Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number

DAVID B. GOLUBCHIK (SBN 185520)
J.P. FRITZ (SBN 245240)
LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.
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FOR COURT USE ONLY

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re:
SHILO INN, POMONA HILLTOP, LLC,

Debtor(s).

CASE NO.: 2:11-bk-26270VZ

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: 2/17/12 **Time:** 10 a.m.

Location: Levene, Neale, Bender, Yoo & Brill L.L.P., 10250 Constellation Blvd. Suite 1700, Los Angeles, CA

Type of Sale: ☐ Public ☑ Private Last date to file objections: 2/7/11

Description of Property to be Sold: Please see attached pleading for details. Debtor's hotel property, including real property and personal property furniture, fixtures, and equipment used in operation of the hotel, along the assignment of various contracts and leases associated with the operation of the hotel. The hotel is in Los Angeles County with address: 3101 W. Temple Avenue, Pomona, CA 91768

Terms and Conditions of Sale: Please see attached pleading for details.
Free and clear of liens and interests, subject to Bankruptcy Court approval.
Real estate sales agreement in substantially the same form as stalking horse bidder's real estate sales agreeement.

Proposed Sale Price: $10,500,000.00

Overbid Procedure (If Any): Please see attached pleading for details. 1st overbid $600,000 above $10.5M
Subsequent overbids of $100,000. Deposit of $815,000 and evidence of financial ability to close due by 2/14/2012

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):

Sale Hearing: February 21, 2012, at 11:00 a.m.
Courtroom 1368, 255 E. Temple St., Los Angeles, CA 90012
Contact: David B. Golubchik, Esq. - 310-229-1234 or
Christopher Campbell (CEO) - 503-641-6565

Date: 2/2/12

TABLE OF EXHIBITS TO FORM 6004-2
NOTICE OF SALE OF ESTATE PROPERTY

EXHIBIT A:

NOTICE OF MOTION FOR ORDER AUTHORIZING SALE OF DEBTOR'S ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS PURSUANT TO 11 U.S.C. § 363 AND APPROVING THE ASSUMPTION AND ASSIGNEMNT OF CERTAIN LEASES AND EXECUTORY CONTRACTS PURSUANT TO 11 U.S.C. § 365

EXHIBIT B:

MOTION FOR ORDER AUTHORIZING SALE OF DEBTOR'S ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS PURSUANT TO 11 U.S.C. § 363 AND APPROVING THE ASSUMPTION AND ASSIGNEMNT OF CERTAIN LEASES AND EXECUTORY CONTRACTS; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATION OF CHRISTOPHER CAMPBELL IN SUPPORT THEREOF

Exhibit A

DAVID B. GOLUBCHIK (State Bar No. 185520)
dbg@lnbyb.com
J.P. FRITZ (State Bar No. 245240)
jpf@lnbyb.com
LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.
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Facsimile: (310) 229-1244

Attorneys for Debtor and Debtor in Possession

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

LOS ANGELES DIVISION

In re: SHILO INN, POMONA HILLTOP, LLC, Debtor and Debtor in Possession. In re: SHILO INN, PALM SPRINGS, LLC, Debtor and Debtor in Possession. In re: SHILO INN, SEASIDE OCEANFRONT, LLC, Debtor and Debtor in Possession. ☐ Affects All Debtors ☒ Affects Shilo Inn, Pomona Hilltop, LLC ☐ Affects Shilo Inn, Palm Springs, LLC ☐ Affects Shilo Inn, Seaside Oceanfront, LLC	Lead Case No.: 2:11-bk-26270-VZ Jointly administered with: Case No. 2:11-bk-26501-VZ (Shilo Inn, Palm Springs, LLC) and Case No. 2:11-bk-34669-VZ (Shilo Inn, Seaside Oceanfront, LLC) Chapter 11 Cases **NOTICE OF MOTION FOR ORDER AUTHORIZING SALE OF DEBTOR'S ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS PURSUANT TO 11 U.S.C. § 363 AND APPROVING THE ASSUMPTION AND ASSIGNEMNT OF CERTAIN LEASES AND EXECUTORY CONTRACTS** Hearing: Date: February 21, 2012 Time: 11:00 a.m. Ctrm: 255 East Temple Street Courtroom 1368 Los Angeles, CA 90012

PLEASE TAKE NOTICE that a hearing will be held on February 21, 2012, at 11:00 a.m., before the Honorable Vincent P. Zurzolo, United States Bankruptcy Judge for the Central District of California (the "Court"), in Courtroom 1368 located at 255 East Temple Street, Los Angeles, California 90012, for the Court to consider the self-styled *Motion for Order Authorizing Sale of Debtor's Assets Free and Clear of All Liens, Claims, Encumbrances and Other Interests Pursuant to 11 U.S.C. § 363 and Approving the Assumption and Assignment of Certain Leases and Executory Contracts Pursuant to 11 U.S.C. § 365* (the "Motion") filed by Shilo Inn, Pomona Hilltop, LLC (the "Debtor"), the debtor and debtor in possession in the above-captioned, chapter 11 bankruptcy case. The Motion seeks an order of the Court approving the sale of the Debtor's hotel property pursuant to 11 U.S.C. §§ 363(b), 363(f), and 365, Rules 2002, 6004, 6006, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 6004-1 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central District of California (the "Local Rules").

PLEASE TAKE FURTHER NOTICE that any party wishing to receive a copy of the Motion may make a request in writing to counsel for the Debtor, whose name, address, telephone number, facsimile number, and email address appears in the upper, left-hand corner of the first page of this Notice. The Motion is on file with the Bankruptcy Court and may be accessed and copied at the courthouse during regular business hours or accessed online through the court's website.

PLEASE TAKE FUTHER NOTICE that the Debtor operates a 130-suite hotel located at 3101 Temple Avenue, Pomona, California, 91758 (the "Hotel"), which has a bird's eye spectacular view of Pomona, California conveniently located on 3 acres of hilltop property by Interstates 10 and 57, Cal-Poly Tech University, and the Los Angeles County fair grounds, Fairplex. The Hotel has three hotel floors along with two levels of parking and features an outdoor pool, spa, exercise fitness center, sauna, steam room and a beautiful, full service restaurant, lounge, meeting spaces and a banquet ballroom to accommodate approximately 300 guests. The Hotel is franchised pursuant to a franchise agreement with Shilo Franchise

International ("SFI") and managed pursuant to a management agreement with Shilo Management Corporation ("SMC"). Based on reduced occupancy, revenue and cash flow suffered, making the Debtor unable to remain current with its regular obligations to its primary secured creditor, OneWest Bank, FSB (the "Bank"). The Debtor used best efforts to negotiate a consensual forbearance agreement. Unfortunately, the Bank decided to commence judicial foreclosure proceedings, including seeking the *ex parte* appointment of a receiver over the Hotel.

Notwithstanding the foregoing, the Debtor continued to try to negotiate with the Bank in good faith after the appointment of a receiver. However, negotiations deteriorated, and, in order to avoid continued harm to the Hotel, employee morale and likely irreparable harm to creditors in the event of a foreclosure, the Debtor determined that the commencement of its bankruptcy case was necessary and proper. The Debtor filed its voluntary chapter 11 bankruptcy case on April 14, 2011.

Through its own channels, the Debtor has marketed the Hotel extensively for sale for several months. Indeed, the Debtor first engaged the proposed buyer in discussions on a sale in early 2011, well before any broker was retained. The Debtor continued to pan the market throughout 2011. As a result of its efforts, the Debtor has acquired a buyer willing to pay $10.5 million for the purchase of the Hotel, the real property, personal property, furniture, fixtures, and equipment ("FF&E"), and assumption of the Debtor's franchise agreement, management agreement, and various leases and contracts associated with the operation of the Hotel. The proposed buyer is Coastline Investments LLC (the "Buyer") with address of 3218 East Holt Avenue, West Covina, California, 91791. Pursuant the Real Estate Sales Agreement (the "Agreement") between the Buyer and Debtor, the Buyer has the right to assign its purchase right to one of its affiliates. Due to the extensive marketing behind this sale, the Debtor represents that the price of $10.5 million is the fair market value of the Hotel, which is to be paid by a willing seller to a willing buyer in this arm's length transaction.

PLEASE TAKE FURTHER NOTICE ***that the Buyer's offer to purchase the Hotel is conditioned on the Buyer successfully purchasing the hotel owned by Shilo Inn, Diamond***

Bar, LLC (the "Diamond Bar Hotel" and with the Hotel, collectively, the "Hotels"). Shilo Inn, Diamond Bar, LLC ("Shilo Diamond Bar") is a chapter 11 debtor in possession in its own case before this Court, bearing case number 2:10-bk-60884-VZ. The Buyer's purchase price offer on the Diamond Bar Hotel is $10.5 million. In accordance with the Agreement, the Buyer will not be obligated to purchase either one of the Hotels unless it is the successful purchaser of both the Hotels. As such, the sale procedures, auction, and overbid process described below will be as to both Hotels.

PLEASE TAKE FURTHER NOTICE that, concurrently with the filing of this Motion, the Debtor has filed a motion for approval of sale procedures (the "Sale Procedures"), including an auction (the "Auction") and overbid procedures. That motion is set for hearing on February 7, 2012, at 11:00 a.m. before the Court. The Debtor has proposed to hold an auction on February 17, 2012, and will continue to market the Hotel and accept qualified overbids for the sale through February 14, 2012, three (3) days prior to the auction. The key terms of the Sale Procedures, auction, and overbid procedures are as follows:

A. Auction: The Hotel will be offered at auction on February 17, 2012 commencing at 10:00 a.m. Pacific Standard Time, at Levene, Neale, Bender, Yoo & Brill L.L.P., 10250 Constellation Blvd., Suite 1700, Los Angeles, CA 90067. In the event of a change in the time or location of the Auction, the Debtor will use its reasonable best efforts to notify all Qualifying Bidders who have timely submitted Qualifying Bids by the Auction Deadline (as such terms are defined below).

B. Bidding Process: The Debtor shall consider qualified bids for the Hotel ("Qualifying Bids") at the Auction, but shall not consider proposed bids that are not Qualifying Bids. In order for a proposed bid to be deemed a Qualifying Bid, a proposed bid must meet each of the criteria set forth in the following subparagraphs 1 through 3:

1. Timing. Bids are due and must actually be received by the Debtor no later than 6:00 p.m. Pacific Standard Time three (3) days prior to the Auction (the "Bid Deadline"). Bids shall be submitted in writing either (i) by regular or overnight mail or

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personal delivery to Shilo Management Corporation c/o Christopher Campbell, CEO, CFO 11600 SW Shilo Way, Portland, Oregon 97225, (503) 641-6565, or (ii) by electronic mail to Christopher.Campbell@shiloinns.com.

2. Form and content of bid and related requirements: Each potential bidder (a "Potential Bidder") must deliver to the Debtor the following: (i) an executed asset purchase agreement in substantially the same form as the Real Estate Sales Agreement attached as Exhibit "A" to the Motion (the "Form APA"); (ii) a deposit in an amount equal to $815,000 (calculated as the Buyer's earnest money of $500,000 plus the break-up fee of 3% of the initial sale price) for each hotel on which it bids, to be submitted to the Debtor in the form of a cashier's check, or to the Debtor's counsels' escrow account in the form of wired funds; (iii) financial statements showing that the Potential Bidder has ample and present ability to fulfill its obligations pursuant to the Form APA; (iv) a signed statement acknowledging that the sale of the Hotel is as-is, where-is, with no due diligence contingencies or financing contingencies of any kind whatsoever; and (v) a signed statement acknowledging the prohibition against collusive bidding.

A "Bid" is an asset purchase agreement in substantially the same form as the Form APA from a Potential Bidder stating that: (i) the Potential Bidder offers to purchase the Hotel upon the same or better terms and conditions as set forth in the Form APA, clearly marked to show any and all amendments and modification to the Form APA, including, but not limited to, purchase price and contact information of the Potential Bidder; (ii) the Potential Bidder agrees to purchase the Hotel for at least the Minimum Bid Amount relating to the Hotel; (iii) the Potential Bidder is prepared to enter into and consummate the transaction by the Closing Date; and (iv) the offer is irrevocable until the later of (a) the Auction has taken place and is not selected as either the Successful Bidder or Back-Up Bidder, in which case the Deposit will be refunded unless otherwise forfeited as a result of a breach, or (b) a sale of the Hotel has been consummated to another Successful Bidder or Back-Up Bidder.

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3. Qualified Bidder: A "Qualified Bidder" is a Potential Bidder that submits a Qualified Bid and, in the Debtor's reasonable discretion, is determined to have demonstrated the financial capability to consummate the purchase of the Hotel that is the subject of its Qualified Bid.

C. Qualification and Disqualification of Bids: If the Debtor determines that a Potential Bidder is not a Qualified Bidder, the Debtor will return the Deposit to the Potential Bidder within a period of five (5) business days of such determination.

D. Auction If Qualifying Bids: If the Debtor determines that there is one or more Qualifying Bid, the Debtor shall hold an Auction. The minimum bids shall be $11,100,000 for the Hotel, $11,100,000 for the Diamond Bar Hotel, and $22,200,000 for the Hotels combined (each, a "Minimum Bid Amount"). Pursuant to the Agreement signed by the Debtor and the Buyer, the minimum overbid must be at least $100,000 plus the Breakup Fee (3% of the sale price, which likely would be at least $333,000) plus any difference for any broker's commission that may be paid on account of a successful overbid (which difference likely could be as much as $175,500, at a minimum). Taking all of these factors into consideration, the minimum bids are calculated to cover these costs with an initial overbid that is $600,000 in excess of the sale price offered by the Buyer for each hotel.[1]

1. Assuming Qualified Bidders have submitted separate Qualifying Bids for the Hotel and Diamond Bar Hotel, SMC will first conduct an Auction for the Hotel and Diamond Bar Hotel, separately, and then for the two Hotels together. Upon receipt of the highest bid for each of the individual Hotels, the Auction for each such property will be closed. No final bid will be accepted until the entire Auction is complete.

2. At the Auction, bidding will begin at the applicable Minimum Bid Amount or such higher amount that a Qualified Bidder may bid prior to the Auction. All subsequent offers must exceed such amount by not less than $100,000. Qualified Bidders

[1] The initial overbid may have to be higher depending on the size of the Qualified Bidder's broker's commission.

may bid in increments higher than $100,000 – but all denominations shall be consistent with the incremental amounts (i.e. an overbid of $200,000 (2 * $100,000) is acceptable, but an overbid of $150,000 is not acceptable). Bidding at the Auction shall continue until such time as the highest and best bid is determined.

3. The Auction will be conducted as follows: (i) Qualified Bidders and/or their representatives may make a bid at the Auction in person with bidding starting at the amount of the Minimum Bid Amount or the highest Qualifying Bid received for the Hotel; (ii) a certified shorthand reporter shall be present to create a record of the Auction; (iii) the Auction will be an open bid process, with all bids stated orally and on the record; (iv) the Debtor may recess the Auction at any time; and (v) Qualified Bidders may ask for a reasonable time for a recess during the bidding, which requests the Debtor may grant in its discretion.

E. Selection of Winning Bid: Upon completion of the Auction, the Debtor, in its discretion, shall select the Qualifying Bid that will maximize the value of the Hotel, and is in the best interest of the Debtor, its bankruptcy estate and its creditors (the "Successful Bid") The Debtor will then submit the Successful Bid for approval by the Bankruptcy Court. The Deposit for a Qualified Bidder that submitted the Successful Bid will be non-refundable upon the conclusion of the Auction. Upon the failure to consummate a sale because of a breach or failure on the part of a Qualified Bidder who submitted the Successful Bid, the Debtor may select in its business judgment the next highest or otherwise best Qualified Bidder to be the Successful Bidder as approved in a final sale order, without further order of the Bankruptcy Court.

F. Back-up Bidders: At the conclusion of the Auction, the Debtor may designate a "Back-up Bidder" or multiple Back-up Bidders. If a Back-up Bidder is selected such Back-up Bidder's Deposit shall be released upon the later to occur of (a) the closing of a transaction with the Successful Bidder, or other Back-up Bidder; or (b) thirty (30) days after the entry of a final sale order. If the Successful Bidder does not close the transaction, then the

Back-up Bidder's Deposit shall be non-refundable and the Debtor shall close the transaction upon the terms of the Back-up Bidder's last and highest bid at the Auction.

G. Closing: The closing of a sale of the Hotel to the Successful Bidder (the "Closing") shall be held in the office of counsel for the Debtor, or such other location as is agreed to by the parties, no later than fifteen (15) days following the final sale order becoming final and no longer appealable.

PLEASE TAKE FURTHER NOTICE that the Debtor seeks to sell the Hotel free and clear of all liens, claims, encumbrances, and other interests pursuant to 11 U.S.C. § 363(f). Specifically, three liens on the Hotel are (i) in favor of the Bank and (ii) a statutory tax lien in favor of Los Angeles County. The Debtor has negotiated a settlement with the Bank, which is the subject of a separate motion seeking Court approval. Pursuant to the settlement, the Bank will agree to settle and release its claim against the Debtor and its collateral for cash payment from the sale in the amount of $6,750,000.00. The statutory tax lien to Los Angeles County in the amount of $42.83 will be paid in full from the sale proceeds upon closing. Easements run with the land and will be unaffected by the sale.

As part of the Sale, the Debtor will assume and assign to the buyer the Debtor's franchise agreement with SFI, the management contract with SMC, and other contracts and leases associated with the operation of the Hotel, as set forth in the Agreement and exhibits thereto, as filed with the Motion. Ten days prior to the hearing on the Motion, the Debtor will file a true-up of all cure amounts required for assumption and assignment of the contracts and leases to be assumed and assigned pursuant to 11 U.S.C. § 365.

PLEASE TAKE FURTHER NOTICE that the following are the key terms of the proposed sale with the Buyer (or successful overbidder at auction, if any). In the event of a discrepancy or inconsistency between the terms summarized herein and the terms as set forth in the Agreement, the Agreement shall control.

(a) The Sale must close with a final entered order of the bankruptcy court no later than March 8, 2012.

(b) The purchase price is $10.5 million.

(c) The Debtor shall assume, cure and assign to Buyer the management agreement with SMC and the franchise agreement with SFI from the purchase price.

(d) The Sale is contingent on a final, non-appealable order (the "Order") approving the Sale in accordance with Bankruptcy Code Section 363(f) by the United States Bankruptcy Court by March 8, 2012, which has not been stayed, and with a finding and ruling that Buyer is a "good faith purchaser" and has all of the protections and benefits of Bankruptcy Code Section 363(m) and that Buyer shall receive an assignment of the management agreement and franchise agreement pursuant to Bankruptcy Code Section 365.

(e) The Buyer or Buyer's affiliate shall have been approved by the Court as the potential buyer of Diamond Bar Hotel (that certain property located at 3200 Temple Ave., Pomona CA 91768 owned by Shilo Inn, Diamond Bar, LLC) pursuant to an order in substantially the same form as the Order.

(f) If there is a successful overbidder from the Auction approved by the Court as the purchaser of the Hotel, then the Buyer will be entitled to a refund of its earnest money plus a break-up fee equal to 3% of the successful overbidder's purchase price for the Hotel.

PLEASE TAKE FURTHER NOTICE that the Debtor has not employed any broker in connection with this sale. The Buyer retained Richfield Hospitality Group, Inc. as its broker with Shermen Chiang, CHA, as its agent, but is neither due nor owed any commission for this proposed sale.

PLEASE TAKE FURTHER NOTICE that the Motion seeks the following requested relief through an order of this Court: (i) finding that notice of the Sale Motion was adequate and appropriate under the circumstances; (ii) granting the Sale Motion in its entirety; (iii) authorizing the Debtor to enter into the real estate sales agreement to sell the Hotel on the terms and conditions set forth therein; (iv) approving the sale of the Hotel to the proposed buyer or successful overbidder at auction, if any, free and clear of any and all liens, claims, interests and encumbrances, with payments of proceeds as discussed in the Motion; (v) finding the buyer to

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be a good faith purchaser with all the protections of 11 U.S.C. § 363(m); (vi) waiving the 14-day stay period of Rule 6004(h) of the Federal Rules of Bankruptcy Procedure; (vii) approving the assumption and assignment of the franchise agreement, management agreement, and other applicable leases and contracts to buyer, pursuant to 11 U.S.C. § 365; (viii) waiving the 14-day stay period of Rule 6006(d) of the Federal Rules of Bankruptcy Procedure; (ix) authorizing the Debtor to take all necessary and reasonable steps to consummate the sale; and (x) granting such other and further relief as may be necessary or appropriate under the circumstances.

PLEASE TAKE FURHTER NOTICE that the Motion is based upon 11 U.S.C. § 105(a), 363(b), 363(f), 363(m), and 365, Federal Bankruptcy Rules 2002, 6004, 6006, and 9014, Local Bankruptcy Rule 6004-1, the Motion, the Declaration of Christopher Campbell in support of the Motion, this Notice of the Motion, the entire record of this bankruptcy case, the statements, arguments, and representations of counsel to be made at the hearing on the Motion, and any other evidence properly presented to the Court at or prior to the hearing on the Motion.

PLEASE TAKE FURTHER NOTICE that, pursuant to Local Bankruptcy Rule 9013-1(f), responses and oppositions to the Motion, if any, must be in writing, conform to the Local Bankruptcy Rules, filed with Court, and served on the Debtor and its counsel and the Office of the United States Trustee not later than fourteen (14) days prior to the hearing on the Motion.

PLEASE TAKE FURTHER NOTICE that, pursuant to Local Bankruptcy Rule 9013-1(h), failure to file and serve a timely written opposition to the Motion may be deemed by the Court to constitute consent to the relief requested in the Motion.

Dated: January 31, 2012

SHILO INN, POMONA HILLTOP, LLC

By:

DAVID B. GOLUBCHIK
J.P. FRITZ
LEVENE, NEALE, BENDER, YOO
& BRILL L.L.P.
Attorneys for Debtor and
Debtor in Possession

In re SHILO INN, POMONA HILLTOP, LLC, Debtor(s).	CHAPTER 11 CASE NO 2:11-bk-26270-VZ

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 10250 Constellation Blvd., Ste. 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document described as **NOTICE OF MOTION FOR ORDER AUTHORIZING SALE OF DEBTOR'S ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS PURSUANT TO 11 U.S.C. § 363 AND APPROVING THE ASSUMPTION AND ASSIGNEMNT OF CERTAIN LEASES AND EXECUTORY CONTRACTS** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d) and **(b)** in the manner indicated below:

I. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")** – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On **January 31, 2012** I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

- John-patrick M Fritz jpf@lnbrb.com
- David B Golubchik dbg@lnbrb.com, angela@lnbyb.com
- Kenneth Hennesay khennesay@allenmatkins.com
- Dare Law dare.law@usdoj.gov
- Loraine L Pedowitz lpedowitz@allenmatkins.com
- Martha E Romero Romero@mromerolawfirm.com
- United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov
- Marc J Winthrop mwinthrop@winthropcouchot.com, pj@winthropcouchot.com;vcorbin@winthropcouchot.com

☐ Service information continued on attached page

II. **SERVED BY U.S. MAIL OR OVERNIGHT MAIL**(indicate method for each person or entity served): On **January 31, 2012** I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

See attached service list sent via first class mail

III. **SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL** (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **January 31, 2012** I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

VIA ATTORNEY SERVICE
Honorable Vincent Zurzolo
U.S. BANKRUPTCY COURT
255 E. Temple Street, Ctrm 1368
Los Angeles, CA 90012

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct

January 31, 2012	Jason Klassi	*/s/ Jason Klassi*
Date	*Type Name*	*Signature*

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California

Label Matrix for local noticing
0973-2
Case 2:11-bk-26270-VZ
Central District Of California
Los Angeles
Tue Jan 31 11:37:38 PST 2012

Los Angeles Division
255 East Temple Street,
Los Angeles, CA 90012-3332

OneWest Bank, FSB
515 South Figueroa St. 9th Floor
Los Angeles, CA 90071-3301

Shilo Inn Pomona Hilltop LLC
11600 SW Shilo Lane
Portland, OR 97225-5995

AT-YOUR-SERVICE HOSPITALITY INC
ORIN ABRAMS
751 S WEIR CANYON RD
ANAHEIM HILLS, CA 92808-1962

American Automobile Assoc, Inc
1000 AAA Drive
Heathrow, FL 32746-5063

D'KAN ROOFING
A/R
827 W CITRON ST
CORONA, CA 92882-4134

David H. Golubchik
Levene, Neale, Bender, Yoo & Brill L.L.P
10250 Constellation Blvd., Suite 1700
Los Angeles, CA 90067-6253

ERNEST PACKAGING SOLUTIONS
A/R
14134 NE AIRPORT WAY
PORTLAND, OR 97230-3443

FRANCHISE TAX BOARD
BANKRUPTCY SECTION MS A340
PO BOX 2952
SACRAMENTO CA 95812-2952

LOS ANGELES COUNTY TAX COLLECTOR
A/R
PO BOX 54018
LOS ANGELES, CA 90054-0018

Los Angeles County Treasurer
and Tax Collector
PO Box 54110
Los Angeles CA 90054-0110

ONEWEST BANK, FSB
c/o A. Kenneth Hennesay, Jr.
ALLEN MATKINS, et al.
1900 Main Street, Fifth Floor
Irvine, CA 92614-7317

One West Bank
Attn: Martha Shelley
2450 Broadway, 5th Fl.
Santa Monica, CA 90404-3005

PACIFIC OFFICE AUTOMATION
A/R
14747 NW GREENBRIER PKWY
BEAVERTON, OR 97006-5601

Prism Hotel & Resorts
14800 Landmark Blvd.
Suite 800
Dallas, TX 75254-7506

REFRIGERATION CONTROL
A/R
2223 MONROE ST
RIVERSIDE, CA 92504-5210

SUNSHINE GROWERS NURSERY INC
ATTN: BARBARA
13130 MILLIKEN AVE
ONTARIO, CA 91761-2600

Shilo Franchise
11600 SW Shilo Lane
Portland, OR 97225-5919

Shilo Inn Boise Riverside
11600 SW Shilo Lane
Portland, OR 97225-5919

Shilo Inn Yuma
11600 SW Shilo Lane
Portland, OR 97225-5919

Shilo Inn, Pomona Hilltop, LLC
3101 Temple Avenue
Pomona, CA 91768-3241

Shilo Management Corp
11600 SW Shilo Lane
Portland, OR 97225-5995

THE IRWIN-HODSON COMPANY
A/R
2838 SE 9TH AVENUE
PORTLAND, OR 97202-2509

THYSSENKRUPP ELEVATOR CORP
A/R
PO BOX 933004
ATLANTA, GA 31193-3004

TW Telecom
PO Box 172567
Denver, CO 80217-2567

U.S. Trustee
Ernst & Young Plaza
725 S. Figueroa Street, 26th Floor
Los Angeles, CA 90017-5413

United States Trustee (LA)
725 S Figueroa St., 26th Floor
Los Angeles, CA 90017-5413

VERIZON NORTHWEST
A/R
PO BOX 9688
MISSION HILLS, CA 91346-9688

WORLD CINEMA INC
A/R
9801 WESTHEIMER #409
HOUSTON, TX 77042-3953

David B Golubchik
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Los Angeles, CA 90067-6253

John-patrick M Fritz
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The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(u)Prism Hotels and Resorts

End of Label Matrix	
Mailable recipients	31
Bypassed recipients	1
Total	32

In re Shilo Inn, Pomona Hilltop, LLC
Agents for Service of Process re Sale Motion

SERVED VIA FIRST CLASS U.S. MAIL or NEF (*)

Entity Address
SHILO Franchise International LLC
11600 SW SHILO LANE
PORTLAND OR 97225

Agent for Service of Process
SHILO MANAGEMENT CORPORATION
C T CORPORATION SYSTEM
818 W SEVENTH ST
LOS ANGELES CA 90017

Entity Address
SHILO MANAGEMENT CORPORATION
11600 SW SHILO LANE
PORTLAND OR 97225

Agent for Service of Process
THE COCA-COLA COMPANY
C T CORPORATION SYSTEM
818 W SEVENTH ST
LOS ANGELES CA 90017

Entity Address
THE COCA-COLA COMPANY
ONE COCA-COLA PLAZA, N.W.,
ATLANTA GA 30313

Agent for Service of Process
LODGENET ENTERTAINMENT CORPORATION
THE PRENTICE-HALL CORPORATION SYSTEM, INC.
2730 GATEWAY OAKS DR STE 100
SACRAMENTO CA 95833

Entity Address
LODGENET ENTERTAINMENT CORPORATION
808 WEST AVENUE NORTH
SIOUX FALLS SD 57104

Entity Address
LodgeNet Entertainment Corporation,
3900 West Innovation Street,
Sioux Falls, SD 57107

Agent for Service of Process
SHOWTIME NETWORKS INC.
CSC - LAWYERS INCORPORATING SERVICE
2730 GATEWAY OAKS DR STE 100
SACRAMENTO CA 95833

Entity Address
SHOWTIME NETWORKS INC.
C/O ADRIENNE HARRINGTON, 51 W 52ND STREET
NEW YORK NY 10019

Entity Address
Showtime Networks, Inc.,
1633 Broadway,
New York, NY 10019

Agent for Service of Process
SYSCO CORPORATION
CAPITOL CORPORATE SERVICES, INC.
455 CAPITOL MALL STE 217
SACRAMENTO CA 95814

Entity Address
SYSCO CORPORATION
1390 ENCLAVE PKWY
HOUSTON TX 77077

Entity Address
Sysco Corporation
26250 SW Parkway Center Drive
Wilsonville, OR 97070

Agent for Service of Process
WORLD CINEMA, INC.
C T CORPORATION SYSTEM
818 W SEVENTH ST
LOS ANGELES CA 90017

Entity Address
WORLD CINEMA, INC.
9801 WESTHEIMER #409
HOUSTON TX 77042

Entity Address
Cell Tower Lease – Nextel
Versus Management One, LLC
9860 Mesa Rim Road
San Diego, CA 92121

95

Entity Address
Cell Tower Lease – Cingular
Versus Management One, LLC
9860 Mesa Rim Road
San Diego, CA 92121

Entity Address
Cell Tower Lease – T-Mobile
Versus Management One, LLC
9860 Mesa Rim Road
San Diego, CA 92121

Exhibit B

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Attorneys for Debtor and Debtor in Possession

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

LOS ANGELES DIVISION

In re: SHILO INN, POMONA HILLTOP, LLC, Debtor and Debtor in Possession.	Lead Case No.: 2:11-bk-26270-VZ Jointly administered with: Case No. 2:11-bk-26501-VZ (Shilo Inn, Palm Springs, LLC) and Case No. 2:11-bk-34669-VZ (Shilo Inn, Seaside Oceanfront, LLC)
In re: SHILO INN, PALM SPRINGS, LLC, Debtor and Debtor in Possession.	Chapter 11 Cases
In re: SHILO INN, SEASIDE OCEANFRONT, LLC, Debtor and Debtor in Possession.	**MOTION FOR ORDER AUTHORIZING SALE OF DEBTOR'S ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS PURSUANT TO 11 U.S.C. § 363 AND APPROVING THE ASSUMPTION AND ASSIGNEMNT OF CERTAIN LEASES AND EXECUTORY CONTRACTS; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATION OF CHRISTOPHER CAMPBELL IN SUPPORT THEREOF**
☐ Affects All Debtors ☒ Affects Shilo Inn, Pomona Hilltop, LLC ☐ Affects Shilo Inn, Palm Springs, LLC ☐ Affects Shilo Inn, Seaside Oceanfront, LLC	Hearing: Date: February 21, 2012 Time: 11:00 a.m. Ctrm: 255 East Temple Street Courtroom 1368 Los Angeles, CA 90012

MEMORANDUM OF POINTS AND AUTHORITIES

I.

STATEMENT OF FACTS

A. Procedural Background, Venue, and Jurisdiction

1. Shilo Inn, Pomona Hilltop, LLC (the "Debtor" or "Shilo Hilltop") commenced its case by filing a voluntary petition under chapter 11 of title 11 of the United States Code, sections 101 *et seq.* (the "Bankruptcy Code") on April 14, 2011 (the "Petition Date").

2. Shilo Inn, Palm Springs, LLC ("Shilo Palm Springs") commenced its case by filing a voluntary petition under chapter 11 of the Bankruptcy Code on April 13, 2011. Shilo Inn, Seaside Oceanfront, LLC ("Shilo Seaside" and with Shilo Palm Springs and the Debtor collectively, the "Debtors") commenced its case by filing a voluntary petition under chapter 11 of the Bankruptcy Code on June 7, 2011.

3. By order of the court, the Debtors' cases were jointly administered on or about November 18, 2011 [docket entry no. 100].

4. The Debtors continues to operate their respective businesses and manage their financial affairs as debtors in possession pursuant to 11 U.S.C. §§ 1107 and 1108. This motion affects only the Debtor.

5. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter relates to the administration of the Debtor's bankruptcy estate and is accordingly a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (N), and (O). Venue of this case is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested in this self-styled *Motion for Order Authorizing Sale of Debtor's Assets Free and Clear of All Liens, Claims, Encumbrances and Other Interests Pursuant to 11 U.S.C. § 363 and Approving the Assumption and Assignment of Certain Leases and Executory Contracts* (the "Motion") are sections 105, 363, and 365 of title 11 of the United States Code, sections 101 *et seq.* (the "Bankruptcy Code"), Rules 2002, 6004, and 9014 of the Federal Rules of Bankruptcy

Procedure (the "Bankruptcy Rules"), and Rule 6004-1 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central District of California (the "Local Rules").

B. Factual Background and Bankruptcy Case

6. The Palm Springs Shilo Inn Suites (the "Palm Springs Hotel") is a beautiful 4.37 acre property located just 10 minutes driving distance from the Palm Springs airport and easy walking distance to downtown Palm Springs. The Palm Springs Hotel is two-stories with 125 spacious suites, two luxurious, outdoor swimming pools, one children's family pool and spa and one adult large pool and spa, exercise fitness center, sauna, steam room and Gazebo area, with one of the most beautiful manicured interior landscaped courtyards in the city.

7. The Pomona-Hilltop Shilo Inn Hotel (the "Hotel" or the "Hilltop Hotel"), located at 3200 Temple Ave., Pomona CA 91768 consisting of 130 beautiful suites, has a bird's eye spectacular view of Pomona, California conveniently located on 3 acres of hilltop property by Interstates 10 and 57, Cal-Poly Tech University, and the Los Angeles County fair grounds, Fairplex. The Hilltop Hotel has three hotel floors along with two levels of parking and features an outdoor pool, spa, exercise fitness center, sauna, steam room and a beautiful, full service restaurant, lounge, meeting spaces and a banquet ballroom to accommodate approximately 300 guests. The Hotel is operated by Shilo Management Corporation ("SMC") pursuant to a management agreement. The Hotel is subject to a franchise agreement with Shilo Franchise International ("SFI").

8. The Shilo Seaside Oceanfront hotel (the "Seaside Hotel") is situated on 1.37 beautiful acres in Seaside, Oregon with 113 rooms, a luxurious indoor swimming pool and full-sized exercise room overlooking the beach, as well as a spectacular, famous, ocean-front restaurant, and some of the best maintained grounds in the area.

9. These three hotel properties had enjoyed historical success as stand-alone businesses leading up to the severe, historical economic downturn in the latter part of 2007 and have continued to struggle since that time period due to the halt in corporate and leisure travel, the freeze of the credit markets, and the rising costs of products to service their customers.

Despite this downturn in the economy, the Debtors continued to maintain their properties in a "first-class" condition and in line with Shilo Inn franchise standards.

10. La Jolla Bank, FSB ("La Jolla Bank") originated the loans with the Debtors, and the Debtors always made timely payment until the recent long, deep economic recession beginning in January 2008, which hit the hotel industry particularly hard, including the Debtors' hotel properties. Due to significant declines in room revenue, the Debtors' cash flow was reduced greatly. Due to this reduced cash flow, the Debtors approached La Jolla Bank in good faith and requested a twelve-month full forbearance of the loan payments. La Jolla Bank recognized the significance of the recession and granted the Debtors a six-month full forbearance in September 2009, with a commitment to revisit an additional six-month commitment through July 1, 2010. Unfortunately, La Jolla Bank required the Debtors to cross-collateralize the Debtors' three properties in order to consummate the September 2009 loan modification.

11. By letter dated December 1, 2009, the Debtors requested that La Jolla Bank consider the second six-month forbearance extension. No response was received to this letter and the Debtors soon learned that La Jolla Bank itself became a victim of the recession and was taken over by the FDIC through receivership in March 2010. OneWest Bank, FSB (the "Bank") purportedly assumed the Debtors' loans, and it was the Debtors' understanding that the Bank would work on the continued loan modification discussions with the Debtors. Through the first half of 2010, the Debtors actively provided significant, confidential financial information to the Bank and responded to all requests for documentation in good faith with the belief that the additional requested relief would be granted. The Debtors worked very well with an ex-La Jolla Bank employee who was then working for the Bank and had made much progress in the discussions between January and March 2010. Unfortunately, that employee left the Bank and the Debtors had to restart the discussions with a new bank representative through the summer of 2010. Despite good faith communications, timely responses from the Debtors, and an open-door policy of providing the Bank with all documents requested, it became apparent the Bank was more interested in foreclosing on the Debtors than restructuring the loans.

