

Attorney or Party Name, Address, Telephone and Fax Number, and CA State Bar No.	FOR COURT USE ONLY
Leonard M. Shulman – State Bar No. 126349 Lynda T. Bui – State Bar No. 201002 Rika M. Kido – State Bar No. 273780 SHULMAN HODGES & BASTIAN LLP 8105 Irvine Center Drive, Suite 600 Irvine, California 92618 Telephone: (949) 340-3400 Facsimile: (949) 340-3000 Email: lshulman@shbllp.com; lbui@shbllp.com rkido@shbllp.com	
Attorneys for David M. Goodrich, Chapter 7 Trustee	
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: JOSE R. SOLISE HERRERA aka JOSE RIGOBERTO HERRERA SOLIS, Debtor(s).	CASE NO.: 2:12-bk-44360-BR Chapter 7

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: September 3, 2014	Time: 10:00 a.m.
Location: United States Bankruptcy Court, 255 E. Temple Street, Ctrm. 1668, Los Angeles, CA 90012	

Type of Sale: Public Private Last date to file objections: **August 20, 2014**

Description of Property to be Sold:
626-628 1/2 W. Vernon Ave., Los Angeles, CA 90037; see the attached Chapter 7 Trustee's Motion for Order: (1) Authorizing the Short Sale of Real Property of the Estate Free and Clear of Liens Pursuant to Bankruptcy Code §§ 363(b)(1) and (f); (2) Approving Payment of Real Estate Commissions; and (3) Granting Related Relief Including Use of Sale Proceeds to Reimburse Trustee for Actual Costs Incurred; Memorandum of Points and Authorities; and Declarations of David M. Goodrich and Rika M. Kido in Support Thereof ("Sale Motion")

Proposed Sale Price: **\$417,941.33**

Overbid Procedure (If Any): **See Attached Sale Motion**

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing: **September 3, 2014 at 10:00 a.m.**

United States Bankruptcy Court, 255 E. Temple Street, Ctrm. 1668, Los Angeles, CA 90012

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

Rika M. Kido, Esq.
Shulman Hodges & Bastian LLP
8105 Irvine Center Drive, Suite 600, Irvine, CA 92618
Telephone: (949) 340-3400; Facsimile: (949) 340-3000

Dated: **August 13, 2014**

1 Leonard M. Shulman – Bar No. 126349
Lynda T. Bui – Bar No. 201002
2 Rika M. Kido – Bar No. 273780
SHULMAN HODGES & BASTIAN LLP
3 8105 Irvine Center Drive, Suite 600
Irvine, California 92618
4 Telephone: (949) 340-3400
Facsimile: (949) 340-3000
5 Email: lshulman@shbllp.com; lbui@shbllp.com;
rkido@shbllp.com
6
7 Attorneys for David M. Goodrich,
Chapter 7 Trustee

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

10
11 In re
12 **JOSE R. SOLISE HERRERA aka JOSE**
RIGOBERTO HERRERA SOLIS,
13
14 Debtor.

Case No. 2:12-bk-44360-BR

Chapter 7

**CHAPTER 7 TRUSTEE’S MOTION FOR
ORDER:**

- 15 (1) **AUTHORIZING THE SHORT SALE OF
REAL PROPERTY OF THE ESTATE
FREE AND CLEAR OF LIENS
PURSUANT TO BANKRUPTCY CODE
§§ 363(b)(1) AND (f);**
- 16
17 (2) **APPROVING PAYMENT OF REAL
ESTATE COMMISSION; AND**
- 18
19 (3) **GRANTING RELATED RELIEF
INCLUDING USE OF SALE PROCEEDS
TO REIMBURSE TRUSTEE FOR
ACTUAL COSTS INCURRED;**

20
21 **MEMORANDUM OF POINTS AND
22 AUTHORITIES AND DECLARATIONS OF
23 DAVID M. GOODRICH AND KRISTIAN
PETERS IN SUPPORT THEREOF**

24 [Real Property Located at 626-628 ½ W. Vernon
Ave., Los Angeles, CA, 90037

Hearing Date:

25 Date: September 3, 2014
26 Time: 10:00 a.m.
27 Place: Courtroom 1668
Edward R. Roybal Federal Building
255 E. Temple Street
28 Los Angeles, CA 90012

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1 requests authorization to work with and agree with the senior lienholder to resolve the allowance
2 and disallowance of costs and/or payoff amounts as part of the escrow closing without the need
3 for further notice, hearing or Court order. Given that Bayview's payoff continues to increase
4 every month, the Trustee believes the sale must not be delayed and the Property must be sold as
5 quickly as possible in order to maximize the benefit for the Estate.

6 If this Sale Motion is not approved, any and all benefit to the Estate will be completely
7 lost as Bayview, having been granted relief from the automatic stay, will proceed with its
8 foreclosure on the Property on account of its underwater status and the delinquent obligations.
9 As will be discussed further below, the Trustee believes that good cause exists to grant the Sale
10 Motion so the Trustee does not lose this favorable business opportunity.

11 **II. RELEVANT FACTS**

12 **A. Case Commencement**

13 The Debtor filed a Voluntary Petition under Chapter 7 of the Bankruptcy Code on
14 October 11, 2012. David M. Goodrich is the duly appointed, qualified and acting Chapter 7
15 trustee for the Debtor's Estate.

16 **B. The Property**

17 An asset² of the Estate is the Debtor's interest in the multi-unit residential real property
18 located at 626-628 ½ W. Vernon Avenue, Los Angeles, CA 90037. The Property is legally
19 described as stated in the Preliminary Title Report dated February 4, 2014, a true and correct
20 copy of which is attached to the Goodrich Decl. as **Exhibit "1"** and incorporated herein by this
21 reference. Relief from the automatic stay was granted on February 21, 2013 (Docket No. 48)
22 and there is a pending Notice of Default, which was recorded against the Property on June 9,
23 2014.

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28 ² It should be noted that on its face, the Property has no equity. Through the Trustee's and his Broker's hard work,
the Trustee has created an "asset" of the case that is otherwise a no "asset" case.

1 On his Bankruptcy Schedules A and D, the Debtor listed an interest in “Income
2 Property”, without an address, with a value of \$300,000.00 and a secured lien of \$442,867.00 in
3 favor of Bayview. At his initial 341(a) Meeting of Creditors on November 26, 2012, the Debtor
4 testified that the property listed on his Bankruptcy Schedule A is a multi-family building located
5 at 626 W. Vernon, Los Angeles, CA. Through further investigation, the Trustee subsequently
6 learned that the complete address for the Property is 626-628 ½ W. Vernon Ave., Los Angeles,
7 CA 90037. Based on the Petition, the Debtor did not reside at the Property on the Petition Date,
8 and the Debtor did not claim any exemption in the Property on his Bankruptcy Schedule C. True
9 and correct copies of the Debtor’s Schedules A, C and D are attached to the Goodrich Decl. as
10 **Exhibit “2”**.

