

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

In re:

WOODBRIIDGE GROUP OF COMPANIES, LLC,  
*et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

**Hearing Date: June 5, 2018 at 11:00 a.m. (ET)**

**Response Deadline: May 18, 2018 at 4:00 p.m. (ET)**

**CONTRARIAN FUNDS LLC'S RESPONSE  
TO DEBTORS' OBJECTION TO PROOF OF CLAIM 1216 [DKT. NO. 1563]**

Contrarian Funds, LLC ("**Contrarian**"), by and through its undersigned counsel, submits this response to the *Debtor's Objection to Proof of Claim 1216* (the "**Claim Objection**") [Dkt. No. 1563] filed by the debtors and debtors in possession (the "**Debtors**"), and respectfully states as follows:

**INTRODUCTION**

1. Contrarian is the holder of claims against the Debtors in the aggregate principal amount of \$75,000 (the "**Claim**"). These claims arise in connection with certain promissory notes executed by the Debtors (the "**Notes**"), that the original noteholders have assigned to Contrarian, together with all associated claims, causes of action and rights to distributions. The Debtors' Claim Objection asserts that this assignment was barred by an anti-assignment clause (the "**Anti-Assignment Clause**") contained in the Notes and that Contrarian's Claim must therefore be disallowed.

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<sup>1</sup> The last four digits of Woodbridge Group of Companies, LLC's federal tax identification number are 3603. The mailing address for Woodbridge Group of Companies, LLC is 14140 Ventura Boulevard #302, Sherman Oaks, California 91423. Due to the large number of debtors in these cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors, the last four digits of their federal tax identification numbers, and their addresses are not provided herein. A complete list of this information may be obtained on the website of the Debtors' noticing and claims agent at [www.gardencitygroup.com/cases/WGC](http://www.gardencitygroup.com/cases/WGC), or by contacting the undersigned counsel for the Debtors.

2. The Debtors are mistaken. Delaware’s policy favoring the free-assignability of claims requires that anti-assignment provisions be narrowly construed. The plain language of the Anti-Assignment Clause prohibits only the assignment of the Notes themselves and *not* the assignment of claims or causes of action relating to the Notes. Because Contrarian therefore properly holds these claims and causes of action, its Claim is entirely proper and cannot be disallowed. In addition, the Debtors’ material breaches of the Notes – through the failure to pay interest and principal and the challenge to the liens securing their obligations – have rendered the Anti-Assignment Clause unenforceable.

3. Even if this were not the case, Delaware’s Uniform Commercial Code invalidates the Anti-Assignment Clause. The terms of the UCC expressly define the purchase of a promissory note as a “security interest” and expressly nullify an anti-assignment provision that would interfere with the creation, attachment, or perfection of such an interest.

4. Finally, while the Debtors – along with other estate fiduciaries – vaguely allude to alleged securities law “exposure” for Noteholders, these concerns are a red herring. While a promissory note is arguably a security, a cause of action under such a note is not. Assignment of such claims therefore does not implicate the securities laws. The remaining concerns that have been raised are equally erroneous.

5. Because Contrarian has standing to enforce the Claim against the Debtors, the Court should overrule the Claim Objection.

**STATEMENT OF FACTS**

6. In 2016 and 2017, one or more of the Debtors issued promissory notes to Elissa and Joseph Berlinger. Guffy Decl. Exh. 1-3.<sup>2</sup> Each of these notes was in the amount of \$25,000 and purported to bear interest at annual rates between 6.75% and 7.25%. *Id.* The Notes purported to be secured by certain “Collateral Assignment Documents.” *Id.* ¶ 16.

7. Each of the notes contained the following Anti-Assignment Clause:

14. **No Assignment.** Neither this Note, the Loan Agreement of even date herewith between Borrower and Lender, nor all other instruments executed or to be executed in connection therewith (collectively, the Collateral Assignment Documents”) are assignable by Lender without the Borrower’s written consent and any such attempted assignment without such consent shall be null and void.

*Id.* ¶ 14. The Notes are governed by Delaware law. *Id.* ¶ 13

8. The Debtors do not contest that they are in breach of the Notes. Objection to Motion to Quash ¶¶ 38-42 [Dkt. No. 1656]. They have also acknowledged that the Notes were issued fraudulently, as part of a Ponzi scheme. Hr’g Tr. 20:21-23 (May 1, 2018). The Debtors have also made clear their intent to attempt to avoid the liens securing the Notes. Decl. of Lawrence R. Perkins, dated December 4, 2017 at 8, n.9 [Dkt. No. 12].

9. On February 13, 2018, after these cases were filed, the Berlingers and Contrarian entered into a “Transfer of Claim Agreement” (the “**Transfer of Claim Agreement**”). Guffy Decl. Exh. 4. The Transfer of Claim Agreement provided for the Berlingers to “sell, convey, transfer and assign” to Contrarian “all agreements, account statements and other documents evidencing or relating to the Notes.” *Id.* ¶ 1(c). It also provided for the Berlingers to assign to Contrarian their “Claim” in respect of the Notes under the Bankruptcy Code. *Id.* ¶ 1(c). This

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<sup>2</sup> All references to “Guffy Decl. Exh. \_\_\_” refer to the exhibits attached to the Declaration of Philip M. Guffy, attached hereto as **Exhibit A**.

claim expressly included “any and all right to receive principal, interest, fees, expenses, damages, penalties and other amounts paid or payable” under the Notes and “any other rights of [the Berlingers] against Debtor.” *Id.* ¶ 1(a). Contrarian further acquired “all causes of action held by [the Berlingers]” in connection with both the transferred documents and the transferred claims “whether against the Debtor and any other person or entity.” *Id.* ¶ (d), (e). Finally, the Berlingers assigned Contrarian “all cash, securities, instruments, dividends, assets, proceeds and other property . . . distributed or received on account of, or exchanged in return for, any of the foregoing.” *Id.* ¶ 1(g).

10. Slightly more than two weeks later, on March 1, 2018, Contrarian filed proof of claim number 1216. Guffy Decl. Exh. 5. The proof of claim asserted the claims acquired under the Transfer of Claim Agreement against the Debtors. It attached an agreement evidencing the transfer of Berlingers’ claims under the Notes executed by the parties, together with copies of the Notes. *Id.*

11. On March 21, 2018, the Debtors filed the *Notice Regarding Transfers of Units or Notes* (the “**Moratorium**”) [Dkt. No. 799], which states that “the Debtors are providing notice that they will impose a temporary moratorium on consideration of consent to any Transfer of Units or Notes for the next ninety (90) days.” *Moratorium* at 2. The *Moratorium* did not purport to restrict the transfer of claims or causes of action arising under the Notes.

12. On April 16, 2018, the Debtors filed the Claim Objection. In it, they acknowledge the Berlingers’ claims under the Notes, which they have scheduled. They object to Contrarian’s assertion of these claims, however, because they have not and will not consent to the Berlingers’ assignment of the Notes to Contrarian.

13. Two weeks later, Contrarian filed the *Motion of Contrarian Funds, LLC for Authority to Acquire Promissory Notes Against the Debtors* (the “**Note Motion**”) [Dkt. No. 890] and, shortly thereafter, the Debtors sought discovery from Contrarian. In response to this discovery request, Contrarian filed a motion to quash (the “**Motion to Quash**”) [Dkt. No. 1585]. On April 26, 2018, the Debtors filed an objection to the Motion to Quash (the “**Opposition**”) [Dkt. No. 1656]. A hearing was held on the Motion to Quash on May 1, 2018, and the Court granted in part and denied in part the Motion to Quash. Hr’g Tr. 31:3-7 (May 1, 2018).<sup>3</sup>

### ARGUMENT

#### **I. The Anti-Assignment Clause Does Not Deprive Contrarian of Standing**

##### A. Contrarian Can Enforce the Claim Against the Debtors Even if the Anti-Assignment Clause is Valid

14. As the assignee of the Claim, Contrarian has standing to enforce it against the Debtors. *See Vermont Agency of Nat. Res. v. United States ex rel. Stevens*, 529 U.S. 765, 773 (2000) (“[T]he assignee of a claim has standing to assert the injury in fact suffered by the assignor.”). In the Claim Objection, the Debtors argue that the Anti-Assignment Clause bars the assignment of the Notes without the Debtors’ consent and thereby deprives Contrarian of standing to assert claims under the Notes in these cases. This contention misreads the plain language of the Anti-Assignment Clause and the law controlling its application.

15. Delaware embraces a strong policy favoring the free assignment of claims. *Indus. Tr. Co. v. Stidham*, 33 A.2d 159, 160–61 (Del. 1942) (“[M]odern authorities all hold that choses

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<sup>3</sup> The Court ruled that Contrarian should produce “contracts, assignments, transfers, consents, receipts, bills of sale, etc., that the debtor has requested excluding pricing information” relating to the claims it had acquired. Hr’g tr. 31:5-7 (May 1, 2018). On May 7, 2018 Contrarian did so. Thereafter, the Debtors asserted that Contrarian should also have produced the solicitations sent to the Berlingers. They could not identify any support for this position, however, and declined to pursue the issue with the Court. Consistent with the ad hominem commentary included their prior pleadings, the Debtors have nonetheless threatened to assert that the Contrarian’s production supports an inference that the solicitation of the Berlingers was somehow improper. The record provides no support for this assertion.

in action arising from contract not involving personal service may be assignable.”) Accordingly, “[w]hile Delaware courts recognize the validity of clauses limiting a party’s ability to subsequently assign its rights,” they “construe such provisions narrowly because of the importance of free assignability.”<sup>4</sup> *Se. Chester Cty. Refuse Auth. v. BFI Waste Servs. of Pennsylvania, LLC*, No. CV K14C-06-016 JJC, 2017 WL 2799160, at \*5 (Del. Super. Ct. June 27, 2017); *see also Lone Mountain Prod. Co. v. Nat. Gas Pipeline Co. of Am.*, 984 F.2d 1551, 1556 (10th Cir. 1992) (“Generally, the law favors the assignability of contractual rights, unless the assignment would add to or materially alter the obligator’s duty or risk.”)

16. By its terms, the Anti-Assignment Clause in the Notes purports to restrict only the assignment of “the Note,” the “Loan Agreement,” and “other instruments.” Nowhere does it purport to bar the assignment of “claims” or “causes of action” or rights to recover under those documents. Strictly construed in accordance with Delaware law, it therefore does not interfere with the transfer of such claims, causes of action, or rights to payment. Thus, even if the clause were enforceable – and, as explained below, it is not – it would not provide a basis to disallow Contrarian’s proof of claim, which asserts the claims, causes of action and rights to distribution expressly assigned by the Berlingers under the Transfer of Claim Agreement.

17. This conclusion is entirely consistent with the law governing assignments, which “draws a distinction . . . between assignment of performance due under a contract and assignment of the right to receive contractual payments.” *Charles L. Bowman & Co. v. Erwin*, 468 F.2d 1293, 1297 (5th Cir. 1972). Specifically, section 322(1) of the Restatement (Second) of Contracts provides that “[u]nless the circumstances indicate to the contrary, a contract term prohibiting

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<sup>4</sup> This policy of free assignability is also reflected in the Bankruptcy Rules. Bankruptcy Rule 3001(e) “is designed to permit free assignability with minimal judicial intervention.” *Preston Trucking Co. v. Liquidity Solutions, Inc. (In re Preston Trucking Co.)*, 333 B.R. 315, 332 (Bankr. D. Md. 2005), *aff’d*, 392 B.R. 623 (D. Md. 2008).

assignment of ‘the contract’ bars only the delegation to an assignee of the performance by the assignor of a duty or condition.” RESTATEMENT (SECOND) OF CONTRACTS § 322(1) (1981).

18. Thus, in *Zazzali v. Alexander Partners LLC*, creditors of a Ponzi scheme assigned certain securities claims to a litigation trust under a plan of reorganization. No. 1:14-CV-00419-RJB, 2016 WL 10537011, at \*7 (D. Idaho July 26, 2016). When the trustee filed suit, certain defendants argued that the trust lacked standing to pursue the claims because, among other things, the subscription agreement contained an anti-assignment provision. *Id.* at \*4. Relying on Section 322(1) of the Restatement, the court rejected this argument. “There [has been] no showing,” it held, “that the anti-assignment clause here bars the assignment of claims,” as opposed to assignment of the contract itself.<sup>5</sup> *Id.* at 7; *see also Avery Outdoors LLC v. Outdoors Acquisition Co.*, No. 16-cv-2229-SHL-tmp, 2016 WL 8738242 (W.D. Tenn. Dec. 6, 2016) (anti-assignment provision in a promissory note does not deprive assignee of standing to sue because “the anti-assignment provision does not prohibit the assignment of a right to sue under the contract”); *TAP Holdings, LLC v. ORIX Fin. Corp.*, No 600691/10, 2014 WL 6485980, at \*5 (N.Y. Sup. Ct., Nov. 20, 2014) (anti-assignment provision in subordinated notes did not prohibit assignment of claims).

19. Here, the Anti-Assignment Clause restricts only the assignment of particular contracts and instruments. Under section 322(1) of the Restatement, such a provision limits the Berlingers’ ability to delegate any duties in connection with the Notes and Related Agreements, but, it does not bar them from transferring their rights, claims or causes of action under those agreements. Because the Anti-Assignment Clause therefore does not bar assignment of the

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<sup>5</sup> Delaware courts follow the Restatement. *See Paccom Leasing Corp. v. E.I. du Pont Nemours & Co.*, Civ. A. Nos. 89-255-CMW, 90-311-CMW, 1991 WL 226775, at \*8 (D. Del. Oct. 30, 1991)(“a provision prohibiting assignment of the contract bars only the delegation of duties. [Restatement of Contracts] at § 322. Consequently, in most cases, if there is no delegation of duties, there is no violation of the prohibition on assignment.”)

Berlingers' claims and causes of action under the Notes, Contrarian has standing to assert them and the Claim Objection must fail.<sup>6</sup>

B. The Debtors' Breach of the Notes Renders the Anti-Assignment Clause Unenforceable

20. Even if the Anti-Assignment Clause applied by its terms, moreover, it ceased to bar transfers of the Notes when the Debtors breached their obligations to the Berlingers. Once a contract is breached, the rationale for enforcing an anti-assignment provision disappears, and courts allow assignment. "Public policy in Delaware [and elsewhere] favors free alienability of choses in action." *Christiana Care Health Servs., Inc. v. PMSLIC Ins. Co.*, No. CV 14-1420-RGA, 2015 WL 6675537, at \*4 (D. Del. Nov. 2, 2015). Accordingly, while anti-assignment provisions may be enforced pre-breach, once a breach has occurred, they do not bar the assignment of claims.

21. In *TAP Holdings*, the court held that the assignee of certain subordinated notes sought to enforce the notes against the defendants on a theory of successor liability. The Defendants moved to dismiss, arguing that the assignee lacked standing to assert the claims because an anti-assignment provision barred the assignment. 2014 WL 6485980 at \*5. The court found that because the plaintiff had taken the assignment after the default on the notes, the anti-assignment provision did not apply to the claims and upheld the plaintiff's standing. *Id.* Similarly, in *DW Last Call Onshore, LLC v. Fun Eats & Drinks LLC*, the court upheld an assignee's standing to assert claims under a credit agreement in the face of an anti-assignment provision:

The assignment that occurred here occurred after the alleged breach. Section 9.9(b) does not speak to the assignment of such claims—and certainly does not preclude assignment of such claims in plain terms—and thus has no relevance to DW's standing.

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<sup>6</sup> Had the parties intended to restrict the assignment of claims, as opposed to just the delegation of duties, they would have expressly included such a limitation in the Anti-Assignment Clause. See *Paul v. Chromalytics Corp.*, 343 A.2d 622 (Del. Super. Ct. 1975) (enforcing provision that "any assignment of this Agreement or the rights hereunder by Chemalytics [*sic*] without the written cense[n]t [*sic*] of Spex shall be void".) (emphasis added).



