

Overbid procedure (if any): See Sale Motion, pages 7 and 8

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

April 7, 2015 at 10:00 am
United States Bankruptcy Court
COURTROOM 301
3420 Twelfth Street, Riverside CA 92501

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

Melissa Davis Lowe
SHULLMAN HODGES & BASTIAN, 100 Spectrum Center
Drive, Suite 600, Irvine CA 92618
949-340-3400 / 949-340-3000
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Date: 3/11/15

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6 Attorneys for Lynda T. Bui,
Chapter 7 Trustee
7

8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA, RIVERSIDE DIVISION**
10

11 In re

12 **MARY MACHIN AKA MARY**
13 **JOSEPHINE MACHIN,**

14 Debtor.

Case No. 6:13-bk-28695-MJ

Chapter 7

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

- 15 **(1) APPROVING THE SALE OF REAL
PROPERTY OF THE ESTATE FREE
AND CLEAR OF LIENS PURSUANT TO
16 BANKRUPTCY CODE §§ 363(b)(1) AND
17 (f), SUBJECT TO OVERBIDS,
COMBINED WITH NOTICE OF
18 BIDDING PROCEDURES AND
REQUEST FOR APPROVAL OF THE
BIDDING PROCEDURES UTILIZED;**
- 19 **(2) APPROVING PAYMENT OF REAL
20 ESTATE COMMISSION; AND**
- 21 **(3) GRANTING RELATED RELIEF;**

22 **MEMORANDUM OF POINTS AND
23 AUTHORITIES AND DECLARATIONS IN
SUPPORT THEREOF**

24 [Real Property located at 22032 Waters Drive,
25 Cedar Pines Park, California]

26 **Hearing Date:**

Date: April 7, 2015

Time: 10:00 a.m.

27 Place: Courtroom 301

3420 Twelfth Street

28 Riverside, CA 92501

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Federal Rule of Bankruptcy Procedure 6004(h) 17

1 Lynda T. Bui is the duly appointed, qualified and acting Chapter 7 trustee in the Debtor's
2 bankruptcy case.

3 **B. The Property**

4 Among the assets of the Estate is the Property, which is legally described as follows:

5 LOTS 86, 87, 88 AND 89 IN BLOCK 11 AS SAID LOT AND BLOCK ARE
6 DELINEATED AND SO DESIGNATED ON THAT CERTAIN MAP
7 ENTITLED MAP OF CEDARPINES PARK NO. 4, IN THE COUNTY OF SAN
8 BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN
9 BOOK 23, PAGE 63 OF MAPS, IN THE OFFICE OF THE COUNTY
10 RECORDER OF SAN BERNARDINO COUNTY.

11 EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE
12 COUNTY OF SAN BERNARDINO IN DEED RECORDED JUNE 24, 1953 IN
13 BOOK 3212 PAGE 52 OF OFFICIAL RECORDS.

14 APN: 0342-253-58-0-000

15 Pursuant to Court order entered on November 21, 2014, the Trustee was authorized to
16 employ Richard A. Halderman, Jr. ("Broker") to assist the Trustee in the marketing and sale of
17 the Property.

18 The Trustee's Broker investigated the Property and believed that the value of the
19 Property was between \$50,000 to \$60,000. The Property was thus listed for the sale price of
20 \$60,000.00. The Property was listed on the Pacific West MLS and the Combined Regional MLS
21 (which covers all of Riverside, San Bernardino and San Diego counties) and also multiple
22 websites. It has been advertised for sale since approximately November 15, 2014. There was
23 much interest in the Property, including at least nine showings, and the Broker received at least
24 two offers. The Broker received one offer other than the one presented in this Sale Motion for a
25 greater purchase price but the entire price was to be paid through a loan and included a repair
26 credit of \$2,500. The offer proposed herein will be paid partially with cash and does not require
27 a repair credit.

28 As such, the Trustee believes the Buyer herein represents the best offer for the Estate.
The Trustee believes the sale of the Property will benefit the Estate and its creditors.

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1 **C. Adversary Action on the Property**

2 The Debtor did not list the Property on her Bankruptcy Schedules. As of the Petition
3 Date, the Property was in the name of the Debtor and her ex-husband, Peter Machin (“Machin”),
4 as husband and wife. Pursuant to a Judgment of Dissolution entered on January 27, 2012
5 between the Debtor and Machin, the Property was awarded solely to the Debtor.

6 On April 2, 2014, the Trustee filed a Complaint to Sell Property Pursuant to 11 U.S.C.
7 §363(h), for Turnover of Property of the Estate and for Declaratory Relief against Machin
8 seeking, *inter alia*, authority for turnover of the Property, commencing Adversary Case No.
9 6:14-ap-01087-MJ (“Adversary Action”).

10 Pursuant to Summary Judgment entered on October 16, 2014, the Adversary Action was
11 adjudicated in the Trustee’s favor such that the Property was declared property of the Estate and
12 ordered to be turned over to the Estate. A true and correct copy of the Summary Judgment is
13 attached to the Bui Declaration as **Exhibit “1.”**

14 **D. Liens and Encumbrances Against the Property and Their Proposed Treatment**
15 **Through the Sale**

16 The following chart sets forth the liens and encumbrances against the Property as detailed
17 in the Preliminary Title Report dated April 22, 2014 (“Preliminary Title Report”), a copy of
18 which is attached as **Exhibit “2”** to the Bui Declaration, and the proposed treatment of the liens
19 and encumbrances through the sale:

20

<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
21 22 23 San Bernardino County Treasurer- Tax Collector	Real property taxes	\$2,010.00	All outstanding real property taxes will be paid through escrow on the sale transaction.

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<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
Mike Quagletti ("Quagletti")	Judgment lien recorded July 27, 2011 as Recording No. 2011-0303343 and a partial satisfaction of judgment recorded June 20, 2012 as Instrument No. 2012-248592 ("Quagletti Lien")	\$57,145.00	The Quagletti Lien attaches to the Property and also to the property located at 510 N. Villa Court #208, Palm Springs, CA ("Palm Springs Property") in which the Estate has a one-half interest pursuant to the Summary Judgment. Quagletti has agreed to the sale of the Property free and clear of the Quagletti Lien with the Quagletti Lien to attach to the proceeds of the sale of the Property with the same force, effect, validity, and priority as prior to the sale. The Trustee believes that the Quagletti Lien will be paid in full through the sale of the Palm Springs Property and to the extent it is not, it will be satisfied through the proceeds of the sale of the Property. Accordingly, the Property can be sold free and clear of the Quagletti Lien under Section 363(f)(2).
Mary Machin, the debtor herein	Amount owed under a Judgment of Dissolution	\$10,000.00	This lien is in dispute as the alleged creditor is the Debtor. This lien will not be paid through the sale. Accordingly, the Property can be sold free and clear of this lien under Section 363(f)(4).

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

E. The Purchase Offer and Summary of the Sale Terms

The Buyer has offered to purchase the Property for \$55,000.00. The purchase price includes a deposit of \$2,000.00. Attached as **Exhibit "3"** to the Bui Declaration is a true and correct copy of the Residential Purchase Agreement and Joint Escrow Instructions and Counter Offer (collectively the "Agreement").

A summary of the Agreement's terms and highlights are discussed below, but the summary and discussion are not meant to be a complete review of every provision of the Agreement. The Agreement itself is the legally binding document the Trustee seeks approval of

1 and, in the event of any inconsistency between the terms, provisions or effect of the Agreement
2 and the description of it in these pleadings, the Agreement alone shall govern and not these
3 pleadings or the descriptions herein.

4 In summary, the principal terms of the sale of the Property shall be as follows (the
5 Trustee is referred to at times as the “Seller” in the following summary):

6 Buyer:	Charles Prostack, P. O. Box 1821, Crestline, CA 92325
7 Purchase Price:	\$55,000.00, subject to the Bidding Procedures set forth below. 8 \$2,000.00 to be paid as a deposit, \$10,000 in cash and the remainder to be paid through a loan at closing.
9 Escrow:	Escrow holder will be A&A Escrow. Escrow is scheduled to close as soon as possible after entry of the Court order approving the sale transaction (“Approval Order”), but no later than the first business day after fourteen days following entry of the Approval Order.
10 Buyer’s Due Diligence and Cancelation Right	Buyer shall have ten calendar days from the date of Agreement to perform, complete, and satisfy all contingencies, inspections, investigations, tests and reviews of reports, and to complete all due diligence which the Buyer desires for this purchase of the Property, including, but not limited to and performing and completing any geological, soil, structural, environmental, or other tests, inspections, and investigations desired by Buyer.
11 Escrow, Title and Other Costs	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. The sale shall be free and clear of any homeowner’s association assessments and all real property taxes (other than those prorated as provided above) enforceable against the Property through the closing date of the sale. Escrow fees shall be split between Buyer and Seller in the manner customary in the County where the Property is located. Seller shall pay any real property transfer tax. Seller shall pay the cost of a Natural Hazard Disclosure Report, from a vendor selected by Seller, to be furnished to Buyer through escrow. Buyer shall pay and have sole responsibility for compliance with any requirements imposed on the Property or this sale by any governmental agency(ies), including compliance with any applicable governmental retrofit requirements. Buyer shall pay the cost of recording the deed. Buyer and Seller shall each pay their own expenses of every other type except as specifically provided in this Addendum. Seller shall not be responsible to pay any one-year home warranty plan.
12 Bankruptcy Court Approval	The sale is subject to notice to creditors, approval by the Bankruptcy Court, and higher and better bids received by Seller through and including the Bankruptcy Court hearing to confirm the sale. Payment of any and all real estate brokers’ commissions is also subject to notice to creditors and approval by the Bankruptcy Court.