11 **C. Employment of Real Estate Broker**

12 After a preliminary review and investigation of the Property, the Trustee believed that the
13 Property had a higher fair market value than the amount listed in the Debtor’s Bankruptcy
14 Schedule, although not higher than the scheduled lien amount. Through his counsel, the Trustee
15 contacted his Broker (defined below) to conduct an inspection of the Property and provide a
16 proposed valuation. On April 3, 2013, the Trustee filed his application (“Employment
17 Application”) (docket number 22) for an order authorizing the employment of Kristian Peter of
18 Bankruptcy Short Sale Solutions as Real Estate Broker (“Broker”), to assist him with effectively
19 listing and marketing the Property for sale, as well as negotiating a short sale with the secured
20 lenders and sale price to prospective buyers to provide a benefit to the Estate. The listing
21 agreement called for a real estate commission to be paid of six percent (6%) of the sales price
22 (includes fees for short sale negotiation). The Employment Application was approved pursuant
23 to Court Order entered on May 8, 2013 (docket number 32).

24 **D. Basis for the Value of the Property**

25 The Broker has more than ten (10) years of experience in the sale of real property as well
26 as property valuations and is familiar with valuing real property in today’s economic
27 environment. The Broker listed the Property on the MLS for \$341,791.00 (more than the
28 Debtors’ scheduled value).

1 From his over ten (10) years of experience with short sales, the Broker is aware that the
2 lenders will often obtain their own appraisals or otherwise determine the fair market value of the
3 subject real property before approving the short sale. It is also not uncommon for lenders to
4 counter with the price they obtained the appraisal for if it is higher than the offer price. In this
5 case, the short sale and approved discounted payoff amount of \$347,077.41 has been approved in
6 writing by Bayview. (*See* Goodrich Decl., Ex. 5). As such, the Broker believes that Bayview
7 obtained its own appraisal of the Property – and already determined the fair market value –
8 before approving the short sale herein.

9 **E. Marketing of the Property for Sale**

10 The Property has been on the market for over one (1) year. Following the listing of the
11 Property for sale on the MLS, realtors and potential buyers were encouraged to present all offers.
12 There were at least fifteen (15) inquiries and at least seven (7) offers. The Broker reviewed all
13 initial purchase offers for the Property and then sent out requests to all interested parties and/or
14 their agents to submit the highest and best bids for the Property. The Buyer's offer is the highest
15 and best offer received by the Trustee after approximately one (1) year of marketing, multiple
16 inquiries and seven (7) offers.

17 **F. Lien and Encumbrances Against the Property and Their Proposed Treatment**
18 **Through the Sale**

19 The Trustee has reviewed the Preliminary Title Report attached to the Goodrich Decl. as
20 **Exhibit "1"**. From the Debtor's Schedules and the Preliminary Title Report, the Trustee
21 believes that Bayview is the sole lienholder of record against the Property.

22 The following chart sets forth and accounts for all of the recorded liens and
23 encumbrances against the Property described in the Preliminary Title Report and their proposed
24 treatment through the sale:

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	<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owed</u>	<u>Proposed Payout Amount</u>	<u>Treatment of Lien Through the Sale</u>
1					
2					
3	LA County Treasurer and Tax Collector	Real Property Taxes	\$13,605.04	\$13,605.04	All outstanding real property taxes will be paid by Bayview Loan Servicing in full through escrow on the sale transaction.
4					
5	Bayview Loan Servicing, LLC	First priority deed of trust for \$420,000, recorded June 1, 2007 as #07-1326847. Assignment in favor of Bayview recorded 8/27/07 as #07-1326847.	Exceeds \$483,299.31, pursuant to Relief Stay Motion filed by Bayview on March 20, 2013.	\$347,077.41	This lien will be paid through escrow on the sale of the Property in the agreed amount of \$347,077.41. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will not attach to the sale proceeds.
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11	Bayview Loan Servicing, LLC	Assignment of Rents and Leases recorded on June 1, 2007 as #07-1326848. Assignment in favor of Bayview recorded 8/13/07 as #07-1887625	NA	\$0.0	The lienholder has consented to the sale of the Property free and clear of this lien. This lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will not attach to the sale proceeds.
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17	Bayview Loan Servicing, LLC	Financing Statement recorded on July 18, 2007 as #07-1700309 Continuation recorded on 6/22/12 as #12-0933340	NA	\$0.0	The lienholder has consented to the sale of the Property free and clear of this lien. This lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will not attach to the sale proceeds.
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22	American Express Centurion Bank	Abstract of Judgment recorded on February 9, 2012 as Instrument No. 20120933340	\$2,354.79	\$0.0	Sale will be free and clear of this sold out junior lien. This lien will not attach to the proceeds and this claim will become an unsecured claim against the bankruptcy estate.
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G. Summary of the Purchase Offer and Summary of the Sale Terms

The Trustee has received an offer from the Buyer to purchase the Property for the total consideration of \$417,941.33, which includes (1) a bankruptcy fee “carve-out” of \$26,000.00 to be paid to the Estate, (2) brokerage commissions, (3) closing costs, and (4) other monetary obligations of the Trustee on behalf of the Estate as the seller of the Property would ordinarily need to pay at the close of escrow. This is a true short sale as Bayview’s secured claim against the Property exceeds the Property’s current value. Here, Bayview has already consented to accepting the discounted amount of \$347,077.41 in full satisfaction of its claim pursuant to the proposed sale.

Attached as **Exhibit “3”** to the Goodrich Decl. is a true and correct copy of the Residential Purchase Agreement and Joint Escrow Instructions and Counter Offers and related addendum (collectively, the “Agreement”) for which the Trustee is seeking Court approval.

A summary³ of the terms and highlights of the Agreement between the Trustee and the Buyer are discussed below:

Buyer:	DTS Holdings LLC (“Buyer”)
Purchase Price:	Purchase price of \$390,000.00. In addition, the Buyer will pay (1) a carve-out payment of \$26,000.00 to the Estate and (2) all closing costs and other monetary obligations the Agreement requires the Trustee on behalf of the Estate as the seller of the Property to pay at the close of escrow (including but not limited to escrow charges, title charges, documentary transfer taxes). The Buyer also agrees to pay a \$40,000 down payment, which will become non-refundable upon release of the Buyer’s inspection contingency. Cash to be paid by the Buyer at closing is \$417,941.33.00.
Escrow Holder and Escrow Closing Date:	The escrow holder shall be First California escrow, 1110 Camino Del Mar, Suite G, Del Mar, California 81014. Escrow is scheduled to close as soon as possible after Court approval of the sale.
Costs of Sale and Payments Through Escrow (including Real Estate Agent Commission) ⁴	<ul style="list-style-type: none"> • Outstanding real property taxes shall be paid by Bayview. • \$347,077.41 to Bayview in full satisfaction of the first priority lien. • 6% broker’s commission, or \$23,400.00, to be split between the Trustee’s Broker and the Buyer’s real estate broker as follows: Trustee’s Broker, Kristian Peter of SDREOS, Inc. in the amount of \$15,600.00 and Buyer’s real estate broker, Jason A. DeGuzman of Cardinal Investments in the amount of \$7,800.00. • \$26,000.00 to the Trustee on behalf of the Estate (Carve-Out

³ The summary and discussion are not meant to be a complete review of every provision of the Agreement.