No. 17-CV-962 (JMF), 2018 WL 1470591, at \*3 (S.D.N.Y. Mar. 23, 2018) (citations omitted); accord *Allied Irish Banks, P.L.C. v. Bank of Am., N.A.*, No. 03 Civ. 3748 (DAB), 2006 WL 278138, at \*5 (S.D.N.Y. Feb. 2, 2006) (anti-assignment provision did not bar assignment of claims arising out of breached credit agreement).<sup>7</sup>

22. Here, the Debtors do not contest that they have failed to pay interest and principal on the Notes. Objection to Motion to Quash ¶¶ 38-42 [Dkt. No. 1656]. They have acknowledged that the Notes were issued fraudulently, as part of a Ponzi scheme. Hr’g Tr. 20:21-23 (May 1, 2018). They have, moreover, stated they will seek to invalidate whatever liens may have secured the notes. Decl. of Lawrence R. Perkins (dated Dec. 4, 2017) at 8, n.9 [Dkt. No. 12]. Whatever public policy might have supported enforcing the Anti-Assignment Clause before these breaches – and, in a Ponzi scheme, it is not clear what that would be – it was completely vitiated by the Debtors’ breach and subsequent bankruptcy filing.<sup>8</sup> Following standard contract law principles, the court should find that the Anti-Assignment Clause no longer applies after a breach.

23. Furthermore, under Delaware law, “[a] party is excused from performance under a contract if the other party is in material breach thereof.” *BioLife Sols., Inc. v. Endocare, Inc.*, 838 A.2d 268, 278 (Del. Ch. 2003), *as revised* (Oct. 6, 2003). Among other things, such a material breach excuses the non-breaching party from complying with restrictive covenants. Thus, in *Hipcricket, Inc. v. mGage LLC*, the debtor sought to enforce non-compete provisions in an employment contract that it had rejected. The court rejected this effort. The Debtor’s rejection

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<sup>7</sup> These decisions are based in part on decisions considering anti-assignment provisions in insurance contracts. “The idea behind [this] rule is that, once the insured-against loss has occurred, the policy-holder essentially is transferring a cause of action rather than a particular risk profile.” *Globecon Grp., LLC v. Hartford Fire Ins. Co.*, 434 F.3d 165, 171 (2d Cir. 2006); *see also Int’l Rediscount Corp. v. Hartford Accident & Indem. Co.*, 425 F. Supp. 669, 672-73 (D. Del. 1977) (“[T]he rationale behind prohibiting the assignability of an insurance policy before loss does not apply where that which is assigned is a right to proceed against the insurer after loss.”).

<sup>8</sup> On its face, the Anti-Assignment Clause appears only to benefit the Ponzi scheme operator and not the Noteholders. It is difficult to conceive of a policy that would properly support its enforcement against them after default.

breached the contract and thereby barred the Debtors from enforcing the non-compete provisions. No. 11135-CB, 2016 WL 3910837, at \*12 (Del. Ch. July 15, 2016).<sup>9</sup>

24. As explained above, the Debtors have materially breached their obligations under the Notes and cannot enforce the terms of the Notes against the Noteholders or their assignees. Whatever right the Debtors may have had to enforce the Anti-Assignment Clause pre-breach, it disappeared when they failed to honor the terms of the Notes. Having deceived the Berlingers into acquiring Notes with which the Debtors cannot comply, the Debtors cannot now enforce the terms of the same Notes to bar an assignment of the Berlingers' claims.

25. In the Opposition to the Motion to Quash, the Debtors relied on two cases to argue that this doctrine was inapplicable here. Neither is germane. In *Monster Daddy, LLC v. Monster Cable Products, Inc.* – which the Debtors stressed at oral argument – the court did not even consider an anti-assignment clause. 483 F. App'x 831, 832 (4th Cir. 2012). Rather, the case addressed whether a material breach by one party invalidated a *forum selection clause*. *Id.* at 834. Because such a clause necessarily applies after breach, the court held that a material breach by one party would not invalidate it. *Id.* at 835 (“Because the forum selection clause was drafted to address the treatment of future alleged breaches, any claim that the clause became unenforceable as a result of such a breach is inconsistent with the very purpose of the clause.”) That holding simply has nothing to do with continued enforceability of an Anti-Assignment Clause.

26. Similarly, while *In re Diamondhead Casino Corp.*, considered whether an anti-assignment provision in a promissory note was enforceable, it did so only to assess whether the claim of a petitioning creditor in an involuntary bankruptcy was in *bona fide* dispute. Case No.

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<sup>9</sup> Although this decision was under Washington law, the court noted that Delaware applies the same rule. *Hipcricket*, 2016 WL 3910837, at \*12 n.146.

15-11647 (LSS), 2016 Bankr. LEXIS 2450, at \*40-41 (Bankr. D. Del. June 7, 2016). It reached no conclusion on the merits of whether the debtor's material breach prevented it from enforcing the Anti-Assignment Clause.

C. The Uniform Commercial Code Overrides the Anti-Assignment Clause

27. Not only is the Anti-Assignment Clause inapplicable to Contrarian's acquisition of the Berlingers' claims, Delaware's Uniform Commercial Code renders it unenforceable on its own terms. Article 9 of the UCC applies to "a transaction, regardless of its form, that creates a security interest in personal property or fixtures by contract." Del. Code Ann. tit. 6 § 9-109(a)(1). Section 1-201 of the UCC, in turn, expressly defines "security interest" to include "any interest of . . . a buyer of . . . a promissory note in a transaction that is subject to Article 9." *Id.* § 1-201(b)(35).<sup>10</sup> Section 9-109(a)(3) of the UCC, in turn, specifies that "a sale of . . . promissory notes" is a transaction governed by Article 9. *Id.* § 9-109(a)(3).

28. Section 9-408 of the UCC invalidates a contractual provision that requires the consent of the maker of a promissory note before the note may be transferred. In particular, it provides that "a term in a promissory note [. . . that] prohibits, restricts, or requires the consent of the person obligated on the promissory note . . . to, the assignment or transfer of, or creation, attachment, or perfection of a security interest in, the promissory note . . . is ineffective to the

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<sup>10</sup> Section 1-201(b)(35) of the UCC provides in full:

"Security interest" means an interest in personal property or fixtures which secures payment or performance of an obligation. "Security interest" includes any interest of a consignor and a buyer of accounts, chattel paper, a payment intangible, or a promissory note in a transaction that is subject to Article 9. "Security interest" does not include the special property interest of a buyer of goods on identification of those goods to a contract for sale under § 2-401, but a buyer may also acquire a "security interest" by complying with Article 9. Except as otherwise provided in § 2-505, the right of a seller or lessor of goods under Article 2 or 2A to retain or acquire possession of the goods is not a "security interest", but a seller or lessor may also acquire a "security interest" by complying with Article 9. The retention or reservation of title by a seller of goods notwithstanding shipment or delivery to the buyer under § 2-401 is limited in effect to a reservation of a "security interest." Whether a transaction in the form of a lease creates a "security interest" is determined pursuant to § 1-203.

extent that the term . . . would impair the creation, attachment, or perfection<sup>11</sup> of a security interest . . .” *Id.* § 9-408(a).<sup>12</sup>

29. In response to the Motion to Quash, the Debtors argued that Contrarian’s position was somehow “misleading” and that its interest as purchaser of the Notes could not possibly constitute a security interest. *See* Objection to Motion to Quash, at 16-17 [Dkt. No. 1656]. But the Debtors ignore the plain language of Section 1-201(b)(35) and 9-109(a)(3) of the UCC.

30. While the definition of security interest does include “an interest in personal property or fixtures which secures payment or performance of an obligation,” *Id.* § 1-201(b)(35), the same definition specifies that it also includes “**any** interest of a . . . a buyer of . . . a promissory note in a transaction that is subject to Article 9.” *Id.* (emphasis added). Such transactions are expressly subject to Article 9. *See* UCC § 9-109(a)(3).

31. While it may confuse the Debtors, the drafters of the UCC intended that a sale of promissory notes would create a security interest. Official Comment 5 to section 9-109 makes this clear: “neither this Article nor the definition of ‘security interest’ in Section 1-201 provides rules for distinguishing sales transactions from those that create a security interest securing an

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<sup>11</sup> “A security interest arising from the sale of a promissory note . . . is perfected upon attachment without further action.” *See* UCC § 9-109, Official Comment 5.

<sup>12</sup> Section 9-408(a) of the UCC provides in full:

(a) Term restricting assignment generally ineffective. -- Except as otherwise provided in subsection (b), a term in a promissory note or in an agreement between an account debtor and a debtor which relates to a health-care-insurance receivable or a general intangible, including a contract, permit, license, or franchise, and which term prohibits, restricts, or requires the consent of the person obligated on the promissory note or the account debtor to, the assignment or transfer of, or creation, attachment, or perfection of a security interest in, the promissory note, health-care-insurance receivable, or general intangible, is ineffective to the extent that the term:

- (1) would impair the creation, attachment, or perfection of a security interest; or
- (2) provides that the assignment or transfer or the creation, attachment, or perfection of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the promissory note, health-care-insurance receivable, or general intangible.

obligation. **This Article applies to both types of transactions.**” *Id.* § 9-109, cmt. 5 (emphasis added). “Use of terminology such as ‘security interest,’ ‘debtor,’ and ‘collateral’ is merely a drafting convention to reach this end, and its use has no relevance to distinguishing sales from other transactions.” *Id.* The comment further elaborates that “[f]ollowing a debtor’s outright sale and transfer of ownership of a receivable, the debtor-seller retains no legal or equitable rights in the receivable that has been sold. *See* Section 9-318(a). **This is so whether or not the buyer’s security interest is perfected.**” *Id.* (emphasis added). If an outright sale of a promissory note did not create a security interest, it would make no sense to talk about whether such interest was perfected following the sale.

32. Curiously, the Debtors assert that “Contrarian provides no authority” for this argument. Objection to Motion to Quash ¶ 15. But Contrarian has extensively cited and quoted the only authority that matters in this case: the statute itself. There can be no higher authority for the interpretation of a statute than the plain, unambiguous language of that statute. *See, e.g., Rubin v. United States*, 449 U.S. 424, 430 (1981) (“When we find the terms of a statute unambiguous, judicial inquiry is complete, except in rare and exceptional circumstances.”) (internal quotations omitted).

33. The case law on which the Debtors rely in no way undercuts the plain language of the statute. In *Day v. White*, No. 2013-0044, 2017 U.S. Dist. LEXIS 90135 (D.V.I. June 12, 2017), the note at issue was purchased by a group of co-obligors, not a third party, who then attempted to enforce the note against the other co-obligors. *Id.* at \*5. The court held that the alleged purchasers had actually discharged the loan, not purchased it. *Id.* at \*17-18. Furthermore, the court’s brief analysis of Section 9-408 did not even consider Sections 1-201(35) or 9-109(3), much less explain

how the statute's express inclusion of sales of promissory notes within the term "security interest" could plausibly be reconciled with the court's conclusion. *Id.* at \*22-23.<sup>13</sup>

## II. The Debtors Other Arguments Lack Merit

### A. Securities Law Issues Are a Red Herring

34. In the Opposition and at the hearing on the Motion to Quash, the Debtors justified their assertion of the Anti-Assignment Clause by offering vague concerns about the Noteholders' alleged "exposure" under the Securities Act and Exchange Act. Not only do they fail to explain these concerns with any specificity, but the concerns plainly are not relevant to the enforcement of the Anti-Assignment Clause.

35. First, as explained above, the Transfer of Claims Agreement assigns claims, causes of actions, and rights to distribution, as well as the Notes and associated agreements. Unlike the Notes, such claims, causes of action, and rights to distributions are not even arguably securities. *See generally, SEC v. W.J. Howey Co.*, 328 U.S. 293 (1946) (defining "investment contract" under the Securities Act). As a result, their transfer simply does not implicate the securities laws.

36. Second, while the SEC has alleged that the Notes were sold in violation of the Securities Act and the Exchange Act because they were not registered, all this means is that the Noteholders hold unregistered securities. Sales of such securities are permissible with a proper exemption. Section 4 of the Securities Act of 1933, as amended (the "Securities Act"). Such an

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<sup>13</sup> The other cases cited by the Debtors are equally inapposite and do not even reference the UCC arguments. *Gragert v. Lake*, 541 F. App'x 853, 854-55 (10th Cir. 2013) (holding that a promissory note with an anti-assignment provision was not a "resource" under the Medicaid Act); *Davis v. United States*, 961 F.2d 53, 55-56 (5th Cir. 1991) (holding that a federal court did not have subject matter jurisdiction over certain claims related to a promissory note with an anti-assignment provision brought against the United States); *Dzikowski v. Moreno (In re V.O.C. Analytical Labs., Inc.)*, 263 B.R. 156, 159 (S.D. Fla. 2001) (holding that promissory note was an "instrument" under Florida law), *aff'd sub nom. Dzikowski v. U.S. Biosystems, Inc.*, 31 F. App'x 202 (11th Cir. 2001). *Dzikowski v. Moreno* also predated the adoption of the current section 9-408. It was decided on March 28, 2001. The revised Article 9, which included for the first time the current section 9-408, took effect in Florida on January 1, 2002. *See UNIFORM LAWS—SECURED TRANSACTIONS—INTEREST*, 2001 Fla. Sess. Law Serv. Ch. 2001-198 (H.B. 579), § 31 (WEST).

exemption exists for private parties who are not the issuer, its affiliates or underwrites or dealers and who sell to accredited investors such as Contrarian. Section 4(a)(1) of the Securities Act.

37. Another case fiduciary has suggested to Contrarian that the Noteholders may be considered “underwriters” of the Debtors in the sale of the Notes, but this position is frivolous. Not only is it absurd to consider the Berlingers as equivalent to Morgan Stanley or Goldman Sachs, but no party acquiring the Notes for the purpose of distribution would ever have agreed to an Anti-Assignment Clause.

38. Although the Debtors do not assert that the Berlingers are underwriters, and, presumably, the Debtors would know, they do suggest that the Berlingers may have been “induced” to make misrepresentations to Contrarian and thus may face 10b-5 liability. Of course, these are not the Debtors’ interest to assert or protect. More importantly, Section 10b-5 requires scienter. *Ernst & Ernst v. Hochfelder*, 425 U.S. 185, 193 (1976). Merely inaccurate representations are not enough to trigger liability under section 10b-5, which requires “a mental state embracing intent to deceive, manipulate or defraud.” *Id.* n.12. The Debtors do not explain how a party allegedly duped into making inaccurate representations can have the requisite state of mind to violate Section 10b-5.

**B. The Proposed Liquidity Facility Is Not a Substitute For Allowing the Notes to Trade**

39. The Debtors are likely to argue that enforcing the Anti-Assignment Clause will not prejudice the Noteholders because the estates will propose a liquidity facility put together by the Noteholder Group, the Unsecured Creditors Committee, the Unitholder Group and the Debtors.<sup>14</sup> The terms of such a facility are “not known at this time,” but they clearly would not include the

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<sup>14</sup> This facility was referenced on the Noteholder Group’s website in their Notice Regarding Moratorium on Selling/Transferring Notes/Proofs of Claim as of April 11, 2018. A screenshot of this page is attached as **Exhibit B**.

ability for Noteholders to sell the Notes at market prices, as that is what the Debtors are fighting against in the Claim Objection. In addition, the Noteholder Group has previously stated that borrowings under the facility will be on a non-recourse basis. In such a scenario, any lender will likely require an assignment (with the Debtors' cooperation) of any distributions from the estate (in order to repay the loan). This is essentially the same relief that Contrarian seeks – an assignment of any distributions from the estate. If the goal is to get liquidity to Noteholders, it is unclear why the Debtors would resist allowing the Noteholders to trade them to the highest bidder and instead are spending estate resources to craft something different.

**CONCLUSION**

For the reasons stated above, the Court should overrule the Claim Objection and allow the Claim.



Dated: May 18, 2018  
Wilmington, Delaware

**BIELLI & KLAUDER, LLC**

/s/ David M. Klauder

David M. Klauder, Esq. (No. 5769)  
1204 N. King Street  
Wilmington, DE 19801  
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Fax: (302) 397-2557  
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dcohen@halperinlaw.net

*Counsel to Contrarian Funds, LLC*

# **EXHIBIT A**

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

In re:

WOODBIDGE GROUP OF COMPANIES, LLC,  
*et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

**Hearing Date:**

**June 5, 2018 at 11:00 a.m. (ET)**

**Response Deadline:**

**May 18, 2018 at 4:00 p.m. (ET)**

**DECLARATION OF PHILIP M. GUFFY  
IN SUPPORT OF CONTRARIAN'S RESPONSE TO  
DEBTORS' OBJECTION TO PROOF OF CLAIM 1216 [DKT. NO. 1563]**

I, Philip M. Guffy, under penalty of perjury hereby declare as follows:

1. I am an associate at Kramer Levin Naftalis and Frankel LLP, counsel to Contrarian Funds, LLC ("**Contrarian**").
2. I respectfully submit this declaration for the sole purpose of annexing documents relevant to Contrarian's response to the *Debtor's (I) Objection to Proof of Claim 1216 Asserted by Putative Transferee Contrarian Funds, LLC Without Prejudice to Right of Putative Transferors Elissa and Joseph Berlinger to Assert Such Claim; and (II) Request For a Limited Waiver of Local Rule 3007-1(F)(iii), to the Extent Such Rule May Apply* [Dkt. No. 1563].