12. The Bank elected on October 7, 2010 to judicially foreclose on the Pomona Hilltop and Palm Springs properties and moved to take receiverships over both properties. The Bank took over the Pomona Hilltop property through receivership in early October 2010, and the receiver stayed in place until Shilo Hilltop's chapter 11 filing in mid-April 2011. Nonetheless, between October 2010 and December 2010, the Bank and the Debtors negotiated the terms of a loan modification, which culminated in a December 14, 2010 letter of intent ("LOI") drafted by legal counsel for the Bank. For several months the Debtors negotiated in good faith with the Bank to complete the loan modification, but in the end a resolution could not be reached.

13. After repeated attempts, the Debtors reached out to the Bank representatives one last time on April 13, 2011 and pleaded to allow a cash management agreement to go in place to close the loan modification, but the Bank would not budge. The Bank sought the appointment of a receiver on the Palm Springs Hotel on April 13, 2011, which prompted the Shilo Palm Springs bankruptcy filing. With negotiations having reached an impasse, the Debtors no longer had a reason to endure a receiver appointed at the Bank's behest over Shilo Hilltop, and thus decided to file the Shilo Hilltop chapter 11 bankruptcy petition on April 14, 2011.

14. On May 24, 2011, the Bank filed for a judicial foreclosure against Shilo Seaside and requested a receivership hearing on June 9, 2011. On June 7, 2011, Shilo Seaside reached out to the Bank one last time to reach a compromise for itself and on behalf of all the Debtors before having to file its chapter 11 bankruptcy petition that same day.

C. Secured Obligations

15. The Hotel is subject to two secured claims. The Bank holds a first priority secured claim as to the real property and the furniture, fixtures, and equipment (the "FF&E") of the Hotel. Los Angeles County holds a secured claim for property taxes with statutory priority over the secured claim of the Bank. The claims secured by the Hotel are summarized as follows:

OneWest Bank	$ 6,750,000.00[1]

[1] The Bank's claim is cross-collateralized against and secured by the Hilltop Hotel, the Palm

Los Angeles County Tax Collector $ 42.87

16. Based on a review of preliminary title reports in the Debtor's possession, there are no other secured claims or liens on the Hotel.

D. Value of the Hotel

17. On its bankruptcy schedules of assets and liabilities, the Debtor scheduled the Hotel as having a value of $11,000,000.00. A court-appointed neutral appraiser (PKF) prepared an appraisal report valuing the Hotel at $5,700,000.00. The Bank filed its own appraisal report by HVS valuing the Hotel at $3,900,000.00. Through extensive marketing efforts and negotiations, the Debtor was able to secure a buyer for the Hotel willing to pay a sale price of $10.5 million. The Debtor represents that this price of $10.5 million, to be paid by a willing buyer to a willing seller in an arms' length transaction, is above the fair market price and value of the Hotel in light of the appraisals presented to the Court.

E. Retention of Brokers

18. The Debtor has not employed any brokers in connection with the proposed sale of the Hotel. Shilo Inn's internal management has worked diligently throughout 2011 on its own to secure the proposed buyer of the Hotel through its own channels and efforts. The proposed buyer retained Richfield Hospitality Group, Inc. as its broker with Shermen Chiang, CHA, as its agent, but is neither due nor owed any commission for this proposed sale.

F. Marketing of Hotel

19. The current buyers were ultimately found through Shilo Inn's efforts to independently market and sell the property through online advertisements and call placements. Shilo Inn's CEO/CFO, Christopher Campbell, began negotiations with the buyers in early 2011 through emails, phone calls, and personal meeting at the property. Ultimately, through diligent efforts of Shilo Inn, Shilo Inn entered into a direct agreement with the buyers on November 9, 2011. Shilo Inn has continued to canvas the marketplace through its channels to

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Springs Hotel, and the Seaside Hotel in the approximate amount of $24 million. The figure here represents the amount of the Bank's claim limited to the Hilltop Hotel in accordance with the pending settlement.

market the Hotel to the present day, including contacting potential buyers and conducting site visits to the property for interested potential overbidders. The current buyers are pursuing the purchase of the neighboring hotel owned by Shilo Inn, Diamond Bar, LLC, which employed real estate broker Coldwell Banker - George Realty, and which is the subject of a similar sale process at this time; to the extent there is interest in the neighboring hotel and marketing, the Hotel enjoys residual exposure, marking, and the benefits therefrom.

20. Coastline Investments LLC (the "Buyer") emerged as a serious buyer for the Hotel and entered into a Real Estate Sales Agreement (the "Agreement") with the Debtor. The Buyer particularly was attracted to the Hotel in combination with the hotel owned by Shilo Inn, Diamond Bar, LLC (the "Diamond Bar Hotel" and with the Hotel, collectively, the "Hotels"). Shilo Inn, Diamond Bar, LLC ("Shilo Diamond Bar") is a chapter 11 debtor in possession in its own case before this Court, bearing case number 2:10-bk-60884-VZ. The Buyer's offer to purchase the Hotel is conditioned on purchasing the Diamond Bar Hotel, as well. Concurrently with the filing of this Motion, Shilo Diamond Bar has filed a similar motion for approval of sale procedures in connection with the sale of the Diamond Bar Hotel in its bankruptcy case. The Buyer is offering $10.5 million for the Hotel and $10.5 million for the Diamond Bar Hotel, which the Debtor believes is the best and highest offer. As such, the Buyer is the stalking horse bidder for the proposed sale and auction. Pursuant to the Agreement, the Buyer has the right to assign its right to purchase to one of its affiliates.

G. Key Terms of the Sale

21. A true and correct copy of the Real Estate Sales Agreement is attached as Exhibit "A" to the declaration of Christopher Campbell in support of this Motion. The following are the key terms of the proposed sale with the Buyer (or successful overbidder at auction, if any). In the event of a discrepancy or inconsistency between the terms summarized herein and the terms as set forth in the Real Estate Sales Agreement, the Real Estate Sales Agreement shall control.

(a) The Sale must close with a final entered order of the bankruptcy court no later

than March 8, 2012.

(b) The purchase price is $10.5 million.

(c) The Debtor shall assume, cure and assign to Buyer the management agreement with SMC and the franchise agreement with SFI from the purchase price.

(d) The Sale is contingent on a final, non-appealable order (the "Order") approving the Sale in accordance with Bankruptcy Code Section 363(f) by the United States Bankruptcy Court by March 8, 2012, which has not been stayed, and with a finding and ruling that Buyer is a "good faith purchaser" and has all of the protections and benefits of Bankruptcy Code Section 363(m) and that Buyer shall receive an assignment of the management agreement and franchise agreement pursuant to Bankruptcy Code Section 365.

(e) The Buyer or Buyer's affiliate shall have been approved by the Court as the potential buyer of Diamond Bar Hotel (that certain property located at 3200 Temple Ave., Pomona CA 91768 owned by Shilo Inn, Diamond Bar, LLC) pursuant to an order in substantially the same form as the Order.

(f) If there is a successful overbidder from the Auction approved by the Court as the purchaser of the Hotel, then the Buyer will be entitled to a refund of its earnest money plus a break-up fee equal to 3% of the successful overbidder's purchase price for the Hotel.

(g) The buyer and the Debtor will each bear 50% of the transfer taxes associated with the proposed sale.

H. Settlement Discussions with OneWest Bank, FSB

22. The Debtor and the Bank engaged in private mediation on December 7, 2011, mediated by the Honorable Mitchell Goldberg, United States Bankruptcy Judge (retired). After a full-day of mediation, the parties reached an agreement in substance, subject to reduction to writing and final approval by the Bank's board. The Debtor and the Bank have been exchanging settlement drafts and working with the Honorable Mitchell Goldberg to resolve final differences. The settlement, in its substance as of the date of mediation, and its latest written form, will resolve secured creditor issues related to the proposed sale. Upon finalization

of the settlement, the Debtor will file a copy of the settlement and a motion with the Court for approval of the settlement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure.

II.

DISCUSSION

A. The Court Should Authorize the Debtor to Sell the Hotel Free and Clear of All Liens, Claims, Interests, and Encumbrances

1. The Debtor Has Complied With All Notice Requirements Under the Bankruptcy Code, Federal Rules of Bankruptcy Procedure, and Local Bankruptcy Rules Governing the Sale.

Section 363(b)(1) provides that the Debtor, "after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Section 102(1) defines "after notice and a hearing" as after such notice as is appropriate in the particular circumstances, and such opportunity for hearing as is appropriate in the particular circumstances. 11 U.S.C. § 102(1)(A).

Rule 6004(a) of the Federal Rules of Bankruptcy Procedure provides in pertinent part that notice of a proposed sale not in the ordinary course of business must be given pursuant to Bankruptcy Rule 2002(a)(2), (c)(1), (i) and (k), and, if applicable, in accordance with section 363(b)(2) of the Bankruptcy Code. FED.R.BANKR.P. 6004(a). Rule 2002(a)(2) requires at least 21 days' notice by mail of a proposed sale of property of the estate other than in the ordinary course of business, unless the Court for cause shown shortens the time or directs another method of giving notice. FED.R.BANKR.P. 2002(a)(2). Rule 2002(c)(1) requires that the notice of a proposed sale include the date, time and place of any public sale, the terms and conditions of any private sale, and the time fixed for filing objections. It also provides that the notice of sale or property is sufficient if it generally describes the property. FED.R.BANKR.P. 2002(c)(1). Rule 2002(i) requires that the notice be mailed to committees elected pursuant to 11 U.S.C. § 705 or appointed pursuant to 11 U.S.C. § 1102.[2] FED.R.BANKR.P. 2002(i). Rule 2002(k) requires that

[2] As of the date of this Motion, no official committee of unsecured creditors has been appointed in this case.

the notice be given to the United States Trustee. FED.R.BANKR.P. 2002(k).

Rule 6004(c) provides that a motion for authority to sell property free and clear of liens or other interests must be made in accordance with Rule 9014 and must be served on the parties who have liens or other interests in the property to be sold. FED.R.BANKR.P. 6004(c).

Local Bankruptcy Rule 9013-1(d)(2) requires that a notice of motion and motion be served at least 21 days before the hearing on the date specified in the notice. L.B.R. 9013-1(d)(2).

In addition, Local Bankruptcy Rule 6004-1(f) requires that an additional copy of the Notice be submitted to the Clerk of the Bankruptcy Court together with a document Form 6004-2 at the time of filing for purposes of publication. L.B.R. 6004-1(f).

The Debtor has complied with all of the above provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules. The Debtor has complied with Bankruptcy Rules 6004(a) and 2002(a)(2), (c)(1), (i) and (k), because the Notice that has been filed contemporaneously herewith, which includes the date time and place of the sale and the deadline for objecting thereto, was served on the United States Trustee, all of the Debtor's known creditors, and all parties requesting special notice. The Debtor has complied with Bankruptcy Rule 6004(c) because the Notice and the Sale Motion were also served upon the parties who have alleged liens or interests in accordance with the attached preliminary title report. The Debtor has complied with the requirements of Local Bankruptcy Rule 6004-1(f) because the Debtor has filed the Notice and Form 6004-2 with the Clerk of the Bankruptcy Court.

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2. The Sale Motion Should Be Approved Because Good Business Reasons Exist to Grant the Sale Motion and the Proposed Sale Is in the Best Interests of the Creditors and the Estate.

As a general matter, a Court considering a motion to approve a sale under Section 363(b) should determine from the evidence presented before it that a "good business reason" exists to grant such a motion. In re Lionel Corp., 722 F.2d 1063, 1071 (2d Cir.1983). In addition, the Court must further find it is in the best interest of the estate. To make this determination, a Court should consider whether:

(1) the sale is fair and reasonable, i.e., the price to be paid is adequate;

(2) the property has been given adequate marketing;

(3) the sale is in good faith, i.e., there is an absence of any lucrative deals with insiders, and

(4) adequate notice has been provided to creditors.

In re Wilde Horse Enterprises, Inc., 136 B.R. 830, 841-2 (Bankr.C.D.Cal.1991); In re The Landing, 156 B.R. 246, 249 (Bankr.E.D.Mo.1993); In re Mama's Original Foods, Inc., 234 B.R. 500, 502-505 (C.D.Cal.1999). The Debtor submits that the proposed sale of the Hotel free and clear of liens, claims, and interests satisfies each of these requirements.

a. Sound Business Purpose.

The Ninth Circuit Bankruptcy Appellate Panel in Walter v. Sunwest Bank (In re Walter), 83 B.R. 14, 19 (9th Cir.B.A.P.1988) has adopted a flexible case-by-case test to determine whether the business purpose for a proposed sale justifies disposition of property of the estate under Section 363(b). The facts pertaining to the sale at issue here amply substantiate the Debtor's business decision that the contemplated sale of the Hotel serves the best interests of the estate's creditors and merits the approval of this Court. Since filing this bankruptcy case in April 2011, the Debtor has continuously and constantly evaluated and re-evaluated the Hotel's net-operating-income performance, the hotel and hospitality market, opportunities for refinancing, and sale opportunities. After carefully analyzing these factors, the Debtor

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determined that a sale of the Hotel at the proposed price of $10.5 million (or higher, if there is a successful overbidder at auction), is the best result for the Debtor, its creditors, and the estate.

As discussed above, the Debtor has been actively marketing the Hotel for sale through its own channels for most of 2011. The $10.5 million offer in the proposed sale was the highest and best offer. Furthermore, due to the extensive marketing of the Hotel for sale, the proposed sale should result in the Debtor obtaining the highest and best price for the Hotel. The $10.5 million sale price in conjunction with the settlement discussed and pending with the Bank yield sale proceeds sufficient to pay all creditors of the estate in full. The certainty of immediate and full payment to all creditors of the estate through the proposed sale is strong and sound business purpose for pursuing and consummating the proposed sale.

b. Fair and Reasonable Price.

In order for a sale to be approved under Section 363(b), the purchase price must be fair and reasonable. See generally, In re Canyon Partnership, 55 B.R. 520 (Bankr.S.D.Cal.1985). The trustee (or debtor in possession) is given substantial discretion in this regard. Id. In addition, Courts have broad discretion with respect to matters under section 363(b). See Big Shanty Land Corp. v. Comer Properties, Inc., 61 B.R. 272, 278 (Bankr.N.D.Ga.1985). In any sale of estate assets, the ultimate purpose is to obtain the highest price for the property sold. Wilde Horse Enterprises, Inc., 136 B.R. at 841 (citing In re Chung King, Inc., 753 F.2d 547 (7th Cir.1985)), In re Alpha Industries, Inc., 84 B.R. 703, 705 (Bankr.Mont.1988).

As discussed above, the Debtor extensively marketed the Hotel through its own channels. The Debtor believes that the $10.5 million sale price represents at least the fair market value based on the parties' good faith negotiations, current financial markets, access to capital, and supply and demand for commercial real estate and hotel properties in the Southern California market. Indeed, the proposed sale price is far above the appraised values submitted by the court's neutral appraiser, PKF, and the Bank's appraiser, HVS. Based on the foregoing, the Debtor submits that the $10.5 million sale, or higher final purchase price in the event of a

successful overbid at auction, will represent the highest and best price for the Hotel, which is far above the appraised value.

c. Adequate Marketing.

As discussed above, the Debtor extensively marketed the Hotel throughout 2011. The current buyers were ultimately found through Shilo Inn's efforts to independently market and sell the property through online advertisements and call placements. Shilo Inn's CEO/CFO, Christopher Campbell, began negotiations with the buyers in early 2011 through emails, phone calls, and personal meeting at the property. Ultimately, through diligent efforts of Shilo Inn, Shilo Inn entered into a direct agreement with the buyers on November 9, 2011. The Debtor has continued to market the Hotel to the present day, including contacting potential buyers and conducting site visits to the property for interested potential overbidders. In addition, because this sale is in conjunction with the sale of the Diamond Bar Hotel, which neighbors the Hotel, marketing exposure of the Diamond Bar Hotel by real estate broker Coldwell Banker - George Realty has resulted in residual marketing, exposure, and benefit to the Debtor and its sale of the Hotel.

d. Good Faith.

When a bankruptcy Court authorizes a sale of assets pursuant to Section 363(b)(1), it is required to make a finding with respect to the "good faith" of the purchaser. In re Abbotts Dairies, 788 F.2d at 149. Such a procedure ensures that Section 363(b)(1) will not be employed to circumvent the creditor protections of Chapter 11, and as such, it mirrors the requirement of Section 1129 that the Bankruptcy Court independently scrutinizes the debtor's reorganization plan and makes a finding that it has been proposed in good faith. Id. at 150. With respect to the Debtor's conduct in conjunction with the sale of the Hotel, the good faith requirement focuses principally on whether there is any evidence of "fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders." Abbotts Dairies, 788 F.2d at 147; Wilde Horse Enterprises, 136 B.R. at 842.

As noted above, the Debtor has negotiated each of the sale contracts at arm's length, and the proposed buyer is not an "insider" of the Debtor as that term is defined in the Bankruptcy Code. 11 U.S.C. § 101(31). The Debtor will continue to negotiate in the same fashion through the auction process in efforts to maximize the sale price and return to the estate. There has been no fraud or collusion in connection with the proposed sale. The Debtor has not given special treatment to the Buyer or any potential overbidders. The Debtor has sought competitive bids whenever possible and negotiated hard with all potential purchasers to realize the maximum sale price in a market that has been continuously challenged by recession for years on end. No offers received by the Debtor were ignored, and the Debtor attempted to obtain the highest price possible price. Based on the foregoing, the Debtor submits that the prospective buyer is a "good faith" purchaser and entitled to all of the protections afforded by 11 U.S.C. § 363(m).

e. Accurate and Reasonable Notice.

The purpose of the notice is to provide an opportunity for objections and hearing before the Court if there are objections. In re Karpe, 84 B.R. 926, 930 (Bankr.M.D.Pa.1988). A notice is sufficient if it includes the terms and conditions of the sale and if it states the time for filing objections. Id.

As set forth above, the Debtor served the Notice on the United States Trustee, all of the Debtor's known creditors and all parties requesting special notice. The Notice includes the date, time and place of the sale and the time fixed for filing objections thereto. The Notice and Motion were served upon the parties who have liens against, or interests in, the Hotel, and the Debtor filed the Notice and Form 6004-2 with the Clerk of the Bankruptcy Court, as required by Local Bankruptcy Rule 6004-1(f), so that the Clerk of the Bankruptcy Court can publish information regarding the proposed sale. Thus, the Debtor submits that this notice should be deemed adequate, accurate and reasonable by the Court.

3. The Sale of the Sold Units Should be Free and Clear of All Liens, Claims, Interests and Encumbrances Under 11 U.S.C. §363(f).

Bankruptcy Code §363(f) provides that a debtor may sell property of the estate "free and clear of any interest in such property" if:

(1) applicable non-bankruptcy law permits the sale of such property free and clear of such interest;

(2) such entity consents;

(3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;

(4) such interest is in bona fide dispute; or

(5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. §363(f). Because Section 363(f) is in the disjunctive, the Debtor must only meet one of the five subsections of Section 363(f) in order to sell the Units free and clear of all liens, claims, interests and encumbrances. In re Whittemore, 37 B.R. 93, 94 (Bankr.D.Or.1984).

a. The Sale Should Be Approved Under 11 U.S.C. § 363(f)(2).

Section 363(f)(2) of the Bankruptcy Code authorizes a sale to be free and clear of an interest if the interest holder consents to the sale. In this case, pursuant to the terms of the settlement being discussed with the Bank, it will consent to the proposed sale conditioned on its receipt of the sale proceeds as set forth in the settlement for full satisfaction of its claim. The secured real property tax claim will be paid in full from the sale proceeds.

b. The Sale Should Be Approved Under 11 U.S.C. § 363(f)(3).

The proposed sale price is minimally $10.5 million. The liens against the Hotel total $6,750,42.83 ($42.83 in favor of Los Angeles County, $6,750,000.00 in favor of the Bank.[3]

[3] The figures used here are based on the amounts agreed to in the settlement being discussed between the Bank and the Debtor.

The sale price exceeds the value of the liens, and, therefore, a sale free and clear of liens is appropriate pursuant to Section 363(f)(3) of the Bankruptcy Code.

c, The Sale Should Be Approved Under 11 U.S.C. § 363(f)(5).

The Bankruptcy Appellate Panel for the Ninth Circuit scrutinized section 363(f)(5) in the context of the sale of real property. See Clear Channel Outdoor, Inc. v. Knupfer (In re PW, LLC), 391 B.R. 25 (9th Cir.B.A.P.2008) ("Clear Channel"). In Clear Channel, the senior secured creditor attempted to purchase the debtor's real property by way of a credit bid, free and clear of the interest of a nonconsenting junior lienholder outside of a plan of reorganization. The Bankruptcy Court approved the sale to the senior lender under section 363(f)(5) of the Bankruptcy Code, finding that section 363(f)(5) permits a sale free and clear of the creditor's interest in property "whenever a claim can be paid with money." 391 B.R. at 42.

In reversing the Bankruptcy Court's decision, the Bankruptcy Appellate Panel found that section 363(f)(5) requires that "(1) a proceeding exists or could be brought, in which (2) the nondebtor could be compelled to accept a money satisfaction of (3) its interest." Id. at 41. Taking up these factors in reverse order, the Bankruptcy Appellate Panel concluded that a lien, such as the lien of the Bank here at issue, constitutes an "interest" for purposes of section 363(f)(5). With respect to the second factor, the Bankruptcy Appellate Panel ruled that section 363(f)(5) refers to those proceedings in which the creditor "could be compelled to take *less* than the value of the claim secured by the interest." Id. In order to approve a sale free and clear under section 363(f)(5), the Court must "make a finding of the existence of ... a mechanism [to address extinguishing the lien or interest without paying such interest in full] and the [debtor in possession] must demonstrate how satisfaction of the lien 'could be compelled.'" Id. at 45. Finally, the Bankruptcy Appellate Panel held that section 363(f)(5) requires that there be, "or that there be the possibility of, some proceeding, either at law or at equity, in which the nondebtor could be forced to accept money in satisfaction of its interest." Id.

Here, all of the factors set forth in Clear Channel for a sale free and clear of the Bank's lien are satisfied. Specifically, the assertion of an interest junior to the Los Angeles County tax lien could be compelled in a legal or equitable proceeding to accept a money satisfaction of its interest. The Bankruptcy Court in In re Jolan, Inc., 2009 WL 1163928 (Bankr.W.D.Wash.2009) provided an analysis of the Bankruptcy Appellate Panel's decision in Clear Channel and suggested that the scope of the Panel's ruling in Clear Channel should be narrowly construed to the facts of that particular case. The Court in Jolan noted that the appellees defending the sale free and clear in Clear Channel never argued that there were any qualifying "legal or equitable proceedings" beyond the cramdown under § 1129 and that the Panel, in turn, exercised its prerogative to limit its ruling to the arguments presented by the parties. Id. at 3. Accordingly, the Panel in Clear Channel did not address whether any non-contractual mechanisms exist whereby a lienholder might get less than full payment yet lose the lien. Id. at 3. The Court in Jolan, however, did address the issue and concluded that there are a number of legal and equitable proceedings available in Washington in which a junior lienholder could be compelled to accept a money satisfaction including, without limitation, "a senior secured party's disposition of collateral under the default remedies provided in part VI of Article 9" of Washington's Uniform Commercial Code (specifically, RCW 62A.9A-617), and the disposition of real property through "judicial and nonjudicial foreclosures, which operate to clear junior lienholders' interests, with their liens attaching to proceeds in excess of the costs of sale and the obligation or judgment foreclosed." Id. at 3-4. There are legal and equitable proceedings available in California which parallel the proceedings discussed by the Court in Jolan.[4] Based on the foregoing, the Debtor respectfully submits that the Bank could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of its interest.

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[4] Specifically, a junior lienholder in California could be compelled to accept a money satisfaction upon a senior secured party's disposition of collateral under the default remedies provided in § 9617 of California's Uniform Commercial Code, and upon the judicial or nonjudicial foreclosure of real property under applicable California law, including California Civil Code §2924.

Under these circumstances, the sales should be approved under section 363(f)(5) of the Bankruptcy Code.

4. The Court Should Waive the 14-Day Stay of FRBP 6004(h)

One key provision of the Real Estate Sales Agreement between the Debtor and the Buyer is that the sale must close with a final entered order from the Court by no later than March 8, 2012. This key term of the agreement with Buyer was negotiated and calculated to allow both sides 90 days from the signing of the agreement on November 9, 2011, to fully consummate the deal. The 90-day time limit serves to the benefit of both the seller and the buyer on the transaction because it provides both sides with certainty and palpable motivation to close. The Buyer exercised its 30-day extension, moving the deadline to March 8, 2012.

For months, the Debtor negotiated with the Bank to reach a settlement on its claim that would allow the Debtor to pay all claims in the estate and resolve this bankruptcy case. During this negotiating period, progress on discussions were slow, in part, due to the Thanksgiving holidays, Christmas holidays, Hanukah, and New Year's. The Debtor and the Bank engaged in full-day mediation with the Honorable Mitchell Goldberg, United States Bankruptcy Judge (retired) on December 7, 2011, and reached a settlement in substance. The Debtor and the Bank exchanged written forms of the settlement terms and discussed remaining issues for weeks. Upon reaching a settlement in final form, the Debtor worked on a speedy basis to notice its motions to approve the settlements and this sale to be heard on regular, 21-day notice by February 21, 2012.

The proposed sale is an arm's length transaction with no connection or collusion between the Debtor and the Buyer. The Debtor believes that all parties in the estate will support the Sale because of the favorable result, especially with a settlement having been reached with the Bank. There is no real or perceived harm in waiving the 14-day stay of Federal Rule 6004(h) in this particular case.

The sale, if consummated with a final order no later than March 8, 2012, will result in a tremendously good result for the estate - the Bank will be paid in full on its settled claim,

administrative creditors, priority unsecured creditors, and general unsecured creditors will be paid in full, and the bankruptcy case can be concluded with little more administrative burdens on the estate and the court. Therefore, the waiver of the 14-day stay requirement is in the best interest of the estate.

B. The Court Should Authorize the Debtor to Enter into the Real Estate Sale Agreement

Sections 105(a) and 363(b)(1) of the Bankruptcy Code allow a court to authorize a debtor to enter into transactions outside the ordinary course of business following notice and a hearing. In re Crystal Apparel, Inc., 220 B.R. 816, 829-30 (Bankr.S.D.N.Y.1998). Section 105(a) of the Bankruptcy Code provides as follows: "The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). This section provides bankruptcy courts with broad authority and discretion to enforce the provisions of the Bankruptcy Code under either specific statutory or equitable common law principles. The purpose of section 105(a) is to "assure the bankruptcy court['s] power to take whatever action is appropriate or necessary in aid of the exercise of its jurisdiction." 2 Collier On Bankruptcy ¶ 105.01, at 105-3 (15th ed., rev. 2003). Thus, section 105(a) essentially codifies the bankruptcy court's inherent equitable powers. See In re Management Tech. Corp., 56 B.R. 337, 339 (Bankr.D.N.J.1985) (court's equitable power is derived from section 105).

Section 363(b)(1) of the Bankruptcy Code allows a court to authorize a debtor to enter into transactions outside the ordinary course of business following notice and a hearing. In re Crystal Apparel, Inc., 220 B.R. 816, 829-30 (Bankr. S.D.N.Y. 1998). Section 363(b)(1) of the Bankruptcy Code does not set forth a standard for determining when it is appropriate for a court to authorize a transaction outside the ordinary course of business. However, many courts, including the Court of Appeals for the Ninth Circuit have followed the lead established by the Second Circuit Court of Appeals in Committee of Equity Security Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1070-1071 (2d Cir.1983) (the court may approve a

transaction if the movant has established "some articulated business justification for the transaction"); *see also* Walter v. Sunwest Bank (In re Walter), 83 B.R. 14, 19-20 (9th Cir.B.A.P.1988) ("...there must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business...[.] Whether the proffered business justification is sufficient depends on the case"). Thus, the approval of a transaction outside the ordinary course of business should be based upon the debtor's reasonable business judgment. See Institutional Creditors of Continental Airlines, Inc. v. Continental Airlines, Inc. (In re Continental Airlines, Inc.), 780 F.2d 1223, 1226 (5th Cir.1986) (the decision must be based on the debtor's reasonable business judgment); In re Chateaugay Corp., 973 F.2d. 141 (2d Cir.1992) (holding that a judge determining a § 363(b) application must find from the evidence presented that a good business reason to grant such application exists); In re Ernst Home Center, Inc., 209 B.R. 974, 979 (Bankr.W.D.Wash.1997).

In this case, the Debtor is seeking authority to enter into the real estate sales agreement with the proposed buyer and sell the Hotel. There is a good business justification for the Debtor to consummate the sale because the terms are fair and reasonable, and, based on continuing marketing efforts, the sale will provide enough proceeds to pay all creditors of the estate. Accordingly, the Debtor, in an exercise of its business judgment, believes that consummating the sale is in the best interests of the Debtor's estate, and the Debtor should therefore be authorized to do so.

C. Distributions to be Made in Connection with Closing of Sale

In connection with the sale, the Debtor respectfully requests authority to make the necessary and appropriate disbursements from escrow, including, without limitation, the following:

1. Escrow fees;
2. Title and insurance fees;
3. Transfer fees;
4. Property taxes to Los Angeles County;

5. Payment of the Bank's claim pursuant to the settlement between the Debtor and the Bank, if the settlement is approved by the Court pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure;

6. Real estate commissions, if any, on account of an overbidder at auction with a broker's commission, so long as it is reasonable and approved by this Court; and

7. Such other additional and customary charges that are necessary and appropriate in connection with sale of the Hotel.

D. Assumption and Assignment of Unexpired Leases and Executory Contracts

Barring exceptions not herein relevant, Sections 365(a) and 1107(a) authorizes a debtor in possession, "subject to the Court's approval . . . [to] assume or reject any executory contract or unexpired lease of the debtor." A debtor in possession may assume or reject executory contracts for the benefit of the estate. In re Klein Sleep Products, Inc., 78 F.3d 18, 25 (2d. Cir.1996); In re Central Fla. Metal Fabrication, Inc., 190 B.R. 119, 124 (Bankr. N.D. Fla. 1995); In re Gucci, 193 B.R. 411, 415 (S.D.N.Y.1996). In reviewing a debtor in possession's decision to assume or reject an executory contract, a bankruptcy court should apply the "business judgment test" to determine whether it would be beneficial to the estate to assume it. In re Continental Country Club, Inc., 114 B.R. 763, 767 (Bankr.M.D.Fla.1990); see also In re Gucci, 193 B.R. at 415. The business judgment standard requires that the court follow the business judgment of the debtor unless that judgment is the product of bad faith, whim, or caprice. In re Prime Motors Inns, 124 B.R. 378, 381 (Bankr. S.D. Fla. 1991), *citing* Lubrizol Enterprises v. Richmond Metal Finishers, 756 F.2d 1043, 1047 (4th Cir. 1985), *cert. denied*, 475 U.S. 1057 (1986).

Pursuant to Section 365(f)(2) of the Bankruptcy Code, a debtor may assign its executory contracts and unexpired leases, provided the debtor first assumes such executory contracts and unexpired leases in accordance with Section 365(b)(1), and provides adequate assurance of future performance by the assignee. Pursuant to Section 365(b)(1), assumption of executory contracts and unexpired leases requires a debtor to: (a) cure any existing defaults under such

agreements; (b) compensate all non-debtor parties to such agreements for any actual pecuniary loss resulting from the defaults; and (c) provide adequate assurance of future performance under the contract or lease. 11 U.S.C. § 365(b)(1); see also In re Bowman, 194 B.R. 227, 230 (Bankr.D.Ariz.1995), In re AEG Acquisition Corp., 127 B.R. 34, 44 (Bankr.C.D.Cal.1991), *aff'd* 161 B.R. 50 (9th Cir.B.A.P.1993).

The assumption and assignment of executory contracts furthers the goals of Chapter 11 of promoting reorganization by balancing the debtor's interest in maximizing the value of its estate against the contracting party's interest in receiving the benefit of its bargain and being protected against default by the debtor after assumption has occurred. In re Embers 86th Street, Inc., 184 B.R. 892, 896 (Bankr.S.D.N.Y.1995).

As set forth in Sections 1.7, 3.2, 3.3, and 6.2 of the Real Estate Sales Agreement, the Debtor is assuming the franchise agreement and management agreement and assigning them to the Buyer at the closing of the sale. Exhibit 1.2 to the Real Estate Sales Agreement contains a complete and accurate list of each contract agreement, instrument, lease, and commitment relating to the Hotel. The Debtor shall be required to pay any cures related to assumption and assignment out of the sale purchase price. All unexpired leases and executory contracts not specifically assumed and assigned in the Real Estate Sales Agreement shall be rejected under 11 U.S.C. § 365. Ten days prior to the hearing on this Motion, the Debtor will file a true-up of cure amounts for all leases and contracts to be assumed and assigned.

Buyer shall provide any other parties to who request in writing such financial information as is reasonably required to enable Buyer to satisfy the "adequate assurance of future performance" requirements of 11 U.S.C. § 365(b)(1)(C) with respect to assumed and assigned contracts and leases. The Buyer will also otherwise cooperate with the Debtor to assist the Debtor to obtain an order of the Court approving of the Debtor's and assignment to Buyer of the assumed and assigned contracts and leases.

The Debtor requests that the 14-day stay of Federal Rule 6006(d), which is similar to Federal Rule 6004(h), be waived for the same reasons as discussed above. Waiver of both Rules

6004(h) and 6006(d) will provide symmetry and congruence within the sale order, will not harm the estate, and will benefit the estate by fully consummating the sale and securing $10.5 million for the estate.

III.

CONCLUSION

WHEREFORE, the Debtor respectfully requests that the Court enter an order:

(i) finding that notice of the Sale Motion was adequate and appropriate under the circumstances;

(ii) granting the Sale Motion in its entirety;

(iii) authorizing the Debtor to enter into the real estate sales agreement to sell the Hotel on the terms and conditions set forth therein;

(iv) approving the sale of the Hotel to the proposed buyer or successful overbidder at auction, if any, free and clear of any and all liens, claims, interests and encumbrances, with payments of proceeds as discussed hereinabove;

(v) finding the buyer to be a good faith purchaser with all the protections of 11 U.S.C. § 363(m);

(vi) waiving the 14-day stay period of Rule 6004(h) of the Federal Rules of Bankruptcy Procedure;

(vii) approving the assumption and assignment of the franchise agreement, management agreement, and other applicable leases and contracts to buyer, pursuant to 11 U.S.C. § 365;

(viii) waiving the 14-day stay period of Rule 6006(d) of the Federal Rules of Bankruptcy Procedure;

(ix) authorizing the Debtor to take all necessary and reasonable steps to consummate the sale; and

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(x) granting such other and further relief as may be necessary or appropriate under the circumstances.

Dated: January 31, 2012

SHILO INN, POMONA HILLTOP, LLC

By:

DAVID B. GOLUBCHIK
J.P. FRITZ
LEVENE, NEALE, BENDER, YOO
& BRILL L.L.P.
Attorneys for Debtor and
Debtor in Possession

DECLARATION OF CHRISTOPHER CAMPBELL

I, Christopher Campbell, declare under penalty of perjury under the laws of the United States of America that the following statements are true and based upon personal knowledge.

A. Declarant Qualifications

I am over 18 years of age. I have personal knowledge of the facts set forth below and, if called to testify, would and could competently testify thereto.

I am currently employed as the Chief Executive Officer and Chief Financial Officer of Shilo Management Corporation ("SMC"), the entity that oversees operation and management of Shilo Inn hotels, including the hotel operated by Shilo Inn, Pomona Hilltop, LLC, the debtor and debtor in possession herein ("Debtor"). In addition, SMC is the Manager of the Debtor.

I hold an MBA from Golden Gate University (2003). I also hold a BA in Business Administration from University of Washington (1992). Both degrees were awarded to me with high honors and a concentration in finance.

I was hired as Deputy Chief Financial Officer of Shilo Inns on March 1, 2003. My duties in such capacity including overseeing accounting functions and management of staff, including in-house payroll, purchasing, accounts payable and general ledger departments.
On June 1, 2004, I was promoted to Chief Financial Officer of Shilo Inns. In such capacity, I oversee all accounting functions and provide management and third parties with historical and proforma financial information. On April 17, 2007, I was promoted to Chief Executive Officer of Shilo Inns and continue to serve in such capacity while also serving as the CFO.

I make this declaration in support of the Motion to which it is attached.

