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**UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA**

In re:  
SHILO INN, TWIN FALLS, LLC, et al

Debtor(s).

CASE NO.: 2:13-bk-21601-V

**NOTICE OF SALE OF ESTATE PROPERTY**

**Sale Date:** 3/10/15

**Time:** 11:00 a.m.

**Location:** 255 E. Temple St, Ctrm 1368, Los Angeles, CA 90012

Type of Sale:  Public  Private

Last date to file objections:  
2/24/15

Description of Property to be Sold: 44-room, two-story, limited-service hotel in Portland, Oregon

Terms and Conditions of Sale: Free and clear of liens and interests, subject to Bankruptcy Court approval.

Proposed Sale Price: \$2,450,000

Overbid Procedure (If Any): None

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):

David B. Golubchik, Esq.  
Levene, Neale, Bender, Yoo & Brill LLP  
10250 Constellation Bl., Suite 1700  
Los Angeles, CA 90067  
(310) 229-1234; dbg@lnbyb.com

Date: 2/17/15

1 DAVID B. GOLUBCHIK (State Bar No. 185520)  
2 KURT RAMLO (State Bar No. 166856)  
3 J.P. FRITZ (State Bar No. 245240)  
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Attorneys for Debtors and Debtors in Possession

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

10 In re: ) Lead Case No.: 2:13-bk-21601-VZ  
11 ) Jointly administered with:  
12 SHILO INN, TWIN FALLS, LLC, ) Case No. 2:13-bk-21603-VZ  
13 ) Case No. 2:13-bk-21604-VZ  
14 ) Case No. 2:13-bk-21605-VZ  
15 ) Case No. 2:13-bk-21606-VZ  
16 ) Case No. 2:13-bk-21607-VZ  
17 ) Case No. 2:13-bk-21608-VZ  
18 )  
19 ) Chapter 11 Cases

Debtor and Debtor in Possession.

20 In re: )  
21 )  
22 SHILO INN, BOISE AIRPORT, LLC, )  
23 SHILO INN, NAMPA BLVD, LLC, )  
24 SHILO INN, NEWBERG, LLC, )  
25 SHILO INN, SEASIDE EAST, LLC, )  
26 SHILO INN, MOSES LAKE, INC., )  
27 SHILO INN, ROSE GARDEN, LLC, )  
28 )  
29 ) **NOTICE OF MOTION FOR ORDER**  
30 ) **(A) AUTHORIZING SALE OF ASSETS**  
31 ) **OF SHILO INN, ROSE GARDEN, LLC**  
32 ) **FREE AND CLEAR OF ALL LIENS,**  
33 ) **CLAIMS, ENCUMBRANCES AND**  
34 ) **OTHER INTERESTS PURSUANT TO**  
35 ) **11 U.S.C. § 363 (B) APPROVING THE**  
36 ) **ASSUMPTION AND ASSIGNMENT OF**  
37 ) **CERTAIN LEASES AND EXECUTORY**  
38 ) **CONTRACTS; AND (C)**  
39 ) **AUTHORIZING DEBTOR TO**  
40 ) **EMPLOY AND COMPENSATE REAL**  
41 ) **ESTATE BROKER**

Debtors and Debtors in Possession.

- 42  Affects All Debtors
- 43  Affects SHILO INN, TWIN FALLS, LLC
- 44  Affects SHILO INN, BOISE AIRPORT, LLC
- 45  Affects SHILO INN, NAMPA BLVD, LLC
- 46  Affects SHILO INN, NEWBERG, LLC
- 47  Affects SHILO INN, SEASIDE EAST, LLC
- 48  Affects SHILO INN, MOSES LAKE, INC.
- 49  Affects SHILO INN, ROSE GARDEN, LLC

Debtors and Debtors in Possession

Hearing  
Date: March 10, 2015  
Time: 11:00 a.m.  
Place: Courtroom 1368  
255 East Temple Street  
Los Angeles, CA 90012