---

<sup>1</sup> The last four digits of Woodbridge Group of Companies, LLC's federal tax identification number are 3603. The mailing address for Woodbridge Group of Companies, LLC is 14140 Ventura Boulevard #302, Sherman Oaks, California 91423. Due to the large number of debtors in these cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors, the last four digits of their federal tax identification numbers, and their addresses are not provided herein. A complete list of this information may be obtained on the website of the Debtors' noticing and claims agent at [www.gardencitygroup.com/cases/WGC](http://www.gardencitygroup.com/cases/WGC), or by contacting the undersigned counsel for the Debtors.

3. Attached as Exhibit 1 is a true and correct copy of a promissory note dated December 15, 2016 between Woodbridge Mortgage Investment Fund 3A, LLC and Elissa K. Berlinger and Joseph W. Berlinger.

4. Attached as Exhibit 2 is a true and correct copy of a promissory note dated March 17, 2017 between Woodbridge Mortgage Investment Fund 3, LLC and Elissa K. Berlinger and Joseph W. Berlinger.

5. Attached as Exhibit 3 is a true and correct copy of a promissory note dated September 6, 2017 between Woodbridge Mortgage Investment Fund 3A, LLC and Elissa K. Berlinger and Joseph W. Berlinger.

6. Attached as Exhibit 4 is a true and correct copy of the executed transfer of claim agreement between Contrarian Funds, LLC and Elissa K. Berlinger and Joseph W. Berlinger.

7. Attached as Exhibit 5 is a true and correct copy of proof of claim 1216 filed by Contrarian.

I declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct.

Executed in New York, NY on May 18, 2018

  
Philip M. Guffy

# **EXHIBIT 1**

Property ID : Carla Ridge Two Construction -  
Beverly Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.25%

FOR YOUR RECORDS

**PROMISSORY NOTE**

December 15, 2016  
Sherman Oaks, California

\$25,000.00

**FOR VALUE RECEIVED**, the undersigned, **WOODBIDGE MORTGAGE INVESTMENT FUND 3A, LLC**, a Delaware limited liability company having an office and a mailing address at 14225 Ventura Boulevard, Suite 100, Sherman Oaks, California 91423 (hereinafter referred to as the "Borrower") does hereby promise to pay to the order of **ELISSA K. BERLINGER AND JOSEPH W. BERLINGER**, individuals having an address of 7940 Amethyst Lake Point, Lake Worth, Florida 33467 (hereinafter together referred to as "Lender"), at such place as the Lender may designate by written notice to Borrower, the principal sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00), together with interest on all unpaid balances beginning as of the date hereof, at the fixed rate per annum as set forth in Section 1 hereof.

1. **Interest Rate.** The unpaid balance of the principal sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) shall bear interest from the date hereof through January 1, 2018, at a fixed rate of interest equal to seven and 25/100 percent (7.25%) per annum. After January 1, 2018, the unpaid balance of this Note shall bear interest at a fixed rate equal to nine and 00/100 percent (9.00%) per annum. The rate of interest charged hereunder shall never exceed the maximum amount, if any, allowable by law. Interest shall be charged on the principal balance from time to time outstanding on the basis of the actual number of days elapsed computed on the basis of a 360 day year.

2. **Default Interest Rate.** During the continuance of any Event of Default (as more particularly defined in Paragraph 6 below) under this Note by acceleration or otherwise, interest shall accrue from and after such Event of Default at four (4) percentage points above the interest rate then in effect hereunder (the "Default Interest Rate").

3. **Repayment.** Borrower promises to pay the interest and principal on this Note, as set forth below:

Monthly payments of interest shall be made commencing on January 1, 2017 and continuing on the same day of each and every month to occur thereafter, both before and after maturity by acceleration or otherwise.

The entire principal balance plus accrued and unpaid interest thereon, and all other sums and charges due to the Lender hereunder, unless sooner paid, shall be due and payable on April 1, 2018 (the "Maturity Date"). Upon and after the eighth (8<sup>th</sup>) day following Borrower's receipt of written notice from Lender of Borrower's failure to pay the entire principal balance plus accrued and unpaid interest on the Maturity Date as required, any outstanding amounts due under this Note shall bear interest at a fixed rate of twenty-four and 00/100 percent (24.00%) per annum.

4. **Application of Payments.** All payments pursuant to this Note shall be made in legal tender of the United States of America and shall be applied first to the payment of delinquency or late charges, if any; second, to the payment of accrued and unpaid interest on this Note; and third, the balance on account of the principal of this Note.

5. **Cure Period and Notice of Default.** Failure of Borrower to pay by its due date any installment of the principal or of interest within thirty (30) days from the date the same becomes due and payable,

Property ID : Carla Ridge Two Construction -  
Beverly Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.25%

shall constitute a "Payment Default" under this Note. Borrower shall have a cure period of not less than thirty (30) days after receipt of written notice ("Notice of Default") of any alleged breach or Payment Default under the terms of this Note to cure the same.

6. **Event of Default.** Any alleged breach or Payment Default under this Note that is not fully cured following the expiration of the applicable cure period specified in a given Notice of Default shall constitute an event of default ("Event of Default") under this Note.

7. **Waiver of Rights.**

a. BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY COURT AND IN ANY SUIT ACTION OR PROCEEDING OR ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE FINANCING TRANSACTIONS OF WHICH THIS NOTE OR THE COLLATERAL ASSIGNMENT DOCUMENTS (AS DEFINED BELOW) ARE A PART AND/OR THE ENFORCEMENT OF ANY OF LENDER'S RIGHTS AND REMEDIES. BORROWER ACKNOWLEDGES THAT IT MAKES THIS WAIVER KNOWINGLY, VOLUNTARILY AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER.

b. Borrower hereby waives diligence, demand, presentment for payment, protest and notice of protest, and notice of any renewals or extensions of this Note, and agrees that the time for payment of this Note may be changed and extended at Lender's sole discretion, without impairing its liability thereon, and further consents to the release of any party liable for this obligation, or the release of all or any part of the collateral given as security for the payment of this Note, without affecting its liability with respect hereto.

8. **Lender's Rights.** Lender's rights hereunder shall be cumulative and not exclusive and may be exercised at the sole discretion of Lender with respect to priority, order and type of collateral or security realized upon or applied toward the indebtedness evidenced hereby until this Note and all accrued and unpaid interest and other sums and charges due hereunder shall have been paid in full. Further, no failure on the part of Lender to exercise any right or remedy hereunder, whether before or after the occurrence of an Event of Default hereunder, shall constitute a waiver thereof, and no waiver of any past default shall constitute waiver of any future default or of any other default.

9. **Prepayment.** The Borrower shall have the right to prepay this Note in whole or in part at any time without penalty.

10. **Binding Effect.** This Note shall bind the successors and assigns of Borrower and shall inure to the benefit of the Lender, its successors and assigns.

11. **Captions and Section Headings.** The captions and section headings used in this Note are for convenience only and shall not be used to interpret, modify or affect in any way the covenants and agreements herein contained.

12. **Severability.** In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part, or in any respect, or in the event that any one or more of the provisions of this Note shall operate or would prospectively operate, to invalidate this Note, then the remaining provisions of this Note shall remain operative and in full force and effect, shall be valid, legal and enforceable and shall in no way be affected, prejudiced or disturbed thereby.

Property ID : Carla Ridge Two Construction -  
Beverly Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.25%

13. **Governing Law.** This Note shall be governed by and construed in accordance with the laws of the State of Delaware.

14. **No Assignment.** Neither this Note, the Loan Agreement of even date herewith between Borrower and Lender, nor all other instruments executed or to be executed in connection therewith (collectively, the "Collateral Assignment Documents") are assignable by Lender without the Borrower's written consent and any such attempted assignment without such consent shall be null and void.

15. **Commercial Transaction.** Lender and Borrower each acknowledge and stipulate that the Loan is a commercial transaction.

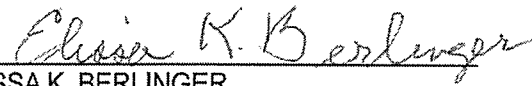
16. **Security.** This Note will be secured inter alia by the Collateral Assignment Documents upon execution thereof.


**WOODBRIIDGE MORTGAGE  
INVESTMENT FUND 3A, LLC**

By: 

Robert Reed  
Its Authorized Representative

Accepted and Agreed to by Lender:

  
ELISSA K. BERLINGER

  
JOSEPH W. BERLINGER



Property ID : Carla Ridge Two Construction -  
Beverly Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.25%

### **LOAN AGREEMENT**

**THIS LOAN AGREEMENT** (this "Agreement") made on this December 15, 2016, by and between **ELISSA K. BERLINGER AND JOSEPH W. BERLINGER**, individuals having an address of 7940 Amethyst Lake Point, Lake Worth, Florida 33467 (hereinafter together referred to as the "Lender") and **WOODBIDGE MORTGAGE INVESTMENT FUND 3A, LLC**, a Delaware limited liability company, having an office at 14225 Ventura Boulevard, Suite 100, Sherman Oaks, California 91423 ("Woodbridge").

### **WITNESSETH:**

**WHEREAS**, Lender wishes to make a loan (the "Loan") to Woodbridge to fund, in part, a loan to a third-party borrower, as more fully defined below (the "Pledged Loan"); and

**WHEREAS**, Lender advanced to Woodbridge a portion of the funds that, with other funds from Woodbridge, will be used to make the Pledged Loan; and

**WHEREAS**, Lender acknowledges that Woodbridge has executed or intends to execute other notes and loan agreements to fund the Pledged Loan on a pari passu basis with other lenders; and

**WHEREAS**, Woodbridge and Lender have agreed to the foregoing transaction on the terms and conditions and in reliance upon the representations and warranties of Woodbridge and Lender hereinafter set forth:

**NOW, THEREFORE**, in consideration of the foregoing and in further consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. Lender has agreed to lend Woodbridge the sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00). The foregoing obligation shall be evidenced by Woodbridge's promissory note to Lender, in the original principal amount of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00), in the form of Exhibit A hereto and made a part hereof (as the same may be amended or modified from time to time, the "Note"), with appropriate insertion of dates.

The Note shall bear interest at a rate equal to seven and 25/100 percent (7.25%) per annum, subject to such default rates as may be set forth in the Note; provided, however, that the rate of interest charged thereunder shall never exceed the maximum amount, if any, allowable by law. Interest shall be payable as provided in the Note and shall be charged on the daily outstanding principal balance on the basis of the actual days elapsed and on a three hundred sixty (360) day year.

Interest shall be payable as provided in the Note. The entire outstanding principal balance of the Note shall be due and payable in full on April 1, 2018 unless sooner prepaid. Woodbridge may prepay the Note without penalty at any time.

2. **Security Interest**. Woodbridge hereby grants to the Lender a security interest in all of the Woodbridge's present and future right, title and interest in and to any and all of the following (the "Collateral"):

(a) That certain loan in the principal amount of Five Million Five Hundred Thousand and 00/100 Dollars (\$5,500,000.00) (the "Pledged Loan") extended or to be extended to Elstar Investments, LLC (the "Borrower") secured by a second priority lien on the real property located at 1520 Carla Ridge, Beverly Hills, California 90210 (the "Premises");

(b) The promissory note evidencing the Pledged Loan (the "Underlying Note");

Property ID : Carla Ridge Two Construction -  
Beverly Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.25%

- (c) The mortgage or deed of trust securing the Pledged Loan with an interest in the Premises (the "Underlying Mortgage"); and
- (d) Title insurance policies and such other instruments or documentation as may be executed and delivered to Woodbridge in conjunction with the Pledged Loan (said Underlying Note, Underlying Mortgage and other associated loan documents collectively hereafter referred to as the "Loan Documents").
- (e) Upon the consummation of the Pledged Loan, Woodbridge will execute and deliver to Lender collateral assignment documents substantially in the form attached hereto as Exhibits B and C.
- (f) Lender acknowledges that they are only providing the financing for a portion of the Pledged Loan and, therefore, Woodbridge retains the right to execute other notes, loan agreements, assignments, and collateral assignments in favor of other lenders as may be necessary to fund the Pledged Loan secured by the Collateral on a pari passu basis with such other lenders. Lender further agrees that it, and any such other lenders, shall execute an Intercreditor Agreement substantially in the form attached hereto as Exhibit D in order to confirm that their interests in the Collateral are of equal priority.

### 3. Representations and Warranties.

(a) Woodbridge represents and warrants to Lender that Woodbridge has or will have good and marketable title to the Pledged Loan and the Collateral free from any adverse liens, security interests or encumbrances on record as of the date of the Pledged Loan.

(b) The execution and delivery of the Note, this Agreement, and every other agreement, instrument or document executed and delivered to Lender by Woodbridge pursuant to the terms hereof, are valid, legal and binding upon it and enforceable in accordance with their respective terms.

(c) All information furnished or to be furnished by Woodbridge pursuant to the terms hereof will not, at the time the same is furnished, contain any untrue statement of a material fact and will not omit to state a material fact necessary to make the information so furnished, in the light of the circumstances under which such information is furnished, not misleading.

(d) Lender represents and warrants to Woodbridge that: (i) the Loan Documents and the Pledged Loan they evidence constitute a commercial loan transaction and are not for investment purposes; and (ii) Lender has reviewed the Loan Documents and the associated other information on the Borrower of the Pledged Loan, and has had the opportunity to review said documents and information with its own legal counsel, and has had sufficient access to all of said documents and information to allow it to make its own credit decision with respect to the Pledged Loan, and has, in fact, made its own credit decision in making the Loan.

### 4. General Provisions.

(a) This Agreement is an integrated document and all terms and provisions are embodied herein and shall not be varied by parol;

(b) This Agreement is made, executed and delivered in the State of Delaware and it is the specific desire and intention of the parties that it shall in all respects be construed under the laws of the State of Delaware;

(c) The captions for the paragraphs contained in this Agreement have been inserted for convenience only and form no part of this Agreement and shall not be deemed to affect the meaning or construction of any

Property ID : Carla Ridge Two Construction -  
Beverly Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.25%

of the covenants, agreements, conditions or terms hereof;

(d) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided, however, that Lender shall not assign, voluntarily, by operation of law or otherwise, any of its rights hereunder without the prior written consent of Woodbridge and any such attempted assignment without such consent shall be null and void;

(e) No delay or failure of Lender in exercising any right, power or privilege hereunder shall affect such right, power or privilege, nor shall any single or partial exercise preclude any further exercise thereof or the exercise of any other rights, powers or privileges; and

(f) This Agreement, the security interest hereby granted to Lender by Woodbridge and every representation, warranty, covenant, promise and other then herein contained shall survive until the Note has been paid in full.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK, SIGNATURE PAGE TO FOLLOW]**

Property ID : Carla Ridge Two Construction -  
Beverly Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.25%

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals, the day and year first above written.

Signed, Sealed, and Delivered  
in the Presence of:

Jerry Kornfeld  
(Witness)

Alison Carter  
(Witness)

Elissa K. Berlinger  
ELISSA K. BERLINGER

Jerry Kornfeld  
(Witness)

Alison Carter  
(Witness)

Joseph W. Berlinger  
JOSEPH W. BERLINGER

Lily Golden

Hyllon De Olivera

WOODBIDGE MORTGAGE  
INVESTMENT FUND 3A, LLC

By: [Signature]  
Robert Reed  
Its Authorized Representative

# **EXHIBIT 2**

Property ID : Woodvale Construction - Encino, CA  
Principal : \$25,000.00  
Int. Rate : 6.75%

**PROMISSORY NOTE**

\$25,000.00

March 17, 2017  
Sherman Oaks, California

**FOR VALUE RECEIVED**, the undersigned, **WOODBIDGE MORTGAGE INVESTMENT FUND 3, LLC**, a Delaware limited liability company having an office and a mailing address at 14225 Ventura Boulevard, Suite 100, Sherman Oaks, California 91423 (hereinafter referred to as the "**Borrower**") does hereby promise to pay to the order of **ELISSA K. BERLINGER AND JOSEPH W. BERLINGER**, as joint tenants and to the survivor of them, individuals having an address of 7940 Amethyst Lake Point, Lake Worth, Florida 33467 (hereinafter together referred to as "**Lender**"), at such place as the Lender may designate by written notice to Borrower, the principal sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00), together with interest on all unpaid balances beginning as of the date hereof, at the fixed rate per annum as set forth in Section 1 hereof.

