

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address James C. Bastian, Jr. – Bar No. 175415 Melissa Davis Lowe – Bar No. 245521 SHULMAN HODGES & BASTIAN LLP 8105 Irvine Center Drive, Suite 600 Irvine, California 92618 Telephone: (949) 340-3400 Facsimile: (949) 340-3000 Email: jbastian@shbllp.com; mlowe@shbllp.com <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Debtor and Debtor in Possession	FOR COURT USE ONLY
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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - RIVERSIDE DIVISION**

In re: ANOTHER MERIDIAN COMPANY, LLC, a California limited liability company, Debtor(s).	CASE NO.: 6:13-bk-27529-MH CHAPTER: 11 <p style="text-align: center;">NOTICE OF SALE OF ESTATE PROPERTY</p>
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Sale Date: 12/03/2013	Time: 2:00 pm
Location: Courtroom 303, U.S. Bankruptcy Court, 3420 Twelfth Street, Riverside, CA 92501	

Type of Sale: Public Private **Last date to file objections:** 11/19/2013

Description of property to be sold: Real property located at light industrial building located at: 5230 Wilson Street, Riverside, CA.

Terms and conditions of sale: Free and clear of certain liens pursuant to Bankruptcy Code §§ 363(b)(1) and (f)

Proposed sale price: \$ 3,150,000.00

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): None - not subject to overbids.

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

December 3, 2013 at 2:00 p.m.

Courtroom 303

U.S. Bankruptcy Court

3420 Twelfth Street

Riverside, CA 92501

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

James C. Bastian, Jr. Esq. and Melissa Davis, Esq.

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Date: 10/29/2013

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

1 **In re Another Meridian Company, LLC**
2 **Case No. 6:13-bk-27529-MH**

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

4 **I. INTRODUCTION**

5 Through the Sale Motion, Meridian requests approval for the sale of the real property
6 located at 5230 Wilson Street, Jurupa Valley, California (“Wilson Street Property”). Prior to the
7 commencement of Meridian’s bankruptcy case, on September 22, 2013, Meridian received an
8 offer to purchase the Wilson Street Property in the amount of \$3,150,000 from Ted Honcharik
9 and/or assignee (“Buyer”). One of the Buyer’s contingency for the sale is that Meridian obtain
10 Bankruptcy Court approval of the sale.

11 Through the sale, after payment of (1) amounts owed to secured Zions First National
12 Bank (“Zions”) (approximate amount owed of \$518,213.07) and CDC Small Business
13 Finance/Wells Fargo Trust Services (“Wells Fargo”) (approximate amount owed of \$451,104.23)
14 in full satisfaction of their liens, (2) secured real property taxes, (3) brokerage commissions, (4)
15 sale closing costs, and (5) other escrow closing costs¹, the balance of the net sale proceeds
16 (estimated to be approximately \$1,918,812) will be held by the Debtor in a segregated account
17 subject to the liens and cash collateral agreements with Federal Insurance Company (“Federal”),
18 Berkley Regional Insurance Company (“Berkley”) and the abstracts of judgment by Insurance
19 Company of the West and Gotte Electric, Inc. (“Gotte”).

20 Based on the Declaration of Robert Jimenez filed in support of the
21 Sale Motion, it is believed that the proposed sale price is for fair market value. Meridian and its
22 real estate professional have invested time marketing the Wilson Street Property. The
23 agreements reached with Federal and Berkley have allowed for the preservation and completion
24 of the sale of the Wilson Street Property and will provide Meridian with significant net proceeds
25 for distribution to creditors. Further, Zions has filed a Motion for Relief From Stay to proceed
26 with foreclosure on the Wilson Street Property which is scheduled for hearing on November 12,
27 2013. Although Meridian believes that Zions enjoys a significant equity cushion, if the Wilson
28 Street Property is lost at a foreclosure sale, junior lienholders and unsecured creditors will be

¹ Including but not limited to escrow charges, title charges, documentary transfer taxes.

1 irreparably harmed. Therefore, good cause exists to grant the Sale Motion so that this favorable
2 business opportunity is not lost.

3 **II. RELEVANT FACTS**

4 **A. Commencement of the Debtors' Bankruptcy Cases**

5 ASR filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on
6 September 20, 2013, Case No. 6:13-bk-25794-MH.

7 Meridian and Inland each filed their voluntary petitions for relief under Chapter 11 of the
8 Bankruptcy Code on October 23, 2013. Meridian is Case No. 6:13-bk-27529-MH; and Inland is
9 Case No. 6:13-bk-27532-MH.

10 The Debtors are each continuing in possession of their property, and operating and
11 managing their respective business, as debtors in possession pursuant to Bankruptcy Code
12 Sections 1107 and 1108.

13 On October 28, 2013, the Debtors filed motions for orders of joint administration of their
14 bankruptcy cases and are awaiting the Court's order on such motions.

15 **B. Debtors' Background**

16 **1. ASR Constructors, Inc.**

17 ASR was incorporated in May 1999 and is a general contractor serving the Inland Empire
18 on mainly public works projects. Alan Regotti is ASR's President and Chief Executive Officer.
19 Since its incorporation, ASR has completed over 850 public works projects, with clients such as
20 cities, school districts, and state and federal governments. Just as a few examples, ASR was the
21 general contractor on projects including the Riverside Community College Athletic Complex, the
22 Repplier Aquatic Park in Banning, the Larry D. Smith Correctional Facility, and the Multi-
23 purpose Buildings at Cabrillo, Citrus, Foothill Knolls, Magnolia, Sycamore and Valencia
24 Elementary Schools. At its peak, ASR had over 565 employees and annual revenues of over
25 \$150 million.

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1 Due to the dramatic slowdown in the economy throughout the United States that started
2 in December of 2007 and that continues to this day, ASR suffered significant cash flow problems
3 beginning around 2011. As a result, ASR was unable to meet all of its obligations and was
4 suffering financing problems.

