the Purchase Agreement paragraphs where Buyer's initials are required.


BUYER:

LOCAL CAPITAL GROUP LLC,
a Delaware limited liability company

By: _____
John Bickford, Manager

SELLER:

POST GREEN FELL LLC,
a California limited liability company,
Debtor in Possession

By: 
Laurence F. Nasey, Manager

Notice Addresses:

Seller:

Post Green Fell LLC
3336 Divisadero Street
San Francisco, CA 94123
Attn: Larry Nasey
Phone: 415-563-2915
Email: larry@autoclinicsf.com

With a copy to:

MACDONALD FERNANDEZ LLP
221 Sansome Street, Third Floor
San Francisco, CA 94104
Attn: Matthew Olson and Iain Macdonald
Phone: 415-362-0449, Ext. 205
Fax: 415-394-5544
e-mail: matt@macfern.com; imac@macfern.com

And a copy to:

LUBIN OLSON & NIEWIADOMSKI LLP
600 Montgomery Street, Suite 1400
San Francisco, CA 94111
Attn: Michael Muzzy and Gerald Murphy
Phone: 415-981-5005
Fax: 415-981-4343
Email: mmuzzy@lubinolson.com; gmurphy@lubinolson.com

Buyer:

LOCAL CAPITAL GROUP, LLC
572 Ruger, Suite A
San Francisco, CA 94129
Attn: John Bickford
Phone: 415-553-4088
Email: jbickford@localcapgroup.com

With a copy to:

COX, CASTLE & NICHOLSON LLP
50 California Street, Suite 3200
San Francisco, California 94111
Attn: Kevin Crabtree
Phone: 415-262-5155
Email: kcrabtree@coxcastle.com

Title and Escrow:

Annie Nobilione
Old Republic Title Company
601 California Street, Suite 900,
San Francisco, CA 94108
Phone: 415-421-9770
Fax: 415-788-4237
Email: anobilione@ortc.com

TABLE OF CONTENTS

	<u>Page</u>
1. DEFINITIONS.....	1
2. PURCHASE AND SALE AND ACKNOWLEDGMENT.....	1
2.1 Purchase and Sale	1
2.2 Release by Buyer	1
3. PURCHASE PRICE.....	2
3.1 Payment	2
3.2 Independent Consideration	3
4. BUYER'S DUE DILIGENCE CONTINGENCIES.....	3
4.1 Buyer's Due Diligence Contingencies	3
4.2 Buyer's Due Diligence	4
4.3 Natural Hazard Disclosure Report.....	4
4.4 Conditions Precedent to Buyer's Obligations	4
4.5 Failure of Conditions Precedent to Buyer's Obligations.....	5
4.6 Due Diligence	5
4.7 Approval Notice	5
5. SELLER'S CONTINGENCIES.....	5
5.1 Seller's Contingencies	5
5.2 Termination.....	6
6. TERMINATION FOR FAILURE OF CONTINGENCIES.....	6
6.1 Deliveries.....	6
6.2 Liability.....	6
6.3 Escrow Costs.....	6
7. AS-IS SALE AND PURCHASE	6
7.1 Buyer's Acknowledgment.....	6
8. SELLER'S REPRESENTATIONS AND WARRANTIES	8
8.1 Seller's Representations and Warranties	8
8.2 Survival.....	9
9. BUYER'S REPRESENTATIONS AND WARRANTIES.....	10
9.1 Buyer's Representations and Warranties.....	10
9.2 Survival.....	11
9.3 Notice of Changes in Representations and Warranties	11
10. ACKNOWLEDGMENTS BY BUYER.....	11
10.1 Experience.....	11
10.2 Court Approval.....	11
10.3 Representations and Warranties.....	11

	<u>Page</u>
10.4	Independent Investigation 11
10.5	Time of Essence..... 12
10.6	Petition and Orders 12
11.	INDEMNITY BY BUYER 12
12.	INSPECTION AND BUYER'S ENTRY TO PROPERTY 12
12.1	Notice 12
12.2	Access 12
12.3	Performance of Tests 12
12.4	Payment for Tests 12
12.5	Insurance..... 12
12.6	Intrusive Tests 12
12.7	Restoration 13
12.8	Survival..... 13
13.	CLOSE OF ESCROW 13
13.1	Close of Escrow..... 13
13.2	Title Policy 13
14.	DELIVERIES TO ESCROW AGENT..... 13
14.1	Seller's Deliveries 13
14.2	Buyer's Deliveries..... 14
15.	ESCROW AGENT 14
15.1	Close of Escrow..... 14
15.2	Escrow 15
15.3	Agreement by Escrow Agent..... 15
16.	CHARGES..... 15
16.1	Charges 15
16.2	Attorneys' Fees..... 15
17.	PRORATIONS..... 15
17.1	Ad Valorem Taxes..... 15
17.2	Utilities 16
17.3	Unknown Amounts 16
18.	CASUALTY AND CONDEMNATION 16
18.1	Material Casualty..... 16
18.2	Non-Material Casualty 16
18.3	Condemnation 16
18.4	Materiality Standard 17
18.5	Notice of Casualty and Condemnation..... 17

	<u>Page</u>
19. DEFAULT	17
19.1 Seller's Default	17
19.2 Buyer's Default	17
20. ASSIGNMENT	17
21. REAL ESTATE BROKER'S COMMISSIONS	17
21.1 Broker	17
21.2 Representation and Warranties	17
21.3 Commission	18
22. MISCELLANEOUS	18
22.1 Waivers	18
22.2 In Writing	18
22.3 Counterparts; Electronic Signatures	18
22.4 Time of Essence/Business Days	18
22.5 No Oral Agreements	18
22.6 Construction/Partial Invalidity	19
22.7 Exhibits	19
22.8 Professional Fees	19
22.9 Choice of Venue; JURY TRIAL WAIVER	19
22.10 Governing Law	19
22.11 Successors and Assigns	19
22.12 Possession	19
22.13 Seller's Covenants	20
22.14 Back-Up Offers	20
23. NOTICES	20
24. CONFIDENTIALITY	21
25. LIQUIDATED DAMAGES	21

Agreement

Buyer and Seller (individually, "**Party**," and collectively, "**Parties**") hereby agree between themselves and instruct Escrow Agent as follows:

1. Definitions. In addition to any other terms defined elsewhere in this Purchase Agreement, the terms defined in the Defined Terms of this Purchase Agreement shall have the meanings set forth in the Defined Terms, respectively.

2. Purchase and Sale and Acknowledgment.

2.1 Purchase and Sale. Seller hereby agrees to sell the Property to Buyer, and Buyer hereby agrees to purchase the Property from Seller on the terms and conditions set forth in this Purchase Agreement.

2.2 Release by Buyer.

2.2.1 Release. Buyer understands and agrees that administration and disposition of the Property is subject to approval by the Court in the Action. The final terms of the sale and Seller's duties with respect thereto and as to the Property shall be as defined in the order approving the sale, to be obtained by Seller at Seller's cost, from the Court in the Action prior to Closing, authorizing Seller to sell and convey the Property to Buyer as provided in this Agreement (the "**Order**"). Buyer acknowledges and agrees that Seller's liability for any loss or damages that Buyer may suffer as the result of or in connection with this transaction and/or the purchase of the Property is limited to the assets of the bankruptcy estate established pursuant to 11 U.S.C. § 541 in Action (the "**Bankruptcy Estate**"). The Bankruptcy Estate includes the Property. In addition, Buyer acknowledges and agrees that the Action could be terminated, the Bankruptcy Estate dissolved, and that, except as provided in this Agreement, Buyer cannot recover any damages from Seller upon termination of the Action or dissolution of the Bankruptcy Estate. Buyer hereby agrees, upon the Close of Escrow, to release Seller and the Seller Parties from and against any Claims, whether to person or property, arising out of the purchase of the Property, excepting any Claims arising out of or resulting from (a) the gross negligence or intentional act or omission by Seller (including Seller's fraud), (b) Seller's breach of its express representations, warranties, covenants and obligations under this Agreement, or (c) any third party claim to the extent relating to an occurrence prior to the Closing (collectively, the "**Excluded Claims**") (provided, however, in connection therewith, in no event shall Seller be liable for any Excluded Claims beyond the date which is the earlier of the date that the Action is terminated by the Court; the deadline for presenting any such claim as established by the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, or and order of the Court; or the Bankruptcy Estate is dissolved. The foregoing release by Buyer shall include, without limitation, any Claims Buyer may have pursuant to any statutory or common law right Buyer may have to receive disclosures from Seller, including, without limitation, any disclosures as to the Property's location within areas designated as subject to flooding, fire, seismic or earthquake risks by any federal, state or local entity, the presence of Hazardous Substances on or beneath the Property, the need to obtain flood insurance, the certification of water heater bracing and/or the advisability of obtaining title insurance, or any other condition or circumstance affecting the Property, its financial viability, use or operation, or any portion thereof. Such release applies to all Claims, whether such Claims are known or unknown, foreseen or unforeseen, or patent or latent, that Buyer may have against Seller. Buyer waives application of California Civil Code Section 1542, which states:

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

Buyer's Initials: JLB.

As a consequence of the foregoing waiver, Buyer understands that if Buyer incurs any loss or damages arising out of or resulting from or in connection with the purchase of the Property, Buyer will be unable to make any claim for those damages against Seller and the Seller Parties, except any Excluded Claims.

2.2.2 Survival. The provisions of this Section 2.2 shall survive the Close of Escrow.

3. Purchase Price.

3.1 Payment. The price and consideration to be paid by Buyer to Seller for the Property shall be the Purchase Price (i.e., \$5,750,000.00), as may be reduced in accordance with Section 3.1.4 below (Buyer Credit; Holdback). Buyer shall pay the Purchase Price to Seller as follows:

3.1.1 Initial Deposit. Within two (2) business days after the date of mutual execution and delivery of this Purchase Agreement, Buyer shall deliver to Escrow Agent the Initial Deposit in Cash. Escrow Agent shall deposit the Initial Deposit in an interest-bearing account with a Federally insured bank as Escrow Agent and Seller reasonably deem appropriate and consistent with the timing requirements of this Purchase Agreement. If Buyer fails to timely deliver Buyer's Approval Notice or otherwise terminates this Agreement on or before the Due Diligence Expiration Date, Escrow Holder shall immediately return the Initial Deposit to Buyer, and neither party shall have any further rights or obligations with respect to the other party in connection with this Agreement except those that expressly survive termination. If Buyer delivers Buyer's Approval Notice on or before the Due Diligence Expiration Date, the Initial Deposit shall become non-refundable except as otherwise provided in this Purchase Agreement. If as of the Due Diligence Expiration Date this Purchase Agreement has not been terminated, then, after the Due Diligence Expiration Date, the Initial Deposit together with interest accrued thereon shall be, as applicable: (i) applied and credited toward payment of the Purchase Price at the Close of Escrow, or (ii) retained by Seller as liquidated damages pursuant to Section 25 below if the Close of Escrow does not occur as a result of Buyer's default, or (iii) returned to Buyer if the Close of Escrow does not occur and Buyer terminates this Purchase Agreement pursuant to Sections 4.5 or 19.1 below.

3.1.2 Additional Deposit. On or before the Due Diligence Expiration Date, and provided Buyer has not elected to terminate this Purchase Agreement, Buyer shall deliver to Escrow Agent the Additional Deposit in Cash (the Additional Deposit, together with the Initial Deposit, shall be hereafter referred to as the "**Deposit**"). Upon receipt by Escrow Agent, the Additional Deposit shall become non-refundable except as otherwise provided in this Purchase Agreement. The Additional Deposit together with interest accrued thereon shall be, as applicable: (i) applied and credited toward payment of the Purchase Price at the Close of Escrow, or (ii) retained by Seller as liquidated damages pursuant to Section 25 below if the Close of Escrow does not occur as a result of Buyer's default, or (iii) returned to Buyer if the Close of Escrow does not occur and Buyer terminates this Purchase Agreement pursuant to Sections 4.5 or 19.1 below.

3.1.3 Balance of Purchase Price. On or before the Closing Date, Buyer shall deliver to Escrow Agent in Cash the balance of the Purchase Price (less the Deposit), plus Buyer's share of costs, expenses, fees, charges, prorations and other amounts required to be paid by Buyer hereunder, less any credits due to Buyer hereunder.

3.1.4 Buyer Credit; Holdback. Seller and Buyer acknowledge that (a) L&W Construction Services, Inc. ("**L&W**") previously removed one or more underground storage tank(s) from the Property and collected soil data in connection therewith, (b) L&W has not released the soil data and reports ("**Soil Data**") to Seller or the San Francisco Department of Public Health ("**DPH**") because L&W claims that Seller owes L&W approximately \$30,000.00 (the "**L&W Unpaid Amount**") for the environmental services L&W provided to Seller, and (c) DPH may not issue a "No Further Action" letter for the Property (a "**NFA Letter**") without the release of the Soil Data for the Property. The Parties agree that: (1) in the event that Buyer pays the L&W Unpaid Amount, or any portion thereof, to L&W prior to the Closing and receives the Soil Data, the Purchase Price shall be reduced by thirty thousand dollars (\$30,000). In addition, if DPH has not issued a NFA Letter for the Property on or before the Closing Date, then Escrow Agent shall withhold from the proceeds of the Purchase Price which would otherwise

be distributed to Seller at the Close of Escrow the "Holdback Amount" (as hereinafter defined) and shall deposit the Holdback Amount into a separate escrow (the "**Holdback Escrow**"). As used herein, the "**Holdback Amount**" means an amount equal to the estimated cost to Buyer of obtaining a NFA Letter for the Property (which may include additional environmental investigation, remediation, and monitoring activities), as set forth in a work proposal from a reputable environmental services and/or remediation firm that regularly performs such services in the Bay Area, less the L&W Unpaid Amount if such amount is credited to Buyer, but in no event exceeding \$50,000. The Holdback Amount shall be used solely to pay for the costs that Buyer actually incurs in obtaining a NFA Letter for the Property (which may include additional environmental investigation, remediation, and monitoring activities). Seller and Buyer hereby instruct Escrow Agent, and Escrow Agent hereby agrees, that the Holdback Amount shall be held and disbursed by Escrow Agent from the Holdback Escrow in accordance with this Section 3.1.4. Upon receipt of any Disbursement Request (as defined below) requesting all or any portion of the Holdback Amount (hereinafter the "**Requested Funds**"), Escrow Agent shall disburse the Requested Funds to Buyer within three (3) business days after receipt of the Disbursement Request. As used herein, "**Disbursement Request**" shall mean a written request of Escrow Agent made by Buyer or its permitted assignees for the disbursement of all or any portion of the Holdback Amount, which request shall include copies of the invoices or other receipts or documents supporting such Disbursement Request, if such invoices have not previously been paid. In the event an invoice has been previously paid by Buyer and the Disbursement Request is for reimbursement for payment of same, the Disbursement Request shall include a copy of the invoices or other receipts or documents supporting such Disbursement Request, and a copy of a cancelled check or similar verification of the payment by Buyer. Escrow Agent shall have no responsibility and/or liability to verify any aspects of the Disbursement Request or the validity of same, but is instructed to disburse the funds pursuant to the Disbursement Request as received by Escrow Agent. In the event that any portion of the Holdback Amount has not been disbursed from the Holdback Escrow to Buyer on the date that is ninety (90) days after the Closing Date, then Escrow Agent shall disburse such remaining portion of the Holdback Amount to Seller. This Section 3.1.4 shall survive the Closing.

3.2 Independent Consideration. Notwithstanding any provision set forth in this Purchase Agreement, One Hundred Dollars (\$100.00) of the Deposit shall be non-refundable in all events (other than Seller's default) at any time prior to the Close of Escrow (the "**Independent Consideration**"). The Independent Consideration shall be applicable to the Purchase Price at Closing. The Independent Consideration is in addition to and independent of all other consideration provided in this Purchase Agreement, and is non-refundable in all events (other than Seller's default).