1. **Interest Rate.** The unpaid balance of the principal sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) shall bear interest from the date hereof through May 1, 2018, at a fixed rate of interest equal to six and 75/100 percent (6.75%) per annum. After May 1, 2018, the unpaid balance of this Note shall bear interest at a fixed rate equal to nine and 00/100 percent (9.00%) per annum. The rate of interest charged hereunder shall never exceed the maximum amount, if any, allowable by law. Interest shall be charged on the principal balance from time to time outstanding on the basis of the actual number of days elapsed computed on the basis of a 360 day year.

2. **Default Interest Rate.** During the continuance of any Event of Default (as more particularly defined in Paragraph 6 below) under this Note by acceleration or otherwise, interest shall accrue from and after such Event of Default at four (4) percentage points above the interest rate then in effect hereunder (the "**Default Interest Rate**").

3. **Repayment.** Borrower promises to pay the interest and principal on this Note, as set forth below:

Monthly payments of interest shall be made commencing on April 1, 2017 and continuing on the same day of each and every month to occur thereafter, both before and after maturity by acceleration or otherwise.

The entire principal balance plus accrued and unpaid interest thereon, and all other sums and charges due to the Lender hereunder, unless sooner paid, shall be due and payable on August 1, 2018 (the "**Maturity Date**"). Upon and after the eighth (8<sup>th</sup>) day following Borrower's receipt of written notice from Lender of Borrower's failure to pay the entire principal balance plus accrued and unpaid interest on the Maturity Date as required, any outstanding amounts due under this Note shall bear interest at a fixed rate of twenty-four and 00/100 percent (24.00%) per annum.

4. **Application of Payments.** All payments pursuant to this Note shall be made in legal tender of the United States of America and shall be applied first to the payment of delinquency or late charges, if any; second, to the payment of accrued and unpaid interest on this Note; and third, the balance on account of the principal of this Note.

5. **Cure Period and Notice of Default.** Failure of Borrower to pay by its due date any installment of the principal or of interest within thirty (30) days from the date the same becomes due and payable, shall constitute a "**Payment Default**" under this Note. Borrower shall have a cure period of not less

Property ID : Woodvale Construction - Encino, CA  
Principal : \$25,000.00  
Int. Rate : 6.75%

than thirty (30) days after receipt of written notice ("Notice of Default") of any alleged breach or Payment Default under the terms of this Note to cure the same.

6. **Event of Default.** Any alleged breach or Payment Default under this Note that is not fully cured following the expiration of the applicable cure period specified in a given Notice of Default shall constitute an event of default ("Event of Default") under this Note.

7. **Waiver of Rights.**

a. BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY COURT AND IN ANY SUIT ACTION OR PROCEEDING OR ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE FINANCING TRANSACTIONS OF WHICH THIS NOTE OR THE COLLATERAL ASSIGNMENT DOCUMENTS (AS DEFINED BELOW) ARE A PART AND/OR THE ENFORCEMENT OF ANY OF LENDER'S RIGHTS AND REMEDIES. BORROWER ACKNOWLEDGES THAT IT MAKES THIS WAIVER KNOWINGLY, VOLUNTARILY AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER.

b. Borrower hereby waives diligence, demand, presentment for payment, protest and notice of protest, and notice of any renewals or extensions of this Note, and agrees that the time for payment of this Note may be changed and extended at Lender's sole discretion, without impairing its liability thereon, and further consents to the release of any party liable for this obligation, or the release of all or any part of the collateral given as security for the payment of this Note, without affecting its liability with respect hereto.

8. **Lender's Rights.** Lender's rights hereunder shall be cumulative and not exclusive and may be exercised at the sole discretion of Lender with respect to priority, order and type of collateral or security realized upon or applied toward the indebtedness evidenced hereby until this Note and all accrued and unpaid interest and other sums and charges due hereunder shall have been paid in full. Further, no failure on the part of Lender to exercise any right or remedy hereunder, whether before or after the occurrence of an Event of Default hereunder, shall constitute a waiver thereof, and no waiver of any past default shall constitute waiver of any future default or of any other default.

9. **Prepayment.** The Borrower shall have the right to prepay this Note in whole or in part at any time without penalty.

10. **Binding Effect.** This Note shall bind the successors and assigns of Borrower and shall inure to the benefit of the Lender, its successors and assigns.

11. **Captions and Section Headings.** The captions and section headings used in this Note are for convenience only and shall not be used to interpret, modify or affect in any way the covenants and agreements herein contained.

12. **Severability.** In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part, or in any respect, or in the event that any one or more of the provisions of this Note shall operate or would prospectively operate, to invalidate this Note, then the remaining provisions of this Note shall remain operative and in full force and effect, shall be valid, legal and enforceable and shall in no way be affected, prejudiced or disturbed thereby.

Property ID : Woodvale Construction - Encino, CA  
Principal : \$25,000.00  
Int. Rate : 6.75%

13. **Governing Law.** This Note shall be governed by and construed in accordance with the laws of the State of Delaware.

14. **No Assignment.** Neither this Note, the Loan Agreement of even date herewith between Borrower and Lender, nor all other instruments executed or to be executed in connection therewith (collectively, the "Collateral Assignment Documents") are assignable by Lender without the Borrower's written consent and any such attempted assignment without such consent shall be null and void.

15. **Commercial Transaction.** Lender and Borrower each acknowledge and stipulate that the Loan is a commercial transaction.

16. **Security.** This Note will be secured inter alia by the Collateral Assignment Documents upon execution thereof.

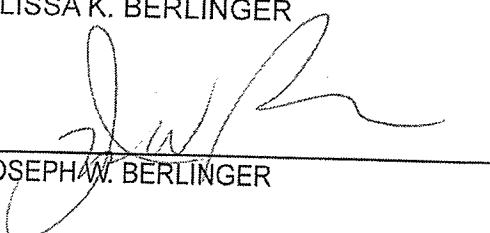
**WOODBIDGE MORTGAGE  
INVESTMENT FUND 3, LLC**

By: 

Robert Reed  
Its Authorized Representative

Accepted and Agreed to by Lender:

  
ELISSA K. BERLINGER

  
JOSEPH W. BERLINGER



Property ID : Woodvale Construction - Encino, CA  
Principal : \$25,000.00  
Int. Rate : 6.75%

### LOAN AGREEMENT

**THIS LOAN AGREEMENT** (this "Agreement") made on this March 17, 2017, by and between **ELISSA K. BERLINGER AND JOSEPH W. BERLINGER**, as joint tenants and to the survivor of them, individuals having an address of 7940 Amethyst Lake Point, Lake Worth, Florida 33467 (hereinafter together referred to as the "Lender") and **WOODBIDGE MORTGAGE INVESTMENT FUND 3, LLC**, a Delaware limited liability company, having an office at 14225 Ventura Boulevard, Suite 100, Sherman Oaks, California 91423 ("Woodbridge").

#### **WITNESSETH:**

**WHEREAS**, Lender wishes to make a loan (the "Loan") to Woodbridge to fund, in part, a loan to a third-party borrower, as more fully defined below (the "Pledged Loan"); and

**WHEREAS**, Lender advanced to Woodbridge a portion of the funds that, with other funds from Woodbridge, will be used to make the Pledged Loan; and

**WHEREAS**, Lender acknowledges that Woodbridge has executed or intends to execute other notes and loan agreements to fund the Pledged Loan on a pari passu basis with other lenders; and

**WHEREAS**, Woodbridge and Lender have agreed to the foregoing transaction on the terms and conditions and in reliance upon the representations and warranties of Woodbridge and Lender hereinafter set forth:

**NOW, THEREFORE**, in consideration of the foregoing and in further consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. Lender has agreed to lend Woodbridge the sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00). The foregoing obligation shall be evidenced by Woodbridge's promissory note to Lender, in the original principal amount of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00), in the form of Exhibit A hereto and made a part hereof (as the same may be amended or modified from time to time, the "Note"), with appropriate insertion of dates.

The Note shall bear interest at a rate equal to six and 75/100 percent (6.75%) per annum, subject to such default rates as may be set forth in the Note; provided, however, that the rate of interest charged thereunder shall never exceed the maximum amount, if any, allowable by law. Interest shall be payable as provided in the Note and shall be charged on the daily outstanding principal balance on the basis of the actual days elapsed and on a three hundred sixty (360) day year.

Interest shall be payable as provided in the Note. The entire outstanding principal balance of the Note shall be due and payable in full on August 1, 2018, unless sooner prepaid. Woodbridge may prepay the Note without penalty at any time.

2. **Security Interest**. Woodbridge hereby grants to the Lender a security interest in all of the Woodbridge's present and future right, title and interest in and to any and all of the following (the "Collateral");

(a) That certain loan in the principal amount of Seven Hundred Fifteen Thousand and 00/100 Dollars (\$715,000.00) (the "Pledged Loan") extended or to be extended to Pinney Investments, LLC (the "Borrower") secured by a second priority lien on the real property located at 15655 Woodvale Drive, Encino, California 91436 (the "Premises");

(b) The promissory note evidencing the Pledged Loan (the "Underlying Note");

Property ID : Woodvale Construction - Encino, CA  
Principal : \$25,000.00  
Int. Rate : 6.75%

- (c) The mortgage or deed of trust securing the Pledged Loan with an interest in the Premises (the "Underlying Mortgage"); and
- (d) Title insurance policies and such other instruments or documentation as may be executed and delivered to Woodbridge in conjunction with the Pledged Loan (said Underlying Note, Underlying Mortgage and other associated loan documents collectively hereafter referred to as the "Loan Documents").
- (e) Upon the consummation of the Pledged Loan, Woodbridge will execute and deliver to Lender collateral assignment documents substantially in the form attached hereto as Exhibits B and C.
- (f) Lender acknowledges that they are only providing the financing for a portion of the Pledged Loan and, therefore, Woodbridge retains the right to execute other notes, loan agreements, assignments, and collateral assignments in favor of other lenders as may be necessary to fund the Pledged Loan secured by the Collateral on a pari passu basis with such other lenders. Lender further agrees that it, and any such other lenders, shall execute an Intercreditor Agreement substantially in the form attached hereto as Exhibit D in order to confirm that their interests in the Collateral are of equal priority.

### 3. Representations and Warranties.

(a) Woodbridge represents and warrants to Lender that Woodbridge has or will have good and marketable title to the Pledged Loan and the Collateral free from any adverse liens, security interests or encumbrances on record as of the date of the Pledged Loan.

(b) The execution and delivery of the Note, this Agreement, and every other agreement, instrument or document executed and delivered to Lender by Woodbridge pursuant to the terms hereof, are valid, legal and binding upon it and enforceable in accordance with their respective terms.

(c) All information furnished or to be furnished by Woodbridge pursuant to the terms hereof will not, at the time the same is furnished, contain any untrue statement of a material fact and will not omit to state a material fact necessary to make the information so furnished, in the light of the circumstances under which such information is furnished, not misleading.

(d) Lender represents and warrants to Woodbridge that: (i) the Loan Documents and the Pledged Loan they evidence constitute a commercial loan transaction and are not for investment purposes; and (ii) Lender has reviewed the Loan Documents and the associated other information on the Borrower of the Pledged Loan, and has had the opportunity to review said documents and information with its own legal counsel, and has had sufficient access to all of said documents and information to allow it to make its own credit decision with respect to the Pledged Loan, and has, in fact, made its own credit decision in making the Loan.

### 4. General Provisions.

(a) This Agreement is an integrated document and all terms and provisions are embodied herein and shall not be varied by parol;

(b) This Agreement is made, executed and delivered in the State of Delaware and it is the specific desire and intention of the parties that it shall in all respects be construed under the laws of the State of Delaware;

(c) The captions for the paragraphs contained in this Agreement have been inserted for convenience only and form no part of this Agreement and shall not be deemed to affect the meaning or construction of any of the covenants, agreements, conditions or terms hereof;

Property ID : Woodvale Construction - Encino, CA  
Principal : \$25,000.00  
Int. Rate : 6.75%

(d) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided, however, that Lender shall not assign, voluntarily, by operation of law or otherwise, any of its rights hereunder without the prior written consent of Woodbridge and any such attempted assignment without such consent shall be null and void;

(e) No delay or failure of Lender in exercising any right, power or privilege hereunder shall affect such right, power or privilege, nor shall any single or partial exercise preclude any further exercise thereof or the exercise of any other rights, powers or privileges; and

(f) This Agreement, the security interest hereby granted to Lender by Woodbridge and every representation, warranty, covenant, promise and other then herein contained shall survive until the Note has been paid in full.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK, SIGNATURE PAGE TO FOLLOW]**

Property ID : Woodvale Construction - Encino, CA  
Principal : \$25,000.00  
Int. Rate : 6.75%

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals, the day and year first above written.

Signed, Sealed, and Delivered  
in the Presence of:

Terre Koufied  
(Witness)

Alison Carter  
(Witness)

Elissa K. Berlinger  
ELISSA K. BERLINGER

Terre Koufied  
(Witness)  
Alison Carter  
(Witness)

Joseph W. Berlinger  
JOSEPH W. BERLINGER

Lily Golden  
Norma Young

WOODBIDGE MORTGAGE  
INVESTMENT FUND 3, LLC

By: [Signature]  
Robert Reed  
Its Authorized Representative

# **EXHIBIT 3**

Property ID : Carla Ridge Three Construction -  
Beverly Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.00%

**PROMISSORY NOTE**

\$25,000.00

September 6, 2017  
Sherman Oaks, California

**FOR VALUE RECEIVED**, the undersigned, **WOODBRIIDGE MORTGAGE INVESTMENT FUND 3A, LLC**, a Delaware limited liability company having an office and a mailing address at 14225 Ventura Boulevard, Suite 100, Sherman Oaks, California 91423 (hereinafter referred to as the "**Borrower**") does hereby promise to pay to the order of **ELISSA K. BERLINGER AND JOSEPH W. BERLINGER**, as joint tenants and to the survivor of them, individuals having an address of 7940 Amethyst Lake Point, Lake Worth, Florida 33467 (hereinafter together referred to as "**Lender**"), at such place as the Lender may designate by written notice to Borrower, the principal sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00), together with interest on all unpaid balances beginning as of the date hereof, at the fixed rate per annum as set forth in Section 1 hereof.

1. **Interest Rate.** The unpaid balance of the principal sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) shall bear interest from the date hereof through October 1, 2018, at a fixed rate of interest equal to seven and 00/100 percent (7.00%) per annum. After October 1, 2018, the unpaid balance of this Note shall bear interest at a fixed rate equal to nine and 00/100 percent (9.00%) per annum. The rate of interest charged hereunder shall never exceed the maximum amount, if any, allowable by law. Interest shall be charged on the principal balance from time to time outstanding on the basis of the actual number of days elapsed computed on the basis of a 360 day year.

2. **Default Interest Rate.** During the continuance of any Event of Default (as more particularly defined in Paragraph 6 below) under this Note by acceleration or otherwise, interest shall accrue from and after such Event of Default at four (4) percentage points above the interest rate then in effect hereunder (the "**Default Interest Rate**").

3. **Repayment.** Borrower promises to pay the interest and principal on this Note, as set forth below:

Monthly payments of interest shall be made commencing on October 1, 2017 and continuing on the same day of each and every month to occur thereafter, both before and after maturity by acceleration or otherwise.

The entire principal balance plus accrued and unpaid interest thereon, and all other sums and charges due to the Lender hereunder, unless sooner paid, shall be due and payable on January 1, 2019 (the "**Maturity Date**"). Upon and after the eighth (8<sup>th</sup>) day following Borrower's receipt of written notice from Lender of Borrower's failure to pay the entire principal balance plus accrued and unpaid interest on the Maturity Date as required, any outstanding amounts due under this Note shall bear interest at a fixed rate of twenty-four and 00/100 percent (24.00%) per annum.