B. Background

The Palm Springs Shilo Inn Suites (the "Palm Springs Hotel") is a beautiful 4.37 acre property located just 10 minutes driving distance from the Palm Springs airport and easy walking distance to downtown Palm Springs. The Palm Springs Hotel is two-stories with 125 spacious suites, two luxurious, outdoor swimming pools, one children's family pool and spa and one adult

large pool and spa, exercise fitness center, sauna, steam room and Gazebo area, with one of the most beautiful manicured interior landscaped courtyards in the city.

The Pomona-Hilltop Shilo Inn Hotel (the "Hotel" or the "Hilltop Hotel"), located at 3200 Temple Ave., Pomona CA 91768 consisting of 130 beautiful suites, has a bird's eye spectacular view of Pomona, California conveniently located on 3 acres of hilltop property by Interstates 10 and 57, Cal-Poly Tech University, and the Los Angeles County fair grounds, Fairplex. The Hilltop Hotel has three hotel floors along with two levels of parking and features an outdoor pool, spa, exercise fitness center, sauna, steam room and a beautiful, full service restaurant, lounge, meeting spaces and a banquet ballroom to accommodate approximately 300 guests. The Hotel is operated by Shilo Management Corporation ("SMC") pursuant to a management agreement. The Hotel is subject to a franchise agreement with Shilo Franchise International ("SFI").

The Shilo Seaside Oceanfront hotel (the "Seaside Hotel") is situated on 1.37 beautiful acres in Seaside, Oregon with 113 rooms, a luxurious indoor swimming pool and full-sized exercise room overlooking the beach, as well as a spectacular, famous, ocean-front restaurant, and some of the best maintained grounds in the area.

These three hotel properties had enjoyed historical success as stand-alone businesses leading up to the severe, historical economic downturn in the latter part of 2007 and have continued to struggle since that time period due to the halt in corporate and leisure travel, the freeze of the credit markets, and the rising costs of products to service their customers. Despite this downturn in the economy, the Debtors continued to maintain their properties in a "first-class" condition and in line with Shilo Inn franchise standards.

La Jolla Bank, FSB ("La Jolla Bank") originated the loans with the Debtors, and the Debtors always made timely payment until the recent long, deep economic recession beginning in January 2008, which hit the hotel industry particularly hard, including the Debtors' hotel properties. Due to significant declines in room revenue, the Debtors' cash flow was reduced greatly. Due to this reduced cash flow, the Debtors approached La Jolla Bank in good faith and requested a twelve-month full forbearance of the loan payments. La Jolla Bank recognized the

significance of the recession and granted the Debtors a six-month full forbearance in September 2009, with a commitment to revisit an additional six-month commitment through July 1, 2010. Unfortunately, La Jolla Bank required the Debtors to cross-collateralize the Debtors' three properties in order to consummate the September 2009 loan modification.

By letter dated December 1, 2009, the Debtors requested that La Jolla Bank consider the second six-month forbearance extension. No response was received to this letter and the Debtors soon learned that La Jolla Bank itself became a victim of the recession and was taken over by the FDIC through receivership in March 2010. OneWest Bank, FSB (the "Bank") purportedly assumed the Debtors' loans, and it was the Debtors' understanding that the Bank would work on the continued loan modification discussions with the Debtors. Through the first half of 2010, the Debtors actively provided significant, confidential financial information to the Bank and responded to all requests for documentation in good faith with the belief that the additional requested relief would be granted. The Debtors worked very well with an ex-La Jolla Bank employee who was then working for the Bank and had made much progress in the discussions between January and March 2010. Unfortunately, that employee left the Bank and the Debtors had to restart the discussions with a new bank representative through the summer of 2010. Despite good faith communications, timely responses from the Debtors, and an open-door policy of providing the Bank with all documents requested, it became apparent the Bank was more interested in foreclosing on the Debtors than restructuring the loans.

The Bank elected on October 7, 2010 to judicially foreclose on the Pomona Hilltop and Palm Springs properties and moved to take receiverships over both properties. The Bank took over the Pomona Hilltop property through receivership in early October 2010, and the receiver stayed in place until Shilo Hilltop's chapter 11 filing in mid-April 2011. Nonetheless, between October 2010 and December 2010, the Bank and the Debtors negotiated the terms of a loan modification, which culminated in a December 14, 2010 letter of intent ("LOI") drafted by legal counsel for the Bank. For several months the Debtors negotiated in good faith with the Bank to complete the loan modification, but in the end a resolution could not be reached.

After repeated attempts, the Debtors reached out to the Bank representatives one last time on April 13, 2011 and pleaded to allow a cash management agreement to go in place to close the loan modification, but the Bank would not budge. The Bank sought the appointment of a receiver on the Palm Springs Hotel on April 13, 2011, which prompted the Shilo Palm Springs bankruptcy filing. With negotiations having reached an impasse, the Debtors no longer had a reason to endure a receiver appointed at the Bank's behest over Shilo Hilltop, and thus decided to file the Shilo Hilltop chapter 11 bankruptcy petition on April 14, 2011.

On May 24, 2011, the Bank filed for a judicial foreclosure against Shilo Seaside and requested a receivership hearing on June 9, 2011. On June 7, 2011, Shilo Seaside reached out to the Bank one last time to reach a compromise for itself and on behalf of all the Debtors before having to file its chapter 11 bankruptcy petition that same day.

C. Secured Obligations

The Hotel is subject to two secured claims. The Bank holds a first priority secured claim as to the real property and the furniture, fixtures, and equipment (the "FF&E") of the Hotel. Los Angeles County holds a secured claim for property taxes with statutory priority over the secured claim of the Bank. The claims secured by the Hotel are summarized as follows:

OneWest Bank	$ 6,750,000.00[5]
Los Angeles County Tax Collector	$ 42.83

Based on a review of preliminary title reports in the Debtor's possession, there are no other secured claims or liens on the Hotel.

D. Value of the Hotel

On its bankruptcy schedules of assets and liabilities, the Debtor scheduled the Hotel as having a value of $11,000,000.00. A court-appointed neutral appraiser (PKF) prepared an appraisal report valuing the Hotel at $5,700,000.00. The Bank filed its own appraisal report by HVS valuing the Hotel at $3,900,000.00 Through extensive marketing efforts and negotiations,

[5] The Bank's claim is cross-collateralized against and secured by the Hilltop Hotel, the Palm Springs Hotel, and the Seaside Hotel in the approximate amount of $24 million. The figure here represents the amount of the Bank's claim limited to the Hilltop Hotel.

the Debtor was able to secure a buyer for the Hotel willing to pay a sale price of $10.5 million. The Debtor represents that this price of $10.5 million, to be paid by a willing buyer to a willing seller in an arms' length transaction, is above the fair market price and value of the Hotel in light of the appraisals presented to the Court.

E. Retention of Brokers

The Debtor has not employed any brokers in connection with the proposed sale of the Hotel. Shilo Inn's internal management has worked diligently throughout 2011 on its own to secure the proposed buyer of the Hotel through its own channels and efforts. The proposed buyer retained Richfield Hospitality Group, Inc. as its broker with Shermen Chiang, CHA, as its agent, but is neither due nor owed any commission for this proposed sale.

F. Marketing of Hotel

The current buyers were ultimately found through Shilo Inn's efforts to independently market and sell the property through online advertisements and call placements. I, in my role as Shilo Inn's CEO/CFO, began negotiations with the buyers in early 2011 through emails, phone calls, and personal meeting at the property. Ultimately, through diligent efforts of Shilo Inn, Shilo Inn entered into a direct agreement with the buyers on November 9, 2011. Shilo Inn has continued to canvas the marketplace through its channels to market the Hotel to the present day, including contacting potential buyers and conducting site visits to the property for interested potential overbidders. The current buyers are pursuing the purchase of the neighboring hotel owned by Shilo Inn, Diamond Bar, LLC, which employed real estate broker Coldwell Banker - George Realty, and which is the subject of a similar sale process at this time; to the extent there is interest in the neighboring hotel and marketing, the Hotel enjoys residual exposure, marking, and the benefits therefrom.

Coastline Investments LLC (the "Buyer") emerged as a serious buyer for the Hotel and entered into a Real Estate Sales Agreement (the "Agreement") with the Debtor. The Buyer particularly was attracted to the Hotel in combination with the hotel owned by Shilo Inn, Diamond Bar, LLC (the "Diamond Bar Hotel" and with the Hotel, collectively, the "Hotels").

Shilo Inn, Diamond Bar, LLC ("Shilo Diamond Bar") is a chapter 11 debtor in possession in its own case before this Court, bearing case number 2:10-bk-60884-VZ. The Buyer's offer to purchase the Hotel is conditioned on purchasing the Diamond Bar Hotel, as well. Concurrently with the filing of this Motion, Shilo Diamond Bar has filed a similar motion for approval of sale procedures in connection with the sale of the Diamond Bar Hotel in its bankruptcy case. The Buyer is offering $10.5 million for the Hotel and $10.5 million for the Diamond Bar Hotel, which the Debtor believes is the best and highest offer. As such, the Buyer is the stalking horse bidder for the proposed sale and auction. Pursuant to the Agreement, the Buyer has the right to assign its right to purchase to one of its affiliates.

G. Key Terms of the Sale

A true and correct copy of the Real Estate Sales Agreement is attached as Exhibit "A" to this declaration. The following are the key terms of the proposed sale with the Buyer (or successful overbidder at auction, if any). In the event of a discrepancy or inconsistency between the terms summarized herein and the terms as set forth in the Real Estate Sales Agreement, the Real Estate Sales Agreement shall control.

(a) The Sale must close with a final entered order of the bankruptcy court no later than March 8, 2012.

(b) The purchase price is $10.5 million.

(c) The Debtor shall assume, cure and assign to Buyer the management agreement with SMC and the franchise agreement with SFI from the purchase price.

(d) The Sale is contingent on a final, non-appealable order (the "Order") approving the Sale in accordance with Bankruptcy Code Section 363(f) by the United States Bankruptcy Court by March 8, 2012, which has not been stayed, and with a finding and ruling that Buyer is a "good faith purchaser" and has all of the protections and benefits of Bankruptcy Code Section 363(m) and that Buyer shall receive an assignment of the management agreement and franchise agreement pursuant to Bankruptcy Code Section 365.

(e) The Buyer or Buyer's affiliate shall have been approved by the Court as the

potential buyer of Diamond Bar Hotel (that certain property located at 3200 Temple Ave., Pomona CA 91768 owned by Shilo Inn, Diamond Bar, LLC) pursuant to an order in substantially the same form as the Order.

(f) If there is a successful overbidder from the Auction approved by the Court as the purchaser of the Hotel, then the Buyer will be entitled to a refund of its earnest money plus a break-up fee equal to 3% of the successful overbidder's purchase price for the Hotel.

(g) The buyer and the Debtor will each bear 50% of the transfer taxes associated with the proposed sale.

H. Settlement Discussions with OneWest Bank, FSB

The Debtor and the Bank engaged in private mediation on December 7, 2011, mediated by the Honorable Mitchell Goldberg, United States Bankruptcy Judge (retired). After a full-day of mediation, the parties reached an agreement in substance, subject to reduction to writing and final approval by the Bank's board. The Debtor and the Bank have been exchanging settlement drafts and working with the Honorable Mitchell Goldberg to resolve final differences. The settlement, in its substance as of the date of mediation, and its latest written form, will resolve secured creditor issues related to the proposed sale. Upon finalization of the settlement, the Debtor will file a copy of the settlement and a motion with the Court for approval of the settlement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure.

Based on the foregoing, and exercising my business judgment, I believe that the approval of the proposed sale, Real Estate Sales Agreement, and this Motion is in the best interest of the estate and all creditors and should be approved by the Court.

Executed on this 31st day of January 2012, at Portland, Oregon.

Christopher Campbell

CHRISTOPHER CAMPBELL

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Exhibit A

SHILO INN, POMONA HILLTOP

REAL ESTATE SALES AGREEMENT

SELLER: Shilo Inn, Pomona Hilltop, LLC,
an Oregon limited liability company
11600 SW Shilo Lane
Portland, Oregon 97225

BUYER: Coastline Investments LLC
3218 E. Holt Ave.
West Covina, CA 91791

This Real Estate Sales Agreement (this "Agreement") is entered into as of November__, 2011 (the "Effective Date"), by and between Shilo Inn, Pomona Hilltop, LLC, an Oregon limited liability company ("Seller"), and Coastline Investments LLC, a California limited liability company ("Buyer"). In consideration of the mutual covenants and representations herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the property described herein on the following terms and conditions:

1. The Property. The property to be sold under this agreement ("Property") is as follows:

1.1 That certain real property located in the City of Pomona, County of Los Angeles, State of California, described on Exhibit 1.1 attached hereto, together with all rights, privileges and easements appurtenant thereto (collectively, the "Land")

1.2 The rights to any Contracts (as defined below), to the extent assignable, that Buyer has agreed to assume pursuant to this Agreement, including without limitation any and all highway or other off-premises advertising signs advertising the Hotel (as defined below) (to the extent that such sign rights are assignable). Seller shall, in accordance with Bankruptcy Code Section 365, assume and cure any defaults under any such Contracts that Buyer elects to be assigned in accordance with this Agreement, conditioned upon an order the Bankruptcy Court authorizing and approving assignment of such Contracts to Buyer in accordance with Bankruptcy Code Section 365 and Buyer shall assume and pay any obligations first accruing after Closing pursuant to any such Contracts. Seller has provided Buyer with copies of all Contracts, all of which are listed on Exhibit 1.2 attached hereto, and Seller agrees to work with Buyer in good faith to cause such Contracts to be assigned to Buyer that (a) are assignable and (b) Buyer elects in a written notice to Seller delivered within ten (10) days after the Effective Date to assume; provided, however, any Contract that Buyer does not expressly elect in a written notice to assume within the foregoing ten (10) day period shall be terminated by Seller, and Buyer shall have no obligation or liability of any kind whatsoever with respect to any such Contract that Buyer does not assume.

1.3 All improvements, structures and fixtures (collectively, the "Improvements") now or hereafter located on the Land, including, but not limited to, the hotel commonly known as the SHILO INN SUITES, POMONA HILLTOP, consisting of approximately 129 hotel units/suites and a restaurant, lounge and banquet facility located at 3101 W. Temple Avenue, Pomona, California 91768 (the "Hotel").

1.4 All of Seller's right, title and interest to and in the furniture, fixtures, and equipment and other tangible personal property, if any, owned by Seller and located on or about the Land and the Improvements, including, without limitation, all guest room furnishings, lobby and public area furnishings, all artwork and lighting fixtures, office equipment and furnishings, cash registers, kitchen, lounge, ballroom, meeting room, and restaurant equipment and furnishings (including, without limitation, all china, glassware, silverware and silver serving pieces, tables and chairs, podiums and staging platforms, and linens), audio visual equipment and sound systems, laundry and dry cleaning equipment, pool chairs and equipment, safes, safety deposit boxes, employee lockers, and all other furnishings and equipment used in connection with the ownership, operation, and maintenance of the Property owned by Seller, all vehicles used in the operation of the Property, including all courtesy vehicles and maintenance vehicles, if any, owned by Seller, as well as all supplies, cleaning materials, food and beverages, fuel, guest room supplies, office supplies, engineering supplies, parts and tools, maintenance supplies, and consumable items used in connection with the operation and maintenance of the Property (the "Tangible Personal Property"); provided, however, that (a) all Tangible Personal Property shall be stripped of any words, logos or marks identified with Shilo Franchise International, L.L.C. ("Shilo") and (b) all emails, manuals, memorandums and other information containing proprietary information of Shilo Management Corporation ("Management Company"), Shilo, &/or any other Shilo-related entities may be removed, deleted or destroyed by Seller, prior to the time at which the Hotel is no longer operated under the Shilo name. A complete list of all items included as part of the Tangible Personal Property is attached hereto as Exhibit 1.3.

1.5 All transferable permits, licenses, certificates of occupancy, authorizations and approvals (collectively, the "Permits"), including, without limitation, the Liquor License (as defined below).

1.6 All intangible property, if any, owned or held by Seller that pertains to the ownership, maintenance, use or operation of the Hotel, including, without limitation, transferable utility contracts, transferable telephone exchange numbers, plans and specifications, engineering plans and studies, floor plans and landscape plans, and Permits ("Intangible Property"). The Intangible Property does not include any trademarks, service marks and trade names owned by Shilo.

1.7 All telecommunication tower leases for the Hotel (the "Leases"), which leases were provided to Buyer on September 19, 2011, are listed on Exhibit 1.7A hereto, and which shall be assigned to Buyer pursuant to assignment agreements ("Lease Assignments"), in the forms attached hereto as Exhibit 1.7B. Any cure payments required for Seller's assumption and assignment of the Leases pursuant to Bankruptcy

Code Section 365 shall be paid by Seller subject to bankruptcy court approval pursuant to Bankruptcy Code Section 365.

2. Purchase Price Exclusions. The Purchase Price for the Property EXCLUDES all of the following:

2.1 The "Shilo Inn" name is a registered trademark belonging to Shilo. Except for the temporary use of such name as set forth in Section 3.2 below, no rights to the use of such name are part of this Agreement. Any and all Shilo signage or other items containing the Shilo name or logo shall be stripped of all marks identified with Shilo upon the later of Closing or the date that Buyer ceases to operate the Hotel as a Shilo Inn pursuant to this Agreement (or a separate written agreement). To the extent that Buyer reasonably determines that it is impossible or impractical to strip any particular item(s) of the Shilo name, Buyer shall notify Seller, and Seller shall have the right to remove, at Seller's cost, any such Shilo signage and logo items. Seller and Buyer shall coordinate a reasonable time to permit Seller to conduct such removal by Seller. However, if Seller fails to pick up such items from Buyer within fifteen (15) days following Buyer's written notice to Seller to pick up such items, then Buyer may dispose of such items in any manner as Buyer shall elect in its sole and absolute discretion and at Buyer's cost. If reasonably possible, at Buyer's request, Seller shall permit Buyer's sign company to take down or remove Seller's signs containing the Shilo name or logo when it installs Buyer's new signs at Buyer's cost after the Shilo Inn Franchise Agreement has been terminated as set forth in 3.2 below.

2.2 Buyer hereby acknowledges that, as of the Closing Date, Seller will be delivering possession of the Hotel to Buyer without any restaurant operator. Specifically, Seller shall terminate that certain restaurant lease by and between Seller, as landlord, and Management Company, as tenant, dated as of April 14, 2011("Restaurant Lease") and which was previously provided to Buyer, as of or prior to the Closing, and neither the tenant under the Restaurant Lease nor Buyer shall have any rights or obligations under the Restaurant Lease from and after the Closing. The tenant under the Restaurant Lease shall be allowed to keep all accounts receivables and deposits for any banquets that have occurred as of the Closing.

3. Purchase Price; Franchise Agreement; Allocation of Purchase Price.

3.1 The purchase price for the Property is Ten Million Five Hundred Thousand Dollars ($10,500,000.00) U.S. Currency ("Purchase Price"). The Purchase Price is payable in U.S. Dollars, payable in all cash on the Closing Date (net of the Earnest Money already deposited prior to the Closing Date) by wire transfer to Escrow Holder in accordance with wire transfer instructions to be provided by Seller.

3.2 Pursuant to Section 365 of the Bankruptcy Code Seller shall assume, cure and assign to Buyer, and Buyer shall assume, as of the Closing, that certain Franchise Agreement ("Franchise Agreement") between Shilo and Seller, dated January 1, 2004 pursuant to which Buyer shall have the right to continue to operate the Hotel as a "Shilo Inn" and enjoy all of the benefits associated therewith (e.g., use of Shilo's reservation

system) from and after the Closing Date; provided, however, as of the Closing Date, Buyer and Seller shall, as a condition to Buyer's obligation to close the transaction, have entered into an amendment to the Franchise Agreement ("Franchise Agreement Amendment") in the form attached hereto as Exhibit 3.2.

3.3 Pursuant to Section 365 of the Bankruptcy Code Seller shall assume, cure and assign to Buyer, and Buyer shall assume, as of the Closing, that certain Management Contract dated October 2, 1996, between Seller and Management Company ("Management Agreement"); provided, however, as of the Closing Date, Buyer and Seller shall, as a condition to Buyer's obligation to close the transaction, have entered into an amendment to the Management Agreement ("Management Agreement Amendment") in the form attached hereto as Exhibit 3.3.

3.4 Subject to Section 10.5 (which may require that a portion of the Purchase Price be allocated to the Liquor License and/or related inventory or personal property), the total Purchase Price will be allocated as follows, and Buyer and Seller will be bound by that allocation when reporting the transaction contemplated by this Agreement to any governmental authority (including without limitation the Internal Revenue Service): (a) Six Hundred Twenty-Eight Thousand Five Hundred Dollars ($628,500.00) U.S. Currency to be allocated to the Tangible Personal Property and Intangible Property; and (b) the total amount due and owing by Seller to Shilo for franchise fees through the Closing Date in conjunction with the assignment to Buyer and Buyer's assumption of the Franchise Agreement to be allocated to the payment to Shilo; (c) the total amount due and owing by Seller to Management Company for management fees through the Closing Date in conjunction with the assignment and assumption of the Management Agreement to/by Buyer to be allocated to the payment of Management Company; (d) the remaining amount to be allocated at Closing to the Hotel (to be allocated between Land and Improvements as reasonably designated by Buyer).

4. Buyer's Due Diligence; Warranties; Disclaimers.

4.1 Buyer represents and warrants that Buyer has conducted full due diligence on the Property prior to signing this Agreement, waives any all claims as to the refund of Earnest Money, except as otherwise provided herein, and accepts the Property "AS IS" in its current condition. There shall be no due diligence-related contingency in favor of Buyer.

4.2 Notwithstanding anything to the contrary set forth in this Agreement, including but not limited to, there being no due diligence contingency other than as specifically provided in Section 9.1 below, until the earlier of the Closing or termination of this Agreement, at all reasonable times and upon reasonable notice, Buyer, its contractors and other agents shall have the right to enter upon the Property for the purpose of inspecting and assessing same and to perform any such tests, inspections, investigations, inquiries, surveys, engineering studies, financial approvals, environmental assessments and other non-invasive tests as Buyer deems appropriate. Buyer shall make best efforts to give Seller 24 hours written notice of any such events so that Seller can take necessary steps to inform its employees and prepare for any guest contingencies. In

connection with any entry onto the Property, neither Buyer nor its agents or representatives shall unreasonably interfere with the use and enjoyment of the Property by any guests or employees of the Hotel. Buyer shall timely and promptly pay any third party Buyer retains under this subsection and shall defend, indemnify and hold Seller harmless for any claim related to the same.

4.3 Buyer was previously informed that Seller has filed Chapter 11 Bankruptcy to protect the Property from claims of Seller's lenders on or about November 2010. Buyer understands and agrees that this Agreement, the transactions contemplated by this Agreement, and the Closing shall be contingent upon entry of a final, non-appealable order (the "Order") approving the sale in accordance with Bankruptcy Code Section 363(f) by the U.S. Bankruptcy Court for the Central District of California, Los Angeles Division ("Court") in Bankruptcy Case No: 11-26270-VZ within the time period set forth below, as provided in Sections 9.1.1 and 12.1, which has not been stayed and which contains a finding and ruling that Buyer is a "good faith purchaser" and has all of the protections and benefits of Bankruptcy Code Section 363(m) and that Buyer shall receive an assignment of the Contracts and Leases contemplated in this Agreement pursuant to Bankruptcy Code Section 365. Buyer shall not contact or communicate with Seller's lender or any other party known by Buyer to be a creditor of Seller related to the referenced Court proceeding. Seller agrees to use Seller's best efforts, at Seller's sole cost and expense, to secure the necessary Order approving this Agreement by the Court and to cause the transaction to be consummated within the time periods contemplated in this Agreement.

4.4 Except as set forth herein, Seller makes no warranty of any nature whatsoever, express or implied, with respect to the condition of the Property, and Buyer takes all the Property ABSOLUTELY "AS IS," including any latent defects. With respect to the foregoing, Buyer and Seller specifically agree that Buyer is purchasing the Property based upon Buyer's own investigation and inspections and the investigations and inspections of such professionals and other agents as Buyer may have retained. Except as set forth herein, Seller makes no warranties or representations concerning the condition and/or fitness for any specific purpose of the Property. .

5. Bankruptcy 363 Sale; Competing Bids; Overbid Procedure. Buyer hereby acknowledges that under Section 363 of the Bankruptcy Code, Seller has a fiduciary responsibility to maximize the value of the Property and that, pursuant to such responsibility, Buyer hereby expressly agrees that Seller may solicit and receive *bona fide* bids for the Property from qualified third parties pursuant to the overbid procedures set forth below and approved by the Court (the "Overbid Procedures"). Seller shall propose and request that the Court approve the following as part of the Overbid Procedures, but no such procedures shall be binding on Seller unless authorized and approved by the Court.

5.1 If this Agreement is approved by the Court pursuant to the Order, but a *bona fide* competing bid for purchase of all or substantially all of the Property is accepted by Seller and approved by the Court pursuant to the Overbid Procedures so that the deposit associated with the *bona fide* competing bid is deemed nonrefundable, Buyer

shall be entitled to a full refund of the Earnest Money, and Seller will pay Buyer a one time fee in the amount of three (3) percent of the Purchase Price (the "Breakup Fee"). The Breakup Fee shall be payable to Buyer upon the closing of the sale to another buyer or such other buyer's breach whereby Seller retains the deposit as liquidated damages.

5.2 The initial overbid over the Purchase Price shall be in an amount that is greater than the Purchase Price by at least $100,000.00 plus the Breakup Fee plus the applicable difference in real estate commission if the third party purchaser bid results in a higher commission owed by Seller. All subsequent overbids shall be at least $100,000.00 over the immediate previous best offer. Buyer shall have the right to submit an overbid in response to any initial overbid or subsequent overbids. Buyer may include an amount equal to the Breakup Fee as cash consideration for purposes of any overbids by Buyer.

5.3 The date set for initial overbids to be submitted to Seller shall be no less than three (3) days prior to the auction date as approved by the Court (the "Overbid Deadline").

5.4 All parties seeking to submit overbids ("Overbidder") must qualify by (a) providing evidence satisfactory to Seller of their financial ability to consummate a sale, delivering to Seller a cashier's or certified check for an amount equal to the Earnest Money and the Breakup Fee (the "Overbid Deposit") prior to the Overbid Deadline, which Overbid Deposit shall be deemed non-refundable to Overbidder in the event that the Court determines that the Overbidder is the successful purchaser of the Property, and (b) making representations substantially similar to Buyer's representations herein.

5.5 Seller's creditors may dispute or object to any overbid, except that offered by Buyer in the event of a competing, *bona fide* competing bid.

6. Seller's Representations and Warranties. Seller represents, warrants, and covenants to Buyer that the following statements are true and complete to the best of Seller's knowledge as of the date of this Agreement and shall be true and complete to the best of Seller's knowledge as of the date of the Closing:

6.1 To the best of Seller's knowledge, any financial information Seller provided to Buyer, or may provide in the future to Buyer, (a) is complete and accurate and fairly represents the financial condition and the results of operations and cash flow of Seller and the Property as of the periods specified, (b) was prepared in accordance with the books of account and records of Seller, (c) represents actual, bona fide transactions, and (d) has been prepared and maintained in accordance with Seller's normal business practices and industry standards.

6.2 Exhibit 1.2 contains a complete and accurate list of each contract, agreement, instrument, lease, and commitment relating to the Property (collectively, the "Contracts"), with the sole exception of the Leases. Seller has delivered a full and correct copy of each of the Contracts to Buyer. Except as set forth on Exhibit 1.2 and any claims in Court related to the Contracts which will be cured at Closing, Seller is not aware of any default under any Contract, nor does there exist any event that, with notice

or passage of time or both, would constitute a default or event of default by Seller under any Contract; and each of the Contracts is valid, binding, enforceable by Seller in accordance with its terms and is in full force and effect.

6.3 There are no space leases, concession agreements or any other occupancy agreements relating to the Property other than the Leases.

6.4 That certain Phase 1 Environmental Site Assessment, dated September 18, 1998, prepared by Surveys Inc, and delivered by Seller to Buyer prior to the date of this Agreement are all of the reports in Seller's possession or control with respect to the environmental condition of the Land, and Seller has no knowledge of, and Seller has received no notice from any party relating to, any hazardous material releases or any other violations of any environmental laws relating to any of the Property.

6.5 The Permits delivered by Seller to Buyer prior to the date of this Agreement are all in full force and effect and constitute all of the Permits that are required for the ownership, occupancy and operation of the Property.

6.6 Seller has not knowingly provided false information regarding the Property.

6.7 No notices or requests have been received by Seller from any insurance company issuing any policies of insurance related to the Property that have not been complied with. Any notices or requests from such insurance company received prior to Closing shall be complied with by Seller prior to Closing.

6.8 Seller has not received any notices from the holders of underlying liens or encumbrances affecting any of the Property regarding any default under the terms of the documents or instruments evidencing the same.

6.9 To Seller's knowledge, there is no pending or threatened condemnation or similar proceeding, nor is any such proceeding contemplated or threatened by any governmental authority.

6.10 To Seller's knowledge, Seller has complied with all applicable laws, ordinances, regulations, statutes, rules, and restrictions applicable to the Property or any part thereof; provided, however, Seller's disclaims any warranty regarding compliance with the Americans with Disabilities Act ("ADA"). Compliance with the ADA shall be Buyer's sole responsibility. Buyer shall be responsible for any modifications of the Hotel required by ADA, or an equivalent State, City, or County regulation.

6.11 To Seller's knowledge, the Hotel has full and free access to and from public highways, streets, or roads and, to Seller's knowledge, there is no pending or threatened governmental proceeding that would impair or result in the termination of such access or in any way impair the present use of the Hotel.

6.12 To Seller's knowledge, except for Seller's Chapter 11 bankruptcy case, there is no litigation, arbitration, or administrative hearing before any governmental

authority concerning or affecting the Hotel, the Property, or any part thereof, nor, to the knowledge of Seller, is any such proceeding threatened as of the date hereof.

6.13 Seller has not performed, or caused to be performed, any work on the Property, or any part thereof, that will not be paid for that could cause a construction lien to be filed against the Property. Seller will pay for any construction work ordered by Seller and done on the Property from the Effective Date until Closing.

6.14 Execution and consummation of this Agreement, and the execution and delivery of the documents contemplated herein, will not be a breach of any other agreement affecting the subject matter of this Agreement.

6.15 There is no leased equipment in the Hotel other (a) the vending machines at the Hotel belong to Coca-Cola, and (b) the ATM machines are leased to the hotel, and (c) Ecolab leases a dishwasher to the Hotel; Buyer must work directly with the lessors for any transfer of the leased equipment if Buyer elects, in its sole and absolute discretion, to assume such leases. Seller will be rejecting all such equipment leases or Buyer shall otherwise have no obligation of any kind to assume such equipment leases.

6.16 Seller is not a foreign national within the meaning of Section 1445 of the Internal Revenue Code of 1986. Seller shall sign an affidavit to this effect to be delivered to Buyer at Closing, to include Seller's tax identification number.

6.17 Subject to Court approval and entry of the Order, Seller has the power and authority to consummate the transactions contemplated by this Agreement. This Agreement and all instruments, documents and agreements to be executed by Seller in connection with this Agreement are or when delivered shall be duly authorized, executed and delivered by Seller and are valid, binding and enforceable obligations of Seller. Each individual executing this Agreement on behalf of Seller is duly authorized to do so.

6.18 With the exception of the required Order set forth herein, Seller is not required to obtain any consents or approvals to consummate the transactions contemplated in this Agreement.

6.19 Seller is a limited liability company duly organized, validly existing, and in good standing under the laws of the state of Oregon, and has all requisite power and authority to own, operate, and lease its properties, to carry on its business as now being conducted, to enter into this Agreement, and to carry out the transactions contemplated hereby.

6.20 The representations and warranties of Seller set forth in this Section 6 are true and correct as of the date of this Agreement, and shall be true and correct on the date of Closing, and shall survive the Closing for a period of six (6) months. The Closing shall constitute Seller's reaffirmation of those representations and warranties as of the Closing. Seller shall immediately notify Buyer in writing if any of the representations and warranties set forth in Section 6 become false at any time following the date of this Agreement.

6.21 Seller will not take any action, or omit to take any action, which action or omission will have the effect of violating any of the representations, warranties, covenants, and agreements contained herein.

6.22 Whenever the term "to Seller's knowledge" or "to the best of Seller's knowledge" or similar language is used herein with respect to the existence or absence of facts, it signifies that Seller has based its representation upon the current actual knowledge of the person within Seller's organization most knowledgeable about the Property and Seller's asset manager of the Property, after making due inquiry of the Management Company and the general manager of the Hotel.

7. Risk of Loss.

7.1 Damage or Destruction Prior to Closing. Pending Closing, Seller shall continue to operate the Hotel in the same manner as Seller has previously operated the Hotel. Pending Closing, any risk of loss shall be on Seller. Notwithstanding the foregoing or any other provision to the contrary set forth in this Agreement, if the Property is damaged prior to Closing and if the damage is "material damage" (which for the purposes of this Section 7.1, shall mean any damage to the Property with respect to which the cost to repair the same, as reasonably determined by a neutral, licensed contractor agreed to by Buyer and Seller specializing in the repair work at issue, is greater than Five Hundred Thousand Dollars ($500,000)), then, regardless of the cause of such damage, Buyer shall have the right to terminate this Agreement and receive a full refund of its Earnest Money by giving notice to Seller within thirty (30) days after Seller gives notice of the occurrence of such damage to Buyer unless Seller has, prior to the Closing Date, fully repaired the Property to the condition of the Property prior to the occurrence of the damage (and Seller shall have the right to extend the Closing Date by up to thirty (30) days upon written notice to Buyer, by giving Buyer such written notice at least ten (10) days prior to the then-scheduled Closing Date, in order to make such repairs). If Seller elects to and does cure such material damage, Seller retains the right to any insurance proceeds related to such damage. If Buyer has the right to terminate this Agreement and so elects to terminate this Agreement pursuant to this Section 7.1, then, once Buyer receives a full refund of its Earnest Money, neither party shall have any further obligations hereunder, except for those which expressly survive termination. If any damage to the Property is not material damage or if Buyer elects not to terminate this Agreement after the occurrence of material damage and Seller does not cure the material damage prior to Closing or any extension thereof, then Buyer shall purchase the Property in its "as-is" condition; provided, however, Seller shall assign its right, title, and interest in and to any claims Seller may have under any insurance policy as well as all other insurance proceeds due to Seller covering the Property to Buyer, and Buyer shall receive a credit against the Purchase Price for the amount of any applicable insurance deductible(s); provided, however, if the damage occurred due to the gross negligence or willful misconduct of Seller or Management Company, then, whether the damage is "material damage" or not, Seller shall also be obligated to deliver to Buyer, at Closing, the full uninsured cost of repairing such damage that has not been repaired by Seller as of the Closing Date.

7.2 Eminent Domain. If, before the Closing, proceedings are commenced for the taking by exercise of the power of eminent domain of all or a material part of the Property which, as reasonably determined by Buyer, would render the Property unacceptable to Buyer or unsuitable for Buyer's intended use, Buyer shall have the right, by giving notice to Seller within thirty (30) days after Seller gives notice of the commencement of such proceedings to Buyer, to terminate this Agreement, in which event this Agreement shall terminate, the Earnest Money shall be returned to Buyer and neither party shall have any further obligation to the other except for those provisions that expressly survive termination of this Agreement. If, before the Closing, proceedings are commenced for the taking by exercise of the power of eminent domain of less than such a material part of the Property, or if Buyer has the right to terminate this Agreement pursuant to the preceding sentence but Buyer does not exercise such right, then this Agreement shall remain in full force and effect and, at the Closing, the condemnation award (or, if not then received, the right to receive such portion of the award) payable on account of the taking shall be transferred in the same manner as title to the Property is conveyed. Seller shall give notice to Buyer within three (3) business days after Seller's receipt of notice of the commencement of any proceedings for the taking by exercise of the power of eminent domain of all or any part of the Property.

8. Earnest Money. On the Effective Date, escrow shall be opened with Ticor Title Insurance Company, 111 SW Columbia, Suite 1000, Portland, Oregon 97201, attn: Candice Weischedel ("Escrow Holder"), and within one (1) business day after the Effective Date, Buyer shall deposit the sum of Five Hundred Thousand Dollars ($500,000.00) (including any interest earned thereon, the "Earnest Money"). The parties shall direct the Escrow Holder to deposit the Earnest Money in an interest-bearing account pending Closing. Despite any language to the contrary set forth in this Agreement, the Earnest Money is non-refundable, except as otherwise set forth in Section 9.1 below and will be immediately paid over to Seller as liquidated damages if this transaction does not close by the Closing Date because of a default by Buyer. Buyer shall receive credit for the Earnest Money against the Purchase Price at Closing. Buyer's failure to timely deposit Earnest Money in escrow shall provide Seller the immediate right to terminate this Agreement on written notice to Buyer.

9. Conditions to Closing.

9.1 Conditions to Buyer's Obligations. Except for Buyer's obligation to deposit the Earnest Money, the obligations of Buyer hereunder shall be subject to the satisfaction and fulfillment of each of the following conditions, except as Buyer may expressly waive in writing:

9.1.1 Order. Seller shall have received the Order, and Buyer shall not have terminated this Agreement pursuant to Section 12.1 below.