4. Buyer's Due Diligence Contingencies.

4.1 Buyer's Due Diligence Contingencies. Buyer's obligation to purchase the Property is contingent on the actual or deemed satisfaction or written waiver by Buyer of each of the following conditions (collectively "**Buyer's Due Diligence Contingencies**" and individually "**Buyer's Due Diligence Contingency**") by the Due Diligence Expiration Date:

4.1.1 Property Information. On or before the Due Diligence Expiration Date, Buyer shall have approved or disapproved the Property Information. Within two (2) business days after the Effective Date, Seller shall deliver to Buyer copies of the Property Information.

4.1.2 Limitation on Information Provided by Seller. Seller makes no representations or warranties with respect to the Property Information nor to the accuracy or completeness of the Property Information. Buyer acknowledges and understands that all Property Information made available by Seller are only for Buyer's convenience in making its own examination and determination prior to the Due Diligence Expiration Date as to whether it wishes to purchase the Property, and, in so doing, Buyer shall rely exclusively upon its own independent investigation and evaluation of every aspect of the Property and not on any Property Information supplied by Seller.

4.1.3 Preliminary Title Report. On or before the Due Diligence Expiration Date, Buyer shall have approved or disapproved, in Buyer's sole and subjective discretion, a preliminary title report

and legible copies of all underlying exception documents ("**Preliminary Title Report**" or "**PTR**") of the Real Property prepared by the Title Company ("**Title Contingency**"). Buyer shall order the PTR from the Title Company promptly after the Effective Date. After the Effective Date, Seller shall not knowingly create or permit the creation of any lien or encumbrance upon the Real Property not disclosed by the PTR which would survive the Closing (each such lien or encumbrance an "**Intervening Lien**"). The Real Property shall be conveyed at the Close of Escrow subject to the following matters, which are hereinafter referred to as the "**Permitted Title Exceptions**": (a) those matters identified in the PTR other than Monetary Liens (as defined below); (b) the lien of all ad valorem real estate taxes and assessments not yet due and payable as of the date of Closing; and (c) the standard printed exception in the Title Policy. Notwithstanding the foregoing or anything else to the contrary contained in this Agreement, the "Permitted Title Exceptions" shall not include and Seller shall cause to be removed from the record at or before the Closing at Seller's cost all of the following (collectively, the "**Monetary Liens**"): (x) any monetary liens or encumbrances, including any mortgages, deeds of trust, liens, assessments, and/or other indebtedness, notices of default, notices of trustee sale, liens caused or allowed by Seller (including any Intervening Liens), liens for delinquent real property taxes or assessments, any federal or state tax liens, any judgment liens, or any mechanics' or materialmen's liens, including the L&W Lien, and (y) any exceptions regarding tenants or other possessory interests. Seller shall execute a customary owner's affidavit in connection with the Close of Escrow along with such other documents or instruments as may be reasonably be requested by Title Company in order to issue the Title Policy at the Close of Escrow in accordance with this Agreement.

4.2 Buyer's Due Diligence. Buyer acknowledges that Buyer has substantial experience with investment in and the operation of real property. Buyer may, in Buyer's sole and subjective discretion, and at Buyer's sole cost and expense, obtain from or have prepared by a third-party vendor such Tests as Buyer deems necessary, including a Physical Inspection Report, a geological report, a boundary survey or an environmental assessment of the Property (subject, however, to the provisions of Section 12 below). Seller shall cooperate with Buyer's efforts to obtain such Tests.

4.3 Natural Hazard Disclosure Report. Seller shall provide Buyer, for Buyer's approval, which approval shall be in Buyer's sole and subjective discretion, no later than ten (10) days following the Effective Date, the Natural Hazard Disclosure Report as referenced in Section 7.1.5 below.

4.4 Conditions Precedent to Buyer's Obligations. Buyer's obligation to purchase the Property is conditioned and contingent on the fulfillment and satisfaction of each of the following conditions precedent on or before the date set forth below for each condition precedent:

4.4.1 Condition or Status of Property. Buyer shall have the right during the period commencing on the Effective Date through and including the Due Diligence Expiration Date to make such inspections and investigations regarding the Property as Buyer shall solely deem appropriate, including, without limitation, the inspections and investigations pertaining to Buyer's Due Diligence Contingencies set forth in Section 4.1 above (subject, however, to the provisions of this Purchase Agreement, including, without limitation, Section 12 below). Buyer's approval of its due diligence investigations and delivery of Buyer's Approval Notice, which shall be made, if at all, by Buyer in its absolute and sole discretion prior to the expiration of the Due Diligence Date, and which may be withheld by Buyer for any reason or no reason at all, based on the results of the aforementioned inspections and investigations, is an express condition precedent to Buyer's obligation to Close Escrow; provided, however, that between the Due Diligence Expiration Date and the Closing Date, there shall have been no material adverse changes in the condition or status of the Property or in the facts or circumstances concerning the Property.

4.4.2 Title Policy. On or before the Closing Date, the Title Company shall have irrevocably committed to issue the Title Policy subject only to the Permitted Title Exceptions or otherwise acceptable to Buyer.

4.4.3 Accuracy of Representations and Warranties. The warranties, representations and agreements, if any, made by Seller in Section 8.1 below shall be true and correct to the best of Seller's knowledge, in all material respects as of the Closing Date.

4.4.4 Seller's Performance. Seller shall have performed in all material respects all of its covenants and obligations under this Purchase Agreement as of the Closing Date.

4.4.5 Court Approval. As of the Closing Date (i) the Action shall not have been terminated, (ii) the Bankruptcy Estate shall not have been dissolved, and (iii) Seller shall have obtained the Court Approval for consummation of this transaction, in the form of an order from the Court authorizing the transaction as contemplated herein, and approving this Purchase Agreement; provided, however, in no event shall overbidding or an overbidding process be required by the Seller as a condition of receiving such Court Approval and Seller shall make no such application or request for overbidding as a condition of Seller's obligation to consummate this transaction. The Closing Date shall be determined with respect to the date of Court Approval and may be extended, as necessary, if required by the Court, subject to Buyer's written approval.

4.4.6 Lease Termination. On or before the Closing Date, Seller shall have terminated that certain lease between Seller's predecessor-in-interest and Automotive Clinic, Inc., dated February 1, 2014 (the "**Related Party Lease**") and shall have delivered evidence of such termination to Buyer such that the Property will be delivered vacant and free of any tenants or other occupants to Buyer at the Close of Escrow.

4.5 Failure of Conditions Precedent to Buyer's Obligations. Buyer shall have the right to terminate this Purchase Agreement by written notice to Seller due to the failure of any condition precedent set forth in Section 4.4 above (in which case Buyer shall immediately receive back the Deposit, plus any accrued interest on the Deposit). Upon termination of this Purchase Agreement as a result of the failure of any condition precedent set forth in Section 4.4 above (including, without limitation, Buyer's disapproval of any of the inspections, investigations and/or Buyer's Due Diligence Contingencies), neither party shall have any right, claim, cause of action or incur any liability in connection with Buyer exercising its right to terminate this Purchase Agreement as herein granted.

4.6 Due Diligence.

4.6.1 Buyer's Due Diligence Contingencies. Buyer's Due Diligence Contingencies are in favor of and may be waived by Buyer only in writing. At anytime on or before the Due Diligence Expiration Date, Buyer shall have the right to terminate this Agreement (in which case Buyer shall immediately receive back the Deposit, plus any accrued interest on the Deposit).

4.7 Approval Notice. Buyer, in its sole and absolute discretion, shall provide written notice to Seller on or before the Due Diligence Expiration Date of either (i) Buyer's election to terminate this Agreement (ii) Buyer's election to approve Buyer's Due Diligence Contingencies ("**Buyer's Approval Notice**"). Buyer's failure to deliver Buyer's Approval Notice on or before the Due Diligence Expiration Date shall constitute and be deemed Buyer's election to terminate the Agreement. In the event Buyer elects (or is deemed to have elected) to terminate this Agreement for any reason on or before the Due Diligence Expiration Date, Escrow Holder shall immediately return the Initial Deposit to Buyer, and neither party shall have any further rights or obligations with respect to the other party.

5. Seller's Contingencies.

5.1 Seller's Contingencies. Seller's obligation to sell the Property is conditioned and contingent on the fulfillment and satisfaction of each of the following conditions (collectively referred to as "**Seller's Contingencies**", and individually as a "**Seller's Contingency**") on or before the date set forth below for each Seller's Contingency:

5.1.1 Buyer's Performance. Buyer shall have timely performed all of the obligations required by the terms of this Purchase Agreement to be performed by Buyer, including, but not limited to, delivering to Escrow Agent the Purchase Price and all other funds and documents required of Buyer before the Closing Date.

5.1.2 Accuracy of Representations and Warranties. All representations and warranties made by Buyer to Seller under this Purchase Agreement shall be true and correct to the best of Buyer's knowledge in all material respects as of the Closing Date.

5.1.3 Court Approval. As of the Closing Date (i) the Action shall not have been terminated, (ii) the Bankruptcy Estate shall not have been dissolved, and (iii) Seller shall have obtained Court Approval for consummation of this transaction; provided, however, in no event shall overbidding or an overbidding process be required by the Seller as a condition of receiving such Court Approval and Seller shall make no such application or request for overbidding as a condition of Seller's obligation to consummate this transaction.

5.2 Termination. Seller's Contingencies are for the benefit of and may be waived by Seller. If any of Seller's Contingencies are not satisfied, then Seller shall have the right, in Seller's sole and absolute discretion, to terminate this Purchase Agreement effective upon notice to Buyer from Seller.

6. Termination For Failure of Contingencies. If, in accordance with the terms hereof, this Purchase Agreement is terminated, then this Purchase Agreement shall terminate upon the following terms and conditions:

6.1 Deliveries. Buyer shall, within five (5) days after such termination, at no charge to Seller, deliver to Seller the following (which obligation shall survive the termination of this Purchase Agreement):

6.1.1 Documents. Documents reasonably requested by Seller or Escrow Agent to confirm the termination of this Purchase Agreement and the Escrow established hereunder;

6.1.2 Lien Releases. Unconditional final lien releases from any of Buyer's Consultants or any others who have filed a California Preliminary 20-Day Notice with respect to the Property on or prior to the termination date of this Purchase Agreement.

6.1.3 Property Information. All Property Information supplied by Seller to Buyer (unless such termination is a result of a default by Seller hereunder), or written confirmation from Buyer to Seller that Buyer has destroyed the Property Information.

6.2 Liability. Neither Party thereafter shall have any liability to the other Party under this Purchase Agreement, except the obligations of the Parties hereunder which by the express provisions of this Purchase Agreement survive termination.

6.3 Escrow Costs. Buyer and Seller shall each be responsible for payment of fifty percent (50%) of the cancellation fees and expenses of the Escrow Agent and the Title Company.

7. AS-IS Sale and Purchase. Buyer acknowledges, by its initials as set forth below, that the provisions of this Section 7 have been required by Seller as a material inducement to enter into the contemplated transactions, and the intent and effect of such provisions have been explained to Buyer by Buyer's counsel and have been understood and agreed to by Buyer.

7.1 Buyer's Acknowledgment. As a material inducement to Seller to enter into this Purchase Agreement and to convey the Property to Buyer, Buyer hereby acknowledges and agrees that:

7.1.1 AS-IS. Except as otherwise expressly set forth in this Purchase Agreement, and subject to Seller's representation and warranties set forth in Section 8.1 of this Purchase Agreement, Buyer is purchasing the Property in its existing condition, "AS-IS, WHERE-IS, WITH ALL FAULTS," and upon the Closing Date has made or has waived all inspections and investigations of the Property which Buyer believes are necessary to protect its own interest in, and its contemplated use of, the Property.

JLB

Buyer's Initials

7.1.2 No Representations. Other than the express representations and warranties of Seller contained in Section 8.1 of this Purchase Agreement, neither Seller, nor any person or entity acting by or on behalf of Seller, nor any Seller Parties has made any representation, warranty, inducement, promise, agreement, assurance or statement, oral or written, of any kind to Buyer upon which Buyer is relying, or in connection with which Buyer has made or will make any decisions concerning the Property or its vicinity including, without limitation, its use, condition, value, compliance with "Governmental Regulations," existence or absence of Hazardous Substances, or the permissibility, feasibility, or convertibility of all or any portion of the Property for any particular use or purpose, including, without limitation, its present or future prospects for sale, lease, development, occupancy or suitability as security for financing. As used herein, the term "**Governmental Regulations**" means any laws (including Environmental Requirements), ordinances, rules, requirements, resolutions, policy statements and regulations (including, without limitation, those relating to land use, subdivision, zoning, Hazardous Substances, occupational health and safety, handicapped access, water, earthquake hazard reduction, and building and fire codes) of any governmental or quasi-governmental body or agency claiming jurisdiction over the Property.

JLB

Buyer's Initials

7.1.3 No Implied Warranties. Excluding any representation or warranty made by Seller set forth herein, Seller hereby specifically disclaims: (i) all warranties implied by law arising out of or with respect to the execution of this Purchase Agreement, any aspect or element of the Property, or the performance of Seller's obligations hereunder including, without limitation, all implied warranties of merchantability, habitability and/or fitness for a particular purpose; and (ii) any warranty, guaranty or representation, oral or written, past, present or future, of, as to, or concerning (A) the nature and condition of the Property or other items conveyed hereunder, including, without limitation, the water, soil, and geology, the suitability thereof and of the Property or other items conveyed hereunder for any and all activities and uses which Buyer may elect to conduct thereon, the existence of any environmental hazards or conditions thereon (including but not limited to the presence of asbestos or other Hazardous Substances) or compliance with applicable Environmental Requirements; (B) the nature and extent of any right-of-way, lease, possession, lien, encumbrance, license, reservation, condition or otherwise; and (C) the compliance of the property or other items conveyed hereunder or its operation with any Governmental Regulations, including Environmental Requirements.

JLB

Buyer's Initials

7.1.4 Information Supplied by Seller. Buyer specifically acknowledges and agrees that, except as expressly contained in this Purchase Agreement, the Seller has made no representation or warranty of any nature concerning the accuracy or completeness of any documents delivered or made available for inspection by Seller to Buyer, including, without limitation, the Property Information, and that Buyer has undertaken such inspections of the Property as Buyer deems necessary and appropriate and that Buyer is relying solely upon such investigations and not on any of the Property Information or any other information provided to Buyer by or on behalf of Seller. As to the Property Information, Buyer specifically acknowledges that they have been prepared by third parties with whom Buyer has no privity and Buyer acknowledges and agrees that no warranty or representation, express or implied, has been made, nor shall any be deemed to have been made, to Buyer with respect thereto, either by the Seller Parties or by any third parties that prepared the same.

JLB

Buyer's Initials

7.1.5 Natural Hazards Disclosure.

7.1.5.1 Natural Hazards Disclosure. Seller acknowledges that Seller is required to disclose if any of the Property lies within the following natural hazard areas or zones: (i) a special flood hazard area designated by the Federal Emergency Management Agency; (ii) an area of potential flooding; (iii) a very high fire hazard severity zone; (iv) a wild land area that may contain substantial forest fire risks and hazards; (v) an earthquake fault or special studies zone; or (vi) a seismic hazard zone. Buyer acknowledges that Seller will employ the services of JCP or another third-party firm ("**Natural Hazard Expert**") to examine the maps and other information specifically made available to the public by government agencies and to report the results of its examination to Buyer in writing. The written report ("**Natural Hazard Disclosure Report**") prepared by the Natural Hazard Expert regarding the results of its examination fully and completely discharges Seller from its disclosure obligations referred to herein, and, for the purposes of this Purchase Agreement, the provisions of Civil Code Section 1103.4 regarding the non-liability of Seller for errors and/or omissions not within its personal knowledge shall be deemed to apply, and the Natural Hazard Expert shall be deemed to be an expert dealing with matters within the scope of its expertise with respect to the examination and written report regarding the natural hazards referred to above.

