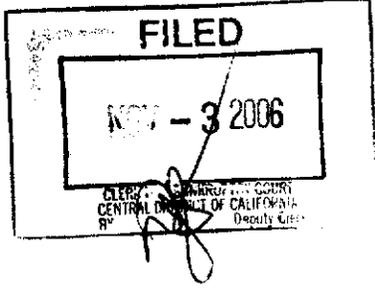


**ORIGINAL**

Attorney or Party Name, Address, Telephone and Fax Number, and CA State Bar No.	FOR COURT USE ONLY
Leonard M. Shulman – Bar No. 126349 Manijha Kadir– Bar No. 219974 <b>SHULMAN HODGES &amp; BASTIAN LLP</b> 3750 University Avenue, Suite 670 Riverside, California 92501 Telephone: (951) 275-9300 Facsimile: (951) 275-9303	
<b>UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA</b>	
In re:  <b>HAROLD (HARRY) LEO CLARK, III, and LINDA CLARK</b>  Debtors.	CASE NO.: RS 05-12468 MJ  Chapter 7

**NOTICE OF SALE OF ESTATE PROPERTY**

Sale Date: November 28, 2006	Time: 10:00 A.M.
Location: <b>U.S. Bankruptcy Court, 3420 Twelfth Street, Ctrm. 302, Riverside, CA 92501</b>	

Type of Sale:  Public  Private Last date to file objections: November 14, 2006

Description of Property to be Sold:

Real Property located at : 41965 Mesa Verdugo, Temecula, CA (Assessor's Parcel No. 952-310-023)

Legal Description:

All that certain real property situated in the County of Riverside, State of California, described as follows: Lot 51 of Tract No. 12129, in the County of Riverside, State of California, as per map recorded in Book 109, pages 19 through 28, inclusive of Maps, in the Office of the County Recorder of said County.

Terms and Conditions of Sale: See the attached

Proposed Sale Price: See the attached Notice

Overbid Procedure (If Any): See the attached Notice

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

**Date of Sale: November 28, 2006, 10:00 A.M.**  
**U.S. Bankruptcy Court, 3420 Twelfth Street, Riverside, Ca 92501**

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e:mail address):

Leonard M. Shulman, Esq. / Manijha Kadir, Esq.  
Shulman Hodges & Bastian LLP  
3750 University Avenue, Suite 670, Riverside, CA 92501  
Telephone: (951) 275-9300; Facsimile: (951) 275-9303

Date: November 3, 2006

1 Leonard M. Shulman – Bar No. 126349  
Manijha Kadir – Bar No. 219974  
2 **SHULMAN HODGES & BASTIAN LLP**  
3750 University Avenue, Suite 670  
3 Riverside, CA 92501  
Telephone: (951) 275-9300  
4 Facsimile: (951) 275-9303

5 Attorneys for Arturo M. Cisneros, Chapter 7 Trustee

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8 **UNITED STATES BANKRUPTCY COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA, RIVERSIDE DIVISION**

10  
11 In re ) Case No. RS 05-12468 MJ  
12 )  
13 **HAROLD (HARRY) LEO CLARK, III and** ) Chapter 7  
**LINDA CLARK,** )  
14 **Debtors.** ) **NOTICE OF CHAPTER 7 TRUSTEE'S**  
15 ) **MOTION: (1) FOR ORDER AUTHORIZING**  
16 ) **SALE OF REAL PROPERTY FREE AND**  
17 ) **CLEAR OF LIENS PURSUANT TO**  
18 ) **BANKRUPTCY CODE §363; (2) FOR**  
19 ) **ORDER APPROVING OVERBID**  
20 ) **PROCEDURES; (3) FOR ORDER**  
21 ) **AUTHORIZING EMPLOYMENT OF SARA**  
22 ) **DOMZALSKI OF FIRST TEAM REAL**  
23 ) **ESTATE AS THE TRUSTEE'S REAL**  
24 ) **ESTATE AGENT; AND (4) FOR ORDER**  
25 ) **AUTHORIZING PAYMENT OF REDUCED**  
26 ) **REAL ESTATE COMMISSION**  
27 ) **[Real Property Located At: 41965 Mesa**  
28 ) **Verdugo, Temecula, CA]**  
29 ) **Hearing:**  
30 ) **Date : November 28, 2006**  
31 ) **Time : 10:00 a.m.**  
32 ) **Ctrm.: 302**  
33 ) **United States Bankruptcy Court**  
34 ) **3420 Twelfth Street**  
35 ) **Riverside, CA 92501**