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<p>Real Estate Agent Commission</p>	<p>Through escrow on the sale of the Property, and subject to Court approval, the Trustee shall pay compensation for real estate agent services to the Buyer’s agent and the Estate’s agent. The agents shall equally split a commission in the amount of \$3,300.00 (6% of the purchase price)² as follows:</p> <table border="1" data-bbox="586 304 1513 541"> <thead> <tr> <th data-bbox="586 304 1161 346"><u>Agent</u></th> <th data-bbox="1161 304 1513 346"><u>Commission</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="586 367 1161 430">Trustee’s Broker Richard A. Halderman, Jr.</td> <td data-bbox="1161 367 1513 430">\$1,650.00</td> </tr> <tr> <td data-bbox="586 430 1161 493">Buyer’s Broker Peter Machin³</td> <td data-bbox="1161 430 1513 493">\$1,650.00</td> </tr> <tr> <td data-bbox="586 493 1161 541">Total Commission</td> <td data-bbox="1161 493 1513 541">\$3,300.00</td> </tr> </tbody> </table>	<u>Agent</u>	<u>Commission</u>	Trustee’s Broker Richard A. Halderman, Jr.	\$1,650.00	Buyer’s Broker Peter Machin ³	\$1,650.00	Total Commission	\$3,300.00
<u>Agent</u>	<u>Commission</u>								
Trustee’s Broker Richard A. Halderman, Jr.	\$1,650.00								
Buyer’s Broker Peter Machin ³	\$1,650.00								
Total Commission	\$3,300.00								
<p>Purchase Without Warranties</p>	<p>Buyer acknowledges and agrees that, to the maximum extent permitted by law, the sale contemplated by this Addendum is made “as-is,” “where-is,” and “with all faults,” except as specifically provided in this Addendum. Seller and Brokers and agents herein have not made, do not make, and specifically negate and disclaim any representations, warranties, promises, covenants, Addendums, or guaranties of any kind or character whatsoever, whether express or implied, oral or written.</p>								
<p>Trustee’s Liability</p>	<p>The Buyer acknowledges that the Trustee is acting in her official capacity only. No personal liability shall be sought or enforced against the Trustee with regard to the Agreement, including any addendums to the Agreement, the Property, 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. 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 Trustee has 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.</p>								
<p>Hold Harmless</p>	<p>The Buyer understands the terms and conditions of the entire purchase contact and holds the Estate and the realtors, brokers, agents, Lynda T. Bui, Trustee, and her attorneys including Shulman Hodges & Bastian LLP, agents and employees, harmless from any liabilities arising from this contact. 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 this Addendum. In the event this Escrow is not completed for any reason, 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 Lynda T. Bui, Trustee, arising from the Agreement and/or its addendums or relating in any manner to the Property, shall be resolved only in the United States Bankruptcy Court, Central District of California.</p>								
<p>Outstanding Real Property Taxes</p>	<p>To be paid by through escrow.</p>								

² The Trustee reserves the right to request a reduction to net the Estate additional fees. The Broker has been advised that the Court has the ultimate discretion to reduce the commission percentage as well.

³ Peter Machin is the Debtor’s ex-husband and the defendant in the Adversary Action.

1 2 3	Free and Clear of Liens and Encumbrances	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 attach to the sale proceeds 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.
4 5 6 7	Good Faith Finding	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.
8 9 10	Waiver of Rule 6004(h)	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.

11 **F. Tax Consequences of Sale**

12 Machin advised the Trustee that the Property has a tax basis of approximately \$40,000.
13 The Trustee's accountant has advised he does not expect the sale of the Property to generate any
14 capital gains or other taxes from the sale. If any taxes are generated, they would be minimal.

15 **G. Notice of Bidding Procedures**

16 The Trustee has determined that it would benefit the Estate to permit all interested parties
17 to receive information and bid for the Property instead of selling the Property to the Buyer on an
18 exclusive basis. Accordingly, in order to obtain the highest and best offer for the benefit of the
19 creditors of this Estate, the Trustee also seeks Court approval of the following bidding
20 procedures ("Bidding Procedures"):

21 1. Potential overbidder(s) must bid an initial amount of at least \$2,000.00 over the
22 Purchase Price, or \$57,000.00. Minimum bid increments thereafter shall be \$1,000.00. The
23 Trustee shall have sole discretion in determining which overbid is the best for the Estate and will
24 seek approval from the Court of the same.

25 2. Overbids must be in writing and be received by the Trustee and the Trustee's
26 counsel, Shulman Hodges & Bastian LLP to the attention of Melissa Davis Lowe on or before
27 **5:00 p.m. (California time) on Thursday, April 2, 2015.**

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

4. The overbidder must also provide evidence of having sufficient specifically
committed funds to complete the transaction, or a lending commitment for the bid amount and
such other documentation relevant to the bidder's ability to qualify as the purchaser of the

1 Property and ability to close the sale and immediately and unconditionally pay the winning bid
2 purchase price at closing.

3 5. The overbidder must seek to acquire the Property on terms and conditions not less
4 favorable to the Estate than the terms and conditions to which the Buyer has agreed to purchase
5 the Property as set forth in the Agreement attached as **Exhibit "3"** to the Bui Declaration
6 including closing on the sale of the Property in the same time parameters as the Buyer.

7 6. All competing bids must acknowledge that the Property is being sold on an "AS
8 IS" basis without warranties of any kind, expressed or implied, being given by the Trustee,
9 concerning the condition of the Property or the quality of the title thereto, or any other matters
10 relating to the Property. The competing bid buyer must represent and warrant that he/she is
11 purchasing the Property as a result of their own investigations and are not buying the Property
12 pursuant to any representation made by any broker, agent, accountant, attorney or employee
13 acting at the direction, or on the behalf of the Trustee. The competing bidder must acknowledge
14 that he/she has inspected the Property, and upon closing of Escrow governed by the Agreement,
15 the competing buyer forever waives, for himself/herself, their heirs, successors and assigns, all
16 claims against the Debtors, their attorneys, agents and employees, the Debtors' Estate, Lynda T.
17 Bui as Trustee and individually, and her attorneys, agents and employees, arising or which might
18 otherwise arise in the future concerning the Property.

19 7. If overbids are received, the final bidding round for the Property shall be held at
20 the hearing on the Sale Motion in order to allow all potential bidders the opportunity to overbid
21 and purchase the Property. At the final bidding round, the Trustee or his counsel will, in the
22 exercise of their business judgment and subject to Court approval, accept the bidder who has
23 made the highest and best offer to purchase the Property, consistent with the Bidding Procedures
24 ("Successful Bidder").

25 8. At the hearing on the Sale Motion, the Trustee will seek entry of an order, *inter*
26 *alia*, authorizing and approving the sale of the Property to the Successful Bidder. The hearing on
27 the Sale Motion may be adjourned or rescheduled without notice other than by an announcement
28 of the adjourned date at the hearing on the Sale Motion.

9 9. In the event the Successful Bidder fails to close on the sale of the Property within
10 the time parameters approved by the Court, the Trustee shall retain the Successful Bidder's
11 Deposit and will be released from his obligation to sell the Property to the Successful Bidder and
12 the Trustee may then sell the Property to the first back-up bidder approved by the Court at the
13 hearing on the Sale Motion ("First Back-Up Bidder").

14 10. In the event First Back-Up Bidder fails to close on the sale of the Property within
15 the time parameters approved by the Court, the Trustee shall retain the First Back-Up Bidder's
16 Deposit and will be released from his obligation to sell the Property to the First Back-Up Bidder
17 and the Trustee may then sell the Property to the second back-up bidder approved by the Court at
18 the hearing on the Sale Motion ("Second Back-Up Bidder").

24 **III. ARGUMENT**

25 **A. The Court May Authorize the Sale When There is a Good Faith Purchaser**

26 The Trustee, after notice and hearing, may sell property of the estate. 11 U.S.C. § 363(b).
27 The standards to establish are that there is a sound business purpose for the sale, that the sale is
28 in the best interests of the estate, i.e., the sale is for a fair and reasonable price, that there is

1 accurate and reasonable notice to creditors and that the sale is made in good faith. *In re Wilde*
2 *Horse Enterprises, Inc.*, 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991); *In re Lionel Corp.*, 722 F.2d
3 1063, 1069 (2d Cir. 1983). Business justification would include the need to close a sale to one of
4 very few serious bidders where an asset has been shopped and a delay could jeopardize the
5 transaction. *See, e.g., In re Crowthers McCall Pattner, Inc.*, 114 B.R. 877, 885 (Bankr. S.D.N.Y.
6 1990) (extreme difficulty finding a buyer justified merger when buyer found). The Trustee's
7 proposed sale of the Property meets the foregoing criteria.