7.1.5.2 Section 25359.7. Buyer acknowledges and agrees that the sole inquiry and investigation Seller conducted in connection with the environmental condition of the Property is to obtain the environmental report that is part of the Property Information and that, for purposes of California Health and Safety Code Section 25359.7, Seller has acted reasonably in relying upon said inquiry and investigation, and the delivery of this Purchase Agreement constitutes written notice to Buyer under such code section.

7.1.6 Energy Performance Disclosure Information. Buyer acknowledges and agrees that Seller makes no representation or warranty regarding the energy performance of the Property and that, under current California law, Seller is not required to disclose energy usage to prospective buyers. If and to the extent not prohibited by applicable law, Buyer hereby waives any right it may have to receive any energy disclosure information, including, without limitation, any right Buyer may have to terminate this Purchase Agreement as a result of Seller's failure to disclose such information. Buyer's approval of the condition of the Property pursuant to the terms of this Purchase Agreement shall be deemed to include Buyer's approval of the energy performance of the Property. The terms of this Section 7.1.6 shall survive the recordation of the grant deed or any earlier termination of this Purchase Agreement.

8. Seller's Representations and Warranties. As used below, "Seller's actual knowledge", and each similar phrase, means the representation or warranty is limited the actual, present, personal knowledge of Laurence F. Nasey, the managing member of Seller, without any duty of inquiry or investigation. Seller's actual knowledge shall not include knowledge that may be imputed to Mr. Nasey, and in no event shall Mr. Nasey have any personal liability in connection with the representations and warranties set forth herein.

8.1 Seller's Representations and Warranties.

Seller hereby represents and warrants to Buyer as of the Effective Date, and such representatives shall be deemed remade by Seller and shall be true in all material respects as of the Closing Date, as follows:

8.1.1 Authority. The execution and delivery of this Agreement and the performance of Seller's obligations hereunder have been or will be duly authorized by the Court and all necessary limited liability company action on the part of Seller, and this Agreement constitutes the legal, valid and binding obligation of Seller, subject to equitable principles and principles governing creditors' rights generally. The individual(s) executing this Purchase Agreement and the instruments referenced herein on behalf of Seller have the legal power, right and actual authority to bind Seller to the terms and conditions hereof and thereof.

8.1.2 Property Information. The items within the Property Information delivered to Buyer pursuant to this Agreement are complete duplications of the copies or originals thereof in Seller's possession, provided that Seller is not making any express or implied representation as to the accuracy or completeness of the underlying documents and/or the contents of any such items, except that Seller has no actual knowledge of facts materially inconsistent with the Property Information or any way in which the Property Information is false or incomplete.

8.1.3 No-Litigation. To Seller's actual knowledge, except for the Action and liens and foreclosure action disclosed on the PTR (including the liens of Denise Nasey, the Internal Revenue Service and the Employment Development Department, and L&W Construction Services, and the Notice of Default recorded by Green & Post Partners), there is no litigation, arbitration or adversary proceeding pending or threatened before any court or administrative agency that relates to or affects the Property, Seller's performance hereunder, or which will result in any unsatisfied lien, charge, encumbrance or judgment against any part of or any interest in the Property.

8.1.4 No Conflict. Neither the execution and delivery of this Purchase Agreement and documents referenced herein, nor the incurrence of the obligations set forth herein, nor the consummation of the transactions herein contemplated, nor compliance with the terms of this Purchase Agreement and the documents referenced herein, conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note, or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreements or instruments to which Seller is a party.

8.1.5 Non-Contravention. The execution and delivery of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby will not, to Seller's actual knowledge (i) violate any judgment, order, injunction, decree, regulation or ruling of any court or governmental entity by which Seller is bound or (ii) conflict with, result in a breach of, or constitute a default under the organizational documents of Seller, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Seller is a party or by which Seller may be bound.

8.1.6 No Contracts. To Seller's actual knowledge, other than the Related Party Lease, which will be terminated by Seller at or before the Closing, Seller has not entered into any contracts, agreements or understandings, verbal or written, which are still in effect for the sale, transfer, or alienation of any portion of the Property, or any option, right of refusal, right of first offer or other right relating to any of the foregoing. Between the Effective Date and Closing, no part of the Property shall be alienated, encumbered or transferred in a manner which will be binding on Buyer after Closing.

8.1.7 Non-Foreign Certification. Seller is not a "foreign person" or "foreign corporation" as those terms are defined under Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

8.1.8 USA Patriot Act. Neither Seller nor Lawrence Nasey is or will be a person or entity with whom Buyer is restricted from doing business under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, H.R. 3162, Public Law 107-56 (commonly known as the "**USA Patriot Act**") and Executive Order Number 13224 on Terrorism Financing, effective September 24, 2001 and regulations promulgated pursuant thereto (collectively, "**Anti-Terrorism Laws**"), including, without limitation, persons and entities named on the Office of Foreign Asset Control Specially Designated Nationals and Blocked Persons List.

8.1.9 No Lease. Except for the Related Party Lease, which will be terminated by Seller on or before the Closing Date, there are no leases or other occupancy agreements encumbering the Property.

8.2 Survival. Seller's representations and warranties shall survive the Close of Escrow for a period of one (1) year. Seller shall have no liability to Buyer for a breach of any representation or

warranty unless (a) Buyer did not have knowledge of such breach or alleged breach prior to the Close of Escrow, (b) written notice containing a description of the specific nature of such breach shall have been delivered by Seller to Buyer prior to the expiration of said one (1) year period, and (c) an action shall have been commenced by Buyer against Seller within thirty (30) days following the expiration of such one (1) year period.

9. Buyer's Representations and Warranties. As used below, "Buyer's actual knowledge", and each similar phrase, means the representation or warranty is limited the actual, present, personal knowledge of John Bickford, the managing member of Buyer, without any duty of inquiry or investigation. Buyer's actual knowledge shall not include knowledge that may be imputed to Mr. Bickford, and in no event shall Mr. Bickford have any personal liability in connection with the representations and warranties set forth herein.

9.1 Buyer's Representations and Warranties. Buyer hereby represents and warrants to Seller as follows:

9.1.1 Formation. Buyer is a duly formed Delaware limited liability company, validly existing and in good standing under the laws of the state of its organization. Buyer has the legal power, right and authority to enter into this Purchase Agreement and all documents and instruments referenced herein, and to consummate the transactions contemplated hereby.

9.1.2 Authority. All requisite limited liability company action has been taken by Buyer in connection with the entering into of this Purchase Agreement and the instruments referenced herein, and the consummation of the transactions contemplated hereby. No consent of any partner, shareholder, creditor, investor, judicial or administrative body, authority or other party is required. The individual(s) executing this Purchase Agreement and the instruments referenced herein on behalf of Buyer have the legal power, right and actual authority to bind Buyer to the terms and conditions hereof and thereof.

9.1.3 USA Patriot Act. Buyer is not, and will not be, a person or entity with whom Seller is restricted from doing business under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, H.R. 3162, Public Law 107-56 (commonly known as the "**USA Patriot Act**") and Executive Order Number 13224 on Terrorism Financing, effective September 24, 2001 and regulations promulgated pursuant thereto (collectively, "**Anti-Terrorism Laws**"), including, without limitation, persons and entities named on the Office of Foreign Asset Control Specially Designated Nationals and Blocked Persons List.

9.1.4 Enforceability. This Purchase Agreement and all documents required hereby to be executed by Buyer are, and shall be, valid, legally binding obligations of, and enforceable against, Buyer in accordance with their terms

9.1.5 Financial Resources. Buyer has adequate financial resources to make timely payment of all sums due from Buyer hereunder and to perform all of its obligations hereunder. Buyer acknowledges that this is an "all cash" transaction and the Closing of this transaction is not contingent upon, and no extensions will be granted for, Buyer to obtain financing.

9.1.6 Business Interest. Neither Buyer nor any Buyer Parties share a business interest with Seller.

9.1.7 Hidden Agreements. There are no hidden terms or hidden agreements or special understandings between Seller and Buyer and/or their respective agents (including the Buyer Parties) that are not reflected in this Purchase Agreement or the escrow instructions associated with this transaction.

9.1.8 Agreements. There is no agreement, whether oral, written, or implied, between Seller and the Buyer and/or their respective agents (including the Buyer Parties) that allows Buyer to

remain in the Property as tenants or to regain ownership of the Property at any time after the Close of Escrow.

9.1.9 Proceeds. Seller shall not receive any proceeds from the sale of the Property other than as reflected in this Purchase Agreement.

9.1.10 Settlement Statement. No agent (including the Buyer Parties) of either Seller or Buyer shall receive any proceeds from the sale of the Property except as is reflected in the final estimated settlement statement, which shall be provided to Seller for approval prior to the Close of Escrow.

9.2 Survival. Buyer's representations and warranties shall survive the Close of Escrow for a period of one (1) year. Buyer shall have no liability to Seller for a breach of any representation or warranty unless (a) Seller did not have knowledge of such breach or alleged breach prior to the Close of Escrow, (b) written notice containing a description of the specific nature of such breach shall have been delivered by Buyer to Seller prior to the expiration of said one (1) year period, and (c) an action shall have been commenced by Seller against Buyer within thirty (30) days following the expiration of such one (1) year period.

9.3 Notice of Changes in Representations and Warranties. If either party becomes aware of any fact or circumstance that would render any representation or warranty made by such party materially false or misleading, then such party (the "**Disclosing Party**") shall immediately deliver to the other party a signed certificate identifying such representation and warranty and explaining the relevant change in facts or circumstances. If the Disclosing Party is Seller, Buyer shall have the option to extend the Closing Date for a period of ten (10) days, at which time Buyer shall have the option to terminate the Agreement. If, notwithstanding the facts or circumstances described in such certificate, the Closing occurs, the Disclosing Party's representations and warranties shall be deemed to have been modified by the facts and circumstances disclosed in such certificate, to the extent (but only to the extent) such facts and circumstances (a) occurred after the Effective Date and (b) were beyond the reasonable control of the Disclosing Party or expressly permitted by the terms of this Agreement.

10. Acknowledgments by Buyer. Buyer hereby expressly acknowledges:

10.1 Experience. Buyer has substantial experience with real property investments.

10.2 Court Approval. Seller requires Court Approval for consummation of this transaction.

10.3 Representations and Warranties. Except as otherwise expressly provided in this Purchase Agreement, neither Seller nor any Seller Parties have made any representations or warranties of any kind, nature or description, direct or implied, verbal or written, with respect to the Property or the Property Information.

10.4 Independent Investigation. Buyer is relying upon Buyer's own independent investigation of the Property in entering into this Purchase Agreement and purchasing the Property. Buyer shall, by the Due Diligence Expiration Date, investigate and inspect the Property and the Property Information to the extent Buyer deems necessary in Buyer's sole discretion, including, but not limited to, the following: Physical condition of the Property; the composition, condition, stability, compaction and buildability of the Property's soil and geology; size and dimensions of the Property; income and expenses of the Property; rights and obligations of any tenants or other occupants of the Property; accuracy, completeness or adequacy of the legal description of the Property; all documents, encumbrances, exceptions and other matters affecting title of the Property; all federal, state, county, municipal and local laws, rules and regulations affecting the Property, including, but not limited to, environmental and other laws dealing with Hazardous Substances; the Americans with Disabilities Act; zoning, land and other use restrictions, conditional use permits, development agreements, permits, permit restrictions, redevelopment plans, building codes, taxes, bonds, assessments; the Property's fitness or suitability for any particular purpose, use or enjoyment (including, without limitation, those intended or desired by Buyer); the feasibility of development of the Property; and present or future availability and adequacy of services and utilities,

including, but not limited to, water, electricity, gas, telephone, heating, ventilation, air conditioning, sprinklers, sewers, plumbing, storm drain, drainage, elevators, escalators, landscaping, janitorial, window washing, security, patrol, guards, parking attendants and valets. If Buyer fails, decides or elects not to perform any investigation, inspection or review of the Property or the Property Information, Buyer is doing so at Buyer's own risk.

10.5 Time of Essence. Time is of the essence of Buyer's and Seller's respective obligations under this Purchase Agreement, including, but not limited to, with respect to the Close of Escrow on or before the Closing Date.

10.6 Petition and Orders. Buyer has reviewed the Petition, related pleadings and other public documents filed in connection with the Action which it deems relevant to this Agreement and the Property or, in electing to proceed without such review, Buyer has determined that review of the Court file is not necessary.

11. Indemnity by Buyer. Buyer hereby agrees to protect, indemnify, defend (with counsel reasonably satisfactory to Seller) and hold harmless Seller from and against any and all third-party Claims for personal injury and property damaged caused by Buyer's, Buyer Parties' or Buyer's Consultants' inspections of the Property pursuant to Section 12 below, including but not limited to, the performance of any Tests (but excluding any Claims which arise, either directly or indirectly, due to the results of Buyer's Tests which reveal or disclose any problem, defect, hazard, violation of governmental regulations, whether related to Hazardous Substances or otherwise, or any other condition on or about the Property or in its vicinity), except to the extent caused by Seller's or Seller Parties' gross negligence or willful misconduct. The obligations of Buyer under this Section shall survive the Close of Escrow.

12. Inspection and Buyer's Entry to Property. Provided that Buyer is not in breach of this Agreement, Buyer and Buyer's Consultants may enter the Property to perform such investigations, inspections, and Tests as Buyer, in its sole and absolute discretion, deems necessary (including, but not limited to, with respect to the physical, environmental, geological, and engineering condition of the Property) upon the following terms and conditions:

12.1 Notice. Buyer shall provide Seller at least one (1) business day prior written notice before entering the Property to perform any Tests, with a copy to Broker ("**Seller's Representative**").

12.2 Access. During the hours of 8:00 a.m. to 6:00 p.m. Pacific Time, to the extent Buyer requires Seller's assistance to access the Property (including the building located on the Property) to perform Buyer's due diligence (including Tests), Seller's Representative shall be available to provide Buyer such access to the Property. Seller's Representative can be contacted at the address, phone number or email address shown on Page 1 above.

12.3 Performance of Tests. Buyer's Tests shall be performed (i) only by Buyer's Consultants that are duly qualified, experienced, insured and licensed, if required, in the State of California for the Tests which such Buyer's Consultants shall perform at the Property, (ii) in a commercially reasonable manner and (iii) during the hours of 8:00 a.m. to 6:00 p.m. Pacific Time. Seller (including Seller's Representative) shall have the right to be present at any such Tests.

12.4 Payment for Tests. Buyer shall timely and fully pay for any and all Tests and any other work conducted or materials furnished with respect to the Property by or for Buyer or Buyer's Consultants.

12.5 Insurance. Buyer and Buyer's Consultants shall, prior to commencing any Test at the Property, and at all times thereafter while performing any Test at the Property, (a) maintain comprehensive general liability insurance in an amount of not less than \$2,000,000 per occurrence, using the Insurance Service Office with Broad Form General Liability Endorsement (GLO404) or equivalent, and products and completed operations endorsements, and (b) deliver to Seller a certificate of insurance naming Seller as an additional insured (on a primary, non-contributing basis).

12.6 Intrusive Tests. Buyer shall not be permitted to undertake any soil sampling, soil gas sampling, groundwater or surface water 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 shall not be unreasonably withheld, conditioned or delayed. If Seller fails to advise Buyer of its approval of any proposed Intrusive Tests within two (2) business days after Buyer's written request for such approval, and such failure continues for one (1) business day after a second (2nd) written request from Buyer, then such failure shall be deemed Seller's approval thereof.

12.7 Restoration. Buyer shall restore the Property to its original condition immediately after any and all Intrusive Tests conducted by or on behalf of Buyer.