9.1.2 Accuracy of Representations and Warranties on Closing Date. The representations and warranties made by Seller in Section 6.1 hereof shall be true and correct to the best of

Seller's knowledge in all material respects, on and as of the date given, and on and as of the date of Closing, with the same force and effect as though such representations and warranties were made on and as of the date of Closing.

9.1.3 Overbid. Buyer shall not be entitled to a refund of its Earnest Money pursuant to Section 5.1.

9.1.4 Compliance. As of the Closing Date, Seller shall have complied in all material respects with, and shall have fully performed, in all material respects, all material covenants set forth in this Agreement imposed on Seller and required to be performed or complied with by Seller at, or prior to, the Closing Date.

9.1.5 Title Policy. The Title Company shall have irrevocably committed itself to issue the Title Policy in the form required hereby to Buyer, subject only to the Permitted Encumbrances, as of the Closing Date.

9.1.6 Management Agreement Amendment and Franchise Agreement Amendment. Prior to the Closing Date, Seller shall have delivered to Buyer executed (by the Management Company or by Shilo, as applicable) copies of the Management Agreement Amendment and the Franchise Agreement Amendment.

9.1.7 Phase I Environmental Site Assessment. Buyer is in receipt of an existing Phase 1 report prepared by Surveys Inc., located in the State of Washington ("Prior Surveyor") delivered by Seller, dated September 18, 1998. If Buyer elects, in its sole discretion, to order, at Buyer's sole cost, an updated Phase 1 Environmental Site Assessment or equivalent environmental report from Prior Surveyor ("New Phase 1"), and if such New Phase I or an executive summary therefrom is delivered to Buyer within 15 days from the Effective Date, such New Phase I shall not (a) include any recommendation for sub-surface or invasive investigation or testing based on a particular finding (e.g., not noted as a standard precaution), (b) indicate that there have been any known releases of hazardous substances on, in or under the Land, (c) indicate that there are any underground storage tanks on, in or under the Land, and (d) indicate that any known release of hazardous substances on, in or under nearby properties is more than likely to affect, or does affect or has affected, the Land. Buyer shall have forty-eight (48) hours from Buyer's receipt of the New Phase I to provide Seller with notice of termination of this Agreement or waiver of this contingency.

9.1.8 Sale of Other Property; Other Grounds for Refund of Earnest Money. (a) Buyer or Buyer's affiliate (i.e., another entity controlled by Buyer or Lucy Gao or Shermen Chiang or both of them) shall have been approved by the Court as the potential buyer of that certain property located at 3200 Temple Ave., Pomona CA 91768 owned by Shilo Inn, Diamond Bar, LLC ("Other Property") pursuant to an order in substantially the same form as the Order, and (b) Buyer or Buyer's affiliate, as applicable, shall not have been entitled to a full refund of its earnest money with respect to the Other Property pursuant to the separate written agreement governing the proposed purchase of the Other Property on essentially similar terms as set forth herein.

9.1.9 No Condemnation or Material Damage. Buyer shall not have terminated this Agreement pursuant to Section 7.1 or 7.2.

In the event of the failure of the any of the foregoing conditions (which are not waived in writing by Buyer), Buyer shall have the right to terminate this Agreement immediately upon written notice to Seller, and, if Buyer sends such written notice to Seller, the Earnest Money shall be fully refunded to Buyer, and once Buyer receives a full refund of its Earnest Money, neither party shall have any further obligations hereunder, except for those which expressly survive termination.

9.2 Conditions to Seller's Obligations. The obligations of Seller hereunder shall be subject to the satisfaction and fulfillment of each of the following conditions, except as Seller may expressly waive in writing:

9.2.1 Order. Seller shall have received the Order.

9.2.2 Compliance. As of the Closing Date, Buyer shall have complied in all material respects with, and shall have fully performed, in all material respects, all material covenants set forth in this Agreement imposed on Buyer and required to be performed or complied with by Buyer at, or prior to, the Closing Date.

9.2.3 Payment. Buyer shall, at least one (1) business day prior to the Closing Date, have transmitted by wire transfer to Escrow Holder, for delivery to Seller and its designees through escrow, the remainder of the Purchase Price and the funds, if any, required to satisfy prorations pursuant to Section 10.3 below.

In the event of the failure of the any of the foregoing conditions (which are not waived in writing by Seller in its sole and absolute discretion), Seller shall have the right to terminate this Agreement immediately upon written notice to Buyer, and, if Seller sends

such written notice to Buyer, if Seller terminates pursuant to Section 9.2.1, the Earnest Money shall be fully refunded to Buyer and if Seller terminates pursuant to Section 9.2.2 or 9.2.3, the Earnest Money shall be released to Seller, and once the Earnest Money is disbursed in accordance with this paragraph, neither party shall have any further obligations hereunder, except for those which expressly survive termination.

10. Closing Obligations/Prorations

10.1 Buyer's Closing Obligations. At the Closing, Buyer shall deliver to Escrow Holder:

10.1.1 By wire transfer, the Purchase Price (subject to any credit for the Earnest Money deposited and any credit from prorations pursuant to Section 10.3 below);

10.1.2 Escrow Holder's escrow instructions with Escrow Holder's commercially reasonable standard provisions and requiring Escrow Holder to comply with the provisions of this Agreement and record and deliver the documents set forth in, and as contemplated by, this Agreement;

10.1.3 the Assignment Agreement (as defined below), executed by Seller and Buyer; and

10.1.4 a closing statement setting forth all of the payments and prorations to be made in the consummation of the sale hereunder in accordance with the provisions of this Agreement ("Closing Statement") executed by Buyer.

10.2 Seller's Closing Obligations. At the Closing, Seller shall deliver the following or cause the following to be delivered to Escrow Holder or to Buyer, as indicated:

10.2.1 To Buyer, possession of the Property, including, without limitation, the certificate of occupancy for and any and all plans and specifications relating to the Improvements in Seller's possession, all keys, codes and passwords necessary to fully operate the Hotel and the Land, and all books and records relating to the Hotel and the Land;

10.2.2 To Buyer and Escrow Holder, the Order;

10.2.3 To Escrow Holder, for delivery to Buyer, the following documents:

(a) The Grant Deed ("Deed"), in a commercially reasonable form provided by the Title Company that is mutually

acceptable to Buyer and Seller, conveying to Buyer title to the Land, subject only to the Permitted Exceptions, executed by Seller and acknowledged;

(b) The Bill of Sale ("Bill of Sale"), in the form attached hereto as Exhibit 10.2.3(b), executed by Seller conveying to Buyer the Tangible Personal Property;

(c) The Assignment Agreement ("Assignment Agreement"), in the form attached hereto as Exhibit 10.2.3(c), executed by Seller conveying to Buyer the Contracts that Buyer has expressly elected to assume pursuant to Section 1.2 above, Permits, and other Intangible Property;

(d) The Lease Assignments, executed by Seller conveying the Leases to Buyer;

(e) An affidavit of Seller conforming with the requirements of Section 1445 of the Internal Revenue Code, the Patriot Act, or any other law, statute or regulation affecting the Land or the transactions contemplated by this Agreement;

(f) An ALTA Statement, on Escrow Agent's standard form, executed by Seller;

(g) An Affidavit of Title, executed by Seller, averring to the best of Seller's knowledge that with respect to the Land, there are no known rights or claims of parties in possession of the Land claiming by, through or under Seller, and that there are no liens, or rights to liens, for services, labor, or materials furnished for or at the Land at the instance of Seller (other than as shown in the Permitted Encumbrances, subject to discharge as may be provided by the Court);

(h) Such other documents and information as the Title Company reasonably requires to issue the Title Policy with the endorsements;

(i) Escrow Holder's escrow instructions with Escrow Holder's commercially reasonable standard provisions and requiring Escrow Holder to comply with the provisions of this Agreement and record and deliver the documents set forth in, and as contemplated by, this Agreement;

(j) A Closing Statement executed by Seller;

(k) A certification by Seller affirming that all warranties and representations of Seller in this Agreement are to the best of Seller's knowledge true and correct as of the Closing Date; and

(l) Resolutions evidencing the authority of Seller to execute and deliver all documents required in this Agreement and any other documents reasonably required to complete the transaction contemplated by this Agreement and to perform its obligations under this Agreement and under said documents.

10.3 Prorations and Adjustments. All costs, expenses, obligations and income relating to the operation of the Property (except as hereinafter provided) shall be prorated between Seller and Buyer as set forth in this Section 10.3 and shall be final and not subject to re-proration except to the extent otherwise specifically provided below in this Section 10.3. Whether amounts are allocable, for purposes of this Section 10.3, to periods before or after the Cut-Off Time (as defined below) shall be determined in accordance with generally accepted accounting principles, using the accrual method except as otherwise expressly set forth below; provided, however, the following items shall be prorated, adjusted or paid in the manner indicated:

10.3.1 Real Estate, personal property, ad valorem and related taxes, levies and charges and assessments ("Taxes"), applicable to the Land for the year prior to the year in which Closing occurs shall be paid in full at the Closing by Seller, to the extent bills for same have been received, so that the Title Company shall indicate payment in full thereof on the Title Policy. Taxes for the year in which Closing occurs or which are not known and evidenced by a final bill from all appropriate taxing authorities, shall be prorated based on the most recent assessment. Seller shall be entitled to any tax refund on a pro rata basis for the current tax year and the full amount for any prior years. Any and all final and confirmed assessments, general or special, for improvements

previously completed or for amounts owed for assessments presently being completed, affecting the Land and due as of the Closing Date shall be paid by Seller prior to or at Closing, and Buyer shall be under no obligation to pay such assessments.

10.3.2 Seller shall be responsible for all accounts payable as well as all personal property, transient occupancy, payroll, sales and all other taxes and fees as well as collection of accounts receivable relating to the period prior to the Closing Date, all of which shall be paid through Escrow to the extent not paid as of the Closing Date, and Buyer shall be responsible for all accounts payable as well as all personal property, transient occupancy, payroll, sales and all other taxes and fees as well as collection of accounts receivable relating to the period from and after the Closing Date. Prepaid guest deposits (for stays or other use of the Property to occur from and after the Closing Date) shall be detailed, and such deposit shall be transferred to Buyer on the Closing Date.

10.3.3 One-half (50%) of the room rentals attributable to the night prior to the Closing Date shall be the property of Seller and the remaining one-half (50%) shall be the property of Buyer. Room rentals attributable to any night prior to the night prior to the Closing Date shall be the property of Seller.

10.3.4 Utility charges for telephone, gas, electricity, sewer, water and other services shall not be prorated to the extent that Seller can make arrangements for the rendering of final bills based on meter readings as of 11:59 p.m. on the day prior to the Closing Date (the "Cut-Off Time"). Seller shall be responsible for the payment at the Closing of all bills for utility charges up to and including the Cut-Off Time. To the extent that utility bills cannot be rendered as of the Closing Date, such charges for the period through the Cut-Off Time shall be prorated as of the Cut-Off Time based upon the most recent available bills and readjusted on the basis of the actual bills as and when received. Any utility deposits shall be refunded to Seller with a new deposit to be delivered by Buyer.

10.3.5 Seller shall be responsible for all operating expenses and trade accounts of the Property (including charges and fees payable under any Contracts) up to and including the Cut-Off Time, if and to the extent the same are determinable.

10.3.6 Revenues from food, beverage, room service, public room revenues, and other services rendered to

guests of the Hotel shall be prorated as of the Cut-Off Time, if, as and when collected.

10.3.7 Rent under the Leases have been prepaid to Management Company through 2021. Management Company shall be entitled to retain the prepaid rent.

10.3.8 All cash on hand in house banks on the morning of the Closing Date shall be the property of and shall be retained by Seller.

10.3.9 Property of guests of the Property in Seller's care, possession or control (excluding that in guest rooms) on the Closing Date shall be handled in the following manner:

(a) On the day prior to the Closing Date, Seller shall cause notice to be sent to all guests of the Hotel who have safe deposit boxes advising them to remove and/or verify the contents of such safe deposit boxes within three days after the Closing Date. Seller may have a representative present at the Hotel during such three-day period for the purpose of viewing such removal and verification. Boxes of guests not responding to the written notice shall be listed at the end of such three day period. Such boxes shall be opened on the following day in the presence of representatives of Seller and Buyer to be agreed upon between Seller and Buyer and the contents thereof shall be recorded. Any property contained in the safe deposit boxes and so recorded and thereafter remaining in the hands of Buyer shall be the responsibility of Buyer.

(b) All guest baggage checked and left in the possession, care and control of Seller shall be listed in an inventory to be prepared in duplicate and signed by Seller's and Buyer's representatives on the Closing Date. Buyer shall be responsible from and after the Closing Date for all baggage listed in inventory.

(c) All other guest property left in the possession, care or control of Seller prior to the Closing Date shall be returned by Seller to guests prior to the Closing Date.

10.4 Seller's Obligations Prior to Closing. Seller covenants and agrees with Buyer that on or prior to the Closing Date (except as otherwise specified below):

10.4.1 Seller will assist Buyer and Buyer's agents, on or before Closing Date, in acquiring all information necessary to enable Buyer's agents and Seller's agents to compute the prorations described in Section 10.3 above;

10.4.2 Seller will not sell, exchange, assign, transfer, convey, lease, encumber or otherwise dispose of all or any part of the Property or any interest therein except for consumables and expendables which are consumed and replaced in the ordinary course of business;

10.4.3 Seller will perform all of its obligations under and keep the Contracts, the Leases and the Permits in full force and effect except as otherwise instructed by Buyer in accordance with this Agreement, and in connection therewith, Seller shall, among other things, comply with the requirements of Section 10.5 below;

10.4.4 Seller will not enter into, modify or amend any Contracts, Leases, licenses, easements or other agreements relating to the Property which will obligate Buyer or be a charge or lien against the Property, except those necessary to continue the operation of the Hotel in the ordinary course of business or ordered by the Court except as otherwise instructed by Buyer in accordance with this Agreement;

10.4.5 Seller will cause the Hotel to be operated and the Property to be maintained in the manner in which it is being operated and maintained as of the date of this Agreement which undertaking includes, but is not limited to, entering into bookings in the ordinary course of business, maintaining levels of expendables, consumables and inventories consistent with past practices, and maintaining in full force and effect commercially reasonable insurance coverage; furthermore, Seller shall cause all expendables, consumables and inventories to be inventoried in its typical and customary current operating manner at all times until the Closing Date;

10.4.6 Buyer has been adequately informed of Seller's Chapter 11 bankruptcy case. Otherwise, Seller will promptly notify Buyer of any matter arising prior to Closing which might materially and adversely affect the operation of the Hotel or the value of the Property, including, without limitation, the commencement of any litigation or proceeding or any notice of a

violation of law issued by any governmental or quasi-governmental authority;

10.4.7 Seller has a pending appeal for real property taxes for the Property of which Seller retains the exclusive right to any refunds since they apply to prior tax years. Seller will promptly provide Buyer with notice of any actual or proposed change in the assessed value of the Property or any portion of the Property (including any tentative or preliminary assessment) and of the institution or proposed institution of any proceeding (whether formal, informal, judicial or administrative) relating to any such change or proposed change, and Seller will not take any action with respect to the contesting and/or resolution of the taxable assessed value of the Land without the prior written consent of Buyer, which consent shall not be unreasonably withheld; and

10.4.8 Management Company shall terminate all employees working at the Hotel in compliance with applicable law immediately upon the termination of the Management Agreement; upon such termination of all employees working at the Hotel, Management Company or Seller, as applicable, shall pay all such employees all wages and benefits accrued by such employees through the date of termination, including, without limitation, all sick leave and vacation pay in connection with their employment; Management Company and Seller shall together be solely responsible for complying with the provisions of applicable law, including without limitation, the Worker Adjustment Retraining and Notification Act and state and local plant closing laws, if applicable, with respect to the termination of any employees working at the Hotel. Management Company and Seller shall, jointly and severally, indemnify, defend and hold Buyer and its designated management company or operator for the Property harmless from and against any liabilities incurred by either such party as a result of Management Company's or Seller's failure to satisfy their obligations under this Section 10.4.8, unless such failure resulted from the express and specific request of Buyer and/or Buyer's authorized agent or assign. The provisions of this Section 10.4.8 shall survive the Closing.

10.5 Liquor License. The Property includes the liquor licenses used in connection with the restaurant and Hotel and every portion thereof (collectively, the "Liquor License"). In connection therewith, Seller and Management Company shall cooperate with Buyer and execute such instruments and documents as are reasonably required by the California ABC to allow for Buyer to apply for the transfer of the Liquor License or the issuance of a new liquor license for the Hotel to Buyer (e.g., ABC 211A form approving the transfer (and a Temporary Permit if one is requested), and ABC 227), and escrow instructions, as applicable), but the issuance of a liquor license to Buyer or its

designee in connection with the Closing shall not be a condition to Closing. If required under applicable law, Management Company and Buyer agree to enter into a separate purchase agreement and/or establish a separate escrow (the "Liquor License Escrow") to handle the sale of the Liquor License and related inventory and property to Buyer. Neither Seller nor Management Company shall be liable for any costs or fees related to the transfer of the Liquor License, other than the costs of complying with any bulk sales requirements and the payment of sales taxes, both of which shall be the responsibility of Seller to pay. Buyer shall be responsible for complying with all requirements of the Alcoholic Beverage Control Act and the regulations adopted pursuant thereto by the California Department of Alcoholic Beverage Control in connection with the issuance to Buyer or its designee of a liquor license for the Property. If Buyer determines in its sole discretion that a permanent liquor license is not likely to be issued to Buyer or its designee as of the date of Closing, then Buyer shall be entitled to apply for a temporary liquor license; provided, however, if Buyer is not able to obtain a temporary liquor license as of the Closing Date then, on the Closing Date, Management Company shall enter into an interim arrangement whereby Management Company shall operate the liquor concessions at the Property, for a period not to exceed one hundred twenty (120) days unless otherwise agreed upon by Management Company, pursuant to the "Post-Closing Interim Liquor Agreement" attached hereto as Exhibit 10.5, and Buyer shall indemnify, defend and hold Seller and Management Company harmless from any liabilities incurred by Seller or Management Company (and not resulting from the gross negligence or willful misconduct of Seller or Management Company) in connection with such operation of liquor concessions by Seller or the applicable licensee.

11. Remedies.

11.1 Default by Buyer. If the sale of the Property is not consummated due to any default or material breach by Buyer hereunder or for any other reason other than a default by Seller or the failure of any of the conditions set forth in Section 9.1 all of the Earnest Money shall, as Seller's sole and exclusive remedy, be paid immediately to Seller by the Escrow Holder as liquidated damages upon notice from Seller and Buyer, it being agreed between the parties hereto that the actual damages to Seller in the event of such failure are impractical to ascertain and the amount of the Earnest Money is a reasonable estimate thereof. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE EARNEST MONEY HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST

BUYER, AT LAW OR IN EQUITY, IN THE EVENT OF A FAILURE BY BUYER TO CLOSE WHEN OBLIGATED TO DO SO UNDER THIS AGREEMENT. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677.

INITIALS: Seller _____ Buyer _____

11.2 Default by Seller. If the sale of the Property is ~~not consummated~~ due to any default or material breach by Seller hereunder, Buyer shall be entitled to bring an action for specific performance of Seller's obligations hereunder, damages or both. Notwithstanding any language in this Section 11.2, the Court's refusal to approve the sale or enter the Order, this Agreement or any portion of this Agreement, shall not be considered a default by Seller, and such occurrence shall be handled in accordance with Section 12.1 below.

12. Closing; Closing Date; Closing Costs.

12.1 The closing of the transaction (the "Closing") shall take place through escrow on the date that is fifteen (15) days after entry of the Order, but not earlier than forty-five (45) days after the Effective Date; provided, however, that if the Order is not issued by the Court within ninety (90) days after the Effective Date or if the Court issues an order disapproving this Agreement, any portion of this Agreement or the sale of the Property to Buyer, then Buyer shall have the right at any time thereafter, and until the Court does issue the Order, to terminate this Agreement upon written notice to Seller, and if Buyer does deliver a written notice of termination of this Agreement to Seller in accordance with this Section 12, the full Earnest Money shall be refunded to Buyer, and once Buyer receives a full refund of its Earnest Money, neither party shall have thereafter have any further obligations hereunder, except for those which expressly survive termination. Buyer shall have the option to extend the date for the Closing by an additional thirty (30) days from the latter of the two foregoing dates by providing Seller written notice of extension at least five (5) days prior to the scheduled date of Closing and depositing into Escrow an additional Five Hundred Thousand Dollars ($500,000.00) U.S. Currency within 24 hours of such notice, which, upon deposit, shall be included in the definition of "Earnest Money" and shall be non-refundable to Buyer except under the circumstances the Earnest Money is refundable to Buyer. The date on which Closing occurs shall be referred to herein as the "date of Closing" or the "Closing Date."

12.2 Seller shall pay one-half of all escrow fees, and Buyer shall pay the other half. Buyer and Seller shall each pay one-half of all documentary and other transfer taxes and fees, any recording fees, and all other Closing costs; provided, however, Seller shall pay all sales tax associated with the sale of the Property. At Closing, Seller shall purchase and pay for a standard ALTA owner's policy of title insurance in the amount of the Purchase Price for the Property (the "Title Policy"); any additional endorsements

requested by Buyer or required by Buyer's lender shall be paid by Buyer. Each party shall pay for its own attorney's fees.

12.3 Buyer shall obtain, at Buyer's own expense, property and liability insurance at or before Closing, insuring Buyer's interest in the Hotel after Closing.

12.4 Upon Closing, title to the Property shall pass to Buyer, free and clear of all interests, mortgages, liens and encumbrances, financing statements, security interests, charges, claims, and other exceptions to title, other than the lien for general taxes not yet due and payable and such non-monetary exceptions to title, if any, identified on the title commitment for the Property that was delivered to Buyer prior to the Effective Date (collectively, the "Permitted Encumbrances"), and Seller shall deliver to Buyer possession of the Property, and Seller shall further, upon Buyer's request, execute such other customary instruments of conveyance as Buyer may reasonably deem necessary to effect or evidence the transfers contemplated hereby. Any such additional documents shall be prepared and all related costs borne exclusively by Buyer.

13. Indemnity and Hold Harmless. Seller and Buyer shall indemnify the other party, and hold the other party harmless, to include attorneys' fees and costs, for any and all third party claims, whether in contract or in tort, arising or properly alleged to arise during the period for which such party owns fee title to the Property or when the third party was directly retained by Seller or Buyer.

14. Additional Terms.

14.1 This Agreement is binding upon and inures to the benefit of the parties' heirs, successors, and assigns.

14.2 The covenants contained in this Agreement of each party that, by their nature, would survive the Closing, shall survive Closing and shall not merge into any document delivered at Closing.

14.3 This Agreement contains the entire contract of the parties, and all prior discussions or agreements are merged into this Agreement.

14.4 In the event one or more sections of this Agreement are found to be unenforceable, the remaining terms shall remain in full force and effect.

14.5 Any notices to Buyer and Seller shall be sent to the following addresses:

To Buyer:	Coastline Investments LLC Attn: Shermen Chiang, CHA Attn: Lucy Gao 3218 E. Holt Ave, West Covina CA 91791 FAX: 626.214.2153
With a copy to:	Jeffer Mangels Butler & Mitchell LLP c/o David Sudeck 1900 Avenue of the Stars, 7th Floor Los Angeles, CA 90067 FAX: 310.712.8566
To Seller:	Shilo Inn, Pomona Hilltop, LLC c/o Christopher Campbell or Mark S. Hemstreet 11600 S.W. Shilo Lane Portland, Oregon 97225 FAX: 503.643.7107

Notices by any party pursuant to this Agreement may be made by hand delivery, regular, certified, or registered mail (with or without return receipt), overnight courier (such as, for example, Federal Express), or facsimile transmission ("FAX"), if, on the same day the FAX is sent, the party also sends the notice by one of the aforementioned approved means. Notices by hand delivery shall be deemed received when delivered to the addressee's address; notices by regular, certified, or registered mail shall be deemed received forty-eight (48) hours after posting; notices sent by overnight courier shall be deemed received when actually delivered; and notices sent by FAX shall be deemed received one (1) hour after the time of transmission or at 9:00 a.m on the next business day after the FAX is sent, if the FAX is not sent on a business day. Where more than one method of notice is used, time shall be calculated from the time of deemed receipt of the most rapid form of notice employed. Where any notice by any party is to be given by a specified date, or on or within a stated number of days after a stated event, the notice shall be given on or before 5:00 P.M. PST on the required date. If the required date is a Saturday, Sunday, or not a regular business day, the notice shall be given not later than the next business day.

15. Assignment. Buyer may, without Seller's written consent and without any approval of the Court required, assign all or part of its interest in this Agreement to any other entity affiliated with Buyer or controlled by or affiliated with Lucy Gao or Shermen Chiang or both of them ("Permitted Assignment"). Upon such Permitted Assignment, the assigning entity shall, effective as of the assignment date, be fully released from all further obligations and liability under this Agreement if and so long as the assuming entity assumes all of the assigning entity's obligations and liabilities arising from and after the effective date of such Permitted Assignment. Buyer shall provide Seller with

written notice of its intent to assign prior to such assignment. In addition to the foregoing, Buyer shall have the right to assign all or part of its interest in this Agreement to any third party with Seller's prior written consent and, if required by applicable law, approval by the Court, which consent shall not be unreasonably withheld, conditioned or delayed.

16. Legal Representation. If the parties hereto have been represented by legal counsel of their choice in respect to this transaction, then each of the parties shall be responsible for all attorneys' fees incurred in formulating this Agreement. The parties agree that although this Agreement was originally drafted by attorneys for Seller, it has been mutually negotiated and therefore any ambiguity shall not be construed against Seller.

17. Waiver. Failure of either party at any time to require performance of any provision of this Agreement shall not limit such party's right to enforce such provision, nor shall any waiver of any breach of any provision of this Agreement constitute a waiver of any succeeding breach of such provision or waiver of such provision itself.

18. Counterparts. This Agreement may be executed in one or more counterparts, all of which may be considered one of the same Agreement and shall be effective when one or more counterparts have been signed and delivered by each of the parties.

19. Governing Law. The parties acknowledge that this Agreement has been negotiated and is entered into in the State of California. The parties expressly agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California. Each party hereto hereby submits to the jurisdiction of the state and federal courts of the State of California, and the venue of Los Angeles County shall be appropriate for all actions arising in connection herewith.

20. Commissions. Seller has retained no broker for this transaction. Buyer and Seller agree that Seller was responsible for locating the Buyer through independent sources with Buyer before Seller's broker was retained by Seller. Buyer has retained Richfield Hospitality Group, Inc. (Shermen Chiang CHA) as Buyer's agent, but Buyer's agent is due and owing no commission from this Agreement. Buyer has disclosed that Shermen Chiang, which person may have an interest in Buyer, is a licensed real estate agent. Buyer and Seller agree that each party shall indemnify the other party for any claims for commissions or fees as a result of this transaction.

21. IRC Section 1031 Exchange. To the extent reasonable, both parties shall cooperate with each other in pursuing non-recognition of gain under Section 1031 of the Internal Revenue Code ("IRC"). Seller is aware that Buyer is purchasing the Hotel as part of a 1031 exchange. Each party shall pay its own costs and fees associated with any IRC Section 1031 exchange.

22. Computing Time Periods. Unless otherwise specified, in computing any period of time described in this Agreement, the date of the act or event after which the designated period of time begins to run is not to be included and the last day of the period

so computed is to be included, unless the last day is a Saturday, Sunday, or legal holiday, in which event the time period runs until the end of the next day that is neither a Saturday, Sunday, nor legal holiday. The last day of any period of time described in this Agreement is deemed to end at 5:00 pm PST.

23. Attorneys' Fees. Should any legal proceeding be commenced between the parties hereto concerning the Property, this Agreement or the rights and duties of either in relation thereto, the prevailing party in such legal proceeding shall be entitled, in addition to such other relief as may be granted, to receive from the losing party its reasonable costs and attorney's fees.

24. THIS AGREEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS A BINDING CONTRACT FOR THE SALE AND PURCHASE OF THE PROPERTY DESCRIBED IN SECTION 1 ABOVE UNTIL BOTH BUYER AND SELLER HAVE SIGNED AND THE NON-REFUNDABLE EARNEST MONEY HAS BEEN DEPOSITED IN ESCROW.

Exhibit 1.1	Legal Description of Land
Exhibit 1.2	Contracts
Exhibit 1.3	Tangible Personal Property
Exhibit 1.7A	Leases
Exhibit 1.7B	Lease Assignments
Exhibit 3.2	Franchise Agreement Amendment
Exhibit 3.3	Management Agreement Amendment
Exhibit 10.2.3(b)	Bill of Sale
Exhibit 10.2.3(c)	Assignment Agreement
Exhibit 10.5	Post-Closing Interim Liquor Agreement

SELLER: Shilo Inn, Pomona Hilltop, LLC,
an Oregon limited liability company

By: Shilo Management Corporation,
its manager

By:_____
Its:_____
Date:_____

BUYER: Coastline Investments LLC,
a California limited liability company

By: Lucy Gao
Its: Manager
Date: 11-9-11

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As to Section 3.3, Section 10.4.8 and Section 10.5:

MANAGEMENT COMPANY:

Shilo Management Corporation

By:_____
Its:_____
Date:_____

As to Section 3.2:

SHILO:

Shilo Franchise International, L.L.C.

By:_____
Its:_____
Date:_____

Exhibit 1.1

Legal Description of Land

LEGAL DESCRIPTION

PARCEL A:

PARCEL 1, IN THE CITY OF POMONA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON A PARCEL MAP 6172, AS FILED IN BOOK 69, PAGES 11 TO 14 INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

A NON-EXCLUSIVE EASEMENT OVER THE NORTHERLY 220 FEET OF THE EASTERLY 30 FEET OF PARCEL 3 OF PARCEL MAP 16068, IN THE CITY OF POMONA, AS FILED IN BOOK 168 PAGES 23 TO 24 INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

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Exhibit 1.2

Contracts

Shilo Franchise International LLC – dated 01-01-2004 (assigned)
Shilo Management Corporation – dated 10/2/1996 (assigned)
Coca-Cola
LodgeNet Entertainment Corp. – dated 10/28/2005
Showtime Networks, Inc.
Sysco
World Cinema, Inc. – dated 12/6/2006, extended on 8/25/2008
Marlin Leasing

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Exhibit 1.3

Tangible Personal Property

SHILO INN SUITES POMONA HILLTOP

FF & E INVENTORY

Rooms	
Refrigerator	129
Microwave	123
32" Phillips Flat Screen TV	29
27" Phillips Box TV	85
25" RCA Box TV	13
19" Magnavox	77
Desk	129
Desk Chair	129
Lamps - Desk	129
Lamps - Night Stand	191
Night Stand Table	191
Telephone-Desk	147
Telephone-Bathroom	107
Alarm Clock	148
Waste Basket	387
Plastic Ice Bucket	129
Coffee Maker	129
Hairdryer	162
Iron	120
Ironing Board	119
Hangers	1257
Pillows -Bed	576
Pillows -Bolster	297
Headboard	191
Air Conditioner/Heater	129
Art Work	341
Desk Mirror	129
King Bed	61
Queen Bed (Spe.Assist Room)	6
2 Queen Bed	136
Entertainment Cabinet	129

1,2,3RD FLOOR LOBBIES	
1ST FLOOR	Big Chairs - 10
Lamps - 4	Sofas - 3
Phones - 1	Coffee Tables - 2
Small Chairs - 14	End Tables-8
Square Tables - 5	Sofa Tables -3
	Round Tables - 2
2nd Floor	Big Chairs - 6
Desk/Chair - 1	Sofa -1
	End Tables - 3
	Sofa Tables - 1
	Lamps - 1
3RD FLOOR	Big Chairs - 2
	Sofa -1
	End Tables - 3

3RD FLOOR	
BUSINESS CENTER	
Sofa Bed Queen	1
Computer	1
Printer	1
Desk	1

OFF MAIN LOBBY	
WORKOUT ROOM	
19" Magnavox	1
Treadmill	1
Exercise Bike	1
Elliptical Train	1
Weight Machine	1

Game Table	129
Table Chairs	418
Sofa Bed King	43
Sofa Bed Queen	46

MEETING ROOM 3RD FLOOR

Chairs	9
Large Meeting Table	1
Small Prep Table	1
Phones	1
Wall Art	3

LINENS

Queen Sheets	392
King Sheets	223
All Pillow Cases	502
All Pillows	487
All Pillow Sheet Protectors	467
Bath Towels	466
Hand Towels	209
Wash Cloths	419
Bath Mats	189
Pool Towels	30
Shower Curtains	128
King Mat Pads	70
Queen Mat Pads	152
Queen Blankets	136
King Blankets	64

STORAGE ROOM LAUNDRY

NIGHT STANDS	2
COFFEE MAKERS	10
ARMOIRE	1
LUGGAGE	1
DESKS	1
FLAT TV	5
ROLLAWAY BEDS	5
PHILLIPS TV	2

Hilltop Restaurant Inventory

			Kitchen
1	Microwave	1	Duel Coffee Maker
1	Duel Fryer	2	Bunn Heaters
1	Flat Top	7	Racks
26	Top Oven + 14 Top Attachment	3	Hot Boxes
1	Grill	23	Chaffers
1	Counter Top Oven	14	Chaffer Tops
1	True Freeze	10	Brass Chaffers
1	Delfield/Alco Fridge	2	Rounds Chaffers
2	Alto Sham Combiterms	50	Chaffing Pans - 200, 400, 600
1	Imperal Top Stove	2	Coffee Brewer Containers
1	Groen Gold Line	3	Grills Top
2	Wolf Airflow Ovens	5	POS Systems
1	Duel Oven	1	Computer
1	Duel Alto Sham Warmer	9	Bowls
1	Tranlsel Freezer Duel	45	Small Plates
1	Tranlsel Freezer Single	7	Boats
2	True Refrigerators	16	Saucers
1	Hoshizaki Ice Machine	88	Bread Plates
1	Hamilton Blender	117	Room Service Plates
1	Kitchen Aid	3	18 qt Rounds
1	Hobart Slicer	40	Round Plates
1	Large Hobart Mixer w/attachments	26	Square Plates
3	Scales	8	Large Bowls
1	Robocoup	20	Large Oval Serve Trays
1	Large Salad Spinner	2	Cutlery Trays
1	Lemon Wedger	48	Small Glasses
2	Pattone Cuts Cutter	1	Toaster
1	Rice Cooker	4	Oil Vinegar Racks
1	Large Imersion Mixer	6	Sugar Holders
1	Soda Machine	16	Small baskets
1	Juice Machine	2	Tea Racks
21	Small Tongs	4	Small Pepper Crackers
4	Large Tongs	2	Large Pepper Crackers
5	10oz Ladles	3	124 Muffin Tins
27	20oz Ladles	6	Hand Whisks
8	6oz Ladles	30	Black Service Tongs
1	12oz Ladle	1	Mini Wisk
1	Wave Chopper	1	Potato Masher

6	Large Plastic Scoops	2	Medium Plastic Scoop
1	1/2 Box Grater	2	Meat Tenderizer
3	Large Ice Scoops	2	Small Ice Scoops
7	Long Spatulas	2	Short Spatulas
3	Grill Spatulas	2	Grill Spatulas with holes
15	Slotted Silver Serving Spoons	15	Unslotted Sliver Serving Spoons
2	Water From Ice Dramers	16	Storage Racks
1	Egg Slicer	2	Long cutting Boards
1	Gray Bus Tub	14	Red Lids
20	Blue Lids	10	Clear Round Lids
4	Clear Plastic Storage Tubs (medium)	3	Large Plastic Clear Storage Tubs
10	Small Silver Tea Pots	10	Goose Necks
2	Large Tea Pots	20	White Coffee Holders
10	Plastic Corraffs	6 1/6	Lids
2 1/3	Lids	4	Coffee Brew Pots
2	Thermals	60	Silver Sauce Cups
10	Rectangle Plates	10	Individual Tart Bowls Oblong
8	Individual Tart Bowls Round	20	Creamers
47	Coffee Mugs (White)	24	Brown Coffee Mugs Brown
29	Glass Cups	29	Champaign Glasses
3	Short Red Wine Glasses	2	Tall Red Wine Glasses
9	Bowls	45	Small Plate
7	Boats	16	Saucers
88	Bread Plates	117	Room Service Plates
3	18 Qtr. Rounds	40	Round Plates
26	Square Plates	8	Large Bowls
20	Large Oval Serving Trays	2	Cutlery Trays
48	Small Glasses	1	Toaster
4	Rack Oil Vinegar	30	Salt and Pepper Shakers
6	Sugar Holders	16	Baskets (small)
2	Tea Racks	4	Small Pepper Crackers
2	Large Pepper Crackers	80	1/6 4 Inch Pans
30	1/6 6 Inch Pans	43	1/8 Pans
40	1/3 4 Inch Pans	20	1/3 6 Inch Pans
200	150 Pans	200	25 Holes
400	10 Pans	400	10 Holes
600	5 Pans	5	Large Roasting Pots
3	Small Roasting Pots	2	Small Pots
3	Medium Pots	6	Large Pots
3	Round Roasting Pots	9	Bain Maries
1	Stock Pots with Spick	2	Tall Pots
1	Short Pot	2	Colanders
3	Small China Cups	1	Large China Cups

450	Sheet Pans	20	1/2 Pans
14	Black Oblong Bowls	3	Tops
6	Silver Trays With Handles	3	Silver Trays Without Handles
2	Small Square Trays	2	Triangle Trays
3	Large Square Trays	2	Rectangle Trays
4	Large Plastic Bowls	1	Extra Large Plastic Bowl
2	Small Plastic Bowls	22	Medium Plastic Bowls
3	Large Glass round Salad Bowls	14	Small Glass Round Salad Bowls
16	Fruit Dishes	9	Glass Bowls
4	Large Salsa Bowls	21	18 QT Containers
3	12 QT Containers	14	8 QT Containers
3	6 QT Containers	15	4 QT Containers
7	2 QT Containers	7	Red and White Storage Bins
10	Rolling Storage Bins	6	Cooling/ Roasting Racks
10	Cutting Boards	2	Large Containers
2	Medium Containers	5	Medium Silver Bowls
1	Large Silver Bowl	3	Grill Covers
2	Mandoline	10	Round Pizza Flats With Holes
1	Small Pizza Flat without Holes	8	Medium Round Pizza Flats without Holes
1	Large Pizza Flat without Holes	2	Grill Flathers
1	Tortilla Bowl	6	Fryer Baskets
3	Boosters	3	High Chairs
7	Water Stands	2	2 Tables
13	4x4 Tables	3	Large Round Tables
2	Long Rectangle Tables	1	Extra Long Rectangle Tables
2	Square Round Rectangle Tables	5	Tall Round Tables
40	Chairs without Arms	43	Arm Chairs
3	Round Bar Chairs	8	Bar Chairs
20	Dance Floor Sections	16	Dance Floor Edges
22	Check Books	3	Dell Computers
56	Tall Glasses	27	Shot Glasses
6	Large Congiac Glasses	3	Chilled Coffee Mugs
12	Small Congiac Glasses	5	Pitchers
258	Water Glasses	160	Champaign Glasses
189	Wine Glasses	569	Forks
219	Knives	128	Steak Knives
186	Spoons	58	Salt Shakers
51	Pepper Shakers		

Catering Office

2	Desks	2	Dell Computers
2	Desk Chairs	2	Printers/Copy Machine
2	Couches	1	Fax Machine

Chefs Office

1	Dell Computers	1	Phone
2	Drawer File Cabinets	1	Chairs

Banquets

415	Chairs	64	Dance Floor Pieces
41	Round Tables	12	Risers
9	8 Foot Tables	2	Portable Bars
4	6 Foot Tables	8	Table Skirts
41	Classroom Tables	2	Cash Registers
2	Vacuums	32	Jack Stands
41	Large Oval Trays	30	Round Trays
1	6 Foot Screen	1	Podiums
2	Chair Dolley	1	Coffee Maker
1	Ice Machine	3	Easels

Dining Room

1	Hostess Stands	21	Dinner Tables
1	Easel	8	Barstools
1	Sofa Table	86	Chairs
3	End Tables	11	Booths
3	Love Seats	5	Beer Taps
4	Big Chairs	1	Espresso Machine
1	Lamp	2	Soda Guns
2	Blenders	70	Bar Glasses
1	Dishwasher	4	Speakers
61	Shot Glasses	2	27" Flat Screen TV
1	42" Flat Screen TV		

Exhibit 1.7A

Leases

Cell Tower Lease – Nextel – dated 3/31/2006
Cell Tower Lease – Cingular – dated 3/31/2006
Cell Tower Lease – T-Mobile – dated 3/31/2006
Restaurant Lease with Shilo Management Corporation – dated 04/14/2011 (to be terminated)

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Exhibit 1.7B

Lease Assignments

[see attached]

ASSIGNMENT OF COMMERCIAL LEASE
SHILO INN, POMONA HILLTOP, LLC

ASSIGNOR:	Shilo Management Corporation, an Oregon corporation
ASSIGNEE: a California limited liability	_____, company 3218 E. Holt Ave. West Covina, CA 91791
TENANT:	Versus Management One, LLC, a Delaware limited liability company
OWNER:	Shilo Inn, Pomona Hilltop, LLC, an Oregon limited liability company

A. Assignor entered into a commercial cell tower lease, assignment and license agreement with Tenant and T-Mobile USA, Inc., a copy of which is attached hereto and incorporated herein as **Exhibit A** (the "Lease") for a portion of the property owned by Shilo Inn, Pomona Hilltop, LLC and located at 3101 Temple St., Pomona, CA 91768 ("Property"). Owner authorized the Assignor to enter into the Lease for the Property.