8 1. Sound Business Purpose

9 The Ninth Circuit has adopted a flexible, case-by-case test to determine whether the
10 business purpose for a proposed sale justifies disposition of property of the estate under Section
11 363(b). *In re Walter*, 83 B.R. 14 (B.A.P. 9th Cir. 1988). In *Walter*, the Ninth Circuit, adopting
12 the reasoning of the Fifth Circuit in *In re Continental Air Lines, Inc.*, 780 F.2d 1223 (5th Cir.
13 1986), and the Second Circuit in *In re Lionel Corp.*, 722 F.2d 1063 (2d Cir. 1983), set forth the
14 following standard to be applied under Bankruptcy Code Section 363(b):

15 Whether the proffered business justification is sufficient depends on the case. As
16 the Second Circuit held in *Lionel*, the bankruptcy judge should consider all salient
17 factors pertaining to the proceeding and, accordingly, act to further the diverse
18 interests of the debtor, creditors and equity holders, alike. He might, for example,
19 look to such relevant factors as the proportionate value of the assets to the estate
20 as a whole, the amount of lapsed time since the filing, the likelihood that a plan of
21 reorganization will be proposed and confirmed in the near future, the effect of the
22 proposed disposition on future plans of reorganization, the proceeds to be
23 obtained from the disposition vis-a-vis any appraisals of the property, which of
24 the alternatives of use, sale or lease the proposal envisions and, most importantly
25 perhaps, whether the asset is increasingly or decreasing in value. This list is not
26 intended to be exclusive, but merely to provide guidance to the bankruptcy judge.

27 *Walter*, 83 B.R. at 19-20 (quoting *Continental*, 780 F.2d at 1226).

28 Here, the facts surrounding the sale of the Property support the Trustee's business
decision that the proposed sale is in the best interests of the Estate and its creditors. Through the
sale, the Trustee expects to generate net proceeds of approximately \$48,590.00⁴ as follows
(amounts are estimated):

⁴ If the Quagletti Lien cannot be satisfied in full upon the sale of the Palm Springs Property and the Trustee is
required to use some of the proceeds from the sale of the Property to pay the Quagletti Lien, this amount will be
reduced.

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Sale Price	\$55,000.00
<i>Less</i> real estate commission and costs of sale (8%)	(\$4,400.00)
<i>Less</i> property taxes (will be pro-rated)	(\$2,010.00)
Estimated Net Sale Proceeds for the benefit of the Estate	\$48,590.00

The estimated net proceeds will benefit the Estate by providing funds for a distribution to unsecured creditors (subject to the Quagletti Lien attaching to said net proceeds in the same validity, extent and priority as before the sale). If the Motion is not approved, then there will be a substantial loss to the Estate. In such event, the Estate will not receive any benefit from the Property.

Furthermore, the Trustee believes that the proposed sale, subject to overbids, will be at fair market value because it is the best offer the Estate has received thus far for the Property and is the result of negotiations between the Trustee and the Buyer for the best and highest offer. Given that the sale is subject to overbids, it is anticipated the Trustee will receive the best and highest value for the Property and therefore the proposed sale price of the Property is fair and reasonable. Therefore, the Trustee respectfully submits that, if this Court applies the good business reason standard suggested by the Second Circuit in *Lionel*, the sale should be approved.

2. The Sale Serves the Best Interests of the Estate and Creditors

The Trustee believes that it would be in the best interest of the Estate and its creditors to sell the Property. The benefits to the Estate, as set forth above, are significant as the proposed sale will yield an estimated \$48,590 to the Estate. If the Sale Motion is not approved, the Estate will not receive the sale proceeds and will likely lose the Buyer. The Trustee does not want to lose this beneficial business opportunity. Thus, the Trustee has made a business decision that it is in the best interest of the creditors of the Estate that this Sale Motion be approved.

3. Accurate and Reasonable Notice

It is expected that notice of this Sale Motion will satisfy the requirements for accurate and reasonable notice.

1 The notice requirements for sales are set forth in Federal Rules of Bankruptcy Procedure
2 (“FRBP”) 6004 and 2002. The notice must include the time and place of any public sale and/or
3 the terms and conditions of any private sale, the time fixed for filing on objections and a general
4 description of the property. Fed. R. Bankr. P. 2002(c)(1).

5 In compliance with FRBP 2002 and Bankruptcy Code Section 102(1), the Trustee shall
6 provide notice of the proposed sale of the Property to creditors and parties in interest. The
7 Notice of Sale Motion will include a summary of the terms and conditions of the proposed
8 private sale, the time fixed for filing objections, and a general description of the Property. The
9 Trustee submits that the notice requirements will have been satisfied, thereby allowing creditors
10 and parties in interest an opportunity to object to the sale. Hence, no further notice should be
11 necessary.

12 4. The Sale is Made in Good Faith

13 The proposed sale has been brought in good faith and has been negotiated on an “arms
14 length” basis. The court, in *Wilde Horse Enterprises*, set forth the factors in considering whether
15 a transaction is in good faith. The court stated:

16 “Good faith” encompasses fair value, and further speaks to the integrity of the
17 transaction. Typical ‘bad faith’ or misconduct, would include collusion between
18 the seller and buyer, or any attempt to take unfair advantage of other potential
19 purchasers. . . . And, with respect to making such determinations, the court and
creditors must be provided with sufficient information to allow them to take a
position on the proposed sale.

20 *Id.* at 842 (citations omitted).

21 In the present case, the negotiation of the proposed sale was an arms-length transaction.
22 The negotiations with the Buyer resulted in a sale price for the Property that will have substantial
23 benefit to the Estate. As set forth in the Notice of the Sale Motion, the creditors will have been
24 provided with sufficient notice of the sale. Accordingly, the sale is in good faith and should be
25 approved. The Trustee shall request such a finding pursuant to Bankruptcy Code Section 363(m)
26 at the hearing on this Sale Motion.

27

28

1 **B. The Proposed Sale Should be Allowed Free and Clear of Liens**

2 Bankruptcy Code Section 363(f) allows a trustee to sell property of the bankruptcy estate
3 “free and clear of any interest in such property of an entity,” if any one of the following five
4 conditions is met:

- 5 (1) applicable non-bankruptcy law permits a sale of such property free
6 and clear of such interest;
- 7 (2) such entity consents;
- 8 (3) such interest is a lien and the price at which such property is to be
9 sold is greater than the aggregate value of all liens on such property;
- 10 (4) such interest is in bona fide dispute; or
- 11 (5) such entity could be compelled, in a legal or equitable proceeding,
12 to accept money satisfaction of such interest.

12 11 U.S.C. § 363(f).

13 Here, Quagletti has agreed to the sale free and clear of its lien so long as the Quagletti
14 Lien attaches to the sale proceeds in the same priority and validity as prior to the sale. The
15 Quagletti Lien also attaches to the Palm Springs Property. The Trustee believes that the
16 Quagletti Lien will be paid in full through the sale of the Palm Springs Property and to the extent
17 it is not, it will be satisfied through the proceeds of the sale of the Property. As such, the
18 Property can be sold free and clear of the Quagletti lien under Section 363(f)(2).

19 The Machin lien is subject to a bona fide dispute. A bona fide dispute has been defined
20 by *In re Atwood*, 124 B.R. 402 (Bankr. S.D. Ga. 1991) as a “genuine issue of material fact that
21 bears upon the debtor’s liability, or meritorious contention as to the application of law to
22 undisputed facts.” *Id.* at 407. In *In re Milford Group, Inc.*, 150 B.R. 904 (Bankr. M.D. Pa.
23 1992), the court stated it need not resolve a bona fide dispute, but must determine whether the
24 issues presented are genuine as to the existence of a bona fide dispute. In doing so, the *Milford*
25 Court found that the debtor had met its burden to establish cause for the Court to allow for the
26 sale of the property, free and clear of liens.

27 Here, the amount claimed owed under the Machin lien is owed to the Debtor. As the
28 Debtor is the debtor herein and the amount owed to her was owed prior to the Petition Date, it is

1 now property of the Estate and any amount to be paid from the sale of the Property would be
2 paid to the Estate. As such, there is no need to pay the lien and to the extent the Debtor seeks
3 payment, the lien is in dispute. As such, the Property can be sold free and clear of the Machin
4 lien pursuant to Section 363(f)(4).

5 **C. The Court has the Authority to Approve the Bidding Procedures**

6 Implementation of the Bidding Procedures is an action outside of the ordinary course of
7 the business. Bankruptcy Code Section 363(b)(1) provides that a trustee “after notice and
8 hearing, may use, sell or lease, other than in the ordinary course of business, property of the
9 estate.” 11 U.S.C. § 363(b)(1). Furthermore, under Bankruptcy Code Section 105(a), “[t]he
10 court may issue any order, process, or judgment that is necessary or appropriate to carry out the
11 provisions of this title.” 11 U.S.C. § 105(a). Thus, pursuant to Bankruptcy Code Sections
12 363(b)(1) and 105(a), this Court may authorize the implementation of overbidding procedures.

