

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

In re:

WOODBRIIDGE GROUP OF COMPANIES,
LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

Ref. Docket Nos. 2012 & 2013

**CERTIFICATION OF COUNSEL REGARDING ORDER (I) AUTHORIZING THE
SALE OF 14112 ROSCOE BLVD., PANORAMA CITY, CALIFORNIA PROPERTY
OWNED BY THE DEBTORS FREE AND CLEAR OF LIENS; CLAIMS;
ENCUMBRANCES; AND OTHER INTERESTS; (II) APPROVING THE RELATED
PURCHASE AGREEMENT; AND (III) GRANTING RELATED RELIEF**

1. The undersigned hereby certifies that, on June 19, 2018, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed with the United States Bankruptcy Court for the District of Delaware (the “Court”) the *Debtors’ Motion for Entry of an Order (I) Authorizing the Sale of 14112 Roscoe Blvd., Panorama City, California Property Owned by the Debtors Free and Clear of Liens, Claims, Encumbrances, and Other Interests; (II) Approving the Related Purchase Agreement; and (III) Granting Related Relief* [Docket No. 2012] (the “Motion”). Attached as Exhibit A to the Motion was a proposed form of order (the “Proposed Order”).

2. Pursuant to the Notice of Motion the deadline to file objections or responses to the Motion (the “Objection Deadline”) was July 3, 2018 at 4:00 p.m. (ET). Prior to the Objection Deadline, the Debtors received informal comments from the Ad Hoc Noteholders

¹ 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 such information may be obtained on the website of the Debtors’ noticing and claims agent at www.gardencitygroup.com/cases/WGC, or by contacting the undersigned counsel for the Debtors.

Group and the Utah Noteholders. No other objections or responses were received on or before the Objection Deadline.

3. As a result of discussions with counsel to the Ad Hoc Noteholders Group and the Utah Noteholders, the Debtors have revised the Proposed Order (the “Revised Proposed Order”) to resolve the issues raised. Attached here to as Exhibit I is the Revised Proposed Order.² The Debtors submit that the Revised Proposed Order is appropriate and consistent with the relief requested in the Motion and the Debtors’ discussions with the Ad Hoc Noteholders Group and the Utah Noteholders, and that entry of the Revised Order is in the best interests of the Debtor, their estates, and their creditors. The Ad Hoc Noteholders Group and the Utah Noteholders do not oppose the entry of the Revised Proposed Order.

[Remainder of page intentionally left blank]

² For ease of reference, attached hereto as Exhibit II is a copy of the Revised Proposed Order marked against the Proposed Order (the “Blackline”).

Dated: July 5, 2018
Wilmington, Delaware

/s/ Betsy L. Feldman

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Counsel for the Debtors and Debtors in Possession

EXHIBIT 1

Revised Proposed Order

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

In re:

WOODBRIIDGE GROUP OF COMPANIES,
LLC, et al.,¹

Debtors.

Case No. 17-12560 (KJC)

(Jointly Administered)

Chapter 11

Ref. Docket Nos. 2012 & 2013

ORDER (I) AUTHORIZING THE SALE OF 14112 ROSCOE BLVD., PANORAMA CITY, CALIFORNIA PROPERTY OWNED BY THE DEBTORS FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS; (II) APPROVING RELATED PURCHASE AGREEMENT; AND (III) GRANTING RELATED RELIEF

Upon the motion (the “Motion”)² filed by the above-captioned debtors and debtors in possession (collectively, the “Debtors”) in these chapter 11 cases (the “Chapter 11 Cases”) for entry of an order (i) authorizing the sale (the “Sale”) of real property owned by the Debtor Hawthorn Investments, LLC (the “Seller”) located at 14112 Roscoe Blvd., Panorama City, California (the “Land”), together with Seller’s right, title, and interest in and to the buildings located thereon and any other improvements and fixtures located thereon (collectively, the “Improvements” and together with the Land, the “Real Property”), and any and all of the Seller’s right, title, and interest in and to the tangible personal property and equipment remaining on the Real Property as of the date of the closing of the Sale (collectively, the “Personal Property” and, together with the Real Property, the “Property”) on an “as is, where is” basis, free and clear of any and all liens, claims, encumbrances, and other interests to Sunrise West, LLC (together with

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² Capitalized terms used but not defined herein have the meaning assigned to such terms in the Motion.

any assignee, the “Purchaser”) pursuant to the terms and conditions of that certain Contract to Buy and Sell Real Estate dated as of May 18, 2018 (as may be amended, supplemented, or otherwise modified from time to time, the “Purchase Agreement”) by and between the Seller and the Purchaser, a copy of which is attached as Exhibit 1 hereto; (ii) authorizing and approving the terms of the Purchase Agreement, and (iii) granting certain related relief; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and the Court having found that good and sufficient cause exists for granting the Motion; and it appearing that the relief requested in the Motion is appropriate in the context of these Chapter 11 Cases and in the best interests of the Debtors and their respective estates, their creditors, and all other parties-in-interest; and it appearing that notice of the Motion was adequate and proper under the circumstances of these Chapter 11 Cases, and that no other or further notice need be given; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Purchase Agreement is authorized and approved in its entirety.
3. Pursuant to sections 105 and 363 of the Bankruptcy Code, the Debtors are authorized, in their discretion and in the exercise of their business judgment, to sell the Property pursuant to the Purchase Agreement free and clear of all liens, claims, interests, and encumbrances, to perform all obligations under the Purchase Agreement (including payment of the Broker Fees and the Other Closing Costs out of the proceeds of the Sale), and to take any other reasonable actions that may be necessary in the Debtors’ good faith business judgment to effectuate closing of the Sale, and that any actions taken by the Debtors necessary or desirable to consummate such transactions prior to the entry of this Order are hereby ratified.

4. The Debtors and any intermediary financial institution, title company, and closing attorney participating in the closings of the Sale are authorized to transfer title and deed property, and take any other actions as may be necessary to transfer ownership of the Property to the Purchaser.

5. All persons and entities holding liens, claims, interests or encumbrances with respect to the Property are hereby barred from asserting such liens, claims, interests or encumbrances against the Purchaser, its successors or assigns, or the Property.

6. All proceeds of the Sale (net of the Broker Fees and Other Closing Costs) shall be paid to the Debtors into the general account of Debtor Woodbridge Group of Companies, LLC, and such net proceeds shall be disbursed and otherwise treated by the Debtors in accordance with the *Final Order on Debtors' Motion for Entry of Interim and Final Orders (I) Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 507, and 552 Authorizing Debtors to (A) Obtain Postpetition Secured Financing, (B) Use Cash Collateral, (C) Grant Adequate Protection to Prepetition Secured Parties; (II) Modifying the Automatic Stay; (III) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(B) and 4001(C); and (IV) Granting Related Relief* (the "Final DIP Order"); *provided, however*, that the portion of net proceeds not required to be reserved by the Debtors pursuant to the Final DIP Order, *i.e.*, 90% of the net proceeds of the Sale, shall be used by the Debtors to retire third-party secured debt on real property owned by a Debtor entity, including amounts owed under the Debtors' debtor-in-possession financing facility.

7. The Debtors are authorized and empowered to (i) pay the Purchaser's Broker Fee in an amount up to 2.5% of the gross sale proceeds, and (ii) pay the Seller's Broker Fee in an amount up to 2.5% of the gross sale proceeds.

8. The Purchase Agreement is undertaken by the Debtors and Purchaser in good faith and that, pursuant to Bankruptcy Code § 363(m), the reversal or modification on appeal of any sale consummated pursuant to the terms of this Order shall not affect the validity of such sale unless such sale was stayed pending appeal.

9. Filing of a copy of this Order in the county in which the Property is situated may be relied upon by all title insurers in order to issue title insurance policies on the Property.

10. Any title insurer, escrow agent, or other intermediary participating in a closing of the Sale of the Property is authorized to disburse all funds at the closing of the Sale pursuant to the applicable settlement statement or escrow instructions provided by the parties to such Sale.

11. The Debtors shall be authorized and empowered to take any necessary actions to implement and effectuate the terms of this Order.

12. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry notwithstanding any applicability of Bankruptcy Rule 6004(h).

13. The terms and provisions of this Order and any actions taken pursuant hereto shall (i) survive entry of any order converting the Debtors' cases to chapter 7 or dismissing the Debtors' cases (or any of them), and (ii) continue in this or any superseding case under the Bankruptcy Code of any of the Debtors.

14. The provisions of this Order shall be binding upon the Debtors and their successors and assigns, including, without limitation, any trustee or other fiduciary hereafter appointed as legal representative of the Debtors or with respect to property of the estates of the Debtors, whether under chapter 11 of the Bankruptcy Code, any confirmed plan, or any subsequent chapter 7 case.

15. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such motion and to have satisfied Bankruptcy Rule 6004(a).

16. This Court shall retain jurisdiction and power with respect to all matters arising from or related to the interpretation and implementation of this Order.