⁴ If necessary, given that this is a short sale, the Trustee may be seeking a carve-out from the Broker to make sure that there will be sufficient funds in the Estate to make a meaningful distribution.

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	<p>Amount). The Trustee on behalf of the Estate shall retain the Carve-Out Amount in the Estate free and clear of any liens of interests, to compensate the Estate inter alia for its efforts in connection with the sale of the Property.</p> <ul style="list-style-type: none"> • Payment of closing costs and other monetary obligations the Agreement requires the Trustee on behalf of the Estate as the seller of the Property to pay at the close of escrow (including but not limited to escrow charges, title charges, documentary transfer taxes) without requiring the Estate to place any funds into escrow or have any continuing obligation to the senior lienholder. • Payment of the balance of the sale proceeds, if any, to the Estate.
<p>Bankruptcy Court Approval</p>	<p>The sale is expressly conditioned on approval of the United States Bankruptcy Court with jurisdiction over the debtor(s) bankruptcy estate and entry of final order approval this Agreement and related purchase agreements. No representation has been made that such approval will be obtained.</p>
<p>Trustee's Liability</p>	<p>The Buyer acknowledges that the Trustee is acting in his official capacity only. No personal liability shall be sought or enforced against the Trustee with regard to the Agreement, the ACSB, including any addendums to the Agreement, the assets,, the sale of the Property, or the physical condition of the Property. In the event that the Trustee fails or refuses to complete the transaction for any reason, then the limit of the Trustee's liability is only to return any money paid to the Trustee by the Buyer, without deduction and no sale commission, finder's fee or similar payment shall be due to any real estate broker involved in the contemplated transaction. Prior to and after the closing of escrow, the United States Bankruptcy Court shall have and retain the sole and exclusive jurisdiction over the Property and the Agreement; and all disputes arising before and after closing shall be resolved in said Court. Further, the parties have agreed that if a dispute arises, such dispute may initially be resolved through the Mediation Program pending in the United States Bankruptcy Court for the Central District of California with jurisdiction over the debtor(s) bankruptcy estate.</p>
<p>Hold Harmless</p>	<p>(a) The Buyer understands the terms and conditions of the entire purchase contact and holds the Estate and the realtors, brokers, agents, Trustee, and his attorneys including Shulman Hodges & Bastian LLP, agents and employees, harmless from any liabilities arising from this Agreement. (b) All parties hereto further agree, jointly and severally, to pay on demand as well as to indemnify and hold Escrow harmless from and against all costs, damages, judgments, attorneys' fees, expenses, obligations and liabilities of any kind or nature which in good faith, Escrow may incur or sustain in connection with or arising out of this Escrow and Escrow is hereby given a lien upon all the rights, titles and interest of each of the undersigned in all escrow papers and other property and monies deposited in this escrow, to protect the rights of escrow and to indemnify and reimburse Escrow under the Agreement and ACSB. In the event this Escrow is not completed through fault or default of Buyer, Escrow is authorized to deduct and pay its fee, plus costs incurred from any funds on deposit.</p>
<p>Jurisdiction of the Bankruptcy Court</p>	<p>Any and all disputes which involve in any manner the Estate or David M. Goodrich, Trustee, arising from the Agreement and any subsequent amendments or modifications thereof or relating in any manner to the Property, shall be resolved only in the United States Bankruptcy Court with jurisdiction over the debtor(s) bankruptcy estate.</p>

<p>1 Terms of Sale - Free and Clear of Liens and Encumbrances</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p>	<p>The sale of the Property shall be free and clear of all liens, claims, interest and encumbrances pursuant to Bankruptcy Code Section 363(f). The Property shall be delivered to the Buyer free and clear of all liens and encumbrances. Any liens and interests against the Property that are not paid in full through escrow shall not attach to the sale proceeds.</p> <p>Out of an abundance of caution, any liens and interests against the Property that are not paid/resolved through escrow shall attach to the residual sale proceeds, if any, (but excluding the Estate’s carve-out amount of \$24,000.00 and the amounts approved by the senior lienholder for reimbursement to the Estate for legal services related to the sale) that may be generated through the sale with the same force, effect, validity, and priority as such liens or interests had with respect to the Property prior to the sale</p>
<p>8 Terms of Sale - Good Faith Finding</p> <p>9</p> <p>10</p>	<p>The proposed sale has been brought in good faith and has been negotiated on an “arms length” basis. The negotiations with the Buyer have resulted in an offer to sell the Estate’s interest in the Property that will have substantial benefit. Accordingly, the sale is in good faith and should be approved. The Trustee shall request such a finding pursuant to Bankruptcy Code Section 363(m) at the hearing on this Sale Motion.</p>
<p>11 Terms of Sale - Waiver of Rule 6004(h)</p> <p>12</p> <p>13</p> <p>14</p>	<p>The Trustee requests that the Court waive the fourteen-day stay of the order approving the sale of the Property under Federal Rules of Bankruptcy Procedure 6004(h) such that the sale of the Property can close as soon as possible after entry of the Court order approving the Sale Motion and the Agreement.</p>

H. Tax Consequences

This is a short sale. The sale will be for less than the Debtor’s original purchase price and improvement costs attributed to the Property. According to public record, the Debtor’s original purchase price for the Property on June 1, 2007 was \$560,000.00. It is anticipated that there will be no tax liability generated from the sale.

III. ARGUMENT

A. There is a Good Business Reason for the Sale and the Sale is in the Best Interest of the Estate⁵

The Trustee, after notice and hearing, may sell property of the estate. 11 U.S.C. § 363(b). Courts ordinarily will approve a proposed sale if there is a good business reason for the sale and the sale is in the best interests of the estate. *In re Wilde Horse Enterprises, Inc.*, 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991); *In re Lionel Corp.*, 722 F.2d 1063, 1069 (2d Cir. 1983).

⁵ Although Local Bankruptcy Rule 6004-1(c)(2)(C) does not require that a memorandum of points and authorities be filed in support of the Motion, the Trustee is nevertheless submitting one.

1 Despite there being no equity in the Property because of the over-encumbrance, the
2 proposed sale will generate unencumbered cash for the Estate in the amount of \$26,000.00 The
3 claims bar date for this case was June 3, 2013 (government claims were due by April 9, 2013).
4 The Court's Claims Register indicates three (3) unsecured claims have been filed in the total
5 amount of in the amount of \$3,595.00.⁶ Even with American Express Centurion Bank's claim
6 becoming an unsecured claim, the total unsecured claims will only be \$5,949.79. Thus, if the
7 sale is approved, there will be a meaningful distribution to unsecured creditors.

8 The sale is based on good business reason and is in the best interest of the Estate. If the
9 Sale Motion is not approved, the Estate will lose all potential benefit from the Property, as there
10 is no available equity in the Property without the short sale and accompanying beneficial carve-
11 out for the Estate.