5 In March 2013, ASR advised its bonding companies, Federal and Berkley, that it was
6 unable to meet its obligations on bonded projects and its obligations to the sureties under their
7 respective indemnity agreements and surety bonds. Because ASR was unable to complete the
8 work and perform obligations with respect to both payment and performance on the bonded
9 projects, ASR requested the sureties to take such steps necessary or appropriate to perform their
10 obligations as sureties with respect to the bonded projects in order to mitigate losses and
11 expenses. Following this voluntary notice of default, Federal and Berkley took over
12 management of the ASR's projects and ASR executed assignments of its receivables to the
13 sureties. Federal and Berkley have also been provided with blanket liens on ASR's accounts
14 receivables and construction projects as follows:

- 15 • Federal in the amount of \$1,770,817.66: UCC-1 Filing UCC-1 Filing No. 12-
16 7339143518 filed 11/28/12; Amendment No. 13-73536425 filed 3/22/13; Amendment No. 13-
17 73522998 filed 3/15/13; Amendment No. 13-73517704 filed 3/11/13 and Amendment No. 13-
18 73513989 filed 3/6/13
- 19 • Berkley in the amount of \$129,000.00: UCC-1 Filing No. 13-7366919227 filed
20 6/26/2013.

21 Federal has taken over ASR's construction projects it has bonded but has requested
22 ASR's assistance with respect to various administrative matters related to same. Further, there
23 are two remaining open projects where Berkley is the surety and ASR is providing construction
24 and administrative services.

25 **2. [Another Meridian Company, LLC](#)**

26 Meridian is in the business of real estate and owns the following real properties:

- 27 • Wilson Street Property (which is the subject of this Sale Motion) consisting of a
28 light industrial building located at: 5230 Wilson Street, Jurupa Valley, California with a value of

1 approximately \$3,000,000 based on the offers received and discussed below, but previously was
2 believed to be only worth approximately \$1,720,000. This property is encumbered by liens
3 totaling \$2,869,134.96 consisting of the following: Zions: \$518,213.07; Wells Fargo:
4 \$451,104.23; Federal: \$1,770,817.66 (cross-collateralized by Meridian's other real property as
5 well as the assets of ASR and Inland) and Berkley: \$129,000 (cross-collateralized by the assets
6 of ASR and Inland). The Wilson Street Property is rented by ASR on a month to month tenancy.
7 ASR pays rent in the form of paying the two loan obligations secured by the Wilson Street
8 Property owed to Zions and Wells Fargo.

9 • Two parcels of vacant land located in the city of Perris, County of Riverside, CA:
10 Parcel Nos.: 317-270-001 (10.09 acres) and 317-270-012 (9.66 acres) with a value of
11 approximately \$470,000. This property is subject to the cross-collateralized lien in favor of
12 Federal.

13 • Two parcels of vacant land located in the city of San Bernardino, County of San
14 Bernardino, CA: Parcel Nos.: 0142-042-01 (1.889 acres) and 0269-271-17 (1.3 acres) with a
15 value of \$240,000. This property is subject to the cross-collateralized lien in favor of Federal.

16 • Single family residence located at 3758 Kreuer Rd, Phelan, CA 92371: Parcel
17 No.: 3098-051-14 (5 acres) with a value of \$80,363. This property is subject to the cross-
18 collateralized lien in favor of Federal.

19 The Federal and Berkley liens (consisting of deeds of trust and UCC-1 filings) impacting
20 Meridian's assets were provided as part of agreements with Federal and Berkley to provide
21 funding for completion of ASR projects, to secure obligations owed to Federal and Berkley
22 under indemnity agreements signed by Meridian and otherwise and to forbear from enforcement
23 of remedies available for default.

24 3. [Inland Machinery, Inc.](#)

25 Inland is in the business of machinery and equipment rental. ASR rents machinery and
26 equipment from Inland as necessary for its various construction projects.

27 Prior to the commencement of its bankruptcy case, on October 16, 2013, Inland had
28 Ritchie Bros. Auctioneers conduct an auction sale of Inland's machinery and equipment. The

1 gross sale proceeds were approximately \$368,155. After payment of the auctioneer commission
2 of 9% and the auctioneer's expenses, the net auction proceeds are estimated to be approximately
3 \$326,000. The net auction proceeds are currently in the possession of the Auctioneer but are to
4 be turned over to Inland within 21 days of the auction sale. The value of Inland's remaining
5 machinery and equipment has a valuing of approximately \$1,469,421.07, consisting of the
6 following:

- 7 • Heavy Equipment: value of approximately - \$588,221.64
- 8 • Vehicles: value of approximately \$355,278.93
- 9 • Iron Shop Machinery: value of approximately \$138,000
- 10 • Trailers: value of approximately \$220,538.75
- 11 • Small Equipment: value of approximately \$165,436.75
- 12 • Data Processing: value of approximately \$1,945

13 Inland's net auction proceeds and remaining machinery equipment are subject to the
14 cross-collateralized liens of Federal and Berkley. The Federal and Berkley liens (consisting of
15 UCC-1 filings) impacting Inland's assets were provided as part of agreements with Federal and
16 Berkley to provide funding for completion of ASR projects, to secure obligations owed to
17 Federal and Berkley under indemnity agreements signed by Inland and otherwise and to forbear
18 from enforcement of remedies available for default.