Dated: _____, 2018
Wilmington, Delaware

KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Purchase Agreement

THIS COUNTEROFFER (this “**Counter-Offer**” or “**Agreement**”), dated as of May 18, 2018, is intended to set forth the terms and conditions of a contract for the purchase and sale to SUNRISE WEST, LLC, a California limited liability company (“**Buyer**”), from HAWTHORN INVESTMENTS, LLC, a California limited liability company (“**Seller**”) with respect to that certain land located at 14112 Roscoe Boulevard, in Panorama City, County of Los Angeles, State of California, identified by Assessor Parcel Number 2212-020-014 (the “**Land**”) and improved with a twelve (12) unit apartment building (the “**Improvements**”). This Agreement is a Counter-Offer to that certain Residential Income Property Purchase Agreement And Joint Escrow Instructions (CAR Form RIPA) signed by Buyer with respect to the Property (defined below) and dated as of April 26, 2018 (the “**Offer**”). When mutually executed by Buyer and Seller, this Agreement will constitute the complete agreement between Buyer and Seller with respect to the purchase and sale of the Property and will supersede and replace, in their entirety, all prior negotiations and written offers and counteroffers between Buyer and Seller with respect to the Property including, without limitation, the Offer. Buyer and Seller may be referred to herein each individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS

- A. Seller is the owner of the Property.
- B. Buyer desires to purchase the Property from Seller and Seller desires to sell the Property to Buyer on the terms and conditions set forth herein.
- C. Seller is currently the subject of bankruptcy proceedings pending in the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”) under case number 17-12560 (KJC) (the “**Bankruptcy Proceedings**”) and, therefore, the Agreement is subject to the approval of the Bankruptcy Court as more specially set forth herein.

AGREEMENT

NOW, THEREFORE, IN CONSIDERATION of the foregoing and the mutual covenants and agreements herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

ARTICLE I SALE

1.1 Seller hereby agrees to sell to Buyer, and Buyer hereby agrees to purchase from Seller, subject to the terms and conditions set forth herein, all of the following (collectively, the “**Property**”):

- (a) the Land;
- (b) the Improvements;

(c) all personal property owned by Seller, used in connection with the maintenance and operation of the Property and located on the Land;

(d) all leases of units within the Improvements (the "Leases"), copies of which will be included in the Seller's Documents to be delivered to Buyer pursuant to Section 4.1(b)(i) below; and

(e) those contracts between Seller and third parties relating to the Property (the "Contracts"), copies of which will be included in the Seller's Documents delivered to Buyer pursuant to Section 4.1(b)(i) below.

ARTICLE II PURCHASE PRICE

2.1. Purchase Price. The purchase price for the Property shall be the sum of Two Million One Hundred Ninety Thousand and No/100 Dollars (\$2,190,000.00) (the "**Purchase Price**"). The Purchase Price shall be subject to the closing adjustments as set forth in Section 5.4 hereof.

2.2. Payment of Purchase Price. Buyer shall pay the Purchase Price to Seller as follows:

(a) Deposit. Within two (2) business days following the date this Agreement is mutually executed and delivered by the Parties (the "**Effective Date**"), Buyer shall deliver to A&A Escrow ("**Escrow Holder**"), the sum of Sixty-Five Thousand Four Hundred and No/100 Dollars (\$65,400.00) by wire transfer or cashier's check (the "**Deposit**"). Escrow Holder's contact information is as follows:

415 N. Crescent Drive, Suite 320
Beverly Hills, CA 90210
Attention: Antonia Delgado
Phone No. (310) 550-6055
Fax No.: (310) 550-6130
Email address: Antonia@AAEscrow.com

If the Deposit is not received by Escrow Holder on or before the date required herein, Seller shall have the right to terminate this Agreement whereupon neither Party shall have any further rights or obligations hereunder other than those matters which expressly survive the termination hereof. Upon Buyer's approval (or deemed approval) of the Property under Section 4.1 below, the Deposit shall be deemed non-refundable to Buyer except in the event the sale of the Property is not consummated (i) solely because of Seller's breach or default under this Agreement, or (ii) failure to obtain Bankruptcy Court approval of this Agreement in accordance with Section 4.5 below. If the sale of the Property as contemplated hereunder is consummated, the Deposit shall be credited towards payment of the Purchase Price at the Closing.

(b) Balance of Purchase Price. The Purchase Price less the sum of the Deposit (the "**Purchase Price Balance**") shall be deposited with Escrow Holder by Buyer in

(c) Independent Consideration. As independent consideration for this Agreement, Buyer and Seller agree that if this Agreement is terminated for any reason, then Seller shall be entitled to receive Five Hundred and 00/100 Dollars (\$500.00) as consideration for Buyer's inspection and termination rights set forth in this Agreement independent of the Deposit (the "**Independent Consideration**"). If this Agreement is terminated, Escrow Holder shall immediately, and without further instruction, disburse such sum to Seller from the Deposit prior to disbursing the remaining balance of the Deposit to the Party entitled thereto pursuant to this Agreement.

ARTICLE III ESCROW

3.1 Deposit with Escrow Holder and Escrow Instructions. Within two (2) business days following the Effective Date, each Party shall promptly deposit an executed copy of this Agreement with Escrow Holder with instructions to open an escrow for the transaction hereunder (the "**Escrow**"). This Agreement shall serve as the instructions to Escrow Holder for the consummation of the transaction contemplated hereby. The Parties shall execute such additional and supplementary escrow instructions as may be appropriate to enable Escrow Holder to comply with the terms of this Agreement; provided, however, that in the event of any conflict or inconsistency between the terms and provisions of this Agreement and the terms and provisions of any such additional or supplementary escrow instructions, the terms and provisions of this Agreement shall control, notwithstanding that any such additional or supplemental escrow instructions constitute a later signed writing between the Parties.

3.2 Proof of Funds. Within two (2) business following the Effective Date, Buyer shall deliver to Seller proof of committed funds available to Buyer sufficient to enable Buyer to consummate the acquisition of the Property pursuant to this Agreement, which proof shall be in the form of a letter of credit, loan commitment, bank statement, or other form acceptable to Seller in Seller's sole discretion. If (i) Buyer fails timely to provide such proof of committed funds, or (ii) Seller determines, in Seller's sole discretion, that the proof of funds provided to Seller by Buyer is unacceptable, then Seller shall have the right, at Seller's option, to provide written notice to Buyer that this Agreement is terminated. If Seller exercises such termination right, then this Agreement shall be deemed terminated effective as of the date that Seller delivers written notice of termination to Buyer, whereupon (I) the Deposit (if theretofore deposited with the Escrow Holder) shall be returned to Buyer, and (II) Buyer and Seller shall each be relieved of any further obligations under this Agreement.

3.3 Closing. The closing hereunder (the "**Closing**") shall mean the recording, in the official records of Los Angeles County, of a Grant Deed conveying title to the Property from Seller to Buyer (the "**Deed**"). The Closing shall take place as soon as practicable after the entry of an order by the Bankruptcy Court approving the sale of the Property pursuant to this Agreement (the "**Sale Order**"), but no later than fourteen (14) days following the entry of the Sale Order (or the first business day thereafter, if such 14th day is not a business day) (the "**Closing Date**"), or on such later date as Buyer and Seller may mutually agree in writing;

provided, however, Seller shall have the right to extend the Closing Date by up to an additional five (5) business days upon delivery of written notice to Buyer. Subject to the provisions of **ARTICLE VIII** hereof, if the Closing does not occur on or before the Closing Date, Escrow Holder shall, unless it is notified by both Parties to the contrary within five (5) days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return or termination, shall not, however, relieve either Party of any liability it may have under the terms of this Agreement for its wrongful failure to close.

ARTICLE IV CONTINGENCIES AND CONDITIONS TO CLOSING

4.1 Buyer's Due Diligence Contingencies. Buyer's obligations under this Agreement are subject to the satisfaction or waiver of the following contingencies on or before the applicable dates specified below in this Section 4.1:

(a) Review and Approval of Title.

(i) Within ten (10) days after the Effective Date, Seller shall cause Fidelity Nation Title Company (attention, Janis Okerlund), or such other title insurance company of Seller's choice (the "**Title Company**") to provide Buyer with a preliminary report of the condition of title to the Property, including copies of underlying documents referred to in Schedule B thereof (collectively, the "**Title Report**"). Buyer may, within five (5) days following its receipt of the Title Report (the "**Title Review Date**"), deliver written notice (the "**Notice of Title Disapproval**") to Seller stating that Buyer disapproves the condition of title with respect to material matters that interfere with the use of the Property for the purpose for which it is currently used or intended to be used. The Notice of Title Disapproval must refer to the specific exception(s) in Schedule B of the Title Report and the specific underlying document(s) which are the basis for Buyer's disapproval. If Buyer fails to deliver a Notice of Title Disapproval within such five (5) day period, then Buyer shall be deemed to have accepted the condition of title as described in the Title Report.

(ii) Within five (5) days after Seller's receipt of a Notice of Title Disapproval, Seller may elect, via written notice to Buyer, and in Seller's sole discretion, to either (a) cancel this Agreement and instruct Escrow Holder to return the Deposit (less the Independent Consideration) to Buyer, or (b) cure the item(s) disapproved by Buyer, in which event the sale shall proceed subject to the terms, conditions and limitations set forth herein. Seller's failure to respond to a Notice of Title Disapproval within such five (5) day period shall be deemed Seller's refusal to cure any items disapproved by Buyer therein.

(iii) At the Closing, Seller shall convey and Buyer shall accept title to the Property as shown in Schedule B of the Title Report free and clear of all monetary liens, but subject to those changes made pursuant to this Section 4.1(a).

(iv) If Seller notifies Buyer in writing that it elects to cure any objections included in the Notice of Title Disapproval, but is unable to cure the same prior to the

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Closing, Seller shall not be in default hereunder, but Buyer, at the Closing shall, at its option, either (x) accept title to the Property subject to: (1) those exceptions to title approved by Buyer on or prior to the Title Review Date, and (2) those exceptions disapproved by Buyer that Seller is unable to cure, all of which shall be deemed to be permitted exceptions, or (y) terminate this Agreement by notice in writing to Seller, in which event Escrow Holder shall return the Deposit (less the Independent Consideration) to Buyer and neither Party shall have any further rights, duties or obligations hereunder, except for those provisions of this Agreement which expressly survive termination of this Agreement.