12 **B. The Sale is Made in Good Faith**

13 A purchaser of property is protected from the effects of reversal on appeal of the
14 authorization to sell or lease as long as the Court finds the purchaser acted in good faith and the
15 appellant fails to obtain a stay of the sale. *See* 11 U.S.C. § 363(m).

16 Here, the proposed Buyer was procured solely as a result of traditional marketing efforts.
17 The Trustee, through her Broker, further submits that negotiations with the Buyer were made in
18 an arms-length fashion. The Trustee has no relationship with the Buyer other than as
19 buyer/seller and there was no self-dealing associated with this sale. Accordingly, the Trustee
20 requests that the Court make a finding that Buyer is a good-faith purchaser of the Property,
21 within the meaning of Section 363(m) of the Bankruptcy Code.

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26 ⁶ Additionally, there is a secured claim filed by The Bank of New York Mellon FKA The Bank of New York, as
27 Trustee for the Certificate Holders of the CWABS, Inc., Asset-Backed Certificates, Series 2006-22 (POC 4) in the
28 total amount of \$375,373.42. However, this is a secured claim related to the Debtor's residence located at 1198-
1198 ½ W. Exposition Blvd., Los Angeles, CA 90007, which the Trustee has not administered for benefit of
creditors.

1 **C. The Proposed Sale Should be Allowed Free and Clear of Liens Because the**
2 **Lienholder Has Consented**

3 Bankruptcy Code Section 363(f) allows a trustee to sell property of the bankruptcy estate
4 “free and clear of any interest in such property of an entity,” if any one of five conditions is met,
5 including the following: “(2) such entity consents”. 11 U.S.C. § 363(f). Section 363(f) is written
6 in the disjunctive and thus only one of the enumerated conditions needs to be satisfied for Court
7 approval to be appropriate.

8 The Trustee has been provided documentation from his broker that the short sale has been
9 preliminarily approved in writing by Bayview and the approval will expire on July 20, 2014.⁷
10 (Goodrich Decl., Ex. 5) The only additional requirement for final approval from Bayview is that
11 the Trustee fax the final proposed HUD-1 Settlement Statement no later than 72 hours before the
12 closing date. As can be seen on the Preliminary Title Report, the only lienholder⁸ on the
13 Property is Bayview. (Goodrich Decl., Ex. 1) Thus, the Sale Motion may be approved under
14 Bankruptcy Code § 363(f)(2).

15 **D. The Court has the Authority to Waive the Fourteen-Day Stay of Sale**

16 Federal Rule of Bankruptcy Procedure 6004(h) provides that “[a]n order authorizing the
17 use, sale or lease of property other than cash collateral is stayed until the expiration of 14 days
18 after entry of the order, unless the Court orders otherwise.” Fed. R. Bankr. P. 6004(h). The
19 Trustee desires to close the sale of the Property as soon as practicable after entry of an order
20 approving the sale. The Buyer has already removed all contingencies and is ready to close. The
21 senior lienholder’s approval will expire on July 20, 2014. While the Trustee will do what he can
22 to obtain an extension, there is no guarantee that it will be granted and how much additional time
23 the Trustee has in closing the sale. Accordingly, the Trustee requests that the Court, in the
24 discretion provided it under Federal Rule of Bankruptcy Procedure 6004(h), waive the fourteen-
25 day stay requirement.

26 _____
27 ⁷ The Trustee, through his broker, is in communication with Bayview to obtain an extension and Bayview has
indicated that it will continue to work with the Trustee to sell the Property.

28 ⁸ American Express Centurion Bank will become a “sold out junior lienholder” because the total consideration for
the Property is significantly less than Bayview’s lien and Bayview has consented to a “carve out” to the Estate.

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IV. CONCLUSION

WHEREFORE, based upon the foregoing, the Trustee respectfully submits that good cause exists for granting the Sale Motion and requests the Court enter an order as follows:

1. Authorizing the Trustee to sell the Property on an as-is, where-is basis, without any warranties or representations, to the Buyer as the case may be pursuant to the terms and conditions as set forth in the Agreement attached as **Exhibit “3”** to the Goodrich Declaration and the short sale approval letter received from Bayview attached as **Exhibit “5”** to the Goodrich Declaration;

2. Approving the sale of the Property free and clear of all liens, claims, interests, and encumbrances, subject only to consent by Bayview;

3. Authorizing the payment of liens, costs of sale and other expenses directly from the sale proceeds at the close of escrow, including but not limited to:

- a. Payment of \$347,077.41 to Bayview in full satisfaction of its senior priority lien against the Property;
- b. Subject to the Trustee’s discretion to request a carve-out before the hearing, payment of a six percent (6%) real estate commission,⁹ or \$23,400.00, to be split between the Trustee’s Broker and the Buyer’s real estate broker as follows: Trustee’s Broker, Kristian Peter of SDREOS, Inc. in the amount of \$15,600.00 and Buyer’s real estate broker, Jason A. DeGuzman of Cardinal Investments in the amount of \$7,800.00;
- c. Payment of \$26,000.00 to the Trustee on behalf of the Estate as a carve-out based on the senior lienholder’s consent to the sale, or under Bankruptcy Code Section 506(c), as a surcharge against the collateral of the senior lienholder for the costs the Estate has incurred in the maintenance of its collateral (consisting of the Property) as well as with the preservation and disposition of such collateral; and

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⁹ The Trustee reserves the right to request a reduction, but in no event less than 5% commission.

1 d. Payment of closing costs and other monetary obligations the Agreement
2 requires. In connection therewith, provided that the Estate receives the
3 \$26,000.00 carve-out at closing, authorizing the Trustee to resolve any
4 disputes over the allowance and disallowance of costs and/or payoff amounts
5 subject only to agreement between Bayview and the Trustee as part of the
6 escrow closing without the need for further notice, hearing or Court order.

7 4. Approving the carve-out for the Estate of \$26,000.00, to be free and clear of any
8 liens of interests, to compensate the Estate *inter alia* for its efforts in connection with the sale of
9 the Property;

10 5. Authorizing the Trustee to sign any and all documents convenient and necessary
11 in pursuit of the sale of the Property pursuant to the terms of the Agreement and the short sale
12 approval letter with Bayview, including but not limited to any and all conveyances contemplated
13 by the sale;

14 6. A determination by the Court that the Buyer is in good faith with respect to the
15 sale pursuant to Bankruptcy Code Section 363(m);

16 7. Waiving the fourteen-day stay of the order approving the sale of the Property
17 under Federal Rules of Bankruptcy Procedure 6004(h) such that the sale of the Property can
18 close as required by the senior lienholder in its acceptance of the short sale; and

19 8. And for such other and further relief as the Court as the Court deems just and
20 proper under the circumstances of this case.

21 Respectfully submitted,

22 **SHULMAN HODGES & BASTIAN LLP**

23
24 Dated: August 13, 2014

/s/ Rika M. Kido

Leonard M. Shulman

Lynda T. Bui

Rika M. Kido

Attorneys for David M. Goodrich, Chapter 7 Trustee
for the bankruptcy estate of Jose R. Solis Herrera aka Jose
Rigoberto Herrera Solis

DECLARATION

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DECLARATION OF DAVID M. GOODRICH

I, David M. Goodrich, declare:

1. I am the duly appointed, qualified and acting Chapter 7 trustee for the bankruptcy estate (“Estate”) of Jose R. Solis Herrera aka Jose Rigoberto Herrera Solis (“Debtor”). I have personal knowledge of the facts set forth herein, and if called and sworn as a witness, I could and would competently testify thereto, except where matters are stated on information and belief, in which case I am informed and believe that the facts so stated are true and correct.