B. Owner now wishes to sell the Property to Assignee. As part of the sale, Assignee wants the Lease assigned to Assignee from Assignor. The Lease does not provide for consent of Tenant for this Assignment to become effective.

C. By this Assignment Agreement ("Assignment"), the parties agree to the assignment of the Lease from Assignor to Assignee.

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Effective Date-Exercise of Option: Effective as of _____ ___, 2011 ("Effective Date") and subject to the conditions set forth below, Assignor hereby assigns all of Assignor's right, title and interest in and to the Lease to Assignee; and Assignee agrees to assume all of the terms and conditions of the Lease effective immediately. Subject to the terms and conditions contained herein, Owner hereby agrees to this Assignment. The consideration for this Assignment is the Owner and Assignee closing the Real Estate Sales Agreement dated November ___, 2011 for the Property by the Closing Date, as defined in that agreement.

2. Complete Assignment: As of the Effective Date, except as set forth herein, Owner and Assignor shall have no duty, obligation or right in and under the Lease. Assignor and Owner shall, jointly and severally, defend, indemnify and hold Assignee harmless for any claims filed or defaults asserted pertaining to acts or omissions that occurred prior to the Effective Date.

Assignee shall defend, indemnify and hold Assignor and Owner harmless for any claims filed or defaults asserted pertaining to any acts or omissions that occurred on or after the Effective Date.

3. "AS-IS" Assignee hereby warrants, represents and agrees that Assignor and/or Owner have no responsibility whatsoever to repair or replace any personal or real property subject to the Lease, including, but not limited to, any telecommunications tower on the Property and that Assignee has had ample opportunity to inspect the Property and read the Lease with legal counsel of Assignee's choice and accepts the same "AS-IS," in its current condition, without any warranty or further obligation or duty owed by Assignor and/or Owner except as explicitly provided in this Assignment.

4. Post-Closing Obligations Assignee warrants, represents and agrees that Assignee will fully comply with the Lease. Assignor agrees to immediately notify the Tenant and/or Tenant's assigns in writing of the assignment and to provide Tenant with Assignee's contact information set forth above for Notice under the Lease.

6. Incorporation Except as may be modified by this Assignment, all terms and conditions of the Lease shall continue in full force and effect and all terms and conditions of the same, including the recitals set forth above, are hereby incorporated herein. If there is any conflicting terms between this Assignment and the Lease, the terms and conditions of this Assignment shall control.

7. Attorneys' Fees. Should any suit or arbitration be commenced between the parties hereto, this Assignment or the rights and duties of either in relation thereto, the prevailing party in such arbitration or suit shall be entitled, in addition to such other relief as may be granted, to receive from the losing party a reasonable sum as and for its attorneys' fees and costs, said amount to be set by the Arbitrator before which the matter is heard. The parties acknowledge that this Agreement has been negotiated and is entered into in the State of California. The parties expressly agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

8. Counterparts. This Assignment may be executed by the parties in counterparts, in which event the signature pages thereof shall be combined in order to constitute a single original document.

9. Binding Effect. This Assignment shall be binding upon and inure to the benefit of Assignor, Assignee, Owner and their respective successors and assigns.

This Agreement is effective _____2011 ("Effective Date")

ASSIGNOR:

Shilo Management Corp.,
an Oregon corporation

By: _____
Christopher Campbell, Secretary

ASSIGNEE:

_____,
a California limited liability company

By: _____
Name: _____
Title: _____

OWNER:

Shilo Inn, Pomona Hilltop, LLC
an Oregon limited liability company

By: Shilo Management Corporation,
its manager

By:_____
Name:_____
Title:_____

EXHIBIT A
ASSIGNMENT AND LICENSE AGREEMENT AND ORIGINAL LEASE

[See Attached]

ASSIGNMENT OF COMMERCIAL LEASE
SHILO INN, POMONA HILLTOP, LLC

ASSIGNOR:	Shilo Management Corporation, an Oregon corporation
ASSIGNEE:	_____, a California limited liability company 3218 E. Holt Ave. West Covina, CA 91791
TENANT:	Versus Management One, LLC, a Delaware limited liability company
OWNER:	Shilo Inn, Pomona Hilltop, LLC, an Oregon limited liability company

A. Assignor entered into a commercial cell tower lease, assignment and license agreement with Tenant and Nextel of California, Inc., a copy of which is attached hereto and incorporated herein as **Exhibit A** (the "Lease") for a portion of the property owned by Shilo Inn, Pomona Hilltop, LLC and located at 3101 Temple St., Pomona, CA 91768 ("Property"). Owner authorized the Assignor to enter into the Lease for the Property.

B. Owner now wishes to sell the Property to Assignee. As part of the sale, Assignee wants the Lease assigned to Assignee from Assignor. The Lease does not provide for consent of Tenant for this Assignment to become effective.

C. By this Assignment Agreement ("Assignment"), the parties agree to the assignment of the Lease from Assignor to Assignee.

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Effective Date-Exercise of Option: Effective as of _____ ___, 2011 ("Effective Date") and subject to the conditions set forth below, Assignor hereby assigns all of Assignor's right, title and interest in and to the Lease to Assignee; and Assignee agrees to assume all of the terms and conditions of the Lease effective immediately. Subject to the terms and conditions contained herein, Owner hereby agrees to this Assignment. The consideration for this Assignment is the Owner and Assignee closing the Real Estate Sales Agreement dated November ___, 2011 for the Property by the Closing Date, as defined in that agreement.

2. Complete Assignment: As of the Effective Date, except as set forth herein, Owner and Assignor shall have no duty, obligation or right in and under the Lease. Assignor and Owner shall, jointly and severally, defend, indemnify and hold Assignee harmless for any claims filed or defaults asserted pertaining to acts or omissions that occurred prior to the Effective Date.

Assignee shall defend, indemnify and hold Assignor and Owner harmless for any claims filed or defaults asserted pertaining to any acts or omissions that occurred on or after the Effective Date.

3. "AS-IS" Assignee hereby warrants, represents and agrees that Assignor and/or Owner have no responsibility whatsoever to repair or replace any personal or real property subject to the Lease, including, but not limited to, any telecommunications tower on the Property and that Assignee has had ample opportunity to inspect the Property and read the Lease with legal counsel of Assignee's choice and accepts the same "AS-IS," in its current condition, without any warranty or further obligation or duty owed by Assignor and/or Owner except as explicitly provided in this Assignment.

4. Post-Closing Obligations Assignee warrants, represents and agrees that Assignee will fully comply with the Lease. Assignor agrees to immediately notify the Tenant and/or Tenant's assigns in writing of the assignment and to provide Tenant with Assignee's contact information set forth above for Notice under the Lease.

6. Incorporation Except as may be modified by this Assignment, all terms and conditions of the Lease shall continue in full force and effect and all terms and conditions of the same, including the recitals set forth above, are hereby incorporated herein. If there is any conflicting terms between this Assignment and the Lease, the terms and conditions of this Assignment shall control.

7. Attorneys' Fees. Should any suit or arbitration be commenced between the parties hereto, this Assignment or the rights and duties of either in relation thereto, the prevailing party in such arbitration or suit shall be entitled, in addition to such other relief as may be granted, to receive from the losing party a reasonable sum as and for its attorneys' fees and costs, said amount to be set by the Arbitrator before which the matter is heard. The parties acknowledge that this Agreement has been negotiated and is entered into in the State of California. The parties expressly agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

8. Counterparts. This Assignment may be executed by the parties in counterparts, in which event the signature pages thereof shall be combined in order to constitute a single original document.

9. Binding Effect. This Assignment shall be binding upon and inure to the benefit of Assignor, Assignee, Owner and their respective successors and assigns.

This Agreement is effective _____2011 ("Effective Date")

ASSIGNOR:

Shilo Management Corp.,
an Oregon corporation

By: _____
Christopher Campbell, Secretary

OWNER:

Shilo Inn, Pomona Hilltop, LLC
an Oregon limited liability company

By: Shilo Management Corporation,
its manager

By:_____
Name:_____
Title:_____

ASSIGNEE:

_____
a California limited liability company

By: _____
Name:_____
Title:_____

EXHIBIT A
ASSIGNMENT AND LICENSE AGREEMENT AND ORIGINAL LEASE

[See Attached]

ASSIGNMENT OF COMMERCIAL LEASE
SHILO INN, POMONA HILLTOP, LLC

ASSIGNOR:	Shilo Management Corporation, an Oregon corporation
ASSIGNEE:	_____, a California limited liability company 3218 E. Holt Ave. West Covina, CA 91791
TENANT:	Versus Management One, LLC, a Delaware limited liability company
OWNER:	Shilo Inn, Pomona Hilltop, LLC, an Oregon limited liability company

A. Assignor entered into a commercial cell tower lease, assignment and license agreement with Tenant and Cingular Wireless PCS, LLC, a copy of which is attached hereto and incorporated herein as **Exhibit A** (the "Lease") for a portion of the property owned by Shilo Inn, Pomona Hilltop, LLC and located at 3101 Temple St., Pomona, CA 91768 ("Property"). Owner authorized the Assignor to enter into the Lease for the Property.

B. Owner now wishes to sell the Property to Assignee. As part of the sale, Assignee wants the Lease assigned to Assignee from Assignor. The Lease does not provide for consent of Tenant for this Assignment to become effective.

C. By this Assignment Agreement ("Assignment"), the parties agree to the assignment of the Lease from Assignor to Assignee.

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Effective Date-Exercise of Option: Effective as of _____ ___, 2011 ("Effective Date") and subject to the conditions set forth below, Assignor hereby assigns all of Assignor's right, title and interest in and to the Lease to Assignee; and Assignee agrees to assume all of the terms and conditions of the Lease effective immediately. Subject to the terms and conditions contained herein, Owner hereby agrees to this Assignment. The consideration for this Assignment is the Owner and Assignee closing the Real Estate Sales Agreement dated November ___, 2011 for the Property by the Closing Date, as defined in that agreement.

2. Complete Assignment: As of the Effective Date, except as set forth herein, Owner and Assignor shall have no duty, obligation or right in and under the Lease. Assignor and Owner shall, jointly and severally, defend, indemnify and hold Assignee harmless for any claims filed or defaults asserted pertaining to acts or omissions that occurred prior to the Effective Date.

Assignee shall defend, indemnify and hold Assignor and Owner harmless for any claims filed or defaults asserted pertaining to any acts or omissions that occurred on or after the Effective Date.

3. "AS-IS" Assignee hereby warrants, represents and agrees that Assignor and/or Owner have no responsibility whatsoever to repair or replace any personal or real property subject to the Lease, including, but not limited to, any telecommunications tower on the Property and that Assignee has had ample opportunity to inspect the Property and read the Lease with legal counsel of Assignee's choice and accepts the same "AS-IS," in its current condition, without any warranty or further obligation or duty owed by Assignor and/or Owner except as explicitly provided in this Assignment.

4. Post-Closing Obligations Assignee warrants, represents and agrees that Assignee will fully comply with the Lease. Assignor agrees to immediately notify the Tenant and/or Tenant's assigns in writing of the assignment and to provide Tenant with Assignee's contact information set forth above for Notice under the Lease.

6. Incorporation Except as may be modified by this Assignment, all terms and conditions of the Lease shall continue in full force and effect and all terms and conditions of the same, including the recitals set forth above, are hereby incorporated herein. If there is any conflicting terms between this Assignment and the Lease, the terms and conditions of this Assignment shall control.

7. Attorneys' Fees. Should any suit or arbitration be commenced between the parties hereto, this Assignment or the rights and duties of either in relation thereto, the prevailing party in such arbitration or suit shall be entitled, in addition to such other relief as may be granted, to receive from the losing party a reasonable sum as and for its attorneys' fees and costs, said amount to be set by the Arbitrator before which the matter is heard. The parties acknowledge that this Agreement has been negotiated and is entered into in the State of California. The parties expressly agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

8. Counterparts. This Assignment may be executed by the parties in counterparts, in which event the signature pages thereof shall be combined in order to constitute a single original document.

9. Binding Effect. This Assignment shall be binding upon and inure to the benefit of Assignor, Assignee, Owner and their respective successors and assigns.

This Agreement is effective _____ ___2011 ("Effective Date")

ASSIGNOR:

Shilo Management Corp.,
an Oregon corporation

By: _____
Christopher Campbell, Secretary

OWNER:

Shilo Inn, Pomona Hilltop, LLC
an Oregon limited liability company

By: Shilo Management Corporation,
its manager

By:_____
Name:_____
Title:_____

ASSIGNEE:

_____,
a California limited liability company

By: _____
Name:_____
Title:_____

EXHIBIT A
ASSIGNMENT AND LICENSE AGREEMENT AND ORIGINAL LEASE

[See Attached]

Exhibit 3.2

Franchise Agreement Amendment

[see attached]

ASSIGNMENT AND AMENDMENT
OF FRANCHISE AGREEMENT

This ASSIGNMENT AND AMENDMENT OF FRANCHISE AGREEMENT (this "**Amendment**") is made effective as of _____ __, 2011, by and between SHILO FRANCHISE INTERNATIONAL, L.L.C., an Oregon limited liability company ("**Franchisor**"), SHILO INN, POMONA HILLTOP, LLC, an Oregon limited liability company ("**Assignor**"), and _____, a California limited liability company ("**Assignee**"). Franchisor, Assignor and Assignee may each be referred to herein individually as a "**Party**", and collectively as the "**Parties**."

A. Franchisor and Assignor are parties to that certain Shilo Franchise Agreement dated as of January 1, 2004 (the "**Franchise Agreement**"), pursuant to which Franchisor granted to Assignor the franchise, license and right to operate the hotel located at 3101 Temple Avenue, Pomona, California as a Shilo Inn Suites Hotel (the "**Hotel**"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed in the Franchise Agreement.

B. Pursuant to that certain Purchase and Sale Agreement, dated as of November _____, 2011, by and between Assignor and The Washington Hotel Corporation or its assigns (the "**Purchase Agreement**"), Assignor contracted to sell the Hotel to Assignee.

C. In order to effectuate the sale of the Hotel pursuant to the Purchase Agreement, the Parties desire that (i) Assignor assign its right, title and interest in and to the Franchise Agreement to Assignee and that Assignee assume the obligations of Assignor under the Franchise Agreement and agree to be bound by all of the terms, conditions and provisions thereof, and (ii) the Franchise Agreement be amended in accordance with the terms of this Amendment.

AGREEMENT

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

1. Assignment of the Franchise Agreement. Assignor hereby assigns, conveys, transfers and sets over unto Assignee any and all right, title and interest of Assignor in and to the Franchise Agreement.

2. Assumption of the Franchise Agreement. Assignee agrees to assume and perform all obligations of Assignor as the Franchisee or "You" under the Franchise Agreement to the extent such obligations accrue from and after the date or this Amendment.

3. Franchisor Consent. Franchisor hereby consents to the assignment and assumption of the Franchise Agreement contemplated in Paragraphs 1 and 2 above.

The Parties desire to amend the Franchise Agreement as follows:

4. Franchisee. From and after the date of this Amendment, references to "Franchisee" or "You" in the Franchise Agreement shall refer to Assignee.

5. Termination. Notwithstanding anything in the Franchise Agreement to the contrary, either "We" or "You" (referring to Franchisor and Assignee as Franchisee, respectively) may unilaterally terminate the Franchise Agreement at any time, with or without cause, and without the payment of any termination fee, damages or other liability, upon ten (10) days' prior written notice to the other party.

6. Franchise Fee. Notwithstanding anything in the Franchise Agreement to the contrary, from and after the date of this Amendment, Assignee shall pay Franchisor a franchise fee of six percent (6%) of the Hotel's gross income until the Franchise Agreement has been terminated, determined and paid monthly, and no other fees or costs of any kind under or in connection with the Franchise Agreement, the services provided by Franchisor, or the use of the "Shilo Inn" name, shall be owed to Franchisor.

7. Transfer Fee. Notwithstanding anything in the Franchise Agreement to the contrary, under no circumstance will Assignee be responsible for any assignment or transfer fee that may be payable to Franchisor pursuant to the terms of the Franchise Agreement, in connection with the assignment and assumption contemplated herein.

8. No Further Modifications. Except as expressly set forth herein, the Franchise Agreement remains unmodified and in full force and effect. In the event of any conflict between the terms of this Amendment and the Franchise Agreement, this Amendment shall control.

9. Counterparts. This Amendment may be executed in any number of identical counterparts, each of which shall be an original, but all of which together shall constitute one and the same document.

[Signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment effective as of the day and year written above.

FRANCHISOR:

SHILO FRANCHISE INTERNATIONAL, L.L.C.,
an Oregon limited liability company

By:_____
Name: _____
Its:_____

ASSIGNOR:

SHILO INN, POMONA HILLTOP, LLC,
an Oregon limited liability company

By: Shilo Management Corporation,
its manager

By:_____
Name: _____
Its:_____

ASSIGNEE:

_____,
a California limited liability company

By:_____
Name: _____
Its:_____

Exhibit 3.3

Management Agreement Amendment

[see attached]

ASSIGNMENT AND AMENDMENT
OF MANAGEMENT AGREEMENT

This ASSIGNMENT AND AMENDMENT OF MANAGEMENT AGREEMENT (this "**Amendment**") is made effective as of _____ __, 2011, by and between SHILO MANAGEMENT CORPORATION, an Oregon corporation ("**Manager**"), SHILO INN, POMONA HILLTOP, LLC, an Oregon limited liability company ("**Assignor**"), and _____, a California limited liability company ("**Assignee**"). Manager, Assignor and Assignee may each be referred to herein individually as a "**Party**", and collectively as the "**Parties.**"

D. Manager and Assignor are parties to that certain Management Agreement dated as of October 2, 1996 (the "**Management Agreement**"), pursuant to which Manager agreed to manage and operate the hotel located at 3101 Temple Avenue, Pomona, California (the "**Hotel**"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed in the Management Agreement.

E. Pursuant to that certain Purchase and Sale Agreement, dated as of November _____, 2011, by and between Assignor and The Washington Hotel Corporation or its assigns (the "**Purchase Agreement**"), Assignor contracted to sell the Hotel to Assignee.

F. In order to effectuate the sale of the Hotel pursuant to the Purchase Agreement, the Parties desire that (i) Assignor assign its right, title and interest in and to the Management Agreement to Assignee and that Assignee assume the obligations of Assignor under the Management Agreement and agree to be bound by all of the terms, conditions and provisions thereof, and (ii) the Management Agreement be amended in accordance with the terms of this Amendment.

AGREEMENT

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

1. Assignment of the Management Agreement. Assignor hereby assigns, conveys, transfers and sets over unto Assignee any and all right, title and interest of Assignor in and to the Management Agreement.

2. Assumption of the Management Agreement. Assignee agrees to assume and perform all obligations of Assignor as "Owner" under the Management Agreement to the extent such obligations accrue from and after the date or this Amendment.

3. Manager Consent. Manager hereby consents to the assignment and assumption of the Management Agreement contemplated in Paragraphs 1 and 2 above.

The Parties desire to amend the Management Agreement as follows:

4. Owner. From and after the date of this Amendment, references to "Owner" in the Management Agreement shall refer to Assignee.

5. Termination. Notwithstanding anything in the Management Agreement to the contrary, Owner (referring to Assignee) shall have the right, at any time, with or without cause, immediately upon written notice to Manager, to terminate the Management Agreement, without the payment of any termination fee, damages or other liability; however, subject to Paragraph 2 above, the foregoing does not excuse Owner from nonpayment of any fees or costs due under the Management Agreement.

6. No Further Modifications. Except as expressly set forth herein, the Management Agreement remains unmodified and in full force and effect. In the event of any conflict between the terms of this Amendment and the Management Agreement, this Amendment shall control.

7. Counterparts. This Amendment may be executed in any number of identical counterparts, each of which shall be an original, but all of which together shall constitute one and the same document.

[Signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment effective as of the day and year written above.

MANAGER:

SHILO MANAGEMENT CORPORATION,
an Oregon corporation

By:_____
Name: _____
Its:_____

ASSIGNOR:

SHILO INN, POMONA HILLTOP, LLC,
an Oregon limited liability company

By: Shilo Management Corporation, its manager

By:_____
Name: _____
Its:_____

ASSIGNEE:

_____,
a California limited liability company

By:_____
Name: _____
Its:_____

Exhibit 10.2.3(b)

Bill of Sale

[see attached]

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, that, pursuant to that certain Real Estate Sales Agreement dated as of November __, 2011 (the "Agreement"), entered into between **SHILO INN, POMONA HILLTOP, LLC**, an Oregon limited liability company ("Seller"), and _____, a California limited liability company ("Buyer"; all capitalized terms used herein and not defined herein shall have the meaning given such terms in the Agreement) and for and in consideration of the valuable consideration paid to Seller in accordance with the Agreement, the receipt and sufficiency of which are hereby acknowledged, Seller hereby sells, assigns, transfers and conveys unto said Buyer any and all tangible personal property located on or about the land described in Exhibit A attached hereto and hereby made a part hereof (the "Land") or within or used in connection with the improvements located thereon, including, without limitation, any and all guest room furnishings, lobby and public area furnishings, all artwork and lighting fixtures, office equipment and furnishings, cash registers, kitchen, lounge, ballroom, meeting room, and restaurant equipment and furnishings (including, without limitation, all china, glassware, silverware and silver serving pieces, tables and chairs, podiums and staging platforms, and linens), audio visual equipment and sound systems, laundry and dry cleaning equipment, pool chairs and equipment, safes, safety deposit boxes, employee lockers, and all other furnishings and equipment used in connection with the ownership, operation, and maintenance of the property owned by Seller (excluding any personal property specifically excluded under the Agreement) and used exclusively in the operation of the Land and/or the improvements thereon (collectively the "Tangible Personal Property"), as is, where is, and without warranty of title or use, and without warranty, express or implied, of merchantability or fitness for a particular purpose, free and clear of all liens, encumbrances, claims and interests in accordance with the Court Order; provided, however, Buyer understands and agrees that, as disclosed in the Agreement, certain personal property on the Land is leased property and not owned by Seller, including, but not limited to vending and ATM machines, leased front desk equipment, and certain soap dispenser machines, all as previously disclosed by Seller to Buyer, and in addition, to the extent provided in the Agreement, certain personal property bearing the "Shilo Inn" or related name or logo, as well as any employee's personal property, shall be excluded from the "Tangible Personal Property" to be conveyed in accordance herewith.

Seller represents and warrants to Buyer and Buyer's successors and assigns that:

(a) Seller is the sole owner of the Tangible Personal Property;

(b) Seller (acting on its own) has good right and full authority to sell, assign, transfer and convey all of the Tangible Personal Property to Buyer; and

(c) Seller has not previously granted, sold, transferred, assigned or encumbered the Tangible Personal Property or any interest therein.

Seller agrees to defend title to, and any claim against, the Tangible Personal Property hereby sold to Buyer, its successors and assigns, against each and every person whomsoever.

TO HAVE AND TO HOLD all of said Tangible Personal Property unto Buyer, its successors and assigns, to its own use forever.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale as of the ___ day of _____, 2011.

SELLER:

Shilo Inn, Pomona Hilltop, LLC,
an Oregon limited liability company

By: Shilo Management Corporation,
an Oregon corporation,
its manager

By: _____
Name: _____
Its: _____

Exhibit A to Bill of Sale

LEGAL DESCRIPTION

PARCEL A:

PARCEL 1, IN THE CITY OF POMONA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON A PARCEL MAP 6172, AS FILED IN BOOK 69, PAGES 11 TO 14 INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

A NON-EXCLUSIVE EASEMENT OVER THE NORTHERLY 220 FEET OF THE EASTERLY 30 FEET OF PARCEL 3 OF PARCEL MAP 16068, IN THE CITY OF POMONA, AS FILED IN BOOK 168 PAGES 23 TO 24 INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Exhibit 10.2.3(c)

Assignment Agreement

[see attached]

GENERAL ASSIGNMENT AGREEMENT

THIS GENERAL ASSIGNMENT AGREEMENT (this "Assignment") is made and entered into effective as of the ___ day of _____, 2011, by and between **SHILO INN, POMONA HILLTOP, LLC,** an Oregon limited liability company ("Assignor"), and _____, a California limited liability company ("Assignee").

WITNESSETH:

WHEREAS, Assignor and The Washington Hotel Corporation or its assigns entered into that certain Real Estate Sales Agreement dated as of November __, 2011 (the "Agreement"), pursuant to which Assignor has agreed, among other things, to sell, assign, transfer and convey to Assignee the Property in accordance with the Court Order; all capitalized terms used herein and not defined herein shall have the meaning given such terms in the Agreement; and

WHEREAS, in connection with the sale and purchase of the Property, Assignor has agreed to assign to Assignee all of Assignor's right, title and interest in and to only those Contracts listed on **Exhibit "A"** attached hereto, and the Permits and the Intangible Property, and Assignee has agreed to assume from Assignor all of Assignor's rights, title, interest as well as obligations and liabilities which arise on or after the date of this Assignment under only those Contracts listed on **Exhibit "A"** attached hereto.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties agree as follows:

1. Assignment by Assignor. To the extent assignable, Assignor hereby assigns, transfers, and conveys to Assignee all of Assignor's right, title and interest in and to the Contracts identified on **Exhibit "A"** attached hereto, and the Permits and Intangible Property, all of which are also identified on **Exhibit "A"** attached hereto. Assignor makes no representation or warranty as to whether such assignments will be accepted by any other party to the Contracts identified on **Exhibit "A,"** and Assignee assumes such risk.

2. Assumption. Assignee hereby assumes all liabilities and obligations of Assignor under the Contracts identified on **Exhibit "A"** attached hereto and agrees to perform all obligations of Assignor thereunder which arise on or after the date of this Assignment.

3. Further Assurances. Assignor covenants with Assignee and Assignee covenants with Assignor that each will execute or procure any additional documents necessary to establish the rights of the other hereunder.

4. Counterparts. This Assignment may be executed by the parties in counterparts, in which event the signature pages thereof shall be combined in order to constitute a single original document.

5. Binding Effect. This Assignment shall be binding upon and inure to the benefit of Assignor, Assignee and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date set forth above.

ASSIGNOR: Shilo Inn, Pomona Hilltop, LLC,
an Oregon limited liability company

By: Shilo Management Corporation,
an Oregon corporation,
its manager

By:_____
Its:_____
Date:_____

ASSIGNEE: _____,
a California limited liability company

By:_____
Its:_____
Date:_____

Exhibit "A" to Assignment Agreement

ASSIGNED CONTRACTS, PERMITS AND INTANGIBLE PROPERTY

[TO BE ATTACHED PRIOR TO CLOSING]

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Exhibit 10.5

Post-Closing Interim Liquor Agreement

[see attached]

Post-Closing Interim Liquor Agreement

THIS POST-CLOSING INTERIM LIQUOR AGREEMENT (this "Agreement") is made and entered into effective as of _____, 2012 by and between _____, a _____("Owner") and Shilo Management Corporation, an Oregon corporation ("Licensee").

RECITALS

WHEREAS, Licensee holds a Beer and Wine License issued by _____ (collectively, the "Liquor Licenses"), with respect to the restaurant and hotel commonly known as Shilo Inn, Pomona Hilltop and the Hilltop Restaurant and Lounge (the "Hotel");

WHEREAS, Owner or its affiliate is in the process of obtaining all required alcoholic and beverage control licenses and liquor licenses for the Hotel in the name of Owner (the "New Licenses") (when all of the same are issued, such event shall be the "Issuance");

WHEREAS, Owner has acquired the Hotel prior to completing the Issuance, and therefore desires to utilize the Liquor Licenses until, subject to the terms hereof, the Issuance is completed; and

WHEREAS, Owner and Licensee have agreed to permit Owner or its affiliate to use the Liquor Licenses pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the sum of ten dollars ($10.00), Owner's agreement to pay costs and fees associates with the issuance of the New Licenses as set forth in a separate purchase and sale agreement relating to the sale of the Hotel to Owner, and other valuable consideration, the sufficiency and receipt whereof are hereby acknowledged, the parties hereto agree as follows:

1. Term. To the extent permitted by applicable laws, rules and regulations, Licensee shall continue to hold the Liquor Licenses for the use of Owner at the Hotel until the earlier of: (i) one hundred twenty (120) days from the date hereof; or (ii) the Issuance (the "Term"); provided, however, the Term will end thirty (30) days from the date hereof unless within such time, Owner provides evidence reasonably satisfactory to Licensee that it has filed its applications for the New Licenses.

2. Costs. During the Term, Owner shall be responsible for payment of all filing fees, costs, and expenses incurred by Licensee in connection with maintaining the Liquor Licenses in full force and effect and in running the restaurant/bar lounge, plus a management fee of 4% of gross restaurant/liquor sales. Licensee agrees to use commercially reasonable efforts to maintain the Liquor Licenses in full force and effect during the Term of this Agreement.

3. Role of Owner: Licensee hereby appoints Owner, and Owner hereby accepts the appointment as the sole and exclusive interim manager of liquor sales at the Hotel. Owner will perform or cause to be performed under Licensee's auspices, all duties required or desirable in the management and operations undertaken pursuant to the Liquor Licenses (the "Beverage Operations") at the Hotel in a professional manner and in compliance with law. Beverage Operations shall include, but not be limited to, (a) retention and supervision of a sufficient number of trained staff, (b) purchasing of beer, wine, distilled spirits and other alcoholic beverages in such quantity and variety as determined by Owner and in compliance with applicable federal, state and local laws and regulations, and (c) decisions on pricing, advertising and the like, all in accordance with applicable laws and regulations.

4. Pursuit of New Licenses. Owner, or its designee, shall, at its own expense and efforts, promptly apply for and diligently continue its efforts to obtain the New Licenses in Owner's name and shall file all such necessary applications with all applicable governmental authorities as soon as practicable. Licensee agrees to cooperate with Owner in its efforts to obtain the New Licenses so long as Licensee does not incur any expense or liability.

5. Records. Owner shall arrange for the keeping of full and adequate books of account and other records reflecting the operation of the Beverage Operations, which it shall make available to Licensee for inspection at the reasonable request of Licensee.

6. Transfer of Liquor Assets. On or before fifteen (15) days after the applicable licensing authorities have issued the New Licenses (on such date as is designated by Owner), this Agreement shall automatically terminate and, except as to liabilities or claims which shall have accrued or arisen prior to the date of termination, all obligations hereunder shall cease; provided, however, Licensee shall transfer the Beverage Inventory located at the Hotel to Owner pursuant to a Liquor Assets Bill of Sale in a commercially reasonable form requested by Owner and in accordance with all applicable laws and regulations.

7. Insurance.

(a) Maintenance of Insurance.

(i) Throughout the Term, Owner will maintain policies of commercial general liability insurance (with contractual indemnity and ownership or operation of motor vehicles coverage) issued by and binding upon an insurance company authorized to transact business in the State of California and of good financial standing, such insurance to afford minimum protection of not less than $1,000,000 combined single limit for each occurrence and $2,000,000 for the aggregate of all occurrences. The insurance required to be maintained by Owner hereunder shall name Licensee as an additional insured.

(ii) Throughout the Term, Owner will maintain liquor liability insurance with the premiums thereon, issued by and binding upon an insurance

company authorized to transact business in the State of California and of good financial standing of at least $1,000,000 for the Hotel, naming Licensee as an additional insured.

(iii) The policies of insurance to be maintained by Owner shall only be cancelable following at least thirty (30) days written notice to the party required by this Agreement to be named as an additional insured. Owner shall furnish evidence of such insurance prior to the execution of this Agreement and thereafter within ten (10) days after written request from Licensee.

(b) Waiver and Indemnity. Licensee shall not be liable to Owner due to any act or omission of Licensee or its agents, employees, or affiliates (collectively, the "Licensee Parties"). Owner shall indemnify, defend, and hold the Licensee Parties harmless from any and all third party liabilities, damages, or claims incurred by the Licensee Parties in connection with this Agreement or the beverage operations at the Hotel during the Term.

8. Events of Default; Termination.

(a) Events of Default. Each of the following shall constitute an "Event of Default" under this Agreement:

(i) The failure of Owner to pay when due any amount payable to the other party under this Agreement;

(ii) The failure of Owner to carry and maintain the insurance required hereunder;

(iii) The failure of Owner to fully to remedy any breach of its obligations under this Agreement; or

(iv) The failure of Licensee to maintain the Liquor Licenses in good standing for the term of this Agreement.