4. **Application of Payments.** All payments pursuant to this Note shall be made in legal tender of the United States of America and shall be applied first to the payment of delinquency or late charges, if any; second, to the payment of accrued and unpaid interest on this Note; and third, the balance on account of the principal of this Note.

5. **Cure Period and Notice of Default.** Failure of Borrower to pay by its due date any installment of the principal or of interest within thirty (30) days from the date the same becomes due and payable,

Property ID : Carla Ridge Three Construction -  
Beverly Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.00%

shall constitute a "Payment Default" under this Note. Borrower shall have a cure period of not less than thirty (30) days after receipt of written notice ("Notice of Default") of any alleged breach or Payment Default under the terms of this Note to cure the same.

6. **Event of Default.** Any alleged breach or Payment Default under this Note that is not fully cured following the expiration of the applicable cure period specified in a given Notice of Default shall constitute an event of default ("Event of Default") under this Note.

7. **Waiver of Rights.**

a. BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY COURT AND IN ANY SUIT ACTION OR PROCEEDING OR ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE FINANCING TRANSACTIONS OF WHICH THIS NOTE OR THE COLLATERAL ASSIGNMENT DOCUMENTS (AS DEFINED BELOW) ARE A PART AND/OR THE ENFORCEMENT OF ANY OF LENDER'S RIGHTS AND REMEDIES. BORROWER ACKNOWLEDGES THAT IT MAKES THIS WAIVER KNOWINGLY, VOLUNTARILY AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER.

b. Borrower hereby waives diligence, demand, presentment for payment, protest and notice of protest, and notice of any renewals or extensions of this Note, and agrees that the time for payment of this Note may be changed and extended at Lender's sole discretion, without impairing its liability thereon, and further consents to the release of any party liable for this obligation, or the release of all or any part of the collateral given as security for the payment of this Note, without affecting its liability with respect hereto.

8. **Lender's Rights.** Lender's rights hereunder shall be cumulative and not exclusive and may be exercised at the sole discretion of Lender with respect to priority, order and type of collateral or security realized upon or applied toward the indebtedness evidenced hereby until this Note and all accrued and unpaid interest and other sums and charges due hereunder shall have been paid in full. Further, no failure on the part of Lender to exercise any right or remedy hereunder, whether before or after the occurrence of an Event of Default hereunder, shall constitute a waiver thereof, and no waiver of any past default shall constitute waiver of any future default or of any other default.

9. **Prepayment.** The Borrower shall have the right to prepay this Note in whole or in part at any time without penalty.

10. **Binding Effect.** This Note shall bind the successors and assigns of Borrower and shall inure to the benefit of the Lender, its successors and assigns.

11. **Captions and Section Headings.** The captions and section headings used in this Note are for convenience only and shall not be used to interpret, modify or affect in any way the covenants and agreements herein contained.

12. **Severability.** In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part, or in any respect, or in the event that any one or more of the provisions of this Note shall operate or would prospectively operate, to invalidate this Note, then the remaining provisions of this Note shall remain operative and in full force and effect, shall be valid, legal and enforceable and shall in no way be affected, prejudiced or disturbed thereby.

Property ID : Carla Ridge Three Construction -  
Beverly Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.00%

13. **Governing Law.** This Note shall be governed by and construed in accordance with the laws of the State of Delaware.

14. **No Assignment.** Neither this Note, the Loan Agreement of even date herewith between Borrower and Lender, nor all other instruments executed or to be executed in connection therewith (collectively, the "Collateral Assignment Documents") are assignable by Lender without the Borrower's written consent and any such attempted assignment without such consent shall be null and void.

15. **Commercial Transaction.** Lender and Borrower each acknowledge and stipulate that the Loan is a commercial transaction.

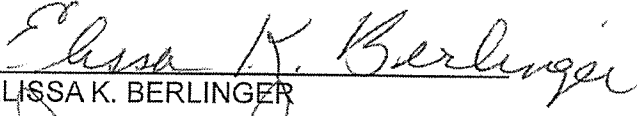
16. **Security.** This Note will be secured inter alia by the Collateral Assignment Documents upon execution thereof.

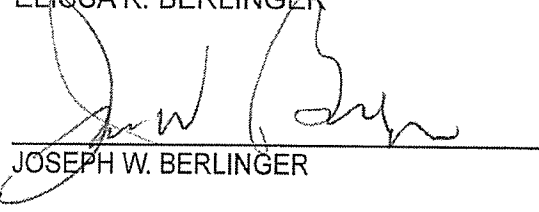
WOODBIDGE MORTGAGE  
INVESTMENT FUND 3A, LLC

By: 

Robert Reed  
Its Authorized Representative

Accepted and Agreed to by Lender:

  
ELISSA K. BERLINGER

  
JOSEPH W. BERLINGER



Property ID : Carla Ridge Three Construction - Beverly  
Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.00%

### LOAN AGREEMENT

**THIS LOAN AGREEMENT** (this "Agreement") made on this September 6, 2017, by and between **ELISSA K. BERLINGER AND JOSEPH W. BERLINGER**, as joint tenants and to the survivor of them, individuals having an address of 7940 Amethyst Lake Point, Lake Worth, Florida 33467 (hereinafter together referred to as the "Lender") and **WOODBIDGE MORTGAGE INVESTMENT FUND 3A, LLC**, a Delaware limited liability company, having an office at 14225 Ventura Boulevard, Suite 100, Sherman Oaks, California 91423 ("Woodbridge").

### **WITNESSETH:**

**WHEREAS**, Lender wishes to make a loan (the "Loan") to Woodbridge to fund, in part, a loan to a third-party borrower, as more fully defined below (the "Pledged Loan"); and

**WHEREAS**, Lender advanced to Woodbridge a portion of the funds that, with other funds from Woodbridge, will be used to make the Pledged Loan; and

**WHEREAS**, Lender acknowledges that Woodbridge has executed or intends to execute other notes and loan agreements to fund the Pledged Loan on a pari passu basis with other lenders; and

**WHEREAS**, Woodbridge and Lender have agreed to the foregoing transaction on the terms and conditions and in reliance upon the representations and warranties of Woodbridge and Lender hereinafter set forth:

**NOW, THEREFORE**, in consideration of the foregoing and in further consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. Lender has agreed to lend Woodbridge the sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00). The foregoing obligation shall be evidenced by Woodbridge's promissory note to Lender, in the original principal amount of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00), in the form of Exhibit A hereto and made a part hereof (as the same may be amended or modified from time to time, the "Note"), with appropriate insertion of dates.

The Note shall bear interest at a rate equal to seven and 00/100 percent (7.00%) per annum, subject to such default rates as may be set forth in the Note; provided, however, that the rate of interest charged thereunder shall never exceed the maximum amount, if any, allowable by law. Interest shall be payable as provided in the Note and shall be charged on the daily outstanding principal balance on the basis of the actual days elapsed and on a three hundred sixty (360) day year.

Interest shall be payable as provided in the Note. The entire outstanding principal balance of the Note shall be due and payable in full on January 1, 2019 unless sooner prepaid. Woodbridge may prepay the Note without penalty at any time.

**2. Security Interest.** Woodbridge hereby grants to the Lender a security interest in all of the Woodbridge's present and future right, title and interest in and to any and all of the following (the "Collateral");

(a) That certain loan in the principal amount of Six Million Fifty Thousand and 00/100 Dollars (\$6,050,000.00) (the "Pledged Loan") extended or to be extended to Hornbeam Investments, LLC (the "Borrower") secured by a second priority lien on the real property located at 1484 Carla Ridge, Beverly Hills, California 90210 (the "Premises");

Property ID : Carla Ridge Three Construction - Beverly  
Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.00%

- (b) The promissory note evidencing the Pledged Loan (the "Underlying Note");
- (c) The mortgage or deed of trust securing the Pledged Loan with an interest in the Premises (the "Underlying Mortgage"); and
- (d) Title insurance policies and such other instruments or documentation as may be executed and delivered to Woodbridge in conjunction with the Pledged Loan (said Underlying Note, Underlying Mortgage and other associated loan documents collectively hereafter referred to as the "Loan Documents").
- (e) Upon the consummation of the Pledged Loan, Woodbridge will execute and deliver to Lender collateral assignment documents substantially in the form attached hereto as Exhibits B and C.
- (f) Lender acknowledges that they are only providing the financing for a portion of the Pledged Loan and, therefore, Woodbridge retains the right to execute other notes, loan agreements, assignments, and collateral assignments in favor of other lenders as may be necessary to fund the Pledged Loan secured by the Collateral on a pari passu basis with such other lenders. Lender further agrees that it, and any such other lenders, shall execute an Intercreditor Agreement substantially in the form attached hereto as Exhibit D in order to confirm that their interests in the Collateral are of equal priority.

### 3. Representations and Warranties.

(a) Woodbridge represents and warrants to Lender that Woodbridge has or will have good and marketable title to the Pledged Loan and the Collateral free from any adverse liens, security interests or encumbrances on record as of the date of the Pledged Loan.

(b) The execution and delivery of the Note, this Agreement, and every other agreement, instrument or document executed and delivered to Lender by Woodbridge pursuant to the terms hereof, are valid, legal and binding upon it and enforceable in accordance with their respective terms.

(c) All information furnished or to be furnished by Woodbridge pursuant to the terms hereof will not, at the time the same is furnished, contain any untrue statement of a material fact and will not omit to state a material fact necessary to make the information so furnished, in the light of the circumstances under which such information is furnished, not misleading.

(d) Lender represents and warrants to Woodbridge that: (i) the Loan Documents and the Pledged Loan they evidence constitute a commercial loan transaction and are not for investment purposes; and (ii) Lender has reviewed the Loan Documents and the associated other information on the Borrower of the Pledged Loan, and has had the opportunity to review said documents and information with its own legal counsel, and has had sufficient access to all of said documents and information to allow it to make its own credit decision with respect to the Pledged Loan, and has, in fact, made its own credit decision in making the Loan.

### 4. General Provisions.

(a) This Agreement is an integrated document and all terms and provisions are embodied herein and shall not be varied by parol;

(b) This Agreement is made, executed and delivered in the State of Delaware and it is the specific desire and intention of the parties that it shall in all respects be construed under the laws of the State of Delaware;

Property ID : Carla Ridge Three Construction - Beverly  
Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.00%

(c) The captions for the paragraphs contained in this Agreement have been inserted for convenience only and form no part of this Agreement and shall not be deemed to affect the meaning or construction of any of the covenants, agreements, conditions or terms hereof;

(d) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided, however, that Lender shall not assign, voluntarily, by operation of law or otherwise, any of its rights hereunder without the prior written consent of Woodbridge and any such attempted assignment without such consent shall be null and void;

(e) No delay or failure of Lender in exercising any right, power or privilege hereunder shall affect such right, power or privilege, nor shall any single or partial exercise preclude any further exercise thereof or the exercise of any other rights, powers or privileges; and

(f) This Agreement, the security interest hereby granted to Lender by Woodbridge and every representation, warranty, covenant, promise and other then herein contained shall survive until the Note has been paid in full.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK, SIGNATURE PAGE TO FOLLOW]**

Property ID : Carla Ridge Three Construction - Beverly Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.00%

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals, the day and year first above written.

Signed, Sealed, and Delivered  
in the Presence of:

James Korasied  
(Witness)

Alison Aul  
(Witness)

Elissa K. Berlinger  
ELISSA K. BERLINGER

James Korasied  
(Witness)

Alison Aul  
(Witness)

Joseph W. Berlinger  
JOSEPH W. BERLINGER

Lily Older

Karen Home

WOODBIDGE MORTGAGE  
INVESTMENT FUND 3A, LLC

By: Robert Reed  
Its Authorized Representative

# **EXHIBIT 4**

## TRANSFER OF CLAIM AGREEMENT

SELLER: Elissa K. Berlinger and Joseph W. Berlinger  
 ADDRESS: [REDACTED]

BUYER: Contrarian Funds, LLC  
 ADDRESS: 411 West Putnam Avenue, Suite 425,  
 Greenwich, CT 06830

DEBTOR: Woodbridge Group of Companies, LLC

PETITION DATE: December 4, 2017

BANKRUPTCY COURT: United States Bankruptcy Court for  
 the District of Delaware

CASE: Woodbridge Group of Companies, LLC, et al., (Case No. 17-12560) currently pending in the Bankruptcy Court, and any other proceeding in connection with or relating to the Debtor which may be brought in the future, including, without limitation, any liquidation under the Securities Investor Protection Act, 15 U.S.C. § 78aaa et. seq.

DATE OF THIS AGREEMENT: February 13, 2018

1. Seller for good and valuable consideration does hereby irrevocably sell, convey, transfer and assign unto Buyer and its successors and assigns, all of Seller's right, title and interest in, to and under (a) Seller's claim (as defined in Section 101(5) of Section 365 of Title 11 of the United States Code (the "Bankruptcy Code")) of Seller against Debtor in the above-referenced case (the "Case") arising out of or in connection with Seller's [Secured First Mortgage Lien Notes (the "Notes")] in the aggregate outstanding principal amount of \$75,000 (the "Claim Amount"), including, without limitation, any and all right to receive principal, interest, fees, expenses, damages, penalties and other amounts paid or payable on account of, in connection with or in respect of such claim (including principal, interest "cure" amounts paid under the Bankruptcy Code and any other amounts, and in each case whether accruing prior to, on or after the date of this Transfer of Claim Agreement (this "Agreement")), and any other rights of Seller against Debtor; (b) any and all proofs of claim filed in respect of the Notes or the such claim (c) all agreements, account statements and other documents evidencing or relating to the Notes; (d) all causes of action or other rights held by Seller, whether against the Debtor or against any other party, in connection with the above referenced claim arising under or in connection with all agreements, accounts or other documents executed or delivered in connection with the Notes or such claim; (e) all causes of action held by Seller in connection with the above-referenced claim against the Debtor or any other person or entity arising under any law, including without limitation causes of action for negligence, fraud or fraudulent transfers; (f) all rights, if any, to recoveries arising from or related to any forfeiture fund established pursuant to 28 C.F.R. Part 9, or any other restitution, remission, restoration or mitigation processes or funds (or like processes or funds), or from any other fund operated or administered by (or on behalf of) any entity, governmental or otherwise, (including the United States Department of Justice) foreign or domestic, currently in existence or arising in the future in respect of the Notes; and (g) all cash, securities, instruments, dividends, assets, proceeds and/or other property ("Distributions") distributed or received on account of, or exchanged in return for, any of the foregoing; all of the foregoing, whether against the Debtor, affiliate of the Debtor or any guarantor or other third party liable in respect thereof, being collectively referred to herein as the "Claim". Seller acknowledges that Buyer is not assuming and shall not be responsible for any obligations or liabilities of Seller, including, without limitation any (i) return of principal or interest or, (ii) claw backs, setoffs or redemptions, related to or in connection with the Claim or the Notes (the "Retained Obligations"). Seller shall remain responsible for any and all Retained Obligations.

2. The consideration paid by Buyer to Seller for the Claim, the receipt and sufficiency of which are hereby acknowledged by Seller, is the purchase price (the "Purchase Price") to be paid in accordance with the Buyer's wire instructions set forth on Schedule I. The Purchase Price represents the Claim Amount multiplied by the percentage rate determined by Buyer (the "Purchase Rate"). The Purchase Price shall be paid by wire transfer within two (2) business days of the later of the following to occur: (i) Buyer's receipt of Seller's executed copies of this Agreement and Evidence of Transfer of Claim, (ii) Buyer's receipt of the Supporting Documents (as defined below), and (iii) written confirmation to the transfer of legal and record title of the Claim and/or the Notes from Seller to Buyer by the Debtor, Debtor's counsel or any other third party required to approve the transfer of the Claim and/or the Notes.