(v) Notwithstanding anything in this Section 4.1 to the contrary, if any conditions or exceptions to title arise or are first disclosed to Buyer subsequent to Buyer's waiver (or deemed waiver) of contingencies under this Section 4.1 and such conditions or exceptions are not caused or created in whole or in part by Buyer ("**New Exceptions**"), then Buyer shall have two (2) business days after Buyer obtains knowledge of such New Exception to review and approve or disapprove of the same in accordance with the procedure set forth above for Buyer's review of the Title Report. As set forth above, Seller shall have the option to either cure any New Exceptions objected to by Buyer or terminate this Agreement, in which event Escrow Holder shall return the Deposit (less the Independent Consideration) to Buyer and neither Party shall have any further rights, duties or obligations hereunder, except for those provisions of this Agreement which expressly survive termination of this Agreement.

(b) Inspections and Studies.

(i) Prior to the date hereof Seller has, or within five (5) business days after the Effective Date Seller shall, (a) upload to a virtual data room (the "**Data Site**") all material documents in Seller's possession and relating to the physical condition and/or plans and entitlements for the development or renovation of the Property including, without limitation, the Leases and Contracts (collectively, the "**Seller's Documents**") and (b) provide Buyer with access to the Data Site and the Seller's Documents thereon; provided, however, all individuals accessing the Data Site on behalf of Buyer may be required, as a condition to being provided with access to the Seller's Documents, to execute a confidentiality agreement pursuant to which they covenant not to disclose the contents thereof to any persons other than their attorneys and consultants engaged in connection with the purchase of the Property. Seller provides the Seller's Documents without representation or warranty of any kind, including, without representation or warranty as to accuracy or completeness, and Seller encourages Buyer to conduct its own independent review of the Property and to obtain all such reports, studies and examinations as Buyer believes necessary or desirable to fully evaluate the Property.

(ii) Buyer shall have until 5:00 p.m. Pacific Time on the day that is seventeen (17) days after Effective Date (the "**Contingency Date**"), to review, inspect and evaluate the Property and all matters relating thereto, and to approve or disapprove of the foregoing in its sole and absolute discretion, including without limitation, the Seller's Documents. In connection therewith, subject to the limitations set forth below, Buyer shall have the right to carry out any and all inspections, investigations, tests and studies

and to review and approve or disapprove, in Buyer's sole and absolute discretion, any and all documents, instruments and matters contained therein or disclosed thereby. Without limiting the foregoing, Buyer may at its sole discretion select and employ, at Buyer's expense, a licensed engineer(s), architect(s), contractor(s), geologist(s), pest control licensee(s), environmental consultant(s), or other qualified professional(s) to make inspection(s) and investigations of the Property, including, but not limited to, (I) its general structure, plumbing, heating, air conditioning (if any), electrical system, built-in appliances, cesspool/sewer/septic system, well, roof, soils, foundation, mechanical systems, pool, spa, related equipment and filters, sprinklers, and those other matters affecting the desirability of the Property (all if and only to the extent any such structures, systems, and components are presently a part of the Property); (II) any actual or potential wood destroying pests or other conditions damaging to the Property or any portion thereof; (III) environmental hazards, substances, products, or conditions, including without limitation, asbestos, formaldehyde, lead, lead-based paint, contaminated soil or water, fuel, chemical storage tanks, hazardous waste, electromagnetic fields, and radon gas, any of which may constitute a health risk; (IV) the presence or absence of any required governmental permits, inspections, applications, approvals, and certificates of occupancy, and compliance or lack of compliance with building codes and laws applicable to the Property; (V) plans and specifications for the Property; (VI) all applicable zoning, municipal, county, state, and federal, including those affecting the past, current, or any future use of the Property; (VII) deed restrictions and other matters of public record which may govern, restrict, condition, or prohibit the use, alteration, or development of the Property; and (VIII) generally, without limitation, any and all other items and matters of whatsoever nature, character, or description, which Buyer deems material to Buyer's interests, in, on, or affecting the Property; and to approve or disapprove said inspection within the period and in the manner set forth in this Section 4.1(b). Notwithstanding the foregoing or anything to the contrary contained in this Agreement, Buyer shall not perform any intrusive or destructive testing at the Property without the Seller's prior written consent, which may be withheld in Seller's sole and absolute discretion. Buyer shall give Seller at least twenty-four (24) hours' prior notice of any entry onto the Property by Buyer or its agents for purposes of conducting any of the inspections, tests, investigations or other matters described herein and Seller and/or its agents shall have the right to be present during any such inspections, tests, investigations or other matters described herein.

(iii) If Buyer disapproves of any matters relating to the Property, Buyer may terminate this Agreement by delivering written notice of cancellation ("**Notice Of Cancellation**") to Seller prior to 5:00 p.m. Pacific Time on the Contingency Date. If Buyer fails to deliver a Notice of Cancellation to Seller prior to such date and time, then Buyer shall be deemed to have waived all Buyer's contingencies under this Section 4.1(b). If Buyer timely terminates the Agreement pursuant to this Section 4.1(b), then Escrow Holder shall return the Deposit (less the Independent Consideration) to Buyer and, other than those matters which expressly survive the termination hereof, neither Party shall have any further rights or obligations hereunder. Buyer acknowledges that Seller has no obligation to cure or to undertake to cure any matters disapproved by Buyer.

(iv) Buyer agrees to maintain or to cause all its representatives or agents entering upon the Property or otherwise conducting any due diligence to maintain and have in effect commercial general liability insurance with limits of not less than Two Million and No/100 Dollars (\$2,000,000.00) covering personal injury, including bodily injury and death, and property damage, and a waiver of subrogation. Such insurance shall name Seller as an additional insured. Buyer shall deliver to Seller a copy of the certificates of insurance evidencing the insurance required hereunder prior to the commencement of such due diligence activities upon the Property. Buyer shall indemnify, defend and hold Seller harmless from and against any and all actions, claims, damages, liabilities, losses, costs and/or expenses (including, without limitation, reasonable attorneys' fees and expenses), incurred by the Seller and arising from: (a) injury to persons or damage to property, and/or (b) any liens or claims of liens against the Property or any portions thereof, arising from any such entry into and/or investigations concerning the Property or any portions thereof. The foregoing indemnity shall survive the Closing and any termination of this Agreement.

(v) Seller shall pay for and deliver to Buyer, no later than ten (10) business days following the Effective Date, a natural hazard zone disclosure report of the Property prepared by a vendor of Seller's choice.

(c) Financing. Buyer shall have until 5:00 p.m. Pacific Time on the day that is thirty (30) days after Effective Date (the "**Financing Contingency Date**") to obtain a commitment from a lender of Buyer's choice for a loan to be secured by a first deed of trust on the Property and on terms reasonably acceptable to Buyer (the "**Financing Contingency**"). Buyer shall use best faith efforts to satisfy the Financing Contingency on or before the Financing Contingency Date. Provided that Buyer has used such best faith efforts, Buyer may terminate this Agreement if it is unable to satisfy the Financing Contingency, by delivering a Notice Of Cancellation to Seller prior to 5:00 p.m. Pacific Time on the Financing Contingency Date. If Buyer fails to deliver a Notice of Cancellation to Seller prior to such date and time, then Buyer shall be deemed to have waived the Financing Contingency. If Buyer timely terminates the Agreement pursuant to this Section 4.1(c), then Escrow Holder shall return the Deposit (less the Independent Consideration) to Buyer and, other than those matters which expressly survive the termination hereof, neither Party shall have any further rights or obligations hereunder. Buyer acknowledges that Seller has no obligation to cure or to undertake to cure any matters disapproved by Buyer.

4.2 Contracts. Buyer shall notify Seller in writing, on or before the Contingency Date, of those Contracts that Buyer intends to take assignment of at the Closing (collectively, the "**Assigned Contracts**"). If Buyer fails to deliver such notice on or before the Contingency Date, then Buyer shall be deemed to have elected not to take assignment of any Contracts at the Closing. Except for those Contracts that Buyer elects to take assignment of pursuant to this Section, Seller shall cause all the Contracts to be terminated on or before the Closing Date, at Seller's sole cost and expense.

4.3 Removal of Contingencies. If Buyer does not provide Seller with a written Notice of Cancellation prior to 5:00 p.m. Pacific Time on the Contingency Date or the Financing

Contingency Date, as applicable, or a Notice of Title Disapproval in accordance with the time periods set forth in Section 4.1(a) above, then Buyer's silence shall be deemed acceptance of the condition of the Property and Buyer shall be deemed to have satisfied and removed all of Buyer's contingencies under Section 4.1. Upon such removal of contingencies, Buyer shall be unconditionally obligated to proceed with the sale, subject only to (i) satisfaction of the contingency in Section 4.4 below, and (ii) Bankruptcy Court confirmation in accordance with Section 4.5 below. If Buyer waives, or is deemed to have waived, its due diligence contingencies pursuant to this Section, then Buyer shall be deemed to have represented to Seller that Buyer was afforded, prior to the Contingency Date, reasonable opportunity to inspect and investigate the Property and all other facts and circumstances deemed by Buyer relevant and significant to evaluate the condition of the Property and the suitability of the Property for Buyer's intended purposes.