(b) Remedies. Upon the occurrence of an Event of Default, the non-defaulting party may terminate this Agreement upon written notice to the other party and, except as to liabilities or claims which shall have accrued or arisen prior to or on account of such termination, all obligations hereunder shall cease.

9. Miscellaneous.

(a) Notices. Any notice, statement or demand required to be given under this Agreement shall be in writing and shall be deemed to have to been given if delivered personally or mailed by nationally recognized overnight mail courier with receipt of delivery requested, addressed, if to Licensee at c/o Leon Standridge, Shilo Inn, Pomona Hilltop, LLC, 11600 SW Shilo Lane, Portland, Oregon 97225, and if to Owner at _____, 3218 E. Holt Ave., West Covina, CA 91791, or to such other addresses as Licensee and Owner shall designate in the manner herein provided.

(b) Survival. Unless expressly stated to the contrary, all obligations by one party to the other shall survive the end of the Term.

(c) Partial Invalidity. If any of the phrases, sentences, clauses or paragraphs contained in the Agreement shall be declared invalid by the final and unappealable order, decree, judgment or any court, this Agreement shall be construed as if such phrases, sentences, clauses or paragraphs had not been inserted, provided that the economic basis of this Agreement is not thereby altered.

(d) Modifications; Waivers. This Agreement may not be changed, modified or terminated, nor may any provision hereof be waived, except by a writing signed by the party to be charged with any such change, modification, termination or waiver. The waiver of any of the terms and conditions of this Agreement on any occasion or occasions shall not be deemed a waiver of such terms and conditions on any future occasion.

(e) Entire Agreement. This Agreement constitutes the entire Agreement between the parties relating to the subject matter hereof, superseding all prior agreements or undertakings, oral or written.

(f) Governing Law. This Agreement shall be governed by, interpreted under the construed and enforced in accordance with the laws of the State of California and the courts of such State shall have jurisdiction over any matters arising hereunder.

(g) Assignment. Neither Owner nor Licensee may without the prior written consent of the other party, assign or transfer any of its rights under this Agreement to any other person, firm or company.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered as an instrument under seal as of the date first written above.

OWNER:

_____,
a _____

By: _____

Name: _____

Title: _____

LICENSEE:

Shilo Management Corporation
an Oregon corporation

By: _____

Name: _____

Title: _____

1.3 All improvements, structures and fixtures (collectively, the "Improvements") now or hereafter located on the Land, including, but not limited to, the hotel commonly known as the SHILO INN SUITES, POMONA HILLTOP, consisting of approximately 129 hotel units/suites and a restaurant, lounge and banquet facility located at 3101 W. Temple Avenue, Pomona, California 91768 (the "Hotel").

1.4 All of Seller's right, title and interest to and in the furniture, fixtures, and equipment and other tangible personal property, if any, owned by Seller and located on or about the Land and the Improvements, including, without limitation, all guest room furnishings, lobby and public area furnishings, all artwork and lighting fixtures, office equipment and furnishings, cash registers, kitchen, lounge, ballroom, meeting room, and restaurant equipment and furnishings (including, without limitation, all china, glassware, silverware and silver serving pieces, tables and chairs, podiums and staging platforms, and linens), audio visual equipment and sound systems, laundry and dry cleaning equipment, pool chairs and equipment, safes, safety deposit boxes, employee lockers, and all other furnishings and equipment used in connection with the ownership, operation, and maintenance of the Property owned by Seller, all vehicles used in the operation of the Property, including all courtesy vehicles and maintenance vehicles, if any, owned by Seller, as well as all supplies, cleaning materials, food and beverages, fuel, guest room supplies, office supplies, engineering supplies, parts and tools, maintenance supplies, and consumable items used in connection with the operation and maintenance of the Property (the "Tangible Personal Property"); provided, however, that (a) all Tangible Personal Property shall be stripped of any words, logos or marks identified with Shilo Franchise International, L.L.C. ("Shilo") and (b) all emails, manuals, memorandums and other information containing proprietary information of Shilo Management Corporation ("Management Company"), Shilo, &/or any other Shilo-related entities may be removed, deleted or destroyed by Seller, prior to the time at which the Hotel is no longer operated under the Shilo name. A complete list of all items included as part of the Tangible Personal Property is attached hereto as Exhibit 1.3.

1.5 All transferable permits, licenses, certificates of occupancy, authorizations and approvals (collectively, the "Permits"), including, without limitation, the Liquor License (as defined below).

1.6 All intangible property, if any, owned or held by Seller that pertains to the ownership, maintenance, use or operation of the Hotel, including, without limitation, transferable utility contracts, transferable telephone exchange numbers, plans and specifications, engineering plans and studies, floor plans and landscape plans, and Permits ("Intangible Property"). The Intangible Property does not include any trademarks, service marks and trade names owned by Shilo.

1.7 All telecommunication tower leases for the Hotel (the "Leases"), which leases were provided to Buyer on September 19, 2011, are listed on Exhibit 1.7A hereto, and which shall be assigned to Buyer pursuant to assignment agreements ("Lease Assignments"), in the forms attached hereto as Exhibit 1.7B. Any cure payments required for Seller's assumption and assignment of the Leases pursuant to Bankruptcy

Code Section 365 shall be paid by Seller subject to bankruptcy court approval pursuant to Bankruptcy Code Section 365.

2. Purchase Price Exclusions. The Purchase Price for the Property EXCLUDES all of the following:

2.1 The "Shilo Inn" name is a registered trademark belonging to Shilo. Except for the temporary use of such name as set forth in Section 3.2 below, no rights to the use of such name are part of this Agreement. Any and all Shilo signage or other items containing the Shilo name or logo shall be stripped of all marks identified with Shilo upon the later of Closing or the date that Buyer ceases to operate the Hotel as a Shilo Inn pursuant to this Agreement (or a separate written agreement). To the extent that Buyer reasonably determines that it is impossible or impractical to strip any particular item(s) of the Shilo name, Buyer shall notify Seller, and Seller shall have the right to remove, at Seller's cost, any such Shilo signage and logo items. Seller and Buyer shall coordinate a reasonable time to permit Seller to conduct such removal by Seller. However, if Seller fails to pick up such items from Buyer within fifteen (15) days following Buyer's written notice to Seller to pick up such items, then Buyer may dispose of such items in any manner as Buyer shall elect in its sole and absolute discretion and at Buyer's cost. If reasonably possible, at Buyer's request, Seller shall permit Buyer's sign company to take down or remove Seller's signs containing the Shilo name or logo when it installs Buyer's new signs at Buyer's cost after the Shilo Inn Franchise Agreement has been terminated as set forth in 3.2 below.

2.2 Buyer hereby acknowledges that, as of the Closing Date, Seller will be delivering possession of the Hotel to Buyer without any restaurant operator. Specifically, Seller shall terminate that certain restaurant lease by and between Seller, as landlord, and Management Company, as tenant, dated as of April 14, 2011("Restaurant Lease") and which was previously provided to Buyer, as of or prior to the Closing, and neither the tenant under the Restaurant Lease nor Buyer shall have any rights or obligations under the Restaurant Lease from and after the Closing. The tenant under the Restaurant Lease shall be allowed to keep all accounts receivables and deposits for any banquets that have occurred as of the Closing.

3. Purchase Price; Franchise Agreement; Allocation of Purchase Price.

3.1 The purchase price for the Property is Ten Million Five Hundred Thousand Dollars ($10,500,000.00) U.S. Currency ("Purchase Price"). The Purchase Price is payable in U.S. Dollars, payable in all cash on the Closing Date (net of the Earnest Money already deposited prior to the Closing Date) by wire transfer to Escrow Holder in accordance with wire transfer instructions to be provided by Seller.

3.2 Pursuant to Section 365 of the Bankruptcy Code Seller shall assume, cure and assign to Buyer, and Buyer shall assume, as of the Closing, that certain Franchise Agreement ("Franchise Agreement") between Shilo and Seller, dated January 1, 2004 pursuant to which Buyer shall have the right to continue to operate the Hotel as a "Shilo Inn" and enjoy all of the benefits associated therewith (e.g., use of Shilo's reservation

system) from and after the Closing Date; provided, however, as of the Closing Date, Buyer and Seller shall, as a condition to Buyer's obligation to close the transaction, have entered into an amendment to the Franchise Agreement ("Franchise Agreement Amendment") in the form attached hereto as Exhibit 3.2.

3.3 Pursuant to Section 365 of the Bankruptcy Code Seller shall assume, cure and assign to Buyer, and Buyer shall assume, as of the Closing, that certain Management Contract dated October 2, 1996, between Seller and Management Company ("Management Agreement"); provided, however, as of the Closing Date, Buyer and Seller shall, as a condition to Buyer's obligation to close the transaction, have entered into an amendment to the Management Agreement ("Management Agreement Amendment") in the form attached hereto as Exhibit 3.3.

3.4 Subject to Section 10.5 (which may require that a portion of the Purchase Price be allocated to the Liquor License and/or related inventory or personal property), the total Purchase Price will be allocated as follows, and Buyer and Seller will be bound by that allocation when reporting the transaction contemplated by this Agreement to any governmental authority (including without limitation the Internal Revenue Service): (a) Six Hundred Twenty-Eight Thousand Five Hundred Dollars ($628,500.00) U.S. Currency to be allocated to the Tangible Personal Property and Intangible Property; and (b) the total amount due and owing by Seller to Shilo for franchise fees through the Closing Date in conjunction with the assignment to Buyer and Buyer's assumption of the Franchise Agreement to be allocated to the payment to Shilo; (c) the total amount due and owing by Seller to Management Company for management fees through the Closing Date in conjunction with the assignment and assumption of the Management Agreement to/by Buyer to be allocated to the payment of Management Company; (d) the remaining amount to be allocated at Closing to the Hotel (to be allocated between Land and Improvements as reasonably designated by Buyer).

4. Buyer's Due Diligence; Warranties; Disclaimers.

4.1 Buyer represents and warrants that Buyer has conducted full due diligence on the Property prior to signing this Agreement, waives any all claims as to the refund of Earnest Money, except as otherwise provided herein, and accepts the Property "AS IS" in its current condition. There shall be no due diligence-related contingency in favor of Buyer.

4.2 Notwithstanding anything to the contrary set forth in this Agreement, including but not limited to, there being no due diligence contingency other than as specifically provided in Section 9.1 below, until the earlier of the Closing or termination of this Agreement, at all reasonable times and upon reasonable notice, Buyer, its contractors and other agents shall have the right to enter upon the Property for the purpose of inspecting and assessing same and to perform any such tests, inspections, investigations, inquiries, surveys, engineering studies, financial approvals, environmental assessments and other non-invasive tests as Buyer deems appropriate. Buyer shall make best efforts to give Seller 24 hours written notice of any such events so that Seller can take necessary steps to inform its employees and prepare for any guest contingencies. In

connection with any entry onto the Property, neither Buyer nor its agents or representatives shall unreasonably interfere with the use and enjoyment of the Property by any guests or employees of the Hotel. Buyer shall timely and promptly pay any third party Buyer retains under this subsection and shall defend, indemnify and hold Seller harmless for any claim related to the same.

4.3 Buyer was previously informed that Seller has filed Chapter 11 Bankruptcy to protect the Property from claims of Seller's lenders on or about November 2010. Buyer understands and agrees that this Agreement, the transactions contemplated by this Agreement, and the Closing shall be contingent upon entry of a final, non-appealable order (the "Order") approving the sale in accordance with Bankruptcy Code Section 363(f) by the U.S. Bankruptcy Court for the Central District of California, Los Angeles Division ("Court") in Bankruptcy Case No: 11-26270-VZ within the time period set forth below, as provided in Sections 9.1.1 and 12.1, which has not been stayed and which contains a finding and ruling that Buyer is a "good faith purchaser" and has all of the protections and benefits of Bankruptcy Code Section 363(m) and that Buyer shall receive an assignment of the Contracts and Leases contemplated in this Agreement pursuant to Bankruptcy Code Section 365. Buyer shall not contact or communicate with Seller's lender or any other party known by Buyer to be a creditor of Seller related to the referenced Court proceeding. Seller agrees to use Seller's best efforts, at Seller's sole cost and expense, to secure the necessary Order approving this Agreement by the Court and to cause the transaction to be consummated within the time periods contemplated in this Agreement.

4.4 Except as set forth herein, Seller makes no warranty of any nature whatsoever, express or implied, with respect to the condition of the Property, and Buyer takes all the Property ABSOLUTELY "AS IS," including any latent defects. With respect to the foregoing, Buyer and Seller specifically agree that Buyer is purchasing the Property based upon Buyer's own investigation and inspections and the investigations and inspections of such professionals and other agents as Buyer may have retained. Except as set forth herein, Seller makes no warranties or representations concerning the condition and/or fitness for any specific purpose of the Property. .

5. Bankruptcy 363 Sale; Competing Bids; Overbid Procedure. Buyer hereby acknowledges that under Section 363 of the Bankruptcy Code, Seller has a fiduciary responsibility to maximize the value of the Property and that, pursuant to such responsibility, Buyer hereby expressly agrees that Seller may solicit and receive *bona fide* bids for the Property from qualified third parties pursuant to the overbid procedures set forth below and approved by the Court (the "Overbid Procedures"). Seller shall propose and request that the Court approve the following as part of the Overbid Procedures, but no such procedures shall be binding on Seller unless authorized and approved by the Court.

5.1 If this Agreement is approved by the Court pursuant to the Order, but a *bona fide* competing bid for purchase of all or substantially all of the Property is accepted by Seller and approved by the Court pursuant to the Overbid Procedures so that the deposit associated with the *bona fide* competing bid is deemed nonrefundable, Buyer

shall be entitled to a full refund of the Earnest Money, and Seller will pay Buyer a one time fee in the amount of three (3) percent of the Purchase Price (the "Breakup Fee"). The Breakup Fee shall be payable to Buyer upon the closing of the sale to another buyer or such other buyer's breach whereby Seller retains the deposit as liquidated damages.

5.2 The initial overbid over the Purchase Price shall be in an amount that is greater than the Purchase Price by at least $100,000.00 plus the Breakup Fee plus the applicable difference in real estate commission if the third party purchaser bid results in a higher commission owed by Seller. All subsequent overbids shall be at least $100,000.00 over the immediate previous best offer. Buyer shall have the right to submit an overbid in response to any initial overbid or subsequent overbids. Buyer may include an amount equal to the Breakup Fee as cash consideration for purposes of any overbids by Buyer.

5.3 The date set for initial overbids to be submitted to Seller shall be no less than three (3) days prior to the auction date as approved by the Court (the "Overbid Deadline").

5.4 All parties seeking to submit overbids ("Overbidder") must qualify by (a) providing evidence satisfactory to Seller of their financial ability to consummate a sale, delivering to Seller a cashier's or certified check for an amount equal to the Earnest Money and the Breakup Fee (the "Overbid Deposit") prior to the Overbid Deadline, which Overbid Deposit shall be deemed non-refundable to Overbidder in the event that the Court determines that the Overbidder is the successful purchaser of the Property, and (b) making representations substantially similar to Buyer's representations herein.

5.5 Seller's creditors may dispute or object to any overbid, except that offered by Buyer in the event of a competing, *bona fide* competing bid.

6. Seller's Representations and Warranties. Seller represents, warrants, and covenants to Buyer that the following statements are true and complete to the best of Seller's knowledge as of the date of this Agreement and shall be true and complete to the best of Seller's knowledge as of the date of the Closing:

6.1 To the best of Seller's knowledge, any financial information Seller provided to Buyer, or may provide in the future to Buyer, (a) is complete and accurate and fairly represents the financial condition and the results of operations and cash flow of Seller and the Property as of the periods specified, (b) was prepared in accordance with the books of account and records of Seller, (c) represents actual, bona fide transactions, and (d) has been prepared and maintained in accordance with Seller's normal business practices and industry standards.

6.2 Exhibit 1.2 contains a complete and accurate list of each contract, agreement, instrument, lease, and commitment relating to the Property (collectively, the "Contracts"), with the sole exception of the Leases. Seller has delivered a full and correct copy of each of the Contracts to Buyer. Except as set forth on Exhibit 1.2 and any claims in Court related to the Contracts which will be cured at Closing, Seller is not aware of any default under any Contract, nor does there exist any event that, with notice

or passage of time or both, would constitute a default or event of default by Seller under any Contract; and each of the Contracts is valid, binding, enforceable by Seller in accordance with its terms and is in full force and effect.

6.3 There are no space leases, concession agreements or any other occupancy agreements relating to the Property other than the Leases.

6.4 That certain Phase 1 Environmental Site Assessment, dated September 18, 1998, prepared by Surveys Inc, and delivered by Seller to Buyer prior to the date of this Agreement are all of the reports in Seller's possession or control with respect to the environmental condition of the Land, and Seller has no knowledge of, and Seller has received no notice from any party relating to, any hazardous material releases or any other violations of any environmental laws relating to any of the Property.

6.5 The Permits delivered by Seller to Buyer prior to the date of this Agreement are all in full force and effect and constitute all of the Permits that are required for the ownership, occupancy and operation of the Property.

6.6 Seller has not knowingly provided false information regarding the Property.

6.7 No notices or requests have been received by Seller from any insurance company issuing any policies of insurance related to the Property that have not been complied with. Any notices or requests from such insurance company received prior to Closing shall be complied with by Seller prior to Closing.

6.8 Seller has not received any notices from the holders of underlying liens or encumbrances affecting any of the Property regarding any default under the terms of the documents or instruments evidencing the same.

6.9 To Seller's knowledge, there is no pending or threatened condemnation or similar proceeding, nor is any such proceeding contemplated or threatened by any governmental authority.

6.10 To Seller's knowledge, Seller has complied with all applicable laws, ordinances, regulations, statutes, rules, and restrictions applicable to the Property or any part thereof; provided, however, Seller's disclaims any warranty regarding compliance with the Americans with Disabilities Act ("ADA"). Compliance with the ADA shall be Buyer's sole responsibility. Buyer shall be responsible for any modifications of the Hotel required by ADA, or an equivalent State, City, or County regulation.

6.11 To Seller's knowledge, the Hotel has full and free access to and from public highways, streets, or roads and, to Seller's knowledge, there is no pending or threatened governmental proceeding that would impair or result in the termination of such access or in any way impair the present use of the Hotel.

6.12 To Seller's knowledge, except for Seller's Chapter 11 bankruptcy case, there is no litigation, arbitration, or administrative hearing before any governmental

authority concerning or affecting the Hotel, the Property, or any part thereof, nor, to the knowledge of Seller, is any such proceeding threatened as of the date hereof.

6.13 Seller has not performed, or caused to be performed, any work on the Property, or any part thereof, that will not be paid for that could cause a construction lien to be filed against the Property. Seller will pay for any construction work ordered by Seller and done on the Property from the Effective Date until Closing.

6.14 Execution and consummation of this Agreement, and the execution and delivery of the documents contemplated herein, will not be a breach of any other agreement affecting the subject matter of this Agreement.

6.15 There is no leased equipment in the Hotel other (a) the vending machines at the Hotel belong to Coca-Cola, and (b) the ATM machines are leased to the hotel, and (c) Ecolab leases a dishwasher to the Hotel; Buyer must work directly with the lessors for any transfer of the leased equipment if Buyer elects, in its sole and absolute discretion, to assume such leases. Seller will be rejecting all such equipment leases or Buyer shall otherwise have no obligation of any kind to assume such equipment leases.

6.16 Seller is not a foreign national within the meaning of Section 1445 of the Internal Revenue Code of 1986. Seller shall sign an affidavit to this effect to be delivered to Buyer at Closing, to include Seller's tax identification number.

6.17 Subject to Court approval and entry of the Order, Seller has the power and authority to consummate the transactions contemplated by this Agreement. This Agreement and all instruments, documents and agreements to be executed by Seller in connection with this Agreement are or when delivered shall be duly authorized, executed and delivered by Seller and are valid, binding and enforceable obligations of Seller. Each individual executing this Agreement on behalf of Seller is duly authorized to do so.

6.18 With the exception of the required Order set forth herein, Seller is not required to obtain any consents or approvals to consummate the transactions contemplated in this Agreement.

6.19 Seller is a limited liability company duly organized, validly existing, and in good standing under the laws of the state of Oregon, and has all requisite power and authority to own, operate, and lease its properties, to carry on its business as now being conducted, to enter into this Agreement, and to carry out the transactions contemplated hereby.

6.20 The representations and warranties of Seller set forth in this Section 6 are true and correct as of the date of this Agreement, and shall be true and correct on the date of Closing, and shall survive the Closing for a period of six (6) months. The Closing shall constitute Seller's reaffirmation of those representations and warranties as of the Closing. Seller shall immediately notify Buyer in writing if any of the representations and warranties set forth in Section 6 become false at any time following the date of this Agreement.

6.21 Seller will not take any action, or omit to take any action, which action or omission will have the effect of violating any of the representations, warranties, covenants, and agreements contained herein.

6.22 Whenever the term "to Seller's knowledge" or "to the best of Seller's knowledge" or similar language is used herein with respect to the existence or absence of facts, it signifies that Seller has based its representation upon the current actual knowledge of the person within Seller's organization most knowledgeable about the Property and Seller's asset manager of the Property, after making due inquiry of the Management Company and the general manager of the Hotel.

7. Risk of Loss.

7.1 Damage or Destruction Prior to Closing. Pending Closing, Seller shall continue to operate the Hotel in the same manner as Seller has previously operated the Hotel. Pending Closing, any risk of loss shall be on Seller. Notwithstanding the foregoing or any other provision to the contrary set forth in this Agreement, if the Property is damaged prior to Closing and if the damage is "material damage" (which for the purposes of this Section 7.1, shall mean any damage to the Property with respect to which the cost to repair the same, as reasonably determined by a neutral, licensed contractor agreed to by Buyer and Seller specializing in the repair work at issue, is greater than Five Hundred Thousand Dollars ($500,000)), then, regardless of the cause of such damage, Buyer shall have the right to terminate this Agreement and receive a full refund of its Earnest Money by giving notice to Seller within thirty (30) days after Seller gives notice of the occurrence of such damage to Buyer unless Seller has, prior to the Closing Date, fully repaired the Property to the condition of the Property prior to the occurrence of the damage (and Seller shall have the right to extend the Closing Date by up to thirty (30) days upon written notice to Buyer, by giving Buyer such written notice at least ten (10) days prior to the then-scheduled Closing Date, in order to make such repairs). If Seller elects to and does cure such material damage, Seller retains the right to any insurance proceeds related to such damage. If Buyer has the right to terminate this Agreement and so elects to terminate this Agreement pursuant to this Section 7.1, then, once Buyer receives a full refund of its Earnest Money, neither party shall have any further obligations hereunder, except for those which expressly survive termination. If any damage to the Property is not material damage or if Buyer elects not to terminate this Agreement after the occurrence of material damage and Seller does not cure the material damage prior to Closing or any extension thereof, then Buyer shall purchase the Property in its "as-is" condition; provided, however, Seller shall assign its right, title, and interest in and to any claims Seller may have under any insurance policy as well as all other insurance proceeds due to Seller covering the Property to Buyer, and Buyer shall receive a credit against the Purchase Price for the amount of any applicable insurance deductible(s); provided, however, if the damage occurred due to the gross negligence or willful misconduct of Seller or Management Company, then, whether the damage is "material damage" or not, Seller shall also be obligated to deliver to Buyer, at Closing, the full uninsured cost of repairing such damage that has not been repaired by Seller as of the Closing Date.

7.2 Eminent Domain. If, before the Closing, proceedings are commenced for the taking by exercise of the power of eminent domain of all or a material part of the Property which, as reasonably determined by Buyer, would render the Property unacceptable to Buyer or unsuitable for Buyer's intended use, Buyer shall have the right, by giving notice to Seller within thirty (30) days after Seller gives notice of the commencement of such proceedings to Buyer, to terminate this Agreement, in which event this Agreement shall terminate, the Earnest Money shall be returned to Buyer and neither party shall have any further obligation to the other except for those provisions that expressly survive termination of this Agreement. If, before the Closing, proceedings are commenced for the taking by exercise of the power of eminent domain of less than such a material part of the Property, or if Buyer has the right to terminate this Agreement pursuant to the preceding sentence but Buyer does not exercise such right, then this Agreement shall remain in full force and effect and, at the Closing, the condemnation award (or, if not then received, the right to receive such portion of the award) payable on account of the taking shall be transferred in the same manner as title to the Property is conveyed. Seller shall give notice to Buyer within three (3) business days after Seller's receipt of notice of the commencement of any proceedings for the taking by exercise of the power of eminent domain of all or any part of the Property.

8. Earnest Money. On the Effective Date, escrow shall be opened with Ticor Title Insurance Company, 111 SW Columbia, Suite 1000, Portland, Oregon 97201, attn: Candice Weischedel ("Escrow Holder"), and within one (1) business day after the Effective Date, Buyer shall deposit the sum of Five Hundred Thousand Dollars ($500,000.00) (including any interest earned thereon, the "Earnest Money"). The parties shall direct the Escrow Holder to deposit the Earnest Money in an interest-bearing account pending Closing. Despite any language to the contrary set forth in this Agreement, the Earnest Money is non-refundable, except as otherwise set forth in Section 9.1 below and will be immediately paid over to Seller as liquidated damages if this transaction does not close by the Closing Date because of a default by Buyer. Buyer shall receive credit for the Earnest Money against the Purchase Price at Closing. Buyer's failure to timely deposit Earnest Money in escrow shall provide Seller the immediate right to terminate this Agreement on written notice to Buyer.

9. Conditions to Closing.

9.1 Conditions to Buyer's Obligations. Except for Buyer's obligation to deposit the Earnest Money, the obligations of Buyer hereunder shall be subject to the satisfaction and fulfillment of each of the following conditions, except as Buyer may expressly waive in writing:

9.1.1 Order. Seller shall have received the Order, and Buyer shall not have terminated this Agreement pursuant to Section 12.1 below.

9.1.2 Accuracy of Representations and Warranties on Closing Date. The representations and warranties made by Seller in Section 6.1 hereof shall be true and correct to the best of

Seller's knowledge in all material respects, on and as of the date given, and on and as of the date of Closing, with the same force and effect as though such representations and warranties were made on and as of the date of Closing.

9.1.3 Overbid. Buyer shall not be entitled to a refund of its Earnest Money pursuant to Section 5.1.

9.1.4 Compliance. As of the Closing Date, Seller shall have complied in all material respects with, and shall have fully performed, in all material respects, all material covenants set forth in this Agreement imposed on Seller and required to be performed or complied with by Seller at, or prior to, the Closing Date.

9.1.5 Title Policy. The Title Company shall have irrevocably committed itself to issue the Title Policy in the form required hereby to Buyer, subject only to the Permitted Encumbrances, as of the Closing Date.

9.1.6 Management Agreement Amendment and Franchise Agreement Amendment. Prior to the Closing Date, Seller shall have delivered to Buyer executed (by the Management Company or by Shilo, as applicable) copies of the Management Agreement Amendment and the Franchise Agreement Amendment.

9.1.7 Phase I Environmental Site Assessment. Buyer is in receipt of an existing Phase I report prepared by Surveys Inc., located in the State of Washington ("Prior Surveyor") delivered by Seller, dated September 18, 1998. If Buyer elects, in its sole discretion, to order, at Buyer's sole cost, an updated Phase I Environmental Site Assessment or equivalent environmental report from Prior Surveyor ("New Phase I"), and if such New Phase I or an executive summary therefrom is delivered to Buyer within 15 days from the Effective Date, such New Phase I shall not (a) include any recommendation for sub-surface or invasive investigation or testing based on a particular finding (e.g., not noted as a standard precaution), (b) indicate that there have been any known releases of hazardous substances on, in or under the Land, (c) indicate that there are any underground storage tanks on, in or under the Land, and (d) indicate that any known release of hazardous substances on, in or under nearby properties is more than likely to affect, or does affect or has affected, the Land. Buyer shall have forty-eight (48) hours from Buyer's receipt of the New Phase I to provide Seller with notice of termination of this Agreement or waiver of this contingency.

9.1.8 Sale of Other Property; Other Grounds for Refund of Earnest Money. (a) Buyer or Buyer's affiliate (i.e., another entity controlled by Buyer or Lucy Gao or Shermen Chiang or both of them) shall have been approved by the Court as the potential buyer of that certain property located at 3200 Temple Ave., Pomona CA 91768 owned by Shilo Inn, Diamond Bar, LLC ("Other Property") pursuant to an order in substantially the same form as the Order, and (b) Buyer or Buyer's affiliate, as applicable, shall not have been entitled to a full refund of its earnest money with respect to the Other Property pursuant to the separate written agreement governing the proposed purchase of the Other Property on essentially similar terms as set forth herein.

9.1.9 No Condemnation or Material Damage. Buyer shall not have terminated this Agreement pursuant to Section 7.1 or 7.2.

In the event of the failure of the any of the foregoing conditions (which are not waived in writing by Buyer), Buyer shall have the right to terminate this Agreement immediately upon written notice to Seller, and, if Buyer sends such written notice to Seller, the Earnest Money shall be fully refunded to Buyer, and once Buyer receives a full refund of its Earnest Money, neither party shall have any further obligations hereunder, except for those which expressly survive termination.

9.2 Conditions to Seller's Obligations. The obligations of Seller hereunder shall be subject to the satisfaction and fulfillment of each of the following conditions, except as Seller may expressly waive in writing:

9.2.1 Order. Seller shall have received the Order.

9.2.2 Compliance. As of the Closing Date, Buyer shall have complied in all material respects with, and shall have fully performed, in all material respects, all material covenants set forth in this Agreement imposed on Buyer and required to be performed or complied with by Buyer at, or prior to, the Closing Date.

9.2.3 Payment. Buyer shall, at least one (1) business day prior to the Closing Date, have transmitted by wire transfer to Escrow Holder, for delivery to Seller and its designees through escrow, the remainder of the Purchase Price and the funds, if any, required to satisfy prorations pursuant to Section 10.3 below.

In the event of the failure of the any of the foregoing conditions (which are not waived in writing by Seller in its sole and absolute discretion), Seller shall have the right to terminate this Agreement immediately upon written notice to Buyer, and, if Seller sends

such written notice to Buyer, if Seller terminates pursuant to Section 9.2.1, the Earnest Money shall be fully refunded to Buyer and if Seller terminates pursuant to Section 9.2.2 or 9.2.3, the Earnest Money shall be released to Seller, and once the Earnest Money is disbursed in accordance with this paragraph, neither party shall have any further obligations hereunder, except for those which expressly survive termination.

10. Closing Obligations/Prorations

10.1 Buyer's Closing Obligations. At the Closing, Buyer shall deliver to Escrow Holder:

10.1.1 By wire transfer, the Purchase Price (subject to any credit for the Earnest Money deposited and any credit from prorations pursuant to Section 10.3 below);

10.1.2 Escrow Holder's escrow instructions with Escrow Holder's commercially reasonable standard provisions and requiring Escrow Holder to comply with the provisions of this Agreement and record and deliver the documents set forth in, and as contemplated by, this Agreement;

10.1 3 the Assignment Agreement (as defined below), executed by Seller and Buyer; and

10.1.4 a closing statement setting forth all of the payments and prorations to be made in the consummation of the sale hereunder in accordance with the provisions of this Agreement ("Closing Statement") executed by Buyer.

10.2 Seller's Closing Obligations. At the Closing, Seller shall deliver the following or cause the following to be delivered to Escrow Holder or to Buyer, as indicated:

10.2.1 To Buyer, possession of the Property, including, without limitation, the certificate of occupancy for and any and all plans and specifications relating to the Improvements in Seller's possession, all keys, codes and passwords necessary to fully operate the Hotel and the Land, and all books and records relating to the Hotel and the Land;

10.2.2 To Buyer and Escrow Holder, the Order;

10.2.3 To Escrow Holder, for delivery to Buyer, the following documents:

(a) The Grant Deed ("Deed"), in a commercially reasonable form provided by the Title Company that is mutually

acceptable to Buyer and Seller, conveying to Buyer title to the Land, subject only to the Permitted Exceptions, executed by Seller and acknowledged;

(b) The Bill of Sale ("Bill of Sale"), in the form attached hereto as Exhibit 10.2.3(b), executed by Seller conveying to Buyer the Tangible Personal Property;

(c) The Assignment Agreement ("Assignment Agreement"), in the form attached hereto as Exhibit 10.2.3(c), executed by Seller conveying to Buyer the Contracts that Buyer has expressly elected to assume pursuant to Section 1.2 above, Permits, and other Intangible Property;

(d) The Lease Assignments, executed by Seller conveying the Leases to Buyer;

(e) An affidavit of Seller conforming with the requirements of Section 1445 of the Internal Revenue Code, the Patriot Act, or any other law, statute or regulation affecting the Land or the transactions contemplated by this Agreement;

(f) An ALTA Statement, on Escrow Agent's standard form, executed by Seller;

(g) An Affidavit of Title, executed by Seller, averring to the best of Seller's knowledge that with respect to the Land, there are no known rights or claims of parties in possession of the Land claiming by, through or under Seller, and that there are no liens, or rights to liens, for services, labor, or materials furnished for or at the Land at the instance of Seller (other than as shown in the Permitted Encumbrances, subject to discharge as may be provided by the Court);

(h) Such other documents and information as the Title Company reasonably requires to issue the Title Policy with the endorsements;

(i) Escrow Holder's escrow instructions with Escrow Holder's commercially reasonable standard provisions and requiring Escrow Holder to comply with the provisions of this Agreement and record and deliver the documents set forth in, and as contemplated by, this Agreement;

(j) A Closing Statement executed by Seller;

(k) A certification by Seller affirming that all warranties and representations of Seller in this Agreement are to the best of Seller's knowledge true and correct as of the Closing Date; and

(l) Resolutions evidencing the authority of Seller to execute and deliver all documents required in this Agreement and any other documents reasonably required to complete the transaction contemplated by this Agreement and to perform its obligations under this Agreement and under said documents.

10.3 Prorations and Adjustments. All costs, expenses, obligations and income relating to the operation of the Property (except as hereinafter provided) shall be prorated between Seller and Buyer as set forth in this Section 10.3 and shall be final and not subject to re-proration except to the extent otherwise specifically provided below in this Section 10.3. Whether amounts are allocable, for purposes of this Section 10.3, to periods before or after the Cut-Off Time (as defined below) shall be determined in accordance with generally accepted accounting principles, using the accrual method except as otherwise expressly set forth below; provided, however, the following items shall be prorated, adjusted or paid in the manner indicated:

10.3.1 Real Estate, personal property, ad valorem and related taxes, levies and charges and assessments ("Taxes"), applicable to the Land for the year prior to the year in which Closing occurs shall be paid in full at the Closing by Seller, to the extent bills for same have been received, so that the Title Company shall indicate payment in full thereof on the Title Policy. Taxes for the year in which Closing occurs or which are not known and evidenced by a final bill from all appropriate taxing authorities, shall be prorated based on the most recent assessment. Seller shall be entitled to any tax refund on a pro rata basis for the current tax year and the full amount for any prior years. Any and all final and confirmed assessments, general or special, for improvements

previously completed or for amounts owed for assessments presently being completed, affecting the Land and due as of the Closing Date shall be paid by Seller prior to or at Closing, and Buyer shall be under no obligation to pay such assessments.

10.3.2 Seller shall be responsible for all accounts payable as well as all personal property, transient occupancy, payroll, sales and all other taxes and fees as well as collection of accounts receivable relating to the period prior to the Closing Date, all of which shall be paid through Escrow to the extent not paid as of the Closing Date, and Buyer shall be responsible for all accounts payable as well as all personal property, transient occupancy, payroll, sales and all other taxes and fees as well as collection of accounts receivable relating to the period from and after the Closing Date. Prepaid guest deposits (for stays or other use of the Property to occur from and after the Closing Date) shall be detailed, and such deposit shall be transferred to Buyer on the Closing Date.

10.3.3 One-half (50%) of the room rentals attributable to the night prior to the Closing Date shall be the property of Seller and the remaining one-half (50%) shall be the property of Buyer. Room rentals attributable to any night prior to the night prior to the Closing Date shall be the property of Seller.

10.3.4 Utility charges for telephone, gas, electricity, sewer, water and other services shall not be prorated to the extent that Seller can make arrangements for the rendering of final bills based on meter readings as of 11:59 p.m. on the day prior to the Closing Date (the "Cut-Off Time"). Seller shall be responsible for the payment at the Closing of all bills for utility charges up to and including the Cut-Off Time. To the extent that utility bills cannot be rendered as of the Closing Date, such charges for the period through the Cut-Off Time shall be prorated as of the Cut-Off Time based upon the most recent available bills and readjusted on the basis of the actual bills as and when received. Any utility deposits shall be refunded to Seller with a new deposit to be delivered by Buyer.