12.8 Survival. Buyer's obligations under this Section shall survive the termination of this Purchase Agreement or the Close of Escrow.

13. Close of Escrow.

13.1 Close of Escrow. Buyer and Seller shall close the purchase and sale of the Property on or before the Closing Date and perform (or cause to be performed) their respective obligations under this Purchase Agreement to accomplish the Close of Escrow on the Closing Date. Notwithstanding any provision of this Agreement to the contrary, if the Closing Date has not occurred on or before June 29, 2018, then Buyer shall have the right to terminate this Agreement, in which event (a) if the Closing Date has not occurred due to no fault of Buyer, the Deposit shall be returned to Buyer, and (b) if the Closing Date has not occurred due to Buyer's default, then Seller may retain the Deposit as liquidated damages in accordance with Section 25 below, and in either case, neither party shall have any further rights or obligations with respect to the other party in connection with this Agreement except those that expressly survive termination.

13.2 Title Policy. At the Close of Escrow, Escrow Agent shall cause the Title Company to issue the Title Policy.

14. Deliveries to Escrow Agent.

14.1 Seller's Deliveries. Seller shall deliver or cause to be delivered to Escrow Agent at least one (1) business day prior to the Closing Date all of the following:

14.1.1 Grant Deed. An executed and acknowledged Grant Deed conveying the Real Property to Buyer in the form attached hereto as Exhibit "1" ("**Grant Deed**");

14.1.2 Bill of Sale. An executed Bill of Sale conveying title to the Personal Property to Buyer in the form attached hereto as Exhibit "2" ("**Bill of Sale**");

14.1.3 General Assignment. Two (2) counterparts of a General Assignment assigning Seller's right, title and interest in and to the Intangible Personal Property to Buyer in the form attached hereto as Exhibit "3" ("**General Assignment**");

14.1.4 FIRPTA Certificate. A fully executed certification of nonresident alien status in the form attached hereto as Exhibit "4" ("**FIRPTA Certificate**"), sufficient to relieve Buyer of any obligation to withhold, duly executed by Seller;

14.1.5 California Affidavit. A fully executed California Real Estate Withholding Exemption Certificate in the form attached hereto as Exhibit "5" ("**California Affidavit**"), sufficient to relieve Buyer of any obligation to withhold, duly executed by Seller; and

14.1.6 Keys. Any keys to the Property in Seller's possession with identification of the lock to which each such key relates;

14.1.7 Authority. Such proof of Seller's authority and authorization to enter into this Purchase Agreement and the transactions contemplated hereby (including the Court's order in the Action), and such proof of the power and authority of the individual(s) executing and/or delivering any instruments, documents or certificates on behalf of Seller to act for and bind Seller, as may be reasonably required by Title Company; and

14.1.8 Miscellaneous. Such other instruments or instructions as Escrow Agent may reasonably request in order to consummate this transaction and such other documents required of Seller under the terms of this Purchase Agreement.

14.2 Buyer's Deliveries. Buyer shall deliver or cause to be delivered to Escrow Agent at least one (1) business day prior to the Closing Date (except as otherwise expressly provided below) all of the following:

14.2.1 Purchase Price. The balance of the Purchase Price (less the Deposit), plus such additional funds as are required to pay charges payable by Buyer hereunder, less any credit to which Buyer is entitled under the terms hereof (provided that such funds may be wired to Escrow Agent at any time prior to 11:00 a.m. Pacific Time on the Closing Date);

14.2.2 General Assignment. Two (2) counterparts of the General Assignment duly executed by Buyer;

14.2.3 Authority. Such proof of Buyer's authority and authorization to enter into this Purchase Agreement and the transactions contemplated hereby, and such proof of the power and authority of the individual(s) executing and/or delivering any instruments, documents or certificates on behalf of Buyer to act for and bind Buyer, as may be reasonably required by Title Company.

14.2.4 Miscellaneous. Such other instruments or instructions as Escrow Agent may reasonably request in order to consummate this transaction and such other documents required of Buyer under the terms of this Purchase Agreement.

15. Escrow Agent.

15.1 Close of Escrow. At the Close of Escrow, Escrow Agent shall promptly undertake all of the following in the following manner:

15.1.1 Tax Filings. Escrow Holder is designated the "real estate reporting person" for purposes of section 6045 of Title 26 of the United States Code and Treasury Regulation 1.6045-4 and any instructions or settlement statement prepared by Escrow Holder shall so provide. Upon the consummation of the transaction contemplated by this Agreement, Escrow Holder shall file a Form 1099 information return and send the statement to Seller as required under the aforementioned statute and regulation;

15.1.2 Recording. Cause the recording of the Grant Deed and any other documents which the Parties hereto may mutually direct to be recorded in the Official Records and obtain conformed copies thereof for distribution to Buyer and Seller.

15.1.3 Title Policy. Cause the Title Company to issue the Title Policy to Buyer.

15.1.4 Settlement Statement. Deliver to Buyer and Seller a mutually agreed upon certified and executed settlement statement (which shall provide for the payment by Buyer of any costs chargeable to the account of Buyer and for the payment by Seller of any costs chargeable to the account of Seller pursuant to the provisions of this Purchase Agreement).

15.1.5 Disbursement. Disburse all funds deposited with Escrow Agent by Buyer in payment of the Purchase Price as follows:

15.1.5.1 Deduct all items including prorations and credits, if any, chargeable to the account of Seller pursuant to the provisions hereof.

15.1.5.2 Disburse to Broker the commission due pursuant hereto.

15.1.5.3 Disburse the balance of the Purchase Price to Seller promptly upon the Close of Escrow in accordance with Seller's wire transfer instructions, except, if applicable, the Holdback Amount, which shall be deposited into the Holdback Escrow.

15.1.6 Documents to Buyer. Deliver to Buyer the following: a conformed recorded copy of the Grant Deed, one (1) fully executed original of each of the Bill of Sale and the General Assignment, the executed original of the FIRPTA Certificate and the California Affidavit, the final settlement statement, and when issued, the Title Policy.

15.1.7 Documents to Seller. Deliver to Seller a conformed recorded copy of the Grant Deed, one (1) fully executed original of the General Assignment, a copy of the Bill of Sale, and the final settlement statement.

15.2 Escrow. Seller and Buyer agree to deposit an executed original or originally executed counterparts of this Purchase Agreement with Escrow Agent within two (2) business days following the execution of this Purchase Agreement by Buyer and Seller. Seller and Buyer shall execute and deliver to Escrow Agent any additional or supplementary instructions pertaining to escrow as may be necessary or convenient to implement the terms of this Purchase Agreement and close the transactions contemplated hereby, provided such instructions are consistent with and merely supplement this Purchase Agreement and shall not in any way modify, amend or supersede this Purchase Agreement. Such supplementary instructions, together with the escrow instructions set forth in this Purchase Agreement, as they may be amended from time to time by the parties, shall collectively be referred to as the "**Escrow Instructions.**" The Escrow Instructions may be amended and supplemented by such standard terms and provisions as the Escrow Agent may request the parties hereto to execute; provided, however, that the parties hereto and Escrow Agent acknowledge and agree that in the event of a conflict between any provision of such standard terms and provisions supplied by the Escrow Agent and the Escrow Instructions, the Escrow Instructions shall prevail.

15.3 Agreement by Escrow Agent. Notwithstanding anything to the contrary contained herein, and except with respect to the Holdback Amount, if applicable, Escrow Agent agrees to act in accordance with and disburse the funds due to Seller at the Close of Escrow pursuant to Section 15.1.5.3 above according to any Court order obtained by Seller.

16. Charges.

16.1 Charges. Buyer shall be responsible for the costs of recording the Grant Deed, 100% of Escrow Agent's fees in connection with the Closing, 100% of the title insurance premiums for Buyer's owner's policy (including the additional cost for an Extended ALTA Title Policy and any endorsements to the Title Policy), and any other customary closing costs typically paid by purchasers of real property in the City and County of San Francisco. Seller shall be responsible for 100% of all documentary transfer taxes assessed by the City and County of San Francisco in connection with the recording of the Grant Deed, and any other customary closing costs typically paid by sellers of real property in the City and County of San Francisco.

16.2 Attorneys' Fees. Buyer and Seller shall each pay their own legal fees and incidental costs and expenses incurred in connection with this Purchase Agreement.

17. Prorations. The following shall be prorated between Seller and Buyer as of 12:01 a.m. on the date of the Close of Escrow, based upon the actual number of days in a year or a month, as follows:

17.1 Ad Valorem Taxes. All non-delinquent real estate taxes, bonds and assessments on the Property for the current fiscal or calendar year (as the case may be). In no event shall Seller be charged with or be responsible for any increase in the real estate taxes on the Property resulting from the sale of the Property to Buyer or from any improvements made or leases entered into by Buyer on or after the Close of Escrow. If any bond or assessment on the Property is payable in installments, then the installment for the current period shall be prorated (with Buyer assuming the obligation to pay any installment due after the Close of Escrow). All real estate tax refunds, rebates or reductions for the period prior to the Close of Escrow and which are received or payable after the Close of Escrow shall belong to and be paid to Seller.

17.2 Utilities. All utility service charges for electricity, heat and air conditioning service, and other utilities shall be prorated on an accrual basis. Seller shall pay all such expenses that accrue prior to the Close of Escrow and Buyer shall pay all such expenses accruing on the Close of Escrow and thereafter. Seller and Buyer shall obtain billings and meter readings as of the Close of Escrow to aid in such prorations.

17.3 Unknown Amounts. In the event that there are any unknown amounts to be prorated as of the Close of Escrow, then Seller and Buyer will prorate the same promptly after the Close of Escrow and outside the Escrow.

18. Casualty and Condemnation.

18.1 Material Casualty. In the event that prior to the Close of Escrow a material portion of the Real Property is destroyed or materially damaged, Buyer shall have the right, exercisable by giving written notice to Seller within ten (10) business days after receipt of written notice of such damage or destruction, either (i) to terminate this Purchase Agreement in which event the Deposit and all interest accrued thereon shall be immediately returned to Buyer, any other money or documents in Escrow shall be returned to the party depositing the same, and the provisions of Section 6 shall apply, or (ii) to accept the Real Property in its then condition and to proceed with the consummation of the transaction contemplated by this Purchase Agreement, with an abatement or reduction in the Purchase Price in the amount of the deductible for the applicable insurance coverage, and to receive an assignment of all of Seller's rights to any insurance proceeds payable by reason of such damage or destruction, other than rental abatement/rent loss insurance attributable to the period of time prior to the Closing which shall be retained by or paid to Seller (provided that in the event of uninsured damage or destruction, such reduction in the Purchase Price shall equal the estimated cost of repairs). If Buyer elects to proceed under clause (ii) above, Seller shall not compromise, settle or adjust any claims to such proceeds without Buyer's prior written consent.

18.2 Non-Material Casualty. In the event that prior to the Close of Escrow a non-material portion of the Real Property is damaged or destroyed, Seller shall, subject to the following sentence, repair or replace such damage prior to the Close of Escrow. Notwithstanding the preceding sentence, in the event Seller elects not to or is unable to repair or replace such damage, Seller shall notify Buyer in writing of such fact (the "**Non-Repair Notice**") and Buyer shall thereafter accept the Real Property in its then condition, and proceed with the transaction contemplated by this Purchase Agreement and Buyer shall receive an abatement or reduction in the Purchase Price in the amount of the deductible for the applicable insurance coverage, and Buyer shall be entitled to an assignment of all of Seller's rights to any insurance proceeds payable by reason of such damage or destruction, other than rental abatement/rent loss insurance attributable to the period of time prior to the Closing which shall be retained by or paid to Seller provided that in the event of uninsured damage or destruction, such reduction in the Purchase Price shall equal the estimated cost of repairs). In the event Seller does not repair or replace such damages, Seller shall not compromise, settle or adjust any claims to such proceeds without Buyer's prior written consent.

18.3 Condemnation. In the event that prior to the Close of Escrow, all or any material portion of the Real Property is subject to a taking by a public or governmental authority, Buyer shall have the right, exercisable by giving written notice to Seller within ten (10) business days after receiving written notice of such taking, either (i) to terminate this Purchase Agreement, in which event the Deposit and all interest accrued thereon shall be immediately returned to Buyer, any other money or documents in Escrow shall be returned to the party depositing the same, and (ii) to accept the Real Property in its then condition, without a reduction in the Purchase Price, and to receive an assignment of all of Seller's rights to any condemnation award or proceeds payable by reason of such taking. If Buyer elects to proceed under clause (ii) above, Seller shall not compromise, settle or adjust any claims to such award without Buyer's prior written consent.

18.4 Materiality Standard. For purposes of this Section 18, damage to the Real Property shall be deemed to involve a material portion thereof if the estimated cost of restoration or repair, as estimated by Buyer and Seller in their reasonable discretion, of such damage or the amount of the condemnation award with respect to such taking shall exceed ten percent (10%) of the Purchase Price.

18.5 Notice of Casualty and Condemnation. Seller agrees to give Buyer prompt written notice of any taking of, proposed taking of, damage to or destruction of the Real Property.

19. Default.

19.1 Seller's Default.

19.1.1 Seller's Default. If the Close of Escrow shall fail to occur as a result of Seller's default hereunder, Buyer may, at its option and as its exclusive remedy, either (i) terminate this Purchase Agreement by giving written notice of termination to Seller whereupon Escrow Agent will return to Buyer the Deposit and all interest that has accrued thereon and Seller shall reimburse Buyer for its out of pocket third party expenses incurred in connection with the transaction contemplated by this Agreement in an amount not to exceed \$50,000, and both Buyer and Seller will be relieved of any further obligations or liabilities hereunder, except for those obligations which expressly survive any termination hereof, or (ii) Buyer may seek specific performance of this Purchase Agreement. If Buyer elects the remedy in subsection (ii) above, Buyer must commence and file such specific performance action in the Court (or, if the Court first declines jurisdiction, such other venue having legal jurisdiction) not later than sixty (60) days following the Closing Date and any such remedy shall be subject to Court approval. Notwithstanding the foregoing or any provision of this Agreement to the contrary, if the Close of Escrow shall fail to occur because of Seller's conveyance of the Property to a third party, then in addition to the remedies set forth in subsections (i) and (ii) above, Buyer may elect for Escrow Agent to return to Buyer the Deposit and all interest that has accrued thereon and Seller shall reimburse Buyer for its out of pocket third party expenses incurred in connection with the transaction contemplated by this Agreement in an amount not to exceed \$50,000, and Buyer shall have the right to pursue damages from Seller in the amount of the difference between the Purchase Price and the purchase price paid by such third party.

19.1.2 Except as specifically set forth in this Section 19.1, and except with respect to any Excluded Claim, Buyer does hereby specifically waive any right to pursue any other remedy at law or equity for such default of Seller, including, without limitation, any right to seek, claim or obtain damages, punitive damages or consequential damages. NOTHING CONTAINED IN THIS SECTION SHALL LIMIT BUYER'S RIGHT TO RECEIVE REIMBURSEMENT FOR COSTS AND EXPENSES PURSUANT TO SECTION 22.8 BELOW, NOR WAIVE OR AFFECT SELLER'S INDEMNITY AND CONFIDENTIALITY OBLIGATIONS HEREUNDER. For the avoidance of doubt, the failure to obtain Court Approval shall not constitute a default by Seller.

19.2 Buyer's Default. If Buyer is in default hereunder, Seller's remedies shall be as set forth in Section 25 below.

20. Assignment. Except as otherwise provided in this Section 20 below, the rights and obligations of Buyer under this Purchase Agreement may not be assigned by Buyer. Notwithstanding the foregoing,

Seller hereby consents to the assignment of Buyer's interest under this Purchase Agreement to a "**Permitted Assignee**" (as hereafter defined) provided that such Permitted Assignee shall assume all of Buyer's obligations hereunder and succeed to all of Buyer's rights and remedies hereunder and any assignment and assumption must be in writing and delivered to Seller at least five (5) days prior to the Closing Date.

