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7
8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION**

10 In re

11 ST. LUKE BAPTIST CHURCH, dba ST. LUKE
HOLY BAPTIST CHURCH,

12 Debtor and Debtor-in-Possession.

Case No. 2:16-bk-15570-RK

Chapter 11

**AMENDED MOTION FOR ORDER (1)
AUTHORIZING THE SALE OF THE
ESTATE'S INTERESTS IN REAL
PROPERTY LOCATED AT 3420 DENVER
AVENUE, LONG BEACH, CA 90810 FREE
AND CLEAR OF ALL CLAIMS, LIENS,
AND INTERESTS PURSUANT TO 11
U.S.C. § 363; AND (2) AUTHORIZING THE
DISTRIBUTION OF PROCEEDS FROM
THE SALE; DECLARATIONS OF E.M.
WILLIAMS AND VANESSA M.
HABERBUSH IN SUPPORT**

Hearing Date

Date: October 4, 2016

Time: 3:00 p.m.

Ctrm: 1675

255 E. Temple Street
Los Angeles, CA 90012

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1 *Corp.*, 242 B.R. 147 (D. Del. 1999). 17

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MOTION

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2 St. Luke Baptist Church, dba St. Luke Holy Baptist Church, Debtor and Debtor-in-Possession
3 herein (hereinafter referred to as “Debtor” and/or “Movant”), hereby moves this Court for an Order (1)
4 Authorizing the Sale of the Estate’s Interests in Real Property Located at 3420 Denver Avenue, Long
5 Beach, CA 90810 Free and Clear of All Claims, Liens, and Interests Pursuant to 11 U.S.C. § 363; and
6 (2) Authorizing the Distribution of Proceeds from the Sale (the “Amended Motion” and/or the
7 “Amended Motion to Sell”). By this Amended Motion, Debtor requests the Court:

8 1. Authorize Debtor to sell and to assign, free and clear of all claims, liens, and interests
9 (collectively, the “Liens”) pursuant to Section 363(f) of Title 11 of the United States Code (the
10 “Bankruptcy Code”), the bankruptcy estate’s interests in the Real Property Located at 3420 Denver
11 Avenue, Long Beach, CA 90810 (the “3420 Denver Property”) to Ignacio Gonzalez and Alba Sanchez
12 (the “Buyers”), or the bidder with the highest or otherwise best bid for the 3420 Denver Avenue Property
13 (the “Successful Bidder”) in the auction to be conducted by Debtor with respect to the 3420 Denver
14 Avenue Property in accordance with the terms and conditions set forth hereinbelow; and

15 2. Authorize Debtor to distribute the proceeds from the sale of the 3420 Denver Property.

16 Debtor believes that the Court's approval of this Amended Motion to Sell is in the best interests
17 of Debtor's creditors. While Debtor has not received any offers other than the Buyers’ offer to purchase
18 the 3420 Denver Property, Debtor believes the offer represents the highest or otherwise best offer
19 because the sale of the 3420 Denver Property (the “Sale”), in addition to the Loan,¹ will yield sufficient
20 funds to pay all of Debtor’s creditors in full. Further, Debtor previously retained the services of a real
21 estate agent who indicated that she expected the house could be sold for no more than approximately
22 \$400,000. In addition, Debtor has obtained a real estate agent’s opinion of value that shows the 3420
23 Denver Property is valued at approximately \$400,000. Because the Sale, as proposed by this Amended
24 Motion, has no brokers’ fees, the current offer, or any overbid, will result in Debtor receiving the same

25
26 ¹ On or about September 9, 2016, Debtor filed an Amended Motion for an Order
27 Approving (1) Post-Petition Financing; (2) Granting a Post-Petition Lien; and (3) Distribution of the
28 Proceeds of the Post-Petition Financing (the “Amended Motion for Post-Petition Financing”). As stated
in the Amended Motion for Post Petition Financing, the loan amount from Farmers & Merchants Bank
will give Debtor proceeds of \$242,648 to distribute to creditors. The total amount of the loan is
\$250,000 (the “Loan”).

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1 net proceeds from the Sale as if Debtor sold the 3420 Denver Property for \$400,000 due to the
2 elimination of the brokers' fees, as well reducing the delay in finding a buyer for the 3420 Denver
3 Property. Finally, because the Sale, in addition to the Loan, will result in all creditors being paid, the
4 Court should defer to Debtor's business judgment that the purchase price is reasonable under the
5 circumstances and should be approved. Debtor has determined that the Sale of the 3420 Denver
6 Property to the Successful Bidder is the best means for Debtor to obtain the most favorable recovery
7 from the Sale of the 3420 Denver Property, as well as the most expeditious sale and will thus seek, at
8 the hearing on the Amended Motion to Sell, the Bankruptcy Court's approval of the Buyers or other
9 Successful Bidder's offer to purchase the 3420 Denver Avenue Property.

10 A prompt sale of the 3420 Denver Property is necessary to maximize the value of 3420 Denver
11 Property, and to facilitate a prompt payment to Debtor's creditors.

12 This Amended Motion is based on the Notice of Motion, this Amended Motion, the
13 Memorandum of Points and Authorities, the Declarations of E.M. Williams and Vanessa M. Haberbusch
14 in support of the Amended Motion, and all papers, pleadings, and records on file in this separate
15 proceeding.

16 **WHEREFORE**, Debtor respectfully requests the Court enter an order granting to Debtor the
17 following relief:

18 1. Authorizing, pursuant to a Court order approving the Sale, Debtor to sell and to assign,
19 free and clear of all Liens pursuant to Section 363(f) of the Bankruptcy Code, the bankruptcy estate's
20 interests the 3420 Denver Property to the Buyers or Successful Bidder with all valid, duly-perfected and
21 unavoidable claims, liens, and interests to attach to the net proceeds of such sale to the same extent,
22 validity, and priority as they now attach to the 3420 Denver Property

23 2. Authorizing the distribution of proceeds for the costs of sale;

24 3. Authorizing the distribution of the remaining proceeds to Debtor's creditors as indicated
25 in the Motion;

26 4. Waiving the 14-day stay of orders provided by Federal Rules of Bankruptcy Procedure
27 6004(h) to allow Debtor to immediately close the Sale once the order authorizing the Sale is entered;

28 and

1 5. Granting to Debtor such other and further relief as this Court deems just and appropriate
2 under the facts and circumstances of this case.

3 Respectfully submitted,

4 HABERBUSH & ASSOCIATES, LLP



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7 Dated: September 13, 2016

8 By: _____
9 VANESSA M. HABERBUSH, ESQ.,
10 Attorneys for Debtor and Debtor-in-Possession

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MEMORANDUM OF POINTS AND AUTHORITIES

I. STATEMENT OF FACTS

A. Background of Debtor

On April 28, 2016, Debtor filed a voluntary petition under Chapter 11 of the Bankruptcy Code. Since that time, Debtor has been operating its Church pursuant to 11 U.S.C. §§ 1107 and 1108. Declaration of E.M. Williams at ¶ 3.

Debtor is a church located in Long Beach California. Debtor was founded in 1956 and is currently operated by the Board of Trustees, the Deacon Board, and the Mother's Board. Debtor is a 501(3)(c) Non-profit Corporation. Dr. Eric M. Williams, is Debtor's Pastor. Declaration of E.M. Williams at ¶ 4.

Debtor owns four pieces of real property. Debtor's first piece of real property is a church located at 1401 West 34th Street, Long Beach, CA 90801 (the "34th Street Property"). Debtor's second piece of real property is an unimproved lot, located at 3415 Delta Avenue, Long Beach CA 90810 (the "Delta Property"). The unimproved lot is used for parking. Debtor's third piece of real property is a single-family residence located at 3406 Denver Avenue, Long Beach CA 90801 (the "3406 Denver Property"). Debtor leases the 3406 Denver Property and receives approximately \$1,000 per month in rent. Lastly, Debtor's fourth piece of real property is a single-family residence located at 3420 Denver Avenue, Long Beach, CA 90810 (the "3420 Denver Property"). Debtor leases the 3420 Denver Property and receives approximately \$1,400 per month in rent. Declaration of E.M. Williams at ¶ 5.

Debtor has two secured creditors. Debtor's first priority secured creditor is BDM Mortgage. BDM Mortgage is the holder of the first deed of trust. The first deed of trust is secured by the four real properties. Debtor owes BDM Mortgage approximately \$318,000. Debtor's second priority secured creditor is the Southwest Baptist Conference ("Southwest Baptist"). Southwest Baptist is the holder of the second deed of trust. The second deed of trust is also secured by the four real properties. Further Debtor owes Southwest Baptist \$119,411.75 in principal; this amount has been increased to approximately \$164,302.38 due to fees and expenses. Declaration of E.M. Williams at ¶ 6.

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1 **B. Events Precipitating the Chapter 11 Filing**

2 This bankruptcy was filed due to the impending foreclosure by Southwest Baptist. In or about
3 February 2016, Southwest Baptist scheduled a foreclosure sale of three of Debtor’s four properties. Due
4 to the foreclosure sale, on or about February 29, 2016, Debtor filed a voluntary Chapter 11 Bankruptcy
5 Petition in the United States Bankruptcy Court, Central District of California, initiated bankruptcy case
6 no. 2:16-bk-12468-RK (the “First Bankruptcy”). The First Bankruptcy was dismissed on or about April
7 21, 2016 due to failure to comply with the requirements of the Office of the United States Trustee. After
8 the First Bankruptcy was dismissed, Southwest Baptist continued to schedule foreclosure sales of the
9 three properties and scheduled a foreclosure sale for April 29, 2016 at 11:00 a.m. Due to the impending
10 foreclosure sale, Debtor commenced this Chapter 11 bankruptcy case to stop the foreclosure sale and
11 allow Debtor sufficient time to obtain financing and pay its creditors. Declaration of E.M. Williams
12 at ¶ 7.

13 In this bankruptcy, Debtor again had difficulty complying with the requirements of the Office
14 of the United States Trustee. Therefore, the Office of the United States Trustee brought a motion to
15 dismiss or convert this bankruptcy proceeding. In response to this motion, Debtor obtained new counsel
16 on or about July 20, 2016. Since that time, Debtor has taken significant actions to become in compliance
17 with both the requirements of the Bankruptcy Code and the Office of the United States Trustee. Further,
18 Debtor intends to pay all of its creditors through both the sale of the 3420 Denver Property (the “Sale”)
19 and a refinance of the four real properties. Declaration of Vanessa M. Haberbush at ¶ 3.

20 **C. Claims Asserted Against Debtor**

21 Other than Debtor’s secured claims, Debtor has few other claims. Debtor has two administrative
22 expense claims. The first administrative expense claim is the United States Trustee fees. Debtor
23 estimates that the United States Trustee fees for the third quarter of 2016 will be \$4,875.00.² The second
24 administrative expense claim is that of Haberbush & Associates, LLP, Debtor’s general bankruptcy
25 counsel. Haberbush & Associates, LLP estimates that its total claim for fees and costs will not exceed
26

27 ² The amount of the United States Trustee fees for the third quarter of 2016 is estimated
28 taking into account the distribution of the proceeds of the Loan and the Sale, for total distributions
exceeding approximately \$800,000.

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1 \$40,000. Declaration of Vanessa M. Haberbush at ¶ 4.

2 Debtor has three unsecured creditors. The first unsecured creditor is the priority unsecured claim
3 of the Internal Revenue Service (the “IRS”). On June 2, 2016, the IRS sent Debtor a letter informing
4 Debtor of its missing tax returns. The IRS filed a proof of claim on June 3, 2016 (the “Proof of Claim”).
5 Pursuant to the Proof of Claim, the IRS indicated it has a priority unsecured claim of \$63,007.37.
6 Debtor filed all required tax returns on or about August 3, 2016. Debtor’s counsel spoke with Leonard
7 Brown, a representative of the IRS on August 11, 2016. Mr. Brown informed Debtor’s counsel that the
8 filed returns indicated Debtor owed the IRS nothing and that the IRS would be amending its Proof of
9 Claim to reflect an amount owing of \$0.00. On or about September 1, 2016, Debtor’s counsel spoke
10 with Mr. Brown again. As a result of the conversation with Mr. Brown, Debtor’s counsel expects the
11 IRS to amend the Proof of Claim to indicate that the IRS’s claim is \$0.00, no later than September 23,
12 2016.³ Declaration of Vanessa M. Haberbush at ¶ 5.