13 The Ninth Circuit, in a case under the Bankruptcy Act, recognized the power of a
14 bankruptcy court to issue orders determining the terms and conditions for overbids with respect
15 to a sale of estate assets. *In re Crown Corporation*, 679 F.2d 774 (9th Cir. 1982). The *Crown*
16 *Corporation* court entered an order specifying the minimum consideration required for an
17 overbid as well as the particular contractual terms required to be offered by overbidders. *Id.* at
18 777. The *Crown Corporation* decision also approves an order requiring and setting the amount
19 of potential overbidder’s deposits and authorized courts to determine the disposition of such
20 deposits. *Id.* While the discussion is not extensive, the *Crown Corporation* decision recognizes
21 the authority of bankruptcy courts to order the implementation of bidding procedures such as
22 those proposed in the present case.

23 1. **The Overbid Procedures are Untainted by Self-Dealing**

24 The Bidding Procedures have been proposed in good faith and have been negotiated on
25 an “arms-length” basis. Therefore, there is no prospective taint in dealings between Trustee and
26 any potential bidders.

27

28

1 2. **The Overbid Procedures Encourage Bidding and are Fair in Amount**

2 The Bidding Procedures are designed to encourage, not hamper bidding and are
3 reasonable under the circumstances. The Bidding Procedures are intended to provide potential
4 overbidders with adequate information to make an informed decision as to the amount of their
5 bid and the validity of their bid.

6 3. **The Overbid Procedures are Fair, Reasonable and Serve the Best Interests of**
7 **the Estate**

8 The proposed Bidding Procedures serve the Estate in several ways. First, the Bidding
9 Procedures themselves are fair, reasonable and productive; they will permit the Trustee to
10 conduct an orderly sale and obtain the best possible price on the best possible terms for the
11 Property.

12 The Bidding Procedures will ensure that all bids will be comparable. The Trustee will
13 determine which bid is the highest and best for the Estate. The comparability requirement of the
14 Bidding Procedures will make it possible to accomplish this task.

15 The Bidding Procedures will help the Trustee to obtain the highest and best possible price
16 for the Property. The Bidding Procedures institute minimum overbid increments which the
17 Trustee believes are reasonable. Thus, the Trustee will be able to obtain substantial benefit for
18 this Estate from the sale of the Property from competing bids.

19 The Bidding Procedures require that potential bidders demonstrate their capacity to
20 complete the transaction. It would be a serious loss to the Estate if it surrendered its opportunity
21 to sell the Property to one buyer in favor of a competing bidder only to discover the successful
22 bidder incapable of consummating the transaction. Thus, requiring bidders to qualify as
23 qualified bidders will protect the Estate from such a loss.

24 Finally, the most important benefit of the Bidding Procedures to the Estate is that their
25 implementation will enable the consummation of the proposed sale. The proposed sale will be
26 the best way to obtain the maximum and most expedient recovery for creditors of this Estate.
27 Implementation of the Bidding Procedures is an essential component of consummating the sale
28 of the Property and maximizing the value of the Property for the Estate and creditors.

1 The Bidding Procedures proposed by the Trustee are fair and provide for a “level playing
2 field” for all prospective bidders with respect to the Property. The proposed Bidding Procedures
3 establish a reasonable but expeditious timeline for allowing the Trustee to give notice of the
4 proposed sale and qualified bidders to conduct reasonable due diligence and submit competing
5 offers for the Property, thereby potentially generating additional value for the Property.
6 Furthermore, the notice that the Trustee proposes to provide to creditors and parties in interest in
7 connection with the Bidding Procedures and the Sale Motion is designed to attract the most
8 interest in the acquisition of the Property and is sufficient under the circumstances of this case.
9 Thus, approval of the Bidding Procedures will serve the best interests of the Estate and its
10 creditors.

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

12 Federal Rule of Bankruptcy Procedure 6004(h) provides that “[a]n order authorizing the
13 use, sale or lease of property other than cash collateral is stayed until the expiration of 14 days
14 after entry of the order, unless the Court orders otherwise.” Fed. Rule Bankr. P. 6004(h).

15 The Trustee desires to close the sale of the Property as soon as practicable after entry of
16 an order approving the sale. Accordingly, the Trustee requests that the Court, in the discretion
17 provided it under Federal Rule of Bankruptcy Procedure 6004(h), waive the fourteen-day stay
18 requirement.

19 **E. Request for Payment of Real Estate Commission**

20 Bankruptcy Code Section 327 allows, with court approval, for the trustee to employ
21 professional persons, “that do not hold or represent an interest adverse to the estate, and that are
22 disinterested persons.” 11 U.S.C. § 327(a). By an Order entered on November 21, 2014, the
23 Trustee was authorized to employ the Broker to assist the Trustee in the marketing and sale of
24 the Property.

25 Bankruptcy Code Section 328 allows employment of a professional person under section
26 327 “on any reasonable terms and conditions of employment, including on a retainer, on an
27 hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis.” 11 U.S.C. §
28 328(a) (emphasis added). Through this Sale Motion, as provided in the Agreement, the Trustee

1 seeks authorization to pay a real estate broker commission in the amount of six percent (6%) of
2 the purchase price.

3 Through escrow on the sale of the Property, and subject to Bankruptcy Court approval,
4 the Trustee shall pay a real estate broker’s commission as follows. It should be noted that the
5 Buyer’s broker is the Debtor’s ex-husband, Peter Machin.

<u>Agent</u>	<u>Commission</u>
Trustee’s Broker Richard A. Halderman, Jr.	\$1,650.00
Buyer’s Broker Peter Machin	\$1,650.00
Total Commission	\$3,300.00

10 **IV. CONCLUSION**

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

- 13 1. Approving the Bidding Procedures set forth above for the sale of the Property.
- 14 2. Authorizing the Trustee to sell the Property to the Buyer (or Successful Bidder)
15 pursuant to the terms and conditions as set forth in the Agreement attached as **Exhibit “3”** to the
16 Bui Declaration.
- 17 3. Authorizing the sale of the Property free and clear of liens with all liens to attach
18 to the proceeds of the sale in the same validity, extent and priority as before the sale.
- 19 4. Authorizing the Trustee to sign any and all documents convenient and necessary
20 in pursuit of the sale as set forth above, including but not limited to any and all conveyances
21 contemplated by the Agreement attached as **Exhibit “3”** to the Bui Declaration.
- 22 5. Approving the payment of the real estate commission in the total amount not to
23 exceed six percent (6%) of the purchase price.
- 24 6. Authorizing the Trustee to pay from the proceeds of the sale of the Property
25 through escrow the following: (1) property taxes in the estimated amount of \$2,010; and (2) all
26 ordinary and customary costs of sale, including escrow fees.
- 27 7. A determination by the Court that the Buyer is in good faith pursuant to
28 Bankruptcy Code Section 363(m).

DECLARATION OF LYNDA T. BUI

I, Lynda T. Bui, declare:

1. I am the duly appointed, qualified and acting Chapter 7 Trustee for the bankruptcy estate of Mary Machin (“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) Approving the Sale of Real Property of the Estate Free and Clear of Certain Liens Pursuant to Bankruptcy Code §§ 363(b)(1) and (f); (2) Approving Payment of Real Estate Commission; and (3) Granting Related Relief (“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 and the accompanying Memorandum of Points and Authorities. The facts stated in the Sale Motion and the Memorandum of Points and Authorities are true to the best of my knowledge.

4. Pursuant to Court order entered on November 21, 2014, I was authorized to employ Richard A. Halderman, Jr. (“Broker”), to assist me in the marketing and sale of the Property.

5. The Broker investigated the Property and believed that the value of the Property was between \$50,000 and \$60,000. The Property was thus listed for the sale price of \$60,000. The Property was listed on the Pacific West MLS and the Combined Regional MLS (which covers all of Riverside, San Bernardino and San Diego counties) and multiple websites, and advertised for sale since approximately November 15, 2014. There was significant interest in the Property, including at least nine showings and two offers.

6. The Debtor did not list the Property on her Bankruptcy Schedules. As of the Petition Date, the Property was in the name of the Debtor and her ex-husband, Peter Machin (“Machin”), as husband and wife. Pursuant to a Judgment of Dissolution entered on January 27, 2012 between the Debtor and Machin, the Property was awarded solely to the Debtor.

1 7. On April 2, 2014, through my counsel, I filed a Complaint to Sell Property
2 Pursuant to 11 U.S.C. §363(h), for Turnover of Property of the Estate and for Declaratory Relief
3 against Machin seeking, *inter alia*, authority for turnover of the Property, commencing
4 Adversary Case No. 6:14-ap-01087-MJ (“Adversary Action”).

5 8. Pursuant to Summary Judgment entered on October 16, 2014, the Adversary
6 Action was adjudicated in my favor such that the Property was declared property of the Estate
7 and ordered to be turned over to the Estate. A true and correct copy of the Summary Judgment is
8 attached hereto as **Exhibit “1.”**

9 9. The Sale Motion sets forth the proposed treatment of all the liens and
10 encumbrances against the Property as detailed in Preliminary Title Report dated April 22, 2014,
11 a true and correct copy of which is attached hereto as **Exhibit “2.”**

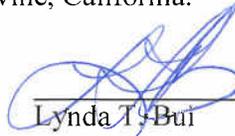
12 10. Through my Broker, I received an offer from the Buyer to purchase the Property
13 for \$55,000.00. Attached hereto as **Exhibit “3”** is a true and correct copy of the Residential
14 Purchase Agreement and Joint Escrow Instructions and Counter Offers and related addendum
15 (collectively, the “Agreement”) for which I am seeking Court approval.

