

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT
BRIDGEPORT DIVISION**

IN RE:	:	CHAPTER 11
	:	
THE SEVEN GROUP	:	CASE NO. 16-51259 (JAM)
HOLDINGS, LLC	:	
	:	
Debtor	:	
	:	OCTOBER 23, 2017

**DEBTOR’S MOTION FOR ORDERS (1) AUTHORIZING AND APPROVING THE
SALE OF ASSETS, (2) AUTHORIZING THE SALE OF ASSETS FREE AND CLEAR
OF LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, AND (3) AUTHORIZING
DISBURSEMENT OF FUNDS PURSUANT TO CLOSING SETTLEMENT, AND (4)
GRANTING OTHER RELATED RELIEF, IN ACCORDANCE WITH THE
CONFIRMED PLAN**

The Seven Group Holdings, LLC, debtor and debtor-in-possession (the “Debtor”), respectfully moves this honorable Court to approve its motion (the “Motion”) (1) to sell real property of the estate other than in the ordinary course of business, (2) authorizing the sale free of liens, claims, interests and encumbrances, pursuant to the 11 U.S.C. § 363(f), (3) approving the disbursements of funds as set forth on the closing settlement statement, and (4) granting other related relief. In support hereof Debtor states the following:

INTRODUCTION AND BACKGROUND

1. On September 20, 2016, (the "Petition Date"), Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code (the “Code”).
2. The Debtor is continuing in possession of its property and is operating and managing its businesses as debtor-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

3. The Court has jurisdiction to entertain this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

4. No trustee or committee has been appointed in this case.

5. The Debtor purchases, rehabilitates, and sells real estate. As of the Petition Date, Debtor owned one property located at 440 Black Rock Turnpike, Redding, Connecticut (the “Property”).

6. On June 6, 2017, Debtor filed an Amended Notice of Intent to Sell (ECF No. 99) the Property in accordance with the purchase and sale agreement (the “Sale Agreement”) attached hereto as Exhibit A for the total sum of \$450,000 to Paola Benitez or her nominee (the “Buyer”).

7. On July 31, 2017 (ECF No. 127), the Court entered an order confirming the First Amended Plan of Reorganization (the “Confirmed Plan”) of Debtor.

8. Pursuant to the terms of the Confirmed Plan, Debtor seeks to consummate and sell the Property pursuant to the Sale Agreement on November 1, 2017 to Buyer.

9. As set forth below, despite marketing efforts, no further bidders or buyers for the Property were identified or located.

10. The proceeds from the sale will full pay all creditors in this case under the terms of the Confirmed Plan.

THE COURT SHOULD APPROVE THE SALE PURSUANT TO THE CONFIRMED PLAN FREE AND CLEAR OF LIENS, ENCUMBRANCES AND CLAIMS

11. Pursuant to 11 U.S.C. § 1107 and subject to certain limitations not applicable to the instant Motion, Debtor shall have the rights and powers, and shall perform the functions and duties, of a trustee under 11 U.S.C. § 363(b).

12. Pursuant to 11 U.S.C. § 363(b)(1), Debtor may sell property of the estate other than in the ordinary course of business free and clear of liens, claims, interests and encumbrances, which shall attach to the proceeds of sale to the same extent, priority and validity as existed upon the commencement of the above-captioned bankruptcy cases.

13. Debtor now seeks authority to sell the Property, pursuant to 11 U.S.C. § 363(b)(1), and distribute the proceeds of sale as hereinafter requested.

A. THE SALE AGREEMENT

14. Debtor procured the Sale Agreement annexed hereto as Exhibit A and made apart hereof. The following material information is contained in the Sale Agreement and/or has been agreed to as of this time:

- a. Purchaser: Paola Benitez (“Buyer”)
- b. Purchase Price: \$450,000.00. (“Sales Price”)
- c. Mortgage contingency date: September 29, 2017
- d. Closing Date: November 1, 2017

15. As of the Petition Date, the Property was subject to the following liens, interests, claims and encumbrances:

- a. Real Estate Taxes on the Grand List of October 1, 2015 due and payable July 1, 2016 and January 1, 2017 in the total amount of \$10,146.28;
- b. Sewer and water use and/or assessment charges as may be due and payable to the Water Pollution Control Authority of the Town of Redding;
- c. Fire District Taxes as may be due and payable to Redding Fire District #1;

d. Fire District Tax Lien on the Grand List of 2014 in the amount of \$272.26 dated June 30, 2016 and recorded July 6, 2016 in Volume 404 at Page 105 of the Redding Land Records;

e. Mortgage in favor of Joseph Spinelli and John Sorice in the original principal amount of \$320,000.00, dated April 24, 2015 and recorded April 30, 2015 in Volume 397 at Page 286 of the Redding Land Records.

B. Sale Proceeds and Closing Cash Flow

16. Debtor respectfully requests authority to distribute the proceeds from the sale of the Property as set forth on the draft closing settlement statement attached hereto as Exhibit B. The proceeds will be used to pay off all Allowed Claims, as set forth in the Confirmed Plan, including: administrative, priority, secured and unsecured claims. All closing costs, fees and other associated expenses shall be paid at the time of closing. All excess proceeds will be disbursed to Debtor.

C. Grounds for Relief

17. At this time, Debtor can sell its assets, in accordance with its Confirmed Plan, to satisfy its debts and complete its business purposes. This will enable all creditors to be paid and the Confirmed Plan to be fully consummated.