13 Debtor’s second unsecured creditor is the general unsecured claim of Staples Commercial.
14 Debtor owes Staples Commercial, on account of a pre-petition unsecured debt, approximately \$553.57.
15 Declaration of E.M. Williams at ¶ 8.

16 Debtor’s third unsecured creditor is the general unsecured claim of the United States Trustee.
17 Debtor believes it owes the United States Trustee \$650 on account of quarterly fees due in relation to
18 the First Bankruptcy. Declaration of Vanessa M. Haberbush at ¶ 6.

19 **D. Post-Petition Financing from Farmers and Merchants Bank**

20 On or about August 16, 2016, Debtor filed a Motion for an Order Approving (1) Post-Petition
21 Financing; (2) Granting a Post-Petition Lien; and (3) Distribution of the Proceeds of the Post-Petition
22 Financing (the “Motion for Post-Petition Financing”). Declaration of Vanessa M. Haberbush at ¶ 7.

23 At the hearing on the Motion for Post-Petition Financing, the Court ordered Debtor to amend the
24 Motion for Post-Petition Financing to include the revised terms of the loan. Further, the Court continued
25 the hearing on the Motion for Post-Petition Financing to September 13, 2016 at 3:30. Declaration of
26 Vanessa M. Haberbush at ¶ 8.

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³ In the event the IRS does not amend its Proof of Claim, Debtor will object to the claim.

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1 On or about September 9, 2016, Debtor filed an Amended Motion for an Order Approving (1)
2 Post-Petition Financing; (2) Granting a Post-Petition Lien; and (3) Distribution of the Proceeds of the
3 Post-Petition Financing (the “Amended Motion for Post-Petition Financing”). Declaration of Vanessa
4 M. Haberbush at ¶ 9.

5 By the Amended Motion for Post-Petition Financing, Debtor seeks post-petition financing to
6 pay all of its creditors in full. As stated in the Amended Motion for Post-Petition Financing, the loan
7 amount from Farmers & Merchants Bank (the “Lender” and/or “Farmers & Merchants”) amounts to
8 \$250,000 (the “Loan”). The net proceeds from the Loan will be \$242,648. The Loan (in conjunction
9 with the Sale) will allow Debtor to fully resolve all of its claims and allow it to successfully reorganize.
10 Declaration of Vanessa M. Haberbush at ¶ 10.

11 **E. Offer Tendered by the Buyers**

12 On July 22, 2016, a Residential Purchase Agreement and Joint Escrow Instructions (the
13 “Agreement”) was tendered by the Buyers to Debtor offering \$350,000 for the purchase of the 3420
14 Denver Property. After some revisions to the addendum were made to take into account Debtor’s
15 bankruptcy proceeding, on August 15, 2016, both the Buyers and Debtor signed the Agreement. A true
16 and correct copy of the Agreement is attached to the Declaration of E.M. Williams as Exhibit “1.” The
17 material points in the Purchase Agreement are discussed hereinbelow. The Buyers have no connection
18 to Debtor other than that Buyers have been legally occupying the 3420 Denver Property as tenants of
19 Debtor since June 1, 2015, and have provided the highest and best offer to purchase the 3420 Denver
20 Property, and entered into the Agreement with Debtor. Declaration of E.M. Williams at ¶ 9.

21 **F. Overbidding Procedures**

22 In order to create a fair, orderly, and competitive process for the bidding of the 3420 Denver
23 Avene Property, Debtor proposes and the Buyers request that the Court establish and approve the sale
24 and bidding procedures set forth as follows:

25 1. **Overbidding.**

26 All bids shall be made on the same terms and conditions as the Buyers’ offer. The first overbid
27 is to be \$385,000 (\$350,000 plus 10% of the Buyers’ purchase price (\$35,000)). All subsequent
28 overbids shall be in \$5,000.00 increments. This overbid represents an offer \$35,000.00 greater than that

1 of the Buyers.

2 2. Qualified Bidders

3 Any person desiring to submit an overbid for the 3420 Denver Avenue Property shall qualify to
4 bid by appearing, either personally or through an agent, at the hearing on October 4, 2016 at 3:00 p.m.
5 in Courtroom 1675 located at 255 E. Temple Street, Los Angeles, CA 90012, and making a bid to
6 purchase the 3420 Denver Avenue Property on the overbidding terms specified herein (the “Qualified
7 Bidder”).

8 3. Successful Overbidder

9 The party who makes the highest and best offer to purchase the 3420 Denver Avenue Property
10 shall be the successful bidder (the “Successful Bidder”). Declaration of E.M. Williams at ¶ 10.

11 **G. Sale is in the Best Interests of the Bankruptcy Estate and Debtor’s Creditors**

12 Debtor believes that the Court’s approval of the Amended Motion to Sell is in the best interests
13 of the estate, and Debtor’s creditors. Prior to the Petition Date, Debtor hired a realtor, Mollie Beck with
14 the Beck Company of Coldwell Banker Beachside to market the 3420 Denver Property.⁴ After
15 evaluating the 3420 Denver Property, Ms. Beck determined that it would likely sell for no more than
16 \$400,000. While Debtor has not received any offers other than the Buyers’ offer to purchase the 3420
17 Denver Property, Debtor believes the offer represents the highest or otherwise best offer because the Sale
18 in addition to Loan, will yield sufficient funds to pay all of Debtor’s creditors in full, including the
19 claims secured on the 3420 Denver Property. In addition, Debtor has obtained an opinion of value from
20 real estate agent, Betty Leanos. Based on similar similar real estate listings in the Long Beach area and
21 recorded home sales of comparable properties, Ms. Leanos has determined that the 3420 Denver Avenue
22 Property is worth no more than approximately \$400,000 (minus any brokers’ commissions). Declaration
23 of E.M. Williams at ¶ 11; Separately filed Declaration of Betty Leanos at ¶¶ 6-7.

24 Because the Sale, as proposed by this Amended Motion, has no brokers’ fees, the current offer,
25 subject to overbidding, will result in Debtor receiving the same net proceeds from the Sale as if Debtor
26 sold the 3420 Denver Property for \$400,000 due to the elimination of the brokers’ fees, as well reducing

27 _____
28 ⁴ Debtor did not employ Ms. Beck through the bankruptcy court. Further, Debtor terminated Ms. Beck’s services in effort to prevent the estate from spending unnecessary costs.

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1 the delay in finding a buyer for the 3420 Denver Property. If the 3420 Denver Property were sold at a
2 price of \$400,000 using Ms. Beck as Debtor's realtor, then the net proceeds from the Sale would be
3 approximately \$361,000 rather than the \$335,000 proposed here. This was estimated first deducting the
4 brokers' commission (assuming a 6% brokers' commission, Ms. Beck would make \$24,000) and second
5 deducting the costs of the sale (\$15,000). While Ms. Beck marketed the 3420 Denver Property for a
6 short time, Debtor did not receive any offers to purchase the 3420 Denver Property. Because Ms. Beck
7 did not receive any offers to purchase the 3420 Denver Avenue Property at an asking price of \$400,000,
8 Debtor believes the 3420 Denver Avenue Property would be sold at a much lower price. Therefore, if
9 the 3420 Denver Avenue Property were sold at a lower price than \$400,000, Debtor believes that
10 Debtor's net proceeds from the sale of the 3420 Denver Property would likely be lower than the net
11 proceeds from the Sale to the Buyers (or other Successful Bidder). As a result, Debtor believes the
12 purchase price, subject to overbidding, of the 3420 Denver Property is reasonable. Because the Sale,
13 in addition to the Loan, will result in all creditors being paid, and further the Sale will yield higher net
14 proceeds than if the Sale were completed using a broker, the Court should defer to Debtor's business
15 judgment that the purchase price, subject to overbidding and this Court's approval, is reasonable under
16 the circumstances and should be approved. Therefore, Debtor believes the Sale of the 3420 Denver
17 Property is in the best interests of the bankruptcy estate and its creditors. Declaration of E.M. Williams
18 at ¶ 12.

19 **H. Proposed Timing for Loan and Sale of the 3420 Denver Property**

20 Through this Amended Motion and the Amended Motion for Post-Petition Financing, Debtor
21 seeks to first obtain the Loan and then sell the 3420 Denver Property. Therefore, by the Amended
22 Motion for Post-Petition Financing, Debtor seeks approval that the Loan will first fund the BDM
23 Mortgage secured claim, and then the Sale of the 3420 Denver Property will take place and pay the
24 remaining claims. Because of this timing, the Lender is seeking a lien against three of Debtor's real
25 properties (with no lien against the 3420 Denver Avenue Property) that will be in senior priority to BDM
26 Mortgage and Southwest Baptist. BDM Mortgage will continue to have a secured claim in the amount
27 of approximately \$75,352.00 and Southwest Baptist will continue to have a secured claim in the amount
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1 of approximately \$164,302.38, which are the amounts of the claims that will remain unpaid once the
2 Loan is funded. This priming lien to the Lender will be short-lived; once the sale of the 3420 Denver
3 Property closes, BDM Mortgage and Southwest Baptist will be paid in full.

4 In sum, the payments to each creditor, in their order of payment, as contemplated by both this
5 Amended Motion and the Amended Motion for Post-Petition Financing, are as follows:

Claimant	Source of Funds	Amount Paid from this Source of Funds	Amount of Claim Remaining to be Paid after Payment from this Source of Funds	Amount Remaining from this Source after the Payment to this Claimant
Farmers & Merchants Fees Associated with Loan	Loan	\$7,352.00	\$0	\$242,648.00
BDM Mortgage Secured Claim	Loan	\$318,000 (estimate)	\$75,352.00	\$0
Costs of Sale	Motion to Sell	\$15,000 (estimate)	\$0	\$335,000
BDM Mortgage Secured Claim	Motion to Sell	\$75,352.00	\$0	\$259,648
Southwest Baptist Secured Claim	Motion to Sell	\$164,648.00	\$0	\$95,345.62
Los Angeles County Tax Assessor for Real Property Taxes	Motion to Sell	\$0 (estimate)	\$0	\$95,345.62
US Trustee Administrative Claim	Motion to Sell	\$4,875 (Debtor will segregate \$5,000 for this purpose and will not pay it until payment is required)	\$0	\$90,345.62
Haberbush & Associates, LLC Administrative Claim	Motion to Sell	\$40,000 (segregated until fees are approved and payment is permitted)	\$0	\$50,345.62

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1 2 3	Internal Revenue Service Priority Unsecured Claim	Motion to Sell	\$0 (proof of claim will be amended or Debtor will object to the proof of claim)	\$0	\$50,345.62
4 5	Staples General Unsecured Claim	Motion to Sell	\$553.57	\$0	\$49,792.05
6 7	US Trustee General Unsecured Claim	Motion to Sell	\$650	\$0	\$49,792.05

8 **II. SUMMARY OF THE PROPOSED TERMS OF THE SALE OF THE 3420 DENVER**
9 **PROPERTY**

10 The Buyers' offer to purchase the 3420 Denver Property for the purchase price of \$350,000,
11 subject to overbidding and this Court's approval, represents the only offer it has received, and thus
12 represents the highest and best offer. Debtor believes that the maximum value of the 3420 Denver
13 Property will be realized from this offer because, as discussed more fully below, there will be no
14 brokers' fees and all of Debtor's creditors will be paid in full.

15 By the Amended Motion, Debtor seeks approval of the Sale of the 3420 Denver Property on the
16 following terms:

17 1. Assets to be Sold. Debtor seeks authority to sell to the Buyers (or other Successful
18 Bidder), the bankruptcy estate's interests in 3420 Denver Property in accordance with the provisions of
19 the Agreement. The 3420 Denver Property will be sold as is.

20 2. Consideration. The Buyers have offered to purchase all interests in the 3420 Denver
21 Property for \$350,000.00, as detailed in the Agreement, subject to overbid by Qualified Bidders. The
22 Buyers' shall obtain an FHA loan for \$337,750. The Buyers have paid an initial deposit of \$2,000.00
23 toward the purchase price. The Buyers (or other Successful Bidder) shall receive full credit towards the
24 purchase price for the deposit amount. Further, the Buyers (or other Successful Bidder) will make a
25 down payment of \$10,250.00 toward the purchase price. The balance of the purchase price of shall be
26 paid no later than ten (10) calendar days upon entry of a final order approving the sale of the 3420
27 Denver Property or in the manner and to the payees as directed by this Court.
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1 3. Sale is Free and Clear of All Liens, Claims, and Interests. Debtor seeks authority to sell
2 the 3420 Denver Property, with appropriate findings by the Court, free and clear of all liens (as defined
3 in 11 U.S.C. § 101(37)), claims (as defined in 11 U.S.C. § 101(5)), and interests (collectively, “Liens”),
4 pursuant to 11 U.S.C. § 363(f). Based on Debtor’s evaluation of the secured claims asserted against the
5 3420 Denver Property, Debtor has concluded that the 3420 Denver Property is subject to various claims
6 of Lien. The proceeds of the Sale (in conjunction with the Loan) will be used to pay the two undisputed
7 liens of the BDM Mortgage and Southwest Baptist in full.