16 11. Through the sale, I expect to generate proceeds of approximately \$48,590,⁵ which
17 will benefit the Estate by providing funds for a distribution to the holders of unsecured claims.

18 12. For the reasons set forth in the Sale Motion and this Declaration, I respectfully
19 request that the Court grant the Sale Motion so that I do not lose this favorable business
20 opportunity to net a substantial amount of money for the Estate.

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

23 Executed on March 9, 2015, at Irvine, California.

24 
25 _____
26 Lynda T. Bui
27

28 ⁵ This assumes that the Quagletti Lien is satisfied by the proceeds of the sale of the Palm Springs Property.

DECLARATION OF LEEANN DAVIS

I, Leeann Davis, declare:

1. I am over the age of eighteen. 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.

2. I make this Declaration in support of the Chapter 7 Trustee's Motion for Order: (1) Approving the Sale of Real Property of the Estate Free and Clear of Certain Liens Pursuant to Bankruptcy Code §§ 363(b)(1) and (f); (2) Approving Payment of Real Estate Commission; and (3) Granting Related Relief ("Sale Motion"). All capitalized terms not otherwise defined herein shall have the meaning set forth in the Sale Motion.

3. I am the Chief Operating Officer of San Pasqual Fiduciary Trust Company, the duly appointed interim trustee of the Michael J. Quagletti and Peggy M. Quagletti Trust dated May 10, 1980 ("Trust"). As interim trustee, the Trust holds a lien pursuant to an abstract of judgment recorded against the Property on July 27, 2011 as Recording No. 2011-0303343 and a partial satisfaction of judgment recorded June 20, 2012 as Instrument No. 2012-248592. The Trust consents to the sale of the Property free and clear of the Quagletti Lien so long as the Quagletti Lien attaches to the proceeds of the sale of the Property in the same validity, extent and priority as before the sale. The Trust agrees to be paid from the sale of the Palm Springs Property first and that any remainder still owing will be satisfied by the proceeds of the sale of the Property.

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

Executed on March 6, 2015, at Los Angeles, CA.



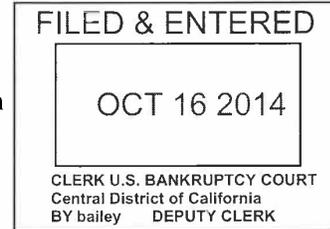
Leeann Davis

EXHIBIT "1"

SUMMARY JUDGMENT

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1 Leonard M. Shulman – Bar No. 126349
 2 Melissa Davis Lowe – Bar No. 245521
 3 **SHULMAN HODGES & BASTIAN LLP**
 4 8105 Irvine Center Drive, Suite 600
 5 Irvine, CA 92618
 6 Telephone: (949) 340-3400
 7 Facsimile: (949) 340-3000
 8 Email: lshulman@shbllp.com; mlowe@shbllp.com
 9 Attorneys for Plaintiff, Lynda T. Bui, Chapter 7 Trustee



10
 11 **UNITED STATES BANKRUPTCY COURT**
 12 **CENTRAL DISTRICT OF CALIFORNIA, RIVERSIDE DIVISION**

11 In re 12 MARY MACHIN, 13 Debtor. <hr/> 14 LYNDA T. BUI, solely in her capacity as 15 the Chapter 7 Trustee of the bankruptcy 16 estate of Mary Machin, 17 Plaintiff, 18 vs., 19 PETER MACHIN, an individual, 20 Defendant(s). 21 22 23) Case No. 6:13-bk-28695-MJ) Chapter 7) Adv. Case No. 6:14-ap-01087-MJ) SUMMARY JUDGMENT IN FAVOR OF) PLAINTIFF AND AGAINST) DEFENDANT) [Notice of Motion and Motion, Memorandum) of Points and Authorities, Separate Statement) of Uncontroverted Facts and Conclusions of) Law, and Request for Judicial Notice filed) concurrently herewith]) <u>Hearing:</u>) Date: October 9, 2014) Time: 10:00 a.m.) Place: Courtroom 301))))))
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24 The Motion (“Motion”) of Plaintiff Lynda T. Bui, solely in her capacity as the Chapter 7
 25 trustee for the bankruptcy estate of Mary Machin for summary judgment as to her claims for sale
 26 of property pursuant to 11 U.S.C. §363(h) and turnover of property of the estate pursuant to 11
 27 U.S.C. §542 against Defendant Peter Machin (“Defendant”) came on regularly for hearing before
 28 this Court on October 9, 2014 at 10:00 am, the Honorable Meredith Jury, United States

SHULMAN HODGES &
 BASTIAN LLP
 8105 Irvine Center Drive
 Suite 600
 Irvine, CA 92618

1

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 4770-002/56

Case 6:14-ap-01087-MJ Doc 29 Filed 10/16/14 Entered 10/16/14 15:59:31 Desc
Main Document Page 2 of 2

1 Bankruptcy Judge presiding. Melissa Davis Lowe appeared on behalf of Plaintiff and the
2 Defendant appeared on his own behalf. No other appearances were made.

3 Having given due consideration to the Motion, the declarations and other evidence
4 submitted in support of the Motion, the oppositions and replies thereto, the record and
5 proceedings in the Debtor's bankruptcy case and this adversary proceeding, the arguments of
6 counsel at the hearing, and for other good cause shown,

7 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED** as follows:

8 1. Judgment shall be entered in favor of Plaintiff and against Defendant on all causes
9 of action.

10 2. The Trustee is authorized to sell both the interest of the bankruptcy estate
11 ("Estate") and of the Defendant in the real property located at 510 N. Villa Court #208, Palm
12 Springs, CA 92262 ("Palm Springs Property") pursuant to 11 U.S.C. §363(h). The net proceeds
13 of the sale of the Palm Springs Property shall be split one-half (1/2) to the Estate and one-half
14 (1/2) to the Defendant.

15 3. The Crestline Property shall be turned over to the Trustee and shall be sold with
16 100% the proceeds of the sale to benefit the Estate.

17 4. The Court hereby declares that one-half (1/2) of the interest in the Palm Springs
18 Property is property of the Estate and one hundred percent (100%) of the Crestline Property is
19 property of the Estate pursuant to Section 541 of the Bankruptcy Code.

20 #####

21
22
23
24
25
26
27 Date: October 16, 2014

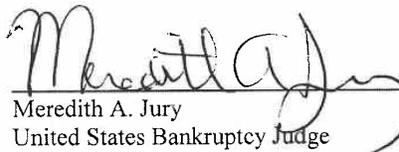

Meredith A. Jury
United States Bankruptcy Judge

EXHIBIT "2"

PRELIMINARY TITLE REPORT



Fidelity National Title Company

19000 MacArthur Blvd., Suite 300, Irvine, CA 92612
Phone: (949) 788-2800 • Fax: (949) 341-0251

PRELIMINARY REPORT

Title Officer: **Debbie Tognetti**
Phone: (949) 788-2825
Fax: (949) 341-0251
Email: debbie.tognetti@fnf.com

ORDER NO.: 00062612-997-OC1-DT

LOAN NO.:

Lido Pacific
225 N. Broadway
Santa Ana, CA 99999

ATTN: Richard
YOUR REF:

PROPERTY: 22032 North Waters Drive, Crestline Area, CA

EFFECTIVE DATE: April 22, 2014 at 7:30 a.m.

The form of policy or policies of title insurance contemplated by this report is:

ALTA Homeowner's Policy (2-3-10)
ALTA Extended Coverage Loan Policy (6-17-06)

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

a Fee
2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

Peter Machin and Mary Machin, husband and wife as joint tenants
3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

See Exhibit A attached hereto and made a part hereof.

DT/sb1 May 3, 2014

PRELIMINARY REPORT
YOUR REFERENCE:

Fidelity National Title Company
ORDER NO.: 00062612-997-OC1-DT

EXHIBIT A

LEGAL DESCRIPTION

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

LOTS 86, 87, 88 AND 89 IN BLOCK 11 AS SAID LOT AND BLOCK ARE DELINEATED AND SO DESIGNATED ON THAT CERTAIN MAP ENTITLED MAP OF CEDARPINES PARK NO. 4, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 23, PAGE 63 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF SAN BERNARDINO IN DEED RECORDED JUNE 24, 1953 IN BOOK 3212 PAGE 52 OF OFFICIAL RECORDS.

APN: 0342-253-58-0-000

PRELIMINARY REPORT
YOUR REFERENCE:

Fidelity National Title Company
ORDER NO.: 00062612-997-OCI-DT

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2014-2015.
2. Said property has been declared tax defaulted for non-payment of delinquent taxes for the fiscal year 2012-2013

Default No.: Not Shown
Default Date: June 30, 2012

Amounts to redeem for the above-stated fiscal year (and subsequent years, if any) are:

Amount: \$2,008.30, by: May 31, 2014
Amount: \$2,030.08, by: June 30, 2014

3. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 or Part 2, Chapter 3, Articles 3 and 4 respectively (commencing with Section 75) of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A; or as a result of changes in ownership or new construction occurring prior to date of policy.