18. To achieve this, the Debtor seeks to sell the Property.

19. 11 U.S.C. § 363(b)(1) provides that the trustee (or, pursuant to 11 U.S.C. § 1107(a), the debtor-in-possession), after notice and a hearing, may use, sell, or lease property of the estate outside the ordinary course of business. Notwithstanding, pursuant to 11 U.S.C. § 363(c)(2), the debtor-in-possession needs court approval or consent of the secured party in order to use cash collateral.

20. 11 U.S.C. § 363(f) provides that property of the estate may be sold free and clear of any interest in such property (held by any entity other than the estate) if only one of five disjunctive requirements is met:

- a. Applicable non-bankruptcy law permits such a free-and-clear sale;
- b. The holder of the interest consents;
- c. The interest is a lien, and the price at which the property is to be sold is greater than the aggregate value of all liens on the property;
- d. The interest is in *bona fide* dispute;
- e. The holder of the interest could be compelled to accept money satisfaction of its interest in a legal or equitable proceeding.

21. In this Circuit, in order for the Court to authorize the non-ordinary-course sale of estate property under § 363(b)(1), the Court must find that there is “some articulated business justification, other than appeasement of major creditors, for using, selling or leasing property out of the ordinary course of business....” In other words, § 363(b)(1) requires that the Court “expressly find from the evidence presented before [it] at the hearing [that there is] a good business reason to grant” the requested authority. *Cmt’ee of Equity Security Holders v. the Lionel Corp. (In re the Lionel Corp.)*, 722 F.2d 1063, 1070-1071 (2d. Cir. 1983) (hereafter “*Lionel*”).

22. The standard articulated in *Lionel* provides the Court with great flexibility and “substantial freedom to tailor [its] orders to meet differing circumstances.” *Id.* at 1069; *see also Kryz v. Farnum Place, LLC (In re Fairfield Sentry, Ltd.)*, 768 F.3d 239, 246-247 (2d. Cir. 2014) (noting that the Bankruptcy Court “must have “broad discretion and flexibility to enhance the value of the estates before it” and that the Court’s “principal responsibility” is to secure the “best possible bid” (that is, the highest price or recovery) for the benefit of creditors) (internal cites and quotes omitted).

23. Additionally, while the ultimate determination lies with the discretion of the Court upon an evaluation of the peculiar circumstances of the case, the business-judgment test is often satisfied if the debtor's principals "acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company." Thus, the Court "should not generally interfere with business decisions absent a showing of bad faith, self-interest, or gross-negligence." *In re Borders Group, Inc.*, 453 B.R. 477, 482 (Bankr. S.D.N.Y. 2011) (hereafter "*Borders*") (internal quotes omitted).

24. In *Lionel*, the Second Circuit articulated several non-exclusive factors that the Court should consider in reaching its decision. *Lionel*, 722 F.2d at 1071. In this matter, the most salient of these factors are:

- a. The time that has elapsed since the filing of the bankruptcy petition.
- b. The likelihood that a plan of reorganization will be proposed and confirmed in the near future.
- c. The impact of the proposed sale on the future plans for reorganization.
- d. Whether the asset to be sold is increasing or decreasing in value.

25. The *Lionel* court noted that the factor relating to whether the asset to be sold is depreciating in value is perhaps the most important factor. *Lionel*, 722 F.2d at 1071.

26. Here, the benefit of the sale is manifest. It permits the Debtor to complete the sale of the Property to pay off its creditors in full and reorganize. Thus, Debtor submits that good cause exists to permit the Property to be sold free and clear of liens, pursuant to 11 U.S.C. § 363(f).

27. As courts have noted, the elements of § 363(f) are disjunctive, not cumulative. Thus, only one of the five elements need be satisfied in order to permit a sale free and clear under that provision. *In re Elliot*, 94 B.R. 343, 345 (E.D. Pa. 1988) (noting that § 363(f) "is written in the

disjunctive, not the conjunctive. Therefore, if any of the five conditions of § 363(f) are met, the [debtor-in-possession] has the authority to conduct the sale free and clear of all liens.”)

28. Section 363(f)(1) permits a free-and-clear sale if applicable non-bankruptcy law permits the subject property to be sold free and clear of the interest at issue.

29. As set forth in the Confirmed Plan, the Buyer expects to receive the Property free and clear of all claims, liens and encumbrances. Permitting the sale to proceed free and clear of liens and encumbrances will achieve the purpose of the Confirmed Plan.

30. Accordingly, there is justification under 11 U.S.C. § 363(f)(1) for permitting the Debtor to sell its assets free and clear of any liens or other encumbrances.

31. Additionally, in light of the urgency of the Debtor’s need to sell its inventory, the Debtor requests that the Court’s order authorizing the sale of its inventory be effective immediately, without regard to the 14-day stay otherwise provided for under Fed. R. Bankr. P. 6004(h).

NOTICE

32. Notice of this Motion will be served by overnight mail, email, or other expedited means as may be so ordered in the Motion to Expedite Hearing, filed concurrently herewith on all creditors and parties-in-interest who have appeared in this matter.

WHEREFORE, Debtor respectfully requests that the Court issue an order pursuant to 11 U.S.C. § 363(b)(1) and (f) authorizing the sale of the above-described Property of the estate other than in the ordinary course of business, free and clear of liens, claims, interests and encumbrances which shall attach to the proceeds thereof, upon the terms and conditions set forth above, and grant such other and further relief as to the Court may seem just and proper.