19 **C. Events Leading to the Chapter 11 Filings**

20 As set forth above, with the downturn in the economy, ASR suffered crippling cash flow
21 problems. ASR has also incurred significant legal fees and expenses related to the defense of
22 multiple collection lawsuits that have been filed against ASR, a few of which Meridian and
23 Inland have been named as co-defendants. However, one of the principal factors for the filing of
24 the bankruptcy cases was a \$6,655,486.47 judgment being asserted against ASR's contractors'
25 license by Gotte. Specifically, ASR received a notice from the Board advising that the ASR was
26 required to submit to the Board by September 22, 2013 either (1) proof that the \$6,655,486.47
27 judgment in favor of Gotte had been paid, or (2) proof of ASR's bankruptcy filing. In addition,
28 following entry of the judgment against ASR, Gotte filed a second lawsuit that was commenced

1 in the Riverside Superior Court, styled Gotte Electric, Inc. v. ASR Constructors, Inc., Federal
2 Insurance Company, Another Meridian, LLC and Inland Machinery, Inc., Case No. RIC
3 1310089 (“Gotte State Court Action”) seeking recovery of alleged fraudulent transfers.²

4 As ASR did not have the funds to pay the disputed judgment and the second Gotte State
5 Court Action was impacting each of the Debtors, it was determined that the best way to
6 maximize everyone’s recovery was for the Debtors to file their respective bankruptcy cases so
7 that (1) ASR could move forward with the completion of pending jobs, (2) Meridian and Inland
8 could move forward to conduct orderly sales of their respective assets, and (3) each of the
9 companies could wind down their affairs in an orderly fashion.

10 **D. The Proposed Sale of the Wilson Street Property**

11 The Wilson Street Property is legally described as stated in the Preliminary Title Report
12 dated October 3, 2013, a true and correct copy of which is attached as **Exhibit 1** to Declaration
13 of Alan Regotti (“Regotti Declaration”) and incorporated herein by this reference.

14 Meridian’s Schedule A valued the Wilson Street Property at \$1,720,000 based on the
15 Debtor’s belief as to value previously. Based on the marketing efforts of its broker and the offers
16 received, however, it is clear that the Wilson Street Value is worth more than \$3,000,000. As
17 stated above, the Wilson Street Property is encumbered by liens totaling \$2,869,134.96
18 consisting of the following: Zions: \$518,213.07; Wells Fargo: \$451,104.23; Federal:
19 \$1,770,817.66 (cross-collateralized by Meridian’s other real property as well as the assets of
20 ASR and Inland) and Berkley: \$129,000 (cross-collateralized by the assets of ASR and Inland).

21 Meridian is current on the real property taxes. The real property taxes for 2013 and 2014
22 total \$19,739.72, with the first installment payment of \$9,869.86 due on December 10, 2013.

23 The Preliminary Title Report also indicates that the Wilson Street Property has the
24 following liens based on abstracts of judgment: Insurance Company of the West pursuant to a
25 judgment entered against ASR in the amount of \$505,230.99 and Gotte pursuant to a judgment
26 entered against ASR in the amount of \$6,655,486.47. These liens are disputed as the judgment
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28 ² ASR has removed the Gotte State Court Action to the Bankruptcy Court. The Debtors
intend to explore settlement of the Gotte State Court Action.

1 obtained by Insurance Company of the West and Gotte is against ASR only, and not another
2 Meridian.

3 **E. Employment of Real Estate Broker, Marketing Efforts and Basis for the Value of**
4 **the Property**

5 Prior to the commencement of its bankruptcy case, Meridian employed Robert Jimenez
6 and Steve Wheatley of Delmar Commercial Real Estate Services, Inc., as its real estate brokers
7 (“Brokers”) to assist Meridian with effectively listing and marketing the Wilson Street Property
8 for sale. Meridian is filing a separate application with the Court to employ the Brokers during
9 the bankruptcy case. The listing agreement with the Brokers provides for a real estate
10 commission to be paid of six percent of the sale price.

11 The Brokers have more than sixty (60) combined years of experience in the sale of real
12 property of a type similar to the Wilson Street Property as well as experience in property
13 valuations and are familiar with valuing real estate in today’s economic environment. The
14 Brokers listed the Wilson Street Property on the MLS for \$3,249,000.

15 The Wilson Street Property has been on the market since September 10, 2013. As soon
16 as the Wilson Street Property was listed, three interested parties emerged. The Brokers
17 negotiated with all such parties. The highest offer received was for a sales price of \$3,200,000
18 but that buyer requires a Conditional Use Permit through a public hearing process from the city
19 to operate from the Wilson Street Property. This process is uncertain and time consuming,
20 usually taking three to six months. Instead, Meridian, with the aid of the Brokers, decided to
21 accept the proposed Buyer’s offer because the Buyer had already obtained a business license to
22 run his business from the Wilson Street Property. As such, Meridian believes the offer which is
23 the subject of this Sale Motion is the highest and best offer received.

24 **F. Liens and Encumbrances Against the Wilson Street Property and Their Proposed**
25 **Treatment Through the Sale**

26 Meridian has reviewed the Preliminary Title Report attached to the Regotti as **Exhibit 1**.
27 From the Debtor’s Schedules and the Preliminary Title Report it is believed that the total liens
28 against the Wilson Street Property are approximately \$2.87 million and the non-consensual

1 judgment liens of Insurance Company of the West and Gotte total over \$7 million. The
2 following chart sets forth and accounts for all of the recorded liens and encumbrances against
3 described in the Preliminary Title Report and their proposed treatment through the sale:

<u>Creditor</u> ³	<u>Description</u>	<u>Estimated Amount Owed</u>	<u>Treatment of Lien Through the Sale</u>
Riverside County Treasurer and Tax Collector	Real property taxes	\$9,869.86	All outstanding real property taxes will be paid in full through escrow on the sale transaction.
Zions	First priority lien under a deed of trust recorded 10/31/2012 Recording #2002-624528	\$518,213.07	This lien will be paid through escrow on the sale of the Property in the amount approved by the secured lender. Thus, this lien will be released, discharged and terminated at the close of escrow and the Wilson Street Property will be sold free and clear of this lien and the lien will not attach to the sale proceeds.
Wells Fargo	Second priority under a deed of trust recorded 11/27/2002 Recording #2002-706931	\$451,104.23	This lien will be paid through escrow on the sale of the Property in the amount approved by the secured lender. Thus, this lien will be released, discharged and terminated at the close of escrow and the Wilson Street Property will be sold free and clear of this lien and the lien will not attach to the sale proceeds.
Federal	Third priority lien under a deed of trust recorded 3/18/2013, Recording #2013-0128763 (This claim is cross-collateralized by Meridian's other real property, the assets of ASR and the assets of Inland.)	\$1,770,817.66	This lien will not be paid through escrow. This lien shall attach to the proceeds of sale which will be held in a segregated interest bearing account pending further order of the court.