2. I make this Declaration in support of my Motion for Order: (1) Authorizing the Short Sale of Real Property of the Estate Free and Clear of Liens Pursuant to Bankruptcy Code §§ 363(b)(1) and (f); (2) Approving Payment of Real Estate Commissions; and (3) Granting Related Relief Including Use of Sale Proceeds to Reimburse Trustee for Actual Costs Incurred (“Sale Motion”). All capitalized terms not otherwise defined herein shall have the meaning set forth in the Sale Motion.

3. I have read and I am aware of the contents of the Sale Motion. The facts stated in the Sale Motion are true to the best of my knowledge.

4. I have reviewed the docket and on October 11, 2012, the Debtor filed a Voluntary Petition under Chapter 7 of the Bankruptcy Code.

5. An asset¹⁰ of the Estate is the Debtor’s interest in the multi-unit residential real property located at 626-628 ½ W. Vernon Avenue, Los Angeles, CA 90037. The Property is legally described as stated in the Preliminary Title Report dated February 4, 2014 (“PTR”). Attached hereto as **Exhibit “1”** is a true and correct copy of the PTR. Relief from the automatic stay was granted on February 21, 2013 (Docket No. 48) and there is a pending Notice of Default, which was recorded against the Property on June 9, 2014.

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¹⁰ It should be noted that on its face, the Property has no equity. Through the Trustee’s and his Broker’s hard work, the Trustee has created an “asset” of the case that is otherwise a no “asset” case.

1 6. On his Bankruptcy Schedules A and D, the Debtor listed an interest in “Income
2 Property”, without an address, with a value of \$300,000.00 and a secured lien of \$442,867.00 in
3 favor of Bayview. At his initial 341(a) Meeting of Creditors on November 26, 2012, the Debtor
4 testified that the property listed on his Bankruptcy Schedule A is a multi-family building located
5 at 626 W. Vernon, Los Angeles, CA. Through further investigation, I subsequently learned that
6 the complete address for the Property is 626-628 ½ W. Vernon Ave., Los Angeles, CA 90037.
7 Based on the Petition, the Debtor did not reside at the Property on the Petition Date, and the
8 Debtor did not claim any exemption in the Property on his Bankruptcy Schedule C. Attached
9 hereto as **Exhibit “2”** are true and correct copies of the Debtor’s Schedules A, C and D that the
10 Debtor filed with the Court on October 10, 2012.

11 7. I have received the highest and best purchase offer from the Buyer, DTS Holdings
12 LLC, to purchase the Property for total consideration of \$417,941.33. Attached hereto as
13 **Exhibit “3”** is a true and correct copy of the Residential Purchase Agreement and Joint Escrow
14 and related addendum (collectively, the “Agreement”) for which I seek Court approval.

15 8. Attached hereto and incorporated herein as **Exhibit “4”** is the proposed HUD-1
16 statement showing proposed disbursements to be made through the sale of the Property, subject
17 to approval from the senior lienholder.

18 9. Attached hereto and incorporated herein as **Exhibit “5”** is a true and correct copy
19 of Bayview’s written approval of the short sale.

20 10. I am seeking to sell the Estate’s interest in the Property free and clear of all liens,
21 claims, and encumbrances as discussed in the Sale Motion.

22 11. The Buyer’s offer is the highest and best offer I have received following
23 numerous counters from potential buyers.

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1 12. For the reasons set forth in the Sale Motion and this Declaration, I respectfully
2 request that the Court grant the Sale Motion so that I do not lose this favorable business
3 opportunity to generate a substantial amount of funds for the Estate from an asset that otherwise
4 has no equity.

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

7 Executed on August 12, 2014, at Irvine, California.

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David M. Goodrich, Chapter 7 Trustee
for the bankruptcy estate of Jose R. Solis Herrera aka Jose
Rigoberto Herrera Solis

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DECLARATION

DECLARATION OF KRISTIAN PETER

I, Kristian Peter, declare and state as follows:

1. The matters stated herein are true and correct and within my personal knowledge. If called as a witness, I could and would competently testify thereto. I am a licensed California Real Estate Broker and am employed with Bankruptcy Short Sale Solutions (formerly known as San Diego REO Specialists) located at 2433 Fenton Street, Suite B, Chula Vista, California 91914; telephone (619) 869-4720.

2. I make this declaration in support of the Motion for Order: (1) Authorizing the Short Sale of Real Property of the Estate Free and Clear of Liens Pursuant to Bankruptcy Code §§ 363(b)(1) and (f); (2) Approving Payment of Real Estate Commissions; and (3) Granting Related Relief Including Use of Sale Proceeds to Reimburse Trustee for Actual Costs Incurred (“Sale Motion”) filed by David M. Goodrich, the Chapter 7 trustee (“Trustee”) for the bankruptcy estate (“Estate”) Jose R. Solis Herrera aka Jose Rigoberto Herrera Solis (“Debtor”). All capitalized terms not otherwise defined herein shall have the meaning set forth in the Sale Motion.

3. I have read the Sale Motion and am familiar with the real property located at 626-628 ½ W. Vernon St., Los Angeles, CA 90035 (“Property”).

4. The Property has been on the market for over one (1) year and has been extensively counter-offered for the highest and best bids. In February 2013, the Property was originally listed for sale at \$341,791.00 and potential buyers were encouraged to present all offers. There were at least fifteen (15) inquiries and at least seven (7) offers. My staff and I reviewed the initial purchase offers for the Property. Following the review of the multiple offers, I sent out requests to all interested parties and/or their agents to submit the highest and best bids for the Property. The offer that is the subject of the Sale Motion is the highest and best offer that has been received following our formal requests for highest and best offers. With the senior lienholder payoff increasing every month, I believe that the sale must not be delayed by further bidding deadlines and the Property must be sold as soon as possible in order to maximize the benefit for the Estate.

Exhibit 1
Preliminary Title Report

CLTA Preliminary Report Form
(Rev. 11/06)

Order Number: DIV-4579476
Page Number: 1



First American Title

First American Title Company

**3131 Camino del Rio North Suite 190
San Diego, CA 92108**

Jill Severns
First California Escrow
1110 Camino Del Mar, Suite G
Del Mar, CA 92014
Phone: (858)793-0502
Fax: (858)793-0921

Customer Reference:	Herrera
Order Number:	DIV-4579476 (12)
Title Officer:	Marie Z. Castillo
Phone:	(619)231-4659
Fax No.:	(866)598-5082
E-Mail:	titleunit12@firstam.com
Property:	626-628 1/2 West Vernon Avenue Los Angeles, CA

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

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Dated as of February 04, 2014 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

To Be Determined

A specific request should be made if another form or additional coverage is desired.