21. Real Estate Broker's Commissions.

21.1 Broker. Seller acknowledges that Seller's Broker in this transaction has been Broker. Buyer acknowledges that Buyer is not represented by a broker in this transaction.

21.2 Representation and Warranties. Seller and Buyer each represent and warrant to the other that (i) neither has had any dealings with any person, firm, broker or finder in connection with the negotiation of this Purchase Agreement and/or the consummation of the purchase and sale contemplated hereby, except that Seller represents and warrants that it is represented by Broker in this transaction; that (ii) no broker or other person, firm or entity is entitled to any commission, compensation or finder's fee in connection with this transaction, except that Seller represents and warrants that a commission shall be payable to Broker upon the Close of Escrow pursuant to a separate commission agreement between Seller and Broker. Seller and Buyer do each hereby indemnify and hold the other harmless from and against any Claims, including Claims for compensation, commission or charges which may be claimed by any broker, finder or other similar party, except Broker, by reason of any dealings or actions of the indemnifying Party.

21.3 Commission. Seller shall be solely responsible for the payment of the commission due and payable to Broker. Seller shall pay Broker a real estate commission in accordance with a separate commission agreement between Seller and Broker which has been approved by the Court in the Action. Seller's obligation to pay said commission is expressly contingent upon the sale contemplated by this Purchase Agreement being successfully closed upon payment of the Purchase Price by Buyer. If for any reason whatsoever, including, but not limited to, the default of Buyer or Seller, the failure of any condition (whether or not within the control of a Party hereto), the mutual or unilateral termination or cancellation of this Purchase Agreement or for any other reason whatsoever, the sale of the Property is not successfully consummated in accordance with the terms hereof, then Seller shall have no obligation to pay the Broker said commission, nor any compensation whatsoever.

22. Miscellaneous.

22.1 Waivers. The waiver by either Party of the performance of any covenant, condition or promise, shall not invalidate this Purchase Agreement, nor shall it be considered a waiver of any other covenant, condition or promise. The waiver by either Party of the time for performing any act shall not constitute a waiver of time for performing any other act or any identical act required to be performed at a later time.

22.2 In Writing. All amendments and supplements to this Purchase Agreement must be in writing and executed by each Party hereto.

22.3 Counterparts; Electronic Signatures. This Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. However, this Purchase Agreement shall not be binding on any Party until all Parties have executed this document, either all on one document or in counterparts. Signatures may be delivered by facsimile transmission or by emailing a portable document format (pdf). Each of the parties to this Purchase Agreement (i) intends to be bound by its respective telecopy or other electronic signature, (ii) is aware that the other party will rely on the telecopied or other electronically transmitted signature, and (iii) acknowledges such reliance and waives any defenses to the enforcement of this Purchase Agreement and the documents affecting the transaction contemplated by this Purchase Agreement based on the fact that a signature was sent by telecopy or electronic transmission only.

22.4 Time of Essence/Business Days. Time is of the essence of this Purchase Agreement with respect to each and every term, condition, obligation and provision. Unless the context otherwise requires, all periods terminating on a given day, period of days, or date shall terminate at 5:00 p.m. (Pacific time) on such date or dates, and references to "days" shall refer to calendar days or if such reference is to "business days" (and "business days" shall refer to days which are not Saturday, Sunday or a legal holiday). Notwithstanding the foregoing, if any period terminates on a Saturday, Sunday or a legal holiday, under the laws of the State of California, the termination of such period shall be on the next succeeding business day.

22.5 No Oral Agreements. It is understood and acknowledged that there are no oral agreements between the Parties hereto affecting this Purchase Agreement and that this Purchase Agreement supersedes and cancels any and all previous negotiations, arrangements, brochures, advertisements, set-ups, agreements and understandings, if any, between the Parties hereto or displayed by Seller to Buyer with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Purchase Agreement. This Purchase Agreement contains all of the terms, covenants, conditions, warranties and agreements of the Parties relating in any manner to the sale of the Property and shall be considered to be the only such agreement between the Parties hereto and their representatives and agents. All negotiations and oral agreements acceptable to both Parties have been merged into and are included herein. There are no other representations or warranties between the Parties, and all reliance with respect to representations is based totally upon the representations and agreements contained in this Purchase Agreement, if any.

22.6 Construction/Partial Invalidity. The necessary grammatical changes required to make the provisions hereof apply either to corporations, limited liability companies, partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions herein are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning hereof. If any term, provision or condition contained in this Purchase Agreement shall, to any extent, be invalid or unenforceable, the remainder of this Purchase Agreement, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Purchase Agreement shall be valid and enforceable to the fullest extent possible permitted by law. The language in this Purchase Agreement shall be construed in accordance with the laws of the State for interpretation of contracts and according to such language's normal and usual meaning, and not strictly for or against either Buyer or Seller, regardless of the Party who drafted this Purchase Agreement.

22.7 Exhibits. All exhibits referenced herein and the Defined Terms are incorporated herein by reference as if fully set forth in this Purchase Agreement.

22.8 Professional Fees. If either Party commences litigation against the other under this Purchase Agreement, for damages for the breach hereof or otherwise for enforcement of any remedy hereunder, the prevailing Party shall be entitled to recover from the other Party such costs and reasonable attorneys' fees as may have been incurred, including, without limitation, any and all costs incurred in enforcing, perfecting and executing such judgment.

22.9 Choice of Venue; JURY TRIAL WAIVER. In the event of any dispute or controversy concerning this Purchase Agreement, the United States Bankruptcy Court for the Northern District of California (or, if the Bankruptcy Court declines jurisdiction, the Superior Court of California for the County of San Francisco) shall decide any such matter and all controversies and claims, unless otherwise mutually agreed. BUYER AND SELLER ACKNOWLEDGE AND AGREE THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS PURCHASE AGREEMENT WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES, AND THEREFORE, BUYER AND SELLER HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING (INCLUDING ACTIONS SOUNDING IN TORT) TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS PURCHASE AGREEMENT OR ARISING FROM THE TRANSACTION CONTEMPLATED HEREUNDER AND AGREE THAT ANY SUCH ACTION

OR PROCEEDING SHALL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE AND NOT BY A JURY.

SELLER'S INITIALS LN

BUYER'S INITIALS JLB

22.10 Governing Law. This Purchase Agreement and the rights and remedies of the Parties hereunder shall be governed by the laws of California.

22.11 Successors and Assigns. This Purchase Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, successors and assigns.

22.12 Possession. Exclusive possession of the Property shall be delivered to Buyer at the Close of Escrow free of any and all tenancies or other occupancy rights, and without any leases or occupancy agreements encumbering the Property.

22.13 Seller's Covenants.

22.13.1 Seller shall file all of the necessary documentation with the Court and shall use all reasonable efforts to seek the necessary Court Approval to close the sale of the Property, and Seller shall seek at the earliest possible hearing date available from the Court for such hearing. However, Buyer hereby acknowledges that the Court may disapprove of this transaction for any reason. Seller shall update the Buyer on Court dates and any communication with the Court that relates to the Seller's ability to obtain approvals from the Court for sale of the Property to the Buyer. Nothing in this Section 22.13.1 shall be interpreted or construed to extend the time within which Seller is required obtain Court approval of the consummation of this transaction.

22.13.2 Between the Effective Date and the Closing, Seller shall manage, repair, insure, maintain, and operate the Property in substantially the same manner as it is being managed, maintained, insured, repaired and operated on the Effective Date. Seller shall not (a) undertake or permit any actions which will (i) affect record title to or zoning of the Property, (ii) create any encroachments of the improvements on the Property onto adjacent property or (b) enter into, amend, or extend any agreements or contracts relating to the Property, unless such agreements or contracts are terminated at no cost or liability to Buyer before Closing. Seller shall promptly inform Buyer purchaser of any material event or change in circumstance directly affecting the Property of which Seller has actual knowledge, including, without limitation, of any condemnation, casualty, discharge of hazardous substances or zoning proceedings.

22.13.3 The Property shall be delivered to Buyer at the Close of Escrow free and clear of the lien in favor of L&W recorded on June 9, 2016 in the Official Record under Instrument Number 2016-K271950-00 (the "**L&W Lien**") and all other Monetary Liens.

22.13.4 The Property shall be delivered to Buyer at the Close of Escrow in a broom clean condition, free and clear of all of Seller's equipment and supplies, including the paint booth, except that Seller may leave in place equipment that Buyer has previously agreed in writing may be left in place. Buyer shall have sole and absolute discretion in determining whether any equipment requested by Seller to be left in place may be left in place at the Close of Escrow.

22.14 Backup Offers. If Seller accepts any backup offer for the Property, Seller shall provide notice of such backup offer to Buyer within two (2) business days of acceptance of the backup offer.

23. Notices. All notices, requests, demands or other communications hereunder shall be in writing and shall be addressed set forth in the Summary of Terms or such other addresses as either Party from time to time may specify in writing to the other in accordance with this notice provision. All notices hereunder shall be effective (a) upon confirmation of telefacsimile transmission to the other Party, (b) upon delivery or attempted delivery after having been deposited in United States Mail, certified, postage

prepaid, or sent by Federal Express or other reliable overnight courier service that provides written evidence of delivery, or (c) upon delivery, if delivered by personal service.

24. Confidentiality. Buyer agrees that (i) except as otherwise provided or required by valid law, (ii) except to the extent Buyer considers such documents or information reasonably necessary to prosecute and/or defend any claim made with respect to the Property or this Purchase Agreement, and (iii) except to the extent reasonably necessary to deliver such documents or information to Buyer's employees, members, investors, purchaser, lenders, paralegals, attorneys, accountants, agents, and/or consultants in connection with Buyer's evaluation of this transaction, (A) prior to the Close of Escrow, Buyer and the Buyer Parties (other than Buyer's Consultants) shall keep (and Buyer shall use commercially reasonable to cause Buyer's Consultants to keep) the contents of any materials, reports, documents, data, test results, and other information related to the transaction contemplated hereby that is not publicly available, including, without limitation, the Property Information strictly confidential, and (B) prior to the Close of Escrow, Buyer and the Buyer Parties (other than Buyer's Consultants) shall refrain (and Buyer shall use commercially reasonable to cause Buyer's Consultants to refrain) from generating or participating in any publicity or press release regarding this transaction without the prior written consent of Seller. Without affecting any other rights or remedies that either party may have, Buyer acknowledges and agrees that Seller shall be entitled to seek the remedies of injunction, specific performance and other equitable relief for any breach of the provisions of this Section 24 by Buyer or any of Buyer's Parties (other than Buyer's Consultants). Seller agrees that, (i) except as otherwise provided or required by valid law, and (ii) except to the extent Seller considers such documents or information reasonably necessary to prosecute and/or defend any claim made with respect to the Property or this Purchase Agreement, (x) Seller and the Seller Parties shall keep the contents of any materials, reports, documents, data, test results, and other information related to the transaction contemplated hereby that is not publicly available, including, without limitation, the Property Information strictly confidential, and (y) prior to the Close of Escrow, Seller and the Seller Parties shall refrain from generating or participating in any publicity or press release regarding this transaction without the prior written consent of Buyer. The provisions of this Section 24 shall survive any termination of this Purchase Agreement but shall not survive the Close of Escrow except for Seller's covenant in clause (x) hereof which covenants shall survive the Close of Escrow.

25. LIQUIDATED DAMAGES. IN THE EVENT THE CLOSE OF ESCROW DOES NOT OCCUR AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF BUYER AND PROVIDED SELLER IS NOT OTHERWISE IN DEFAULT, 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 SECTION SHALL LIMIT SELLER'S RIGHT TO RECEIVE REIMBURSEMENT FOR COSTS AND EXPENSES PURSUANT TO SECTION 22.8 ABOVE, NOR WAIVE OR AFFECT BUYER'S INDEMNITY AND CONFIDENTIALITY OBLIGATIONS.

SELLER'S INITIALS

BUYER'S INITIALS

[End of Purchase Agreement]

DEFINED TERMS

"**Action**" shall have the meaning set forth in the SUMMARY OF TERMS.

"**Additional Deposit**" shall mean the amount of \$75,000.00.

"**Agreement**" shall have the meaning set forth in the SUMMARY OF TERMS.

"**Anti-Terrorism Laws**" shall mean Executive Order Number 13224 on Terrorism Financing, effective September 24, 2001 and regulations promulgated pursuant thereto, including, without limitation, persons and entities named on the Office of Foreign Asset Control Specially Designated Nationals and Blocked Persons List.

"**Assignment**" is a fully-executed General Assignment in the form attached as Exhibit "3".

"**Bill of Sale**" shall mean a fully-executed document conveying title to the Personal Property to Buyer in the form attached as Exhibit "2".

"**Broker**" shall have the meaning set forth in the SUMMARY OF TERMS.

"**Buyer**" shall have the meaning set forth in the SUMMARY OF TERMS.

"**Buyer's Consultant(s)**" shall mean contractors, consultants, engineers, employees and any other person or entity performing any Test, inspection or any other work in, on, at or about the Property for, on behalf of, under the control of, or direction of, Buyer between the Effective Date and the Close of Escrow.

"**Buyer's Due Diligence Contingency**" or "**Buyer's Due Diligence Contingencies**" has the meaning set forth in Section 4.1.

"**Buyer's Approval Notice**" has the meaning set forth in Section 4.7.

"**Buyer Parties**" shall mean Buyer, Buyer's Consultants, and Buyer's employees, officers, directors, members, shareholders, partners and agents.

"**California Affidavit**" is a fully-executed California Real Estate Withholding Exemption Certificate in the form attached as Exhibit "5".

"**Cash**" shall mean cash, wire transfer funds, a cashier's check, bank certified check or other immediately available funds.

"**Claim(s)**" shall mean any and all claims, demands, damages, judgments, liabilities, losses, debts, obligations, charges, controversies, lawsuits, actions, suits, causes of action (whether in tort or contract, law or equity or otherwise), proceedings, fines, penalties, costs, reasonable expenses, reasonable attorneys' fees, reasonable consultants' fees of whatever character, nature or kind, in law or in equity.

"**Close of Escrow**" or "**Closing**" shall mean the consummation of this transaction and recordation of the Grant Deed to Buyer and will occur on the Closing Date.

"**Closing Date**" shall have the meaning set forth in the SUMMARY OF TERMS

"**Court Approval**" shall mean the entry of an order from the Court approving the sale of the Property from Seller to Buyer, as specifically contemplated in this Purchase Agreement, pursuant to a Motion to Approve Sale of Real Property or other, similar, motion filed with the Court by Seller to secure authority to sell the Property to Buyer on the terms set forth in this Purchase Agreement (See Section 4.1.4).

"**Deposit**" shall mean the Initial Deposit and the Additional Deposit.

"**Due Diligence Expiration Date**" shall mean 5:00 p.m., Pacific Time on the date set forth in the SUMMARY OF TERMS.

"**Effective Date**" shall have the meaning set forth in the SUMMARY OF TERMS.

"**Environmental Requirements**" shall mean all applicable present and future statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises, and similar items, of all governmental agencies, authorities, departments, commissions, boards, bureaus, or instrumentalities of the United States, states and political subdivisions thereof (collectively "Governmental Bodies") and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health or the environment, including, without limitation:

All requirements, including, but not limited to, those pertaining to reporting, licensing, permitting, investigation, or remediation of emissions, discharges, releases, or threatened releases of Hazardous Substances, chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials or wastes whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of Hazardous Substances, chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials, or wastes, whether solid, liquid, or gaseous in nature; and

All requirements pertaining to the protection of the health and safety of employees, tenants, or the public.

"**Escrow**" shall mean Escrow Agent's escrow number.

"**Escrow Agent**" shall have the meaning set forth in the SUMMARY OF TERMS.

"**FIRPTA Certificate**" is a fully-executed certification of nonresident alien status in the form attached as Exhibit "4".

