

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address Leonard M. Shulman – 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 <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Todd A. Frealy, Chapter 7 Trustee	FOR COURT USE ONLY
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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - RIVERSIDE DIVISION**

In re: COLEMAN KAO and JENNIE HANAOKA, Debtor(s).	CASE NO.: 6:13-bk-12733-DS CHAPTER: 7 <p style="text-align: center;">AMENDED NOTICE OF SALE OF ESTATE PROPERTY</p>
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Bids due by 3/13/14 at 5:00 pm

Sale Date: Final Bidding Round 3/17/14 at 10:00 am Court Hearing: 3/20/14 at 1:30 pm	Time:
Location: Final Bidding Round: Keller Williams Peninsula Estates, 1430 Howard Avenue, Burlingame, CA 94010 Court Hearing: Courtroom 304, U.S. Bankruptcy Court, 3420 Twelfth Street, Riverside, CA 92501	

Type of Sale: Public Private **Last date to file objections:** 03/06/2014

Description of property to be sold: Real Property located at 535 Starboard Drive, San Mateo, CA 94404

Terms and conditions of sale: See attached for more information.

Proposed sale price: \$ 935,000.00

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

Overbid procedure (if any): Sale is subject to overbids. See attached for information on submitting overbids.

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

March 20, 2014 at 1:30 P.M.

Courtroom 304

U.S. Bankruptcy Court

3420 Twelfth Street

Riverside, CA 92501

Contact person for potential bidders (include name, address, telephone, fax and/or email 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

Email: rkido@shbllp.com

Date: 02/21/2014

**ATTACHMENT TO NOTICE
OF SALE OF ESTATE PROPERTY**

1 **In re Coleman Kao and Jennie Hanaoka**
2 **Case No. 6:13-bk-12733-DS**

3 **Attachment to Notice of Sale of Estate Property:**

4 **PLEASE TAKE FURTHER NOTICE THAT:**

5 **This matter will only be heard telephonically and all parties will not be permitted to appear**
6 **in the courtroom. The Movant does not anticipate any opposition will be filed to the**
7 **Motion and the final overbidding will take place prior to the hearing. The Movant will**
8 **appear telephonically.**

9 **I. INTRODUCTION**

10 Todd A. Frealy, Chapter 7 trustee (“Trustee”) for the bankruptcy estate (“Estate”) of
11 Coleman Kao and Jennie Hanaoka (collectively, “Debtors”), has filed a Motion for Order: (1)
12 Authorizing the Sale of Real Property of the Estate Free and Clear of Certain Liens Pursuant to
13 Bankruptcy Code §§ 363(b)(1) and (f), Subject to Overbids, Combined With Notice of Bidding
14 Procedures to be Conducted Prior to the Court Hearing and Request for Approval of the Bidding
15 Procedures Utilized; (2) Approving Payment of Real Estate Commission; and (3) Granting
16 Related Relief (“Sale Motion”).

17 The Trustee has received an offer from Lurline Assets Group, LLC (“Buyer”) to purchase
18 the real property located at 535 Starboard Drive, San Mateo, California 94404 (“Property”) for
19 \$935,000.00, subject to overbids. The Property is a single family residence, owned by the
20 Debtor, Jennie Hanaoka, as the result of a foreclosure post-petition on an unscheduled
21 promissory note (secured by the Property) which was property of the Estate. The offer by the
22 Buyer is the best offer that the Estate has received thus far for the Property, and is the result of
23 negotiations between the Trustee and the Buyer for the highest and best offer. Through the sale,
24 the Trustee is expected to generate proceeds of \$86,397.24 for the benefit of the Estate and its
25 creditors. Further, in the event the purchase price is increased by a successful overbid, the
26 estimated net proceeds will increase and provide greater distribution to creditors.

27 Accordingly, the Trustee believes that good cause exists to grant the Sale Motion so the
28 Trustee does not lose this favorable business opportunity.

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II. RELEVANT FACTS

A. Case Commencement

The Debtors filed a Voluntary Petition for relief under Chapter 7 of the Bankruptcy Code on February 16, 2013.

Todd A. Frealy is the duly appointed, qualified and acting Chapter 7 trustee for the Debtors' Estate.