3 Heller, Crouse & Company, Inc. represents the group of private party beneficiaries comprising the Secured Lender – i.e., holder of the first trust deed against the Property. The beneficiaries under the lien are identified on the Preliminary Title Report annexed as **Exhibit 1** to the Frazer Decl.

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<u>Creditor</u> ³	<u>Description</u>	<u>Estimated Amount Owed</u>	<u>Treatment of Lien Through the Sale</u>
Berkley	Fourth priority lien under a deed of trust 9/26/2013 Recording #2013-0465397 (This claim is cross-collateralized by the assets of ASR and the assets of Inland.)	\$129,000	This lien will not be paid through escrow. This lien shall attach to the proceeds of sale which will be held in a segregated interest bearing account pending further order of the court.
Insurance Company of the West	Abstract of Judgment against ASR recorded on 6/27/13 as Recording # 13-309745	\$505,231	This lien is disputed. This lien will not be paid through escrow. This lien shall attach to the proceeds of sale in the same validity, extent and priority as prior to the sale pending agreement with the creditor or further Court order.
Gotte Electric, Inc.	Abstract of Judgment against ASR recorded on 6/27/13 as Recording # 13-309745	\$6,655,487	This lien is disputed. This lien will not be paid through escrow. This lien shall attach to the proceeds of sale in the same validity, extent and priority as prior to the sale pending agreement with the creditor or further Court order.

G. Summary of the Purchase Offer and Summary of the Sale Terms

Attached as **Exhibit 2** to the Regotti Declaration is a true and correct copy of the Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate (“Agreement”) for which the Meridian is seeking Court approval. Through the sale, the net sale proceeds are estimated to be approximately \$1,918,812 as follows:

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Sale Price	\$3,150,000
Less Payment of Real Property Taxes	(\$9,869.86)
Less Payment to Zions	(\$518,213.07)
Less Payment to Wells Fargo	(\$451,104.23)
Less Payment of Costs of Sale, Including Real estate Commissions	(\$252,000)
Estimated Net Sale Proceeds (to be held in a segregated account subject to the liens of Federal, Berkley, Insurance Company of the West and Gotte pending further order of the Court)	\$1,918,812.84

A summary⁴ of the terms and highlights of the Agreement between Meridian and the Buyer are discussed below:

Buyer:	Ted Honcharik and/or assignee Address: 4344 Latham Street, Suite 230 Riverside, CA 92501
Purchase Price:	\$3,150,000
Improvements:	The sale of the Wilson Street Property includes at no additional cost to the Buyer the permanent improvements thereon including those items which pursuant to applicable law are a part of the property, as well as the following items, if any, owned by Meridian and at present located on the property: electrical distribution systems (power panel, bus ducting, conduits, disconnects, lighting fixtures); telephone distribution systems (lines, jacks and connections only); space heaters, heating, ventilation, air conditioning equipment (HVAC), air lines, fire sprinkler systems, security and fire detection systems; carpets; window coverings; wall coverings; and existing: two (2) ten ton overhead cranes, two tow (2) five ton jib cranes, security system with cameras, air compressor, wash rack with steam cleaner and 3,000 gallon above ground fuel tank. The purchase price does not include any of the Debtors' personal property, furniture and furnishings, machinery and equipment located at the Wilson Street Property, including two (2) modular office trailers.
Escrow Holder and Escrow Closing Date:	Escrow Holder: Orange Coast Title 3536 Concours, Suite 120 Ontario, CA 91764 Closing Date: Thirty days after the Buyer's waiver or expiration of the Buyer's Contingencies.
Buyer's Contingencies:	<ul style="list-style-type: none"> Offer is contingent on the buyer obtaining a loan in the amount of at least 90% of the purchase price and the Contingencies to Close described in paragraph 9 of the Purchase Agreement (described below). These contingencies shall commence on the Meridian's notification to the Buyer and Escrow Holder of the Bankruptcy Court's approval of the sale. The

⁴ The summary and discussion are not meant to be a complete review of every provision of the Agreement.

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Buyer shall then have sixty days from the Bankruptcy Court’s approval of the sale to approve or disapprove all contingencies.

- The Buyer shall be delivered possession of the Property within ninety days from the close of escrow.
- The Buyer and Meridian shall within the first forty-five days after opening of escrow enter into a Standard AIR Month to Month-Gross Agreement with a lease term not to exceed ninety days from the close of escrow. Base Rent shall be \$20,000 per month with a security deposit in the amount of \$50,000.
- The sale is contingent on Bankruptcy Court approval.

Paragraph 9 Contingencies:

9.1 The Closing of this transaction is contingent upon the satisfaction or waiver of the following contingencies. IF BUYER FAILS TO NOTIFY ESCROW HOLDER, IN WRITING, OF THE DISAPPROVAL OF ANY OF SAID CONTINGENCIES WITHIN THE TIME SPECIFIED THEREIN, IT SHALL BE CONCLUSIVELY PRESUMED THAT BUYER HAS APPROVED SUCH ITEM, MATTER OR DOCUMENT. Buyer’s conditional approval shall constitute disapproval, unless provision is made by the Seller within the time specified therefore by the Buyer in such conditional approval or by this Agreement, whichever is later, for the satisfaction of the condition imposed by the Buyer. Escrow Holder shall promptly provide all Parties with copies of any written disapproval or conditional approval which it receives. With regard to subparagraphs (a) through (l) the pre-printed time periods shall control unless a different number of days is inserted in the spaces provided.