8 4. Court Approval. The Sale is wholly contingent upon entry of a final, non-appealable
9 order by this Court approving the Sale, authorizing the transactions contemplated by the Agreement,
10 directing payment of the purchase price, and providing that the 3420 Denver Property will be conveyed
11 by Debtor to the Buyers or the Successful Bidder free and clear of all liens, security interests, conditional
12 sales contracts, options, leases, claims, restrictions, mortgages or encumbrances or interests of any kind.

13 5. Closing. The Closing of the Sale shall take place within ten (10) calendar days after entry
14 of the order approving this Amended Motion to Sell unless otherwise extended by mutual, written
15 agreement by Debtor and the Successful Bidder or as otherwise provided by this Court.

16 6. No Brokers. All negotiations relevant to the Sale of the 3420 Denver Property have been
17 carried on by Debtor directly with the Buyers and without the intervention of any other persons.
18 Therefore, there are no brokerage or finder’s fees or commissions payable to any parties as a result.

19 7. Overbidding Procedures.

20 A. Overbidding. All bids shall be made on the same terms and conditions as the
21 Buyers’ offer. The first overbid is to be \$385,000 (\$350,000 plus 10% of the Buyers’ purchase price
22 (\$35,000)). All subsequent overbids shall be in \$5,000.00 increments. This overbid represents an offer
23 \$35,000.00 greater than that of the Buyers.

24 B. Qualified Bidders. Any person desiring to submit an overbid for the 3420 Denver
25 Avenue Property shall qualify to bid by appearing, either personally or through and agent, at the hearing
26 on October 4, 2016 at 3:00 p.m. in Courtroom 1675 located at 255 E. Temple Street, Los Angeles, CA
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1 90012, and making a bid to purchase the 3420 Denver Avenue Property on the overbidding terms
2 specified herein.

3 C. Successful Overbidder

4 The Successful Bidder shall be the party who makes the highest and best offer to purchase the
5 3420 Denver Avenue Property.

6 **III. SECURED CLAIMS**

7 The following Liens encumber the 3420 Denver Property:

8 1. County of Los Angeles Tax Assessor for Real Property Taxes. It is unknown whether
9 any amounts are owed to the County of Los Angeles Tax Assessor for real property taxes, but if any
10 amounts are owed, Debtor believes they will be nominal.

11 2. BDM Mortgage. BDM Mortgage holds a first deed of trust on all four of Debtor's real
12 properties to secure an indebtedness in the amount of \$318,000.⁵ The net proceeds in the amount of
13 \$242,648.00 from the Loan will be used to pay BDM Mortgage. This will be paid from the escrow
14 opened in relation to the Loan. After completion of this payment, all of the Loan proceeds will be used
15 and the amount left owing to BDM Mortgage will be \$75,352.00.⁶ The estimated net proceeds from the
16 Sale is \$335,000. The Sale will provide sufficient funds to pay this amount. Therefore, \$75,352.00, or
17 the amount of the secured claim, will be paid from the net proceeds from the Sale. After completion
18 of the Loan and the Sale, BDM Mortgage will be paid in full and the balance due will be \$0.00.

19 3. Southwest Baptist Conference. Southwest Baptist holds a first deed of trust on all four
20 of Debtor's real properties to secure an indebtedness in the amount of \$164,302.38.⁷ The Sale will

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22 ⁵ This is the estimated amount due to BDM Mortgage as of the day it will be paid in full.

23 ⁶ Debtor does not dispute the amount owed to BDM Mortgage. Debtor will pay BDM
24 Mortgage the amounts indicated herein unless BDM Mortgage makes a different demand to the escrow
25 opened by Lender in relation to the Loan. To the extent BDM Mortgage disagrees with these amounts,
26 it should file a statement or objection to this Amended Motion with the Court indicating the amount due
27 so that the correct amount can be paid; if Debtor has an objection to either amount, it will file a response
28 to the statement with the Court.

26 ⁷ Debtor disputes the amount owed to Southwest Baptist, but believes this dispute has been
27 resolved. However, to the extent it is not resolved or the parties fail to agree to a written agreement:
28 according to Southwest Baptist's records, Debtor owes Southwest Baptist \$119,411.75 in principal; this
amount has been increased to approximately \$164,302.38 due to fees and expenses.

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1 provide sufficient funds to pay this amount. Therefore, \$164,302.38, or the amount of the secured claim,
2 will be paid from the proceeds of the Sale. The estimated net proceeds from the Sale is \$335,000. After
3 completion of the Loan and the Sale, Southwest Baptist will be paid in full and the balance due will be
4 \$0.00.

5 As discussed below, the claimed Liens of the County of Los Angeles Tax Assessor, BDM
6 Mortgage and Southwest Baptist will be paid in full as a result of the Sale and the Loan.

7 **IV. ADMINISTRATIVE EXPENSE CLAIMS**

8 Debtor has the following administrative expense claims:

9 1. United States Trustee Fees. Debtor estimates that the United States Trustee fees
10 for the third quarter of 2016 will amount to \$4,875.00. This is estimated taking into account the
11 distribution of the proceeds of the Loan and the Sale. After completion of the Sale and the Loan, Debtor
12 will have sufficient funds remaining to pay the United States Trustee fees in full.

13 2. Professional Fees of Haberbush & Associates, LLP. Haberbush & Associates,
14 LLP, Debtor's general bankruptcy counsel, estimates that its total claim for fees and costs will not
15 exceed \$40,000. After completion of the Sale and the Loan, Debtor will have sufficient funds remaining
16 to pay Haberbush & Associates, LLP's fees and costs in full.⁸

17 ///

18 ///

19 _____
20 Debtor will pay Southwest Baptist the amounts indicated herein unless Southwest Baptist
21 makes a different demand to the escrow opened by Lender in relation to the Loan. To the extent
22 Southwest Baptist Conference disagrees with these amounts, it should file a statement or objection to
23 this Motion with the Court indicating the amount due so that the correct amount can be paid; if Debtor
24 has an objection to either amount, it will file a response to the statement with the Court.

25 Debtor does not object to these fees of Southwest Baptist Conference in this Bankruptcy
26 proceeding, but it reserves the right to challenge them and/or have them disgorged, or any other remedy
27 available to it in any state court litigation against Southwest Baptist, including the currently pending
28 wrongful foreclosure action, *St. Luke Baptist Church v. BDM Loan Services, Inc., et al*, Styled Case No.
NC060479.

26 ⁸ As set forth hereinbelow, after completion of the Sale and the Loan, Debtor will set aside
27 a portion of the remaining funds to pay Haberbush & Associates, LLP's fees and costs in full.
28 Haberbush & Associates, LLP will not be paid until after it submits an application for compensation that
is approved by the Bankruptcy Court.

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1 **V. UNSECURED CLAIMS**

2 Debtor has the following unsecured claims:

3 1. The Internal Revenue Service. Pursuant to the Proof of Claim, the IRS indicated
4 it has a priority unsecured claim of \$63,007.37. Debtor has resolved the Proof of Claim by filing its
5 relevant tax returns, and it expects the IRS to amend the Proof of Claim to indicate that the IRS's claim
6 is \$0.00.⁹ Therefore, the IRS will not receive any payment as a result of the Sale and the Loan.

7 2. Staples Commercial. Debtor owes Staples Commercial, on account of a pre-
8 petition unsecured debt, approximately \$553.57. After completion of the Sale and the Loan, Staples
9 Commercial will be paid in full and the balance due will be \$0.00.

10 3. United States Trustee Fees. The United States Trustee has a general unsecured
11 claim on account of quarterly fees due in relation to the First Bankruptcy. Debtor estimates the amount
12 of the general unsecured claim is \$650.00. After completion of the Sale and the Loan, the United States
13 Trustee will be paid in full and the balance due will be \$0.00.

14 **VI. TAX CONSEQUENCES OF THE PROPOSED SALE**

15 Debtor anticipates no major tax consequences of the proposed sale of the 3420 Denver Property
16 because Debtor is a 501(c)(3) Non-Profit Corporation and pays no income taxes.

17 **VII. THIS COURT SHOULD APPROVE THE PROPOSED SALE OF THE 3420 DENVER**
18 **PROPERTY UNDER SECTION 363(b) OF THE BANKRUPTCY CODE**

19 Section 363 of the Bankruptcy Code provides that, subject to the approval of a bankruptcy court,
20 a debtor may sell assets of the estate other than in the ordinary course of its business. Section 363(b)(1)

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23 ⁹ On June 2, 2016, the IRS sent Debtor a letter informing Debtor of its missing tax returns.
24 The IRS filed a proof of claim on June 3, 2016. Pursuant to the Proof of Claim, the IRS indicated it has
25 a priority unsecured claim of \$63,007.37. Debtor filed all required tax returns on or about August 3,
26 2016. Debtor's counsel spoke with Leonard Brown, a representative of the IRS on August 11, 2016.
27 Mr. Brown informed Debtor's counsel that the filed returns indicated Debtor owed the IRS nothing and
28 that the IRS would be amending its Proof of Claim to reflect an amount owing of \$0.00. On or about
September 1, 2016, Debtor's counsel spoke with Mr. Brown again. As a result of the conversation with
Mr. Brown, Debtor's counsel expects the IRS to amend the Proof of Claim to indicate that the IRS's
claim is \$0.00, no later than September 23, 2016. In the event the IRS does not amend its Proof of
Claim, Debtor will object to the claim.

1 provides as follows: “The trustee, after notice and a hearing, may use, sell, or lease, other than in the
2 ordinary course of business, property of the estate” 11 U.S.C. § 363(b)(1).

3 This Court should authorize Debtor to sell the 3420 Denver Property.

4 **A. Deference to Debtor’s Business Judgment**

5 A debtor may sell, outside of the ordinary course of the debtor’s business, property of the
6 debtor’s estate if the sale transaction is within the reasonable business judgment of the debtor. *In re*
7 *Borders Grp., Inc.*, 453 B.R. 459, 473 (Bankr. S.D. N.Y. 2011) (citing *The Official Comm. Of*
8 *Unsecured Creditors of LTV Aerospace and Def. Co. v. LTV Corp. (In re Chateaugay Corp.)*, 973 F.2d
9 141, 144–45 (2d Cir. 1992); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722
10 F.2d 1063, 1072 (2d Cir. 1983); *In re Global Crossing Ltd.*, 295 B.R. 726, 743 (Bankr. S.D. N.Y. 2003))
11 (“In approving a transaction conducted pursuant to section 363(b)(1), courts consider whether the debtor
12 exercised sound business judgment.”); *In re Buffalo Coal Co.*, 2006 WL 3359585, at *3 (Bankr. N.D.
13 W.Va. Nov. 15, 2006) (“A debtor’s decision to sell property outside the ordinary course of business
14 under § 363(b) is reviewed by the court for compliance with the business judgment rule”); *see*
15 *Sibantob v. Claims Prosecutor, LLC (In re Lahijani)*, 325 B.R. 282, 289 (B.A.P. 9th Cir. 2005) (“ . . .the
16 position of the trustee is afforded deference, particularly where business judgment is entailed in the
17 analysis”); *see also In re Azabu Bldg. Co. Ltd.*, 2007 WL 1964306, at *10 (Bankr. D. Haw. June 28,
18 2007). A debtor, as debtor-in-possession, has the authority to operate its business under Sections 1107
19 and 1108 of the Bankruptcy Code, which proscribes that a debtor-in-possession shall have all rights,
20 other than the right to compensation, and powers, and shall perform all of the functions and duties,
21 subject to limited exceptions, of a chapter 7 trustee.¹⁰ Bankruptcy courts generally do not interfere with
22 a debtor’s exercise of its business judgment. *See, e.g., In re Consol. Auto Recyclers, Inc.*, 123 B.R. 130,

24 ¹⁰ Section 1107 of the Bankruptcy Code provides, in the pertinent part, as follows: “(a) . . . a
25 debtor in possession shall have all the rights, other than the right to compensation under section 330 of
26 this title, and powers, and shall perform all the functions and duties, except the duties specified in
27 sections 1106 (a)(2), (3), and (4) of this title, of a trustee serving in a case under this chapter.” 11 U.S.C.
28 § 1107(a).