4.4 Estoppel Certificates. Buyer's obligation to purchase the Property is conditioned upon Buyer's receipt of either an Acceptable Estoppel Certificate (defined below) or a Seller's Certificate (defined below) with respect to all of the Leases prior to the date (the "**Estoppel Contingency Date**") that is the earlier of (I) thirty (30) days following the Financing Contingency Date (or Buyer's earlier waiver of its contingencies under Section 4.1 above), or (II) ten (10) days prior to the Closing. An "**Acceptable Estoppel Certificate**" means, with respect to each Lease, a certificate that (i) is prepared using the California Association of Realtors Form TEC, or other form reasonably acceptable to Buyer, (ii) contains representations as to the financial terms of the subject Lease that are consistent, in all material respects, with the terms set forth in the copy of the subject Lease included in the Seller's Documents, (iii) does not allege a material default by the landlord under the subject Lease, and (iv) is duly executed by the party named as the tenant under the subject Lease. If Seller is unable to obtain Acceptable Estoppel Certificates with respect to all of the Leases, then (a) Seller shall not be deemed to be in breach of this Agreement, provided that Seller has used reasonable efforts to obtain Acceptable Estoppel Certificates, (b) Seller shall have the right, but not the obligation, to sign a certificate (each, a "**Seller's Certificate**") for each Lease for which Seller has been unable to obtain an Acceptable Estoppel Certificate, which certificate will include representations, qualified to Seller's knowledge, as to the statements of fact included in the California Association of Realtors Form TEC. If Seller fails to deliver to Buyer, on or before the Estoppel Contingency Date, either an Acceptable Estoppel Certificate or a Seller's Certificate for each of the Leases, then Buyer shall have the right to terminate this Agreement by delivering written notice of termination to Seller. Upon a termination of this Agreement pursuant to this Section, Escrow Holder shall return the Deposit (less the Independent Consideration) to Buyer and neither Party shall have any further rights, duties or obligations hereunder.

4.5 Bankruptcy Sale. Buyer acknowledges that (i) Seller is a "debtor-in-possession" in the Bankruptcy Proceedings, and (ii) this Agreement is subject to notice to creditors and the approval of the Bankruptcy Court. Buyer acknowledges that, in order to obtain Bankruptcy Court approval of this Agreement, Seller must demonstrate that it has taken reasonable steps to obtain the highest or otherwise best offer possible for the Property. Buyer further acknowledges and agrees that Seller may decide not to seek the Bankruptcy Court's approval of this Agreement, if Seller determines that to do so would be inconsistent with its fiduciary duties, and, upon such determination, Seller may terminate this Agreement. If Seller does not obtain Bankruptcy Court approval of this Agreement, then Seller shall have the right to terminate this

Agreement by delivering written notice of termination to Buyer. Upon any termination of this Agreement pursuant to this Section, Escrow Holder shall return the Deposit (less the Independent Consideration) to Buyer and neither Party shall have any further rights, duties or obligations hereunder.

ARTICLE V CLOSING AND ESCROW

5.1 Delivery by Seller. Not later than one (1) business day prior to the Closing Date, Seller shall deposit with Escrow Holder the following:

- (a) The original Deed, duly executed and acknowledged by Seller, in recordable form, and ready for recordation on the Closing Date;
- (b) The original of a Bill of Sale, in the form attached hereto as Exhibit A, duly executed by Seller and transferring to Buyer all of Seller's rights, title and interest in and to the Personal Property;
- (c) Two (2) duplicate originals of an Assignment of Leases in the form attached hereto as Exhibit B (the "Assignment of Leases"), duly executed in counterpart by Seller as "Assignor" and assigning to Buyer all of Seller's rights, duties and obligations under the Leases;
- (d) Two (2) duplicate originals of an Assignment of Contracts in the form attached hereto as Exhibit C (the "Assignment of Contracts"), duly executed in counterpart by Seller as "Assignor" and assigning to Buyer all of Seller's rights, duties and obligations under the Assigned Contracts;
- (e) Seller's estimated settlement statement in form and content consistent with this Agreement and otherwise reasonably satisfactory to Seller;
- (f) A California Form 593-C, duly executed by Seller;
- (g) A Non-Foreign Affidavit, duly executed by Seller and satisfying the requirements set forth in Section 1445 of the Internal Revenue Code of 1986, as amended; and
- (h) Any other documents or instruments reasonably required by Escrow Holder, the Title Company or the Bankruptcy Court in order to convey the Property to Buyer at the Closing.

5.2 Delivery by Buyer. Not later than one (1) business day prior to the Closing Date, Buyer shall deposit with Escrow Holder the following:

- (a) The Purchase Price Balance, together with Buyer's share of the closing adjustments pursuant to Section 5.4 below, for disbursement in accordance with the terms and provisions of this Agreement, to be held by Escrow Holder pursuant to disbursement instructions mutually acceptable to Buyer and Seller;

(b) Two (2) duplicate originals of the Assignment of Leases, duly executed in counterpart by Buyer as "Assignee";

(c) Two (2) duplicate originals of an Assignment of Contracts, duly executed in counterpart by Buyer as "Assignee";

(d) Buyer's estimated settlement statement in form and content consistent with this Agreement and otherwise reasonably satisfactory to Buyer; and

(e) Any other documents or instruments reasonably required by Escrow Holder, the Title Company or the Bankruptcy Court in order to convey the Property to Buyer at the Closing.

5.3 Other Instruments. In addition to the documents and instruments to be delivered as herein provided, each of the Parties shall, from time to time at the request of the other Party, execute and deliver to the other Party such other instruments of transfer, conveyance and assignment and shall take such other action as may be reasonably required to effectively carry out the terms of this Agreement; provided that no such document or act will impose additional obligations on either Party that are not already contemplated by this Agreement.

5.4 Prorations and Adjustments.

(a) Taxes. Real property taxes and assessments shall be prorated as of the Closing Date, and any required payments or credits shall be made by the applicable Party through Escrow upon receipt of said proration.

(b) Utilities. All charges and payments for utility services shall be prorated as of the Closing Date, all of which shall be read promptly before Closing, unless Seller elects to close its own applicable account, in which event Buyer shall open its own account and the respective charges shall not be prorated. Seller shall not assign to Buyer any deposits which Seller has with any utility companies servicing the Property.

(c) Insurance. Buyer shall be responsible for obtaining appropriate insurance covering the Property on and after the Closing Date; accordingly there shall be no proration of the same.

(d) Deposits. Buyer shall be credited through Escrow at the Closing with the total of all tenant security deposits held by Seller, as "Landlord" under the Leases, as of the date of the Closing.

(e) Rent. The Parties shall prorate, as of the Closing Date, any and all rents, revenues and other income generated by the Property ("**Rents**"). At the Closing, Buyer shall be credited with the amount of Rents actually received by Seller and applicable to the day of Closing and any period thereafter. All rights to Rents which are unpaid as of the Closing and allocable to any period prior to Closing ("**Delinquent Rent**") shall be and remain the property of Seller, and Buyer shall use commercially reasonable efforts for a period of twelve (12) months following the Closing to collect such Delinquent Rent; provided that Buyer shall have no obligation to enforce its rights under the Leases in a

court of law or equity, to threaten such enforcement, or to commence any action or proceeding whatsoever to enforce its rights under the Leases. Seller may pursue post-Closing, at Seller's sole cost and expense, claims against tenants of the Property for Delinquent Rent; provided, however, Seller shall have no post-Closing right to pursue actions for eviction. Rents received by Buyer post-Closing shall be first applied to any current rent then due and any balance to Delinquent Rent. Buyer shall promptly pay to Seller any and all Delinquent Rent received by Buyer post-Closing. Seller shall promptly pay to Buyer any Rents (other than Delinquent Rents) received by Seller after the Closing Date.

(f) Contracts. All amounts payable by Seller under the Assigned Contracts will be prorated as of the Closing Date. At the Closing, (i) Buyer shall be debited with all such amounts paid by Seller under the Assigned Contracts and attributable to the date of Closing and any period thereafter, and (ii) Buyer shall be credited with any amounts owing by Seller under the Assigned Contracts for the period prior to the date of Closing but not paid as of the Closing

(g) Survival. If any of the foregoing cannot be apportioned at the Closing because of the unavailability of the amounts which are to be apportioned, such items shall be apportioned by the Parties outside escrow as soon as practicable after the Closing Date. The post-Closing covenants of the Parties set forth in this Section 5.4 shall survive the Closing.

5.5 Costs and Expenses.

(a) Seller shall pay, through the Escrow at the Closing, (i) the premium for the Buyer's owner's policy of title insurance (the "**Title Policy**") attributable to the CLTA standard coverage (i.e., without extended coverage and without endorsements), (ii) all City and County documentary transfer taxes, and (iii) one-half (1/2) of the escrow costs.

(b) Buyer shall pay, through the Escrow at the Closing, (i) that portion of the premium for the Title Policy attributable to the ALTA extended coverage (if Buyer elects to purchase ALTA extended coverage), the cost of any endorsements to the Title Policy requested by Buyer and the premium for any title policy and endorsements thereto issued to Buyer's lender, (ii) the cost of any recording fees applicable to the transaction, (iii) one-half (1/2) of the escrow costs, and (iv) all costs of complying with government retrofitting requirements including, without limitation, those relating to (I) installation of smoke alarm and carbon monoxide detectors, (II) bracing of water heaters, (III) low flow toilets, and (IV) shatterproof glass panels.

(c) Notwithstanding anything contained herein to the contrary, except as otherwise specifically set forth herein, each Party shall be responsible for its own legal and accounting expenses incurred in connection with the subject matter of this Agreement.