(a) Disclosure. Seller shall make to Buyer, through escrow, all of the applicable disclosures required by law (See AIR Commercial Real Estate Association (“AIR”) standard for entitled “Seller’s Mandatory Disclosure Statement”) and provide Buyer with a completed Property Information Sheet (“Property Information Sheet”) concerning the Property, duly executed by or on behalf of Seller in the current form or equivalent to that published by the AIR within 10 days following the Date of Agreement.

(b) Physical Inspection. Buyer has ** to satisfy itself with regard to the physical aspects and size of the Property.

(c) Hazardous Substance Conditions Report. Buyer has ** to satisfy itself with regard to the environmental aspects of the Property. Seller recommends that Buyer obtain a Hazardous Substance Conditions Report concerning the Property and relevant adjoining properties. Any such report shall be paid for by Buyer. A “Hazardous Substance” for purposes of this Agreement is defined as any substance whose nature and/or quantity of existence, use, manufacture, disposal or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A “Hazardous Substance Condition” for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property of a Hazardous Substance that would require remediation and/or removal under applicable Federal, state or local law.

(d) Soil Inspection. Buyer has ** to satisfy itself with regards to the condition of the soils on the Property. Seller recommends that Buyer obtain a soil test report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies

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of any soils report that Seller may have within 10 days of the Date of Agreement.

(e) Governmental Approvals. Buyer *** days from the Date of Agreement to satisfy itself with regard to approvals and permits from governmental agencies or departments which have or may have jurisdiction over the Property and which Buyer deems necessary or desirable in connection with its intended use of the Property, including, but not limited to, permits and approvals required with respect to zoning, planning, building and safety, fire, police, handicapped and Americans with Disabilities Act requirements, transportation and environmental matters.

(f) Conditions of Title. Escrow Holder shall cause a current commitment for title insurance (“Title Commitment”) concerning the Property issued by the Title Company, as well as legible copies of all documents referred to in the Title Commitment (“Underlying Documents”), and a scaled and dimensioned plot showing the location of any easements to be delivered to Buyer within 10 days following the Date of the Agreement. Buyer has to satisfy itself with regard to the condition of title. The disapproval of Buyer of any monetary encumbrance, which by the terms of this Agreement is not to remain against the Property after the Closing, shall not be considered a failure of this contingency, as Seller shall have the obligation, at Seller’s expense, to satisfy and remove such disapproved monetary encumbrance at or before Closing.

(g) Survey. Buyer has ** to satisfy itself with regard to any ALTA title supplement based upon a survey prepared to American Land Title Association (“ALTA”) standards for an owner’s policy by a licensed surveyor, showing the legal description and boundary lines of the Property, any easements of record, and any improvements, poles, structures and things located within 10 feet of either side of the Property boundary lines. Any such survey shall be prepared at Buyer’s direction and expense. If Buyer has obtained a survey and approved the ALTA title supplement, Buyer may elect within the period allowed for Buyer’s approval of a survey to have an ALTA extended coverage owner’s form of title policy, in which event Buyer shall pay any additional premium attributable thereto.

(h) Existing Leases and Tenancy Statements. Seller shall within 10 days of the Date of Agreement provide both Buyer and Escrow Holder with legible copies of all leases, subleases or rental arrangements (collectively, “Existing Leases”) affecting the Property, and with a tenancy statement (“Estoppel Certificate”) in the latest form or equivalent to that published by the AIR, executed by Seller and/or each tenant and subtenant of the Property. Seller shall use its best efforts to have each tenant complete and execute an Estoppel Certificate. If any tenant fails or refuses to provide an Estoppel Certificate then Seller shall complete and execute an Estoppel Certificate for that tenancy. Buyer has 10 days from the receipt of said Existing Leases and Estoppel Certificates to satisfy itself with regard to the Existing Leases and any other tenancy issues.

(i) Owner’s Association. Seller shall within 10 days of the Date of Agreement provide Buyer with statement and transfer package from any owners’ association servicing the Property. Such transfer package shall at a minimum include copies of the association’s bylaws, articles of incorporation, current budget and financial statement. Buyer has 10 days from the receipt of such documents to satisfy itself with regard to such association.

(j) Other Agreements. Seller shall within 10 days of the Date of Agreement provide Buyer with legible copies of all other agreements (“Other Agreements”) known to Seller that will affect the Property after Closing. Buyer has 10 days from

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the receipt of said Other Documents to satisfy itself with regard to such Agreements.

(k) Financing. If paragraph 5 hereof dealing with a financing contingency has not been stricken, the satisfaction or waiver of such New Loan contingency.

(l) Existing Notes. If paragraph 3.1(c) has not been stricken, Seller shall within 10 days of the Date of Agreement provide Buyer with legible copies of the Existing Notes, Existing Deeds of Trust and related agreements (collectively, "Loan Documents") to which the Property will remain subject after the Closing. Escrow Holder shall promptly request from the holders of the Existing Notes a beneficiary statement ("Beneficiary Statement") confirming: (1) the amount of the unpaid principal balance, the current interest rate, and the date to which interest is paid, and (2) the nature and amount of any impounds held by the beneficiary in connection with such loan. Buyer has 10 days from the receipt of the Loan Documents and Beneficiary Statements to satisfy itself with regard to such financing. Buyer's obligation to close is conditioned upon Buyer being able to purchase the Property without acceleration or change in the terms of any Existing Notes or charges to Buyer except as otherwise provided in this Agreement or approved by Buyer, provided, however, Buyer shall pay the transfer fee referred to in paragraph 3.2 hereof.