THE DEBTOR:
THE SEVEN GROUP HOLDINGS LLC

By: /s/ Jeffrey M. Sklarz
Jeffrey M. Sklarz (ct20938)
Lauren McNair (ct30167)
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700 State Street, Suite 100
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EXHIBIT A

PURCHASE AND SALE AGREEMENT

Pursuant to Section 363 of Title 11 of the United States Code

AGREEMENT made as of the ____ day of May, 2017 by and between **THE SEVEN GROUP HOLDINGS LLC**, c/o M&M RA Services, LLC, 3001 Southwest Third Avenue, Miami, Florida 33129 ("**SELLER**"), and **PAOLA A. BENITEZ of 4 Roe Street, Melville, New York 11747** ("**BUYER**").

WITNESSETH:

1. **PROPERTY.** SUBJECT TO THE "363 Sale Rider" attached hereto and made an integral part hereof, the SELLER, in consideration of the purchase price hereinafter specified, hereby agrees to sell and convey, and the BUYER hereby agrees to purchase the real property commonly known as **440 Blackrock Turnpike, Redding, Connecticut 06896** and specifically described in Schedule A attached hereto (the "Premises") subject to the encumbrances and exceptions to title set forth or referred to in paragraph 6(e) and Schedule A (legal description and exceptions, if any) attached hereto.

2. **CONSIDERATION.** The purchase price is FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$450,000.00) which the BUYER agrees to pay as follows:

(a) As the deposit before or upon the signing of this Agreement, receipt of which is hereby acknowledged, subject to collection; \$ 5,000.000

(b) Upon the delivery of the deed, by certified check or official bank check drawn on a bank which is a member of the New York Clearing House, or wire transfer the proceeds of which are immediately available to SELLER (this amount may vary depending on adjustments pursuant to this Agreement); \$445,000.00

TOTAL \$ 450,000.00

Any deposit made hereunder shall be paid to the SELLER's attorney who shall hold the same in escrow subject to the terms and conditions hereof and release same to SELLER at the time of closing or to the party entitled thereto upon sooner termination of this Agreement. Any other deposits held by other parties shall immediately be forwarded to SELLER's attorney to be held under the same conditions. Prior to any release of the funds to either party for any reason other than a closing, SELLER's attorney shall provide not less than seven (7) days notice to both parties. If there is a dispute as to the deposit the SELLER's attorney may pay the deposit into court by interpleader or other appropriate action whereupon the SELLER's attorney shall be relieved of all further obligation.

Mortgage company checks or similar holding company checks, unless certified, DO NOT represent immediate funds and will not be accepted at the time of closing. Trustee checks are NOT satisfactory funds for any payment required by this Agreement at the time of closing. In the event SELLER or his attorney accepts BUYER's attorney's trustee check in lieu of other funds, BUYER agrees that no stop payment order or direction will be issued with respect to such check(s). This provision shall survive the closing.

BUYER'S attorney shall tender to SELLER separate cashier's check(s), bank treasurer certified check(s) or wire transfer(s), at SELLER'S discretion, for payoff of SELLER'S mortgage obligation(s), if any, in accordance with established closing customs; the balance of funds due to be paid at closing in accordance with Paragraph 2(b) of the Agreement.

3. **DEED.** The SELLER, on receiving the total purchase price, shall, at the SELLER's cost and expense, execute, acknowledge, and deliver to the BUYER, or BUYER's permitted assigns, the usual Connecticut full covenant Warranty Deed (or appropriate Fiduciary's Deed) in proper form, to convey to the BUYER, or BUYER's permitted assigns, the fee simple of the Premises, free of all encumbrances except as aforesaid. The SELLER shall thereupon pay all real estate conveyance taxes and shall complete and deliver to the BUYER the conveyance tax forms.

4. **CLOSING.** The deed shall be delivered at the offices of the SELLER's attorney, provided said office is in Fairfield County Connecticut, or at such place in Fairfield County, Connecticut, as may be designated by the BUYER's lending institution on **September 29, 2017** or such earlier date as the parties may agree and/or the United States Bankruptcy Court for the District of Connecticut may so order.

5. **FIXTURES.** (a) Included in this sale, for the aforesaid purchase price, are the following items, all of which items the SELLER represents are owned by SELLER, not leased, and free from security interests, liens, and other encumbrances, insofar as any of them are now located on the Premises, in their present "AS IS" condition, normal wear and tear excepted: heating, cooling, electrical and plumbing systems and fixtures, electric light fixtures, stove, storm windows and doors, screens and screen doors, window shades, venetian blinds, curtain rods, awnings, exterior television antennae, weathervanes, mail box(es), all pool equipment, garage door openers with remotes, and existing plants and shrubbery, together with: _____.

(b) Included in the sale are fixtures which are defined as personal property that have become so attached to the real property that they are not readily removable having become fixed, e.g. by nail, screw, bolt, glue, etc.

(c) Specifically **excluded** from the sale are: _____

(d) If any fixtures are leased, the leased item, and corresponding name and contact information of the lessor is as follows: _____

6. **TITLE.** (a) If, upon the date for the delivery of the deed as hereinafter provided, the SELLER shall be unable to deliver or cause to be delivered a deed or deeds conveying a good and marketable title to the Premises, subject only to the items set forth in Schedule A and Paragraph 6(e) hereof, then the SELLER shall be allowed a reasonable postponement of closing not to exceed thirty (30) days, or such shorter time as may be within the term of the BUYER's mortgage commitment, within which to perfect title. If at the end of said time the SELLER is still unable to deliver or cause to be delivered a deed or deeds conveying a good and marketable title to said Premises, subject as aforesaid, then the BUYER may elect to accept such title as the SELLER can convey, without modification of the purchase price, or may reject such title. Upon such rejection, all sums paid on account hereof, together with any expenses actually incurred by the BUYER, which expenses, however, shall be limited in the aggregate so as not to exceed the gross premium cost of fee title insurance based on the amount of the purchase price, for attorneys' fees, nonrefundable fees of lending institutions, survey costs and inspection fee, shall be paid to the BUYER without interest thereon. Upon receipt of such payment, this Agreement shall terminate and the parties hereto shall be released and discharged from all further claims and obligations hereunder.