ARTICLE VI

ACCEPTANCE OF PROPERTY AS IS, WHERE IS

BUYER ACKNOWLEDGES AND AGREES THAT (I) SELLER HAS NEVER OCCUPIED THE PROPERTY AND, AS SUCH, SELLER IS NOT VESTED WITH KNOWLEDGE OF THE PROPERTY ORDINARILY EXPECTED OF A SELLER OF RESIDENTIAL PROPERTY, AND (II) BUYER WILL BE CONCLUDING THE PURCHASE OF THE PROPERTY BASED SOLELY UPON BUYER'S OWN INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY, AND ON AN "AS IS, WHERE IS" BASIS, WITH ALL FAULTS, LATENT AND PATENT. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, BUYER ACKNOWLEDGES AND AGREES THAT NEITHER SELLER NOR ANY OF SELLER'S AGENTS OR REPRESENTATIVES HAS MADE, AND SELLER HEREBY EXPRESSLY DISCLAIMS AND NEGATES, ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EITHER EXPRESS OR IMPLIED, ON WHICH BUYER IS RELYING AS TO ANY MATTER CONCERNING THE PROPERTY, INCLUDING, WITHOUT LIMITATION, MATTERS RELATING TO THE ZONING, LAND-USE OR OTHER ENTITLEMENTS, THE ENVIRONMENTAL CONDITION OF THE PROPERTY, AND/OR SOILS, SEISMIC, GEOTECHNICAL AND/OR OTHER MATTERS RELATING TO THE CONDITION OF THE PROPERTY.

BUYER ACKNOWLEDGES AND AGREES THAT (I) ANY INFORMATION PROVIDED OR TO BE PROVIDED WITH RESPECT TO THE PROPERTY BY OR ON BEHALF OF SELLER, INCLUDING, WITHOUT LIMITATION, THE SELLER'S DOCUMENTS, WAS OBTAINED FROM A VARIETY OF SOURCES, (II) SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION, (III) ALL SUCH INFORMATION HAS BEEN AND SHALL BE PROVIDED SOLELY AS AN ACCOMMODATION TO BUYER, (IV) SELLER MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY, TRUTHFULNESS OR COMPLETENESS OF SUCH INFORMATION, AND (V) SELLER IS NOT, AND SHALL NOT BE, LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENT, REPRESENTATION OR INFORMATION PERTAINING TO THE PROPERTY, OR THE OPERATION OR CONDITION THEREOF, FURNISHED BY OR ON BEHALF OF SELLER OR ANY CONSULTANT, ADVISOR, ATTORNEY, REAL ESTATE BROKER, CONTRACTOR, AGENT, EMPLOYEE, OR OTHER PERSON. AS PART OF BUYER'S AGREEMENT TO PURCHASE AND ACCEPT THE PROPERTY "AS-IS, WHERE-IS," AND "WITH ALL FAULTS", AND NOT AS A LIMITATION ON SUCH AGREEMENT, BUYER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY AND ALL ACTUAL OR POTENTIAL CLAIMS OR RIGHTS AGAINST THE SELLER PARTIES (AS HEREINAFTER DEFINED) ARISING OUT OF THE INACCURACY OR INCOMPLETENESS OF ANY MATERIALS SO FURNISHED, ARISING OUT OF ANY ALLEGED DUTY OF THE SELLER PARTIES TO ACQUIRE, SEEK OR OBTAIN SUCH MATERIALS, ARISING OUT OF OR IN CONNECTION WITH THE ENVIRONMENTAL CONDITION OF THE PROPERTY AND ANY AND ALL ACTUAL OR POTENTIAL CLAIMS OR RIGHTS BUYER MIGHT HAVE REGARDING ANY FORM OF REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR TYPE, RELATING TO THE PROPERTY. SUCH WAIVER IS ABSOLUTE, COMPLETE, TOTAL AND UNLIMITED IN ANY WAY. SUCH WAIVER INCLUDES, BUT IS NOT LIMITED

TO, A WAIVER OF EXPRESS WARRANTIES, IMPLIED WARRANTIES, WARRANTIES OF FITNESS FOR A PARTICULAR USE, WARRANTIES OF MERCHANTABILITY, WARRANTIES OF HABITABILITY, STRICT LIABILITY RIGHTS, AND CLAIMS, LIABILITIES, DEMANDS OR CAUSES OF ACTION OF EVERY KIND AND TYPE, WHETHER STATUTORY, CONTRACTUAL OR UNDER TORT PRINCIPLES, AT LAW OR IN EQUITY, INCLUDING, BUT NOT LIMITED TO, CLAIMS REGARDING DEFECTS WHICH MIGHT HAVE BEEN DISCOVERABLE, CLAIMS REGARDING DEFECTS WHICH WERE NOT OR ARE NOT DISCOVERABLE, PRODUCT LIABILITY CLAIMS, PRODUCT LIABILITY TYPE CLAIMS, ALL OTHER EXISTING OR LATER CREATED OR CONCEIVED STRICT LIABILITY OR STRICT LIABILITY TYPE CLAIMS AND RIGHTS, AND ANY AND ALL CLAIMS RELATING TO THE ENVIRONMENTAL CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, ANY AND ALL CLAIMS UNDER CERCLA AND RCRA.

EFFECTIVE UPON THE CLOSING DATE, AND TO THE FULLEST EXTENT PERMITTED BY LAW, BUYER HEREBY RELEASES, DISCHARGES AND FOREVER ACQUITS SELLER AND EVERY ENTITY AFFILIATED WITH SELLER AND ALL OF ITS AND THEIR RESPECTIVE PARTNERS, MEMBERS, MANAGERS, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES, AGENTS, ATTORNEYS AND INDEPENDENT CONTRACTORS AND THE SUCCESSOR OF EACH AND EVERY ONE OF THEM (COLLECTIVELY, THE "SELLER PARTIES") FROM ALL DEMANDS, CLAIMS, LIABILITIES, OBLIGATIONS, COSTS AND EXPENSES WHICH BUYER MAY SUFFER OR INCUR RELATING TO THE PROPERTY. SPECIFICALLY, AND NOT BY WAY OF LIMITATION, BUYER HEREBY RELEASES, DISCHARGES AND FOREVER ACQUITS THE SELLER PARTIES FROM ALL DEMANDS, CLAIMS, LIABILITIES, OBLIGATIONS, COSTS AND EXPENSES ARISING OUT OF OR OTHERWISE RELATING TO THE CONDITION OF THE PROPERTY. AS PART OF THE PROVISIONS OF THIS ARTICLE, BUT NOT AS A LIMITATION THEREON, BUYER HEREBY AGREES, REPRESENTS AND WARRANTS THAT THE MATTERS RELEASED HEREIN ARE NOT LIMITED TO MATTERS WHICH ARE KNOWN OR DISCLOSED, AND BUYER HEREBY WAIVES ANY AND ALL RIGHTS AND BENEFITS WHICH IT NOW HAS, OR IN THE FUTURE MAY HAVE CONFERRED UPON IT, BY VIRTUE OF THE PROVISIONS OF FEDERAL, STATE OR LOCAL LAWS, RULES OR REGULATIONS, INCLUDING WITHOUT LIMITATION, SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA OR ANY SIMILAR STATUTE, LAW, RULE OR REGULATION OF ANY OTHER STATE. BUYER ACKNOWLEDGES THAT SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

IN THIS CONNECTION AND TO THE FULLEST EXTENT PERMITTED BY LAW, BUYER HEREBY AGREES, REPRESENTS AND WARRANTS THAT FACTUAL MATTERS NOW UNKNOWN TO BUYER MAY HAVE GIVEN OR MAY HEREAFTER

GIVE RISE TO CAUSES OF ACTION, CLAIMS, DEMANDS, DEBTS, CONTROVERSIES, DAMAGES, COSTS, LOSSES AND EXPENSES WHICH ARE PRESENTLY UNKNOWN, UNANTICIPATED AND UNSUSPECTED, AND BUYER FURTHER AGREES, REPRESENTS AND WARRANTS THAT THE WAIVERS AND RELEASES HEREIN HAVE BEEN NEGOTIATED AND AGREED UPON IN LIGHT OF THAT REALIZATION AND THAT BUYER NEVERTHELESS HEREBY INTENDS TO RELEASE, DISCHARGE AND ACQUIT THE SELLER PARTIES FROM ANY SUCH UNKNOWN CAUSES OF ACTION, CLAIMS, DEMANDS, DEBTS, CONTROVERSIES, DAMAGES, COSTS, LOSSES AND EXPENSES WHICH MIGHT IN ANY WAY BE INCLUDED IN THE WAIVERS AND MATTERS RELEASED AS SET FORTH IN THIS ARTICLE. THE PROVISIONS OF THIS ARTICLE ARE MATERIAL AND INCLUDED AS A MATERIAL PORTION OF THE CONSIDERATION GIVEN TO SELLER BY BUYER IN EXCHANGE FOR SELLER'S PERFORMANCE HEREUNDER. SELLER HAS GIVEN BUYER MATERIAL CONCESSIONS REGARDING THIS TRANSACTION IN EXCHANGE FOR BUYER AGREEING TO THE PROVISIONS OF THIS ARTICLE. BUYER HAS INITIALED THIS ARTICLE TO FURTHER INDICATE ITS AWARENESS AND ACCEPTANCE OF EACH AND EVERY PROVISION HEREOF.