1 **TO AND ALL INTERESTED PARTIES AND THEIR COUNSEL OF RECORD:**  
 2 **PLEASE TAKE NOTICE THAT on November 28, 2006 at 10:00 a.m.** before the Honorable  
 3 Meredith M. Jury, United States Bankruptcy Judge, in Courtroom 302 of the United States Bankruptcy  
 4 Court, located at 3420 Twelfth Street, Riverside, CA 92501, a hearing will be held on the Motion (1) For  
 5 Order Authorizing Sale of Real Property Free and Clear of Liens Pursuant to Bankruptcy Code §363; (2)  
 For Order Approving Overbid Procedures; (3) For Order Authorizing Employment of Sara Domzalski of  
 First Team Real Estate as the Trustee's Real Estate Agent; and (4) For Order Authorizing Payment of  
 Reduced Real Estate Commission (the "Motion"). The Motion is summarized below:

6 **BACKGROUND INFORMATION**

7 **Case Commencement**

1. The Debtors filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on March 17, 2005 (the "Petition Date").
2. On or about September 21, 2006 ("Conversion Date"), the Debtors' bankruptcy case was converted to one under Chapter 7 of the Bankruptcy Code.
3. Arturo M. Cisneros was subsequently appointed as the Chapter 7 Trustee for the Debtors' bankruptcy Estate.

9 **The Subject Property**

4. In Schedule A of the Debtors' bankruptcy schedules, the Debtors listed an ownership interest in certain real property located at 41965 Mesa Verdugo, Temecula, CA, Assessor's Parcel No. 952-310-023 (the "Temecula Real Property"), with the value "unknown".
5. In Schedule C of their bankruptcy schedules, the Debtors claimed a homestead exemption in the Temecula Real Property in the amount of \$75,000 pursuant to C.C.P. § 704.730(a)(2).
6. In Schedule D of their bankruptcy schedules, the Debtors disclosed the following encumbrances against the Temecula Real Property:
  - a. National City Mortgage - 1<sup>st</sup> Deed of Trust- \$692, 311
  - b. Patricia Cowley- 2<sup>nd</sup> Deed of Trust- \$105,000
    - i. Total Liens = \$797,311
7. Pursuant to a preliminary title report dated October 3, 2006, the following liens and encumbrances exist against the Temecula Real Property:

Creditor	Description/Date	Estimated Claim Amount
National City Mortgage Company, dba Accubac Mortgage	First Deed of Trust dated 6/19/03 recorded on 6/27/03	\$750,000.00
Patricia F. Cowley	Second Deed of Trust and Assignment of Rents (short form) dated 3/7/05, recorded on 3/9/05	\$105,000.00
Total Liens and Encumbrances:		\$855,000.00

22 As set forth in detail below, the Trustee seeks to the sell the Real Property free and clear of the foregoing liens, as they will be paid in full through escrow.

23 **THE OFFER TO PURCHASE THE TEMECULA REAL PROPERTY**

24 The Trustee has received an offer to purchase the Temecula Real Property and has confirmed that the current offer to purchase will benefit the Estate. The Trustee has received an offer from Harold L. Clark, the Debtor Harry Clark's father ("Buyer") to purchase the Temecula Real Property for the purchase price of One Million Five Hundred and Eighty Five Dollars (\$1,585,000). The purchase price includes a good faith deposit of \$10,000.00 (the "Deposit") in the event that escrow does not close due to the Buyer's non-performance.