(b) The title herein required to be furnished by the SELLER shall be marketable, subject only to the items set forth in Schedule A and Paragraph 6(e) hereof, and the marketability thereof shall be determined in accordance with the Standards of Title of the Connecticut Bar Association now in force. Any and all defects in or encumbrances against the title, which come within the scope of said Title Standards, shall not constitute valid objections on the part of the BUYER, if such Standards do not so provide, and provided the SELLER furnishes any affidavits or other instruments which may be required by the applicable Standards, and further provided title will be insurable at standard premiums by a title insurance company licensed in the State of Connecticut.

(c) NO VIOLATIONS: The SELLER represents that the Premises and the present use thereof are not in violation of any governmental rules, codes, permits, regulations or limitations, unless same have become legally nonconforming, and there are no violations of any restrictive covenant, agreement or condition subject to which title to the Premises is to be conveyed in accordance with the terms hereof. Between the date of this Agreement and the date of closing the SELLER will not do anything or allow anything to be done on or about the Premises which will result in any such violation. The SELLER represents that SELLER has not received any notice of zoning or building violations and that there has been no attempt to enforce same against the SELLER during the time in which the SELLER has owned the Premises. SELLER represents that SELLER has no knowledge of any special assessments levied or to be levied against the Premises, which are not yet a lien on the Premises and has no knowledge of any existing improvements or work done on the Premises which may result in special taxes or assessments to be paid thereon.

(d) RELEASE OF MORTGAGES: Notwithstanding anything to the contrary contained in this Agreement or any riders attached hereto, in the event SELLER'S title is encumbered by mortgage lien(s) for which SELLER'S attorney is unable to deliver release(s) of mortgage(s) at closing, the parties shall close the transaction, provided that the following procedure is followed with respect to each mortgage lien: (a) the SELLER'S attorney shall provide to the BUYER'S attorney the following documents at the time of closing: SELLER'S indemnification letter in the form provided by established closing customs, copy of mortgage payoff statement provided by the mortgagee, mortgage payoff transmittal letter issued by the SELLER'S attorney in the form provided by the Greater Bridgeport Bar Association Closing Customs, and a copy of the overnight airbill for transmittal; (b) the SELLER'S attorney, upon receiving the release of mortgage from the mortgagee, shall send it, with payment for the recording fee, to the BUYER'S attorney who shall then record the release of mortgage; (c) if SELLER has not obtained such release within sixty (60) days after closing, the SELLER'S attorney and BUYER'S attorney shall take all necessary steps towards compliance with the Section 49-8a of the Connecticut General Statutes for the purpose of filing a statutory affidavit in lieu of release of mortgage should such filing become necessary; (d) with respect to an equity line of credit, in addition to the aforesaid requirements, the SELLER'S attorney shall notify the lender to terminate all future borrowing rights as the time at which the payoff statement is requested, a copy of this notification shall be provided to BUYER at closing; (e) in the event BUYER'S title insurance company will not issue a fee policy at no additional premium taking no exception for said mortgage or mortgages, or which provides affirmative coverage against loss or damage by reason of said unreleased mortgage or mortgages, BUYER shall not be obligated to proceed to closing; and (f) the provisions of this paragraph 6(d) shall survive the closing.

(e) EXCEPTIONS TO TITLE: The Premises will be conveyed to and accepted by the BUYER subject to:

(i) Any and all zoning and/or building restrictions, limitations, regulations, ordinances, and/or laws; any and all building lines; and all other restrictions, limitations, regulations, ordinances and/or laws imposed by any governmental authority and any and all other provisions of any governmental restrictions, limitations, regulations, ordinances and/or public laws, provided the Premises are not in violation of same at the time of closing.

(ii) Real Property Taxes on the Current Grand List and any and all existing tax payments, municipal liens and assessments, coming due on or after the date of closing; the BUYER shall by acceptance of the deed assume and agree to pay, any and all such tax payments, liens and assessments which may on or after the date hereof be assessed, levied against or become a lien on the Premises.

(iii) Any state of facts which a survey and/or physical inspection of the Premises might reveal, provided same do not render title unmarketable (such exception is for purposes of this Agreement only and shall not be included in the deed, unless it was in the deed which SELLER received upon purchasing the property).

(iv) Common law, riparian or littoral rights of others and/or other rights, if any, in and to any natural watercourse or body of water flowing through or adjoining the Premises, and all statutory and other rights of others in and to any such watercourse or body of water.

(v) Unless otherwise specifically agreed between the parties in writing, any municipal assessment and/or lien other than taxes shall be paid on a current basis by the SELLER and the balance assumed by the BUYER at closing.

(vi) Such encumbrances as shown on Schedule A, if any.

7. **THIS AGREEMENT IS NOT SUBJECT TO ANY INSPECTION CONTINGENCIES.** The BUYER agrees that he has inspected said Premises, is satisfied with the physical condition thereof and agrees to accept at closing the Premises on an "as is" basis, reasonable wear and tear excepted, subject to the provisions of Paragraph 10 hereof. Neither SELLER nor SELLER's agents have made any representations or warranties as to said Premises on which BUYER has relied other than as expressly set forth in this Agreement.

8. **BROKER(S).** There are no brokers to this Agreement. Notwithstanding the foregoing, subject to further order of the United States Bankruptcy Court for the District of Connecticut and as otherwise set forth in the Disclosure Statement a broker may be due a commission.