The last day to file proof of claims in this case was on December 10, 2013. As of the filing of this Sale Motion, eleven (11) claims have been filed in this case totaling \$259,975.73 (\$66,439.78 in secured claims and \$23,967.21 in priority claims).

B. The Property

The Trustee is informed and believes that on or before January 7, 2009, Debtor, Jennie Hanaoka ("Ms. Hanaoka") entered into a promissory note ("Promissory Note") with Jean Yi ("Ms. Yi"), whereby Ms. Hanaoka loaned Ms. Yi approximately Three Hundred Thousand Dollars (\$300,000.00), secured by a third deed of trust on the Property. The Debtors did not list any interest in the Property on their Bankruptcy Schedule A and did not list the Promissory Note which was secured by a third deed of trust in the Property on their Bankruptcy Schedule B.

On May 15, 2009, a Short Form Deed of Trust and Assignment of Rents dated January 7, 2009 was recorded against the Starboard Property in the Official Records of the County of San Mateo, Document No. 2009-061266, in favor of Ms. Hanaoka.

On March 13, 2013, a Notice of Default and Election to Sell Under Deed of Trust was recorded against the Starboard Property in the Official Records of the County of San Mateo, Document No. 2013-029439 ("Notice of Default"). The Notice of Default stated that as of March 12, 2013, Ms. Yi was \$3,332.60 past due on the Promissory Note.

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1 On July 12, 2013, a Trustee's Deed Upon Sale was recorded in the Official Records of
2 the County of San Mateo, Document 2013-103301, granting and conveying all title and interest
3 in the Property to Ms. Hanaoka ("Starboard Deed"). A true and correct copy of the Starboard
4 Deed is attached as Exhibit "2" to the Declaration of Todd A. Frealy ("Frealy Decl.") annexed to
5 the Sale Motion. The Property is legally described as follows:¹

6 THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE
7 COUNTY OF SAN MATEO, STATE OF CALIFORNIA, AND IS DESCRIBED
AS FOLLOWS:

8 PARCEL I:

9 LOT 28 SHOWN ON THAT CERTAIN MAP ENTITLED "MARINER'S
10 ISLAND UNIT NO. 1, SAN MATEO, SAN MATEO COUNTY,
11 CALIFORNIA," FILED IN THE OFFICE OF THE COUNTY RECORDER OF
SAN MATEO COUNTY, STATE OF CALIFORNIA ON MARCH 4, 1966, IN
BOOK 64 OF MAPS AT PAGES 28 TO 30 INCLUSIVE.

12 PARCEL II:

13 THE RIGHT AND EASEMENT OF ENJOYMENT IN AND TO THE
14 COMMON AREAS AS DEFINED IN DECLARATION OF PROTECTIVE
15 RESTRICTIONS, CONDITIONS, COVENANTS AND CHARGES
RECORDED ON AUGUST 19, 1966 IN BOOK 5205, PAGE 586 (FILE NO.
90355-Z) OF OFFICIAL RECORDS.

16 PARCEL III:

17 AN UNDIVIDED 1/71 INTEREST IN AND TO PARCEL "C" AREA 1,
18 PARCEL "C" AREA 2, PARCEL "C" AREA 3, PARCEL "C" AREA 4,
19 PARCEL "C" AREA 5, PARCEL "C" AREA 6, AS SAID PARCELS AND
20 AREAS ARE SHOWN ON THAT CERTAIN MAP ENTITLED "MARINER'S
ISLAND UNIT NO. 1" FILED IN THE OFFICE OF THE COUNTY
RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA ON
MARCH 4, 1996 IN BOOK 64 OF MAPS AT PAGES 28, 29 AND 30.

21 APN: 035-490-320

22 The Starboard Deed includes a note stating that the First and Second Deeds of Trust will be
23 assumed.

24 On October 31, 2013, the Trustee received an email from Debtors' counsel requesting
25 that he authorize the Debtors to sell the Property. The Debtors provided payoff statements for
26 the First and Second Deeds of Trust recorded against the Property which confirmed the

27
28 ¹ The legal description for the Property is believed to be accurate but may be corrected or updated by the title
company in the transfer documents as necessary to complete the proposed sale transaction.