BUYER'S INITIALS:

ARTICLE VII
LOSS BY FIRE OR OTHER CASUALTY; CONDEMNATION

If, prior to the Closing, the Property is destroyed or materially damaged, or if condemnation proceedings are commenced against a material portion of the Property (each, a "**Material Loss**"), Buyer shall have the right, at its option, exercisable by giving written notice of such decision to Seller within five (5) business days after receiving written notice from Seller that the Property has suffered a Material Loss, to either: (a) terminate this Agreement, in which case Escrow Holder shall return the Deposit (less the Independent Consideration) to Buyer and, except for those matters which expressly survive any termination hereof, neither Party shall have any further rights or obligations hereunder, or (b) accept the Property in its then condition with no reduction of the Purchase Price. Buyer's failure to give written notice of its election within such timeframe shall be deemed to be Buyer's election not to terminate this Agreement and to accept the Property in its then condition in accordance with clause (b) of the immediately preceding sentence. If Buyer elects to accept (or is deemed to have accepted) the Property in its then condition, all proceeds of insurance or condemnation awards payable by reason of such damage, destruction or condemnation, if any, shall be paid or assigned to Buyer at the Closing. If the damage or condemnation does not result in a Material Loss, then (i) Buyer shall have no right to terminate this Agreement, and (ii) Seller shall assign to Buyer at the Closing all proceeds of insurance or condemnation awards payable by reason of such damage or condemnation, if any. As used in this ARTICLE VII, "destroyed" means complete destruction of the improvements upon the Property, and "material" damage, or the loss of a "material portion" of the Property, means any damage or loss that: (i) results in repair or restoration costs in excess of twenty percent (20%) of the Purchase Price; or (ii) results in Buyer not being able to occupy the Property for a period in excess of six (6) months following the Closing.

**ARTICLE VIII
DEFAULT; REMEDIES**

8.1 Seller's Remedies; Liquidated Damages. IF THE TRANSACTION CONTEMPLATED HEREBY IS NOT CONSUMMATED BECAUSE OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF BUYER, AS SELLER'S SOLE AND EXCLUSIVE REMEDY BY REASON OF SUCH DEFAULT BY BUYER, THE AMOUNT OF THE DEPOSIT SHALL BE PAID TO AND RETAINED BY SELLER AS LIQUIDATED DAMAGES. THE PARTIES ACKNOWLEDGE AND AGREE THAT, IN THE EVENT THE TRANSACTION CONTEMPLATED HEREBY IS NOT CONSUMMATED BECAUSE OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF BUYER, SELLER'S ACTUAL DAMAGES BY REASON OF SUCH DEFAULT BY BUYER WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE AMOUNT OF THE DEPOSIT HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES IN THE EVENT THE TRANSACTION CONTEMPLATED HEREBY IS NOT CONSUMMATED BECAUSE OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF BUYER. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS SECTION 8.1, IF BUYER BRINGS AN ACTION AGAINST SELLER FOR AN ALLEGED BREACH OR DEFAULT BY SELLER OF ITS OBLIGATIONS UNDER THIS AGREEMENT, RECORDS A LIS PENDENS OR ENJOINS OR RESTRICTS SELLER'S ABILITY TO SELL AND TRANSFER THE PROPERTY OR REFUSES TO CONSENT TO OR INSTRUCT ESCROW HOLDER WITH REGARD TO THE RELEASE OF THE DEPOSIT TO SELLER IF REQUIRED BY ESCROW HOLDER (EACH, A "BUYER'S ACTION"), SELLER SHALL NOT BE RESTRICTED BY THE PROVISIONS OF THIS SECTION 8.1 FROM BRINGING AN ACTION AGAINST BUYER SEEKING EXPUNGEMENT OR RELIEF FROM ANY IMPROPERLY FILED LIS PENDENS, INJUNCTION OR OTHER RESTRAINT, AND/OR RECOVERING FEES, COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES) WHICH SELLER MAY SUFFER OR INCUR AS A RESULT OF ANY BUYER'S ACTION, BUT ONLY TO THE EXTENT THAT SELLER IS THE PREVAILING PARTY; AND THE AMOUNT OF ANY SUCH FEES, COSTS AND EXPENSES AWARDED TO SELLER SHALL BE IN ADDITION TO THE LIQUIDATED DAMAGES SET FORTH HEREIN. NOTHING IN THIS AGREEMENT SHALL BE DEEMED TO LIMIT BUYER'S LIABILITY TO SELLER FOR DAMAGES OR INJUNCTIVE RELIEF FOR BREACH OF BUYER'S INDEMNITY OBLIGATIONS UNDER THIS AGREEMENT OR FOR ATTORNEYS' FEES AND COSTS AS PROVIDED IN SECTION 9.9 BELOW.



BUYER'S INITIALS:

8.2 Buyer's Remedies.

(a) If the transaction contemplated by this Agreement is not consummated by the Closing Date because of a default hereunder on the part of Seller, then Buyer's sole

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and exclusive remedy by reason of such default by Seller shall be to terminate this Agreement, in which event neither Party shall have any further rights, duties or obligations under this Agreement and the Deposit (less the Independent Consideration) shall be returned to Buyer. Buyer hereby expressly waives any and all rights to claim specific performance of this Agreement and to record a *lis pendens* upon the Property.

(b) If the Closing of the transactions hereunder shall have occurred, Seller shall have no liability to Buyer (and Buyer shall make no claim against Seller) for a breach of any alleged representation or warranty, failure to disclose, or any other covenant, agreement or obligation of Seller, or for indemnification under this Agreement or any document executed by Seller in connection with this Agreement.

8:3 The provisions of this ARTICLE VIII shall survive the Closing.

ARTICLE IX MISCELLANEOUS

9.1 Notices. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and sent by United States mail, registered or certified mail, postage prepaid, return receipt requested, or by facsimile, or by personal delivery (by overnight courier or otherwise), or by electronic mail (email) and addressed as follows:

If to Seller: c/o Woodbridge Group of Companies, LLC
14225 Ventura Blvd., Suit 100
Sherman Oaks, CA 91423
Attn: Frederick Chin, CEO
E-mail: fchin1@gmail.com

With a copy to: Glaser Weil LLP
10250 Constellation Boulevard, 19th Floor
Los Angeles, California 90067
Attn: Saul Breskal, Esq.
Fax No.: (310) 556-2920
Email: sbreskal@glaserweil.com

And a copy to: Klee, Tuchin, Bogdanoff & Stern, LLP
1999 Avenue of the Stars, 39th Floor
Los Angeles, California 90067
Attention: David A. Fidler, Esq. and Jonathan M. Weiss, Esq.
Fax No.: (310) 407-9090
Email: dfidler@ktbslaw.com; jweiss@ktbslaw.com

And a copy to: Catherine O'Brien
cobrien@marcusmillichap.com

If to Buyer: Sunrise West, LLC

Attn: Mehran
Email: _____
Fax No.: ()

If to Escrow Holder: At the address specified in Section 2.2(a) above.

or such other address as either Party may from time to time specify in writing to the other in the manner aforesaid. If sent by United States mail, registered or certified mail, postage prepaid, return receipt requested, such notices or other communications shall be deemed delivered upon delivery or refusal to accept delivery as indicated on the return receipt. If sent by personal delivery (by overnight courier or otherwise), such notices or other communications shall be deemed delivered upon delivery, or refusal thereof. If sent by facsimile or email, such notices or other communications shall be deemed delivered upon delivery, provided such fax or email is sent prior to 5:00 p.m. Pacific Time on such date (otherwise such fax or email shall be deemed to be delivered and effective as of the next business day), and provided further that delivery is also made promptly thereafter by mail or overnight courier as provided above.

9.2 Brokers and Finders. In connection with the transactions contemplated by this Agreement: (a) Buyer hereby represents and warrants to Seller that, other than Brett Howard of Howard Realty Group, Inc. ("**Buyer's Broker**"), Buyer has not, and shall not, incur any obligation to any third party for the payment of any broker's fee, finder's fee, commission or other similar compensation in connection with the transactions contemplated by this Agreement, and (b) Seller hereby represents and warrants to Buyer that, other than Catherine O'Brien of Marcus Millichap ("**Seller's Broker**"), Seller has not, and shall not, incur any obligation to any third party for the payment of any broker's fee, finder's fee, commission or other similar compensation in connection with the transactions contemplated by this Agreement. Subject to Bankruptcy Court approval, Seller shall pay, through Escrow at the Closing, the following commissions: Fifty-Four Thousand Five Hundred Dollars (\$54,500) to Seller's Broker; and Fifty-Four Thousand Five Hundred Dollars (\$54,500) to Buyer's Broker. No commission or compensation shall be due or payable by Seller to any brokers, including Seller's Broker and Buyer's Broker, in connection with this Agreement or the sale of the Property, unless the Escrow closes in accordance with this Agreement. Buyer shall indemnify and defend Seller against any claims by third parties for payments of a finder's fee, commission or other similar compensation in connection herewith if such third party claims that it represented Buyer in connection with the transaction under this Agreement. The provisions of this Section 9.2 shall survive the execution and delivery (or termination) of this Agreement and the Closing.

9.3 Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors, heirs, administrators and assigns, except that Buyer shall not assign its interests under this Agreement, whether voluntarily, involuntarily, by operation of law or otherwise, without the prior written consent of Seller. Notwithstanding the foregoing, Buyer shall have the right to assign its rights under this Agreement to (i) any entity controlling, controlled by or under common control (directly or indirectly) with Buyer which assumes Buyer's obligations hereunder in writing, provided Buyer shall not be relieved

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from any liability or obligations under this Agreement as a result of such assignment; and (ii) a qualified intermediary in connection with a tax deferred exchange under Internal Revenue Code Section 1031 in accordance with Section 9.18 hereof.

9.4 Amendments. This Agreement may be amended or modified only by a written instrument executed by both Buyer and Seller.