JOSE RIGOBERTO HERRERA AND ELIA HERRERA, HUSBAND AND WIFE, AS JOINT TENANTS, subject to proceedings pending in the Bankruptcy Court of the Central District of the U. S. District Court, California entitled in re: Jose R Solis Herrera, debtor, Case No. 2:12-bk-44360-BR, wherein a petition for relief was filed on October 11, 2012.

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A fee.

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2014-2015, a lien not yet due or payable.
2. General and special taxes and assessments for the fiscal year 2013-2014.
First Installment: \$4,150.49, PAID
Penalty: \$0.00
Second Installment: \$4,144.36, OPEN
Penalty: \$0.00
Tax Rate Area: 44-00212
A. P. No.: 5018-032-024
3. The lien of defaulted taxes for the fiscal year 2007-2008, and any subsequent delinquencies.

Tax Rate Area: 44-00212
A. P. No.: 5018-032-024
Amount to redeem: \$13,043.77
Valid through: February 28, 2014
Amount to redeem: \$13,135.34
Valid through: March 31, 2014

Please contact the tax office to verify the payoff amount.

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4. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
5. Covenants, conditions, restrictions and easements in the document recorded in Book 3285, Page 305 of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition, or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, sexual orientation, familial status, disability, handicap, national origin, genetic information, gender, gender identity, gender expression, source of income (as defined in California Government Code § 12955(p)) or ancestry, to the extent such covenants, conditions or restrictions violation 42 U.S.C. § 3604(c) or California Government Code § 12955. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.
6. An easement for public street purposes and incidental purposes, recorded June 22, 1945 in Book 22047, Page 239 of Official Records.
In Favor of: City of Los Angeles, a Municipal Corporation
Affects: The land
7. A subsurface oil and gas lease, executed by Salvador Sartalamacchia and Mary Ann Sartalamacchia, his wife, as joint tenants as lessor and Union Oil Company of California, a Corporation as lessee, recorded December 3, 1964 as Instrument No. 4263 of Official Records, affecting the land lying below a depth of 500 feet from the surface thereof, without the right of surface entry.

Defects, liens, encumbrances or other matters affecting the leasehold estate, whether or not shown by the public records.

8. A Deed of Trust to secure an original indebtedness of \$420,000.00 recorded June 1, 2007 as Instrument No. 20071326847 of Official Records.
Dated: May 30, 2007
Trustor: Jose Rigoberto Herrera
Trustee: First American Title Company
Beneficiary: InterBay Funding, LLC, a Delaware limited liability company

A document entitled "Assignment of Leases and Rents" recorded June 1, 2007 as Instrument No. 20071326848 of Official Records, as additional security for the payment of the indebtedness secured by the deed of trust recorded June 1, 2007 as Instrument No. 20071326847 of Official Records.

According to the public records, the Assignment of Rents as Additional Security for the payment of the indebtedness secured by the deed of trust has been assigned by various assignments, the last of which was recorded August 13, 2007 as Instrument No. 20071887625 of Official Records.

According to the public records, the beneficial interest under the deed of trust was assigned to Bayview Loan Servicing, LLC, a Delaware limited liability company by assignment recorded August 27, 2007 as Instrument No. 20072000250 of Official Records.

A document recorded June 23, 2009 as Instrument No. 20090938449 of Official Records provides that Seaside Trustee Inc. was substituted as trustee under the deed of trust.

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9. A financing statement recorded July 18, 2007 as Instrument No. 20071700309 of Official Records.

Debtor: Jose Rigoberto Herrera
Secured party: Bayview Loan Servicing, LLC

Affects: The land and other property.

A continuation statement was recorded June 22, 2012 as Instrument No. 20120933340 of Official Records.

10. A certified copy of a judgment or an abstract thereof, recorded February 9, 2012 as Instrument No. 20120226107 of Official Records.

Court: Superior Court of California, County of Los Angeles

Case No.: 11K15350

Debtor: Jose Herrera

Creditor: American Express Centurion Bank

Amount: \$2,354.79, and any other amounts due thereunder

11. Proceedings pending in the Bankruptcy Court of the Central District of the U.S. District Court, California, entitled in re: Jose R Solis Herrera, debtor, Case No. 2:12-bk-44360-BR, wherein a petition for relief was filed under Chapter 7 on October 11, 2012.

12. A notice of power to sell tax defaulted property dated June 30, 2008 executed by the county tax collector for non-payment of delinquent taxes recorded August 16, 2013 as Instrument No. 20131206954 of Official Records.

13. Any defects, liens, encumbrances or other matters which name parties with the same or similar names as Jose Rigoberto Herrera (11 + Matters) and Elia Herrera (1 Matter). The name search necessary to ascertain the existence of such matters has not been completed. In order to complete this preliminary report or commitment, we will require a statement of information.

14. Any facts, rights, interests or claims which would be disclosed by a correct ALTA/ACSM survey.

15. Rights of the public in and to that portion of the land lying within any Road, Street, Alley or Highway.

16. Rights of parties in possession.

Prior to the issuance of any policy of title insurance, the Company will require:

17. An ALTA/ACSM survey of recent date which complies with the current minimum standard detail requirements for ALTA/ACSM land title surveys.

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INFORMATIONAL NOTES

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

1. According to the latest available equalized assessment roll in the office of the county tax assessor, there is located on the land a(n) Multi Family Residence known as 626-628 1/2 West Vernon Avenue, Los Angeles, California.
2. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:

None

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

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LEGAL DESCRIPTION

Real property in the City of Los Angeles, County of Los Angeles, State of California, described as follows:

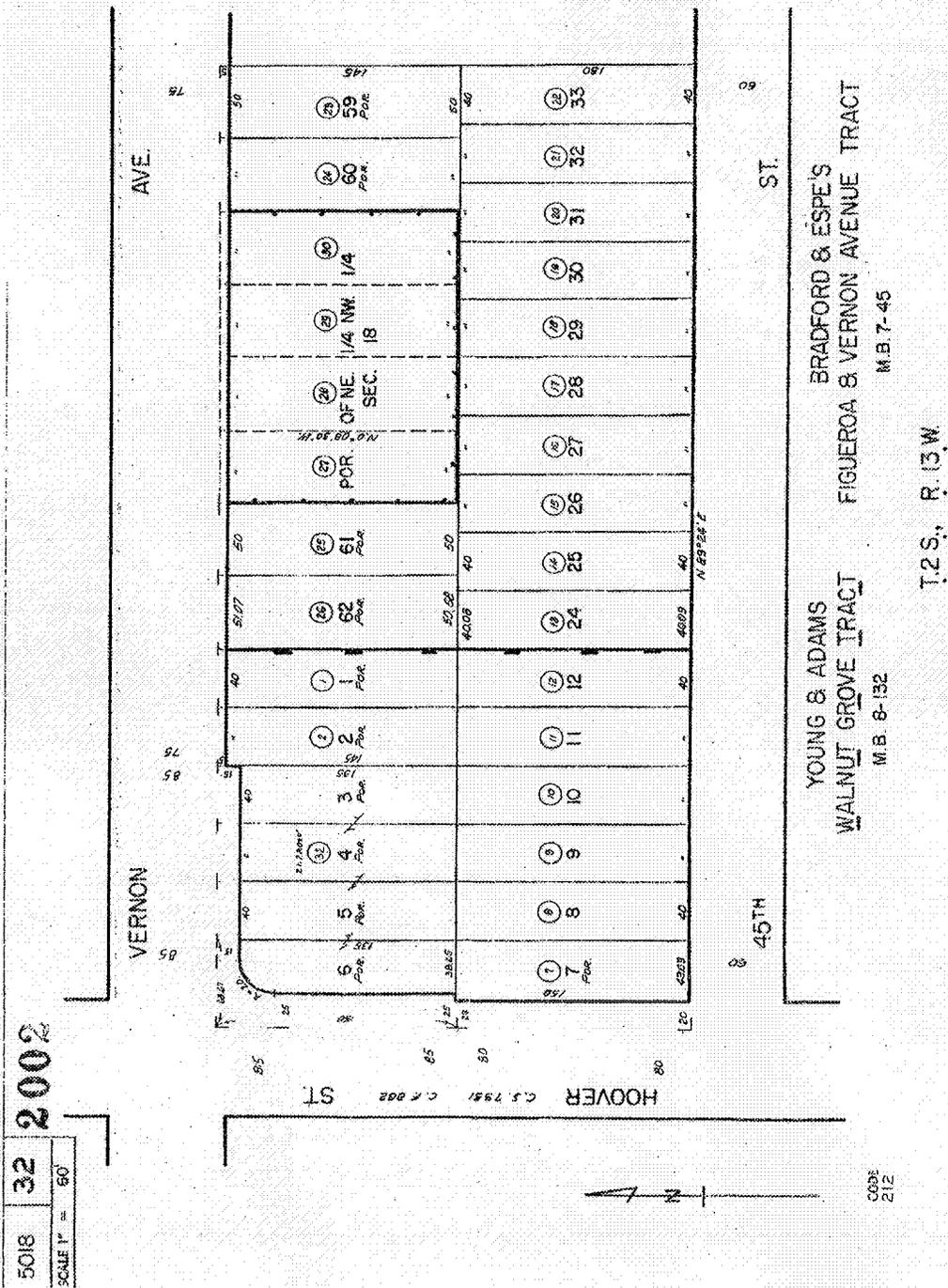
LOT 60 BRADFORD AND ESPE'S FIGUEROA AND VERNON AVENUE OF TRACT, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, CALIFORNIA AS PER MAP RECORDED IN BOOK 7, PAGE(S) 45, OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 5018-032-024

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REVISED
6/21/13 L&CO
7/21/13 J&J
8/23/13 J&J
2012072509/05/08R-109

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.



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NOTICE

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

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WIRE INSTRUCTIONS

for

**First American Title Company, Demand/Draft Sub-Escrow Deposits
San Diego County, California**

PAYABLE TO: First American Title Company
BANK: **First American Trust, FSB**
ADDRESS: 5 First American Way, Santa Ana, CA 92707
ACCOUNT NO: 3008270000
ROUTING NUMBER: 122241255

PLEASE REFERENCE THE FOLLOWING:

PROPERTY: 626-628 1/2 West Vernon Avenue, Los Angeles, CA
FILE NUMBER: DIV-4579476 (12)
ATTENTION: Marie Z. Castillo

PLEASE USE THE ABOVE INFORMATION WHEN WIRING FUNDS TO **First American Title Company. FUNDS MUST BE WIRED FROM A BANK WITHIN THE UNITED STATES.** PLEASE NOTIFY **Marie Z. Castillo** AT **(619)231-4659** OR **mariecastillo@firstam.com** WHEN YOU HAVE TRANSMITTED YOUR WIRE.

IF YOUR FUNDS ARE BEING WIRED FROM A NON-U.S. BANK, ADDITIONAL CHARGES MAY APPLY. PLEASE CONTACT YOUR ESCROW OFFICER/CLOSER FOR INTERNATIONAL WIRING INSTRUCTIONS.

PLEASE NOTE THAT AN ACH TRANSFER IS NOT THE SAME AS A WIRE, REQUIRES ADDITIONAL TIME FOR CLEARANCE AND MAY DELAY CLOSING.

FIRST AMERICAN TRUST CONTACT INFO: Banking Services 1-877-600-9473

**ALL WIRES WILL BE RETURNED IF THE FILE NUMBER
AND/OR PROPERTY REFERENCE ARE NOT INCLUDED**

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EXHIBIT A
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - (a) building;
 - (b) zoning;
 - (c) land use;
 - (d) improvements on the Land;
 - (e) land division; and
 - (f) environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - (a) that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - (b) that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - (c) that result in no loss to You; or
 - (d) that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - (a) to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - (b) in streets, alleys, or waterways that touch the Land.
 This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows: For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

ALTA RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)
EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - (a) and use
 - (b) improvements on the land
 - (c) and division
 - (d) environmental protection
 This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:

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- (a) a notice of exercising the right appears in the public records on the Policy Date
 - (b) the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
 - 3. Title Risks:
 - (a) that are created, allowed, or agreed to by you
 - (b) that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
 - (c) that result in no loss to you
 - (d) that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
 - 4. Failure to pay value for your title.
 - 5. Lack of a right:
 - (a) to any land outside the area specifically described and referred to in Item 3 of Schedule A OR
 - (b) in streets, alleys, or waterways that touch your land
- This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

2006 ALTA LOAN POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
 - (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an

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- inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
 4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
 5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
 6. Any lien or right to a lien for services, labor or material not shown by the public records.

2006 ALTA OWNER'S POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

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ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.



First American Title

Privacy Information

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our subsidiaries we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Information Obtained Through Our Web Site

First American Financial Corporation is sensitive to privacy issues on the Internet. We believe it is important you know how we treat the information about you we receive on the Internet.

In general, you can visit First American or its affiliates' Web sites on the World Wide Web without telling us who you are or revealing any information about yourself. Our Web servers collect the domain names, not the e-mail addresses, of visitors. This information is aggregated to measure the number of visits, average time spent on the site, pages viewed and similar information. First American uses this information to measure the use of our site and to develop ideas to improve the content of our site.

There are times, however, when we may need information from you, such as your name and email address. When information is needed, we will use our best efforts to let you know at the time of collection how we will use the personal information. Usually, the personal information we collect is used only by us to respond to your inquiry, process an order or allow you to access specific account/profile information. If you choose to share any personal information with us, we will only use it in accordance with the policies outlined above.

Business Relationships

First American Financial Corporation's site and its affiliates' sites may contain links to other Web sites. While we try to link only to sites that share our high standards and respect for privacy, we are not responsible for the content or the privacy practices employed by other sites.

Cookies

Some of First American's Web sites may make use of "cookie" technology to measure site activity and to customize information to your personal tastes. A cookie is an element of data that a Web site can send to your browser, which may then store the cookie on your hard drive.