10.3.5 Seller shall be responsible for all operating expenses and trade accounts of the Property (including charges and fees payable under any Contracts) up to and including the Cut-Off Time, if and to the extent the same are determinable.

10.3.6 Revenues from food, beverage, room service, public room revenues, and other services rendered to

guests of the Hotel shall be prorated as of the Cut-Off Time, if, as and when collected.

10.3.7 Rent under the Leases have been prepaid to Management Company through 2021. Management Company shall be entitled to retain the prepaid rent.

10.3.8 All cash on hand in house banks on the morning of the Closing Date shall be the property of and shall be retained by Seller.

10.3.9 Property of guests of the Property in Seller's care, possession or control (excluding that in guest rooms) on the Closing Date shall be handled in the following manner:

(a) On the day prior to the Closing Date, Seller shall cause notice to be sent to all guests of the Hotel who have safe deposit boxes advising them to remove and/or verify the contents of such safe deposit boxes within three days after the Closing Date. Seller may have a representative present at the Hotel during such three-day period for the purpose of viewing such removal and verification. Boxes of guests not responding to the written notice shall be listed at the end of such three day period. Such boxes shall be opened on the following day in the presence of representatives of Seller and Buyer to be agreed upon between Seller and Buyer and the contents thereof shall be recorded. Any property contained in the safe deposit boxes and so recorded and thereafter remaining in the hands of Buyer shall be the responsibility of Buyer.

(b) All guest baggage checked and left in the possession, care and control of Seller shall be listed in an inventory to be prepared in duplicate and signed by Seller's and Buyer's representatives on the Closing Date. Buyer shall be responsible from and after the Closing Date for all baggage listed in inventory.

(c) All other guest property left in the possession, care or control of Seller prior to the Closing Date shall be returned by Seller to guests prior to the Closing Date.

10.4 Seller's Obligations Prior to Closing. Seller covenants and agrees with Buyer that on or prior to the Closing Date (except as otherwise specified below):

10.4.1 Seller will assist Buyer and Buyer's agents, on or before Closing Date, in acquiring all information necessary to enable Buyer's agents and Seller's agents to compute the prorations described in Section 10.3 above;

10.4.2 Seller will not sell, exchange, assign, transfer, convey, lease, encumber or otherwise dispose of all or any part of the Property or any interest therein except for consumables and expendables which are consumed and replaced in the ordinary course of business;

10.4.3 Seller will perform all of its obligations under and keep the Contracts, the Leases and the Permits in full force and effect except as otherwise instructed by Buyer in accordance with this Agreement, and in connection therewith, Seller shall, among other things, comply with the requirements of Section 10.5 below;

10.4.4 Seller will not enter into, modify or amend any Contracts, Leases, licenses, easements or other agreements relating to the Property which will obligate Buyer or be a charge or lien against the Property, except those necessary to continue the operation of the Hotel in the ordinary course of business or ordered by the Court except as otherwise instructed by Buyer in accordance with this Agreement;

10.4.5 Seller will cause the Hotel to be operated and the Property to be maintained in the manner in which it is being operated and maintained as of the date of this Agreement which undertaking includes, but is not limited to, entering into bookings in the ordinary course of business, maintaining levels of expendables, consumables and inventories consistent with past practices, and maintaining in full force and effect commercially reasonable insurance coverage; furthermore, Seller shall cause all expendables, consumables and inventories to be inventoried in its typical and customary current operating manner at all times until the Closing Date;

10.4.6 Buyer has been adequately informed of Seller's Chapter 11 bankruptcy case. Otherwise, Seller will promptly notify Buyer of any matter arising prior to Closing which might materially and adversely affect the operation of the Hotel or the value of the Property, including, without limitation, the commencement of any litigation or proceeding or any notice of a

violation of law issued by any governmental or quasi-governmental authority;

10.4.7 Seller has a pending appeal for real property taxes for the Property of which Seller retains the exclusive right to any refunds since they apply to prior tax years. Seller will promptly provide Buyer with notice of any actual or proposed change in the assessed value of the Property or any portion of the Property (including any tentative or preliminary assessment) and of the institution or proposed institution of any proceeding (whether formal, informal, judicial or administrative) relating to any such change or proposed change, and Seller will not take any action with respect to the contesting and/or resolution of the taxable assessed value of the Land without the prior written consent of Buyer, which consent shall not be unreasonably withheld; and

10.4.8 Management Company shall terminate all employees working at the Hotel in compliance with applicable law immediately upon the termination of the Management Agreement; upon such termination of all employees working at the Hotel, Management Company or Seller, as applicable, shall pay all such employees all wages and benefits accrued by such employees through the date of termination, including, without limitation, all sick leave and vacation pay in connection with their employment; Management Company and Seller shall together be solely responsible for complying with the provisions of applicable law, including without limitation, the Worker Adjustment Retraining and Notification Act and state and local plant closing laws, if applicable, with respect to the termination of any employees working at the Hotel. Management Company and Seller shall, jointly and severally, indemnify, defend and hold Buyer and its designated management company or operator for the Property harmless from and against any liabilities incurred by either such party as a result of Management Company's or Seller's failure to satisfy their obligations under this Section 10.4.8, unless such failure resulted from the express and specific request of Buyer and/or Buyer's authorized agent or assign. The provisions of this Section 10.4.8 shall survive the Closing.

10.5 Liquor License. The Property includes the liquor licenses used in connection with the restaurant and Hotel and every portion thereof (collectively, the "Liquor License"). In connection therewith, Seller and Management Company shall cooperate with Buyer and execute such instruments and documents as are reasonably required by the California ABC to allow for Buyer to apply for the transfer of the Liquor License or the issuance of a new liquor license for the Hotel to Buyer (e.g., ABC 211A form approving the transfer (and a Temporary Permit if one is requested), and ABC 227), and escrow instructions, as applicable), but the issuance of a liquor license to Buyer or its

designee in connection with the Closing shall not be a condition to Closing. If required under applicable law, Management Company and Buyer agree to enter into a separate purchase agreement and/or establish a separate escrow (the "Liquor License Escrow") to handle the sale of the Liquor License and related inventory and property to Buyer. Neither Seller nor Management Company shall be liable for any costs or fees related to the transfer of the Liquor License, other than the costs of complying with any bulk sales requirements and the payment of sales taxes, both of which shall be the responsibility of Seller to pay. Buyer shall be responsible for complying with all requirements of the Alcoholic Beverage Control Act and the regulations adopted pursuant thereto by the California Department of Alcoholic Beverage Control in connection with the issuance to Buyer or its designee of a liquor license for the Property. If Buyer determines in its sole discretion that a permanent liquor license is not likely to be issued to Buyer or its designee as of the date of Closing, then Buyer shall be entitled to apply for a temporary liquor license; provided, however, if Buyer is not able to obtain a temporary liquor license as of the Closing Date then, on the Closing Date, Management Company shall enter into an interim arrangement whereby Management Company shall operate the liquor concessions at the Property, for a period not to exceed one hundred twenty (120) days unless otherwise agreed upon by Management Company, pursuant to the "Post-Closing Interim Liquor Agreement" attached hereto as Exhibit 10.5, and Buyer shall indemnify, defend and hold Seller and Management Company harmless from any liabilities incurred by Seller or Management Company (and not resulting from the gross negligence or willful misconduct of Seller or Management Company) in connection with such operation of liquor concessions by Seller or the applicable licensee.

11. Remedies.

11.1 Default by Buyer. If the sale of the Property is not consummated due to any default or material breach by Buyer hereunder or for any other reason other than a default by Seller or the failure of any of the conditions set forth in Section 9.1 all of the Earnest Money shall, as Seller's sole and exclusive remedy, be paid immediately to Seller by the Escrow Holder as liquidated damages upon notice from Seller and Buyer, it being agreed between the parties hereto that the actual damages to Seller in the event of such failure are impractical to ascertain and the amount of the Earnest Money is a reasonable estimate thereof. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE EARNEST MONEY HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST

BUYER, AT LAW OR IN EQUITY, IN THE EVENT OF A FAILURE BY BUYER TO CLOSE WHEN OBLIGATED TO DO SO UNDER THIS AGREEMENT. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677.

INITIALS: Seller _____ Buyer _____

11.2 Default by Seller. If the sale of the Property is not consummated due to any default or material breach by Seller hereunder, Buyer shall be entitled to bring an action for specific performance of Seller's obligations hereunder, damages or both. Notwithstanding any language in this Section 11.2, the Court's refusal to approve the sale or enter the Order, this Agreement or any portion of this Agreement, shall not be considered a default by Seller, and such occurrence shall be handled in accordance with Section 12.1 below.

12. Closing; Closing Date; Closing Costs.

12.1 The closing of the transaction (the "Closing") shall take place through escrow on the date that is fifteen (15) days after entry of the Order, but not earlier than forty-five (45) days after the Effective Date; provided, however, that if the Order is not issued by the Court within ninety (90) days after the Effective Date or if the Court issues an order disapproving this Agreement, any portion of this Agreement or the sale of the Property to Buyer, then Buyer shall have the right at any time thereafter, and until the Court does issue the Order, to terminate this Agreement upon written notice to Seller, and if Buyer does deliver a written notice of termination of this Agreement to Seller in accordance with this Section 12, the full Earnest Money shall be refunded to Buyer, and once Buyer receives a full refund of its Earnest Money, neither party shall have thereafter have any further obligations hereunder, except for those which expressly survive termination. Buyer shall have the option to extend the date for the Closing by an additional thirty (30) days from the latter of the two foregoing dates by providing Seller written notice of extension at least five (5) days prior to the scheduled date of Closing and depositing into Escrow an additional Five Hundred Thousand Dollars ($500,000.00) U.S. Currency within 24 hours of such notice, which, upon deposit, shall be included in the definition of "Earnest Money" and shall be non-refundable to Buyer except under the circumstances the Earnest Money is refundable to Buyer. The date on which Closing occurs shall be referred to herein as the "date of Closing" or the "Closing Date."

12.2 Seller shall pay one-half of all escrow fees, and Buyer shall pay the other half. Buyer and Seller shall each pay one-half of all documentary and other transfer taxes and fees, any recording fees, and all other Closing costs; provided, however, Seller shall pay all sales tax associated with the sale of the Property. At Closing, Seller shall purchase and pay for a standard ALTA owner's policy of title insurance in the amount of the Purchase Price for the Property (the "Title Policy"); any additional endorsements

requested by Buyer or required by Buyer's lender shall be paid by Buyer. Each party shall pay for its own attorney's fees.

12.3 Buyer shall obtain, at Buyer's own expense, property and liability insurance at or before Closing, insuring Buyer's interest in the Hotel after Closing.

12.4 Upon Closing, title to the Property shall pass to Buyer, free and clear of all interests, mortgages, liens and encumbrances, financing statements, security interests, charges, claims, and other exceptions to title, other than the lien for general taxes not yet due and payable and such non-monetary exceptions to title, if any, identified on the title commitment for the Property that was delivered to Buyer prior to the Effective Date (collectively, the "Permitted Encumbrances"), and Seller shall deliver to Buyer possession of the Property, and Seller shall further, upon Buyer's request, execute such other customary instruments of conveyance as Buyer may reasonably deem necessary to effect or evidence the transfers contemplated hereby. Any such additional documents shall be prepared and all related costs borne exclusively by Buyer.

13. Indemnity and Hold Harmless. Seller and Buyer shall indemnify the other party, and hold the other party harmless, to include attorneys' fees and costs, for any and all third party claims, whether in contract or in tort, arising or properly alleged to arise during the period for which such party owns fee title to the Property or when the third party was directly retained by Seller or Buyer.

14. Additional Terms.

14.1 This Agreement is binding upon and inures to the benefit of the parties' heirs, successors, and assigns.

14.2 The covenants contained in this Agreement of each party that, by their nature, would survive the Closing, shall survive Closing and shall not merge into any document delivered at Closing.

14.3 This Agreement contains the entire contract of the parties, and all prior discussions or agreements are merged into this Agreement.

14.4 In the event one or more sections of this Agreement are found to be unenforceable, the remaining terms shall remain in full force and effect.

14.5 Any notices to Buyer and Seller shall be sent to the following addresses:

To Buyer:	Coastline Investments LLC Attn: Shermen Chiang, CHA Attn: Lucy Gao 3218 E. Holt Ave, West Covina CA 91791 FAX: 626.214.2153
With a copy to:	Jeffer Mangels Butler & Mitchell LLP c/o David Sudeck 1900 Avenue of the Stars, 7th Floor Los Angeles, CA 90067 FAX: 310.712.8566
To Seller:	Shilo Inn, Pomona Hilltop, LLC c/o Christopher Campbell or Mark S. Hemstreet 11600 S.W. Shilo Lane Portland, Oregon 97225 FAX: 503.643.7107

Notices by any party pursuant to this Agreement may be made by hand delivery, regular, certified, or registered mail (with or without return receipt), overnight courier (such as, for example, Federal Express), or facsimile transmission ("FAX"), if, on the same day the FAX is sent, the party also sends the notice by one of the aforementioned approved means. Notices by hand delivery shall be deemed received when delivered to the addressee's address; notices by regular, certified, or registered mail shall be deemed received forty-eight (48) hours after posting; notices sent by overnight courier shall be deemed received when actually delivered; and notices sent by FAX shall be deemed received one (1) hour after the time of transmission or at 9:00 a.m on the next business day after the FAX is sent, if the FAX is not sent on a business day. Where more than one method of notice is used, time shall be calculated from the time of deemed receipt of the most rapid form of notice employed. Where any notice by any party is to be given by a specified date, or on or within a stated number of days after a stated event, the notice shall be given on or before 5:00 P.M. PST on the required date. If the required date is a Saturday, Sunday, or not a regular business day, the notice shall be given not later than the next business day.

15. Assignment. Buyer may, without Seller's written consent and without any approval of the Court required, assign all or part of its interest in this Agreement to any other entity affiliated with Buyer or controlled by or affiliated with Lucy Gao or Shermen Chiang or both of them ("Permitted Assignment"). Upon such Permitted Assignment, the assigning entity shall, effective as of the assignment date, be fully released from all further obligations and liability under this Agreement if and so long as the assuming entity assumes all of the assigning entity's obligations and liabilities arising from and after the effective date of such Permitted Assignment. Buyer shall provide Seller with

written notice of its intent to assign prior to such assignment. In addition to the foregoing, Buyer shall have the right to assign all or part of its interest in this Agreement to any third party with Seller's prior written consent and, if required by applicable law, approval by the Court, which consent shall not be unreasonably withheld, conditioned or delayed.

16. Legal Representation. If the parties hereto have been represented by legal counsel of their choice in respect to this transaction, then each of the parties shall be responsible for all attorneys' fees incurred in formulating this Agreement. The parties agree that although this Agreement was originally drafted by attorneys for Seller, it has been mutually negotiated and therefore any ambiguity shall not be construed against Seller.

17. Waiver. Failure of either party at any time to require performance of any provision of this Agreement shall not limit such party's right to enforce such provision, nor shall any waiver of any breach of any provision of this Agreement constitute a waiver of any succeeding breach of such provision or waiver of such provision itself.

18. Counterparts. This Agreement may be executed in one or more counterparts, all of which may be considered one of the same Agreement and shall be effective when one or more counterparts have been signed and delivered by each of the parties.

19. Governing Law. The parties acknowledge that this Agreement has been negotiated and is entered into in the State of California. The parties expressly agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California. Each party hereto hereby submits to the jurisdiction of the state and federal courts of the State of California, and the venue of Los Angeles County shall be appropriate for all actions arising in connection herewith.

20. Commissions. Seller has retained no broker for this transaction. Buyer and Seller agree that Seller was responsible for locating the Buyer through independent sources with Buyer before Seller's broker was retained by Seller. Buyer has retained Richfield Hospitality Group, Inc. (Shermen Chiang CHA) as Buyer's agent, but Buyer's agent is due and owing no commission from this Agreement. Buyer has disclosed that Shermen Chiang, which person may have an interest in Buyer, is a licensed real estate agent. Buyer and Seller agree that each party shall indemnify the other party for any claims for commissions or fees as a result of this transaction.

21. IRC Section 1031 Exchange. To the extent reasonable, both parties shall cooperate with each other in pursuing non-recognition of gain under Section 1031 of the Internal Revenue Code ("IRC"). Seller is aware that Buyer is purchasing the Hotel as part of a 1031 exchange. Each party shall pay its own costs and fees associated with any IRC Section 1031 exchange.

22. Computing Time Periods. Unless otherwise specified, in computing any period of time described in this Agreement, the date of the act or event after which the designated period of time begins to run is not to be included and the last day of the period

so computed is to be included, unless the last day is a Saturday, Sunday, or legal holiday, in which event the time period runs until the end of the next day that is neither a Saturday, Sunday, nor legal holiday. The last day of any period of time described in this Agreement is deemed to end at 5:00 pm PST.

23. Attorneys' Fees. Should any legal proceeding be commenced between the parties hereto concerning the Property, this Agreement or the rights and duties of either in relation thereto, the prevailing party in such legal proceeding shall be entitled, in addition to such other relief as may be granted, to receive from the losing party its reasonable costs and attorney's fees.

24. THIS AGREEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS A BINDING CONTRACT FOR THE SALE AND PURCHASE OF THE PROPERTY DESCRIBED IN SECTION 1 ABOVE UNTIL BOTH BUYER AND SELLER HAVE SIGNED AND THE NON-REFUNDABLE EARNEST MONEY HAS BEEN DEPOSITED IN ESCROW.

Exhibit 1.1	Legal Description of Land
Exhibit 1.2	Contracts
Exhibit 1.3	Tangible Personal Property
Exhibit 1.7A	Leases
Exhibit 1.7B	Lease Assignments
Exhibit 3.2	Franchise Agreement Amendment
Exhibit 3.3	Management Agreement Amendment
Exhibit 10.2.3(b)	Bill of Sale
Exhibit 10.2.3(c)	Assignment Agreement
Exhibit 10.5	Post-Closing Interim Liquor Agreement

SELLER: Shilo Inn, Pomona Hilltop, LLC,
an Oregon limited liability company

By: Shilo Management Corporation,
its manager

By:_____
Its:_____
Date:_____

BUYER: Coastline Investments LLC,
a California limited liability company

By: Lucy Gao
Its: Manager
Date: 11-9-11

As to Section 3.3, Section 10.4.8 and Section 10.5:

MANAGEMENT COMPANY:

Shilo Management Corporation

By:_____
Its:_____
Date:_____

As to Section 3.2:

SHILO:

Shilo Franchise International, L.L.C.

By:_____
Its:_____
Date:_____

Exhibit 1.1

Legal Description of Land

LEGAL DESCRIPTION

PARCEL A:

PARCEL 1, IN THE CITY OF POMONA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON A PARCEL MAP 6172, AS FILED IN BOOK 69, PAGES 11 TO 14 INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

A NON-EXCLUSIVE EASEMENT OVER THE NORTHERLY 220 FEET OF THE EASTERLY 30 FEET OF PARCEL 3 OF PARCEL MAP 16068, IN THE CITY OF POMONA, AS FILED IN BOOK 168 PAGES 23 TO 24 INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Exhibit 1.2

Contracts

Shilo Franchise International LLC – dated 01-01-2004 (assigned)
Shilo Management Corporation – dated 10/2/1996 (assigned)
Coca-Cola
LodgeNet Entertainment Corp. – dated 10/28/2005
Showtime Networks, Inc.
Sysco
World Cinema, Inc. – dated 12/6/2006, extended on 8/25/2008
Marlin Leasing

Exhibit 1.3

Tangible Personal Property

SHILO INN SUITES POMONA HILLTOP

FF & E INVENTORY

Rooms

Refrigerator	129
Microwave	123
32" Phillips Flat Screen TV	29
27" Phillips Box TV	85
25" RCA Box TV	13
19" Magnavox	77
Desk	129
Desk Chair	129
Lamps - Desk	129
Lamps - Night Stand	191
Night Stand Table	191
Telephone-Desk	147
Telephone-Bathroom	107
Alarm Clock	148
Waste Basket	387
Plastic Ice Bucket	129
Coffee Maker	129
Hairdryer	162
Iron	120
Ironing Board	119
Hangers	1257
Pillows -Bed	576
Pillows -Bolster	297
Headboard	191
Air Conditioner/Heater	129
Art Work	341
Desk Mirror	129
King Bed	61
Queen Bed (Spe.Assist Room)	6
2 Queen Bed	136
Entertainment Cabinet	129

1,2,3RD FLOOR LOBBIES

1ST FLOOR	Big Chairs - 10
Lamps - 4	Sofas - 3
Phones - 1	Coffee Tables - 2
Small Chairs - 14	End Tables-8
Square Tables - 5	Sofa Tables -3
	Round Tables - 2
2nd Floor	Big Chairs - 6
Desk/Chair - 1	Sofa -1
	End Tables - 3
	Sofa Tables - 1
	Lamps - 1
3RD FLOOR	Big Chairs - 2
	Sofa -1
	End Tables - 3

3RD FLOOR

BUSINESS CENTER

Sofa Bed Queen	1
Computer	1
Printer	1
Desk	1

OFF MAIN LOBBY

WORKOUT ROOM

19" Magnavox	1
Treadmill	1
Exercise Bike	1
Elliptical Train	1
Weight Machine	1

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Game Table	129
Table Chairs	418
Sofa Bed King	43
Sofa Bed Queen	46

MEETING ROOM 3RD FLOOR

Chairs	9
Large Meeting Table	1
Small Prep Table	1
Phones	1
Wall Art	3

LINENS

Queen Sheets	392
King Sheets	223
All Pillow Cases	502
All Pillows	487
All Pillow Sheet Protectors	467
Bath Towels	466
Hand Towels	209
Wash Cloths	419
Bath Mats	189
Pool Towels	30
Shower Curtains	128
King Mat Pads	70
Queen Mat Pads	152
Queen Blankets	136
King Blankets	64

STORAGE ROOM LAUNDRY

NIGHT STANDS	2
COFFEE MAKERS	10
ARMOIRE	1
LUGGAGE	1
DESKS	1
FLAT TV	5
ROLLAWAY BEDS	5
PHILLIPS TV	2

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Hilltop Restaurant Inventory

			Kitchen
1	Microwave	1	Duel Coffee Maker
1	Duel Fryer	2	Bunn Heaters
1	Flat Top	7	Racks
26	Top Oven + 14 Top Attachment	3	Hot Boxes
1	Grill	23	Chaffers
1	Counter Top Oven	14	Chaffer Tops
1	True Freeze	10	Brass Chaffers
1	Delfield/Alco Fridge	2	Rounds Chaffers
2	Alto Sham Combiterms	50	Chaffing Pans - 200, 400, 600
1	Imperal Top Stove	2	Coffee Brewer Containers
1	Groen Gold Line	3	Grills Top
2	Wolf Airflow Ovens	5	POS Systems
1	Duel Oven	1	Computer
1	Duel Alto Sham Warmer	9	Bowls
1	Tranlsel Freezer Duel	45	Small Plates
1	Tranlsel Freezer Single	7	Boats
2	True Refrigerators	16	Saucers
1	Hoshizaki Ice Machine	88	Bread Plates
1	Hamilton Blender	117	Room Service Plates
1	Kitchen Aid	3	18 qt Rounds
1	Hobart Slicer	40	Round Plates
1	Large Hobart Mixer w/attachments	26	Square Plates
3	Scales	8	Large Bowls
1	Robocoup	20	Large Oval Serve Trays
1	Large Salad Spinner	2	Cutlery Trays
1	Lemon Wedger	48	Small Glasses
2	Pattone Cuts Cutter	1	Toaster
1	Rice Cooker	4	Oil Vinegar Racks
1	Large Imersion Mixer	6	Sugar Holders
1	Soda Machine	16	Small baskets
1	Juice Machine	2	Tea Racks
21	Small Tongs	4	Small Pepper Crackers
4	Large Tongs	2	Large Pepper Crackers
5	10oz Ladles	3	124 Muffin Tins
27	20oz Ladles	6	Hand Whisks
8	6oz Ladles	30	Black Service Tongs
1	12oz Ladle	1	Mini Wisk
1	Wave Chopper	1	Potato Masher

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6	Large Plastic Scoops	2	Medium Plastic Scoop
1	1/2 Box Grater	2	Meat Tenderizer
3	Large Ice Scoops	2	Small Ice Scoops
7	Long Spatulas	2	Short Spatulas
3	Grill Spatulas	2	Grill Spatulas with holes
15	Slotted Silver Serving Spoons	15	Unslotted Sliver Serving Spoons
2	Water From Ice Dramers	16	Storage Racks
1	Egg Slicer	2	Long cutting Boards
1	Gray Bus Tub	14	Red Lids
20	Blue Lids	10	Clear Round Lids
4	Clear Plastic Storage Tubs (medium)	3	Large Plastic Clear Storage Tubs
10	Small Silver Tea Pots	10	Goose Necks
2	Large Tea Pots	20	White Coffee Holders
10	Plastic Corraffs	6 1/6	Lids
2 1/3	Lids	4	Coffee Brew Pots
2	Thermals	60	Silver Sauce Cups
10	Rectangle Plates	10	Individual Tart Bowls Oblong
8	Individual Tart Bowls Round	20	Creamers
47	Coffee Mugs (White)	24	Brown Coffee Mugs Brown
29	Glass Cups	29	Champaign Glasses
3	Short Red Wine Glasses	2	Tall Red Wine Glasses
9	Bowls	45	Small Plate
7	Boats	16	Saucers
88	Bread Plates	117	Room Service Plates
3	18 Qtr. Rounds	40	Round Plates
26	Square Plates	8	Large Bowls
20	Large Oval Serving Trays	2	Cutlery Trays
48	Small Glasses	1	Toaster
4	Rack Oil Vinegar	30	Salt and Pepper Shakers
6	Sugar Holders	16	Baskets (small)
2	Tea Racks	4	Small Pepper Crackers
2	Large Pepper Crackers	80	1/6 4 Inch Pans
30	1/6 6 Inch Pans	43	1/8 Pans
40	1/3 4 Inch Pans	20	1/3 6 Inch Pans
200	150 Pans	200	25 Holes
400	10 Pans	400	10 Holes
600	5 Pans	5	Large Roasting Pots
3	Small Roasting Pots	2	Small Pots
3	Medium Pots	6	Large Pots
3	Round Roasting Pots	9	Bain Maries
1	Stock Pots with Spick	2	Tall Pots
1	Short Pot	2	Colanders
3	Small China Cups	1	Large China Cups

450	Sheet Pans	20	1/2 Pans
14	Black Oblong Bowls	3	Tops
6	Silver Trays With Handles	3	Silver Trays Without Handles
2	Small Square Trays	2	Triangle Trays
3	Large Square Trays	2	Rectangle Trays
4	Large Plastic Bowls	1	Extra Large Plastic Bowl
2	Small Plastic Bowls	22	Medium Plastic Bowls
3	Large Glass round Salad Bowls	14	Small Glass Round Salad Bowls
16	Fruit Dishes	9	Glass Bowls
4	Large Salsa Bowls	21	18 QT Containers
3	12 QT Containers	14	8 QT Containers
3	6 QT Containers	15	4 QT Containers
7	2 QT Containers	7	Red and White Storage Bins
10	Rolling Storage Bins	6	Cooling/ Roasting Racks
10	Cutting Boards	2	Large Containers
2	Medium Containers	5	Medium Silver Bowls
1	Large Silver Bowl	3	Grill Covers
2	Mandoline	10	Round Pizza Flats With Holes
1	Small Pizza Flat without Holes	8	Medium Round Pizza Flats without Holes
1	Large Pizza Flat without Holes	2	Grill Flathers
1	Tortilla Bowl	6	Fryer Baskets
3	Boosters	3	High Chairs
7	Water Stands	2	2 Tables
13	4x4 Tables	3	Large Round Tables
2	Long Rectangle Tables	1	Extra Long Rectangle Tables
2	Square Round Rectangle Tables	5	Tall Round Tables
40	Chairs without Arms	43	Arm Chairs
3	Round Bar Chairs	8	Bar Chairs
20	Dance Floor Sections	16	Dance Floor Edges
22	Check Books	3	Dell Computers
56	Tall Glasses	27	Shot Glasses
6	Large Congiac Glasses	3	Chilled Coffee Mugs
12	Small Congiac Glasses	5	Pitchers
258	Water Glasses	160	Champaign Glasses
189	Wine Glasses	569	Forks
219	Knives	128	Steak Knives
186	Spoons	58	Salt Shakers
51	Pepper Shakers		

Catering Office

2	Desks	2	Dell Computers
2	Desk Chairs	2	Printers/Copy Machine
2	Couches	1	Fax Machine

Chefs Office

1	Dell Computers	1	Phone
2	Drawer File Cabinets	1	Chairs

Banquets

415	Chairs	64	Dance Floor Pieces
41	Round Tables	12	Risers
9	8 Foot Tables	2	Portable Bars
4	6 Foot Tables	8	Table Skirts
41	Classroom Tables	2	Cash Registers
2	Vacuums	32	Jack Stands
41	Large Oval Trays	30	Round Trays
1	6 Foot Screen	1	Podiums
2	Chair Dolley	1	Coffee Maker
1	Ice Machine	3	Easels

Dining Room

1	Hostess Stands	21	Dinner Tables
1	Easel	8	Barstools
1	Sofa Table	86	Chairs
3	End Tables	11	Booths
3	Love Seats	5	Beer Taps
4	Big Chairs	1	Espresso Machine
1	Lamp	2	Soda Guns
2	Blenders	70	Bar Glasses
1	Dishwasher	4	Speakers
61	Shot Glasses	2	27" Flat Screen TV
1	42" Flat Screen TV		

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Exhibit 1.7A

Leases

Cell Tower Lease – Nextel – dated 3/31/2006
Cell Tower Lease – Cingular – dated 3/31/2006
Cell Tower Lease – T-Mobile – dated 3/31/2006
Restaurant Lease with Shilo Management Corporation – dated 04/14/2011 (to be terminated)

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Exhibit 1.7B

Lease Assignments

[see attached]

ASSIGNMENT OF COMMERCIAL LEASE
SHILO INN, POMONA HILLTOP, LLC

ASSIGNOR:	Shilo Management Corporation, an Oregon corporation
ASSIGNEE: a California limited liability	_____, company 3218 E. Holt Ave. West Covina, CA 91791
TENANT:	Versus Management One, LLC, a Delaware limited liability company
OWNER:	Shilo Inn, Pomona Hilltop, LLC, an Oregon limited liability company

A. Assignor entered into a commercial cell tower lease, assignment and license agreement with Tenant and T-Mobile USA, Inc., a copy of which is attached hereto and incorporated herein as **Exhibit A** (the "Lease") for a portion of the property owned by Shilo Inn, Pomona Hilltop, LLC and located at 3101 Temple St., Pomona, CA 91768 ("Property"). Owner authorized the Assignor to enter into the Lease for the Property.

B. Owner now wishes to sell the Property to Assignee. As part of the sale, Assignee wants the Lease assigned to Assignee from Assignor. The Lease does not provide for consent of Tenant for this Assignment to become effective.

C. By this Assignment Agreement ("Assignment"), the parties agree to the assignment of the Lease from Assignor to Assignee.

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Effective Date-Exercise of Option: Effective as of _____ ___, 2011 ("Effective Date") and subject to the conditions set forth below, Assignor hereby assigns all of Assignor's right, title and interest in and to the Lease to Assignee; and Assignee agrees to assume all of the terms and conditions of the Lease effective immediately. Subject to the terms and conditions contained herein, Owner hereby agrees to this Assignment. The consideration for this Assignment is the Owner and Assignee closing the Real Estate Sales Agreement dated November ___, 2011 for the Property by the Closing Date, as defined in that agreement.

2. Complete Assignment: As of the Effective Date, except as set forth herein, Owner and Assignor shall have no duty, obligation or right in and under the Lease. Assignor and Owner shall, jointly and severally, defend, indemnify and hold Assignee harmless for any claims filed or defaults asserted pertaining to acts or omissions that occurred prior to the Effective Date.

Assignee shall defend, indemnify and hold Assignor and Owner harmless for any claims filed or defaults asserted pertaining to any acts or omissions that occurred on or after the Effective Date.

3. "AS-IS" Assignee hereby warrants, represents and agrees that Assignor and/or Owner have no responsibility whatsoever to repair or replace any personal or real property subject to the Lease, including, but not limited to, any telecommunications tower on the Property and that Assignee has had ample opportunity to inspect the Property and read the Lease with legal counsel of Assignee's choice and accepts the same "AS-IS," in its current condition, without any warranty or further obligation or duty owed by Assignor and/or Owner except as explicitly provided in this Assignment.

4. Post-Closing Obligations Assignee warrants, represents and agrees that Assignee will fully comply with the Lease. Assignor agrees to immediately notify the Tenant and/or Tenant's assigns in writing of the assignment and to provide Tenant with Assignee's contact information set forth above for Notice under the Lease.

6. Incorporation Except as may be modified by this Assignment, all terms and conditions of the Lease shall continue in full force and effect and all terms and conditions of the same, including the recitals set forth above, are hereby incorporated herein. If there is any conflicting terms between this Assignment and the Lease, the terms and conditions of this Assignment shall control.

7. Attorneys' Fees. Should any suit or arbitration be commenced between the parties hereto, this Assignment or the rights and duties of either in relation thereto, the prevailing party in such arbitration or suit shall be entitled, in addition to such other relief as may be granted, to receive from the losing party a reasonable sum as and for its attorneys' fees and costs, said amount to be set by the Arbitrator before which the matter is heard. The parties acknowledge that this Agreement has been negotiated and is entered into in the State of California. The parties expressly agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

8. Counterparts. This Assignment may be executed by the parties in counterparts, in which event the signature pages thereof shall be combined in order to constitute a single original document.

9. Binding Effect. This Assignment shall be binding upon and inure to the benefit of Assignor, Assignee, Owner and their respective successors and assigns.

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This Agreement is effective _____ ___2011 ("Effective Date")

ASSIGNOR:

Shilo Management Corp.,
an Oregon corporation

By: _____
Christopher Campbell, Secretary

OWNER:

Shilo Inn, Pomona Hilltop, LLC
an Oregon limited liability company

By: Shilo Management Corporation,
its manager

By:_____
Name:_____
Title:_____

ASSIGNEE:

_____,
a California limited liability company

By: _____
Name: _____
Title: _____

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EXHIBIT A
ASSIGNMENT AND LICENSE AGREEMENT AND ORIGINAL LEASE

[See Attached]

ASSIGNMENT OF COMMERCIAL LEASE
SHILO INN, POMONA HILLTOP, LLC

ASSIGNOR:	Shilo Management Corporation, an Oregon corporation
ASSIGNEE:	_____, a California limited liability company 3218 E. Holt Ave. West Covina, CA 91791
TENANT:	Versus Management One, LLC, a Delaware limited liability company
OWNER:	Shilo Inn, Pomona Hilltop, LLC, an Oregon limited liability company

A. Assignor entered into a commercial cell tower lease, assignment and license agreement with Tenant and Nextel of California, Inc., a copy of which is attached hereto and incorporated herein as **Exhibit A** (the "Lease") for a portion of the property owned by Shilo Inn, Pomona Hilltop, LLC and located at 3101 Temple St., Pomona, CA 91768 ("Property"). Owner authorized the Assignor to enter into the Lease for the Property.

B. Owner now wishes to sell the Property to Assignee. As part of the sale, Assignee wants the Lease assigned to Assignee from Assignor. The Lease does not provide for consent of Tenant for this Assignment to become effective.

C. By this Assignment Agreement ("Assignment"), the parties agree to the assignment of the Lease from Assignor to Assignee.

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Effective Date-Exercise of Option: Effective as of _____ ___, 2011 ("Effective Date") and subject to the conditions set forth below, Assignor hereby assigns all of Assignor's right, title and interest in and to the Lease to Assignee; and Assignee agrees to assume all of the terms and conditions of the Lease effective immediately. Subject to the terms and conditions contained herein, Owner hereby agrees to this Assignment. The consideration for this Assignment is the Owner and Assignee closing the Real Estate Sales Agreement dated November ___, 2011 for the Property by the Closing Date, as defined in that agreement.

2. Complete Assignment: As of the Effective Date, except as set forth herein, Owner and Assignor shall have no duty, obligation or right in and under the Lease. Assignor and Owner shall, jointly and severally, defend, indemnify and hold Assignee harmless for any claims filed or defaults asserted pertaining to acts or omissions that occurred prior to the Effective Date.

Assignee shall defend, indemnify and hold Assignor and Owner harmless for any claims filed or defaults asserted pertaining to any acts or omissions that occurred on or after the Effective Date.

3. "AS-IS" Assignee hereby warrants, represents and agrees that Assignor and/or Owner have no responsibility whatsoever to repair or replace any personal or real property subject to the Lease, including, but not limited to, any telecommunications tower on the Property and that Assignee has had ample opportunity to inspect the Property and read the Lease with legal counsel of Assignee's choice and accepts the same "AS-IS," in its current condition, without any warranty or further obligation or duty owed by Assignor and/or Owner except as explicitly provided in this Assignment.