"**Hazardous Substance(s)**" shall mean any substance, material or matter (including, but not limited to, asbestos and petroleum, gasoline, crude oil or any products, by-products or fractions thereof) whose nature, quantity or manner of existence, use, management, control, handling, manufacture, creation, generation, storage, disposal, discharge, removal, treatment, containment, remediation or transportation (i) is or becomes injurious or potentially injurious to the environment, or to public health, safety or welfare, or (ii) is regulated or becomes regulated under any federal, state, county, municipal and local laws, statutes, rules, regulations and ordinances either in existence as of the date of this Purchase Agreement or enacted or promulgated after the date of this Purchase Agreement, (iii) may or does give rise to liability under any common law theory based on nuisance (private or public), waste, trespass, negligence, strict liability or tortious conduct, or (v) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action, policy or common law, including, but not limited to, the following:

(x) Which is or becomes defined as a "hazardous waste," "hazardous substance," pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); or

(y) Which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of California or any political subdivision thereof; or

(z) The presence of which on the Property causes or threatens to cause a nuisance upon the Property or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Property; or

(xx) Which contains, without limitation, gasoline, diesel fuel, other petroleum hydrocarbons, polychlorinated biphenyls (PCBs), asbestos, urea formaldehyde foam insulation, or radon gas.

"**Improvements**" shall mean all structures, buildings, parking areas, landscaping and other improvements, and fixtures located on the Land.

"**Initial Deposit**" shall mean the amount of \$75,000.00.

"**Intangible Personal Property**" shall mean (i) all freely transferable warranties and guaranties (the "**Warranties and Guaranties**"), if any, with respect to the Land, the Improvements and/or the Personal Property, (ii) all freely transferable consents, authorizations, entitlements, certificates of occupancy, variances or waivers, licenses, permits (including building and equipment permits) and approvals ("**Approvals**") from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality of any nature relating to the Land, the Improvements and/or the Personal Property, (iii) all architectural, mechanical, engineering, as-built and other plans, specifications and drawings relating to the Land, the Improvements and/or the Personal Property (the "**Plans**"), (iv) all surveys and all soil, environmental, engineering, or other reports or studies relating to the Land, the Improvements and/or the Personal Property (the "**Reports**"), and (v) all other assignable intangible property owned by Seller relating the Land or the Improvements.

"**Land**" shall mean that certain parcel of land more particularly described on Exhibit A attached hereto and commonly known as 1776 Green Street, San Francisco, California (Block 0544, Lot 006), which land is improved with the Improvements, and all of Seller's rights and benefits belonging to or in any way related to the Land, privileges, easements, appurtenances, licenses and rights of way benefiting the Land and/or the Improvements, including, without limitation, any interest Seller may have in mineral, oil and gas and other subsurface rights, development rights, air rights and water rights.

"**Natural Hazard Disclosure Report**" shall mean the Natural Hazard Disclosure Report provided by the Natural Hazard Expert.

"**Official Records**" shall mean the official records of San Francisco County, California.

"**Opening of Escrow**" shall mean the date on which a fully executed original or copy of this Purchase Agreement is delivered to Escrow Agent by Buyer and/or Seller. Escrow Agent shall promptly notify the Parties of the date of the Opening of Escrow. The date set forth in such notice shall be conclusive and binding upon the Parties, absent manifest error.

"**Party**" or "**Parties**" shall be the Buyer and Seller, individually or collectively.

"**Permitted Assignee**" shall mean (a) any entity whose managing member, partner, or shareholder is Buyer, or (b) any entity or successor entity that controls Buyer, is controlled by Buyer, or is under common control with Buyer.

"**Permitted Title Exceptions**" has the meaning set forth in Subsection 4.1.3.

"**Personal Property**" shall mean the furniture, fixtures, machinery, equipment, supplies and other items of tangible personal property owned by Seller, located at the Real Property and used in connection with the operation and management of the Real Property.

"**Physical Inspection Report**" means a report of any physical inspection of the Property.

"**Preliminary Title Report**" or "**PTR**" has the meaning set forth in Subsection 4.1.3.

"**Property**" shall mean the Real Property, the Personal Property and the Intangible Personal Property.

"**Property Information**" shall mean: (i) a copy of the Supplemental Information Form (Final) dated June 30, 2009 for 1776 Green Street, prepared by Page & Turnbull, Inc. (i.e. the preliminary historical analysis); and (ii) a copy of the Phase 1 Environmental Site Assessment prepared by L&W for Larry Nasey and The Automotive Clinic, Inc., dated January 16, 2013.

"**Purchase Price**" shall mean \$5,750,000.00, as may be reduced in accordance with Section 3.1.4 (Buyer Credit; Holdback).

"**Real Property**" shall mean the Land and the Improvements.

"**Bankruptcy Estate**" has the meaning provided in Section 2.2.1.

"**Grant Deed**" shall be the deed conveying Real Property to the Buyer.

"**Seller**" shall have the meaning set forth in the SUMMARY OF TERMS.

"**Seller's Contingency**" and "**Seller's Contingencies**", individually and collectively, shall have the meanings set forth in Sections 5.1 and 5.2.

"**Seller Parties**" shall mean Seller and Seller's employees, officers, directors, members, shareholders, partners and agents.

"**SUMMARY OF TERMS**" are listed on page 1 of this Purchase Agreement.

"**Test(s)**" shall mean any and all tests, inspections, investigations, examinations and all other work by or on behalf of Buyer, Buyer Parties or Buyer's Consultants between the Effective Date and the Close of Escrow.

"**Title Company**" shall mean Old Republic Title Company (in its capacity as the title insurer under this Purchase Agreement), or another title insurance company that Buyer may elect to issue the Title Policy.

"**Title Contingency**" shall have the meaning set forth in Subsection 4.1.3.

"**Title Policy**" shall mean a CLTA Standard Coverage Owner's Policy of Title Insurance in the amount of the Purchase Price, insuring fee title to the Real Property is vested in Buyer or its assignee, subject only to the Permitted Title Exceptions ("Standard Title Policy"), with such endorsements as Buyer may reasonably request at Buyer's sole cost and expense. Buyer may, at Buyer's sole cost and expense, elect to upgrade the Standard Title Policy to an ALTA Extended Coverage Owner's Policy of Title Insurance ("Extended Title Policy") if Buyer, at Buyer's sole cost and expense, without delaying the Close of Escrow, satisfies all of the Title Company's requirements for the issuance of an Extended Title Policy, including, but not limited to, obtaining an ALTA Survey.

"**USA Patriot Act**" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, H.R. 3162, Public Law 107-56.

ACCEPTANCE BY ESCROW AGENT

Escrow Agent hereby acknowledges receipt of a fully executed original or counterparts of that certain Purchase and Sale Agreement and Joint Escrow Instructions dated February 12, 2018, by and between POST GREEN FELL LLC, a California limited liability company, Debtor in Possession ("**Seller**"), and LOCAL CAPITAL GROUP LLC, a Delaware limited liability company ("**Buyer**") and agrees to act as Escrow Agent thereunder and to be bound by and strictly perform the terms thereof as such terms apply to Escrow Agent.

Dated: _____

Old Republic Title Company

By: _____
Annie Nobilione

**Exhibit A
Legal Description**

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

Beginning at a point on the Northerly line of Green Street, distant thereon 81 feet Easterly from the Northeasterly corner of Green and Octavia Streets; running thence Easterly and along said line of Green Street, 54 feet; thence at a right angle Northerly, 137 feet and 6 inches; thence at a right angle Westerly 54 feet; thence at a right angle Southerly 137 feet and 6 inches to the point of beginning.

Being part of Western Addition Block No. 167.

APN: Lot 006, Block 0544

END OF LEGAL DESCRIPTION

EXHIBIT "1"
TO AGREEMENT OF PURCHASE
AND SALE AND JOINT ESCROW INSTRUCTIONS

FORM OF GRANT DEED

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO
AND MAIL TAX STATEMENT TO:

Local Capital Group, LLC
572 Ruger, Suite A
San Francisco, CA 94129
Attn: John Bickford and Wes Lipner

(Space Above Line for Recorder's Use Only)

GRANT DEED

THE UNDERSIGNED GRANTOR DECLARES THAT the documentary transfer tax is:

DOCUMENTARY TRANSFER TAX IS \$ _____,
COMPUTED ON THE FULL VALUE OF PROPERTY CONVEYED.
THE PROPERTY IS LOCATED IN THE CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA.

FOR VALUE RECEIVED, POST GREEN FELL LLC, a California limited liability company ("**Grantor**"), grants to LOCAL CAPITAL GROUP LLC, a Delaware limited liability company ("**Grantee**"), all that certain real property situated in the City and County of San Francisco, State of California, described on Exhibit A attached hereto and by this reference incorporated herein (the "**Property**").

TO HAVE AND TO HOLD the Property with all the rights, privileges and appurtenances thereto belonging, or in any way appertaining, unto the said Grantee and Grantee's successors and assigns.

SUBJECT TO the following:

- (a) All liens, encumbrances, easements, covenants, conditions, and restrictions of record; and
- (b) Non-delinquent real property taxes and assessments.

[SIGNATURE APPEARS ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned has executed this Grant Deed as of _____, 2018.

GRANTOR:

POST GREEN FELL LLC,
a California limited liability company
Debtor in Possession

By: _____
Laurence F. Nasey, Manager and Responsible
Individual

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____,
(insert name of notary)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

**Exhibit A
Legal Description**

[To Be Attached]

END OF LEGAL DESCRIPTION

EXHIBIT "2"
TO AGREEMENT OF PURCHASE
AND SALE AND JOINT ESCROW INSTRUCTIONS

FORM OF BILL OF SALE

POST GREEN FELL LLC, a California limited liability company, Debtor in Possession ("**Seller**"), for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby assigns, transfers, conveys and sets over to LOCAL CAPITAL GROUP LLC, a Delaware limited liability company ("**Buyer**"), any and all of Seller's right, title and interest, if any, in and to the following (collectively, "**Personal Property**"): all tangible personal property, if any, owned by Seller, located on the real property commonly known as 1776 Green Street, San Francisco, California as more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference ("**Real Property**") as of the date hereof, and used in connection with the ownership and management of the Real Property, including furniture, fixtures, machinery, equipment, and supplies.

Except as set forth in that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated as of February 12, 2018, Seller has not and is not making any representations or warranties of any kind, nature or description, express or implied, verbal or written, with respect to the Personal Property, including, but not limited to, the existence, type, nature, condition, quantity, quality or location of such Personal Property, the ownership, title, liens, leases, adverse claims or any other encumbrances affecting the Personal Property, or Seller's right, power or authority to transfer the Personal Property to Buyer.

This Bill of Sale shall be governed by, interpreted under, and construed and enforceable in accordance with, the laws of the State of California.

[SIGNATURES APPEARS ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Seller has each executed this Bill of Sale as of the ____ day of _____, 2018.

SELLER:

POST GREEN FELL LLC,
a California limited liability company
Debtor in Possession

By: _____
Laurence F. Nasey, Manager

EXHIBIT "3"
TO AGREEMENT OF PURCHASE
AND SALE AND JOINT ESCROW INSTRUCTIONS

FORM OF GENERAL ASSIGNMENT

This General Assignment (this "**Assignment**") is made as of the ____ day of _____, 2018, by POST GREEN FELL LLC, a California limited liability company, Debtor in Possession ("**Assignor**"), and LOCAL CAPITAL GROUP LLC, a Delaware limited liability company ("**Assignee**").

RECITALS:

A. Assignor and Assignee are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated as of February __, 2018, (the "**Purchase Agreement**"), pursuant to which Assignor agreed to sell to Assignee, and Assignee agreed to purchase from Assignor, the Property. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Purchase Agreement.

B. This Assignment is being made pursuant to the terms of the Purchase Agreement for the purpose of conveying and assigning to Assignee all of Assignor's right, title and interest in and to (i) any all freely transferable warranties and guaranties (the "**Warranties and Guaranties**"), if any, with respect to the Land, the Improvements and/or the Personal Property, (ii) all freely transferable consents, authorizations, entitlements, certificates of occupancy, variances or waivers, licenses, permits (including building and equipment permits) and approvals ("**Approvals**") from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality of any nature relating to the Land, the Improvements and/or the Personal Property, (iii) all architectural, mechanical, engineering, as-built and other plans, specifications and drawings relating to the Land, the Improvements and/or the Personal Property (the "**Plans**"), (iv) all surveys and all soil, environmental, engineering, or other reports or studies relating to the Land, the Improvements and/or the Personal Property (the "**Reports**"), and (v) all other assignable intangible property owned by Assignor relating the Land or the Improvements (collectively, the "**Intangible Personal Property**").

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Assignor hereby grants, assigns, transfers, conveys and sets over to Assignee, without representation or warranty of any kind, and Assignee hereby accepts from Assignor, any and all of Assignor's right, title and interest in and to the Intangible Personal Property. Assignee hereby accepts such assignment.

2. In the event of any dispute between Assignor and Assignee arising out of the obligations of the parties under this Assignment or concerning the meaning or interpretation of any provision contained herein, the losing party shall pay the prevailing party's costs and expenses of such dispute, including, without limitation, reasonable attorneys' fees and costs. Any such attorneys' fees and other expenses incurred by either party in enforcing a judgment in its favor under this Assignment shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Assignment and to survive and not be merged into any such judgment.

3. This Assignment may be executed in counterparts, each of which shall be deemed an original, and all of which shall, taken together, be deemed one document.

4. This Assignment and the provisions hereof shall inure to the benefit of and be binding upon the parties to this Assignment and their respective successors, heirs and permitted assigns.

5. This Assignment shall be governed by, interpreted under, and construed and enforceable in accordance with, the laws of the State of California.

6. Assignor and Assignee agree to execute any documents and instruments which any of them deems necessary or appropriate to carry out the purposes of this Assignment and to effectuate the assignment to Assignee.

7. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective heirs, executors, administrators, successors and assigns.

[SIGNATURES APPEARS ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Assignor and Assignee have each executed this Assignment as of the
____ day of _____, 2018.

ASSIGNOR:

POST GREEN FELL LLC,
a California limited liability company
Debtor in Possession

By: _____
Laurence F. Nasey, Manager

ASSIGNEE:

LOCAL CAPITAL GROUP LLC,
a Delaware limited liability company

By: _____
John Bickford, Manager

EXHIBIT "4"
TO AGREEMENT OF PURCHASE
AND SALE AND JOINT ESCROW INSTRUCTIONS

FIRPTA AFFIDAVIT

TRANSFEROR'S CERTIFICATION OF NON-FOREIGN STATUS

To inform LOCAL CAPITAL GROUP, LLC, a Delaware limited liability company ("**Transferee**"), that withholding of tax under Section 1445 of the Internal Revenue Code of 1986, as amended ("**Code**") will not be required upon the transfer of certain real property to the Transferee by POST GREEN FELL LLC, a California limited liability company and Debtor in Possession ("**Transferor**"), the undersigned hereby certifies the following on behalf of the Transferor:

1. The Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Code and the Income Tax Regulations promulgated thereunder);
2. The Transferor's U.S. employer identification number is 82-1040053;
3. The Transferor's office address is POST GREEN FELL LLC, 3336 Divisadero Street, San Francisco, CA 94123;
4. Transferor is not a disregarded entity as defined in § 1.1445-2(b)(2)(iii).

The Transferor understands that this Certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury I declare that I have examined this Certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of the Transferor.