Note: If said supplementals (if any) are not posted prior to the date of closing, this company assumes no liability for payment thereof.

4. Easement(s) for the purpose(s) shown below and rights incidental thereto as delineated or as offered for dedication on the map of said tract.

Purpose: Private road
Affects: The Southerly 30 feet
Recording No.: in Book 23, Page 63

5. Easement(s) for the purpose(s) shown below and rights incidental thereto as reserved in a document:

Reserved by: As provided therein
Purpose: Highways, telephone lines, power lines, pipe lines, sewers
Recording Date: March 9, 1924
Recording No: Instrument No. 834, in Book 382, Page , of Deeds
Affects: The Southerly 30 feet

6. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document:

Granted To: Cedarpines Park Mutual Water Co., a Corporation
Purpose: Pipe lines
Recording Date: April 10, 1934
Recording No: in Book 953, Page 270, of Official Records
Affects: Said land

The exact location and extent of said easement is not disclosed of record.

7. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document:

Granted To: As provided therein
Purpose: Pipe lines
Recording Date: March 14, 1935
Recording No: in Book 1045, Page 137, of Official Records
Affects: Said land

PRELIMINARY REPORT
YOUR REFERENCE:

Fidelity National Title Company
ORDER NO.: 00062612-997-OC1-DT

EXCEPTIONS
(Continued)

The exact location and extent of said easement is not disclosed of record.
and recorded February 11, 1947, in Book 1984, Page 392, of Official Records

8. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document:

Granted To: General public
Purpose: Public thoroughfare
Recording Date: July 6, 1939
Recording No: in Book 1357, Page 290, of Official Records
Affects: Said land

The exact location and extent of said easement is not disclosed of record.

9. A claim of lien for the amount shown and any other amounts due,

Amount: \$89.20
Claimant: San Bernardino County Department of Public Works Solid Waste Management Division
Recording Date: September 13, 2011
Recording No.: Instrument No. 2011-383659, of Official Records

10. An abstract of judgment for the amount shown below and any other amounts due:

Amount: \$104,455.12
Debtor: Mary J. Machin
Creditor: Mike Quagletti
Date entered: 7-19-2011
County: San Bernardino
Court: Torrance Civil
Case No.: YC060534
Recording Date: 7-27-2011
Recording No: 2011-0303343 a partial satisfaction recorded 6-20-2012 instrument no. 2012-248592

11. An abstract of judgment for the amount shown below and any other amounts due:

Amount: \$10,000
Debtor: Peter Machin
Creditor: Mary Machin
Date entered: 1-27-2012
County: San Bernardino
Court: Central District
Case No.: BD 483879
Recording Date: 3-6-2012 and 2-28-2013 and 4-8-2013
Recording No: 2012-87739 and 2013-87020 and 2013-143255
A Notice of Levy recorded 11-13-2013 as instrument number 2013-485911

PRELIMINARY REPORT
YOUR REFERENCE:

Fidelity National Title Company
ORDER NO.: 00062612-997-OC1-DT

EXCEPTIONS
(Continued)

12. Please be advised that our search did not disclose any open Deeds of Trust of record. If you should have knowledge of any outstanding obligation, please contact the Title Department immediately for further review prior to closing.
13. In order to complete this report, the Company requires a Statement of Information to be completed by the following party(s),

Party(s): All Parties

The Company reserves the right to add additional items or make further requirements after review of the requested Statement of Information.

NOTE: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact affect another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file.

14. Your application for title insurance was placed by reference to only a street address or tax identification number. Based on our records, we believe that the legal description in this report covers the parcel(s) of Land that you requested. If the legal description is incorrect, the seller/borrower must notify the Company and/or the settlement company in order to prevent errors and to be certain that the correct parcel(s) of Land will appear on any documents to be recorded in connection with this transaction and on the policy of title insurance.

END OF ITEMS

PRELIMINARY REPORT
YOUR REFERENCE:

Fidelity National Title Company
ORDER NO.: 00062612-997-OC1-DT

NOTES

1. Note: The current owner does NOT qualify for the \$20.00 discount pursuant to the coordinated stipulated judgments entered into actions filed by both the Attorney General and private class action plaintiff for the herein described Land.
2. None of the items shown in this report will cause the Company to decline to attach CLTA Endorsement Form 100 to an Extended Coverage Loan Policy, when issued.
3. Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land Single Family Dwelling, known as 22032 North Waters Drive, Crestline Area, California to an Extended Coverage Loan Policy.
4. Unless this company is in receipt of WRITTEN instructions authorizing a particular policy, Fidelity Title will AUTOMATICALLY issue the American Land Title Association Homeowner's Policy (02/03/2010) for all qualifying residential 1-4 properties/transactions to insure the buyer at the close of escrow.
5. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.
6. Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

Tax Identification No.:	0342-253-58-0-000
Fiscal Year:	2013-2014
1st Installment:	\$347.48
2nd installment:	\$347.45
Exemption:	\$0.00
Land:	\$13,488.00
Improvements:	\$29,681.00
Code Area:	105-025
Personal Property:	\$0.00
Bill No.:	130310257
7. If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.
8. Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an agent, an authorized employee of the insured lender, or by using Bancserv or other approved third party service. If the above requirements cannot be met, please call the Company at the number provided in this report
9. The RESPA Rule to Simplify and Improve the Process of Obtaining Mortgages and Reduce Consumer Settlement Cost includes a provision for average charges, allowing settlement service providers to establish an average recording fee. Transactions opening after May 1, 2014; the average recording charge for all residential loan transactions (including refinances) is \$85.00 and the charge for all residential sale transactions with a purchase money loan is \$85.00. Divide the average between the buyer and seller as per contract or local custom. The average charge is applied regardless of the number of documents recorded in the transaction, the number of pages in each document or the actual recording charges. If your transaction is not a residential loan or sale with a new loan, please contact your title professional for the actual recording charges.

PRELIMINARY REPORT
YOUR REFERENCE:

Fidelity National Title Company
ORDER NO.: 00062612-997-OC1-DT

NOTES
(Continued)

10. Note: Part of the RESPA Rule to simplify and Improve the Process of Obtaining Mortgages and Reduce Consumer Settlement Costs requires the settlement agent to disclose the agent and underwriter split of title premiums, including endorsements as follows:

Line 1107 is used to record the amount of the total title insurance premium, including endorsements, that is retained by the title agent. Fidelity National Title Company retains 88% of the total premium and endorsements.

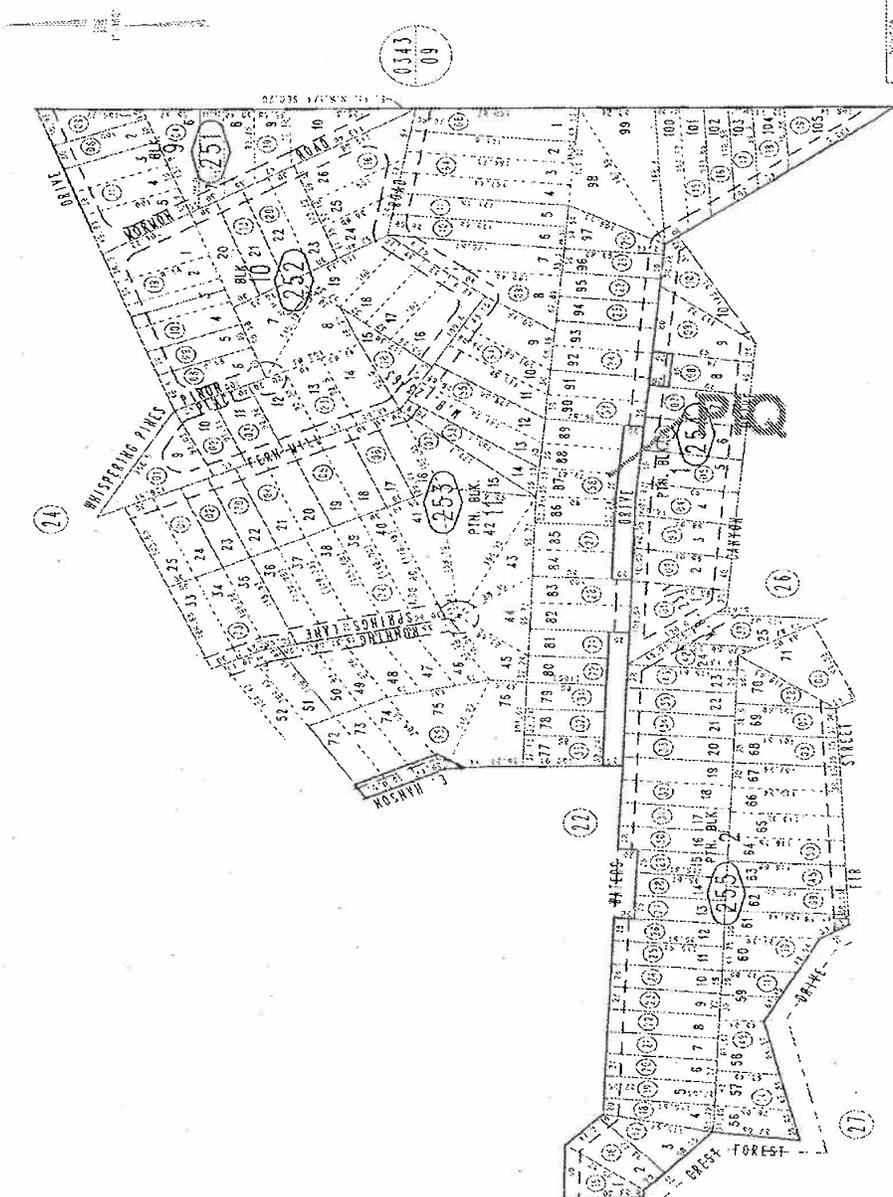
Line 1108 used to record the amount of the total title insurance premium, including endorsements, that is retained by the title underwriter. Fidelity National Title Insurance Company retains 12% of the total premium and endorsements.