9.5 Interpretation. Whenever used herein, the term “including” shall be deemed to be followed by the words “without limitation.” Words used in the singular number shall include the plural, and vice-versa, and any gender shall be deemed to include each other gender. The captions and headings of the Articles and Sections of this Agreement are for convenience of reference only, and shall not be deemed to define or limit the provisions hereof

9.6 Governing Law. This Agreement shall be interpreted and enforced pursuant to the laws of the State of California and the United States of America including the Bankruptcy Code, Title 11, United States Code.

9.7 Venue. The Bankruptcy Court shall have sole and exclusive jurisdiction to interpret and enforce the terms of this Agreement and the Parties hereby consent and submit to such exclusive jurisdiction.

9.8 Merger of Prior Agreements. This Agreement, including the exhibits hereto, constitutes the entire agreement between the Parties with respect to the transaction contemplated hereby and supersedes all prior agreements and understandings between the Parties relating to the subject matter hereof.

9.9 Attorneys' Fees. If either Buyer or Seller brings any suit or other proceeding with respect to the subject matter or enforcement of this Agreement, the prevailing Party (as determined by the court, agency, or other authority before which such suit or proceeding is commenced) shall, in addition to such other relief as may be awarded, be entitled to recover reasonable attorneys' fees, expenses and costs of investigation (including, without limitation, reasonable attorneys' fees, expenses and costs of investigation incurred in appellate proceedings, costs incurred in establishing the right to indemnification, or in any action or participation in, or in connection with, any case or proceeding under Chapter 7, 11, or 13 of the Bankruptcy Code, 11 United States Code Sections 101 et seq., or any successor statutes).

9.10 Time of the Essence. Time is of the essence of this Agreement.

9.11 Election of Remedies. Except as otherwise provided in this Agreement, no right or remedy conferred upon Buyer or Seller in this Agreement is intended to be exclusive of any other right or remedy contained herein or now or hereafter available to Buyer or Seller at law or in equity, and every such right and remedy shall be cumulative and shall be in addition to every other right or remedy contained in this Agreement or now or hereafter available to Buyer or Seller at law or in equity.

9.12 Authority. The individuals signing below represent and warrant that they have the requisite authority to bind the entities on whose behalf they are signing.

9.13 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument. In order to expedite matters, electronic signatures may be used in place of original signatures on this Agreement. The Parties intend to be bound by the signatures on the electronic document, and hereby waive any defenses to the enforcement of the terms of this Agreement based on the use of an electronic signature; provided, however, that the Parties hereby agree to execute and provide to each other original signatures, upon the request made by either Party to the other.

9.14 No Third Parties Benefited. This Agreement is made and entered into for the benefit of Seller and Buyer, their successors and permitted assigns, and no other person or entity shall have any rights hereunder.

9.15 Severability. The invalidity or unenforceability of any one or more of the provisions of this Agreement shall not affect the validity of enforceability of any of the other provisions of this Agreement.

9.16 Exhibits and Schedules. The exhibits and schedules attached hereto are hereby incorporated by reference herein.

9.17 Multiple Parties. If more than one person or entity is named herein as either Buyer or Seller, the obligations of such multiple parties shall be the joint and several responsibility of all persons or entities named herein as such Buyer or Seller.

9.18 IRC Section 1031 Exchange Cooperation. Seller agrees to accommodate Buyer in effecting a tax-deferred exchange under Internal Revenue Code Section 1031. Buyer shall have the right, expressly reserved here, to elect a tax-deferred exchange at any time before the Closing Date; however, Seller and Buyer agree that the consummation of this Agreement is not predicated or conditioned on any such exchange by Buyer. If Buyer elects to effect a tax-deferred exchange, Seller agrees to execute additional escrow instructions, documents, agreements, or instruments to effect such exchange; provided, however, that Seller shall not be required to incur additional costs, expenses, or liabilities in this transaction as a result of or connected with an exchange by Buyer. Buyer agrees to hold Seller harmless from and against any and all claims, liabilities, losses, costs, damages and/or expenses (including, without limitation, reasonable attorneys' fees and expenses), that may arise from Buyer's participation in such an exchange.

9.19 Counting of Days. Unless expressly specified herein, any reference to "**days**" shall mean calendar days. As used in this Agreement, "**business day**" shall be deemed to be any day other than a Saturday, Sunday or other day upon which banks in the state of California shall be permitted or required to close. To the extent the last day for any act under this Agreement is not a business day, then the last day for such act shall be extended to the next business day.

9.20 Confidential. Buyer shall not disclose or permit to be disclosed to any third party, the terms or existence of this Agreement or the underlying transaction, any of the reports or any other documentation or information provided to or obtained by Buyer which relate to the


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Property (including, without limitation, the Seller's Documents) (collectively, the "Confidential Information") in any way without Seller's prior written consent, which may be granted or withheld (i) in Seller's sole and absolute discretion prior to the Closing, or (ii) in Seller's reasonable discretion after the Closing. Notwithstanding the foregoing, Buyer shall have a right to disclose the Confidential Information: (i) to Buyer's lenders, accountants, employees, attorneys and other agents upon whom Buyer will rely upon or consult with in making acquisition decisions in connection with the transaction contemplated herein, provided that (A) such parties have been advised of the confidential nature of the same and Buyer shall be responsible for such parties' breach of the confidentiality restrictions set forth herein, and (B) all such Confidential Information shall be used by such parties solely in connection with the transaction contemplated hereby; and (ii) if obligated by law or legal process to make such disclosure, in which case Buyer shall provide Seller with written notice prior to any such disclosure. The provisions of this Section shall survive the termination of the Agreement for any reason.

9.21 Expiration of Counter-Offer. This Counter-Offer shall expire if not accepted by Buyer by delivering a copy hereof, fully signed and initialed by Buyer, to seller on or before close of business on the third (3rd) day following the date hereof.

[Signature Page Follows]

“SELLER”:

HAWTHORN INVESTMENTS, LLC,
a California limited liability company

By: 
Name: Frederick Chin
Its: CEO

AGREED AND ACCEPTED:

“BUYER”:

SUNRISE WEST, LLC,
a California limited liability company


By: 
Name: Mehman Rahvarza
Its: _____

EXHIBIT A

Form Bill of Sale

THIS BILL OF SALE is made, executed and dated as of this ___ day of _____, 2018, by HAWTHORN INVESTMENTS, LLC, a California limited liability company (“**Seller**”) for the benefit of SUNRISE WEST, LLC, a limited liability company (“**Buyer**”) pursuant to that certain Seller’s Counteroffer dated as of May ___, 2018 (the “**Purchase Agreement**”), by and between Buyer and Seller, for the purchase and sale of that certain real property located at 14112 Roscoe Boulevard, Panorama City, California (the “**Property**”).

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Seller does hereby grant, bargain, sell, convey, assign, transfer and set over unto Buyer all of Seller’s right, title and interest in and to the personal property located on and used exclusively in connection with the ownership and operation of the Property. The foregoing grant, bargain, sale, conveyance, assignment, transfer and setting over by Seller is on an as-is, where-is basis, without warranty or representation of any kind, whether expressed or implied.

Seller agrees to execute such other instruments as Buyer may reasonably request, from time to time, to carry out the intent and purposes hereof. This Bill of Sale shall be governed by and interpreted in accordance with the laws of the State of California. If any action or proceeding is commenced by either Buyer or Seller with respect to this Bill of Sale, the prevailing party in such action or proceeding shall be entitled to recover its costs and expenses incurred in such action or proceeding, including reasonable attorneys’ fees and costs. This instrument shall be binding upon, and inure to the benefit of Buyer and Seller and their respective successors and assigns.

IN WITNESS WHEREOF, the undersigned has executed this Bill of Sale as of the date first above written.

“**SELLER**”:

HAWTHORN INVESTMENTS, LLC,
a California limited liability company


By: 
Name: Frederick Chin
Title: CEO

EXHIBIT B

Form Assignment of Leases

THIS ASSIGNMENT OF LEASES (this “**Assignment**”), dated as of _____, 2018, is made and entered into by and between HAWTHORN INVESTMENTS, LLC, a California limited liability company (“**Assignor**”) and SUNRISE WEST, LLC, a California limited liability company (“**Assignee**”), with reference to the following facts:

A. Assignor, as seller, and Assignee, as buyer, have entered into that certain Agreement of Purchase and Sale and Joint Escrow Instructions dated as of May ____, 2018 (together with any supplements, addenda, and amendments thereto, collectively, the “**Purchase Agreement**”), pursuant to which Assignor agreed to sell and convey to Assignee, and Assignee agreed to purchase from Assignor, that certain real property located at 14112 Roscoe Boulevard, Panorama City, California (the “**Property**”). All capitalized terms used, but not defined, in this Assignment, shall have the meaning given to such terms in the Purchase Agreement.

B. Assignor is the landlord under those leases affecting the Property and described in **Exhibit A** attached hereto (collectively, the “**Leases**”).

C. Assignor desires to assign the Leases to Assignee, and Assignee desires to accept the assignment of the Leases, on the terms and conditions stated below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor’s right, title and interest in, to and under the Leases, except for Assignor’s right to rent and other amounts owing to Assignor under the Leases for the period prior to the date hereof.

2. Assignee hereby accepts the foregoing assignment and assumes all of the obligations of Assignor under the Leases arising from and after the Closing.

3. Assignor shall indemnify and hold Assignee harmless from and against any and all liability, loss, cost, damage and/or expense (including, without limitation, reasonable attorneys’ fees and costs) arising out of the lessor’s obligations under the Leases and accruing prior to the date hereof.

4. Assignee shall indemnify and hold Assignor harmless from and against any and all liability, loss, cost, damage and/or expense (including, without limitation, reasonable attorneys’ fees and expenses) arising out of the lessor’s obligations under the Leases and accruing from and after the date hereof.