1           **PLEASE TAKE NOTICE** that, on March 10, 2015, at 11:00 a.m. the Honorable  
2 Vincent Zurzolo, United States Bankruptcy Judge for the Central District of California (the  
3 “Court”), will hold a hearing (the “Hearing”) on regular notice in Courtroom 1368 of the United  
4 States Bankruptcy Courthouse located at 255 East Temple Street, Los Angeles, California to  
5 consider the Motion For Order (A) Authorizing Sale Of Assets Of Shilo Inn, Rose Garden, LLC  
6 Free And Clear Of All Liens, Claims, Encumbrances And Other Interests Pursuant To 11 U.S.C.  
7 § 363 (B) Approving The Assumption And Assignment Of Certain Leases And Executory  
8 Contracts; And (C) Authorizing Debtor To Employ And Compensate Real Estate Broker, filed  
9 by Shilo Inn, Rose Garden, LLC (“Rose Garden”), one of the debtors and debtors in possession  
10 in the above-captioned, jointly administered chapter 11 bankruptcy cases.  
11

12           Rose Garden operates a 44-room, two-story, limited-service hotel in Portland, Oregon,  
13 within easy walking distance of the Portland Convention Center and Portland Rose Garden (the  
14 “Rose Garden Hotel” or “Hotel”), subject to a long-term land lease, operated pursuant to a  
15 franchise agreement with Shilo Franchise, Inc. (“SFI”) and managed by Shilo Management  
16 Corporation (“SMC”). The Rose Garden property has a sauna and guest laundry facility. The  
17 Rose Garden Hotel has 10 employees.  
18

19           Based on the appraisal report of the Debtors’ appraiser, Herald Haskell, MAI, the fair  
20 market value of the Rose Garden Hotel is \$3,000,000. On the other hand, California Bank &  
21 Trust (“CBT”), the primary secured creditor herein, submitted an appraisal report valuing the  
22 property at \$580,000. During the Debtors’ bankruptcy cases, for purposes of plan confirmation  
23 and the Disclosure Statement, the Debtors’ stipulated to use a neutral appraiser’s valuation of  
24 the Rose Garden hotel at \$925,000. However, the Debtors have always maintained that the real  
25 value of the Rose Garden Hotel is much higher.  
26

27           During the pendency of these cases, the Debtors have been working diligently to  
28

1 effectuate successful reorganizations to allow for preservation of jobs for the Debtors'  
2 employees, preservation of affordable quality lodging for guests and to provide for repayment to  
3 creditors. Such efforts included formulating plans of reorganizations while, at the same time,  
4 marketing the properties for sale. Based on prior experience, the Debtors determined that it  
5 would impair values if it was made public that the Debtors' assets are for sale in connection with  
6 their bankruptcy cases, which would result in expressions of interests primarily from distressed  
7 investors and not allow the properties to generate true market values. Based on the foregoing,  
8 the Debtors worked with their extensive network of contacts, including investors, operators and  
9 brokers, to expose their assets to the marketplace. Based on such extensive and focused efforts,  
10 the Debtors began receiving expressions of interest in their properties. After extensive  
11 negotiations between the interested parties and Mr. Hemstreet, relying on his decades of  
12 experience in buying hotel properties and, more importantly, selling hotel properties at values  
13 substantially higher values than opined by lenders and appraisers, an agreement was reached, as  
14 discussed below.

15  
16  
17 Mark Hollander ("Buyer") and Rose Garden have entered into a Real Estate Purchase &  
18 Sales Agreement with respect to the sale of the Rose Garden Hotel ("Contract"). A true and  
19 correct copy of the Contract is attached to the Motion as **Exhibit "A"**. Pursuant to the Contract,  
20 Buyer has agreed to pay to Rose Garden \$2,450,000 (Sec. 3) for the Hotel and related property,  
21 subject to the provisions in the Contract and approval of the Bankruptcy Court. An earnest  
22 money deposit has been made and escrow has been opened. The proposed purchase price is  
23 \$1,870,000 more than opined by CBT and \$1,525,000 more than opined by the neutral  
24 appraiser.

25  
26 The foregoing transaction was brought to Rose Garden by Brian Resendez of Sperry Van  
27 Ness (the "Broker"). A condition of the Contract (Sec. 17.4) is that a commission of 4% of the  
28

1 sale price be paid to the Broker. As part and parcel of the Motion, Rose Garden seeks authority  
2 to employ the Broker provided that the transaction discussed herein closes.

3 Rose Garden understands that CBT asserts a secured claim against Rose Garden in the  
4 approximate amount of \$2.2 million, which amount is strongly disputed by Rose Garden. In  
5 addition, senior statutory property taxes for Rose Garden total approximately \$10,000.  
6

7 Based on a sale price of \$2,450,00, Rose Garden anticipates that the sale proceeds will  
8 be utilized as follows:

9	Gross proceeds	-	\$2,450,000
10	Less Broker Commission (4%)	-	<\$ 98,000>
11	Less other sale costs (approx. 1%)	-	<\$ 24,500>
12	Subtotal	-	\$2,327,500
13	Less Property Taxes (est.)	-	<\$ 10,000>
14	Subtotal	-	\$2,317,500

15  
16 Subject to resolution of the disputes with respect to the secured claim, these funds will be  
17 available for distribution to CBT and unsecured creditors.