Section 1108 of the Bankruptcy Code provides as follows: “Unless the court, on request of party
in interest and after notice and a hearing, orders otherwise, the trustee may operate the debtor’s
business.” 11 U.S.C. § 1108.

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1 140 (Bankr. D. Me. 1991) (citations omitted) (“So long as a trustee conducts the affairs of estate by
2 exercising his business judgment in good faith, upon a reasonable basis, and within the scope of his
3 authority under the Code, he may proceed without interference.”); *The Dai-Ichi Kangyo Bank, Ltd. v.*
4 *Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.)*, 242 B.R. 147, 153 (D. Del.
5 1999) (citing *Collier on Bankruptcy* § 363.02 (15th ed.1997)) (“In evaluating whether a sound business
6 purpose justifies the use, sale or lease of property under Section 363(b), courts consider a variety of
7 factors, which essentially represent a ‘business judgment test.’ ”); *White v. Official Comm. Of Unsecured*
8 *Creditors (In re Cadkey Corp.)*, 317 B.R. 19, 22-23 (D. Mass. 2004) (quoting *In re Aerovox, Inc.*, 269
9 B.R. 74, 80 (Bankr. D. Mass. 2001)) (“[A] debtor’s business decision should be approved by the court
10 unless it is shown to be so manifestly unreasonable that it could not be based upon sound business
11 judgment, but only on bad faith, or whim or caprice.”); *In re Castre, Inc.*, 312 B.R. 426, 430 (Bankr.
12 D. Colo. 2004) (citations omitted) (“A trustee or [debtor-in-possession] is responsible for administering
13 the bankruptcy estate and his, her or management’s judgment on the sale of estate assets and the
14 procedure for sale is entitled to respect and deference from the Court, as long as the burden of giving
15 sound business reasons is met.”); *In re Curlew Valley Associates*, 14 B.R. 506, 513–14 (Bankr. D. Utah
16 1981) (“[T]he court will not entertain objections to a trustee’s conduct of estate where that conduct
17 involves a business judgment made in good faith, upon a reasonable basis, and within the scope of his
18 authority under the Code.”); *Frostbaum v. Ochs*, 277 B.R. 470, 475 (E.D. N.Y. 2002) (citations omitted)
19 (“So long as this decision was not made arbitrarily, or in bad faith, it was appropriate for the Bankruptcy
20 Court to accept this decision for the benefit of the estate”); *see also Bennett v. Williams*, 892 F.2d
21 822, 824 (9th Cir. 1989) (giving deference to the business management decisions of the bankruptcy
22 trustee).

23 In this case, as stated hereinabove and demonstrated by the declaration of E.M. Williams, Debtor
24 obtained an offer from the Buyers to purchase the 3420 Denver Property for \$350,000, subject to this
25 Court’s approval and overbidding. This Court can have confidence in the reasonableness of the business
26 judgment of Debtor in selecting Buyers for the Sale of the 3420 Denver Property and should defer to this
27 business judgment because Debtor obtained an offer that, along with the Loan, will allow for all
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1 Debtor's creditors to be paid in full. Further, because no real estate brokers are involved in the Sale,
2 Debtor does not have to pay a broker's fees, saving the estate from unnecessary costs. Finally, the
3 auction will allow for any higher or better offer for the purchase of the 3420 Denver Avenue Property
4 to be obtained at the hearing on the Amended Motion to Sell. Therefore, this Court should authorize
5 the Sale of the 3420 Denver Avenue Property.

6 **B. Fairness of Sale Price**

7 Any successful bid for the 3420 Denver Avenue Property, including the offer from the Buyers,
8 should be deemed a fair sale price for the 3420 Denver Property. The Ninth Circuit Court of Appeals
9 has held "that the price paid at a commercially reasonable sale is the best evidence of [an asset's] value."
10 *Romley v. Sun Nat'l Bank (In re Two S Corp.)*, 875 F.2d 240, 243 (9th Cir. 1989). The fair market price
11 of an asset is the amount at which property would be sold as between a willing buyer and willing seller.
12 *Id.* at 244 & n.4 (quoting *Black's Law Dictionary* 536 (5th ed. 1979) ("By definition, when there has
13 been a fair sale the purchase price reflects the fair market value of the asset.").

14 In other cases where authority to sell assets has been sought, efforts made by the debtor or trustee
15 to ensure that the sale price is fair have encouraged courts to authorize the Sale. In the bankruptcy case
16 of *In re Delaware and Hudson Railway Co.*, the Court found that the purchase price was fair and
17 reasonable due to the evidence of "the extensive solicitation of bids. . .; the negotiations with several
18 prospective purchasers; and the Trustee's testimony that the [offer] was the best offer for [the debtor's]
19 assets." *In re Del. & Hudson Ry. Co.*, 124 B.R. 169, 179 (D. Del. 1991); *see also In re Oneida Lake*
20 *Dev., Inc.*, 114 B.R. 352, 356 (Bankr. N.D. N.Y. 1990) (assets sold at best offer received through
21 solicitation efforts).

22 Here, although it is arguable whether the sale of the 3420 Denver Property to the Buyers is a
23 commercially reasonable sale because it was the only offer made by the Buyers to Debtor, Debtor's prior
24 efforts to market the 3420 Denver Property with the assistance of Ms. Beck, as well as her indication
25 that she did not expect to sell the 3420 Denver Property for more than \$400,000, shows that the purchase
26 price is reasonable under the circumstances. Further, Ms. Leano's opinion of value that the 3420 Denver
27 Avenue Property is worth approximately \$400,000 gives evidence that the purchase price is reasonable
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1 under the circumstances. Additionally, the current offer will generate sufficient funds all of Debtor's
2 creditors is evidence that the purchase price offered by the Buyers is reasonable. Further, because the
3 3420 Denver Property will be sold directly to the Buyers (or other Successful Bidder), there will be no
4 broker's fees and the sale will be completed quickly. If the 3420 Denver Property were sold at a price
5 of \$400,000 using Ms. Beck as Debtor's realtor, then the net proceeds from the Sale would be
6 approximately \$361,000 rather than the \$335,000 proposed here. This was estimated first deducting the
7 brokers' commission (assuming a 6% brokers' commission, Ms. Beck would make \$24,000) and second
8 deducting the costs of the sale (\$15,000). While Ms. Beck marketed the 3420 Denver Property for a
9 short time, Debtor did not receive any offers to purchase the 3420 Denver Property. Because Ms. Beck
10 did not receive any offers to purchase the 3420 Denver Avenue Property at an asking price of \$400,000,
11 Debtor believes the 3420 Denver Avenue Property would be sold at a much lower price. Therefore, if
12 the 3420 Denver Avenue Property were sold at a lower price than \$400,000, Debtor believes that
13 Debtor's net proceeds from the sale of the 3420 Denver Property would likely be lower than the net
14 proceeds from the Sale to the Buyers (or other Successful Bidder). As a result, Debtor believes the
15 purchase price of the 3420 Denver Property is reasonable.

16 The bidding procedures that Debtor proposes and the Buyers request provide the best assurance
17 possible under the circumstances of this case that Debtor is obtaining a fair price for the Sale of the 3420
18 Denver Avenue Property because the overbidding allows Debtor to test the marketplace and obtain a fair
19 and reasonable price for the 3420 Denver Avenue Property. Because Buyers' offer is subject to higher
20 and better offers due to the bidding procedures, this shows that Debtor is obtaining a fair price for the
21 3420 Denver Avenue Property. Finally, because the Sale of the 3420 Denver Property (along with the
22 Loan) will result in all of Debtor's creditors being paid in full, the Court should defer to Debtor's
23 business judgment. These facts combined show that under the circumstances of this case, Debtor is
24 obtaining a fair price for the sale of the 3420 Denver Property. Consequently, any successful bid for the
25 3420 Denver Avenue Property, including the offer from the Buyers, should be deemed a fair sale price
26 for the 3420 Denver Property.

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1 **VIII. DEBTOR MAY SELL THE ASSETS FREE AND CLEAR OF ANY CLAIMS, LIENS, OR**
2 **INTERESTS PURSUANT TO BANKRUPTCY CODE SECTION 363(f)**

3 Section 363(f) of the Bankruptcy Code describes the circumstances under which a debtor may
4 sell property of the debtor's estate free and clear of any interests of third parties in such property.

5 Section 363(f) provides:

- 6 (f) The trustee may sell property under subsection (b) or (c) of this section free and
7 clear of any interest in such property of an entity other than the estate, only if—
8 (1) applicable nonbankruptcy law permits sale of such property free and clear
9 of such interest;
10 (2) such entity consents;
11 (3) such interest is a lien and the price at which such property is to be sold is
12 greater than the aggregate value of all liens on such property;
13 (4) such interest is in bona fide dispute; or
14 (5) such entity could be compelled, in a legal or equitable proceeding, to
15 accept a money satisfaction of such interest.

16 11 U.S.C. § 363(f).

17 Because subsections (1) through (5) of Section 363(f) are “written in the disjunctive,” authority
18 to sell property free and clear of an interest therein should be granted if any of the five conditions of
19 Section 363(f) are met with respect to each interest. *Citicorp Homeowners Services, Inc. v. Elliot (In*
20 *re Elliot)*, 94 B.R. 343, 345 (E.D. Pa. 1988).

21 **A. Status of Liens Against the 3420 Denver Property**

22 Set forth hereinabove is a description of the secured claims asserted against the 3420 Denver
23 Property. Based upon Debtor's evaluation of the secured claims asserted against the 3420 Denver
24 Property, Debtor has concluded that the 3420 Denver Property is subject to various claims of lien, all
25 of which are undisputed and will be paid in full upon the completion of the Sale and Loan, as described
26 hereinbelow.

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- 1 1. Undisputed Secured Claims¹¹
- 2 a. County of Los Angeles Tax Assessor for Real Property Taxes. It is
- 3 unknown whether any amounts are owed to the County of Los Angeles Tax Assessor for real property
- 4 taxes, but if any amounts are owed, Debtor believes they will be nominal. This creditor will be paid
- 5 from the proceeds of the sale of the 3420 Denver Property.
- 6 b. BDM Mortgage. BDM Mortgage holds a first deed of trust on all four of
- 7 Debtor's real properties to secure an indebtedness in the amount of \$318,000.¹² The net proceeds from
- 8 the Loan will be used to pay BDM Mortgage in the amount of \$242,648.00. This will be paid from the
- 9 escrow opened in relation to the Loan. After completion of this payment, all of the Loan proceeds will
- 10 be used and the amount left owing to BDM Mortgage will be \$75,352.00. The remaining net proceeds
- 11 from the Sale will be used to pay BDM Mortgage in the amount of \$75,352.00, or the amount of the
- 12 secured claim. After completion of the Sale and the Loan, BDM Mortgage will be paid in full and the
- 13 balance due will be \$0.00.
- 14 c. Southwest Baptist Conference. Southwest Baptist holds a first deed of
- 15 trust on all four of Debtor's real properties to secure an indebtedness in the amount of \$164,302.38.¹³
- 16 The Sale will provide sufficient funds to pay this amount, or the amount of the secured claim. The
- 17 Therefore, \$164,302.38 or the amount of the secured claim will be paid from the proceeds of the Sale.

18

19 ¹¹ Debtor reserves the right to dispute these claims outside of the bankruptcy.

20 ¹² This is the estimated amount due to BDM Mortgage as of the day it will be paid in full.

21 ¹³ Debtor disputes the amount owed to Southwest Baptist but believes this dispute has been

22 resolved. However, to the extent it is not resolved or the parties fail to agree to a written agreement:

23 According to Southwest Baptist's records, Debtor owes Southwest Baptist \$119,411.75 in principal; this

24 amount has been increased to approximately \$164,302.38 due to fees and expenses.

25 Debtor will pay Southwest Baptist the amounts indicated herein unless Southwest Baptist

26 makes a different demand to the escrow opened by Lender in relation to the Loan. To the extent

27 Southwest Baptist Conference disagrees with these amounts, it should file a statement or objection to

28 this Motion with the Court indicating the amount due so that the correct amount can be paid; if Debtor

has an objection to either amount, it will file a response to the statement with the Court.

Debtor does not object to these fees of Southwest Baptist Conference in this Bankruptcy proceeding, but it reserves the right to challenge them and/or have them disgorged, or any other remedy available to it in any state court litigation against Southwest Baptist, including the currently pending wrongful foreclosure action, *St. Luke Baptist Church v. BDM Loan Services, Inc., et al*, Styled Case No. NC060479.