26 The principal terms of the sale of the Temecula Real Property are summarized as follows:

1. **Purchase Price:** The purchase price for the Temecula Real Property is One Million Five Hundred and Eighty Five Thousand Dollars (\$1,585,000).
  - a. In addition to the \$10,000 deposit, the Buyer will deposit the additional sum of One Million Five Hundred and Seventy Five Thousand Dollars (\$1,575,000) (Balance of

- 1 Purchase Price) into escrow on or before the close of escrow. The Balance of the  
 2 Purchase Price shall be paid into escrow via certified funds.
- 3 2. Close of Escrow: Escrow shall close within forty-five (45) after entry of an order of the  
 4 Bankruptcy Court approving the sale of the Temecula Real Property.
- 5 3. Subject to Overbids: The sale of the Temecula Real Property is subject to the overbid  
 6 procedures set forth herein.
- 7 4. Bankruptcy Court Approval: The sale of the Temecula Real Property is subject to notice  
 8 to creditors, and approval by the Bankruptcy Court.
- 9 5. Real Estate Agent's Compensation: The Real Estate Agent is entitled to compensation  
 10 only upon recordation of a deed or other evidence of title and the real estate commission to be paid shall  
 11 be only in the reduced amount of one percent (1%) of the Purchase Price.
- 12 6. Purchase without Warranties: Buyer acknowledges that he is purchasing the Temecula  
 13 Real Property from the Trustee "AS IS" without warranties of any kind, expressed or implied, being  
 14 given by the Trustee concerning the condition of the Temecula Real Property or the quality of the title  
 15 thereto, or any other matters relating to the Temecula Real Property.
- 16 The Trustee's real estate agent has inspected the Temecula Real Property and has determined that  
 17 the proposed Purchase Price is fair and reasonable and should be accepted.

18 **PROPOSED TREATMENT OF LIENS AND ENCUMBRANCES**

19 Pursuant to 11 U.S.C. § 363 (b)(1) and (f), the Trustee intends to sell the Temecula Real Property  
 20 free and clear of certain liens and encumbrances. The following is a summary of the secured claims  
 21 against the Temecula Real Property known by the Trustee and their proposed treatment through the sale  
 22 of the Temecula Real Property:

Creditor	Description/Date	Estimated Claim Amount	Treatment Through the Sale
National City Mortgage Company, dba Accubac Mortgage	First Deed of Trust dated 6/19/03 recorded on 6/27/03	\$750,000.00	The Trustee has investigated this lien and has determined it to be valid and secured lien against the property. Thus, this lien shall be paid through escrow on the sale transaction and the property shall be sold free and clear of this lien.
Patricia F. Cowley	Second Deed of Trust and Assignment of Rents (short form) dated 3/7/05, recorded on 3/9/05	\$105,000.00	The Trustee has investigated this lien and has determined it to be valid and secured lien against the property. Thus, this lien shall be paid through escrow on the sale transaction and the property shall be sold free and clear of this lien.

23 **ESTIMATED NET SALE PROCEEDS**

24 Through the proposed sale, the Trustee anticipates generating net proceeds of approximately  
 25 \$623,300, as follows:

Purchase Price	\$1,585,000
Less Estimated Costs of Sale (Estimated at 2%, which includes 1% real estate commission)	\$31,700
Less Estimated Liens and Encumbrances Paid through Escrow	\$855,000
Less Homestead Exemption	\$75,000
Subtotal	\$961,700
<b>Estimated Net Sale Proceeds:</b>	<b>\$623,300</b>

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**EMPLOYMENT OF THE ESTATE'S REAL ESTATE AGENT**

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Shortly after the Conversion Date, the Trustee retained the valuable services of Sara Domzalski of First Team Real Estate (the "Real Estate Agent") to provide him with information with regard to the Temecula Real Property and to assist him with the anticipated marketing and sale of the Temecula Real Property. At the Trustee's request, the Real Estate Agent provided the Trustee with a valuable evaluation and assessment of the Temecula Real Property based on her expertise in the real estate market. The Real Estate Agent, on the Trustee's behalf, examined the Temecula Real Property and has agreed to represent the Estate as seller in connection with the sale of the Temecula Real Property, and to advise the Trustee with respect to obtaining the highest and best offers available in the present market. The Real Estate Agent's efforts have been valuable and necessary to the Trustee's effective liquidation of the Temecula Real Property. As part of the Motion, the Trustee seeks an order approving the employment of the Real Estate Agent as the Trustee's real estate agent and authorization to pay a real estate commission in the significantly reduced amount of only one percent (1%) of the Purchase Price to the Trustee's real estate agent.