END OF NOTES

Ptn. N.W.1/4 Sec.20, T.2N.,R.4W., S.B.B.&M.
 Rim of The World Unified 0342-25
 Tax Rate Area
 105029

Ptn. N.W.1/4 Sec.20, T.2N.,R.4W., S.B.B.&M.

UP IS THE APPROXIMATE
 VALUE FOR THE
 PARCEL



0342
 09

Assessor's Map
 Book 0342 Page 25
 San Bernardino County

File Geographical Book No. 4, R.B. 23/01
 File Geographical Book No. 6, 13/12

5005

Fidelity National Title Company
 This plat is for your aid in locating your land with reference
 to streets and other parcels. While this plat is believed to be
 correct, the Company assumes no liability for any loss
 occurring by reason of reliance thereon

Subj: **Prelim for File #: 00062612-997-OC1-DT - 22032 North Waters Drive, Crestline Area, CA 92325 - Machin**
Date: 5/13/2014 4:04:46 P.M. Pacific Daylight Time
From: Debbie.Tognetti@fnf.com
To: lidopacmgt@aol.com

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Tuesday, May 13, 2014 AOL: lidopacmgt



Fidelity National Title Company

PRELIMINARY REPORT

In response to the application for a policy of title insurance referenced herein, Fidelity National Title 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 herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions 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 Attachment One. 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 Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

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.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Fidelity National Title Insurance Company, a California Corporation.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One 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.

Countersigned by:

Authorized Signature



BY President
ATTEST Secretary

Authorized Signature

EXHIBIT "3"

PURCHASE AGREEMENT



CALIFORNIA ASSOCIATION OF REALTORS®

COUNTER OFFER No. ONE

For use by Seller or Buyer. May not be used as a multiple counter offer.

(C.A.R. Form CO, Revised 11/13)

In re Machin, Mary Chapter 7 Bk. #6:13-28695 MJ

Date January 23, 2015

This is a counter offer to the: California Residential Purchase Agreement, Counter Offer No. _____, or Other _____ ("Offer"), dated January 10, 2015, on property known as 22032 Waters Drive, Cedarpines Park, Ca 92322 ("Property"), between Charles Prostak ("Buyer") and Lynda T. Bui, Chapter 7 Trustee ("Seller").

- 1. TERMS: The terms and conditions of the above referenced document are accepted subject to the following:
A. Paragraphs in the Offer that require initials by all parties, but are not initialed by all parties, are excluded from the final agreement unless specifically referenced for inclusion in paragraph 1C of this or another Counter Offer or an addendum.
B. Unless otherwise agreed in writing, down payment and loan amount(s) will be adjusted in the same proportion as in the original Offer.
C. OTHER TERMS: 1. Property is being sold in AS IS condition with no expressed/implied warranties. 2. Sale subject to Bankruptcy Court approval and overbid. 3. Escrow to be with A&A Escrow, Beverly Hills. Title insurance with Fidelity Title
4. Seller does not accept page two, paragraph 7(A)(2) and page three para. 7(B)(2).
5. Buyer is made aware that the close of escrow on this property cannot occur until the Trustee sells/closes escrow on 510 N. Villa Court, #208, Palm Springs, Ca 92262.
6. Buyers agent, Peter Machin, is the ex-husband of debtor Mary Machin.

D. The following attached addenda are incorporated into this Counter offer: Addendum No. _____ _____

- 2. Expiration: This Counter Offer shall be deemed revoked and the deposits, if any, shall be returned:
A. Unless by 5:00pm on the third Day After the date it is signed in paragraph 3 (if more than one signature then, the last signature date)(or by AM PM on _____ (date)) (i) it is signed in paragraph 4 by the Buyer or Seller to whom it is sent and (ii) a copy of the signed Counter Offer is personally received by the person making it or Richard Halderman Jr., who is authorized to receive it.
OR B. If the Buyer or Seller who made the Counter Offer withdraws it anytime prior to Acceptance (C.A.R. Form WOO may be used).
3. OFFER: BUYER OR SELLER MAKES THIS COUNTER OFFER ON THE TERMS ABOVE AND ACKNOWLEDGES RECEIPT OF A COPY.
 Buyer Seller Date 1/ /2015
 Buyer Seller Lynda T. Bui, Chapter 7 Trustee Date _____
4. ACCEPTANCE: I/WE accept the above Counter Offer (if checked SUBJECT TO THE ATTACHED COUNTER OFFER) and acknowledge receipt of a Copy.
 Buyer Seller Date _____ Time _____ AM/PM
 Buyer Seller Date _____ Time _____ AM/PM

CONFIRMATION OF ACCEPTANCE:

(_____/_____) (Initials) Confirmation of Acceptance: A Copy of Signed Acceptance was personally received by the maker of the Counter Offer, or that person's authorized agent as specified in paragraph 2A on (date) _____ at _____ AM/PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by the maker of the Counter Offer, or that person's authorized agent whether or not confirmed in this document.

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THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ACCURACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

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Reviewed by _____ Date _____



CO REVISED 11/13 (PAGE 1 OF 1) Print Date BD Apr 14

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CALIFORNIA ASSOCIATION OF REALTORS®

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (C.A.R. Form RPA-CA, Revised 11/14)

Date Prepared: 01/10/2015

1. OFFER:
- A. THIS IS AN OFFER FROM Charles Prostak ("Buyer").
 - B. THE REAL PROPERTY to be acquired is 22032 Waters Drive, Cedarpines Park, Ca 92322, situated in Cedarpines Park (City), Orange County, California, 92322 (Zip Code), Assessor's Parcel No. 0342-253-58 ("Property").
 - C. THE PURCHASE PRICE offered is Fifty-Five Thousand Dollars \$ 55,000.00.
 - D. CLOSE OF ESCROW shall occur on _____ (date) or 45 Days After Acceptance.
 - E. Buyer and Seller are referred to herein as the "Parties." Brokers are not Parties to this Agreement.

2. AGENCY:
- A. DISCLOSURE: The Parties each acknowledge receipt of a "Disclosure Regarding Real Estate Agency Relationships" (C.A.R. Form AD).
 - B. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:
 Listing Agent Lido Pacific Asset Mgmt (Print Firm Name) is the agent of (check one):
 the Seller exclusively; or both the Buyer and Seller.
 Selling Agent Century 21 Action! (Print Firm Name) (if not the same as the Listing Agent) is the agent of (check one): the Buyer exclusively; or the Seller exclusively; or both the Buyer and Seller.
 - C. POTENTIALLY COMPETING BUYERS AND SELLERS: The Parties each acknowledge receipt of a "Possible Representation of More than One Buyer or Seller - Disclosure and Consent" (C.A.R. Form PRBS).

3. FINANCE TERMS: Buyer represents that funds will be good when deposited with Escrow Holder.
- A. INITIAL DEPOSIT: Deposit shall be in the amount of \$ 2,000.00
 (1) Buyer Direct Deposit: Buyer shall deliver deposit directly to Escrow Holder by electronic funds transfer, cashier's check, personal check, other _____ within 3 business days after Acceptance (or _____);
 OR (2) Buyer Deposit with Agent: Buyer has given the deposit by personal check (or _____) to the agent submitting the offer (or to Century 21 Action!). The deposit shall be held uncashed until Acceptance and then deposited with Escrow Holder within 3 business days after Acceptance (or _____).
 Deposit checks given to agent shall be an original signed check and not a copy.
 (Note: Initial and increased deposits checks received by agent shall be recorded in Broker's trust fund log.)

- B. INCREASED DEPOSIT: Buyer shall deposit with Escrow Holder an increased deposit in the amount of \$ 10,000.00 within _____ Days After Acceptance (or _____).
 If the Parties agree to liquidated damages in this Agreement, they also agree to incorporate the increased deposit into the liquidated damages amount in a separate liquidated damages clause (C.A.R. Form RID) at the time the increased deposit is delivered to Escrow Holder.

- C. ALL CASH OFFER: No loan is needed to purchase the Property. Written verification of sufficient funds to close this transaction IS ATTACHED to this offer or Buyer shall, within 3 (or _____) Days After Acceptance, Deliver to Seller such verification.

