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Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number WM. J. SIMON, State Bar No. 69406 of THE LAW OFFICE OF WM. J. SIMON 4333 Orange Street, Suite 2 Riverside, CA 92501 909-686-1561	FOR COURT USE ONLY 02 OCT 10 PM 3:48 CLERK U.S. BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: TEMECULA VALLEY INN, INC., a Nevada Corporation, <p style="text-align: center;">Debtor(s).</p>	CASE NO.: RS 02-23240 MJ

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: <u>October 30, 2002</u>	Time: <u>1:30 p.m.</u>
Location: <u>Courtroom 302</u>	

Type of Sale: Public Private Last date to file objections: October 16, 2002

Description of Property to be Sold: See Exhibit "A" attached hereto

Terms and Conditions of Sale: See Exhibit "B" attached hereto

Proposed Sale Price: \$6,100,000.00

Overbid Procedure (If Any): See Exhibit "C" attached hereto

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

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

<u>Wm. J. Simon</u>	<u>Larry Lang</u>
<u>4333 Orange St., Ste 2</u>	<u>27660 Jefferson Ave.</u>
<u>Riverside, CA 92501</u>	<u>Temecula, CA 92590</u>
<u>909-686-1561</u>	<u>909-699-2444</u>
<u>wmjsimon@pachell.net</u>	

Date: 10/10/02

The subject real property consists of 2.61 acres located at 27660 Jefferson Avenue, Temecula, California, more legally described as A portion of Lot 3 and all of Lots 4/5 of Parcel Map 23830, Book 157, Pages 100-101, of Maps, Records of Riverside County, State of California. Said property is improved with a 90 unit, limited service, hotel, designed for the business and commercial traveler, including teleports and desk space, consisting of two separate buildings, the main building being three (3) stories high, and a small utility building comprised of an employee break room, storage for the swimming pool and spa equipment, and guest restroom facilities for the swimming pool and spa. There is also an on-site laundry and 106 paved open parking spaces. Gross leaseable building area for the hotel units is 30,648 square feet and the balance of the hotel building is 13,162 square feet, which includes the lobby, office, conference room, elevator, utility, and interior corridors. The total hotel building has a gross building area of 43,810 square feet. Also, the personal property contained therein is described more particularly within the Motion to Sell as "Exhibit 1".

The Debtor maintains a foundation of business from commercial travelers resulting in a forty-five to fifty percent (45% - 50%) occupancy during weekdays. Because of entertainment and recreational activities in the Temecula Valley, the Debtor enjoys an occupancy rate of eighty-five to ninety percent (85% - 90%) on weekends.

Occupancy rates are seasonal and the summer months (May through August) create the greatest volume of activity. The period of September through December is the most dormant period as weekend recreational activities are slowest. From January through April occupancy rates begin to climb again and steadily improve towards the summer period.

EXHIBIT "A"

Debtor believes the current offer is the highest and best offer available. The Debtor desires to sell free and clear of liens and encumbrances, liens to attach to proceeds, to Bongae Chun and/or assignee for Six Million, One Hundred Thousand Dollars (\$6,100,000.00). An escrow has been opened and the Buyer has made a cash deposit of One Million, Five Hundred Twenty Five Thousand Dollars (\$1,525,000.00).

Among the terms and conditions of the sale:

- a) Seller is to have on hand a thirty (30) day inventory of supplies and two turns of linens. Any shortage will be made up by Seller within five (5) days of the close of escrow.
- b) All benefits accrued by employees, such as vacation time, sick leave, severance, etc., shall be assumed by seller.
- c) Seller is to be responsible for property taxes, transient occupancy tax, payroll tax, and all accounts receivable as of the close of escrow. Prepaid guest deposits will be turned over to Buyer at the close of escrow.
- d) Prepaid advertising contracts shall be assigned to Buyer and prorated at the close of escrow.
- e) The real and personal property shall be conveyed to Buyer in an "AS IS" condition. Buyer will complete due diligence and on site inspections, including, but not limited to, the books and records, personal property, zoning, title, and environmental issues prior to the close of escrow.
- f) Except as specifically provided to the contrary, Seller and Seller's agents shall be released from all responsibility, liability, and obligation as to the condition, valuation, suitability, utility, and/or fitness of the property. Buyer shall acknowledge all information provided to Buyer has been, or could have been, independently verified and Buyer holds Seller and Seller's agents harmless from any reliance thereon by Buyer.
- g) At the close of escrow Seller shall deliver possession to Buyer, to include turnover of keys, vendor contracts, leases, rental agreements.
- h) Seller's liquidated damages shall be limited to the down payment amount of One Million, Five Hundred Twenty Five Thousand Dollars (\$1,525,000.00) or any amount as increased in escrow.
- i) The parties agree to binding arbitration in full resolution of any dispute arising hereunder.
- j) Escrow fees and costs to are to be split evenly with Buyer paying Fifty percent (50%) and Seller paying Fifty percent (50%).
- k) Escrow to close sixty (60) days from August 20th, 2002 .
- l) Real estate commission shall be paid at Four and one-half percent (4.5%) of the selling price.

EXHIBIT "B"

The overbid procedure during the sale shall begin at an amount of no less than Fifty Thousand Dollars (\$50,000.00) and made in increasing increments in the amount of \$10,000.00 thereafter. An overbid must include either a better price or better terms. The terms of any overbid or competing bid must be analyzed on a case by case basis as to what the net effect of the value to the estate and the creditor body is to each condition or term that is removed or added.

As a condition of the right to overbid, the bidder must deposit the sum of no less than One Million, Six Hundred Thousand Dollars (\$1,600,000.00) with either a bona fide escrow holder wherein said funds can be verified prior to the time of sale or the attorney for the Debtor and Debtor In Possession trust account. Wire transfer instructions to that account will be available upon request.

In the event of a default of the successful bidder, the Debtor retains the right to accept the second highest bid and to consummate a sale thereunder.

The Real Estate Broker will give courtesy to any successful participating broker.

The "highest and best offer" shall be defined as "highest" being a greater sell amount and "best" being an offer with less conditions and/or a quicker sell and/or less commissions to be paid.

EXHIBIT "C"