3. Seller represents, warrants and covenants that: (a) Seller is duly authorized and empowered to execute, deliver and perform this Agreement and the Evidence of Transfer of Claim relating hereto; this Agreement and the Evidence of Transfer of Claim constitute the valid, legal and binding Agreement of Seller, enforceable against Seller in accordance with its terms; (b) Seller owns and has good and marketable title to the Claim, free and clear of any encumbrance; (c) Seller has not previously sold, assigned, factored or otherwise encumbered the Claim, in whole or in part, to any party; (d) neither the execution, delivery or performance of this Agreement or the Evidence of Transfer of Claim, will violate or contravene any law, rule, regulation, order or agreement affecting the Seller or the Claim; (e) Seller has fully performed and satisfied all of its obligations (if any) to Debtor and Trustee and Buyer shall assume no obligations or liabilities in respect of the Claim; (f) the Claim is not subject to any objection, counterclaim, defense or claim or right of setoff, reduction, recoupment, impairment, avoidance, preference, clawback, disallowance, subordination or equitable subordination; (g) no objections have been filed to the Claim or, to Seller's knowledge, exist or are threatened with respect to the Claim; (h) no payment has been received by Debtor or any other third party by or on behalf of Seller in full or partial satisfaction of the Claim; (i) true and complete copies of any and all due diligence for the Notes and/or the Claim and any related documents requested by Buyer, including, but not limited to, all copies of promissory notes, indentures and/or loan agreements, any notices, account statements, redemption documents, communications and other documentation in electronic or written form, supporting, affecting or otherwise relating to the Notes and/or the Claim (collectively the "Supporting Documents") have been provided to Buyer and other than the Supporting Documents, there are no other contracts, agreements or other documents that could materially or adversely affect the Claim or Buyer's rights hereunder; (j) Seller is aware

that information which may be pertinent to Seller's decision to transfer the Claim is available to Seller and can be obtained from the Bankruptcy Court's files or other publicly available sources; (k) Seller has not received any pre-petition withdrawals, payments or interest in connection with the Claim; (l) Seller has not received any written notice that the Claim, or any portion thereof, is subject to any Impairment (as defined in paragraph 6) and Seller has no relationship to the Debtor or any of its affiliates, principals other than as a creditor of the Debtor; (m) Seller agrees to execute and deliver, or to cause to be executed and delivered, all such instruments and documents, and to take all such action as Buyer may reasonably request, promptly upon the request of Buyer, to carry out the terms of this Agreement, and to cause Buyer to become the legal and beneficial owner of the Claim; (n) Seller is an "Accredited Investor" as defined by Rule 501 of Regulation D under the Securities Act of 1933 (17 CFR § 230.501 et seq.) and has completed the Accredited Investor questionnaire provided by Buyer; (o) Seller has filed a proof of claim (the "Proof of Claim") in the Case, a true and complete copy of such Proof of Claim has been provided to Buyer, the Proof of Claim has not been amended or withdrawn and no right thereunder has been waived; (p) Seller has independently and without reliance on Buyer, and based on such information as it has deemed appropriate, made its own analysis and decision to enter into this Agreement; and (q) Seller has not engaged (and shall not engage) in any act, conduct or omission, or had any relationship with the Debtor any of its affiliates, or entered into any agreement or document or any class action litigation or other lawsuit (and will not enter into any agreements or documents), that could reduce or impair or otherwise adversely affect the Claim or result in Buyer receiving proportionately less in payments or distributions in respect of, or less favorable treatment (including, the timing of payments or distributions) for the Transferred Rights than as received by holders of other claims against the Debtor.

4. Buyer and Seller each acknowledge (i) that the other may possess material non-public information concerning the Claim and/or the Debtor. Each further acknowledges that it has not requested to receive such information and has nevertheless determined to proceed with the transaction contemplated herein, and neither shall have any liability to the other party, and each waives and releases any claims that it might have against the other (whether under applicable securities laws or otherwise), arising out of the non-disclosure of such information; provided, however, that nothing in this paragraph shall limit any representation or warranty made by Seller in Paragraph 3 and (ii) that the consideration received herein for the sale of the Claim may differ both in kind and amount from any distributions made pursuant to any plan of reorganization or plan of liquidation confirmed by the Bankruptcy Court in the Case.

5. Seller agrees that, if Seller shall hereafter receive any Distributions, Seller shall accept and hold the same on behalf of and in trust for Buyer, and that any and all Distributions, together with any and all proceeds thereon, are the sole property of Buyer. If Seller receives any cash Distributions on account of the Claim, Seller agrees to forward such Distribution as soon as practicable after receipt thereof.

6. If any motion, complaint, objection, application, plan of reorganization or other pleading is filed or an order is entered, seeking to disallow, impair, reduce or subordinate all or any portion of the Claim for any reason whatsoever, or to assert that all or any portion of the Claim is or is deemed to have been or subject to a clawback, preferential payment or fraudulent conveyance or to provide distributions on the Claim which are, per dollar of claim, less in amount or different in nature or timing than distributions on unsecured claims against the Debtor generally, or if Buyer is not substituted for Seller to the extent of the Transferred Rights (any of the foregoing, an "Impairment" with respect to the portion so affected), Seller shall repurchase such portion by paying immediately on demand of Buyer cash in an amount equal to the amount of the Transferred Rights subject to the Impairment multiplied by the Purchase Rate. Buyer's demand for such repayment shall not be deemed an election of remedies or a limitation on any other rights that Buyer may have hereunder or under applicable law.

7. Seller agrees to indemnify and hold Buyer and its respective officers, directors, employees, agents and controlling persons harmless from and against any and all losses, claims, damages and liabilities, including, without limitation, reasonable attorneys' fees and expenses which result from (i) Seller's breach of any representation, warranty, covenant or agreement set forth herein and (ii) any obligation of Seller or Buyer to disgorge, in whole or in part, or otherwise reimburse (by setoff or otherwise) the Debtor, Trustee, or any other person or entity for any payments, distributions, property, setoffs or recoupments received, applied or effected by or for the account of Seller under or in connection with the Claim or otherwise from, against or on account of Debtor or any of its affiliates or any person or entity obligated in respect thereof.

8. Seller agrees, at Buyer's reasonable expense, to execute and deliver all such instruments and documents and to promptly take all such action as Buyer may reasonably request in order to effectuate the intent and purpose of this Agreement and to cause Buyer to become the legal and beneficial owner of the Claim.

9. Seller hereby irrevocably appoints Buyer as its true and lawful attorney-in-fact with respect to the Claim and authorizes Buyer to act in Seller's name, place and stead, to demand, sue for, compromise and recover all such sums of money which are, or may hereafter become due and payable for, or on account of the Claim herein assigned, to vote the Claim and to file proofs of claim with respect thereto. Seller hereby grants unto Buyer full authority to do all things necessary to enforce the Claim and Seller's rights thereunder. Buyer shall have no obligation to prove, defend, or take any affirmative action with respect to proving the validity or amount of the Claim. All representations, warranties, covenants and agreements contained herein shall survive the execution and delivery of this Agreement and shall inure to the benefit of the successors and assigns of any party hereto; provided, however, that the obligations of Seller and Buyer contained herein shall continue and remain in full force and effect until fully paid, performed and satisfied. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISIONS THEREOF THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION. EACH PARTY SUBMITS TO THE JURISDICTION OF THE FEDERAL OR STATE COURTS LOCATED IN THE CITY OF NEW YORK, STATE OF NEW YORK AND AGREES THAT ANY LITIGATION RELATING TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN SUCH COURTS. EACH PARTY HERETO

CONSENTS TO SERVICE OF PROCESS BY CERTIFIED MAIL AT ITS ADDRESS LISTED ABOVE. This Agreement may be executed in any number of counterparts, delivered by electronic mail, facsimile or otherwise, each of which, when so executed and delivered, shall be an original, but all of which, together constitute one and the same instrument. Buyer may sell, transfer or assign all or any part of the Claim and its rights under this Agreement without the consent of Seller. Seller hereby waives any notice requirement imposed by Bankruptcy Rule 3001(e), and consents to the substitution of Buyer for Seller for all purposes in the case, including, without limitation, for voting and distribution purposes with respect to the Claim. This Agreement together with any schedules and any attachments hereto constitutes the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, understandings or representations pertaining to the subject matter hereof, whether oral or written. There are no representations, warranties or other agreements between the parties in connection with the subject matter hereof except as specifically set forth or incorporated herein.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement by their duly authorized representatives as of the date first written above.

ELISSA K. BERLINGER

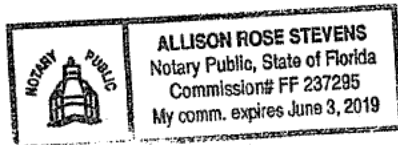
CONTRARIAN FUNDS, LLC  
By: Contrarian Capital Management, L.L.C.,  
as manager

By: *Elissa K. Berlinger*  
Name: Elissa K. Berlinger  
Title: Individual  
Telephone: [REDACTED]

By: *[Signature]*  
Name: JANICE M. STANTON  
Title: MEMBER  
Telephone: \_\_\_\_\_

Sworn to before me this  
13 day of February, 2018

*[Signature]*  
Notary Public

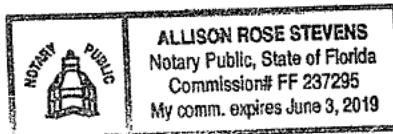


JOSEPH W. BERLINGER

By: *[Signature]*  
Name: Joseph W. Berlinger  
Title: Individual  
Telephone: [REDACTED]


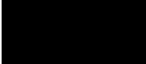
Sworn to before me this  
13 day of February, 2018

*[Signature]*  
Notary Public

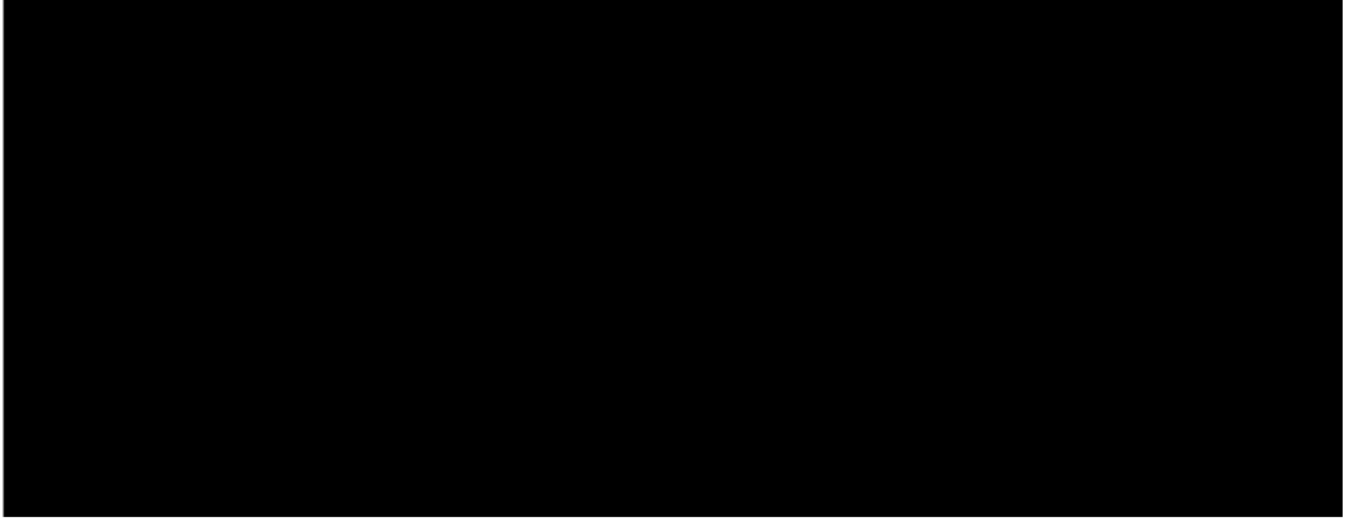




**SCHEDULE I**

A.	Principal Amount of Claim	\$75,000.00
B.	Purchase Rate	
C.	Purchase Price (A x B)	

**Seller's Wire Instructions:**



# **EXHIBIT 5**



UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE	
Name of Debtor:	Case No.
Woodbridge Group of Companies, LLC, et al. Case No. 17-12560	

FILED -01216  
 DISTRICT OF DELAWARE  
 WOODBRIDGE GROUP OF COMPANIES, LLC  
 17-12560/JUDGE KEVIN J. CAREY

Official Form 410

**Proof of Claim**

04/16

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

**Part 1: Identify the Claim**

1. Who is the current creditor? CONTRARIAN FUNDS, LLC  
 Name of the current creditor (the person or entity to be paid for this claim)  
 Other names the creditor used with the debtor \_\_\_\_\_

2. Has this claim been acquired from someone else?  
 No  
 Yes. From whom? ELISSA K. BERLINGER AND JOSEPH W. BERLINGER

3. Where should notices and payments to the creditor be sent?  Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)	Where should notices to the creditor be sent?	Where should payments to the creditor be sent? (if different)
	<u>CONTRARIAN FUNDS, LLC</u> Name <u>411 WEST PUTNAM AVENUE, SUITE 425</u> Number Street <u>GREENWICH CT 06830</u> City State ZIP Code Contact phone <u>203-862-8211 (ALISA MUMOLA)</u> Contact email <u>AMUMOLA@CONTRARIANCAPITAL.COM</u>	<u>CONTRARIAN FUNDS, LLC</u> Name <u>ATTN: 392426 500 ROSS STREET 154-0455</u> Number Street <u>PITTSBURGH PA 15262</u> City State ZIP Code Contact phone <u>203-862-8211 (ALISA MUMOLA)</u> Contact email <u>AMUMOLA@CONTRARIANCAPITAL.COM</u>

Uniform claim identifier for electronic payments in chapter 13 (if you use one).  
 \_\_\_\_\_

4. Does this claim amend one already filed?  
 No  
 Yes. Claim number on court claims registry (if known) \_\_\_\_\_ Filed on \_\_\_\_\_  
 MM / DD / YYYY

5. Do you know if anyone else has filed a proof of claim for this claim?  
 No  
 Yes. Who made the earlier filing? \_\_\_\_\_

**Part 2: Give Information About the Claim as of the Date the Case Was Filed**

6. Do you have any number you use to identify the debtor?  No  
 Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: \_\_\_\_\_

7. How much is the claim? \$ 75,000.000 Does this amount include interest or other charges?  
 No  
 Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. What is the basis of the claim? Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card.  
 Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).  
 Limit disclosing information that is entitled to privacy, such as health care information.  
PROMISSORY NOTES

9. Is all or part of the claim secured?  No  
 Yes. The claim is secured by a lien on property.  
**Nature of property:**  
 Real estate. If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.  
 Motor vehicle  
 Other. Describe: \_\_\_\_\_

**Basis for perfection:** \_\_\_\_\_  
 Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)

Value of property: \$ unknown  
 Amount of the claim that is secured: \$ 75,000.00

Amount of the claim that is unsecured: \$ 0 (The sum of the secured and unsecured amounts should match the amount in line 7.)

Amount necessary to cure any default as of the date of the petition: \$ 75,437.50

Annual Interest Rate (when case was filed)     % \*SEE ATTACHED  
 Fixed  
 Variable

10. Is this claim based on a lease?  No  
 Yes. Amount necessary to cure any default as of the date of the petition. \$ \_\_\_\_\_

11. Is this claim subject to a right of setoff?  No  
 Yes. Identify the property: \_\_\_\_\_

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

No

Yes. Check one:

Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).

Up to \$2,850\* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).

Wages, salaries, or commissions (up to \$12,850\*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).

Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).

Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).

Other. Specify subsection of 11 U.S.C. § 507(a)( ) that applies.

Amount entitled to priority

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\* Amounts are subject to adjustment on 4/01/19 and every 3 years after that for cases begun on or after the date of adjustment.

**Part 3: Sign Below**

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

I am the creditor.

I am the creditor's attorney or authorized agent.

I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

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

Executed on date 02/26/2018  
MM / DD / YYYY

CONTRARIAN FUNDS, LLC  
BY: CONTRARIAN CAPITAL MANAGEMENT, LLC AS MEMBER

Signature

Print the name of the person who is completing and signing this claim:

Name JANICE M. STANTON  
First name Middle name Last name

Title MEMBER

Company CONTRARIAN FUNDS, LLC  
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address 411 WEST PUTNAM AVENUE, SUITE 424  
Number Street

GREENWICH CT 06830  
City State ZIP Code

Contact phone 203-862-8211 (ALISA MUMOLA) Email AMUMOLA@CONTRARIANCAPITAL.COM

**SUPPLEMENT TO PROOF OF CLAIM FILED BY  
CONTRARIAN FUNDS, LLC**

1. Contrarian Funds, LLC (“Creditor”) submits this Proof of Claim and Supplement (together with all exhibits, the “Proof of Claim”) in the amount of at least \$75,000.00, against Woodbridge Group of Companies, LLC (“Debtor”) in the case *In re Woodbridge Group of Companies, LLC, et al.*, Case No. 17-12560 (KJC) (Jointly Administered) under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware.