4. Post-Closing Obligations Assignee warrants, represents and agrees that Assignee will fully comply with the Lease. Assignor agrees to immediately notify the Tenant and/or Tenant's assigns in writing of the assignment and to provide Tenant with Assignee's contact information set forth above for Notice under the Lease.

6. Incorporation Except as may be modified by this Assignment, all terms and conditions of the Lease shall continue in full force and effect and all terms and conditions of the same, including the recitals set forth above, are hereby incorporated herein. If there is any conflicting terms between this Assignment and the Lease, the terms and conditions of this Assignment shall control.

7. Attorneys' Fees. Should any suit or arbitration be commenced between the parties hereto, this Assignment or the rights and duties of either in relation thereto, the prevailing party in such arbitration or suit shall be entitled, in addition to such other relief as may be granted, to receive from the losing party a reasonable sum as and for its attorneys' fees and costs, said amount to be set by the Arbitrator before which the matter is heard. The parties acknowledge that this Agreement has been negotiated and is entered into in the State of California. The parties expressly agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

8. Counterparts. This Assignment may be executed by the parties in counterparts, in which event the signature pages thereof shall be combined in order to constitute a single original document.

9. Binding Effect. This Assignment shall be binding upon and inure to the benefit of Assignor, Assignee, Owner and their respective successors and assigns.

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This Agreement is effective _____ ___2011 ("Effective Date")

ASSIGNOR:

Shilo Management Corp.,
an Oregon corporation

By: _____
Christopher Campbell, Secretary

OWNER:

Shilo Inn, Pomona Hilltop, LLC
an Oregon limited liability company

By: Shilo Management Corporation,
its manager

By:_____
Name:_____
Title:_____

ASSIGNEE:

_____
a California limited liability company

By: _____
Name:_____
Title:_____

EXHIBIT A
ASSIGNMENT AND LICENSE AGREEMENT AND ORIGINAL LEASE

[See Attached]

ASSIGNMENT OF COMMERCIAL LEASE
SHILO INN, POMONA HILLTOP, LLC

ASSIGNOR:	Shilo Management Corporation, an Oregon corporation
ASSIGNEE:	_____, a California limited liability company 3218 E. Holt Ave. West Covina, CA 91791
TENANT:	Versus Management One, LLC, a Delaware limited liability company
OWNER:	Shilo Inn, Pomona Hilltop, LLC, an Oregon limited liability company

A. Assignor entered into a commercial cell tower lease, assignment and license agreement with Tenant and Cingular Wireless PCS, LLC, a copy of which is attached hereto and incorporated herein as **Exhibit A** (the "Lease") for a portion of the property owned by Shilo Inn, Pomona Hilltop, LLC and located at 3101 Temple St., Pomona, CA 91768 ("Property"). Owner authorized the Assignor to enter into the Lease for the Property.

B. Owner now wishes to sell the Property to Assignee. As part of the sale, Assignee wants the Lease assigned to Assignee from Assignor. The Lease does not provide for consent of Tenant for this Assignment to become effective.

C. By this Assignment Agreement ("Assignment"), the parties agree to the assignment of the Lease from Assignor to Assignee.

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Effective Date-Exercise of Option: Effective as of _____ ___, 2011 ("Effective Date") and subject to the conditions set forth below, Assignor hereby assigns all of Assignor's right, title and interest in and to the Lease to Assignee; and Assignee agrees to assume all of the terms and conditions of the Lease effective immediately. Subject to the terms and conditions contained herein, Owner hereby agrees to this Assignment. The consideration for this Assignment is the Owner and Assignee closing the Real Estate Sales Agreement dated November ___, 2011 for the Property by the Closing Date, as defined in that agreement.

2. Complete Assignment: As of the Effective Date, except as set forth herein, Owner and Assignor shall have no duty, obligation or right in and under the Lease. Assignor and Owner shall, jointly and severally, defend, indemnify and hold Assignee harmless for any claims filed or defaults asserted pertaining to acts or omissions that occurred prior to the Effective Date.

Assignee shall defend, indemnify and hold Assignor and Owner harmless for any claims filed or defaults asserted pertaining to any acts or omissions that occurred on or after the Effective Date.

3. "AS-IS" Assignee hereby warrants, represents and agrees that Assignor and/or Owner have no responsibility whatsoever to repair or replace any personal or real property subject to the Lease, including, but not limited to, any telecommunications tower on the Property and that Assignee has had ample opportunity to inspect the Property and read the Lease with legal counsel of Assignee's choice and accepts the same "AS-IS," in its current condition, without any warranty or further obligation or duty owed by Assignor and/or Owner except as explicitly provided in this Assignment.

4. Post-Closing Obligations Assignee warrants, represents and agrees that Assignee will fully comply with the Lease. Assignor agrees to immediately notify the Tenant and/or Tenant's assigns in writing of the assignment and to provide Tenant with Assignee's contact information set forth above for Notice under the Lease.

6. Incorporation Except as may be modified by this Assignment, all terms and conditions of the Lease shall continue in full force and effect and all terms and conditions of the same, including the recitals set forth above, are hereby incorporated herein. If there is any conflicting terms between this Assignment and the Lease, the terms and conditions of this Assignment shall control.

7. Attorneys' Fees. Should any suit or arbitration be commenced between the parties hereto, this Assignment or the rights and duties of either in relation thereto, the prevailing party in such arbitration or suit shall be entitled, in addition to such other relief as may be granted, to receive from the losing party a reasonable sum as and for its attorneys' fees and costs, said amount to be set by the Arbitrator before which the matter is heard. The parties acknowledge that this Agreement has been negotiated and is entered into in the State of California. The parties expressly agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

8. Counterparts. This Assignment may be executed by the parties in counterparts, in which event the signature pages thereof shall be combined in order to constitute a single original document.

9. Binding Effect. This Assignment shall be binding upon and inure to the benefit of Assignor, Assignee, Owner and their respective successors and assigns.

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This Agreement is effective _____ ___2011 ("Effective Date")

ASSIGNOR:

Shilo Management Corp.,
an Oregon corporation

By: _____
Christopher Campbell, Secretary

OWNER:

Shilo Inn, Pomona Hilltop, LLC
an Oregon limited liability company

By: Shilo Management Corporation,
its manager

By:_____
Name:_____
Title:_____

ASSIGNEE:

_____,
a California limited liability company

By: _____
Name:_____
Title:_____

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EXHIBIT A
ASSIGNMENT AND LICENSE AGREEMENT AND ORIGINAL LEASE

[See Attached]

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Exhibit 3.2

Franchise Agreement Amendment

[see attached]

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ASSIGNMENT AND AMENDMENT OF FRANCHISE AGREEMENT

This ASSIGNMENT AND AMENDMENT OF FRANCHISE AGREEMENT (this "**Amendment**") is made effective as of _____ __, 2011, by and between SHILO FRANCHISE INTERNATIONAL, L.L.C., an Oregon limited liability company ("**Franchisor**"), SHILO INN, POMONA HILLTOP, LLC, an Oregon limited liability company ("**Assignor**"), and _____, a California limited liability company ("**Assignee**"). Franchisor, Assignor and Assignee may each be referred to herein individually as a "**Party**", and collectively as the "**Parties**."

A. Franchisor and Assignor are parties to that certain Shilo Franchise Agreement dated as of January 1, 2004 (the "**Franchise Agreement**"), pursuant to which Franchisor granted to Assignor the franchise, license and right to operate the hotel located at 3101 Temple Avenue, Pomona, California as a Shilo Inn Suites Hotel (the "**Hotel**"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed in the Franchise Agreement.

B. Pursuant to that certain Purchase and Sale Agreement, dated as of November _____, 2011, by and between Assignor and The Washington Hotel Corporation or its assigns (the "**Purchase Agreement**"), Assignor contracted to sell the Hotel to Assignee.

C. In order to effectuate the sale of the Hotel pursuant to the Purchase Agreement, the Parties desire that (i) Assignor assign its right, title and interest in and to the Franchise Agreement to Assignee and that Assignee assume the obligations of Assignor under the Franchise Agreement and agree to be bound by all of the terms, conditions and provisions thereof, and (ii) the Franchise Agreement be amended in accordance with the terms of this Amendment.

AGREEMENT

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

1. Assignment of the Franchise Agreement. Assignor hereby assigns, conveys, transfers and sets over unto Assignee any and all right, title and interest of Assignor in and to the Franchise Agreement.

2. Assumption of the Franchise Agreement. Assignee agrees to assume and perform all obligations of Assignor as the Franchisee or "You" under the Franchise Agreement to the extent such obligations accrue from and after the date or this Amendment.

3. Franchisor Consent. Franchisor hereby consents to the assignment and assumption of the Franchise Agreement contemplated in Paragraphs 1 and 2 above.

The Parties desire to amend the Franchise Agreement as follows:

4. Franchisee. From and after the date of this Amendment, references to "Franchisee" or "You" in the Franchise Agreement shall refer to Assignee.

5. Termination. Notwithstanding anything in the Franchise Agreement to the contrary, either "We" or "You" (referring to Franchisor and Assignee as Franchisee, respectively) may unilaterally terminate the Franchise Agreement at any time, with or without cause, and without the payment of any termination fee, damages or other liability, upon ten (10) days' prior written notice to the other party.

6. Franchise Fee. Notwithstanding anything in the Franchise Agreement to the contrary, from and after the date of this Amendment, Assignee shall pay Franchisor a franchise fee of six percent (6%) of the Hotel's gross income until the Franchise Agreement has been terminated, determined and paid monthly, and no other fees or costs of any kind under or in connection with the Franchise Agreement, the services provided by Franchisor, or the use of the "Shilo Inn" name, shall be owed to Franchisor.

7. Transfer Fee. Notwithstanding anything in the Franchise Agreement to the contrary, under no circumstance will Assignee be responsible for any assignment or transfer fee that may be payable to Franchisor pursuant to the terms of the Franchise Agreement, in connection with the assignment and assumption contemplated herein.

8. No Further Modifications. Except as expressly set forth herein, the Franchise Agreement remains unmodified and in full force and effect. In the event of any conflict between the terms of this Amendment and the Franchise Agreement, this Amendment shall control.

9. Counterparts. This Amendment may be executed in any number of identical counterparts, each of which shall be an original, but all of which together shall constitute one and the same document.

[Signatures on the following page]

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment effective as of the day and year written above.

FRANCHISOR:

SHILO FRANCHISE INTERNATIONAL, L.L.C.,
an Oregon limited liability company

By:_____
Name: _____
Its:_____

ASSIGNOR:

SHILO INN, POMONA HILLTOP, LLC,
an Oregon limited liability company

By: Shilo Management Corporation,
its manager

By:_____
Name: _____
Its:_____

ASSIGNEE:

_____,
a California limited liability company

By:_____
Name: _____
Its:_____

Exhibit 3.3

Management Agreement Amendment

[see attached]

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ASSIGNMENT AND AMENDMENT OF MANAGEMENT AGREEMENT

This ASSIGNMENT AND AMENDMENT OF MANAGEMENT AGREEMENT (this "**Amendment**") is made effective as of _____ __, 2011, by and between SHILO MANAGEMENT CORPORATION, an Oregon corporation ("**Manager**"), SHILO INN, POMONA HILLTOP, LLC, an Oregon limited liability company ("**Assignor**"), and _____, a California limited liability company ("**Assignee**"). Manager, Assignor and Assignee may each be referred to herein individually as a "**Party**", and collectively as the "**Parties**."

D. Manager and Assignor are parties to that certain Management Agreement dated as of October 2, 1996 (the "**Management Agreement**"), pursuant to which Manager agreed to manage and operate the hotel located at 3101 Temple Avenue, Pomona, California (the "**Hotel**"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed in the Management Agreement.

E. Pursuant to that certain Purchase and Sale Agreement, dated as of November _____, 2011, by and between Assignor and The Washington Hotel Corporation or its assigns (the "**Purchase Agreement**"), Assignor contracted to sell the Hotel to Assignee.

F. In order to effectuate the sale of the Hotel pursuant to the Purchase Agreement, the Parties desire that (i) Assignor assign its right, title and interest in and to the Management Agreement to Assignee and that Assignee assume the obligations of Assignor under the Management Agreement and agree to be bound by all of the terms, conditions and provisions thereof, and (ii) the Management Agreement be amended in accordance with the terms of this Amendment.

AGREEMENT

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

1. Assignment of the Management Agreement. Assignor hereby assigns, conveys, transfers and sets over unto Assignee any and all right, title and interest of Assignor in and to the Management Agreement.

2. Assumption of the Management Agreement. Assignee agrees to assume and perform all obligations of Assignor as "Owner" under the Management Agreement to the extent such obligations accrue from and after the date or this Amendment.

3. Manager Consent. Manager hereby consents to the assignment and assumption of the Management Agreement contemplated in Paragraphs 1 and 2 above.

The Parties desire to amend the Management Agreement as follows:

4. Owner. From and after the date of this Amendment, references to "Owner" in the Management Agreement shall refer to Assignee.

5. Termination. Notwithstanding anything in the Management Agreement to the contrary, Owner (referring to Assignee) shall have the right, at any time, with or without cause, immediately upon written notice to Manager, to terminate the Management Agreement, without the payment of any termination fee, damages or other liability; however, subject to Paragraph 2 above, the foregoing does not excuse Owner from nonpayment of any fees or costs due under the Management Agreement.

6. No Further Modifications. Except as expressly set forth herein, the Management Agreement remains unmodified and in full force and effect. In the event of any conflict between the terms of this Amendment and the Management Agreement, this Amendment shall control.

7. Counterparts. This Amendment may be executed in any number of identical counterparts, each of which shall be an original, but all of which together shall constitute one and the same document.

[Signatures on the following page]

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment effective as of the day and year written above.

MANAGER:

SHILO MANAGEMENT CORPORATION,
an Oregon corporation

By:_____
Name: _____
Its:_____

ASSIGNOR:

SHILO INN, POMONA HILLTOP, LLC,
an Oregon limited liability company

By: Shilo Management Corporation, its manager

By:_____
Name: _____
Its:_____

ASSIGNEE:

_____,
a California limited liability company

By:_____
Name: _____
Its:_____

Exhibit 10.2.3(b)

Bill of Sale

[see attached]

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, that, pursuant to that certain Real Estate Sales Agreement dated as of November __, 2011 (the "Agreement"), entered into between **SHILO INN, POMONA HILLTOP, LLC,** an Oregon limited liability company ("Seller"), and _____, a California limited liability company ("Buyer"; all capitalized terms used herein and not defined herein shall have the meaning given such terms in the Agreement) and for and in consideration of the valuable consideration paid to Seller in accordance with the Agreement, the receipt and sufficiency of which are hereby acknowledged, Seller hereby sells, assigns, transfers and conveys unto said Buyer any and all tangible personal property located on or about the land described in Exhibit A attached hereto and hereby made a part hereof (the "Land") or within or used in connection with the improvements located thereon, including, without limitation, any and all guest room furnishings, lobby and public area furnishings, all artwork and lighting fixtures, office equipment and furnishings, cash registers, kitchen, lounge, ballroom, meeting room, and restaurant equipment and furnishings (including, without limitation, all china, glassware, silverware and silver serving pieces, tables and chairs, podiums and staging platforms, and linens), audio visual equipment and sound systems, laundry and dry cleaning equipment, pool chairs and equipment, safes, safety deposit boxes, employee lockers, and all other furnishings and equipment used in connection with the ownership, operation, and maintenance of the property owned by Seller (excluding any personal property specifically excluded under the Agreement) and used exclusively in the operation of the Land and/or the improvements thereon (collectively the "Tangible Personal Property"), as is, where is, and without warranty of title or use, and without warranty, express or implied, of merchantability or fitness for a particular purpose, free and clear of all liens, encumbrances, claims and interests in accordance with the Court Order; provided, however, Buyer understands and agrees that, as disclosed in the Agreement, certain personal property on the Land is leased property and not owned by Seller, including, but not limited to vending and ATM machines, leased front desk equipment, and certain soap dispenser machines, all as previously disclosed by Seller to Buyer, and in addition, to the extent provided in the Agreement, certain personal property bearing the "Shilo Inn" or related name or logo, as well as any employee's personal property, shall be excluded from the "Tangible Personal Property" to be conveyed in accordance herewith.

Seller represents and warrants to Buyer and Buyer's successors and assigns that:

(a) Seller is the sole owner of the Tangible Personal Property;

(b) Seller (acting on its own) has good right and full authority to sell, assign, transfer and convey all of the Tangible Personal Property to Buyer; and

(c) Seller has not previously granted, sold, transferred, assigned or encumbered the Tangible Personal Property or any interest therein.

Seller agrees to defend title to, and any claim against, the Tangible Personal Property hereby sold to Buyer, its successors and assigns, against each and every person whomsoever.

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TO HAVE AND TO HOLD all of said Tangible Personal Property unto Buyer, its successors and assigns, to its own use forever.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale as of the ___ day of _____, 2011.

SELLER:

Shilo Inn, Pomona Hilltop, LLC,
an Oregon limited liability company

By: Shilo Management Corporation,
an Oregon corporation,
its manager

By: _____
Name: _____
Its: _____

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Exhibit A to Bill of Sale

LEGAL DESCRIPTION

PARCEL A:

PARCEL 1, IN THE CITY OF POMONA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON A PARCEL MAP 6172, AS FILED IN BOOK 69, PAGES 11 TO 14 INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

A NON-EXCLUSIVE EASEMENT OVER THE NORTHERLY 220 FEET OF THE EASTERLY 30 FEET OF PARCEL 3 OF PARCEL MAP 16068, IN THE CITY OF POMONA, AS FILED IN BOOK 168 PAGES 23 TO 24 INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Exhibit 10.2.3(c)

Assignment Agreement

[see attached]

GENERAL ASSIGNMENT AGREEMENT

THIS GENERAL ASSIGNMENT AGREEMENT (this "Assignment") is made and entered into effective as of the ___ day of _____, 2011, by and between **SHILO INN, POMONA HILLTOP, LLC,** an Oregon limited liability company ("Assignor"), and _____, a California limited liability company ("Assignee").

W I T N E S S E T H:

WHEREAS, Assignor and The Washington Hotel Corporation or its assigns entered into that certain Real Estate Sales Agreement dated as of November __, 2011 (the "Agreement"), pursuant to which Assignor has agreed, among other things, to sell, assign, transfer and convey to Assignee the Property in accordance with the Court Order; all capitalized terms used herein and not defined herein shall have the meaning given such terms in the Agreement; and

WHEREAS, in connection with the sale and purchase of the Property, Assignor has agreed to assign to Assignee all of Assignor's right, title and interest in and to only those Contracts listed on **Exhibit "A"** attached hereto, and the Permits and the Intangible Property, and Assignee has agreed to assume from Assignor all of Assignor's rights, title, interest as well as obligations and liabilities which arise on or after the date of this Assignment under only those Contracts listed on **Exhibit "A"** attached hereto.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties agree as follows:

1. Assignment by Assignor. To the extent assignable, Assignor hereby assigns, transfers, and conveys to Assignee all of Assignor's right, title and interest in and to the Contracts identified on **Exhibit "A"** attached hereto, and the Permits and Intangible Property, all of which are also identified on **Exhibit "A"** attached hereto. Assignor makes no representation or warranty as to whether such assignments will be accepted by any other party to the Contracts identified on **Exhibit "A,"** and Assignee assumes such risk.

2. Assumption. Assignee hereby assumes all liabilities and obligations of Assignor under the Contracts identified on **Exhibit "A"** attached hereto and agrees to perform all obligations of Assignor thereunder which arise on or after the date of this Assignment.

3. Further Assurances. Assignor covenants with Assignee and Assignee covenants with Assignor that each will execute or procure any additional documents necessary to establish the rights of the other hereunder.

4. Counterparts. This Assignment may be executed by the parties in counterparts, in which event the signature pages thereof shall be combined in order to constitute a single original document.

5. Binding Effect. This Assignment shall be binding upon and inure to the benefit of Assignor, Assignee and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date set forth above.

ASSIGNOR: Shilo Inn, Pomona Hilltop, LLC,
an Oregon limited liability company

By: Shilo Management Corporation,
an Oregon corporation,
its manager

By:_____
Its:_____
Date:_____

ASSIGNEE: _____,
a California limited liability company

By:_____
Its:_____
Date:_____

Exhibit "A" to Assignment Agreement

ASSIGNED CONTRACTS, PERMITS AND INTANGIBLE PROPERTY

[TO BE ATTACHED PRIOR TO CLOSING]

Exhibit 10.5

Post-Closing Interim Liquor Agreement

[see attached]

Post-Closing Interim Liquor Agreement

THIS POST-CLOSING INTERIM LIQUOR AGREEMENT (this "Agreement") is made and entered into effective as of _____, 2012 by and between _____, a _____("Owner") and Shilo Management Corporation, an Oregon corporation ("Licensee").

RECITALS

WHEREAS, Licensee holds a Beer and Wine License issued by _____ (collectively, the "Liquor Licenses"), with respect to the restaurant and hotel commonly known as Shilo Inn, Pomona Hilltop and the Hilltop Restaurant and Lounge (the "Hotel");

WHEREAS, Owner or its affiliate is in the process of obtaining all required alcoholic and beverage control licenses and liquor licenses for the Hotel in the name of Owner (the "New Licenses") (when all of the same are issued, such event shall be the "Issuance");

WHEREAS, Owner has acquired the Hotel prior to completing the Issuance, and therefore desires to utilize the Liquor Licenses until, subject to the terms hereof, the Issuance is completed; and

WHEREAS, Owner and Licensee have agreed to permit Owner or its affiliate to use the Liquor Licenses pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the sum of ten dollars ($10.00), Owner's agreement to pay costs and fees associates with the issuance of the New Licenses as set forth in a separate purchase and sale agreement relating to the sale of the Hotel to Owner, and other valuable consideration, the sufficiency and receipt whereof are hereby acknowledged, the parties hereto agree as follows:

1. Term. To the extent permitted by applicable laws, rules and regulations, Licensee shall continue to hold the Liquor Licenses for the use of Owner at the Hotel until the earlier of: (i) one hundred twenty (120) days from the date hereof; or (ii) the Issuance (the "Term"); provided, however, the Term will end thirty (30) days from the date hereof unless within such time, Owner provides evidence reasonably satisfactory to Licensee that it has filed its applications for the New Licenses.

2. Costs. During the Term, Owner shall be responsible for payment of all filing fees, costs, and expenses incurred by Licensee in connection with maintaining the Liquor Licenses in full force and effect and in running the restaurant/bar lounge, plus a management fee of 4% of gross restaurant/liquor sales. Licensee agrees to use commercially reasonable efforts to maintain the Liquor Licenses in full force and effect during the Term of this Agreement.

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3. Role of Owner: Licensee hereby appoints Owner, and Owner hereby accepts the appointment as the sole and exclusive interim manager of liquor sales at the Hotel. Owner will perform or cause to be performed under Licensee's auspices, all duties required or desirable in the management and operations undertaken pursuant to the Liquor Licenses (the "Beverage Operations") at the Hotel in a professional manner and in compliance with law. Beverage Operations shall include, but not be limited to, (a) retention and supervision of a sufficient number of trained staff, (b) purchasing of beer, wine, distilled spirits and other alcoholic beverages in such quantity and variety as determined by Owner and in compliance with applicable federal, state and local laws and regulations, and (c) decisions on pricing, advertising and the like, all in accordance with applicable laws and regulations.

4. Pursuit of New Licenses. Owner, or its designee, shall, at its own expense and efforts, promptly apply for and diligently continue its efforts to obtain the New Licenses in Owner's name and shall file all such necessary applications with all applicable governmental authorities as soon as practicable. Licensee agrees to cooperate with Owner in its efforts to obtain the New Licenses so long as Licensee does not incur any expense or liability.

5. Records. Owner shall arrange for the keeping of full and adequate books of account and other records reflecting the operation of the Beverage Operations, which it shall make available to Licensee for inspection at the reasonable request of Licensee.

6. Transfer of Liquor Assets. On or before fifteen (15) days after the applicable licensing authorities have issued the New Licenses (on such date as is designated by Owner), this Agreement shall automatically terminate and, except as to liabilities or claims which shall have accrued or arisen prior to the date of termination, all obligations hereunder shall cease; provided, however, Licensee shall transfer the Beverage Inventory located at the Hotel to Owner pursuant to a Liquor Assets Bill of Sale in a commercially reasonable form requested by Owner and in accordance with all applicable laws and regulations.

7. Insurance.

(a) Maintenance of Insurance.

(i) Throughout the Term, Owner will maintain policies of commercial general liability insurance (with contractual indemnity and ownership or operation of motor vehicles coverage) issued by and binding upon an insurance company authorized to transact business in the State of California and of good financial standing, such insurance to afford minimum protection of not less than $1,000,000 combined single limit for each occurrence and $2,000,000 for the aggregate of all occurrences. The insurance required to be maintained by Owner hereunder shall name Licensee as an additional insured.

(ii) Throughout the Term, Owner will maintain liquor liability insurance with the premiums thereon, issued by and binding upon an insurance

company authorized to transact business in the State of California and of good financial standing of at least $1,000,000 for the Hotel, naming Licensee as an additional insured.

(iii) The policies of insurance to be maintained by Owner shall only be cancelable following at least thirty (30) days written notice to the party required by this Agreement to be named as an additional insured. Owner shall furnish evidence of such insurance prior to the execution of this Agreement and thereafter within ten (10) days after written request from Licensee.

(b) Waiver and Indemnity. Licensee shall not be liable to Owner due to any act or omission of Licensee or its agents, employees, or affiliates (collectively, the "Licensee Parties"). Owner shall indemnify, defend, and hold the Licensee Parties harmless from any and all third party liabilities, damages, or claims incurred by the Licensee Parties in connection with this Agreement or the beverage operations at the Hotel during the Term.

8. Events of Default; Termination.

(a) Events of Default. Each of the following shall constitute an "Event of Default" under this Agreement:

(i) The failure of Owner to pay when due any amount payable to the other party under this Agreement;

(ii) The failure of Owner to carry and maintain the insurance required hereunder;

(iii) The failure of Owner to fully to remedy any breach of its obligations under this Agreement; or

(iv) The failure of Licensee to maintain the Liquor Licenses in good standing for the term of this Agreement.

(b) Remedies. Upon the occurrence of an Event of Default, the non-defaulting party may terminate this Agreement upon written notice to the other party and, except as to liabilities or claims which shall have accrued or arisen prior to or on account of such termination, all obligations hereunder shall cease.

9. Miscellaneous.

(a) Notices. Any notice, statement or demand required to be given under this Agreement shall be in writing and shall be deemed to have to been given if delivered personally or mailed by nationally recognized overnight mail courier with receipt of delivery requested, addressed, if to Licensee at c/o Leon Standridge, Shilo Inn, Pomona Hilltop, LLC, 11600 SW Shilo Lane, Portland, Oregon 97225, and if to Owner at _____, 3218 E. Holt Ave., West Covina, CA 91791, or to such other addresses as Licensee and Owner shall designate in the manner herein provided.

(b) Survival. Unless expressly stated to the contrary, all obligations by one party to the other shall survive the end of the Term.

(c) Partial Invalidity. If any of the phrases, sentences, clauses or paragraphs contained in the Agreement shall be declared invalid by the final and unappealable order, decree, judgment or any court, this Agreement shall be construed as if such phrases, sentences, clauses or paragraphs had not been inserted, provided that the economic basis of this Agreement is not thereby altered.

(d) Modifications; Waivers. This Agreement may not be changed, modified or terminated, nor may any provision hereof be waived, except by a writing signed by the party to be charged with any such change, modification, termination or waiver. The waiver of any of the terms and conditions of this Agreement on any occasion or occasions shall not be deemed a waiver of such terms and conditions on any future occasion.

(e) Entire Agreement. This Agreement constitutes the entire Agreement between the parties relating to the subject matter hereof, superseding all prior agreements or undertakings, oral or written.

(f) Governing Law. This Agreement shall be governed by, interpreted under the construed and enforced in accordance with the laws of the State of California and the courts of such State shall have jurisdiction over any matters arising hereunder.

(g) Assignment. Neither Owner nor Licensee may without the prior written consent of the other party, assign or transfer any of its rights under this Agreement to any other person, firm or company.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered as an instrument under seal as of the date first written above.

OWNER:

_____,
a _____

By: _____

Name: _____

Title: _____

LICENSEE:

Shilo Management Corporation
an Oregon corporation

By: _____

Name: _____

Title: _____

SHILO INN, POMONA HILLTOP

FIRST AMENDMENT TO REAL ESTATE SALES AGREEMENT

SELLER: Shilo Inn, Pomona Hilltop, LLC,
an Oregon limited liability company
11600 SW Shilo Lane
Portland, Oregon 97225

BUYER: Coastline Investments LLC,
a California limited liability company
3218 E. Holt Ave.
West Covina, CA 91791

1. On November 9, 2011, Buyer and Seller entered into a Shilo Inn, Pomona Hilltop, LLC Real Estate Sales Agreement, a copy of which is attached hereto and incorporated herein as Exhibit 1 ("Agreement") for the "Property" defined therein.

2. By this First Amendment to Real Estate Sales Agreement ("First Amendment"), Buyer and Seller wish to amend paragraph 12.1 of the Agreement to redefine the Court Order date as follows:

12.1 The closing of the transaction (the "Closing") shall take place through escrow on or before March 23, 2012; provided, however, that if the Order is not issued by the Court by **March 8, 2012** or if the Court issues an order disapproving this Agreement, any portion of this Agreement or the sale of the Property to Buyer, then Buyer shall have the right at any time thereafter, and until the Court does issue the Order, to terminate this Agreement upon written notice to Seller, and if Buyer does deliver a written notice of termination of this Agreement to Seller in accordance with this Section 12, the full Earnest Money shall be refunded to Buyer, and once Buyer receives a full refund of its Earnest Money, neither party shall have thereafter have any further obligations hereunder, except for those which expressly survive termination. Notwithstanding the foregoing, on or before February 2, 2012, Buyer shall provide Seller written notice of its intention to close and deposit into Escrow an additional Five Hundred Thousand Dollars ($500,000.00) U.S. Currency on the same day of such notice, which, upon deposit, shall be included in the definition of "Earnest Money" and only refundable to Buyer under the circumstances Earnest Money is refundable to Buyer under the Agreement. The date on which Closing occurs shall be referred to herein as the "date of Closing" or the "Closing Date."

3. Counterparts. This First Amendment may be executed in one or more counterparts, all of which may be considered one of the same First Amendment and shall be effective when one or more counterparts have been signed and delivered by each of the parties.

4. Conflicts. To the extent there is any express conflict between the Agreement and this First Amendment, the terms of the First Amendment shall control.

DATED this 17th day of Jan., 2012.

SELLER: Shilo Inn, Pomona Hilltop, LLC

By: Cascade Hotel Corporation,
its manager

By: Christopher Campbell
Its: Secretary
Date:

BUYER: Coastline Investments, LLC,
a California limited liability company

By:
Its:
Date:

8338847v4

In re SHILO INN, POMONA HILLTOP, LLC, Debtor(s).	CHAPTER 11 CASE NO 2:11-bk-26270-VZ

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 10250 Constellation Blvd., Ste. 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document described as **MOTION FOR ORDER AUTHORIZING SALE OF DEBTOR'S ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS PURSUANT TO 11 U.S.C. § 363 AND APPROVING THE ASSUMPTION AND ASSIGNEMNT OF CERTAIN LEASES AND EXECUTORY CONTRACTS; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATION OF CHRISTOPHER CAMPBELL IN SUPPORT THEREOF** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner indicated below:

I. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")** – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On **January 31, 2012** I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

- John-patrick M Fritz jpf@lnbrb.com
- David B Golubchik dbg@lnbrb.com, angela@lnbyb.com
- Kenneth Hennesay khennesay@allenmatkins.com
- Dare Law dare.law@usdoj.gov
- Loraine L Pedowitz lpedowitz@allenmatkins.com
- Martha E Romero Romero@mromerolawfirm.com
- United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov
- Marc J Winthrop mwinthrop@winthropcouchot.com, pj@winthropcouchot.com;vcorbin@winthropcouchot.com

☐ Service information continued on attached page

II. **SERVED BY U.S. MAIL OR OVERNIGHT MAIL** (indicate method for each person or entity served): On **January 31, 2012** I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

See attached service list sent via first class mail

III. **SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL** (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **January 31, 2012** I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

VIA ATTORNEY SERVICE
Honorable Vincent Zurzolo
U.S. BANKRUPTCY COURT
255 E. Temple Street, Ctrm 1368
Los Angeles, CA 90012

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct

January 31, 2012	Jason Klassi	*/s/ Jason Klassi*
Date	*Type Name*	*Signature*

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

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Main Document Page 181 of 183

In re Shilo Inn, Pomona Hillstop
20 Largest and Secureds

SERVED VIA U.S. MAIL OR NEF (*)

20 Largest

Debtor – **VIA EMAIL ONLY**
wes.raborn@shiloinns.com
Shilo Inn, Pomona Hillstop, LLC
Mark S. Hemstreet, President
11600 SW Shilo Lane
Portland, OR 97225-5995

U.S. Trustee *
United States Trustee (LA)
725 S Figueroa St., 26th Floor
Los Angeles, CA 90017

ORIN ABRAMS
AT-YOUR-SERVICE HOSPITALITY INC
751 S WEIR CANYON RD
ANAHEIM HILLS, CA 92808-1800

American Automobile Assoc
1000 AAA Drive
Heathrow, FL 32746-5063

A/R
D'KAM ROOFING
827 W CITRON ST
CORONA, CA 92882

A/R
ERNEST PACKAGING SOLUTIONS
14134 NE AIRPORT WAY
PORTLAND, OR 97230

A/R
PACIFIC OFFICE AUTOMATION
14747 NW GREENBRIER PKWY
BEAVERTON, OR 97006

Prism Hotel & Resorts
14800 Landmark Blvd.
Suite 800
Dallas, TX 75254

A/R
REFRIGERATION CONTROL
2223 MONROE ST
RIVERSIDE, CA 92504

ATTN: BARBARA
SUNSHINE GROWERS NURSERY INC
13130 MILLIKEN AVE
ONTARIO, CA 91761

A/R
THE IRWIN-HODSON COMPANY
2838 SE 9TH AVENUE
PORTLAND, OR 97202-2509

A/R
THYSSENKRUPP ELEVATOR CORP
PO BOX 933004
ATLANTA, GA 31193-3004

TW Telecom
PO Box 172567
Denver, CO 80217-2567

A/R
VERIZON NORTHWEST
PO Box 920041
Dallas, TX 75392-0041
~~PO BOX 9688, MISSION HILLS, CA 91346-~~
~~Changed per postal notice 05-09-11~~

A/R
WORLD CINEMA INC
9801 WESTHEIMER #409
HOUSTON, TX 77042-3953

Secureds:

Los Angeles County Tax Collector
P.O. Box 54018
Los Angeles, CA 90054-0018

One West Bank
Attn: Martha Shelley
2450 Broadway, 5th Fl.
Santa Monica, CA 90404

Counsel for OneWest Bank
Ken Hennesay
Allen Matkins Leck Gamble Mallory & Natsis LLP
1900 Main Street, 5th Floor
Irvine, CA 92614

In re Shilo Inn, Pomona Hilltop
RSN

U.S. Trustee
United States Trustee (LA)
725 S Figueroa St., 26th Floor
Los Angeles, CA 90017

Counsel for OneWest Bank
Ken Hennesay
Allen Matkins Leck Gamble Mallory & Natsis LLP
1900 Main Street, 5th Floor
Irvine, CA 92614

Los Angeles County Treasurer and Tax
Collector
PO Box 54110
Los Angeles, CA 90054-0110

In re SHILO INN, POMONA HILLTOP, LLC, Debtor(s).	CHAPTER: CASE NO.: 2:11-bk-26270VZ

NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on a CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 10250 Constellation Blvd., Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document described as Notice of Sale of Estate Property will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d), and **(b)** in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") - Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On 2/2/12 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email addressed indicated below:

☑ Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicate method for each person or entity served):
On 2/2/12 I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follow. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on 2/2/12 I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method) by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Via Attorney Messenger Service: Hon. Vicente P. Zurzolo, U.S. Bankruptcy Court, 255 E. Temple Street, Ctrm 1368, Los Angeles, CA 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

2/2/12	Jason Klassi	/s/ Jason Klassi
Date	*Type Name*	*Signature*

In re SHILO INN, POMONA HILLTOP, LLC, Debtor(s).	CHAPTER: CASE NO.: 2:11-bk-26270VZ

ADDITIONAL SERVICE INFORMATION (if needed):

John-patrick M Fritz jpf@lnbrb.com
David B Golubchik dbg@lnbrb.com, angela@lnbyb.com
Kenneth Hennesay khennesay@allenmatkins.com
Dare Law dare.law@usdoj.gov
Loraine L Pedowitz lpedowitz@allenmatkins.com
Martha E Romero Romero@mromerolawfirm.com
United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov
Marc J Winthrop mwinthrop@winthropcouchot.com, pj@winthropcouchot.com;vcorbin@winthropcouchot.com