9. **APPORTIONMENT.** Real estate taxes, fire district taxes, sewer taxes, sewer assessments and sewer use charges or other municipal assessments, water charges, rents, service contracts, dues and ordinary assessments of private associations, and common charges, if any, shall be apportioned over the fiscal period for which levied. BUYER shall reimburse SELLER at closing for any fuel remaining on the Premises at then market rates. All adjustments shall be apportioned in accordance with the custom of the Bar Association of the community where the Premises are located. Condominium special assessments due and payable prior to the date set forth in Paragraph 4 of this Agreement shall be SELLER's responsibility. Any errors or omissions in computing apportionment or other adjustments at closing shall be corrected within a reasonable time following the closing. The preceding sentence shall survive the closing.

10. **RISK OF LOSS.** The risk of loss or damage by fire or other casualty to the buildings on the Premises until the time of the delivery of the deed is assumed by the SELLER. Throughout the period between the date of this Agreement and the delivery of deed, SELLER shall continue to carry his existing fire and extended coverage insurance on the buildings on the Premises. In the event that such loss or damage does occur prior to the delivery of the deed, the SELLER shall immediately notify Buyer and shall be allowed a reasonable time thereafter, not to exceed thirty (30) days from such loss or damage or such shorter time as may be within the term of BUYER's mortgage commitment, within which to repair or replace such loss or damage to the Buyer's reasonable satisfaction. In the event the SELLER does not repair or replace such loss or damage within said time, the BUYER shall have the option:

(a) Of terminating this Agreement, in which event all sums paid on account hereof, together with any expenses actually incurred by the BUYER for attorneys' fees, nonrefundable fees of lending institutions, survey costs and inspection fees (in the aggregate not to exceed the cost of fee title insurance based on the amount of the purchase price), shall be paid to the BUYER without interest thereon. Upon receipt of such payment, further claims and obligations between the parties hereto, by reason of this Agreement, shall be released and discharged; or

(b) Of accepting a deed conveying the Premises in accordance with all the other provisions of this Agreement upon payment of the aforesaid purchase price and of receiving the benefit of all insurance moneys recovered or to be recovered on account of such loss or damage, to the extent they are attributable to loss or damage to any property included in this sale, less the amount of any moneys actually expended by the SELLER on said repairs.

The SELLER shall not be responsible for loss or damage to trees or other plantings due to natural causes.

11. **AFFIDAVITS.** The SELLER agrees to execute, at the time of closing of title, an affidavit, (a) verifying the non-existence of mechanics' and materialmen's lien rights, (b) verifying the non-existence of any tenants' rights, other than as set forth herein, (c) verifying the non-existence of any security interests in personal property and fixtures being sold with the Premises, (d) updating to the extent of SELLER's knowledge, any available survey, and (e) affirming that SELLER is not a "foreign person" pursuant to Internal Revenue Code Section 1445; together with any other affidavit reasonably requested by the BUYER's lender or title company as to facts within SELLER's knowledge.

12. **MAINTENANCE.** The grounds shall be maintained by the SELLER between the date of BUYER's signing hereof and the closing of title, including the mowing of lawns, the raking of fallen leaves, the removal of fallen trees and large branches (except in uncultivated areas), and the removal of snow and ice from walks and driveways. In the event there is a pool that has been opened prior to the closing, SELLER shall continue to perform normal maintenance of same.

13. **DELIVERY OF PREMISES.** The SELLER agrees to deliver, simultaneously with the closing of title, exclusive possession of the Premises (except as may be otherwise provided herein), broom-clean, free of all debris, litter and furnishings and shall deliver all keys in SELLER's possession to the BUYER. BUYER shall have the right to make a final inspection of the Premises prior to the closing of title.

14. **LIABILITY FOR DELAYED CLOSING.** In the event of a delay in closing as set forth herein, other than as provided for under the provisions of this Agreement, through no fault of the SELLER, beyond five (5) business days, then the BUYER will reimburse the SELLER from the sixth (6th) business day to the day of actual closing of title for the SELLER's carrying costs of said property, including taxes, mortgage interest, utilities and per diem interest on SELLER's equity in the Premises, which amount shall be calculated at the rate of 1/30th of 1% of the purchase price for each day of delay up to the actual date of closing. Further, in the event of a delay in the closing by more than five (5) business days, through no fault of the BUYER, SELLER shall reimburse the BUYER for carrying costs for temporary housing, temporary storage of personal property, living expenses and other miscellaneous expenses at the same per diem rate of 1/30th of 1% of the purchase price for each day of delay from the sixth (6th) business day to the day of actual closing up to the actual date of closing. [For example, the per diem cost of a \$450,000 transaction would be \$150 per day.]

15. **DEFAULT.** If BUYER is in default hereunder, or, on or before the date of closing as set forth herein, indicates that BUYER is unable or unwilling to perform and SELLER stands ready to perform SELLER's obligations, SELLER's sole remedy shall be the right to terminate this Agreement by written notice to BUYER or BUYER's attorney and retain the down payment as reasonable liquidated damages for BUYER's inability or unwillingness to perform. It is the intention of the parties hereto freely to make advance provision on the date of this Agreement for such event in order (a) to avoid controversy, delay and expense, and (b) to specify now a reasonable amount agreeable to both for compensation to the SELLER for losses which may not be readily ascertainable or quantifiable, such as any of the following which might be necessary to place SELLER in the position SELLER would have been in had BUYER made timely performance: costs of carrying, maintaining, insuring and protecting the property; loss of interest income on the proceeds; loss of optimum market time, value and conditions; the uncertainty, delay, expense and inconvenience of finding a substitute buyer; additional commissions, fees, taxes and borrowing expenses to meet obligations entered into in anticipation of performance. In such event and upon SELLER's written notice of termination, the Premises shall be free of any claims or interest of the BUYER therein by virtue of this Agreement. If SELLER defaults hereunder, BUYER shall have such remedies as BUYER shall be entitled to at law or in equity, including, but not limited to, specific performance. However, failure to comply by the SELLER as a result of encumbrances or defects in title shall be governed by the provisions of Paragraph 6 of this Agreement and failure to comply as a result of risk of loss shall be governed by Paragraph 10 of this Agreement.