(m) Personal Property. In the event that any personal property is included in the Purchase Price, Buyer has 10 days from the Date of Agreement to satisfy itself with regard to the title condition of such personal property. Seller recommends that Buyer obtain a UCC-1 report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any liens or encumbrances affecting such personal property that it is aware of within 10 days of the Date of Agreement.

(n) Destruction, Damage or Loss. There shall not have occurred prior to the Closing, a destruction of, or damage or loss to, the Property or any portion thereof, from any cause whatsoever, which would cost more than \$10,000.00 to repair or cure. If the cost of repair or cure is \$10,000.00 or less, Seller shall repair or cure the loss prior to the Closing. Buyer shall have the option, within 10 days after receipt of written notice of a loss costing more than \$10,000.00 to repair or cure, to either terminate this transaction or to purchase the Property notwithstanding such loss, but without deduction or offset against the Purchase Price. If the cost to repair or cure is more than \$10,000.00 and Buyer does not elect to terminate this transaction, Buyer shall be entitled to any insurance proceeds applicable to such loss. Unless otherwise notified in writing, Escrow Holder shall assume no such destruction, damage or loss has occurred prior to Closing.

(o) Material Change. Buyer shall have 10 days following receipt of written notice of a Material Change within which to satisfy itself with regard to such change. "Material Change" shall mean a change in the status of the use, occupancy, tenants, or condition of the Property that occurs after the date of this offer and prior to the Closing. Unless otherwise notified in writing, Escrow Holder shall assume that no Material Change has occurred prior to the Closing.

(p) Seller Performance. The delivery of all documents and the due performance by Seller of each and every undertaking and agreement to be performed by Seller under this Agreement.

(q) Brokerage Fee. Payment at the Closing of such brokerage fee as is specified in this Agreement or later written instructions to Escrow Holder executed by Seller and Brokers ("Brokerage Fee"). It is agreed by the Parties and Escrow Holder that Brokers are a third party beneficiary of this Agreement insofar as the

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Brokerage Fee is concerned, and that no change shall be made with respect to the payment of the Brokerage Fee specified in this Agreement without written consent of Brokers.

9.2 All of the contingencies specified in subparagraphs (a) through (m) of paragraph 9.1 are for the benefit of, and may be waived by, Buyer, and may be elsewhere herein referred to as "Buyer's Contingencies."

9.3 If any Buyer's Contingency or any other matter subject to Buyer's approval is disapproved as provided for herein in a timely manner ("Disapproved Item"). Seller shall have the right within 10 days following the receipt of notice of Buyer's disapproval to elect to cure such Disapproved Item prior to the Expected Closing Date ("Seller's Election"). Seller's failure to give to Buyer within such period, written notice of Seller's commitment to cure such Disapproved Item on or before the Expected Closing Date shall be conclusively presumed to be Seller's Election not to cure such Disapproved Item. If Seller elects, either by written notice or failure to give written notice, not to cure a Disapproved Item, Buyer shall have the election, within 10 days after Seller's Election to either accept title to the Property subject to such Disapproved Item, or to terminate this transaction. Buyer's failure to notify Seller in writing of Buyer's election to accept title to the Property subject to the Disapproved Item without deduction or offset shall constitute Buyer's election to terminate this transaction. Unless expressly provided otherwise herein, Seller's right to cure shall not apply to the remediation of Hazardous Substance Conditions or to the Financing Contingency. Unless the Parties mutually instruct otherwise, if the time periods for the satisfaction of contingencies or for Seller's and Buyer's said Elections would expire on a date after the Expected Closing Date, the Expected Closing Date shall be deemed extended for 3 business days following the expiration of: (a) the applicable contingency period(s), (b) the period within which the Seller may elect to cure the Disapproved Item, or (c) if Seller elects not to cure, the period within which Buyer may elect to proceed with this transaction, whichever is later.

9.4 Buyer understands and agrees that until such time as all Buyer's Contingencies have been satisfied or waived, Seller and/or its agents may solicit, entertain and/or accept back-up offers to purchase the Property.

9.5 The Parties acknowledge that extensive local, state and Federal legislation establish broad liability upon owners and/or users of real property for the investigation and remediation of Hazardous Substances. The determination of the existence of a Hazards Substance Condition and the evaluation of the impact of such a condition are highly technical and beyond the expertise of Brokers. The Parties acknowledge that they have been advised by Brokers to consult their own technical and legal experts with respect to the possible presence of Hazardous Substances on the Property or adjoining properties, and Buyer and Seller are not relying upon any investigation by or statement of Brokers with respect thereto. The Parties hereby assume all responsibility for the impact of such Hazardous Substances upon their respective interests herein.

**** These contingencies shall commence on the Meridian's notification to the Buyer and Escrow Holder of the Bankruptcy Court's approval of the sale. The Buyer shall then have sixty days from the Bankruptcy Court's approval of the sale to approve or disapprove all contingencies.**