18 **PLEASE TAKE FURTHER NOTICE** that any party wishing to receive a copy of the  
19 Motion may make a request in writing to counsel for the Debtors, whose name, address,  
20 telephone number, facsimile number, and email address appears in the upper, left-hand corner of  
21 the first page of this Notice. The Motion is on file with the Bankruptcy Court and may be  
22 accessed and copied at the courthouse during regular business hours or accessed online through  
23 the court's website.  
24

25 **PLEASE TAKE FURTHER NOTICE** that, pursuant to Local Rule 9013-1(f), any  
26 opposition or response to the Motion must be filed with the Clerk of the United States Bankruptcy  
27 Court and served upon the United States Trustee as well as counsel for the Debtors at the address  
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1 located in the upper left-hand corner of the first page of this Notice by no later than fourteen (14)  
2 days before the hearing on the Motion. Pursuant to Local Rule 9013-1(h), failure to file a timely  
3 opposition or response may be deemed by the Court to be consent to the granting of the relief  
4 requested in the Motion.

5 Dated: February 17, 2015

SHILO INN, ROSE GARDEN, LLC

7 By: /s/ David B. Golubchik  
8 DAVID B. GOLUBCHIK  
9 J.P. FRITZ  
10 LEVENE, NEALE, BENDER, YOO  
11 & BRILL L.L.P.  
12 Attorneys for Debtors and  
13 Debtors in Possession  
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Main Document Page 7 of 7  
**PROOF OF SERVICE OF DOCUMENT**

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

2 A true and correct copy of the foregoing document entitled: **NOTICE OF SALE OF ESTATE PROPERTY**  
3 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 stated below:

4 **1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to  
controlling General Orders and LBR, the foregoing document will be served by the court via NEF and  
5 hyperlink to the document. On **February 17, 2015**, I checked the CM/ECF docket for this bankruptcy  
case or adversary proceeding and determined that the following persons are on the Electronic Mail  
6 Notice List to receive NEF transmission at the email addresses stated below:

- 7 • Natalie B. Daghbandan natalie.daghbandan@bryancave.com,  
raul.morales@bryancave.com;theresa.macaulay@bryancave.com
- 8 • John-Patrick M Fritz jpf@lnbrb.com
- 9 • David B Golubchik dbg@lnbyb.com, dbg@ecf.inforuptcy.com;stephanie@lnbyb.com
- 10 • Jeffrey S Kwong jsk@lnbyb.com
- 11 • Mary D Lane mal@msk.com, mec@msk.com
- 12 • Hal M Mersel mark.mersel@bryancave.com, ginny.hamel@bryancave.com
- 13 • Kelly L Morrison kelly.l.morrison@usdoj.gov
- 14 • Kerry A. Moynihan kerry.moynihan@bryancave.com,  
apameh.vaziri@bryancave.com;raul.morales@bryancave.com
- 15 • Terence A Pruit terryp@atg.wa.gov
- 16 • Kurt Ramlo kr@lnbyb.com
- 17 • United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov
- 18 • Sharon Z. Weiss sharon.weiss@bryancave.com, raul.morales@bryancave.com

19 **2. SERVED BY UNITED STATES MAIL:** On **February 17, 2015**, I served the following persons and/or  
entities at the last known addresses 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  
20 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.

21  Service information continued on attached page

22 **3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR**  
**EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR,  
23 on **February 17, 2015**, I served the following persons and/or entities by personal delivery, overnight mail  
service, or (for those who consented in writing to such service method), by facsimile transmission and/or  
24 email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight  
mail to, the judge will be completed no later than 24 hours after the document is filed.

25 **Served via Attorney Service**  
The Honorable Vincent P. Zurzolo  
United States Bankruptcy Court  
255 E. Temple Street, Suite 1360 / Courtroom 1368  
Los Angeles, CA 90012

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

27	February 17, 2015	Stephanie Reichert	/s/ Stephanie Reichert
28	<i>Date</i>	<i>Type Name</i>	<i>Signature</i>