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The foregoing notwithstanding, a delay in the closing occasioned by the SELLER, which results in either the loss of the BUYER'S mortgage commitment or an adverse change in the terms of such commitment shall entitle BUYER to rescind this Agreement and the SELLER shall forthwith refund all sums heretofore paid by the BUYER on account of the purchase price, whereupon all rights and liabilities of the parties hereto by reason of this Agreement shall terminate.

In no event shall the closing, or any extension thereof, take place later than four (4) weeks from the date of closing set forth in Paragraph 4 hereof, subject to the provisions of Paragraphs 6 and 11 of this Agreement. In the event closing has not taken place by the end of said four (4) week period, through no fault of the non-delaying party, the delaying party shall be deemed in default.

16. **MORTGAGE CONTINGENCY.** This Agreement is contingent upon BUYER obtaining an unconditional written commitment for a loan, which commitment shall be subject only to such acts as shall be within Buyer's reasonable ability to perform, to be secured by a mortgage(s) on the Premises, in the amount of **\$434,250.00** from a lending institution or licensed mortgage broker, which loan(s) shall be for a term of not more than 30 years and shall bear interest at rate(s) then in effect at the institution where application is made and shall include such other terms and conditions as are imposed by such institution at the time BUYER makes such application(s). BUYER agrees to make prompt application(s) for such a loan(s) and to pursue said application(s) with diligence. If having done so, BUYER is unable to obtain such unconditional written commitment for such a loan on or before June 30, 2017 and if BUYER so notifies SELLER or SELLER's attorney, Jeffrey Sklarz, Esq., of Green & Sklarz LLC, 700 State Street, Suite 100, New Haven, Connecticut 06511, in writing, at or before 5:00 p.m., on said date, then this Agreement shall be null and void and the BUYER shall be entitled to the immediate return by SELLER of all sums paid by the BUYER on account of this Agreement except for the sum of Three Hundred Fifty (\$350.00) Dollars towards the cost of preparation of this Agreement. If SELLER or SELLER's attorney does not receive such written notice at or before 5:00 p.m. on said date, this Agreement shall remain in full force and effect. A denial of BUYER's mortgage application based upon the BUYER's inability to sell other real estate or another home, or a written commitment conditioned on the sale of other real estate or another home, shall NOT be deemed a denial of such mortgage application under this paragraph. In either of such events the BUYER shall not be entitled to terminate this Agreement nor be entitled to the return of any sums paid by the BUYER on account of this Agreement. Should the BUYER fail to comply with the foregoing requirements, this Agreement shall continue in full force and effect, and the rights and obligations of the parties shall be as if this paragraph did not appear in this Agreement.

17. **PROPERTY CONDITION DISCLOSURE FORM.** Attached hereto as a Rider is the Property Condition Disclosure Form required by Section 20-327b of the Connecticut General Statutes. In the event the SELLER has not furnished BUYER with the Property Disclosure Form, as required by Section 20-327b of the Connecticut General Statutes, with or prior to the BUYER's execution of this Agreement, the SELLER shall give and the BUYER shall receive a credit of \$300.00 against the purchase price at closing.

18. **LEAD-BASED PAINT.** By signing this contract, BUYER acknowledges that the lead paint contingency granted pursuant to 42 USC 4852d as set forth in the Lead Paint Disclosure report attached to this Agreement has been waived or has been satisfied, and that the BUYER has no further testing period for lead paint.

19. **KNOWLEDGE OF HEARINGS.** The SELLER represents that SELLER has neither knowledge nor notice of any pending public agency (including but not limited to Planning, Zoning, Inland Wetlands, etc.) hearings or appeals therefrom affecting the Premises or any abutting property and will promptly notify the BUYER if the SELLER receives notice or learns of any such hearings after the signing of this Agreement and prior to closing. If the purpose of such hearing would have an adverse effect on the property and/or BUYER's use and enjoyment thereof, either party can either: 1). Cancel this agreement; 2). Postpone closing date until after said hearing to determine if the requested use(s) or change(s) has/have been granted; or 3). Proceed to closing pursuant to the terms contained herein.

20. **DELIVERY OF DOCUMENTS.** The SELLER shall deliver to the BUYER prior to closing any documents, informational materials, building plans and any surveys in the SELLER's possession pertaining to the Premises, the appliances and the systems on the Premises.

21. **NOTICES.** All notices under this Agreement shall be in writing and shall be delivered personally and receipted or shall be sent by facsimile transmission or registered or certified mail or by overnight courier, addressed to the attorney for the respective party. Notice signed by the respective attorneys shall be deemed sufficient within the meaning of this paragraph without the signature of the parties themselves.

Notices to the SELLER shall be sent to:

Notices to the BUYER shall be sent to:

22. **RIGHT TO WITHDRAW.** This Agreement shall not be considered or construed as an offer by the SELLER. The SELLER reserves the right to withdraw this proposed Agreement at any time prior to the signature by both parties hereto, receipt by the SELLER's attorney of the full payment of the deposit set forth herein, and delivery of a fully executed Agreement to the BUYER's Attorney.