<p>1 2 3 4 5 6 7 8 9</p>	<p>Costs of Sale and Payments Through Escrow (including Real Estate Agent Commission)</p>	<ul style="list-style-type: none"> • Outstanding real property taxes shall be paid in full.⁵ • Amounts sufficient to pay in full the first priority lien of Zions. • Amounts sufficient to pay in full the first priority lien of Wells Fargo. • 6% broker’s commission, or \$189,000, to be split between Meridian’s Brokers and the Buyer’s real estate broker as follows: Meridian’s Brokers, Robert Jimenez and Steve Wheatley of Delmar Commercial Real Estate Services, Inc. in the amount of \$94,500 and Buyer’s real estate broker, Paul Whitehouse of Lee & Associates – Riverside, in the amount of \$94,500. • All closing costs and other monetary obligations the Agreement requires Meridian as the seller of the Wilson Street Property to pay at the close of escrow (including but not limited to escrow charges, title charges, documentary transfer taxes). • Payment of the balance of the net sale proceeds to Meridian to be held on a segregated account subject to the liens of Federal and Berkley and any cash collateral agreements between the parties.
<p>10 11</p>	<p>Bankruptcy Court Approval</p>	<p>The sale is expressly conditioned on approval of the United States Bankruptcy Court for the Central District of California and entry of final order approving this Sale Motion and the Agreement.</p>
<p>12 13 14 15 16 17</p>	<p>Terms of Sale - Purchase Without Warranties</p>	<p>Buyer acknowledges that Buyer is purchasing the Property from the Seller “AS IS” without warranties of any kind, expressed or implied, being given by the Seller, concerning the condition of the property or the quality of the title thereto, or any other matters relating to the Property. Buyer represents and warrants that Buyer is purchasing the Property as a result of his own investigations and is not buying the Property pursuant to any representation made by any broker, agent, accountant, attorney or employee acting at the direction, or on the behalf of the Seller, except as expressly set forth in the Agreement. Buyer acknowledges that Buyer has inspected the Property, and upon closing of Escrow governed by this Agreement, Buyer forever waives, for himself, his heirs, successors and assigns, all claims against the Debtors, their attorneys, agents and employees, the bankruptcy estates of the Debtors, agents and employees, arising or which might otherwise arise in the future concerning the Wilson Street Property.</p>
<p>18 19 20</p>	<p>Terms of Sale - Free and Clear of Liens and Encumbrances</p>	<p>The sale of the Wilson Street Property shall be free and clear of all liens, claims, interests and encumbrances pursuant to Bankruptcy Code Section 363(f). The Wilson Street Property shall be delivered to the Buyer free and clear of all liens and encumbrances.</p>
<p>21 22 23</p>	<p>Terms of Sale - Good Faith Finding</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 that will have substantial benefit for Meridian and its bankruptcy estate. Accordingly, the sale is in good faith and should be approved. Meridian shall request such a finding pursuant to Bankruptcy Code Section 363(m) at the hearing on this Sale Motion.</p>
<p>24 25 26</p>	<p>Terms of Sale - Waiver of Rule 6004(h)</p>	<p>Meridian requests that the Court waive the fourteen-day stay of the order approving the sale under Federal Rules of Bankruptcy Procedure 6004(h) such that the sale of can close as soon as possible after entry of the Court order approving the Sale Motion and the Agreement.</p>

⁵ All real property taxes and assessments for the current tax year shown in the current county tax bill shall be prorated between Seller and Buyer and charged as of the closing date to the applicable accounts of Seller and Buyer.

1 **H. Buyer's Offer is Best Offer for Property and No Further Bidding is Required.**

2 The Buyer's offer presented in this Sale Motion is the best offer Meridian has received.
3 Meridian submits the Wilson Street Property has been extensively marketed and at this time
4 there are no viable alternative buyers other than the Buyer proposed herein and the back-up
5 buyer. The broker has effectively conducted a bidding procedure already whereby the original
6 offer for the Wilson Street Property of \$2,800,000 was materially improved and there is a back-
7 up buyer ready to proceed if the Buyer does not close. For this reason, and further reasons
8 detailed in the Brokers' declaration, the Debtor submits that no further bidding is required for the
9 estate to realize the highest value for the Wilson Street Property.

10 **I. Tax Consequences**

11 At this time, Meridian does not know what the capital gains taxes liability will be, if any,
12 generated by the sale. In the event that there is any tax liability generated from the sale it is
13 anticipated that such taxes will be paid by the sale proceeds.

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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: **8105 Irvine Center Drive, Suite 600, Irvine, California 92618**

A true and correct copy of the foregoing document entitled (*specify*): **NOTICE OF SALE OF ESTATE PROPERTY** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

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 hyperlink to the document. On (*date*) **October 29, 2013**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **James C Bastian** jbastian@shbllp.com *Attorney for the Debtor*
- **Jonathan J Dunn** jonathan.dunn@sedgwicklaw.com, gloria.zwibel@sedgwicklaw.com *Attorney for Federal Insurance Company*
- **Margaret E Garms** margaret@parkinsonphinney.com *Attorney for Zions First National Bank*
- **Everett L Green** everett.l.green@usdoj.gov *Office of United States Trustee*

Service information continued on attached page

2. **SERVED BY UNITED STATES MAIL**:

On (*date*) **October 29, 2013**, 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 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.

Service information continued on attached page

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, on (*date*) **October 29, 2013**, 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 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.

Judge's Copy - Via Messenger

Honorable Mark Houle
US Bankruptcy Court
3420 Twelfth St., Bin Outside of Courtroom 303
Riverside, CA 92501

Service information continued on attached page

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

October 29, 2013

Erlanna Lohayza

/s/ Erlanna Lohayza

Date

Printed Name

Signature

SERVICE LIST, CONT.

SERVICE VIA EMAIL

- Peter L Duncan peterd@psdslaw.com, theresam@psdslaw.com *Attorney for Torrey Pines Bank*
- Marilyn Klinger Marilyn.Klinger@sedgwicklaw.com *Attorney for Berkley Regional Insurance Company*
- Byron B Mauss efilings@amlegalgroup.com *Attorney for Gotte Electric, Inc.*
- David Veis dcveis@rkmc.com *Attorney for Insurance Company of The West*

U.S. MAIL SERVICE LIST

Debtor's Real Estate Broker

Del Mar Commercial Real Estate Services, Inc.
Robert Jimenez and Steve Wheatly
10300 Fourth Street, Suite 200
Rancho Cucamonga, CA 91730

Buyer's Real Estate Broker

Lee & Associates – Riverside
Paul Whitehouse, Senior Vice President
4193 Flat Rock Driver, Suite 100
Riverside, CA 92505