5. Assignor and Assignee agree to execute such other instruments as the other party may reasonably request, from time to time, to carry out the intent and purposes hereof.


6. This instrument shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

7. ~~This instrument may be executed in any number of counterparts (by original, facsimile or electronic PDF signatures), each of which shall be deemed an original, and all of which shall constitute one and the same instrument.~~ Case 17-12560-KJC Doc 2094 Filed 07/05/18 Page 34 of 44

IN WITNESS WHEREOF, the parties hereto have executed this Assignment of Leases as of the date first above written.


“ASSIGNOR”:

HAWTHORN INVESTMENTS, LLC,
a California limited liability company

By: 
Name: Frederick Chin
Its: CEO

“ASSIGNEE”:

SUNRISE WEST, LLC,
a California limited liability company

By: 
Name: Mehran Rahnama
Its: _____

List of Leases

[To be inserted prior to Closing]

EXHIBIT C

Form Assignment of Contracts

ASSIGNMENT CONTRACTS

THIS ASSIGNMENT OF CONTRACTS (the "**Assignment**") is dated, entered into and effective as of _____, 2018 ("**Effective Date**"), by and between HAWTHORN INVESTMENTS, LLC, a California limited liability company ("**Assignor**") and SUNRISE WEST, LLC, a California limited liability company ("**Assignee**"), with reference to the following:

RECITALS:

A Concurrently with the delivery of this Assignment, Assignor has sold to Assignee and Assignee has purchased from Assignor, that certain real property located at 14112 Roscoe Boulevard, Panorama City, California (the "**Property**") pursuant to that certain Seller's Counteroffer dated May __, 2018, as same may have been amended from time to time (the "**Purchase Agreement**"). All capitalized terms used, but not defined, in this Assignment shall have the meaning given to such terms in the Purchase Agreement.

B Pursuant to the Purchase Agreement, Assignor agreed to assign to Assignee certain Assigned Contracts, and Assignee agreed to assume the same.

NOW, THEREFORE, in consideration of the promises and conditions contained herein, the parties hereby agree as follows:

1. Assignor hereby assigns to Assignee all of Assignor's right, title and interest in, under and to the contracts described in the attached **Exhibit A** (the "**Assigned Contracts**"). Assignee assumes all of Assignor's obligations under the Assigned Contracts.

3. In the event of any litigation between Assignor and Assignee arising out of the obligations of the parties under this Assignment or concerning the meaning or interpretation of any provision contained herein, the losing party shall pay the prevailing party's costs and expenses of such litigation, including, without limitation, reasonable attorneys' fees and costs.


4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors-in-interest and assigns.

5. Assignor hereby covenants that it will, at any time and from time to time upon written request therefor, without the assumption of any additional liability thereby, execute and deliver to Assignee, its successors and assigns, any new or confirmatory instruments and take such further acts as Assignee may reasonably request to fully evidence the assignment contained herein.

6. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument, and may be executed by way of facsimile signatures.


“ASSIGNOR”:

HAWTHORN INVESTMENTS, LLC,
a California limited liability company

By: 
Name: Frederick Chin
Its: CEO

“ASSIGNEE”:

SUNRISE WEST, LLC,
a California limited liability company

By: 
Name: Mehcan Kehravan
Its: _____

SERVICE CONTRACTS

[Attached hereto]

EXHIBIT II

Blackline

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

In re:

WOODBRIIDGE GROUP OF
COMPANIES, LLC, et al.,¹

Debtors.

Case No. 17-12560 (KJC)

(Jointly Administered)

Chapter 11

Ref. Docket Nos. [2012 & 2013](#)

ORDER (I) AUTHORIZING THE SALE OF 14112 ROSCOE BLVD., PANORAMA CITY, CALIFORNIA PROPERTY OWNED BY THE DEBTORS FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS; (II) APPROVING RELATED PURCHASE AGREEMENT; AND (III) GRANTING RELATED RELIEF

Upon the motion (the “Motion”)² filed by the above-captioned debtors and debtors in possession (collectively, the “Debtors”) in these chapter 11 cases (the “Chapter 11 Cases”) for entry of an order (i) authorizing the sale (the “Sale”) of real property owned by the Debtor Hawthorn Investments, LLC (the “Seller”) located at 14112 Roscoe Blvd., Panorama City, California (the “Land”), together with Seller’s right, title, and interest in and to the buildings located thereon and any other improvements and fixtures located thereon (collectively, the “Improvements” and together with the Land, the “Real Property”), and any and all of the Seller’s right, title, and interest in and to the tangible personal property and equipment remaining on the Real Property as of the date of the closing of the Sale (collectively, the “Personal Property” and, together with the Real Property, the “Property”) on an “as is, where is” basis, free and clear of any and all liens, claims, encumbrances, and other interests to Sunrise West, LLC (together with any assignee, the “Purchaser”) pursuant to the terms and conditions of that certain Contract to

¹ 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 Blvd #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, or by contacting the undersigned counsel for the Debtors.

² Capitalized terms used but not defined herein have the meaning assigned to such terms in the Motion.

Buy and Sell Real Estate dated as of May 18, 2018 (as may be amended, supplemented, or otherwise modified from time to time, the “Purchase Agreement”) by and between the Seller and the Purchaser, a copy of which is attached as Exhibit 1 hereto; (ii) authorizing and approving the terms of the Purchase Agreement, and (iii) granting certain related relief; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and the Court having found that good and sufficient cause exists for granting the Motion; and it appearing that the relief requested in the Motion is appropriate in the context of these Chapter 11 Cases and in the best interests of the Debtors and their respective estates, their creditors, and all other parties-in-interest; and it appearing that notice of the Motion was adequate and proper under the circumstances of these Chapter 11 Cases, and that no other or further notice need be given; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Purchase Agreement is authorized and approved in its entirety.
3. Pursuant to sections 105 and 363 of the Bankruptcy Code, the Debtors are authorized, in their discretion and in the exercise of their business judgment, to sell the Property pursuant to the Purchase Agreement free and clear of all liens, claims, interests, and encumbrances, to perform all obligations under the Purchase Agreement (including payment of the Broker Fees and the Other Closing Costs out of the proceeds of the Sale), and to take any other reasonable actions that may be necessary in the Debtors’ good faith business judgment to effectuate closing of the Sale, and that any actions taken by the Debtors necessary or desirable to consummate such transactions prior to the entry of this Order are hereby ratified.
4. The Debtors and any intermediary financial institution, title company, and closing

attorney participating in the closings of the Sale are authorized to transfer title and deed property, and take any other actions as may be necessary to transfer ownership of the Property to the Purchaser.

5. All persons and entities holding liens, claims, interests or encumbrances with respect to the Property are hereby barred from asserting such liens, claims, interests or encumbrances against the Purchaser, its successors or assigns, or the Property.

6. All proceeds of the Sale (net of the Broker Fees and Other Closing Costs) shall be paid to the Debtors into the general account of Debtor Woodbridge Group of Companies, LLC, and such net proceeds shall be disbursed and otherwise treated by the Debtors in accordance with the *Final Order on Debtors' Motion for Entry of Interim and Final Orders (I) Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 507, and 552 Authorizing Debtors to (A) Obtain Postpetition Secured Financing, (B) Use Cash Collateral, (C) Grant Adequate Protection to Prepetition Secured Parties; (II) Modifying the Automatic Stay; (III) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(B) and 4001(C); and (IV) Granting Related Relief* (the "Final DIP Order"); provided, however, that the portion of net proceeds not required to be reserved by the Debtors pursuant to the Final DIP Order, i.e., 90% of the net proceeds of the Sale, shall be used by the Debtors to retire third-party secured debt on real property owned by a Debtor entity, including amounts owed under the Debtors' debtor-in-possession financing facility.

7. The Debtors are authorized and empowered to (i) pay the Purchaser's Broker Fee in an amount up to 2.5% of the gross sale proceeds, and (ii) pay the Seller's Broker Fee in an amount up to 2.5% of the gross sale proceeds.

8. The Purchase Agreement is undertaken by the Debtors and Purchaser in good

faith and that, pursuant to Bankruptcy Code § 363(m), the reversal or modification on appeal of any sale consummated pursuant to the terms of this Order shall not affect the validity of such sale unless such sale was stayed pending appeal.

9. Filing of a copy of this Order in the county in which the Property is situated may be relied upon by all title insurers in order to issue title insurance policies on the Property.

10. Any title insurer, escrow agent, or other intermediary participating in a closing of the Sale of the Property is authorized to disburse all funds at the closing of the Sale pursuant to the applicable settlement statement or escrow instructions provided by the parties to such Sale.

11. The Debtors shall be authorized and empowered to take any necessary actions to implement and effectuate the terms of this Order.

12. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry notwithstanding any applicability of Bankruptcy Rule 6004(h).

13. The terms and provisions of this Order and any actions taken pursuant hereto shall (i) survive entry of any order converting the Debtors' cases to chapter 7 or dismissing the Debtors' cases (or any of them), and (ii) continue in this or any superseding case under the Bankruptcy Code of any of the Debtors.

14. The provisions of this Order shall be binding upon the Debtors and their successors and assigns, including, without limitation, any trustee or other fiduciary hereafter appointed as legal representative of the Debtors or with respect to property of the estates of the Debtors, whether under chapter 11 of the Bankruptcy Code, any confirmed plan, or any subsequent chapter 7 case.

15. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such motion and to have satisfied Bankruptcy Rule 6004(a).

16. This Court shall retain jurisdiction and power with respect to all matters arising from or related to the interpretation and implementation of this Order.

Dated: _____, 2018
Wilmington, Delaware

KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE