

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

In re:) Chapter 11
)
WOODBRIIDGE GROUP OF COMPANIES,) Case No. 17-12560-(KJC)
LLC, <i>et al.</i> , ¹)
) Jointly Administered
)
) Hearing Date: Oct. 24, 2018 at 10:00 a.m. (ET)
Debtors.) Obj. Deadline: Oct. 16, 2018 at 4:00 p.m. (ET)
)
) Re Docket No. 2709

**RESERVATION OF RIGHTS OF THE OTTAVIANO LIVING TRUST TO
THE PROPOSED SALE OF LOTS 1, 2, AND 3
BOWLES GULCH, CARBONDALE, COLORADO**

The Ottaviano Living Trust (the “Secured Noteholder”) by and through its undersigned counsel, in support of its response and reservation of rights with respect to the Debtors’ motion for entry of an order (i) authorizing the sale of Lots 1, 2, and 3 Bowles Gulch, Carbondale, Colorado (the “Property”) 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 (the “Motion”) states as follows:

The Sale of the Property

1. The Debtors move pursuant to section 363(f) of the Bankruptcy Code to sell the Property free and clear of liens, claims, encumbrances, and other interests.
2. The Secured Noteholder does not dispute the Debtors’ right to sell the property pursuant to section 363(f) or pay a Broker Fee and other Closing Costs as defined in the Motion.

¹The 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 14225 Ventura Boulevard #100, Sherman Oaks California 91423. The complete list of 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 noticing and claims agent at www.gardencitygroup.com/cases/wgc.

Use of the Proceeds from the Sale of the Properties

3. The Debtors plan to pay all proceeds from the sale of the Property (the “Proceeds”) to the general account of the Debtors in accordance with the Final DIP Order as defined in the Motion.

4. Pursuant to the Final DIP Order, the Debtors will set aside 10% of the Proceeds to provide adequate protection for noteholders such as the Secured Noteholder.

5. The Secured Noteholder accepts the Debtors’ decision, as with previous sales, to the use of the Proceeds from the sale of the Property to retire third-party secured debt on real property owned by a Debtor entity. However, the Secured Noteholder maintains that the value of the Proceeds of each sale that match the value of the Secured Noteholder’s Notes is its collateral.

Secured Noteholders Reservation of Rights

6. The Secured Noteholder holds a Promissory Note and Loan Agreement evidencing its security interest. Furthermore, the Secured Noteholder has filed a Proof of Claim reflecting its secured status.

7. The Secured Noteholder asserts that they have a perfected security interest in the Property. Although consenting to the sale of the Property, the Secured Noteholder reserves all rights to assert that its security interest is valid and that such security interest is properly perfected. Pending resolution of that certain adversary proceeding filed by Lise de La Rochelle, *et al.* on March 27, 2018 (Adv. Pro. No. 18-50371-KJC D.I. 840) and related appeal currently pending in the United States District Court for the District of Delaware (Civil Case No. 18-01555), as well as any other action to which the Secured Noteholder might be a party, the Secured Noteholder reserve its rights to seek distribution from the Proceeds of sale.

Dated: October 16, 2018
Wilmington, Delaware

THE ROSNER LAW GROUP LLC

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-and-

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