1 following liens against the Property: (1) First Deed of Trust with Bayview Loan Servicing, LLC
2 for the total amount of \$692,155.06 (as of August 1, 2013); and (2) Second Deed of Trust with
3 CitiMortgage for the total amount of \$86,406.08 (as of August 22, 2013). The Trustee
4 subsequently learned that the Debtors had already entered into a listing agreement with Intero
5 Real Estate Services, Inc. to market and sell the Property for a listing price of \$1,095,000.00.

6 **C. Employment of the Broker and Basis for Valuation of the Property**

7 Pursuant to Court order entered on December 13, 2013 (docket number 74), the Trustee
8 was authorized to employ W. Darrow Fiedler of Keller Williams Realty/KW Commercial
9 (“Broker”) to assist the Trustee in the marketing and sale of the Property.

10 On or about November 2013, the Broker reviewed the Property and based on area
11 comparables, believed that the value of the Property was approximately \$1,050,000.00. The
12 Trustee entered into a listing agreement to list the Property for the sale price of \$1,050,000.00.
13 Following a final inspection of the Property, in early December 2013, the Broker recommended
14 and the Trustee agreed to increase the sale price for the Property to \$1,095,000.00 as there were
15 no active properties currently on the market for the association where the Property is located.
16 After more than two (2) months on the market and no written offers exceeding \$900,000.00, the
17 Broker recommended and the Trustee agreed to reduce the listing price for the Property to
18 \$995,000.00 to induce new market activity.

19 **D. Marketing of the Property for Sale**

20 The Property has been on the market since early December 2013. Following the listing
21 of the Property for sale on the MLS, realtors and potential buyers were encouraged to present all
22 offers. The Broker held four (4) open houses in just December, which resulted in approximately
23 thirty (30) prospective buyers viewing the Property.

24 There have been five (5) verbal or written offers for the Property for between
25 \$820,000.00 to \$925,000.00. Specifically, the offers were as follows: (1) written offer from A.
26 Yuen and S. Ting for \$900,000.00 on January 6, 2014; (2) verbal offer from L. Goldenshteyn for
27 \$900,000.00 on January 22, 2014; (3) verbal offer from D. Molina for \$875,000.00 to
28 \$900,000.00 on January 24, 2014; (4) verbal offer from V. Chaudhary for \$925,000.00 on

1 January 25, 2014; and (5) verbal offer from J. Chavez for \$820,000.00 on February 10, 2014.
2 The Broker reviewed all initial purchase offers for the Property. Following the review of the
3 offers, the Brokers encouraged the prospective buyers to provide offers closer to the
4 \$1,000,000.00 range for consideration as there were multiple prospective buyers interested in the
5 Property.

6 The Buyer's offer that is the subject of this Sale Motion represents the highest and best
7 offer received by the Trustee. The Buyer originally presented the Trustee with a written offer of
8 \$930,000.00. Through his Broker, the Trustee countered the offer and after negotiations with the
9 Buyer, agreed to the sale price of \$935,000.00. As set forth below, the Trustee believes the sale
10 of the Property will benefit the Estate and its creditors.

11 **E. Liens and Encumbrances Against the Property and Their Proposed Treatment**
12 **Through the Sale**

13 The following chart sets forth the liens and encumbrances against the Property as detailed
14 in the Preliminary Title Report dated October 31, 2013 ("Preliminary Title Report"), a copy of
15 which is attached as Exhibit "1" to the Frealy Decl. annexed to the Sale Motion and the proposed
16 treatment of the liens and encumbrances through the sale:

<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
San Mateo County Treasurer-Tax Collector	Real property taxes	\$4,591.62 (due on 2/1/14; late on 4/10/14)	All outstanding real property taxes will be paid through escrow on the sale transaction.
Mortgage Electronic Registration Systems, Inc. ("MERS"), solely as nominee for CitiMortgage, Inc.	Deed of Trust, recorded on October 19, 2005 as Recording No. 2005- 190795	\$692,155.06 (as of 8/1/13)	This lien will be paid through escrow on the sale of the Property. 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.
Citibank West FSB	Deed of Trust, recorded on November 1, 2005 as Recording No. 2005- 190796	\$86,406.08 (as of 8/22/13)	This lien will be paid through escrow on the sale of the Property. 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.

1 All costs of sale, including escrow fees and real estate commissions will be paid at
2 closing. In addition, to the extent that there are any outstanding real property taxes, they will be
3 paid through the sale.