1 The estimated net proceeds from the Sale is \$335,000. After completion of the Sale and the Loan,
2 Southwest Baptist will be paid in full and the balance due will be \$0.00.

3 Because the claimed Liens of the County of Los Angeles Tax Assessor, BDM Mortgage and
4 Southwest Baptist Conference will be paid in full as a result of the Sale and the Loan, the Court may
5 approve the sale free and clear of this lien pursuant to 11 U.S.C. § 363(f)(3) because the sale would be
6 permitted under non-bankruptcy law.

7 **B. Any Secured Claimant That Does Not Timely Oppose a Proposed Sale of the 3420**
8 **Denver Property Is Deemed to Have Consented to the Sale Pursuant to Section**
9 **363(f)(2)**

10 As set forth hereinabove, Section 363(f)(2) of the Bankruptcy Code authorizes a sale of estate
11 property free and clear of an interest therein asserted by an entity if such entity consents to the sale. A
12 failure of a secured claimant to timely object to a proposed sale, after receiving proper notice of the sale,
13 is held to be satisfactory consent for the purposes of Section 363(f)(2). *See, e.g., In re R Star Rests., Inc.*,
14 2010 WL 3329814, at *4 (Bankr. C.D. Cal. June 29, 2010) (“Those holders of Liens against Debtor or
15 their respective estates or any of the Acquired Assets who did not object . . . to the sale or the *Motion*
16 are deemed to have consented thereto pursuant to Section 363(f)(2) of the Bankruptcy Code.”); *In re*
17 *James*, 203 B.R. 449, 453 (Bankr. W.D. Mo. 1997) (“By failing to object to the sale, Roosevelt Bank
18 implicitly conveyed its consent to the sale for purposes of satisfying section 363(f)(2).”); *Hargrave v.*
19 *Twp. of Pemberton (In re Tabone, Inc.)*, 175 B.R. 855, 858 (Bankr. D. N.J. 1994) (citations omitted)
20 (failure to object to sale or attend sale hearing deemed consent to sale for purposes of Section 363); *In*
21 *re Shary*, 152 B.R. 724, 725-26 (Bankr. N.D. Ohio 1993) (citing *Equibank, N.A. v. Whelling-Pittsburgh*
22 *Steel Corp.*, 884 F.2d 80, 88-89 (3rd Cir. 1989)) (state’s failure to object to transfer of liquor license
23 constituted consent to sale); *Citicorp Homeowners Services, Inc.*, 94 B.R. at 345-46 (“Citicorp consented
24 to the sale by failing to make any timely objection after receiving notice of the sale.”); *In re Gabel*, 61
25 B.R. 661, 667 (Bankr. W.D. La. 1985).

26 Consequently, the failure of any secured claimant to object to the proposed Sale of the 3420
27 Denver Property, after receiving proper notice of this Motion to Sell, should be deemed to constitute its
28

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1 consent to the Sale for the purposes of Section 363(f)(2). Therefore, if no objection is filed, this Court
2 should deem the failure to object as consent pursuant to Section 363(f)(2).

3 **IX. ADEQUACY OF THE NOTICE OF THE MOTION TO SELL**

4 By this Amended Motion to Sell, Debtor seeks this Court to approve the adequacy of the Notice
5 of the Amended Motion to Sell. The form of Notice of the Amended Motion to Sell was served on the
6 following persons, as demonstrated by the proof of service for the Notice: (1) all creditors of the
7 bankruptcy estate; (2) all parties-in-interest in this case; (3) all entities who have requested special notice
8 in this case; and (4) the Buyers. Additionally, the Notice of the Motion to Sell includes all information
9 required by Local Bankruptcy Rule 6004-1(c)(3). Therefore, the Court should approve the adequacy of
10 the Notice of the Amended Motion to Sell.

11 **X. DISTRIBUTION OF THE PROCEEDS OF THE SALE OF THE 3420 DENVER**
12 **PROPERTY**

13 By this Amended Motion to Sell, Debtor seeks approval of the distribution of the proceeds of
14 the sale of the 3420 Denver Property as follows:

15 **A. Payment of Costs of Sale.**

16 1. **No Payment of Broker.** All negotiations relevant to the Sale of the 3420 Denver
17 Property have been carried on by Debtor directly with the Buyers and without the intervention of any
18 other persons. Therefore, there are no brokerage or finder's fee or commissions payable to any parties
19 as a result.

20 2. **Payment of Escrow and Title.** By the Amended Motion to Sell, Debtor seeks
21 authority to pay its own portion (one half) of the Escrow Fee and for owner's title insurance from the
22 purchase price of the 3420 Denver Property. Pursuant to the Agreement, Debtor shall pay its own
23 portion of the Escrow Fee, which is one-half of the Escrow Fee (the other half to be paid by the
24 Successful Bidder) and for owner's title insurance. Debtor seeks authority to pay these amounts from
25 the purchase price for the 3420 Denver Property without seeking further approval by the Court. Debtor
26 estimates that these amounts will be no more than \$5,000.00.

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1 3. Payment for Inspections and Reports, and Government Requirements and Retrofit.
2 By the Amended Motion to Sell, Debtor seeks authority to pay all expenses relating to inspections and
3 reports, and government requirements and retrofits from the purchase price of the 3420 Denver Property.
4 Pursuant to the Agreement, Debtor shall pay for the cost of compliance with any mandatory government
5 inspections and reports if required as a condition of closing escrow under any law.¹⁴ In addition, Debtor
6 shall pay the cost of compliance with any other minimum mandatory government retrofit standards
7 required as a condition of closing escrow under any law, whether the work is required to be completed
8 before or after the close of escrow. Further, Debtor shall pay for a natural hazard zone disclosure report.
9 Debtor seeks authority to pay these amounts from the purchase price for the 3420 Denver Property
10 without seeking further approval by the Court. Debtor estimates that these amounts will be no more than
11 \$10,000.00.

12 4. Transfer Costs. By the Amended Motion to Sell, Debtor seeks authority to pay
13 the County transfer tax or transfer fee and the City transfer tax or transfer fee from the purchase price
14 of the 3420 Denver Property. Pursuant to the Agreement, Debtor shall pay the County transfer tax or
15 transfer fee and the City transfer tax or transfer fee. Debtor seeks authority to pay these amounts from
16 the purchase price for the 3420 Denver Property without seeking further approval by the Court.

17 5. Real Property Taxes. By the Amended Motion to Sell, Debtor seeks authority to
18 pay all unpaid real estate taxes owing to the Los Angeles County Tax Collector.

19 6. Remaining Proceeds to Debtor's Creditors. By the Amended Motion to Sell,
20 Debtor seeks authority to pay all of its creditors, including its secured creditors and unsecured creditors,
21 along with a set aside for administrative creditors. After deduction of the items set forth above, which
22 shall be paid at the close of sale and total no more than \$15,000, the estimated remainder of the proceeds
23 of the Sale is the sum of \$335,000. Further, the net proceeds from the Loan will be \$242,648. By this
24 Amended Motion to Sell, Debtor seeks authority to distribute the remaining proceeds from the Sale as
25 follows:

26 _____
27 ¹⁴ The Buyers or Successful Bidders shall pay for smoke alarm and carbon monoxide device
28 installation and water heater bracing if required by law.

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- 1 a. Secured Claims
- 2 i. BDM Mortgage. The net proceeds from the Loan, as discussed
- 3 in the Amended Motion for Post-Petition Financing, shall be paid to BDM Mortgage to pay its claim in
- 4 the amount of \$242,648.00. After completion of this payment, all of the Loan proceeds will be used and
- 5 the amount left owing to BDM Mortgage will be \$75,352.00. Therefore, Debtor seeks authority to pay
- 6 \$75,352.00 or the amount of its secured claim to BDM Mortgage from the remaining proceeds of the
- 7 Sale. After completion of the Sale and the Loan, BDM Mortgage will be paid in full and the balance due
- 8 will be \$0.00
- 9 ii. Southwest Baptist. Debtor seeks authority to pay \$164,302.38 or
- 10 the amount of its secured claim to Southwest Baptist from the remaining proceeds of the Sale. After
- 11 completion of the Sale and the Loan, Southwest Baptist will be paid in full and the balance due will be
- 12 \$0.00.
- 13 b. Administrative Expense Claims After Debtor's secured creditors are paid
- 14 in full, as described hereinabove, there will be approximately \$95,345.62 remaining from the net
- 15 proceeds of the Sale. Debtor seeks authority to set aside \$45,000 of the remaining funds to pay the
- 16 following administrative expense claims in full once they are approved:
- 17 i. United States Trustee Fees. Debtor estimates that the United States
- 18 Trustee fees for the third quarter will amount to \$4,875.00. Debtor seeks authority to set aside \$5,000
- 19 from the proceeds of the Sale to pay the United States Trustee once the United States Trustee Fees
- 20 become due.
- 21 ii. Professional Fees of Haberbush & Associates, LLP. Haberbush
- 22 & Associates, LLP, Debtor's general bankruptcy counsel estimates that its total claim for fees and costs
- 23 will not exceed \$40,000. After completion of the Sale and the Loan, Debtor seeks authority to set aside
- 24 \$40,000 from the Sale proceeds to pay Haberbush & Associates, LLP's fees and costs in full for payment
- 25 of its fees once they are approved by the Bankruptcy Court.
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1 c. Priority Unsecured Claim of the Internal Revenue Service. Because
2 Debtor expects the IRS's amended Proof of Claim to be \$0.00, Debtor does not anticipate any proceeds
3 from the Sale or Loan to go to the IRS.

4 d. General Unsecured Claims

5 i. Staples Commercial. Debtor seeks authority to pay \$553.57 from
6 the remaining proceeds of the Sale to Staples Commercial on account of its general unsecured claim.
7 After completion of the Sale and the Loan, the Staples Commercial will be paid in full and the balance
8 due will be \$0.00.

9 ii The United States Trustee Fees. Debtor seeks authority to pay
10 \$650 from the remaining proceeds of the Sale to the United States Trustee on account of its general
11 unsecured claim. After completion of the Sale and the Loan, the United States Trustee will be paid in
12 full and the balance due will be \$0.00.

13 **XI. THE COURT HAS THE DISCRETION TO AND SHOULD WAIVE THE**
14 **FOURTEEN-DAY PERIOD FOR THE EFFECTIVENESS OF THE SALE ORDER**

15 Rule 6004(h) of the Federal Rules of Bankruptcy Procedure provides as follows: "An order
16 authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of
17 14 days after entry of the order, *unless the court orders otherwise.*" Fed. R. Bankr. P. 6004(h) (emphasis
18 added).

19 Bankruptcy courts have discretion on whether to waive the 14 day stay. *See, e.g., Hower v.*
20 *Molding Sys. Eng'g Corp.*, 445 F.3d 935, 938 (7th Cir. 2006); *Hollow Mgmt. Corp. v. Perry Hollow*
21 *Mgmt. Co., Inc. (In re Perry Hollow Mgmt Co., Inc.)*, 297 F.3d 34, 41 (1st Cir. 2002). As set forth more
22 fully above and demonstrated by the declaration of Dr. E.M. Williams, the circumstances of this case
23 militate in favor of allowing the proposed Sale to close as soon as possible. Debtor wants to
24 consummate the Sale expeditiously because any delay in the Sale will only increase the cost to Debtor
25 and Debtor's creditors by prolonging this bankruptcy case. Therefore, Debtor hereby requests that the
26 Court order that the Sale of the 3420 Denver Property may be effectuated immediately upon entry of the

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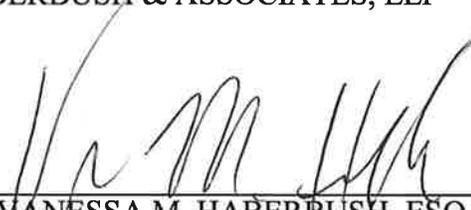
1 order authorizing the Sale and to waive the fourteen day stay of the order provided in Federal Rules of
2 Bankruptcy Procedure 6004(h).

3 **XII. CONCLUSION**

4 Therefore, for good cause appearing, Debtor hereby respectfully requests that this Court: (1)
5 authorize the Sale of the bankruptcy estate's interests in the 3420 Denver Property to the Buyers or
6 Successful Bidder, free and clear of all claims, liens and interests pursuant to Section 363(f) of the
7 Bankruptcy Code, with all valid, duly-perfected and unavoidable claims, liens and interests to attach to
8 the net proceeds of such Sale to the same extent, validity, and priority as they now attach to the 3420
9 Denver Property, pursuant to the Agreement; (2) authorize the distribution of proceeds for the costs of
10 sale; (3) authorize the distribution of the remaining proceeds to Debtor's creditors as indicated in the
11 Motion; (4) waive the 14-day stay of orders provided by Federal Rules of Bankruptcy Procedure 6004(h)
12 to allow Debtor to immediately close the Sale once the order authorizing the Sale is entered; and (5)
13 grant Debtor such other and further relief as this Court deems just and appropriate under the facts and
14 circumstances of this case.

15 Respectfully submitted,

16 HABERBUSH & ASSOCIATES, LLP

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19 By: 
20 VANESSA M. HABERBUSH, ESQ.,
Attorneys for Debtor and Debtor-in-Possession

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Dated: September 13, 2016

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DECLARATION OF E.M. WILLIAMS

I, E.M. Williams, hereby declare and state:

1. I am an individual over the age of 18 years. I have personal knowledge of the facts stated herein and if I were called as a witness would and could competently testify thereto, under penalty of perjury.

2. I am the Pastor of St. Luke Baptist Church, dba St. Luke Holy Baptist Church ("Debtor"). I am actively involved in all of Debtor's operations. I personally participate in and have personal knowledge of all of Debtor's operations, finances, and activities. This declaration is given in support of Debtor's Amended Motion for an Order (1) Authorizing the Sale of the Estate's Interests in Real Property Located at 3420 Denver Avenue, Long Beach, CA 90810 Free and Clear of All Claims, Liens, and Interests Pursuant to 11 U.S.C. § 363; and (2) Authorizing the Distribution of Proceeds from the Sale (the "Amended Motion" and/or the "Amended Motion to Sell").

3. On April 28, 2016, Debtor filed a voluntary petition under Chapter 11 of the Bankruptcy Code. Since that time, Debtor has been operating its Church pursuant to 11 U.S.C. §§ 1107 and 1108.

4. Debtor is a church located in Long Beach California. Debtor was founded in 1956 and is currently operated by the Board of Trustees, the Deacon Board, and the Mother's Board. Debtor is a 501(3)(c) Non-profit Corporation.

5. Debtor owns four pieces of real property. Debtor's first piece of real property is a church located at 1401 West 34th Street, Long Beach, CA 90801 (the "34th Street Property"). Debtor's second piece of real property is an unimproved lot, located at 3415 Delta Avenue, Long Beach CA 90810 (the "Delta Property"). The unimproved lot is used for parking. Debtor's third piece of real property is a single-family residence located at 3406 Denver Avenue, Long Beach CA 90801 (the "3406 Denver Property"). Debtor leases the 3406 Denver Property and receives approximately \$1,000 per month in rent. Lastly, Debtor's fourth piece of real property is a single-family residence located at 3420 Denver Avenue, Long Beach, CA 90810 (the "3420 Denver Property"). Debtor leases the 3420 Denver Property and receives approximately \$1,400 per month in rent.

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1 6. Debtor has two secured creditors. Debtor's first priority secured creditor is BDM
2 Mortgage. BDM Mortgage is the holder of the first deed of trust. The first deed of trust is secured by
3 the four real properties. Debtor owes BDM Mortgage approximately \$318,000. Debtor's second priority
4 secured creditor is the Southwest Baptist Conference ("Southwest Baptist"). Southwest Baptist is the
5 holder of the second deed of trust. The second deed of trust is also secured by the four real properties.
6 Further Debtor owes Southwest Baptist \$119,411.75 in principal; this amount has been increased to
7 approximately \$164,302.38 due to fees and expenses.

8 7. This bankruptcy was filed due to the impending foreclosure by Southwest Baptist. In or
9 about February 2016, Southwest Baptist scheduled a foreclosure sale of three of Debtor's four properties.
10 Due to the foreclosure sale, on or about February 29, 2016, Debtor filed a voluntary Chapter 11
11 Bankruptcy Petition in the United States Bankruptcy Court, Central District of California, initiated
12 bankruptcy case no. 2:16-bk-12468-RK (the "First Bankruptcy"). The First Bankruptcy was dismissed
13 on or about April 21, 2016 due to failure to comply with the requirements of the Office of the United
14 States Trustee. After the First Bankruptcy was dismissed, Southwest Baptist continued to schedule
15 foreclosure sales of the three properties and scheduled a foreclosure sale for April 29, 2016 at 11:00 a.m.
16 Due to the impending foreclosure sale, Debtor commenced this Chapter 11 bankruptcy case to stop the
17 foreclosure sale and allow Debtor sufficient time to obtain financing and pay its creditors.

18 8. Debtor's second unsecured creditor is the general unsecured claim of Staples
19 Commercial. Debtor owes Staples Commercial, on account of a pre-petition unsecured debt,
20 approximately \$553.57.

21 9. On July 22, 2016, a Residential Purchase Agreement and Joint Escrow Instructions (the
22 "Agreement") was tendered by the Buyers to Debtor offering \$350,000 for the purchase of the 3420
23 Denver Property. After some revisions to the addendum were made to take into account Debtor's
24 bankruptcy proceeding, on August 15, 2016, both the Buyers and Debtor signed the Agreement. A true
25 and correct copy of the Agreement is attached hereto and incorporated herein, by this reference, as
26 Exhibit "1." The material points in the Purchase Agreement are discussed hereinbelow. The Buyers
27 have no connection to Debtor other than that Buyers have been legally occupying the 3420 Denver
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1 Property as tenants of Debtor since June 1, 2015, and have provided the highest and best offer to
2 purchase the 3420 Denver Property, and entered into the Agreement with Debtor.

3 10. Debtor proposes and the Buyers request that the Court establish and approve the sale and
4 bidding procedures set forth as follows: All bids shall be made on the same terms and conditions as the
5 Buyers' offer. The first overbid is to be \$385,000 (\$350,000 plus 10% of the Buyers' purchase price
6 (\$35,000)). All subsequent overbids shall be in \$5,000.00 increments. This overbid represents an offer
7 \$35,000.00 greater than that of the Buyers. Any person desiring to submit an overbid for the 3420
8 Denver Avenue Property shall qualify to bid by appearing, either personally or through an agent, at the
9 hearing on October 4, 2016 at 3:00 p.m. in Courtroom 1675 located at 255 E. Temple Street, Los
10 Angeles, CA 90012, and making a bid to purchase the 3420 Denver Avenue Property on the overbidding
11 terms specified herein (the "Qualified Bidder"). The party who makes the highest and best offer to
12 purchase the 3420 Denver Avenue Property shall be the successful bidder (the "Successful Bidder").

13 11. I believe that the Court's approval of the Amended Motion to Sell is in the best interests
14 of the estate, and Debtor's creditors. Prior to the Petition Date, Debtor hired a realtor, Mollie Beck with
15 the Beck Company of Coldwell Banker Beachside to market the 3420 Denver Property. Debtor did not
16 employ Ms. Beck through the bankruptcy court. Further, Debtor terminated Ms. Beck's services in effort
17 to prevent the estate from spending unnecessary costs. After evaluating the 3420 Denver Property, Ms.
18 Beck determined that it would likely sell for no more than \$400,000. While Debtor has not received any
19 offers other than the Buyers' offer to purchase the 3420 Denver Property, I believe the offer represents
20 the highest or otherwise best offer because the Sale in addition to Loan, will yield sufficient funds to pay
21 all of Debtor's creditors in full, including the claims secured on the 3420 Denver Property. In addition,
22 Debtor has obtained an opinion of value from real estate agent, Betty Leanos.

23 12. Because the Sale, as proposed by this Amended Motion, has no brokers' fees, the current
24 offer, subject to overbidding, will result in Debtor receiving the same net proceeds from the Sale as if
25 Debtor sold the 3420 Denver Property for \$400,000 due to the elimination of the brokers' fees, as well
26 reducing the delay in finding a buyer for the 3420 Denver Property. If the 3420 Denver Property were
27 sold at a price of \$400,000 using Ms. Beck as Debtor's realtor, then the net proceeds from the Sale
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1 would be approximately \$361,000 rather than the \$335,000 proposed here. This was estimated first
2 deducting the brokers' commission (assuming a 6% brokers' commission, Ms. Beck would make
3 \$24,000) and second deducting the costs of the sale (\$15,000). While Ms. Beck marketed the 3420
4 Denver Property for a short time, Debtor did not receive any offers to purchase the 3420 Denver
5 Property. Because Ms. Beck did not receive any offers to purchase the 3420 Denver Avenue Property
6 at an asking price of \$400,000, Debtor believes the 3420 Denver Avenue Property would be sold at a
7 much lower price. Therefore, if the 3420 Denver Avenue Property were sold at a lower price than
8 \$400,000, Debtor believes that Debtor's net proceeds from the sale of the 3420 Denver Property would
9 likely be lower than the net proceeds from the Sale to the Buyers (or other Successful Bidder). As a
10 result, Debtor believes the purchase price, subject to overbidding, of the 3420 Denver Property is
11 reasonable. Because the Sale, in addition to the Loan, will result in all creditors being paid, and further
12 the Sale will yield higher net proceeds than if the Sale were completed using a broker, the Court should
13 defer to Debtor's business judgment that the purchase price, subject to overbidding and this Court's
14 approval, is reasonable under the circumstances and should be approved. Therefore, I believe the Sale
15 of the 3420 Denver Property is in the best interests of the bankruptcy estate and its creditors.

16 EXECUTED THIS 13 DAY OF SEPTEMBER 2016, AT Long Beach, CALIFORNIA.

17 I declare under penalty of perjury that the foregoing is true and correct.

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E.M. WILLIAMS

DECLARATION OF VANESSA M. HABERBUSH

I, Vanessa M. Haberbush, hereby declare and state:

1. I am an individual over the age of 18 years. I have personal knowledge of the facts stated herein and if I were called as a witness would and could competently testify thereto, under penalty of perjury.

2. I am an associate attorney at Haberbush & Associates, LLP. Haberbush & Associates, LLP is the attorneys for St. Luke Baptist Church, dba St. Luke Holy Baptist Church (“Debtor”) in its bankruptcy proceeding filed on April 28, 2016. This declaration is given in support of Debtor's Amended Motion for an Order (1) Authorizing the Sale of the Estate’s Interests in Real Property Located at 3420 Denver Avenue, Long Beach, CA 90810 Free and Clear of All Claims, Liens, and Interests Pursuant to 11 U.S.C. § 363; and (2) Authorizing the Distribution of Proceeds from the Sale (the “Amended Motion” and/or the “Amended Motion to Sell”).

3. In this bankruptcy, Debtor again had difficulty complying with the requirements of the Office of the United States Trustee. Therefore, the Office of the United States Trustee brought a motion to dismiss or convert this bankruptcy proceeding. In response to this motion, Debtor obtained new counsel on or about July 20, 2016. Since that time, Debtor has taken significant actions to become in compliance with both the requirements of the Bankruptcy Code and the Office of the United States Trustee. Further, Debtor intends to pay all of its creditors through both the sale of the 3420 Denver Property (the “Sale”) and a refinance of the four real properties.

4. Other than Debtor’s secured claims, Debtor has few other claims. Debtor has two administrative expense claims. The first administrative expense claim is the United States Trustee fees. Debtor estimates that the United States Trustee fees for the third quarter of 2016 will be \$4,875.00. The amount of the United States Trustee fees for the third quarter of 2016 is estimated taking into account the distribution of the proceeds of the Loan and the Sale, for total distributions exceeding approximately \$800,000. The second administrative expense claim is that of Haberbush & Associates, LLP, Debtor’s general bankruptcy counsel. Haberbush & Associates, LLP estimates that its total claim for fees and costs will not exceed \$40,000.

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1 5. On June 2, 2016, the Internal Revenue Service (“IRS”) sent Debtor a letter informing
2 Debtor of its missing tax returns. The IRS filed a proof of claim on June 3, 2016 (the “Proof of Claim”).
3 Pursuant to the Proof of Claim, the IRS indicated it has a priority unsecured claim of \$63,007.37. Debtor
4 filed all required tax returns on or about August 3, 2016. I spoke with Leonard Brown, a representative
5 of the IRS on or about August 11, 2016. Mr. Brown informed me that the filed returns indicated Debtor
6 owed the IRS nothing and that the IRS would be amending its Proof of Claim to reflect an amount
7 owing of \$0.00. On or about September 1, 2016, I spoke with Mr. Brown again. As a result of the
8 conversation with Mr. Brown, I expect the IRS to amend the Proof of Claim to indicate that the IRS’s
9 claim is \$0.00, no later than September 23, 2016. In the event the IRS does not amend its Proof of
10 Claim, Debtor will object to the claim.

11 6. Debtor believes it owes the United States Trustee \$650 on account of quarterly fees due
12 in relation to Debtor’s previous bankruptcy case filed on about February 29, 2016, in the United States
13 Bankruptcy Court, Central District of California, initiating bankruptcy case no. 2:16-bk-12468-RK.

14 7. On or about August 16, 2016, Debtor filed a Motion for an Order Approving (1) Post-
15 Petition Financing; (2) Granting a Post-Petition Lien; and (3) Distribution of the Proceeds of the Post-
16 Petition Financing (the “Motion for Post-Petition Financing”).

17 8. At the hearing on the Motion for Post-Petition Financing, the Court ordered Debtor to
18 amend the Motion for Post-Petition Financing to include the revised terms of the loan. Further, the
19 Court continued the hearing on the Motion for Post-Petition Financing to September 13, 2016 at 3:30.

20 9. On or about September 9, 2016, Debtor filed an Amended Motion for an Order
21 Approving (1) Post-Petition Financing; (2) Granting a Post-Petition Lien; and (3) Distribution of the
22 Proceeds of the Post-Petition Financing (the “Amended Motion for Post-Petition Financing”).

23 10. By the Amended Motion for Post-Petition Financing, Debtor seeks post-petition financing
24 to pay all of its creditors in full. As stated in the Amended Motion for Post-Petition Financing, the loan
25 amount from Farmers & Merchants Bank (the “Lender” and/or “Farmers & Merchants”) amounts to
26 \$250,000 (the “Loan”).

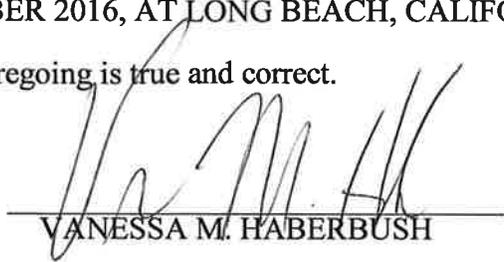
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1 The net proceeds from the Loan will be \$242,648. The Loan (in conjunction with the Sale) will allow
2 Debtor to fully resolve all of its claims and allow it to successfully reorganize.

3 EXECUTED THIS 13th DAY OF SEPTEMBER 2016, AT LONG BEACH, CALIFORNIA.

4 I declare under penalty of perjury that the foregoing is true and correct.

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7 
VANESSA M. HABERBUSH

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ATTORNEYS AT LAW
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CALIFORNIA ASSOCIATION OF REALTORS®

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS
(C.A.R. Form RPA-CA, Revised 12/15)

Date Prepared: 07/22/2016

1. OFFER:

- A. THIS IS AN OFFER FROM Ignacio Gonzalez, Alba Sanchez ("Buyer").
- B. THE REAL PROPERTY to be acquired is 3420 Denver Ave, Long Beach, CA 90810, situated in Long Beach (City), Los Angeles (County), California, 90810 (Zip Code), Assessor's Parcel No. _____ ("Property").
- C. THE PURCHASE PRICE offered is Three Hundred Fifty Thousand Dollars \$ 350,000.00.
- D. CLOSE OF ESCROW shall occur on _____ (date) or 45 Days After Acceptance).
- E. Buyer and Seller are referred to herein as the "Parties." Brokers are not Parties to this Agreement.

2. AGENCY:

- A. DISCLOSURE: The Parties each acknowledge receipt of a "Disclosure Regarding Real Estate Agency Relationships" (C.A.R. Form AD).
- B. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:
Listing Agent None (Print Firm Name) is the agent of (check one):
 the Seller exclusively; or both the Buyer and Seller.
Selling Agent None (Print Firm Name) (if not the same as the Listing Agent) is the agent of (check one): the Buyer exclusively; or the Seller exclusively; or both the Buyer and Seller.

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

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

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

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

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

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

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

- D. LOAN(S):
(1) FIRST LOAN: In the amount of \$ 337,750.00
This loan will be conventional financing or FHA, VA, Seller financing (C.A.R. Form SFA), assumed financing (C.A.R. Form AFA), Other _____. This loan shall be at a fixed rate not to exceed _____ % or, an adjustable rate loan with initial rate not to exceed _____ %. Regardless of the type of loan, Buyer shall pay points not to exceed _____ % of the loan amount.

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

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

E. ADDITIONAL FINANCING TERMS: _____

- F. BALANCE OF DOWN PAYMENT OR PURCHASE PRICE in the amount of \$ 10,250.00 to be deposited with Escrow Holder pursuant to Escrow Holder Instructions.

- G. PURCHASE PRICE (TOTAL): \$ 350,000.00

Buyer's Initials (IG) (AS)

Seller's Initials (EMW) (_____)



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

Re/Max Alliance Group, 5556 S. Centinela Ave, Los Angeles, CA 90066 Betty Leanos	Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com	Phone: (313)214-5637 Fax: (313)671-0241	Alba Sanchez
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Property Address: 3420 Denver Ave, Long Beach, CA 90810

Date: July 22, 2016

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

4. SALE OF BUYER'S PROPERTY:

A. This Agreement and Buyer's ability to obtain financing are NOT contingent upon the sale of any property owned by Buyer.

OR B. This Agreement and Buyer's ability to obtain financing are contingent upon the sale of property owned by Buyer as specified in the attached addendum (C.A.R. Form COP).

5. ADDENDA AND ADVISORIES:

A. ADDENDA:		<input type="checkbox"/> Addendum #	(C.A.R. Form ADM)
<input type="checkbox"/> Back Up Offer Addendum (C.A.R. Form BUO)		<input type="checkbox"/> Court Confirmation Addendum (C.A.R. Form CCA)	
<input type="checkbox"/> Septic, Well and Property Monument Addendum (C.A.R. Form SWPI)		<input type="checkbox"/> Other	
<input type="checkbox"/> Short Sale Addendum (C.A.R. Form SSA)			
B. BUYER AND SELLER ADVISORIES:		<input checked="" type="checkbox"/> Buyer's Inspection Advisory (C.A.R. Form BIA)	
<input type="checkbox"/> Probate Advisory (C.A.R. Form PA)		<input type="checkbox"/> Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)	
<input type="checkbox"/> Trust Advisory (C.A.R. Form TA)		<input type="checkbox"/> REO Advisory (C.A.R. Form REO)	
<input type="checkbox"/> Short Sale Information and Advisory (C.A.R. Form SSA)		<input type="checkbox"/> Other	

6. OTHER TERMS: Sellers to pay 2% towards buyers closing cos

7. ALLOCATION OF COSTS

A. INSPECTIONS, REPORTS AND CERTIFICATES: Unless otherwise agreed in writing, this paragraph only determines who is to pay for the inspection, test, certificate or service ("Report") mentioned; it does not determine who is to pay for any work recommended or identified in the Report.

- (1) Buyer Seller shall pay for a natural hazard zone disclosure report, including tax environmental Other: _____ prepared by _____
- (2) Buyer Seller shall pay for the following Report _____ prepared by _____
- (3) Buyer Seller shall pay for the following Report _____ prepared by _____

Buyer's Initials (TC) (AS)

Seller's Initials (THW) (_____)

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

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Alba Sanchez



Property Address: 3420 Denver Ave, Long Beach, CA 90810

Date: July 22, 2016

B. GOVERNMENT REQUIREMENTS AND RETROFIT:

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

C. ESCROW AND TITLE:

- (1) (a) Buyer Seller shall pay escrow fee 50/50 BUYER AND SELLER
- (b) Escrow Holder shall be Southwest escrow / Gemmy Ochoa
- (c) The Parties shall, within 5 (or) Days After receipt, sign and return Escrow Holder's general provisions.
- (2) (a) Buyer Seller shall pay for owner's title insurance policy specified in paragraph 13E
- (b) Owner's title policy to be issued by Pacific Coast Title / Andy Akitomo
(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

D. OTHER COSTS:

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

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

B. ITEMS INCLUDED IN AND EXCLUDED FROM SALE:

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

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

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

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

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

Buyer's Initials (IG) (A.S.)

Seller's Initials (EMG) ()

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

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Alba Sanchez



Property Address: 3420 Denver Ave, Long Beach, CA 90810

Date: July 22, 2016

9. CLOSING AND POSSESSION:

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

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

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

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

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

Buyer's Initials: IG (A.S.)
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Seller's Initials: (TW) (_____)



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

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Property Address: 3420 Denver Ave, Long Beach, CA 90810

Date: July 22, 2016

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

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

13. **TITLE AND VESTING:**

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

Buyer's Initials (IG) (A.S.)
RPA-CA REVISED 12/15 (PAGE 5 OF 10)

Seller's Initials (EM) (_____)



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

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Alba Sanchez

Property Address: 3420 Denver Ave, Long Beach, CA 90810

Date: July 22, 2016

E. Buyer shall receive a CLTA/ALTA "Homeowner's Policy of Title Insurance", if applicable to the type of property and buyer. If not, Escrow Holder shall notify Buyer. A title company can provide information about the availability, coverage, and cost of other title policies and endorsements. If the Homeowner's Policy is not available, Buyer shall choose another policy, instruct Escrow Holder in writing and shall pay any increase in cost.

14. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).

A. SELLER HAS: 7 (or ___) Days After Acceptance to Deliver to Buyer all Reports, disclosures and information for which Seller is responsible under paragraphs 5, 6, 7, 8B(5), 10A, B, C, and F, 11A and 13A. If, by the time specified, Seller has not Delivered any such item, Buyer after first Delivering to Seller a Notice to Seller to Perform (C.A.R. Form NSP) may cancel this Agreement.

B. (1) BUYER HAS: 17 (or ___) Days After Acceptance, unless otherwise agreed in writing, to: (i) complete all Buyer Investigations; review all disclosures, reports, lease documents to be assumed by Buyer pursuant to paragraph 8B(5), and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property; and (ii) Deliver to Seller Signed Copies of Statutory and Lead Disclosures and other disclosures Delivered by Seller in accordance with paragraph 10A.

(2) Within the time specified in paragraph 14B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to (C.A.R. Form RRRR) Buyer's requests.

(3) By the end of the time specified in paragraph 14B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller a removal of the applicable contingency or cancellation (C.A.R. Form CR or CC) of this Agreement. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in paragraph 14A, then Buyer has 5 (or ___) Days After Delivery of any such items, or the time specified in paragraph 14B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.

(4) Continuation of Contingency: Even after the end of the time specified in paragraph 14B(1) and before Seller cancels, if at all, pursuant to paragraph 14D, Buyer retains the right, in writing, to either (i) remove remaining contingencies, or (ii) cancel this Agreement based on a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to paragraph 14D(1).

(5) Access to Property: Buyer shall have access to the Property to conduct inspections and investigations for 17 (or ___) Days After Acceptance, whether or not any part of the Buyer's Investigation Contingency has been waived or removed.

C. REMOVAL OF CONTINGENCIES WITH OFFER: Buyer removes the contingencies specified in the attached Contingency Removal form (C.A.R. Form CR). If Buyer removes any contingency without an adequate understanding of the Property's condition or Buyer's ability to purchase, Buyer is acting against the advice of Broker.

D. SELLER RIGHT TO CANCEL:

(1) Seller right to Cancel; Buyer Contingencies: If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement, then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.

(2) Seller right to Cancel; Buyer Contract Obligations: Seller, after first delivering to Buyer a NBP, may cancel this Agreement if, by the time specified in this Agreement, Buyer does not take the following action(s): (i) Deposit funds as required by paragraph 3A, or 3B or if the funds deposited pursuant to paragraph 3A or 3B are not good when deposited; (ii) Deliver a notice of FHA or VA costs or terms as required by paragraph 3D(3) (C.A.R. Form FVA); (iii) Deliver a letter as required by paragraph 3J(1); (iv) Deliver verification, or a satisfactory verification if Seller reasonably disapproves of the verification already provided, as required by paragraph 3C or 3H; (v) in writing assume or accept leases or liens specified in 8B5; (vi) Return Statutory and Lead Disclosures as required by paragraph 10A(5); or (vii) Sign or Initial a separate liquidated damages form for an increased deposit as required by paragraphs 3B and 21B; or (viii) Provide evidence of authority to sign in a representative capacity as specified in paragraph 19. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.