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**NOTICE OF OVERBID PROCEDURES**

The Trustee has determined that it would benefit the Estate to permit all interested parties to receive information and to bid on the Temecula Real Property pursuant to Overbid Procedures set forth herein. Such procedures will protect the integrity of the sale process and maximize the value of the Temecula Real Property. As such, the proposed sale of the Temecula Real Property will be subject to the following overbid procedures:

1. Potential overbidders must bid an initial amount of at least Ten Thousand Dollars (\$10,000.00) over the Purchase Price offered by the Buyer. Minimum bid increments thereafter shall be Five Thousand Dollars (\$5,000.00).
2. Overbids must be in writing and be received by the Trustee's counsel, Shulman Hodges & Bastian LLP to the attention of Leonard M. Shulman and Manijha Kadir by no later than one day (1) day prior to the hearing on this Motion.
3. Overbids must be accompanied by certified funds in an amount equal to three percent (3%) of the overbid purchase price.
4. The overbidder must seek to acquire the Temecula Real Property on terms and conditions not less favorable to the Debtors' bankruptcy estate than the terms and conditions to which the Buyer has agreed to purchase the Temecula Real Property, including that any competing bidder must be obligated to perform within the same time that the Buyer would be obligated to perform as set forth herein.
5. If overbids are timely received, the final bidding round shall be held concurrent with the hearing on this Motion in order to allow all potential bidders the opportunity to overbid and purchase the Temecula Real Property.
6. At the hearing on this Motion, the Trustee and his counsel shall review each overbid and identify the highest and best offer for the Temecula Real Property received and seek Court approval of the sale the Temecula Real Property to the successful bidder.
7. The bidder's deposit shall be refunded within fifteen (15) days of the final bidding round which shall take place concurrent with the hearing on this Motion, in the event that the party is outbid.

The foregoing procedures will provide for an orderly completion of the sale and insures that that potential purchasers are provided with full disclosures as to the bidding procedures and the asset to be sold. By having bidders compete on similar terms, the interested parties and the Court may compare competing bids in order to realize the highest benefit for the Estate. Thus, the Trustee requests that the Court approve the overbidding procedures as to the sale of the Temecula Real Property.

**APPROVAL OF THE SALE SERVES THE BEST INTEREST  
OF THE ESTATE AND ITS CREDITORS**

The Trustee believes that approval of this Motion is in the best interest of the Estate and its creditors. There is a sound business purpose for the sale. The sale as proposed will provide significant proceeds for the Estate. The Trustee believes that the sale pursuant to this Motion will be at fair market value because it is the highest offer that the Estate has received thus far. The Trustee's real estate agent has inspected the Temecula Real Property and determined that the proposed purchase price is at or above

1 market value and is fair and reasonable. The best interest of the Estate and its creditors is served by  
authorizing the sale of the Temecula Real Property to the Buyer or to any successful overbidder.

2 **REQUESTS FOR COPY OF MOTION**

3 Requests for a copy of the Motion should be in writing and directed to Leonard M. Shulman and  
4 Manijha Kadir c/o Shulman Hodges & Bastian LLP, 3750 University Avenue, Suite 670, Riverside, CA  
92501.

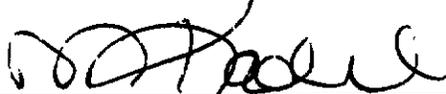
5 **OPPOSITONS TO MOTION**

6 **PLEASE TAKE FURTHER NOTICE** that oppositions to the Motion, if any, shall be  
7 filed with the Clerk of the Bankruptcy Court located at 3420 Twelfth Street, Room 125, Riverside,  
California 92501, and a copy served upon counsel for the Trustee, Shulman Hodges & Bastian LLP to the  
attention of Leonard M. Shulman and Manijha Kadir, 3750 University Avenue, Suite 670, Riverside, CA  
92501, by **no later than fourteen (14) days prior to the scheduled hearing on the Motion.**

8 **PLEASE TAKE FURTHER NOTICE** that pursuant to Local Bankruptcy Rule 9013-1 (a)(7) and  
(11), the failure of any party to object to the Motion or to appear at the hearing on the Motion may be  
deemed consent to the relief requested in the Motion.

9 **SHULMAN HODGES & BASTIAN LLP**

10 Dated: November 3, 2006

11   
12 Leonard M. Shulman  
13 Manijha Kadir  
14 Attorneys for Arturo M. Cisneros, Chapter 7 Trustee