2. This Proof of Claim is not intended to be, and shall not be, construed as (i) an election of remedies, (ii) a waiver of any defaults or (iii) a waiver or limitation of any rights, remedies, claims or interests of Creditor.

3. Creditor expressly reserves the right to amend, modify and/or supplement this Proof of Claim at any time and from time to time and in any respect, including, but not limited to, for purposes of fixing, increasing or amending in any respect the amounts referred to herein.

4. This Proof of Claim is filed without prejudice to Creditor’s rights under the Bankruptcy Code or otherwise, including, but not limited to, any and all rights of setoff and recoupment. Creditor expressly preserves all of its rights and claims against Debtor under the Bankruptcy Code and applicable non-bankruptcy law.

EVIDENCE OF TRANSFER OF CLAIM

TO: United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court")  
Attention: Court Clerk

AND TO: Woodbridge Group of Companies, LLC. et al. (the "Debtor")  
Case No. 17-12560 (the "Case")

Elissa K. Berlinger and Joseph W. Berlinger ("Seller"), for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby certify that it has unconditionally and irrevocably sold, transferred and assigned unto:  
Contrarian Funds, LLC ("Buyer")  
411 West Putnam Avenue, Suite 425  
Greenwich, CT 06830

and its successors and assigns all Seller's right, title and interest in and to the Seller's claim in the amount of \$75,000.00 (the "Claim") against the Debtor, to which claim number \_\_\_ has been assigned.

Seller hereby waives any objection to the transfer of the Claim to Buyer on the books and records of the Debtor and the Bankruptcy Court, and hereby waives to the fullest extent permitted by law any notice or right to a hearing as may be imposed by Rule 3001 of the Federal Rules of Bankruptcy Procedure, the Bankruptcy Code, applicable local bankruptcy rules or applicable law. Seller acknowledges and understands, and hereby stipulates that an order of the Bankruptcy Court may be entered without further notice to Seller transferring to Buyer the Claim and recognizing the Buyer as the sole owner and holder of the Claim.

You are hereby directed to make all future payments and distributions, and to give all notices and other communications, in respect of the Claim to Buyer.

IN WITNESS WHEREOF, the undersigned has duly executed this Evidence of Transfer of Claim by its duly authorized representative dated Feb 13, 2018.

ELISSA K. BERLINGER

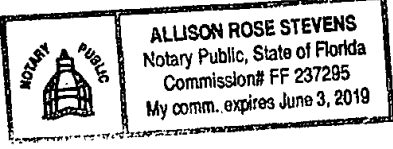
CONTRARIAN FUNDS, LLC  
By: Contrarian Capital Management, L.L.C.,  
as manager

By: Elissa K. Berlinger  
Name: Elissa K. Berlinger  
Title: Individual

By: [Signature]  
Name: JANICE M. STANTON  
Title: MEMBER

Sworn to before me this  
13 day of February, 2018

[Signature]  
Notary Public

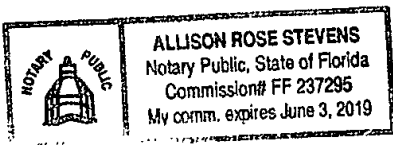


JOSEPH W. BERLINGER

By: [Signature]  
Name: Joseph W. Berlinger  
Title: Individual

Sworn to before me this  
13 day of February, 2018

[Signature]  
Notary Public



FOR YOUR RECORDS

Property ID : Pacific Coast Highway - Malibu, CA  
Principal : \$25,000.00  
Int. Rate : 6.50%

**PROMISSORY NOTE**

October 14, 2016

Sherman Oaks, California

\$25,000.00

**FOR VALUE RECEIVED**, the undersigned, **WOODBIDGE MORTGAGE INVESTMENT FUND 3A, LLC**, a Delaware limited liability company having an office and a mailing address at 14225 Ventura Boulevard, Suite 100, Sherman Oaks, California 91423 (hereinafter referred to as the "**Borrower**") does hereby promise to pay to the order of **ELISSA K. BERLINGER AND JOSEPH W. BERLINGER**, individuals having an address of 7940 Amethyst Lake Point, Lake Worth, Florida 33467 (hereinafter together referred to as "**Lender**"), at such place as the Lender may designate by written notice to Borrower, the principal sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00), together with interest on all unpaid balances beginning as of the date hereof, at the fixed rate per annum as set forth in Section 1 hereof.

1. **Interest Rate.** The unpaid balance of the principal sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) shall bear interest from the date hereof through November 1, 2017, at a fixed rate of interest equal to six and 50/100 percent (6.50%) per annum. After November 1, 2017, the unpaid balance of this Note shall bear interest at a fixed rate equal to nine and 00/100 percent (9.00%) per annum. The rate of interest charged hereunder shall never exceed the maximum amount, if any, allowable by law. Interest shall be charged on the principal balance from time to time outstanding on the basis of the actual number of days elapsed computed on the basis of a 360 day year.

2. **Default Interest Rate.** During the continuance of any Event of Default (as more particularly defined in Paragraph 6 below) under this Note by acceleration or otherwise, interest shall accrue from and after such Event of Default at four (4) percentage points above the interest rate then in effect hereunder (the "**Default Interest Rate**").

3. **Repayment.** Borrower promises to pay the interest and principal on this Note, as set forth below:

Monthly payments of interest shall be made commencing on November 1, 2016 and continuing on the same day of each and every month to occur thereafter, both before and after maturity by acceleration or otherwise.

The entire principal balance plus accrued and unpaid interest thereon, and all other sums and charges due to the Lender hereunder, unless sooner paid, shall be due and payable on February 1, 2018 (the "**Maturity Date**"). Upon and after the eighth (8<sup>th</sup>) day following Borrower's receipt of written notice from Lender of Borrower's failure to pay the entire principal balance plus accrued and unpaid interest on the Maturity Date as required, any outstanding amounts due under this Note shall bear interest at a fixed rate of twenty-four and 00/100 percent (24.00%) per annum.

4. **Application of Payments.** All payments pursuant to this Note shall be made in legal tender of the United States of America and shall be applied first to the payment of delinquency or late charges, if any; second, to the payment of accrued and unpaid interest on this Note; and third, the balance on account of the principal of this Note.

5. **Cure Period and Notice of Default.** Failure of Borrower to pay by its due date any installment of the principal or of interest within thirty (30) days from the date the same becomes due and payable, shall constitute a "**Payment Default**" under this Note. Borrower shall have a cure period of not less



Property ID : Pacific Coast Highway - Malibu, CA  
Principal : \$25,000.00  
Int. Rate : 6.50%

than thirty (30) days after receipt of written notice ("Notice of Default") of any alleged breach or Payment Default under the terms of this Note to cure the same.

6. **Event of Default.** Any alleged breach or Payment Default under this Note that is not fully cured following the expiration of the applicable cure period specified in a given Notice of Default shall constitute an event of default ("Event of Default") under this Note.

7. **Waiver of Rights.**

a. BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY COURT AND IN ANY SUIT ACTION OR PROCEEDING OR ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE FINANCING TRANSACTIONS OF WHICH THIS NOTE OR THE COLLATERAL ASSIGNMENT DOCUMENTS (AS DEFINED BELOW) ARE A PART AND/OR THE ENFORCEMENT OF ANY OF LENDER'S RIGHTS AND REMEDIES. BORROWER ACKNOWLEDGES THAT IT MAKES THIS WAIVER KNOWINGLY, VOLUNTARILY AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER.

b. Borrower hereby waives diligence, demand, presentment for payment, protest and notice of protest, and notice of any renewals or extensions of this Note, and agrees that the time for payment of this Note may be changed and extended at Lender's sole discretion, without impairing its liability thereon, and further consents to the release of any party liable for this obligation, or the release of all or any part of the collateral given as security for the payment of this Note, without affecting its liability with respect hereto.

8. **Lender's Rights.** Lender's rights hereunder shall be cumulative and not exclusive and may be exercised at the sole discretion of Lender with respect to priority, order and type of collateral or security realized upon or applied toward the indebtedness evidenced hereby until this Note and all accrued and unpaid interest and other sums and charges due hereunder shall have been paid in full. Further, no failure on the part of Lender to exercise any right or remedy hereunder, whether before or after the occurrence of an Event of Default hereunder, shall constitute a waiver thereof, and no waiver of any past default shall constitute waiver of any future default or of any other default.

9. **Prepayment.** The Borrower shall have the right to prepay this Note in whole or in part at any time without penalty.

10. **Binding Effect.** This Note shall bind the successors and assigns of Borrower and shall inure to the benefit of the Lender, its successors and assigns.

11. **Captions and Section Headings.** The captions and section headings used in this Note are for convenience only and shall not be used to interpret, modify or affect in any way the covenants and agreements herein contained.

12. **Severability.** In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part, or in any respect, or in the event that any one or more of the provisions of this Note shall operate or would prospectively operate, to invalidate this Note, then the remaining provisions of this Note shall remain operative and in full force and effect, shall be valid, legal and enforceable and shall in no way be affected, prejudiced or disturbed thereby.

Property ID : Pacific Coast Highway - Malibu, CA  
Principal : \$25,000.00  
Int. Rate : 6.50%

13. **Governing Law.** This Note shall be governed by and construed in accordance with the laws of the State of Delaware.

14. **No Assignment.** Neither this Note, the Loan Agreement of even date herewith between Borrower and Lender, nor all other instruments executed or to be executed in connection therewith (collectively, the "Collateral Assignment Documents") are assignable by Lender without the Borrower's written consent and any such attempted assignment without such consent shall be null and void.

15. **Commercial Transaction.** Lender and Borrower each acknowledge and stipulate that the Loan is a commercial transaction.

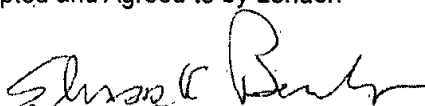
16. **Security.** This Note will be secured inter alia by the Collateral Assignment Documents upon execution thereof.


WOODBIDGE MORTGAGE  
INVESTMENT FUND III, LLC

By: 

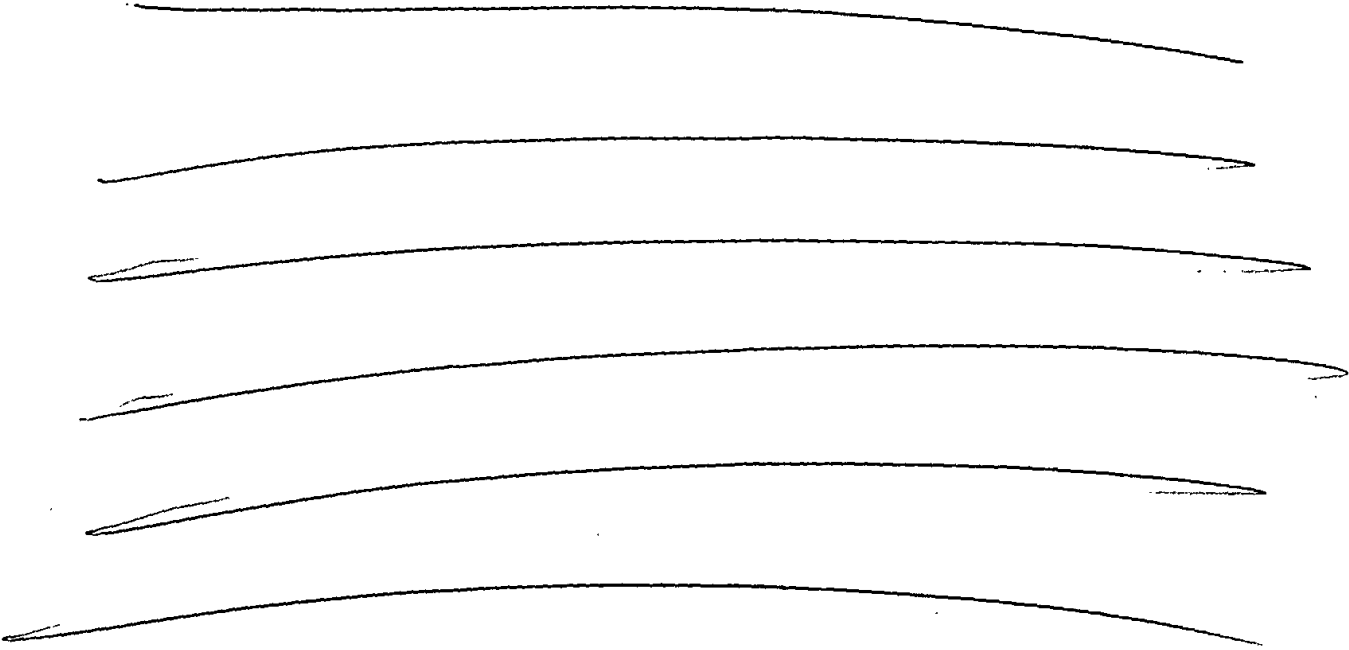
Robert Reed  
Its Authorized Representative

Accepted and Agreed to by Lender:

  
ELISSA K. BERLINGER

  
JOSEPH W. BERLINGER

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FOR YOUR RECORDS

Property ID : Owlwood Estates - Holmby Hills, CA  
Principal : \$25,000.00  
Int. Rate : 6.25%

**PROMISSORY NOTE**

\$25,000.00

August 8, 2016  
Sherman Oaks, California

**FOR VALUE RECEIVED**, the undersigned, **WOODBIDGE MORTGAGE INVESTMENT FUND 3A, LLC**, a Delaware limited liability company having an office and a mailing address at 14225 Ventura Boulevard, Suite 100, Sherman Oaks, California 91423 (hereinafter referred to as the "**Borrower**") does hereby promise to pay to the order of **ELISSA K. BERLINGER AND JOSEPH W. BERLINGER**, individuals having an address of 7940 Amethyst Lake Point, Lake Worth, Florida 33467 (hereinafter together referred to as "**Lender**"), at such place as the Lender may designate by written notice to Borrower, the principal sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00), together with interest on all unpaid balances beginning as of the date hereof, at the fixed rate per annum as set forth in Section 1 hereof.

1. **Interest Rate.** The unpaid balance of the principal sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) shall bear interest from the date hereof through September 1, 2017, at a fixed rate of interest equal to six and 25/100 percent (6.25%) per annum. After September 1, 2017, the unpaid balance of this Note shall bear interest at a fixed rate equal to nine and 00/100 percent (9.00%) per annum. The rate of interest charged hereunder shall never exceed the maximum amount, if any, allowable by law. Interest shall be charged on the principal balance from time to time outstanding on the basis of the actual number of days elapsed computed on the basis of a 360 day year.

2. **Default Interest Rate.** During the continuance of any Event of Default (as more particularly defined in Paragraph 6 below) under this Note by acceleration or otherwise, interest shall accrue from and after such Event of Default at four (4) percentage points above the interest rate then in effect hereunder (the "**Default Interest Rate**").

3. **Repayment.** Borrower promises to pay the interest and principal on this Note, as set forth below:

Monthly payments of interest shall be made commencing on September 1, 2016 and continuing on the same day of each and every month to occur thereafter, both before and after maturity by acceleration or otherwise.

The entire principal balance plus accrued and unpaid interest thereon, and all other sums and charges due to the Lender hereunder, unless sooner paid, shall be due and payable on December 1, 2017 (the "**Maturity Date**"). Upon and after the eighth (8<sup>th</sup>) day following Borrower's receipt of written notice from Lender of Borrower's failure to pay the entire principal balance plus accrued and unpaid interest on the Maturity Date as required, any outstanding amounts due under this Note shall bear interest at a fixed rate of twenty-four and 00/100 percent (24.00%) per annum.

4. **Application of Payments.** All payments pursuant to this Note shall be made in legal tender of the United States of America and shall be applied first to the payment of delinquency or late charges, if any; second, to the payment of accrued and unpaid interest on this Note; and third, the balance on account of the principal of this Note.

5. **Cure Period and Notice of Default.** Failure of Borrower to pay by its due date any installment of the principal or of interest within thirty (30) days from the date the same becomes due and payable, shall constitute a "**Payment Default**" under this Note. Borrower shall have a cure period of not less

Property ID : Owlwood Estates - Holmby Hills, CA  
Principal : \$25,000.00  
Int. Rate : 6.25%

than thirty (30) days after receipt of written notice ("Notice of Default") of any alleged breach or Payment Default under the terms of this Note to cure the same.