Date: _____, 2018

"TRANSFEROR"

POST GREEN FELL LLC,
California limited liability company
Debtor in Possession

By: _____
Laurence F. Nasey, Manager

EXHIBIT "5"
CALIFORNIA AFFIDAVIT

YEAR

CALIFORNIA FORM

2018 Real Estate Withholding Certificate

593-C

Part I – Seller's Information

Return this form to your escrow (

Name Post Green Fell LLC	SSN or TIN 82-1040053
Spouse's/RDP's SSN (if jointly owned)	Spouse's/RDP's SSN or TIN (if jointly owned)
Address (suite, room, PO Box, or PMB no) 3336 Divisadero Street	<input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp. no. <input type="checkbox"/> SOS file no
City San Francisco	State CA
ZIP Code 94123	Ownership percentage 100.00 %
Property Address (if no street address, provide parcel number and county) 1776 Green Street, San Francisco, California (APN: Lot: 006, Block: 0544; San Francisco County)	

To determine whether you qualify for a full or partial withholding exemption, check all boxes that apply to the property being sold or transferred. See line-by-line notes in the instructions.

Part II – Certifications which fully exempt the sale from withholding:

1. The property qualifies as the seller's (or decedent's, if being sold by the decedent's estate) principal residence within the meaning of Internal Revenue Code (IRC) Section 121.
2. The seller (or decedent, if being sold by the decedent's estate) last used the property as the seller's (decedent's) principal residence within the meaning of IRC Section 121 without regard to the two-year time period.
3. The seller has a loss or zero gain for California income tax purposes on this sale? To check this box, you must complete Form 593-L, Real Estate Withholding — Computation of Estimated Gain or Loss, and have a loss or zero gain on line 16.)
4. The property being compulsorily or involuntarily converted and does the seller intend to acquire property that is similar or related in service or use to qualify for nonrecognition of gain for California income tax purposes under IRC Section 1033?
5. The transfer qualifies for nonrecognition treatment under IRC Section 351 (transfer to a corporation controlled by the transferor) or IRC Section 721 (contribution to a partnership in exchange for a partnership interest).
6. The seller is a corporation (or a limited liability company (LLC) classified as a corporation for federal and California income tax purposes) that is either qualified through the California Secretary of State or has a permanent place of Business in California.
7. The seller a California partnership, or qualified to do business in California (or an LLC that classified as a partnership for federal and California income tax purposes and is not a single member LLC) that is not disregarded for federal and California income tax purposes. If this box is checked, the partnership or LLC must still withhold on nonresident partners or members. (If yes, the partnership or LLC must withhold on nonresident partners or members as required.)
8. The seller a tax-exempt entity under either California or federal law.
9. The seller an insurance company, individual retirement account, qualified pension/profit sharing plan, or charitable remainder trust.

Part III – Certifications that may partially or fully exempt the sale from withholding:

10. The transfer qualifies as a simultaneous like-kind exchange within the meaning of IRC Section 1031.
11. The transfer qualifies as a deferred like-kind exchange within the meaning of IRC Section 1031.
12. The transfer of this property is an installment sale the buyer is required to withhold on the principal portion of such installment payment.

Copies of Form 583-I, Real Estate Withholding Installment Sale Acknowledgement, and the promissory note are attached.

Part IV – Seller's Signature

Under penalties of perjury, I hereby certify that the information provided above is, to the best of my knowledge, true and correct. If conditions change, I will promptly inform the withholding agent. I understand that the Franchise Tax Board may review relevant escrow documents to ensure withholding compliance and that completing this form does **not** exempt me from filing a California income or franchise tax return to report this sale.

Seller's Name and Title **[SEE BELOW]** _____ Seller's Signature _____ Date _____

Spouse's/RDP's Name _____ Spouse's/RDP's Signature _____ Date _____

Please verify that the SSN or ITIN listed above in Part I of this form is correct.

Seller: If you checked any box in Part II, you are exempt from real estate withholding.
If you checked any box in Part III, you may qualify for a partial or complete withholding exemption.
If you did not check any box in Part II or Part III, the withholding will be 3 1/3% (.0333) of the total sales price or the optional gain on sale withholding amount certified by seller on Form 593, Real Estate Withholding Tax Statement.
If you are withheld upon, the withholding agent should give you one copy of Form 593-B. Attach a copy to the lower front of your California income tax return and keep the other copy for your records.

Keep Form 583-C for two years following the close of the transaction. You must furnish the form to the Franchise Tax Board upon request.

POST GREEN FELL LLC,
California limited liability company
Debtor in Possession

By: _____
Laurence F. Nasey, Manager

Date: _____, 2018

EXHIBIT B



Issuing Policies of Chicago Title Insurance Company

Order No.: 15604204-156-TM1-KC

Title Officer: Kenneth Connaker

TO:

Chicago Title Company
455 Market Street, Suite 2100
San Francisco, CA 94105
(415) 788-0871
(415) 896-9423

ATTN: Tyson Miklebost

PROPERTY ADDRESS: 1776 Green Street, San Francisco, 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.

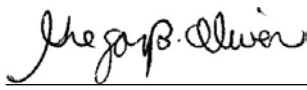
This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment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

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

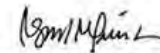
Chicago Title Company

By: 

Authorized Signature



By



Randy Quirk, President

Attest



Michael Gravelle, Secretary



PRELIMINARY REPORT

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

ORDER NO.: 15604204-156-TM1-KC

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

ALTA Extended Owners Policy (6-17-06)
ALTA Extended Loan Policy (6-17-06)

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

A Fee

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

1776 Green Street LLC, a California limited liability company

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

See Exhibit A attached hereto and made a part hereof.

EXHIBIT A
LEGAL DESCRIPTION

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

Beginning at a point on the Northerly line of Green Street, distant thereon 81 feet Easterly from the Northeasterly corner of Green and Octavia Streets; running thence Easterly and along said line of Green Street, 54 feet; thence at a right angle Northerly, 137 feet and 6 inches; thence at a right angle Westerly 54 feet; thence at a right angle Southerly 137 feet and 6 inches to the point of beginning.

Being part of Western Addition Block No. 167.

APN: Lot 006, Block 0544

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. Property taxes, including any personal property taxes and any assessments collected with taxes are as follows:

Code Area:	1000
Tax Identification No.:	Lot 006, Block 0544
Fiscal Year:	2016-2017
1st Installment:	\$11,574.84, Paid
2nd Installment:	\$11,574.84, Open
Exemption:	\$0.00
Land:	\$699,368.00
Improvements:	\$1,169,576.0
Personal Property:	\$0.00
Bill No.:	021049

The lien of the assessment shown below, which assessment is or will be collected with, and included in, the property taxes shown above.

Assessment:	Building Inspection
Amount:	\$759.06

3. The Land lies within the boundaries of a Mello Roos Community Facilities District ("CFD"), as follows:

CFD No:	90-1
For:	School Facility Repair and Maintenance

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 and County of San Francisco. The tax may not be prepaid.

Further information may be obtained by contacting:

Chief Financial Officer
San Francisco Unified School District
135 Van Ness Ave. – Room 300
San Francisco, CA 94102
Phone (415) 241-6542

4. Prior to close of escrow, please contact the Tax Collector's Office to confirm all amounts owing, including current fiscal year taxes, supplemental taxes, escaped assessments and any delinquencies.
5. 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.

EXCEPTIONS (Continued)

6. A judgment for installment payments of spousal and/or child support, to be made by:

Debtor: Laurence F. Nasey
 Creditor: Denise Nasey
 Date entered: October 27, 2006
 County: San Mateo
 Court: Superior
 Case No.: 068605
 Recording Date: March 12, 2010
 Recording No: 2010-I950494-00, Reel K119, Image 0824, Official Records

An agreement recorded March 22, 2013 at Recording No. 2013-J625579-00, Reel K859, Image 0644, Official Records which states that this instrument was subordinated to the document or interest described in the instrument

Recording Date: March 22, 2013
 Recording No.: 2013-J625577-00, Reel K859, Image 0642, Official Records

Matters contained in that certain document

Entitled: Reaffirmation of Subordination
 Dated: June 19, 2015
 Executed by: 1776 Green Street, LLC, a California Limited Liability Company; 2360 Post Street, LLC, a California Limited Liability Company; Green & Post Partners, LP., a California limited partnership and Denise Nasey, an individual
 Recording Date: June 15, 2016
 Recording No: 2015-K075962-00, Official Records

Reference is hereby made to said document for full particulars.

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

Amount: \$5,650,000.00
 Dated: March 20, 2013
 Trustor/Grantee: 1775 Green Street, LLC, a California Limited Liability Company
 Trustee: First American Title
 Beneficiary: Green & Post Partners, LP, a California Limited Partnership as to an undivided 77.3333% interest; William R. Horton, as to an undivided 5.3097%; William R. Bingham, as to an undivided 3.9058%, Richard Kester, Trustee of The Kester Family Living Trust, as to an undivided 1.7699%, Patrick Guthrie, Trustee of The Guthrie Family Trust dated July 12, 1993, as to an undivided 3.5398%, Patrick Guthrie Family Partnership, as to an undivided 3.5398%, Barbara Ferguson, as to an undivided 1.0619%, Rose Wynnette Levinson and Christopher Robert Cooke, as to an undivided 1.7699%, Karl A. Jacob III and Patricia F. Jacob, as to an undivided 1.7699%
 Loan No.: None shown
 Recording Date: March 22, 2013
 Recording No: 2013-J625577-00, Reel K859, Image 0642, Official Records

EXCEPTIONS (Continued)

An agreement to modify the terms and provisions of said deed of trust as therein provided

Executed by: 1776 Green Street, LLC, a California Limited Liability Company and Green & Post Partners, LP, a California Limited Partnership
 Recording Date: June 15, 2015
 Recording No: 2015-K075959-00, Official Records

An assignment of the beneficial interest under said deed of trust which names:

Assignee: Green & Post Partner's LP, a California Limited Partnership
 Loan No.: None Shown
 Recording Date: June 15, 2015
 Recording No: 2015-K075959-00, Official Records

A notice of default under the terms of said trust deed

Executed by: First American Title
 Recording Date: December 1, 2016
 Recording No: 2016-K365747-00, Official Records

8. A tax lien for the amount shown and any other amounts due, in favor of the United States of America, assessed by the District Director of Internal Revenue.

Federal Serial No.: 100371214
 Taxpayer: Laurence F. Nasey
 Amount: \$944,638.23
 Recording Date: June 2, 2014
 Recording No: 2014-J889672-00, Official Records

9. An Order of Abatement under Section 203-203-R of the Building Code of The City and County of San Francisco, Order No. 106521-A, by the Department of Public Works, Bureau of Building Inspection

Recording Date: July 28, 2014
 Recording No.: 2014-J914853-00, Official Records

Reference is hereby made to said document for full particulars.

An agreement recorded July 15, 2015 at Recording No. 2015-K075963-00, Official Records which states that this instrument was subordinated to the document or interest described in the instrument

Recording Date: March 22, 2013
 Recording No.: 2013-J625577-00, Reel K859, Image 0642, Official Records

10. A lien for the amount shown below and any other amounts due,

Amount: \$244.20
 Claimant: Director of the Department of Building Inspection
 Nature of Claim: Building Code Enforcement Violations
 Recording Date: August 11, 2014
 Recording No: 2014-J925581-00, Official Records

EXCEPTIONS (Continued)

11. Matters contained in that certain document

Entitled: Reaffirmation of Hazardous Substances Indemnity Agreement
 Dated: June 15, 2015
 Executed by: Automotive Clinic, Inc., a California Corporation; Laurence F. Nasey, an individual; 2360 Post Street, LLC, a California Limited Liability Company and 1776 Green Street, LLC, a California Limited Liability Company
 In Favor of: Green & Post Partners, LP, a California Limited Partnership
 Recording Date: June 15, 2015
 Recording No: 2015-K075961-00, Official Records

Reference is hereby made to said document for full particulars.

12. A tax lien for the amount shown and any other amounts due, in favor of the United States of America, assessed by the District Director of Internal Revenue.

Federal Serial No.: 160707715
 Taxpayer: Laurence F. Nasey
 Amount: \$1,275,343.78
 Recording Date: July 15, 2015
 Recording No: 2015-K090240-00, Official Records

13. A tax lien for the amount shown and any other amounts due, in favor of the United States of America, assessed by the District Director of Internal Revenue.

Federal Serial No.: 173175515
 Taxpayer: 1776 Green Street, LLC as nominee of Automotive Clinic Inc., Ted & Al's Service Towing Dept.
 Amount: \$2,545,230.63
 Recording Date: August 28, 2015
 Recording No: 2015-K125906-00, Official Records

14. A tax lien for the amount shown and any other amounts due, in favor of the United States of America, assessed by the District Director of Internal Revenue.

Federal Serial No.: 173176115
 Taxpayer: 1776 Green Street, LLC as nominee of Automotive Clinic Inc., Ted & Al's Service Towing Dept.
 Amount: \$2,344,021.08
 Recording Date: August 28, 2015
 Recording No: 2015-K125907-00, Official Records

15. A tax lien for the amount shown and any other amounts due, in favor of the United States of America, assessed by the District Director of Internal Revenue.

Federal Serial No.: 173176315
 Taxpayer: 1776 Green Street LLC, as nominee of Automotive Clinic, Inc., Ted & Al's Service Towing Dept.
 Amount: \$407,365.96
 Recording Date: August 28, 2015
 Recording No: 2015-K125908-00, Official Records

EXCEPTIONS (Continued)

16. A tax lien for the amount shown and any other amounts due, in favor of the United States of America, assessed by the District Director of Internal Revenue.
- Federal Serial No.: 17419915
 Taxpayer: 1776 Green Street, LLC, as nominee of Laurence F. Nasey
 Amount: \$1,235,527.71
 Recording Date: September 17, 2015
 Recording No: 2015-K133430-00, Official Records
17. A tax lien for the amount shown and any other amounts due, in favor of the United States of America, assessed by the District Director of Internal Revenue.
- Federal Serial No.: 174322915
 Taxpayer: 1776 Green Street, LLC, as nominee of Laurence F. Nasey
 Amount: \$947,358.55
 Recording Date: September 17, 2015
 Recording No: 2015-K133434-00, Official Records
18. A tax lien for the amount shown and any other amounts due, in favor of the United States of America, assessed by the District Director of Internal Revenue.
- Federal Serial No.: 174327515
 Taxpayer: Automotive Clinic Inc. as Alter Ego of Laurence F. Nasey
 Amount: \$1,235,527.71
 Recording Date: September 17, 2015
 Recording No: 2015-K133437-00, Official Records
19. A tax lien for the amount shown and any other amounts due, in favor of the United States of America, assessed by the District Director of Internal Revenue.
- Federal Serial No.: 174328415
 Taxpayer: Automotive Clinic Inc. as Alter Ego of Laurence F. Nasey
 Amount: \$947,358.55
 Recording Date: September 17, 2015
 Recording No: 2015-K133438-00, Official Records
20. A tax lien for the amount shown and any other amounts due, in favor of the United States of America, assessed by the District Director of Internal Revenue.
- Federal Serial No.: 205284716
 Taxpayer: Laurence F. Nasey
 Amount: \$486,307.83
 Recording Date: April 7, 2016
 Recording No: 2016-K227480-00, Official Records
21. A claim of mechanic's lien or materialman's lien
- Claimant: L & W Construction Services Inc.
 Amount: \$29,271.00
 Recording Date: June 9, 2016
 Recording No: 2016-K271950-00, Official Records

EXCEPTIONS (Continued)

22. A state tax lien for the amount shown and any other amounts due,

State Identification No: G001389883
 Filed by: State of California, Employment Development Department
 Taxpayer: Laurence F. Nasey
 Amount: \$152,591.23
 Recording Date: November 23, 2016
 Recording No: 2016-K362734-00, Official Records

23. 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.

24. Matters which may be disclosed by an inspection and/or by a correct ALTA/NSPS Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.

25. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance from the entity named below:

Limited Liability Company: 1776 Green Street LLC, a California Limited Liability Company

- a) A copy of its operating agreement, if any, and any and all amendments, supplements and/or modifications thereto, certified by the appropriate manager or member
- b) If a domestic Limited Liability Company, a copy of its Articles of Organization and all amendments thereto with the appropriate filing stamps
- c) If the Limited Liability Company is member-managed, a full and complete current list of members certified by the appropriate manager or member
- d) If the Limited Liability Company was formed in a foreign jurisdiction, evidence, satisfactory to the Company, that it was validly formed, is in good standing and authorized to do business in the state of origin
- e) If less than all members, or managers, as appropriate, will be executing the closing documents, furnish evidence of the authority of those signing.

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

26. The Company will require that an Owner's Affidavit be completed by the party(s) named below before the issuance of any policy of title insurance.

Party(s): 1776 Green Street LLC, a California Limited Liability Company

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

**EXCEPTIONS
(Continued)**

27. The transaction contemplated in connection with this Report is subject to the review and approval of the Company's Corporate Underwriting Department. The Company reserves the right to add additional items or make further requirements after such review.

END OF EXCEPTIONS

INFORMATIONAL NOTES SECTION

1. 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.
2. 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 Commercial properties, known as 1776 Green Street, located within the City of San Francisco, California, to an Extended Coverage Loan Policy.
3. Note: The name(s) of the proposed insured(s) furnished with this application for title insurance is/are:

No names were furnished with the application. Please provide the name(s) of the buyers as soon as possible.
4. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.
5. Note: The charge for a policy of title insurance, when issued through this application for title insurance, will be based on the Short Term Rate.
6. There is no recorded Certificate of Energy and/or Water Compliance for the property described herein.
7. Requirement that a Transfer Tax Affidavit accompany every Deed (Grant Deed, Quitclaim Deed, Interspousal Deed) to be recorded in the City and County of San Francisco. This transfer Tax Affidavit is in addition to the change of ownership form (PCOR) and is required by the County Recorder. This item will not appear on any policy of title insurance.
8. Effective December 27, 2016, as mandated through local ordinance, the transfer tax rates are as follows:

More than \$100 but Less than or Equal to \$250,000 at \$2.50 for each \$500 (\$5.00 per thousand)
\$250,001 but Less than \$999,999 at \$3.40 for each \$500 (\$6.80 per thousand)
\$1,000,000 or More but Less than \$4,999,999 at \$3.75 for each \$500 (\$7.50 per thousand)
\$5,000,000 or More but Less than \$9,999,999 at \$11.25 for each \$500 (\$22.50 per thousand)
\$10,000,000 or More but Less than \$24,999,999 at \$13.75 for each \$500 (\$27.50 per thousand)
\$25,000,000 or More at \$15.00 for each \$500.00 or portion thereof (\$30.00 per thousand)

NOTE: These rates are for documents recorded on or after December 27, 2016, regardless of when the instrument was executed.
9. Your application for title insurance was placed by reference to only a street address or tax identification number. Based on our records, we believe that the legal description in this report covers the parcel(s) of Land that you requested. If the legal description is incorrect, the seller/borrower must notify the Company and/or the settlement company in order to prevent errors and to be certain that the correct parcel(s) of Land will appear on any documents to be recorded in connection with this transaction and the policy of title insurance.
10. If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.

**INFORMATIONAL NOTES
(Continued)**

10. Note: Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an agent, an authorized employee of the insured lender, or by using Bancserv or other approved third-party service. If the above requirement cannot be met, please call the Company at the number provided in this report.
112. 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

Kenneth Connaker/lc

FIDELITY NATIONAL FINANCIAL PRIVACY NOTICE

At Fidelity National Financial, Inc. and its majority-owned subsidiary companies (collectively, “FNF”, “our” or “we”), we value the privacy of our customers. This Privacy Notice explains how we collect, use, and protect your information and explains the choices you have regarding that information. A summary of our privacy practices is below. We also encourage you to read the complete Privacy Notice following the summary.

<p>Types of Information Collected. You may provide us with certain personal information, like your contact information, social security number (SSN), driver’s license, other government ID numbers, and/or financial information. We may also receive information from your Internet browser, computer and/or mobile device.</p>	<p>How Information is Collected. We may collect personal information directly from you from applications, forms, or communications we receive from you, or from other sources on your behalf, in connection with our provision of products or services to you. We may also collect browsing information from your Internet browser, computer, mobile device or similar equipment. This browsing information is generic and reveals nothing personal about the user.</p>
<p>Use of Your Information. We may use your information to provide products and services to you (or someone on your behalf), to improve our products and services, and to communicate with you about our products and services. We do not give or sell your personal information to parties outside of FNF for their use to market their products or services to you.</p>	<p>Security Of Your Information. We utilize a combination of security technologies, procedures and safeguards to help protect your information from unauthorized access, use and/or disclosure. We communicate to our employees about the need to protect personal information.</p>
<p>Choices With Your Information. Your decision to submit personal information is entirely up to you. You can opt-out of certain disclosures or use of your information or choose to not provide any personal information to us.</p>	<p>When We Share Information. We may disclose your information to third parties providing you products and services on our behalf, law enforcement agencies or governmental authorities, as required by law, and to parties with whom you authorize us to share your information.</p>
<p>Information From Children. We do not knowingly collect information from children under the age of 13, and our websites are 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>Access and Correction. If you desire to see the information collected about you and/or correct any inaccuracies, please contact us in the manner specified in this Privacy Notice.</p>	<p>Do Not Track Disclosures. We do not recognize “do not track” requests from Internet browsers and similar devices.</p>
<p>The California Online Privacy Protection Act. Certain FNF 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>International Use. By providing us with your information, you consent to the transfer, processing and storage of such information outside your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.</p>
<p>Your Consent To This Privacy Notice. By submitting information to us and using our websites, you are accepting and agreeing to the terms of this Privacy Notice.</p>	<p>Contact FNF. If you have questions or wish to contact us regarding this Privacy Notice, please use the contact information provided at the end of this Privacy Notice.</p>

FIDELITY NATIONAL FINANCIAL, INC.
PRIVACY NOTICE

FNF respects and is committed to protecting your privacy. We pledge to take reasonable steps to protect your Personal Information (as defined herein) and to ensure your information is used in compliance with this Privacy Notice.

This Privacy Notice is only in effect for information collected and/or owned by or on behalf of FNF, including collection through any FNF website or online services offered by FNF (collectively, the "Website"), as well as any information collected offline (e.g., paper documents). The provision of this Privacy Notice to you does not create any express or implied relationship, nor create any express or implied duty or other obligation, between FNF and you.

Types of Information Collected

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

Personal Information. The types of personal information FNF collects may include, but are not limited to:

- contact information (e.g., name, address, phone number, email address);
- social security number (SSN), driver's license, and other government ID numbers; and
- financial account or loan information.

Browsing Information. The types of browsing information FNF collects may include, but are not limited to:

- Internet Protocol (or IP) address or device ID/UDID, protocol and sequence information;
- browser language;
- browser type;
- domain name system requests;
- browsing history;
- number of clicks;
- hypertext transfer protocol headers; and
- application client and server banners.

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, whether electronic or paper;
- communications to us from you or others;
- information about your transactions with, or services performed by, us, our affiliates or others; and
- information from consumer or other reporting agencies and public records that we either obtain directly from those entities, or from our affiliates or others.

We may collect *Browsing Information* from you as follows:

- Browser Log Files. Our servers automatically log, collect and record certain Browsing Information about each visitor to the Website. The Browsing Information includes only generic information and reveals nothing personal about the user.
- Cookies. From time to time, FNF may send a "cookie" to your computer when you visit the Website. 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 the Website again, the cookie allows the Website to recognize your computer, with the goal of providing an optimized user experience. Cookies may store user preferences and other information. You can choose not to accept cookies by changing the settings of your Internet browser. If you choose not to accept cookies, then some functions of the Website may not work as intended.

Use of Collected Information

Information collected by FNF is used for three main purposes:

- To provide products and services to you, or to one or more third party service providers who are performing services on your behalf or in connection with a transaction involving you;
- To improve our products and services; and
- To communicate with you and to inform you about FNF's products and services.

When We Share Information

We may share your Personal Information (excluding information we receive from consumer or other credit reporting agencies) and Browsing Information with certain individuals and companies, as permitted by law, without first obtaining your authorization. Such disclosures may include, without limitation, the following:

- to agents, representatives, or others to provide you with services or products you have requested, and to enable us to detect or prevent criminal activity, fraud, or material misrepresentation or nondisclosure;
- to third-party contractors or service providers who provide services or perform other functions on our behalf;
- to law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders; and/or
- to other parties authorized to receive the information in connection with services provided to you or a transaction involving you.

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 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 make efforts to ensure third party contractors and service providers who provide services or perform functions on our behalf protect your information. We limit use of your information to the purposes for which the information was provided. We do not give or sell your information to third parties for their own direct marketing use.

We reserve the right to transfer your Personal Information, Browsing Information, as well as 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 this information in connection with any of the above-described

proceedings. We cannot and will not be responsible for any breach of security by any 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 your information to FNF is entirely up to you. If you decide not to submit your information, FNF may not be able to provide certain products or services to you. You may choose to prevent FNF from using your information under certain circumstances ("opt out"). You may opt out of receiving communications from us about our products and/or services.

Security And Retention Of Information

FNF is committed to protecting the information you share with us and utilizes a combination of security technologies, procedures and safeguards to help protect it from unauthorized access, use and/or disclosure. FNF trains its employees on privacy practices and on FNF's privacy and information security policies. FNF works hard to retain information related to you only as long as reasonably necessary for business and/or legal purposes.

Information From Children

The Website is meant for adults. The Website 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.

Privacy Outside the Website

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

International Users

Because FNF's headquarters is located in the United States, we may transfer your Personal Information and/or Browsing Information to the United States. By using our website and providing us with your Personal Information and/or Browsing Information, you understand and consent to the transfer, processing and storage of such information outside your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.

Do Not Track Disclosures

Currently, our policy is that we do not recognize "do not track" requests from Internet browsers and similar devices.

The California Online Privacy Protection Act

For some websites which FNF or one of its companies owns, 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, including:

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

The information you submit 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 those with which the mortgage loan servicer has contracted to interface with the CCN application. 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, contact your mortgage loan servicer.

Access and Correction

To access your Personal Information in the possession of FNF and correct any inaccuracies, please contact us by email at privacy@fnf.com or by mail at:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

Your Consent To This Privacy Notice

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of information by FNF in compliance with this Privacy Notice. We reserve the right to make changes to this Privacy Notice. If we change this Privacy Notice, we will post the revised version on the Website.

Contact FNF

Please send questions and/or comments related to this Privacy Notice by email at privacy@fnf.com or by mail at:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

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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

FNTC - Chicago Title Company
FNTCCA –Fidelity National Title Company of California

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 or 36 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge.

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.

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.)

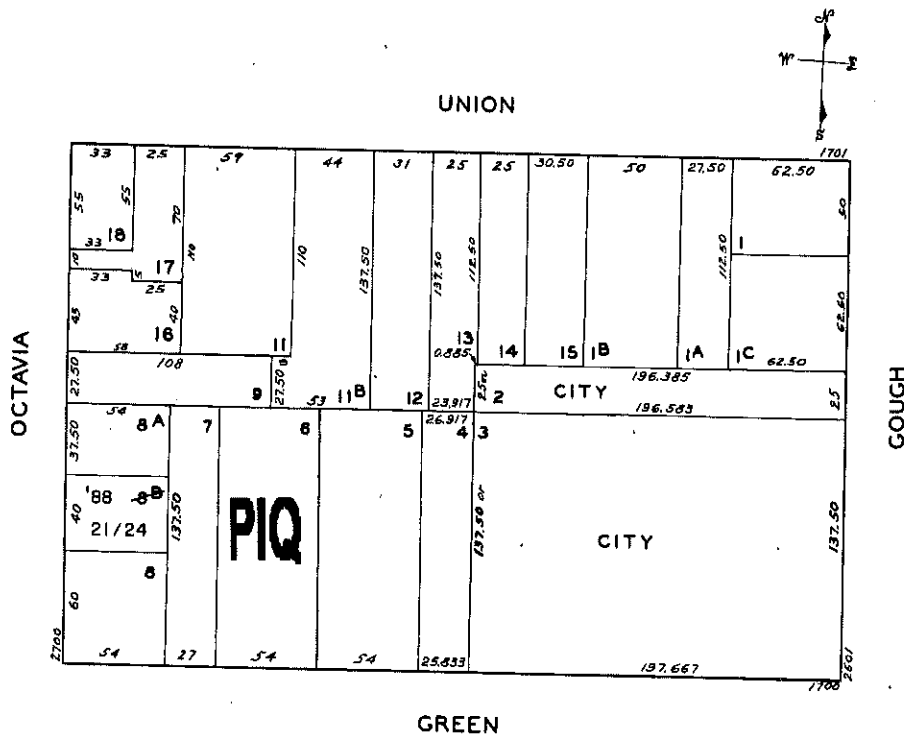
ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (12-02-13)

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.

LOTS MERGED
Lots INTO Lot
11A - 11 - 1988



2718-2724 OCTAVIA ST
A CONDOMINIUM

LOT	UNIT	%COMM.AREA
21	2718	23
22	2720	27
23	2722	27
24	2724	23

Important: This plat is not a survey. It is furnished as a convenience to locate the land in relation to adjoining streets and other lands and not to guarantee any dimensions, distances, bearings or acreage.

EXHIBIT C

Please Return To:

Recording Requested By:

L&W CONSTRUCTION SERVICES
17 CLOUD LANE
PETALUMA, CA 94952

CONFORMED COPY of document recorded
12/27/2017, 2017K561399
on _____ with document no _____
This document has not been compared with the original
SAN FRANCISCO ASSESSOR-RECORDER

SPACE ABOVE FOR RECORDER'S USE

RELEASE OF MECHANICS LIEN

California Civil Code Section 8146 et seq.

Claimant

(Give name & address)

L&W CONSTRUCTION SERVICES
17 CLOUD LANE
PETALUMA, CA 94952

Property Owner (Owner)

(Give name & address)

1776 GREEN ST. LLC
2035 DIVISADERO ST.
SAN FRANCISCO, CA 94115

Property Liened (Property)

(Give municipal address & legal description)

1776 GREEN STREET
SAN FRANCISCO, CA 94123

* BLOCK 0544 LOT 006

State of California

County of SAN FRANCISCO

The Claimant, undersigned, hereby releases, discharges, and/or acknowledges satisfaction of that certain notice and claim of mechanic's recorded on the ~~9th~~ day of JUNE, 2016, against the Owner, at the office of the County Recorder of SAN FRANCISCO County in Book _____ of Official Records, page _____, as instrument number ~~2016K279~~ 5000 affecting the Property. The aforesaid notice and claim of mechanic's lien is released, discharged and/or satisfied as follows: (Give reason for cancellation)

Lien has been paid and satisfied

Claimant did not file suit to enforce lien within 90 days from filing, and seeks the release of the instrument as per the California Civil Code

Claimant wishes to release the Claim of Lien for other reasons, but reserves any rights available to Claimant under law to pursue collection of the claim amount.

Notary: On the 27 day of DECEMBER, 2017, In the State of CALIFORNIA, County of SAN FRANCISCO, before me, undersigned Notary Public, personally appeared JEAN MCKENZIE LINDSAY Agent for Claimant, appearing herein through L & N CONSTRUCTION SERVICES, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to within the instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under the PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Josephine Baesa



Signed this 27 day of DECEMBER, 2017.

Jean M. Lindsay
Agent for Claimant

Signed by: *JOSEPHINE BAESA* 12/27/17
JEAN M. LINDSAY

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of SAN FRANCISCO)
On 12/27/17 before me, JOSEPHINE BAESA
Date Here Insert Name and Title of the Officer
personally appeared JEAN MCKENZIE LINDAY
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal:



Signature Josephine Baesa
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: RELEASE OF MECHANICS LIEN Document Date: 12/27/17
Number of Pages: 2 Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____