4 **F. The Purchase Offer and Summary of the Sale Terms**

5 The Buyer has offered to purchase the Property for \$935,000.00. The purchase price
6 includes a deposit of \$27,900.00. Attached as Exhibit "3" to the Frealy Decl. annexed to the
7 Sale Motion is a true and correct copy of the Residential Purchase Agreement and Joint Escrow
8 Instructions and Counter Offer (collectively the "Agreement").

9 A summary of the Agreement's terms and highlights are discussed below, but the
10 summary and discussion are not meant to be a complete review of every provision of the
11 Agreement. The Agreement itself is the legally binding document the Trustee seeks approval of
12 and, in the event of any inconsistency between the terms, provisions or effect of the Agreement
13 and the description of it in these pleadings, the Agreement alone shall govern and not these
14 pleadings or the descriptions herein.

15 In summary, the principal terms of the sale of the Property shall be as follows (the
16 Trustee is referred to at times as the "Seller" in the following summary):

- 17 • Buyer: The Buyer is Lurline Assets Group, LLC.
- 18 • Purchase Price and Initial Deposit: The purchase price is \$935,000.00 with an
19 initial deposit of \$27,900.00 ("Deposit") which will be deposited into escrow and applied toward
20 the purchase price.
- 21 • Due Diligence Period: Buyer acknowledges that he/she/it is familiar with the
22 Property and that the Buyer has previously viewed the Property. Nevertheless, at Buyer's sole
23 expense, Buyer shall have until 2:00 p.m. PST, Friday, February 14, 2014, to obtain all
24 investigations, appraisals and tests, and to complete any and all due diligence which the Buyer
25 desires (the "Due Diligence Deadline"). By no later than the Due Diligence Deadline, Buyer
26 may advise Seller, in writing, of his/her/its election to cancel the Sale, in which Buyer shall
27 receive a full refund of the Deposit (the "Notice to Cancel"). Absent Buyer's submission of a
28 Notice to Cancel in accordance with this paragraph 3, the Sale shall be without any further
contingencies or due diligence requirements of the Buyer.
- Bankruptcy Court Approval: The Sale is expressly subject to Bankruptcy Court
approval in the Debtor's bankruptcy case. As soon as reasonably practical following expiration
of the Due Diligence Deadline without Buyer's submission of a Notice to Cancel, the Seller shall
file a motion to approve the Sale with the Bankruptcy Court pursuant to section 363 of the
United States Bankruptcy Code (11 U.S.C. § 363) (the "Approval Motion"). As part of such
motion, the Seller shall request a finding of the Buyer's "good faith" in accordance with section
363(m) of the Bankruptcy Code.

1 • Tender of Balance of Purchase Price/Closing: The Sale shall close, with Buyer
2 tendering the full Purchase Price, not more than fifteen (15) calendar days after the entry of an
order of the Bankruptcy Court authorizing the Sale.

3 • Property Sold “As Is” “Where Is”: The Buyer acknowledges that the Seller is a
4 Trustee appointed to administer a Bankruptcy Estate. The Seller and/or Seller’s agents have not,
5 and will not, inspect the Property or determine its condition, fitness or use for any particular
6 purpose, nor will any of them provide any written disclosures, guarantees or warranties of any
7 kind. Seller and Seller’s agents are exempt from complying with requirements of Article 1.5 of
the California Civil Code Sections 1102-1102.17 relating to disclosures upon transfer of real
property. **The sale shall be “as-is” and “where is” with no warrant or recourse whatsoever.**
If any state or local ordinance laws require that the Property be brought into compliance, the
Buyer, at his/her/its sole expense, shall comply with and pay for any such requirements.

8 • Assessments, Taxes and Escrow fees: The following assessments, taxes and other
9 costs shall be allocated as follows: (a) all allowable assessments and real property taxes shall be
10 prorated through the closing date of the Sale to the applicable accounts of the Seller and Buyer,
11 such that the amounts applicable to the account of the Buyer shall not be deducted from the
12 Purchase Price; (b) escrow fees shall be split equally between the Buyer and Seller (50/50), such
13 that the amounts allocable to the Buyer shall not be deducted from the Purchase Price; (c) the
Seller shall pay real property transfer tax (County and State only) and the costs of a standard
issue title insurance policy, such that these taxes and costs shall not be deducted from the
Purchase Price; and (d) City transfer tax shall be split equally between Buyer and Seller (50/50),
such that the amount allocable to the Buyer shall not be deducted from the Purchase Price. **All
other costs are at Buyer’s sole expense and are not to be deducted from the Purchase Price.**

14 • Overbid: The Sale is subject to notice to creditors and other parties and shall be
15 subject to higher and better bid through and including the hearing on the Approval Motion,
16 pursuant to sale and overbid procedures determined in the Seller’s sole discretion and subject to
Bankruptcy Court approval.

17 • Brokers and Commissions: The Buyer is represented by Keller Williams
18 Peninsula Estates, BRE #01870081 (“KWPE”) and the Seller is represented by Keller Williams
19 Realty South Bay & KW Commercial, BRE #01854035 (“KWRSB & KWC”). Subject to Court
20 approval, the Seller shall pay commission as follows, through escrow: Five percent (5%) of the
Purchase Price, 3% to KWPE, 2% to KWRSB & KWC. No commission shall be due and
payable except from the cash proceeds of an actual sale of the Property to the Buyer and upon
closing of such sale.

21 • Bankruptcy Court Jurisdiction: The Bankruptcy Court for the Central District of
22 California, Riverside Division, shall have jurisdiction to interpret and enforce the terms of this
Counteroffer/agreement. This Counteroffer/agreement shall be construed pursuant to the laws of
the State of California, except to the extent preempted by applicable Federal bankruptcy law.

23 **G. Notice of Bidding Procedures**

24 The Trustee has determined that it would benefit the Estate to permit all interested parties
25 to receive information and bid for the Property instead of selling the Property to the Buyer on an
26 exclusive basis. Accordingly, in order to obtain the highest and best offer for the benefit of the
27 creditors of this Estate, the Trustee also seeks Court approval of the following reasonable and
28 comprehensive bidding procedures (“Bidding Procedures”):

1 1. Qualified Bidders and Bid Deadline

2 To qualify and be a Qualified Bidder, an interested buyer must do the following:

3 • Submit an overbid, in writing, which is received by the Trustee and the Trustee's
4 counsel, Shulman Hodges & Bastian LLP to the attention of Rika M. Kido on or before **5:00**
5 **p.m. on March 13, 2014.**

6 • Submit an overbid in writing of at least \$10,000.00 over the Purchase Price, or
7 \$945,000.00. **The bid shall also be without contingencies other than Bankruptcy Court**
8 **approval for the sale. In other words, the Qualified Bidder shall have conducted its own**
9 **inspection of the Property.**

10 • Overbids must be accompanied by certified funds in an amount equal to three
11 percent (3%) of the overbid purchase price.

12 • **The overbidder must also provide evidence of having sufficient specifically**
13 **committed funds to complete the transaction, or a lending commitment for the bid amount**
14 **and such other documentation relevant to the bidder's ability to qualify as the purchaser of**
15 **the Property and ability to close the sale and immediately and unconditionally pay the**
16 **winning bid purchase price at closing.**

17 2. Bidding Terms and Final Bidding Round

18 • The initial bid price shall be at least **\$10,000.00** over the Purchase price, or
19 \$945,000.00. Minimum bid increments thereafter shall be at least \$5,000.00. The Trustee shall
20 have sole discretion in determining which overbid is the best for the Estate and will seek
21 approval from the Court of the same.

22 • The Qualified Bidder must seek to acquire the Property on terms and conditions
23 not less favorable to the Estate than the terms and conditions to which the Buyer has agreed to
24 purchase the Property as set forth in the Agreement attached as Exhibit "2" to the Frealy Decl.
25 annexed to the Sale Motion including closing on the sale of the Property in the same time
26 parameters as the Buyer.

27 • All competing bids must acknowledge that the Property is being sold on an "AS
28 IS" basis without warranties of any kind, expressed or implied, being given by the Trustee,
29 concerning the condition of the Property or the quality of the title thereto, or any other matters
30 relating to the Property. The competing bid buyer must represent and warrant that he/she is
31 purchasing the Property as a result of their own investigations and are not buying the Property
32 pursuant to any representation made by any broker, agent, accountant, attorney or employee
33 acting at the direction, or on the behalf of the Trustee. The competing bidder must acknowledge
34 that he/she has inspected the Property, and upon closing of Escrow governed by the Agreement,
35 the competing buyer forever waives, for himself/herself, their heirs, successors and assigns, all
36 claims against the Debtors, their attorneys, agents and employees, the Debtors' Estate, Todd A.
37 Frealy as Trustee and individually, and his attorneys, agents and employees, arising or which
38 might otherwise arise in the future concerning the Property.