Buyer

Ted Honcharik
4344 Latham Street, Suite 230
Riverside, CA 92501

DEBTOR

ANOTHER MERIDIAN COMPANY
LLC
5230 WILSON ST
RIVERSIDE, CA 92509

INTERESTED PARTY

OFFICE OF THE UNITED STATES
TRUSTEE
EVERETT L GREEN ESQ
3801 UNIVERSITY AVENUE
SUITE 720
RIVERSIDE, CA 92501-3200

**ATTORNEY FOR FEDERAL
INSURANCE COMPANY**

HELEN FRAZER ESQ
ATKINSON ANDELSON LOYA
RUDD & ROMO
12800 CENTER COURT DRIVE
SUITE 300
CERRITOS, CA 90703

SCHEDULE D

FEDERAL INSURANCE
COMPANY
ATTN PRESIDENT OR MANAGER
AGENT
15 MOUNTAINVIEW ROAD
WARREN, NJ 07059-6711

SCHEDULE D

BERKLEY REGIONAL INSURANCE
COMPANY
ATTN NANCY MANNO
BERKLEY SURETY GROUP INC
412 MOUNT KEMBLE AVE SUITE
310N
MORRISTOWN, NJ 07960

**SCHEDULE D - ADDITIONAL
NOTICE FOR BERKLEY
REGIONAL INSURANCE
COMPANY**

BERKLEY REGIONAL INSURANCE
COMPANY
C/O RICHARD W TROPP
BENCHMARK CONSULTING
SERVICES LLC
2 VENTURE SUITE 220
IRVINE, CA 92618

**SCHEDULE D - ADDITIONAL
NOTICE FOR BERKLEY
REGIONAL INSURANCE
COMPANY**

BERKLEY REGIONAL
INSURANCE COMPANY
C/O MARILYN KLINGER
SEDGWICK LLP
801 S FIGUEROA STREET
19TH FLOOR
LOS ANGELES, CA 90017

SCHEDULE D

GOTTE ELECTRIC INC
ATTN STEVEN R BANGERTER ESQ
BANGERTER SHEPPARD PC
1300 CLAY ST SUITE 600
OAKLAND, CA 94612

SCHEDULE E
FRANCHISE TAX BOARD
ATTN BANKRUPTCY UNIT
BANKRUPTCY SECTION MS A340
PO BOX 2952
SACRAMENTO, CA 95812-2952

SCHEDULE E
INTERNAL REVENUE SERVICE
ATTN BANKRUPTCY UNIT
PO BOX 7346
PHILADELPHIA, PA 19101-7346

**SCHEDULE D ANOTHER
MERIDIAN COMPANY, LLC**
RIVERSIDE COUNTY
TREASURER AND
TAX COLLECTOR
4080 LEMON STREET
1ST FLOOR
RIVERSIDE, CA 92502

**SCHEDULE D ANOTHER
MERIDIAN COMPANY, LLC**
SAN BERNARDINO COUNTY
TREASURER AND
TAX COLLECTOR
172 WEST THIRD STREET
SAN BERNARDINO, CA 92415

SCHEDULE F
ALAN REGOTTI
1569 CAMINO CORTO
FALLBROOK, CA 92028

SCHEDULE F
CDC SMALL BUSINESS FINANCE
ATTN MARIE LONDON
LIQUIDATION ASSOCIATE
1545 RIVER PARK DRIVE
SUITE 530
SACRAMENTO, CA 95815

SCHEDULE F
CDC SMALL BUSINESS FINANCE
C/O
WELLS FARGO CORPORATE TRUST
SERVICES
ATTN PRESIDENT OR MANAGER
AGENT
420 MONTGOMERY ST
SAN FRANCISCO, CA 94104

SCHEDULE F
CDC SMALL BUSINESS FINANCE
C/O
WELLS FARGO CORPORATE TRUST
SERVICES
ATTN PRESIDENT OR MANAGER
AGENT
NW 6441
PO BOX 1450
MINNEAPOLIS, MN 55485

SCHEDULE F
MARC W BERRY
7546 CERRITO ROJO DRIVE
RANCHO CUCAMONGA, CA
91730

SCHEDULE F
PAULA CAMPBELL AND LUIS RUIZ
C/O CLARICE J LETIZIA
4560 AVENIDA PRIVADO
OCEANSIDE, CA 92057

SCHEDULE F
ZIONS FIRST NATIONAL BANK
ATTN PRESIDENT OR MANAGER
AGENT
1 S MAIN STREET
SUITE 700
SALT LAKE CITY, UT 84133-1109

SCHEDULE F
ZIONS FIRST NATIONAL BANK
ATTN PRESIDENT OR MANAGER
AGENT
NATIONAL REAL ESTATE
DEPARTMENT
PO BOX 26304
SALT LAKE CITY, UT 84126

RETURNED MAIL

**RETURNED 10/2/2013, SEE
ADDRESS FOR STEVEN R
BANGERTER FROM CA
SECRETARY OF STATE
SCHEDULE D**
GOTTE ELECTRIC INC
ATTN PRESIDENT OR MANAGER
AGENT
27525 ENTERPRISE CIRCLE WEST
SUITE 101-A
TEMECULA, CA 92590

**RETURNED 10/7/2013, SEE NEW
ADDRESS FROM CA
SECRETARY OF STATE
SCHEDULE D - ADDITIONAL
NOTICE FOR GOTTE ELECTRIC
INC**
GOTTE ELECTRIC INC
C/O STEVEN R BANGERTER ESQ
BANGERTER SHEPPARD PC
3655 TORRANCE BLVD
THIRD FLOOR
TORRANCE, CA 90503

**SEE UPDATED ADDRESS PER
TELEPHONE CALL 10/23/2013
SCHEDULE D - ADDITIONAL
NOTICE FOR BERKLEY
REGIONAL INSURANCE
COMPANY**
BERKLEY REGIONAL INSURANCE
COMPANY
C/O RICHARD W TROPP
BENCHMARK CONSULTING
SERVICES LLC
2 VENTURE SUITE 200
IRVINE, CA 92618