E. NOTICE TO BUYER OR SELLER TO PERFORM: The NBP or NSP shall: (i) be in writing; (ii) be signed by the applicable Buyer or Seller; and (iii) give the other Party at least 2 (or ___) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP or NSP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for the other Party to remove a contingency or cancel this Agreement or meet an obligation specified in paragraph 14.

F. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES: If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in writing, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for the inability to obtain financing.

G. CLOSE OF ESCROW: Before Buyer or Seller may cancel this Agreement for failure of the other Party to close escrow pursuant to this Agreement, Buyer or Seller must first Deliver to the other Party a demand to close escrow (C.A.R. Form DCE). The DCE shall: (i) be signed by the applicable Buyer or Seller; and (ii) give the other Party at least 3 (or ___) Days After Delivery to close escrow. A DCE may not be Delivered any earlier than 3 Days Prior to the scheduled close of escrow.

H. EFFECT OF CANCELLATION ON DEPOSITS: If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, the Parties agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Except as specified below, release of funds will require mutual Signed release instructions from the Parties, judicial decision or arbitration award. If either Party fails to execute mutual instructions to cancel escrow, one Party may make a written demand to Escrow Holder for the deposit. (C.A.R. Form BDRD or SDRD). Escrow Holder, upon receipt, shall promptly deliver notice of the demand to the other Party. If, within 10 Days After Escrow Holder's notice, the other Party does not object to the demand, Escrow Holder shall disburse the deposit to the Party making the demand. If Escrow Holder complies with the preceding process, each Party shall be deemed to have released Escrow Holder from any and all claims or liability related to the disbursement of the deposit. Escrow Holder, at its discretion, may nonetheless require mutual cancellation instructions. A Party may be subject to a civil penalty of up to \$1,000 for refusal to sign cancellation instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).

Buyer's Initials (JG) (A.S.)
RPA-CA REVISED 12/15 (PAGE 6 OF 10)

Seller's Initials (EMW) (_____)



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

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Alba Sanchez

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Date: July 22, 2016

15. **FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final verification of the Property within 5 (or) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 11; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. Form VP).

16. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain invoices and paid receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of invoices and paid receipts and statements to Buyer prior to final verification of condition.

17. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller (see C.A.R. Form SPT or SBSA for further information). TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.

18. **BROKERS:**

A. **COMPENSATION:** Seller or Buyer, or both, as applicable, agree to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.

B. **SCOPE OF DUTY:** Buyer and Seller acknowledge and agree that Broker: (i) Does not decide what price Buyer should pay or Seller should accept; (ii) Does not guarantee the condition of the Property; (iii) Does not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) Does not have an obligation to conduct an inspection of common areas or areas off the site of the Property; (v) Shall not be responsible for identifying defects on the Property, in common areas, or offsite unless such defects are visually observable by an inspection of reasonably accessible areas of the Property or are known to Broker; (vi) Shall not be responsible for inspecting public records or permits concerning the title or use of Property; (vii) Shall not be responsible for identifying the location of boundary lines or other items affecting title; (viii) Shall not be responsible for verifying square footage, representations of others or information contained in investigation reports, Multiple Listing Service, advertisements, flyers or other promotional material; (ix) Shall not be responsible for determining the fair market value of the Property or any personal property included in the sale; (x) Shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller; and (xi) Shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.

19. **REPRESENTATIVE CAPACITY:** If one or more Parties is signing this Agreement in a representative capacity and not for him/herself as an individual then that Party shall so indicate in paragraph 31 or 32 and attach a Representative Capacity Signature Disclosure (C.A.R. Form RCSD). Wherever the signature or initials of the representative identified in the RCSD appear on this Agreement or any related documents, it shall be deemed to be in a representative capacity for the entity described and not in an individual capacity, unless otherwise indicated. The Party acting in a representative capacity (i) represents that the entity for which that party is acting already exists and (ii) shall Deliver to the other Party and Escrow Holder, within 3 Days After Acceptance, evidence of authority to act in that capacity (such as but not limited to: applicable portion of the trust or Certification Of Trust (Probate Code §18100.5), letters testamentary, court order, power of attorney, corporate resolution, or formation documents of the business entity).

20. **JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:**

A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: paragraphs 1, 3, 4B, 5A, 6, 7, 10C, 13, 14G, 17, 18A, 19, 20, 26, 29, 30, 31, 32 and paragraph D of the section titled Real Estate Brokers on page 10. If a Copy of the separate compensation agreement(s) provided for in paragraph 18A, or paragraph D of the section titled Real Estate Brokers on page 10 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions, if any, directly from Escrow Holder and will execute such provisions within the time specified in paragraph 7C(1)(c). To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow and, as directed by Escrow Holder, within 3 (or) Days, shall pay to Escrow Holder or HOA or HOA management company or others any fee required by paragraphs 7, 10 or elsewhere in this Agreement.

B. A Copy of this Agreement including any counter offer(s) and addenda shall be delivered to Escrow Holder within 3 Days After Acceptance (or). Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement. Escrow Holder shall provide Seller's Statement of Information to Title company when received from Seller. If Seller delivers an affidavit to Escrow Holder to satisfy Seller's FIRPTA obligation under paragraph 10C, Escrow Holder shall deliver to Buyer a Qualified Substitute statement that complies with federal Law.

Buyer's Initials (IG) (A.S.)
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Seller's Initials (EMW) ()



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

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Date: July 22, 2016

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

21. REMEDIES FOR BUYER'S BREACH OF CONTRACT:

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

Buyer's Initials IG / AS

Seller's Initials _____ / _____

22. DISPUTE RESOLUTION:

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

B. ARBITRATION OF DISPUTES:

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

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

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

Buyer's Initials IG / AS

Seller's Initials EM / _____

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:

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

Buyer's Initials (IG) (AS)

Seller's Initials (EM) (_____)

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Property Address: 3420 Denver Ave, Long Beach, CA 90810

Date: July 22, 2016

- (2) **PRESERVATION OF ACTIONS:** The following shall not constitute a waiver nor violation of the mediation and arbitration provisions: (i) the filing of a court action to preserve a statute of limitations; (ii) the filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies; or (iii) the filing of a mechanic's lien.
- (3) **BROKERS:** Brokers shall not be obligated nor compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to this Agreement.
- 23. **SELECTION OF SERVICE PROVIDERS:** Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.
- 24. **MULTIPLE LISTING SERVICE ("MLS"):** Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the sales price and other terms of this transaction shall be provided to the MLS to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.
- 25. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 22A.
- 26. **ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interest in this Agreement without first having obtained the separate written consent of Seller to a specified assignee. Such consent shall not be unreasonably withheld. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement unless otherwise agreed in writing by Seller. (C.A.R. Form A0AA).
- 27. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
- 28. **TERMS AND CONDITIONS OF OFFER:**

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

- 29. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the Parties are incorporated in this Agreement. Its terms are intended by the Parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Except as otherwise specified, this Agreement shall be interpreted and disputes shall be resolved in accordance with the Laws of the State of California. **Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.**

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

- A. "Acceptance" means the time the offer or final counter offer is accepted in writing by a Party and is delivered to and personally received by the other Party or that Party's authorized agent in accordance with the terms of this offer or a final counter offer.
- B. "Agreement" means this document and any counter offers and any incorporated addenda, collectively forming the binding agreement between the Parties. Addenda are incorporated only when Signed by all Parties.
- C. "C.A.R. Form" means the most current version of the specific form referenced or another comparable form agreed to by the parties.
- D. "Close Of Escrow", including "COE", means the date the grant deed, or other evidence of transfer of title, is recorded.
- E. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
- F. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
- G. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.
- H. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
- I. "Deliver", "Delivered" or "Delivery", unless otherwise specified in writing, means and shall be effective upon: personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in the section titled Real Estate Brokers on page 10, regardless of the method used (i.e., messenger, mail, email, fax, other).
- J. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either Party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other Party.
- K. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
- L. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
- M. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.

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

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

Date 07/22/2016 BUYER Ignacio Gonzalez
(Print name) Ignacio Gonzalez

Date 07/22/2016 BUYER Alba Sanchez
(Print name) Alba Sanchez

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

Seller's Initials (AS) (_____)



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Alba Sanchez

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Date: July 22, 2016

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

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

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

Date 8/15/2016 SELLER [Signature]
 (Print name) E.M. Williams, Pastor, on behalf of St. Luke Baptist Church

Date _____ SELLER _____
 (Print name) _____

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

(_____/_____) (Do not initial if making a counter offer.) CONFIRMATION OF ACCEPTANCE: A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) _____ at _____
 (Initials) AM/ PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

REAL ESTATE BROKERS:

- A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.
- B. Agency relationships are confirmed as stated in paragraph 2.
- C. If specified in paragraph 3A(2), Agent who submitted the offer for Buyer acknowledges receipt of deposit.
- D. COOPERATING BROKER COMPENSATION: Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow, the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS. If Listing Broker and Cooperating Broker are not both Participants of the MLS, or a reciprocal MLS, in which the Property is offered for sale, then compensation must be specified in a separate written agreement (C.A.R. Form CBC). Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

Real Estate Broker (Selling Firm) None Sale by owner CalBRE Lic. # _____
 By _____ CalBRE Lic. # _____ Date _____
 By _____ CalBRE Lic. # _____ Date _____
 Address _____ City _____ State _____ Zip _____
 Telephone _____ Fax _____ E-mail _____
 Real Estate Broker (Listing Firm) None CalBRE Lic. # _____
 By _____ None CalBRE Lic. # _____ Date _____
 By _____ CalBRE Lic. # _____ Date _____
 Address _____ City _____ State _____ Zip _____
 Telephone _____ Fax _____ E-mail _____

ESCROW HOLDER ACKNOWLEDGMENT:

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, a deposit in the amount of \$ _____), counter offer numbers _____ Seller's Statement of Information and _____, and agrees to act as Escrow Holder subject to paragraph 20 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is _____

Escrow Holder _____ Escrow # _____
 By _____ Date _____
 Address _____
 Phone/Fax/E-mail _____

Escrow Holder has the following license number # _____
 Department of Business Oversight, Department of Insurance, Bureau of Real Estate.

PRESENTATION OF OFFER: (_____) Listing Broker presented this offer to Seller on _____ (date).
 Broker or Designee Initials _____

REJECTION OF OFFER: (_____) (_____) No counter offer is being made. This offer was rejected by Seller on _____ (date).
 Seller's Initials _____

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Published and Distributed by: Buyer Acknowledges that page 10 is part of this Agreement (_____) (_____)
 REAL ESTATE BUSINESS SERVICES, INC. Buyer's Initials _____
 a subsidiary of the CALIFORNIA ASSOCIATION OF REALTORS®
 *525 South Virgil Avenue, Los Angeles, California 90020

Reviewed by _____
 Broker or Designee



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

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Alba Sanchez



CALIFORNIA ASSOCIATION OF REALTORS®

ADDENDUM

(C.A.R. Form ADM, Revised 12/15)

No. 1

The following terms and conditions are hereby incorporated in and made a part of the: [X] Purchase Agreement, [] Residential Lease or Month-to-Month Rental Agreement, [] Transfer Disclosure Statement (Note: An amendment to the TDS may give the Buyer a right to rescind), [] Other

dated August 13, 2016, on property known as 3420 Denver Ave Long Beach, CA 90810

in which Ignacio Gonzalez, Alba Sanchez is referred to as ("Buyer/Tenant") and St. Luke Holly Baptist Church. is referred to as ("Seller/Landlord").

- 1) This transaction is between Seller (s) and Buyers. No Real estate brokers are involved. Sale by owner (s)
2) Property sold AS IS with no repairs or warranties
3) Buyers have been legally occupying property as tenants of the sellers since June 1, 2015
4) a. Item 1D- The close of Escrow and the Sale shall be subject to: (1) approval of the terms and conditions of the Agreement by the United States Bankruptcy Court for the Central District of California in the Chapter 11 bankruptcy case of St. Luke Baptist Church, styled case number 2:16-bk-15570-RK (The Bankruptcy Court) ; (2) a final order of the Bankruptcy Court approving the Agreement and sale."
b. "Upon entry of a final order approving the Sale of the Property by the Bankruptcy Court. Buyer shall close the sale within 10 calendar days. "

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Date August 13, 2016

Date 8/15/2016

Buyer/Tenant Ignacio Gonzalez
Ignacio Gonzalez

Seller/Landlord St. Luke Holly Baptist Church.

Buyer/Tenant Alba Sanchez
Alba Sanchez

Seller/Landlord

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Reviewed by Date



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ADDENDUM (ADM PAGE 1 OF 1)