23. **ASSIGNMENT.** This Agreement and BUYER'S rights hereunder may not be assigned by BUYER without the written consent of SELLER, and any purported assignment without such written consent shall be void and of no effect. Consent of the SELLER to assignment shall not unreasonably be withheld or delayed. Upon any effective assignment of BUYER's rights hereunder, BUYER and BUYER's assignee shall be jointly and severally liable hereunder, unless otherwise agreed by SELLER.

24. **IRS REPORTING COMPLIANCE.** Unless otherwise required by law or as set forth in a separate designation agreement, BUYER shall cause BUYER's attorney to comply with any reporting requirements of the Internal Revenue Service as to this transaction. The provisions of this paragraph shall survive the closing.

25. **ACCEPTANCE OF DEED.** The delivery and acceptance of the deed herein described shall be deemed to constitute full compliance with all the terms, conditions, covenants and representations contained herein, or made in connection with this transaction, except as may herein be expressly provided and except for the warranties of title.

26. **REPRESENTATIONS.** Unless otherwise specified in writing to the contrary, none of the representations made in this Agreement or any addenda attached hereto shall survive delivery of the deed and all representations by SELLER are made to the best of SELLER's knowledge and belief.

27. **EFFECT.** This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors, and permitted assigns of the respective parties.

28. **COSTS OF ENFORCEMENT.** Except as otherwise expressly provided herein, in the event of any litigation brought to enforce any material provision of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and court costs from the other party.

29. **GENDER.** In all references herein to any parties, persons, entities or corporations, the use of any particular gender or the plural or singular number is intended to include the appropriate gender or number as the text of the within Agreement may require.

30. **COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and all of which when taken together shall constitute one and the same Agreement; and said counterparts shall be delivered personally and receipted or shall be sent by facsimile transmission or registered or certified mail or by overnight courier, addressed to the attorney for the respective party.

31. **ENTIRE AGREEMENT.** All prior understandings, agreements, representations and warranties, oral and written, between Seller and Purchaser are merged in this Agreement. This Agreement completely expresses the agreement of the parties, and has been entered into by the parties after discussion with their respective attorneys and after full investigation, neither party relying upon any statement made by anyone else that is not set forth in this Agreement. Neither this Agreement nor any provision hereof may be waived, changed or cancelled except by a written instrument signed by both parties.

32. **CAPTIONS.** The captions preceding the paragraphs in this Agreement are for ease of reference only and shall be deemed to have no effect whatsoever on the meaning or construction of the provisions of this Agreement.

33. **SEVERABILITY.** The invalidity or unenforceability of any one or more provisions of this Agreement shall not render the remaining terms and provisions invalid or unenforceable.

34. **NO FURTHER ENCUMBRANCE.** SELLER agrees that he will not further encumber the premises and that he will notify the Buyer immediately of any matters including, but not in limitation of, attachments, liens and any notice zoning matters which may affect the premises during the pendency of this agreement.

35. **RECORD OWNER.** SELLER is record owner in fee simple of the premises being conveyed herein.


[Signature Page Follows]

IN WITNESS WHEREOF, the parties to these presents have hereunto set their hands and seals, the day first above written.

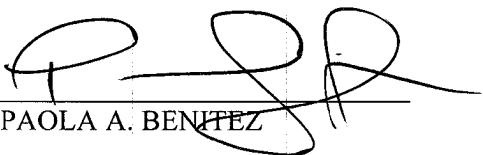
In the Presence of:

SELLER

THE SEVEN GROUP HOLDINGS LLC

By: 
Name: Julian Cruz
Title: Member

BUYER


PAOLA A. BENITEZ

Title to said Premises is to be taken in the name or names of: PAOLA A. BENITEZ.

ATTACHMENTS (all of which are incorporated herein and made an integral part of this Agreement):

SCHEDULE A

- Description of Premises
- Exceptions to Title

363 SALE RIDER

PROPERTY CONDITION DISCLOSURE FORM

SCHEDULE A
DESCRIPTION

All that certain piece, parcel or tract of the Town of Redding, County of Fairfield and State of Connecticut, containing one (1) acres, more or less, and bounded and described as follows:

Commencing at a point on the easterly apparent street line of Black Rock Turnpike 171.45 feet southerly of a Connecticut Highway Department monument, which monument is 80 feet, more or less, southerly of the point marking the intersection of land now or formerly of The Bridgeport Hydraulic Company and land now or formerly of Herbert Papock and Helene Papock; running thence North 70° East 169.25 feet and North 80° East 193.75 feet along land now or formerly of Herbert Papock and Helene Papock; running thence South 19° 38' East 120 feet along land now or formerly of Herbert Papock and Helene Papock to a point; running thence South 80° West 203.04 feet and South 70° West 157.99 feet along land now or formerly of Herbert Papock and Helene Papock to the easterly side of Black Rock Turnpike; running thence North 19° 38' West 120 feet along the easterly side of Black Rock Turnpike to the point or place of beginning.**

** TOGETHER with all right, title and interest of the Grantor in and to a certain one foot strip of land abutting aforesaid premises along the southerly boundary thereof and more particularly described in a certain Warranty Deed from Louis A. Forsell and Iris I. Forsell to Helen Papock recorded in Volume 52 at Page 203 of the Redding Land Records.

EXCEPTIONS TO TITLE

Note: Restrictions indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin are hereby deleted to the extent such as covenants, conditions or restrictions violate 42 USC 3604 (c).