FirstAm.com uses stored cookies. The goal of this technology is to better serve you when visiting our site, save you time when you are here and to provide you with a more meaningful and productive Web site experience.

Fair Information Values

Fairness We consider consumer expectations about their privacy in all our businesses. We only offer products and services that assure a favorable balance between consumer benefits and consumer privacy.

Public Record We believe that an open public record creates significant value for society, enhances consumer choice and creates consumer opportunity. We actively support an open public record and emphasize its importance and contribution to our economy.

Use We believe we should behave responsibly when we use information about a consumer in our business. We will obey the laws governing the collection, use and dissemination of data.

Accuracy We will take reasonable steps to help assure the accuracy of the data we collect, use and disseminate. Where possible, we will take reasonable steps to correct inaccurate information. When, as with the public record, we cannot correct inaccurate information, we will take all reasonable steps to assist consumers in identifying the source of the erroneous data so that the consumer can secure the required corrections.

Education We endeavor to educate the users of our products and services, our employees and others in our industry about the importance of consumer privacy. We will instruct our employees on our fair information values and on the responsible collection and use of data. We will encourage others in our industry to collect and use information in a responsible manner.

Security We will maintain appropriate facilities and systems to protect against unauthorized access to and corruption of the data we maintain.

Exhibit 2
Schedules A, C and D

In re Solis Herrera, Jose R.
Debtor

Case No. _____
(If known)

SCHEDULE A - REAL PROPERTY

Except as directed below, list all real property in which the debtor has any legal, equitable, or future interest, including all property owned as a co-tenant, community property, or in which the debtor has a life estate. Include any property in which the debtor holds rights and powers exercisable for the debtor's own benefit. If the debtor is married, state whether the husband, wife, both, or the marital community own the property by placing an "H," "W," "J," or "C" in the column labeled "Husband, Wife, Joint, or Community." If the debtor holds no interest in real property, write "None" under "Description and Location of Property."

Do not include interests in executory contracts and unexpired leases on this schedule. List them in Schedule G - Executory Contracts and Unexpired Leases.

If an entity claims to have a lien or hold a secured interest in any property, state the amount of the secured claim. See Schedule D. If no entity claims to hold a secured interest in the property, write "None" in the column labeled "Amount of Secured Claim."

If the debtor is an individual or if a joint petition is filed, state the amount of any exemption claimed in the property only in Schedule C - Property Claimed as Exempt.

DESCRIPTION AND LOCATION OF PROPERTY	NATURE OF DEBTOR'S INTEREST IN PROPERTY	HUSBAND, WIFE, JOINT, OR COMMUNITY	CURRENT VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION	AMOUNT OF SECURED CLAIM
Single Family Home	simple fee		200,000.00	301,878
Income Property	investment		300,000.00	442,867

Total ▶ 500,000.00

(Report also on Summary of Schedules.)

In re Solis Herrera, Jose R.
Debtor

Case No. _____
(If known)

SCHEDULE C - PROPERTY CLAIMED AS EXEMPT

Debtor claims the exemptions to which debtor is entitled under:
(Check one box)

Check if debtor claims a homestead exemption that exceeds \$146,450.*

- 11 U.S.C. § 522(b)(2)
- 11 U.S.C. § 522(b)(3)

DESCRIPTION OF PROPERTY	SPECIFY LAW PROVIDING EACH EXEMPTION	VALUE OF CLAIMED EXEMPTION	CURRENT VALUE OF PROPERTY WITHOUT DEDUCTING EXEMPTION
Appliances, furnishings, clothing and food needed	704.020		
2002 Toyota Tacoma, 2002 BMW	704.010	1,900.00	7,800.00
75% of wages	704.070		1,920.00

* Amount subject to adjustment on 4/1/13, and every three years thereafter with respect to cases commenced on or after the date of adjustment.

B 6D (Official Form 6D) (12/07)

In re Solis Herrera, Jose R.
Debtor

Case No. _____
(If known)

SCHEDULE D - CREDITORS HOLDING SECURED CLAIMS

State the name, mailing address, including zip code, and last four digits of any account number of all entities holding claims secured by property of the debtor as of the date of filing of the petition. The complete account number of any account the debtor has with the creditor is useful to the trustee and the creditor and may be provided if the debtor chooses to do so. List creditors holding all types of secured interests such as judgment liens, garnishments, statutory liens, mortgages, deeds of trust, and other security interests.

List creditors in alphabetical order to the extent practicable. If a minor child is the creditor, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See, 11 U.S.C. §112 and Fed. R. Bankr. P. 1007(m). If all secured creditors will not fit on this page, use the continuation sheet provided.

If any entity other than a spouse in a joint case may be jointly liable on a claim, place an "X" in the column labeled "Codebtor," include the entity on the appropriate schedule of creditors, and complete Schedule H - Codebtors. If a joint petition is filed, state whether the husband, wife, both of them, or the marital community may be liable on each claim by placing an "H," "W," "J," or "C" in the column labeled "Husband, Wife, Joint, or Community."

If the claim is contingent, place an "X" in the column labeled "Contingent." If the claim is unliquidated, place an "X" in the column labeled "Unliquidated." If the claim is disputed, place an "X" in the column labeled "Disputed." (You may need to place an "X" in more than one of these three columns.)

Total the columns labeled "Amount of Claim Without Deducting Value of Collateral" and "Unsecured Portion, if Any" in the boxes labeled "Total(s)" on the last sheet of the completed schedule. Report the total from the column labeled "Amount of Claim Without Deducting Value of Collateral" also on the Summary of Schedules and, if the debtor is an individual with primarily consumer debts, report the total from the column labeled "Unsecured Portion, if Any" on the Statistical Summary of Certain Liabilities and Related Data.

Check this box if debtor has no creditors holding secured claims to report on this Schedule D.

CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE AND AN ACCOUNT NUMBER <i>(See Instructions Above.)</i>	CODEBTOR	HUSBAND, WIFE, JOINT, OR COMMUNITY	DATE CLAIM WAS INCURRED, NATURE OF LIEN, AND DESCRIPTION AND VALUE OF PROPERTY SUBJECT TO LIEN	CONTINGENT	UNLIQUIDATED	DISPUTED	AMOUNT OF CLAIM WITHOUT DEDUCTING VALUE OF COLLATERAL	UNSECURED PORTION, IF ANY
ACCOUNT NO.15078 Bank of America 450 American St. Simi Valley, CA 93065			2006; multi unit property VALUE \$ 200,000.00				301,878.00	101,878.00
ACCOUNT NO.20005 Bayview Loan Servicing 2601 S. Bayshore Dr. 4th. Flr. Miami, FL 33133			2008, Commercial Mortgage Loan VALUE \$ 300,000.00				442,867.00	142,867.00
ACCOUNT NO.			VALUE \$					
continuation sheets attached Subtotal ► (Total of this page)							\$ 744,745.00	\$ 244,745.00
Total ► (Use only on last page)							\$ 744,745.00	\$ 244,745.00

(Report also on Summary of Schedules.)

(If applicable, report also on Statistical Summary of Certain Liabilities and Related Data.)