39 • If overbids are received from one or more Qualified Bidders, in order to allow all
40 Qualified Bidders and the Buyer to increase their bids, a final bidding round for the Property
41 shall be conducted by the Trustee or his agent on **March 17, 2014 at 10:00 a.m., or if**
42 **rescheduled, upon telephonic notice to the Buyer and the Qualified Bidders,** at the Broker's
43 office, Keller Williams Peninsula Estates, 1430 Howard Avenue, Burlingame, California 94010
44 ("Final Bidding Round").

1 • At the Final Bidding Round, all Qualified Bidders will be permitted to increase
2 their bids. The bidding shall start at the price proposed to be paid in the highest Qualified Bid, as
determined at the Trustee's sole discretion, and continue in increments of at least \$5,000.00.

3 • The Trustee may adopt rules for the bidding process at the Final Bidding Round
4 that, in his reasonable judgment, will better promote the goals of the bidding process. All such
5 rules will provide that: (i) the procedures must be fair and open, with no participating Qualified
6 Bidder disadvantaged in any material way as compared to any other Qualified Bidder, (ii) all
7 bids shall be made and received in one room, on an open basis, and all other bidders shall be
8 entitled to be present for all bidding with the understanding that the true identity of each bidder
shall be fully disclosed to all other bidders and that all material terms of each bid will be fully
disclosed to all other bidders throughout the entire open bidding process, and (iii) no Qualified
Bidder will be permitted more than five minutes to respond to the previous bid at the open Final
Bidding Round, and failure to respond within such time period shall disqualify such bidder from
further eligibility to bid at the open Final Bidding Round.

9 • Only a Qualified Bidder who has submitted a bid is eligible to participate at the
open Final Bidding Round.

10 • At the Final Bidding Round, the Trustee shall (i) review each overbid on the basis
11 of financial and contractual terms, fewest contingencies, factors relevant to the sale process
12 including length of time to close sale, highest non-refundable deposit, and factors affecting the
13 speed and certainty of consummating the sale, and (ii) in the exercise of the Trustee's business
14 judgment, identify the Qualified Bidder who has made the highest and best offer to purchase the
Property, consistent with the Bidding Procedures ("Successful Bidder"). In addition, to
identifying the Successful Bidder, the Trustee may identify at least two-back up bids (the "First
Back-Up Bidder" and "Second Back-Up Bidder").

14 3. Court Approval of the Sale Transaction and Closing

15 • At the hearing on the Sale Motion, the Trustee will seek entry of an order, *inter*
16 *alia*, authorizing and approving the sale of the Property to the Successful Bidder and if
17 applicable, approval of the bids received from the First Back-Up Bidder and Second Back-Up
Bidder.

18 • The hearing on the Sale Motion may be adjourned or rescheduled without notice
other than by an announcement of the adjourned date at the hearing on the Sale Motion.

19 • In the event the Successful Bidder fails to close on the sale of the Property within
20 the time parameters approved by the Court, the Trustee shall retain the Successful Bidder's
21 deposit and will be released from his obligation to sell the Property to the Successful Bidder and
the Trustee may then sell the Property to the First Back-Up Bidder selected by the Trustee and
approved by the Court at the hearing on the Sale Motion.

22 • In the event First Back-Up Bidder fails to close on the sale of the Property within
23 the time parameters approved by the Court, the Trustee shall retain the First Back-Up Bidder's
24 deposit and will be released from his obligation to sell the Property to the First Back-Up Bidder
and the Trustee may then sell the Property to the Second Back-Up Bidder selected by the Trustee
and approved by the Court at the hearing on the Sale Motion.

25 **Any questions regarding the Bidding Procedures should be directed to the Trustee's**
26 **counsel, Rika M. Kido, Shulman Hodges & Bastian LLP, at 8105 Irvine Center Drive, Suite**
27 **600, Irvine, CA 92618; telephone (949) 340-3400; facsimile (949)340-3000 or email at**
28 **rkido@shbllp.com.**