1. Rights of tenants and parties in possession, if any.
2. Any state of facts which an accurate survey or personal inspection of the premises would disclose.
3. Limitations of use imposed by governmental authority, including Planning and Zoning rules and regulations.
4. Any lien, or right to lien, for services, labor or materials previously or hereafter furnished, imposed by law and not shown by the public records.
5. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public record or attaching subsequent to the effective date hereof.

NOTE: ALL INFORMATION REGARDING TAXES AND SPECIAL ASSESSMENTS IS PROVIDED **FOR INFORMATIONAL PURPOSES ONLY**, SINCE DIRECT ACCESS TO THE TAX COLLECTOR'S RECORDS IS UNAVAILABLE AND RELIANCE MUST BE MADE UPON INFORMATION PROVIDED BY OTHERS. IT IS RECOMMENDED THAT THE AMOUNT AND STATUS OF PAYMENT OF ALL TAXES AND SPECIAL ASSESSMENTS BE RECONFIRMED WITH THE TAX COLLECTOR'S OFFICE AND/OR RECEIPTED COPIES OF TAX BILLS BE PROVIDED.

6. Real Estate Taxes on the Grand List of October 1, 2015 due and payable July 1, 2016 and January 1, 2017 in the total amount of \$10,146.28. First half unpaid and delinquent. Assessment: \$347,000.00 Map: 8 Block: -- Lot: 39 List No: 00115100.
7. Sewer and water use and/or assessment charges as may be due and payable to the Water Pollution Control Authority of the Town of Redding.
8. Fire District Taxes as may be due and payable to Redding Fire District #1.
9. Fire District Tax Lien on the Grand List of 2014 in the amount of \$272.26 dated June 30, 2016 and recorded July 6, 2016 in Volume 404 at Page 105 of the Redding Land Records.
10. Mortgage from The Seven Group Holdings LLC to Joseph Spinelli and John Sorice in the original principal amount of \$320,000.00, dated April 24, 2015 and recorded April 30, 2015 in Volume 397 at Page 286 of the Redding Land Records.

EXCEPTIONS TO TITLE

11. Lis Pendens in favor of Joseph Spinelli and John Sorice dated May 10, 2016 and recorded in Volume 403 at Page 164 of the Redding Land Records.
12. Variance recorded May 31, 1993 in Volume 175 at Page 938 of the Redding Land Records.
13. Rights of upper and lower riparians in the stream crossing said premises.

NOTE: This office was advised by another entity that a lien was filed on October 21, 2014 and recorded in Volume 394 at Page 935 against an individual by the name of Rolando Roldan who never held a record interest in the premises. The lien recites the property address for the subject premises however is not found in the chain of title. Our determination is that it is of no effect as to the property. See copies attached.

END OF EXCEPTIONS

SECTION 363 SALE RIDER

The sale of the Premises shall be effectuated pursuant to a sale Seller's assets in accordance with Section 363 of Title 11 of the United States Code (the "Bankruptcy Code") ("Section 363 Sale"). The Property shall be subject to a marketing period of not more than ninety (90) days, and sold to the purchaser presenting the "highest and best offer," as determined by the Bankruptcy Court. In the event Buyer's bid is determined not to be the "highest and best," the Real Estate Purchase and Sale Agreement shall be deemed terminated and any deposits previously paid by Buyer shall be returned by Seller within five (5) days. For the avoidance of doubt, bid protections and break-up fees will not be afforded any prospective purchaser of the Property.

Further terms of the Section 363 Sale are set forth in the Disclosure Statement provided to Buyer by Seller.

EXHIBIT B

GREEN & SKLARZ LLC

SELLER: THE SEVEN GROUP HOLDINGS, LLC
BUYER: PAOLA BENITEZ
PROPERTY: 440 BLACK ROCK TURNPIKE, REDDING, CONNECTICUT
DATE: August 31, 2017

***PRELIMINARY ESTIMATED CLOSING STATEMENT
ADJUSTMENTS***

PURCHASE PRICE:	\$	450,000.00
Less:		
Deposit	\$	(5,000.00)
	\$	445,000.00
Plus		
Real Estate Tax Adjustment from 11/1 to 12/31 61 days @ \$28.159/day	\$	<u>1,717.70</u>
Closing Funds Due from Buyer	\$	446,717.70

SELLER'S ADJUSTEMENTS

Cash to Balance from Buyers		\$	446,717.70
Plus	Deposit		5,000.00
		\$	<u>451,717.70</u>
Less:			
	GREEN & SKLARZ, LLC		
	Attorney's Fee	\$	39,500.00
	Joseph Spinelli and John Sorice		
	Payoff of First Mortgage to 9-15-2017 <i>(Estimate)</i>	\$	263,784.24
	General Unsecured Creditors	\$	942.63
	Commissioner of Revenue Services		
	Connecticut State Conveyance Tax <i>(Exempt)</i>		
	Redding Town Clerk		
	Town Conveyance Tax <i>(Exempt)</i>		
	Recording Fee - Release of Mortgage	\$	53.00
	Redding Tax Collector <i>(Estimate)</i>		
	2015 Grand List (Unpaid Taxes)	\$	12,124.80
	2016 Grand List (First Half Taxes)	\$	5,216.15
	2014 Fire District Tax (Unpaid)	\$	404.34
	2015 Fire District Tax (Unpaid)	\$	372.77
	2016 Fire District Tax	\$	295.64
	Federal Express		
	Express Mail Charges	\$	36.75
NET PROCEEDS DUE SELLER AT CLOSING		\$	<u>322,730.32</u>
		\$	<u>128,987.38</u>