6. **Event of Default.** Any alleged breach or Payment Default under this Note that is not fully cured following the expiration of the applicable cure period specified in a given Notice of Default shall constitute an event of default ("Event of Default") under this Note.

7. **Waiver of Rights.**

a. BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY COURT AND IN ANY SUIT ACTION OR PROCEEDING OR ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE FINANCING TRANSACTIONS OF WHICH THIS NOTE OR THE COLLATERAL ASSIGNMENT DOCUMENTS (AS DEFINED BELOW) ARE A PART AND/OR THE ENFORCEMENT OF ANY OF LENDER'S RIGHTS AND REMEDIES. BORROWER ACKNOWLEDGES THAT IT MAKES THIS WAIVER KNOWINGLY, VOLUNTARILY AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER.

b. Borrower hereby waives diligence, demand, presentment for payment, protest and notice of protest, and notice of any renewals or extensions of this Note, and agrees that the time for payment of this Note may be changed and extended at Lender's sole discretion, without impairing its liability thereon, and further consents to the release of any party liable for this obligation, or the release of all or any part of the collateral given as security for the payment of this Note, without affecting its liability with respect hereto.

8. **Lender's Rights.** Lender's rights hereunder shall be cumulative and not exclusive and may be exercised at the sole discretion of Lender with respect to priority, order and type of collateral or security realized upon or applied toward the indebtedness evidenced hereby until this Note and all accrued and unpaid interest and other sums and charges due hereunder shall have been paid in full. Further, no failure on the part of Lender to exercise any right or remedy hereunder, whether before or after the occurrence of an Event of Default hereunder, shall constitute a waiver thereof, and no waiver of any past default shall constitute waiver of any future default or of any other default.

9. **Prepayment.** The Borrower shall have the right to prepay this Note in whole or in part at any time without penalty.

10. **Binding Effect.** This Note shall bind the successors and assigns of Borrower and shall inure to the benefit of the Lender, its successors and assigns.

11. **Captions and Section Headings.** The captions and section headings used in this Note are for convenience only and shall not be used to interpret, modify or affect in any way the covenants and agreements herein contained.

12. **Severability.** In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part, or in any respect, or in the event that any one or more of the provisions of this Note shall operate or would prospectively operate, to invalidate this Note, then the remaining provisions of this Note shall remain operative and in full force and effect, shall be valid, legal and enforceable and shall in no way be affected, prejudiced or disturbed thereby.

Property ID : Owlwood Estates - Holmby Hills, CA  
Principal : \$25,000.00  
Int. Rate : 6.25%

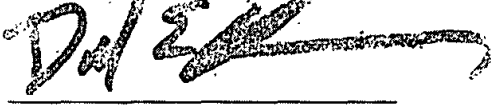
13. **Governing Law.** This Note shall be governed by and construed in accordance with the laws of the State of Delaware.

14. **No Assignment.** Neither this Note, the Loan Agreement of even date herewith between Borrower and Lender, nor all other instruments executed or to be executed in connection therewith (collectively, the "Collateral Assignment Documents") are assignable by Lender without the Borrower's written consent and any such attempted assignment without such consent shall be null and void.

15. **Commercial Transaction.** Lender and Borrower each acknowledge and stipulate that the Loan is a commercial transaction.

16. **Security.** This Note will be secured inter alia by the Collateral Assignment Documents upon execution thereof.

WOODBIDGE MORTGAGE  
INVESTMENT FUND 3A, LLC

By: 

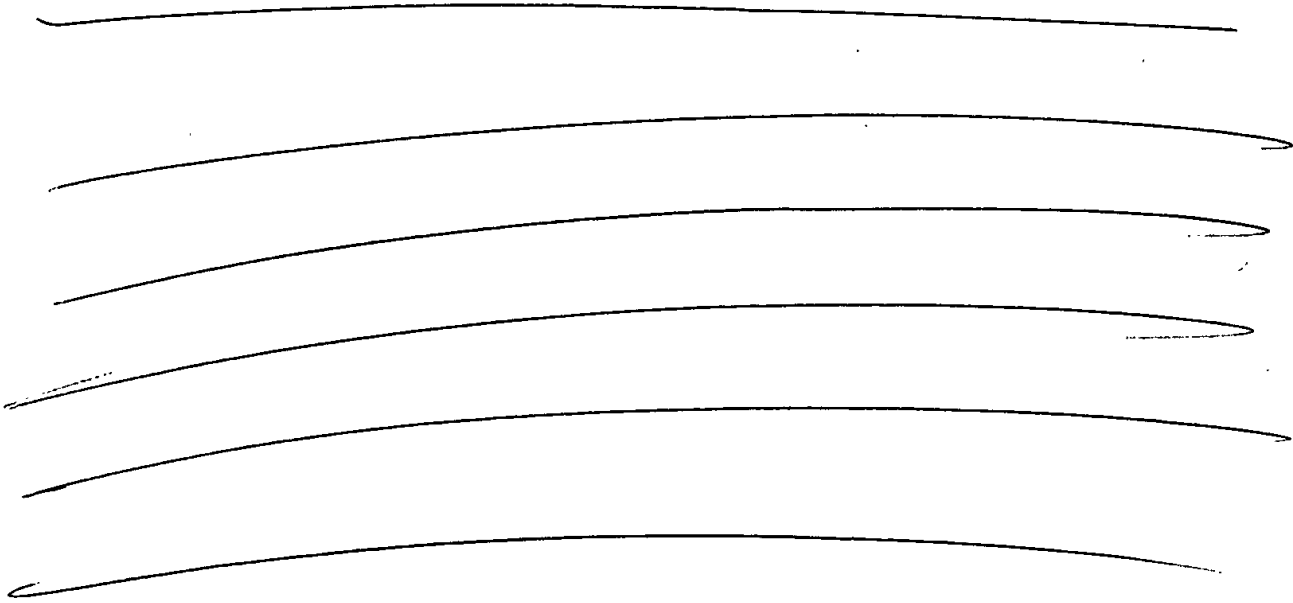
David E. Golden  
Its Authorized Representative

Accepted and Agreed to by Lender:

  
ELISSA K. BERLINGER

  
JOSEPH W. BERLINGER

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Property ID : Carla Ridge Two Construction -  
Beverly Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.25%

FOR YOUR RECORDS

**PROMISSORY NOTE**

December 15, 2016  
Sherman Oaks, California

\$25,000.00

**FOR VALUE RECEIVED**, the undersigned, **WOODBIDGE MORTGAGE INVESTMENT FUND 3A, LLC**, a Delaware limited liability company having an office and a mailing address at 14225 Ventura Boulevard, Suite 100, Sherman Oaks, California 91423 (hereinafter referred to as the "**Borrower**") does hereby promise to pay to the order of **ELISSA K. BERLINGER AND JOSEPH W. BERLINGER**, individuals having an address of 7940 Amethyst Lake Point, Lake Worth, Florida 33467 (hereinafter together referred to as "**Lender**"), at such place as the Lender may designate by written notice to Borrower, the principal sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00), together with interest on all unpaid balances beginning as of the date hereof, at the fixed rate per annum as set forth in Section 1 hereof.

1. **Interest Rate.** The unpaid balance of the principal sum of Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) shall bear interest from the date hereof through January 1, 2018, at a fixed rate of interest equal to seven and 25/100 percent (7.25%) per annum. After January 1, 2018, the unpaid balance of this Note shall bear interest at a fixed rate equal to nine and 00/100 percent (9.00%) per annum. The rate of interest charged hereunder shall never exceed the maximum amount, if any, allowable by law. Interest shall be charged on the principal balance from time to time outstanding on the basis of the actual number of days elapsed computed on the basis of a 360 day year.

2. **Default Interest Rate.** During the continuance of any Event of Default (as more particularly defined in Paragraph 6 below) under this Note by acceleration or otherwise, interest shall accrue from and after such Event of Default at four (4) percentage points above the interest rate then in effect hereunder (the "**Default Interest Rate**").

3. **Repayment.** Borrower promises to pay the interest and principal on this Note, as set forth below:

Monthly payments of interest shall be made commencing on January 1, 2017 and continuing on the same day of each and every month to occur thereafter, both before and after maturity by acceleration or otherwise.

The entire principal balance plus accrued and unpaid interest thereon, and all other sums and charges due to the Lender hereunder, unless sooner paid, shall be due and payable on April 1, 2018 (the "**Maturity Date**"). Upon and after the eighth (8<sup>th</sup>) day following Borrower's receipt of written notice from Lender of Borrower's failure to pay the entire principal balance plus accrued and unpaid interest on the Maturity Date as required, any outstanding amounts due under this Note shall bear interest at a fixed rate of twenty-four and 00/100 percent (24.00%) per annum.

4. **Application of Payments.** All payments pursuant to this Note shall be made in legal tender of the United States of America and shall be applied first to the payment of delinquency or late charges, if any; second, to the payment of accrued and unpaid interest on this Note; and third, the balance on account of the principal of this Note.

5. **Cure Period and Notice of Default.** Failure of Borrower to pay by its due date any installment of the principal or of interest within thirty (30) days from the date the same becomes due and payable,



Property ID : Carla Ridge Two Construction -  
Beverly Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.25%

shall constitute a "Payment Default" under this Note. Borrower shall have a cure period of not less than thirty (30) days after receipt of written notice ("Notice of Default") of any alleged breach or Payment Default under the terms of this Note to cure the same.

6. Event of Default. Any alleged breach or Payment Default under this Note that is not fully cured following the expiration of the applicable cure period specified in a given Notice of Default shall constitute an event of default ("Event of Default") under this Note.

7. Waiver of Rights.

a. BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY COURT AND IN ANY SUIT ACTION OR PROCEEDING OR ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE FINANCING TRANSACTIONS OF WHICH THIS NOTE OR THE COLLATERAL ASSIGNMENT DOCUMENTS (AS DEFINED BELOW) ARE A PART AND/OR THE ENFORCEMENT OF ANY OF LENDER'S RIGHTS AND REMEDIES. BORROWER ACKNOWLEDGES THAT IT MAKES THIS WAIVER KNOWINGLY, VOLUNTARILY AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER.

b. Borrower hereby waives diligence, demand, presentment for payment, protest and notice of protest, and notice of any renewals or extensions of this Note, and agrees that the time for payment of this Note may be changed and extended at Lender's sole discretion, without impairing its liability thereon, and further consents to the release of any party liable for this obligation, or the release of all or any part of the collateral given as security for the payment of this Note, without affecting its liability with respect hereto.

8. Lender's Rights. Lender's rights hereunder shall be cumulative and not exclusive and may be exercised at the sole discretion of Lender with respect to priority, order and type of collateral or security realized upon or applied toward the indebtedness evidenced hereby until this Note and all accrued and unpaid interest and other sums and charges due hereunder shall have been paid in full. Further, no failure on the part of Lender to exercise any right or remedy hereunder, whether before or after the occurrence of an Event of Default hereunder, shall constitute a waiver thereof, and no waiver of any past default shall constitute waiver of any future default or of any other default.

9. Prepayment. The Borrower shall have the right to prepay this Note in whole or in part at any time without penalty.

10. Binding Effect. This Note shall bind the successors and assigns of Borrower and shall inure to the benefit of the Lender, its successors and assigns.

11. Captions and Section Headings. The captions and section headings used in this Note are for convenience only and shall not be used to interpret, modify or affect in any way the covenants and agreements herein contained.

12. Severability. In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part, or in any respect, or in the event that any one or more of the provisions of this Note shall operate or would prospectively operate, to invalidate this Note, then the remaining provisions of this Note shall remain operative and in full force and effect, shall be valid, legal and enforceable and shall in no way be affected, prejudiced or disturbed thereby.

Property ID : Carla Ridge Two Construction -  
Beverly Hills, CA  
Principal : \$25,000.00  
Int. Rate : 7.25%

13. **Governing Law.** This Note shall be governed by and construed in accordance with the laws of the State of Delaware.

14. **No Assignment.** Neither this Note, the Loan Agreement of even date herewith between Borrower and Lender, nor all other instruments executed or to be executed in connection therewith (collectively, the "Collateral Assignment Documents") are assignable by Lender without the Borrower's written consent and any such attempted assignment without such consent shall be null and void.

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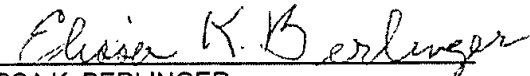
16. **Security.** This Note will be secured inter alia by the Collateral Assignment Documents upon execution thereof.

WOODBIDGE MORTGAGE  
INVESTMENT FUND 3A, LLC

By: 

Robert Reed  
Its Authorized Representative

Accepted and Agreed to by Lender:

  
ELISSA K. BERLINGER

  
JOSEPH W. BERLINGER

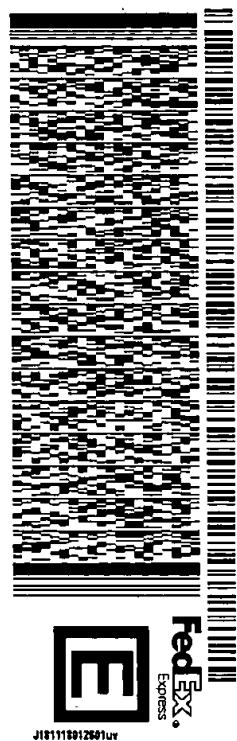
ORIGIN ID: CTYA (203) 862-8211  
ALISA NUMOLA  
CONTI PARIAN CAPITAL MGMT, LLC  
CONTI PARIAN CAPITAL MANAGEMENT, LLC  
411 W. PUTNAM AVE. STE. 425  
GREENWICH CT 06830  
UNITED STATES US

SHIP DATE: 28FEB18  
ACTWT: 1.00 LB  
CAD: 105678794/NET13980  
BILL SENDER

TO WOODBRIDGE GROUP OF COMPANIES, LLC  
C/O GCCG  
5151 BLAZER PARKWAY, SUITE A

DUBLIN OH 43017  
REF: TC - WOODBRIDGE  
DEPT.

552J1.07F5/DCA5



TRK# 7716 4775 4977  
0201

THU - 01 MAR 3:00P  
STANDARD OVERNIGHT

XX OSUA  
OH-US 43017  
LCK



After printing this label:  
1. Use the "Print" button on this page to print your label to your laser or inkjet printer.  
2. Fold the printed page along the horizontal line.  
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number  
Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$1,000, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

# **EXHIBIT B**



# Woodbridge Group of Companies, LLC, et al.

Ad Hoc Noteholder Group Website

[Home](#)

[Letter to Woodbridge Noteholders](#)

[Critical Case Documents](#)

[Proof of Claim Form & Instructions](#)

[A Note Regarding Letters to the Bankruptcy Court](#)

[FAQ](#)

[Notice Regarding "Fraud Loss" Tax Deduction](#)

[Notice Regarding Moratorium on Selling/Transferring Notes/Proofs of Claim](#)

[Submit an Inquiry](#)



Chapter 11 Case No. 17-12560  
U.S. Bankruptcy Court - District of Delaware  
Hon. Kevin J. Carey

### Notice Regarding Moratorium on Selling/Transferring Notes/Proofs of Claim

You may have been or possibly will be contacted by someone asking if you are interested in selling/transferring your Note or the proof of claim you filed for amounts due under the Note. Certain provisions in your loan documents prohibit transfer of a loan document or in the case of a Note, require the Borrower's consent prior to a transfer. On March 21, 2018, the Debtors filed a [Notice Regarding Transfers of Units or Notes](#) stating that for the next 90 days they will not consent to any transfers of Notes (this would include a transfer by a Noteholder of its proof of claim) or Units. Despite statements in the Notice to the contrary, the Noteholder Group did not request nor consent to this moratorium and it expects that opportunities to transfer your Note or proof of claim will arise in due course. **In addition, the Noteholder Group is in discussions with the Debtors, the Unsecured Creditors Committee and the Unitholder Group for there to be an opportunity for Noteholders to borrow a certain amount against a portion of their expected recoveries in the bankruptcy cases on their Note on a non-recourse basis. The terms and timing of any such loans are not known at this time but we will provide an update when these and other details are available.**

[Page Top](#)

April 2018						
Su	Mo	Tu	We	Th	Fr	Sa
25	26	27	28	29	30	31
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	1	2	3	4	5

[All Calendar Events](#)

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Contact Us

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Making Brands Work™