- D. LOAN(S):
 (1) FIRST LOAN: in the amount of \$ _____
 This loan will be conventional financing or FHA, VA, Seller financing (C.A.R. Form SFA), assumed financing (C.A.R. Form AFA), Other _____. This loan shall be at a fixed rate not to exceed 6.000 % or, an adjustable rate loan with initial rate not to exceed _____%. Regardless of the type of loan, Buyer shall pay points not to exceed _____% of the loan amount.
 (2) SECOND LOAN in the amount of \$ 43,000.00
 This loan will be conventional financing or Seller financing (C.A.R. Form SFA), assumed financing (C.A.R. Form AFA), Other _____. This loan shall be at a fixed rate not to exceed _____% or, an adjustable rate loan with initial rate not to exceed _____%. Regardless of the type of loan, Buyer shall pay points not to exceed _____% of the loan amount.

- (3) FHA/VA: For any FHA or VA loan specified in 3D(1), Buyer has 17 (or _____) Days After Acceptance to Deliver to Seller written notice (C.A.R. Form FVA) of any lender-required repairs or costs that Buyer requests Seller to pay for or otherwise correct. Seller has no obligation to pay or satisfy lender requirements unless agreed in writing. A FHA/VA amendatory clause (C.A.R. Form FVAC) shall be a part of this transaction.

- E. ADDITIONAL FINANCING TERMS: _____
- F. BALANCE OF DOWN PAYMENT OR PURCHASE PRICE in the amount of \$ _____ to be deposited with Escrow Holder pursuant to Escrow Holder Instructions.

G. PURCHASE PRICE (TOTAL): \$ 55,000.00

Buyer's Initials (CP) (_____) Seller's Initials (PP) (_____)

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CENTURY 21 Action, 2799 Temple Ave. Signal Hill, CA 90755 Phone: (310) 408-3656 Fax: (562) 216-1381 Charlet Post
 Pete Machin Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.ziplogix.com

Property Address: 22032 Waters Drive, Cedarpines Park, Ca 92322 Date: January 10, 2015

- H. **VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS:** Buyer (or Buyer's lender or loan broker pursuant to paragraph 3J(1)) shall, within 3 (or ____) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs. (Verification attached.)
- I. **APPRAISAL CONTINGENCY AND REMOVAL:** This Agreement is (or is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the purchase price. Buyer shall, as specified in paragraph 14B(3), in writing, remove the appraisal contingency or cancel this Agreement within 17 (or ____) Days After Acceptance.
- J. **LOAN TERMS:**
 (1) **LOAN APPLICATIONS:** Within 3 (or ____) Days After Acceptance, Buyer shall Deliver to Seller a letter from Buyer's lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in paragraph 3D. If any loan specified in paragraph 3D is an adjustable rate loan, the prequalification or preapproval letter shall be based on the qualifying rate, not the initial loan rate. (Letter attached.)
 (2) **LOAN CONTINGENCY:** Buyer shall act diligently and in good faith to obtain the designated loan(s). Buyer's qualification for the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. If there is no appraisal contingency or the appraisal contingency has been waived or removed, then failure of the Property to appraise at the purchase price does not entitle Buyer to exercise the cancellation right pursuant to the loan contingency if Buyer is otherwise qualified for the specified loan. Buyer's contractual obligations regarding deposit, balance of down payment and closing costs are not contingencies of this Agreement.
 (3) **LOAN CONTINGENCY REMOVAL:** Within 21 (or ____) Days After Acceptance, Buyer shall, as specified in paragraph 14, in writing, remove the loan contingency or cancel this Agreement. If there is an appraisal contingency, removal of the loan contingency shall not be deemed removal of the appraisal contingency.
 (4) **NO LOAN CONTINGENCY:** Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.
 (5) **LENDER LIMITS ON BUYER CREDITS:** Any credit to Buyer, from any source, for closing or other costs that is agreed to by the Parties ("Contractual Credit") shall be disclosed to Buyer's lender. If the total credit allowed by Buyer's lender ("Lender Allowable Credit") is less than the Contractual Credit, then (i) the Contractual Credit shall be reduced to the Lender Allowable Credit, and (ii) in the absence of a separate written agreement between the Parties, there shall be no automatic adjustment to the purchase price to make up for the difference between the Contractual Credit and the Lender Allowable Credit.
- K. **BUYER STATED FINANCING:** Seller is relying on Buyer's representation of the type of financing specified (including but not limited to, as applicable, all cash, amount of down payment, or contingent or non-contingent loan). Seller has agreed to a specific closing date, purchase price and to sell to Buyer in reliance on Buyer's covenant concerning financing. Buyer shall pursue the financing specified in this Agreement. Seller has no obligation to cooperate with Buyer's efforts to obtain any financing other than that specified in the Agreement and the availability of any such alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.
4. **SALE OF BUYER'S PROPERTY:**
 A. This Agreement and Buyer's ability to obtain financing are NOT contingent upon the sale of any property owned by Buyer.
 OR B. This Agreement and Buyer's ability to obtain financing are contingent upon the sale of property owned by Buyer as specified in the attached addendum (C.A.R. Form COP).
5. **ADDENDA AND ADVISORIES:**
- | | |
|--|---|
| A. ADDENDA: | <input type="checkbox"/> Addendum # _____ (C.A.R. Form ADM) |
| <input type="checkbox"/> Back Up Offer Addendum (C.A.R. Form BUO) | <input checked="" type="checkbox"/> Court Confirmation Addendum (C.A.R. Form CCA) |
| <input type="checkbox"/> Septic, Well and Property Monument Addendum (C.A.R. Form SWP) | |
| <input type="checkbox"/> Short Sale Addendum (C.A.R. Form SSA) | <input type="checkbox"/> Other _____ |
- | | |
|---|--|
| B. BUYER AND SELLER ADVISORIES: | <input checked="" type="checkbox"/> Buyer's Inspection Advisory (C.A.R. Form BIA) |
| <input type="checkbox"/> Probate Advisory (C.A.R. Form PAK) | <input checked="" type="checkbox"/> Statewide Buyer and Seller Advisory (C.A.R. Form SBSA) |
| <input type="checkbox"/> Trust Advisory (C.A.R. Form TA) | <input type="checkbox"/> REO Advisory (C.A.R. Form REO) |
| <input type="checkbox"/> Short Sale Information and Advisory (C.A.R. Form SSIA) | <input type="checkbox"/> Other _____ |
6. **OTHER TERMS:** _____
7. **ALLOCATION OF COSTS**
 A. **INSPECTIONS, REPORTS AND CERTIFICATES:** Unless otherwise agreed in writing, this paragraph only determines who is to pay for the inspection, test, certificate or service ("Report") mentioned; it does not determine who is to pay for any work recommended or identified in the Report.
 (1) Buyer Seller shall pay for a natural hazard zone disclosure report, including tax environmental Other: _____ prepared by _____
 (2) Buyer Seller shall pay for the following Report Any city inspection and work required prepared by _____ SUBJECT TO COUNTER OFFER
 (3) Buyer Seller shall pay for the following Report _____ prepared by _____

Buyer's Initials () ()

Seller's Initials () ()

RPA-CA REVISED 11/14 (PAGE 2 OF 10)

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 2 OF 10)

Produced with zipForm® by zipLogix 16070 Fifteen Mile Road, Fraser, Michigan 48026 www.ziplogix.com

Charles Pest



Property Address: 22032 Waters Drive, Cedarpines Park, Ca 92322 Date: January 10, 2015

9. CLOSING AND POSSESSION:

- A. Buyer intends (or does not intend) to occupy the Property as Buyer's primary residence.
- B. Seller-occupied or vacant property: Possession shall be delivered to Buyer: (i) at 6 PM or (AM/ PM) on the date of Close Of Escrow; (ii) no later than 3 calendar days after Close Of Escrow; or (iii) at AM/ PM on _____.
- C. Seller remaining in possession After Close Of Escrow: If Seller has the right to remain in possession after Close Of Escrow, (i) the Parties are advised to sign a separate occupancy agreement such as C.A.R. Form SIP, for Seller continued occupancy of less than 30 days, C.A.R. Form RLAS for Seller continued occupancy of 30 days or more; and (ii) the Parties are advised to consult with their insurance and legal advisors for information about liability and damage or injury to persons and personal and real property; and (iii) Buyer is advised to consult with Buyer's lender about the impact of Seller's occupancy on Buyer's loan.
- D. Tenant-occupied property: Property shall be vacant at least 5 (or) Days Prior to Close Of Escrow, unless otherwise agreed in writing. Note to Seller: If you are unable to deliver Property vacant in accordance with rent control and other applicable Law, you may be in breach of this Agreement.

OR Tenant to remain in possession (C.A.R. Form TIP).

- E. At Close Of Escrow: Seller assigns to Buyer any assignable warranty rights for items included in the sale; and Seller shall Deliver to Buyer available Copies of any such warranties. Brokers cannot and will not determine the assignability of any warranties.
- F. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys, passwords, codes and/or means to operate all locks, mailboxes, security systems, alarms, home automation systems and intranet and Internet-connected devices included in the purchase price, and garage door openers. If the Property is a condominium or located in a common interest subdivision, Buyer may be required to pay a deposit to the Homeowners' Association ("HOA") to obtain keys to accessible HOA facilities.

10. STATUTORY AND OTHER DISCLOSURES (INCLUDING LEAD-BASED PAINT HAZARD DISCLOSURES) AND CANCELLATION RIGHTS:

- A. (1) Seller shall, within the time specified in paragraph 14A, Deliver to Buyer: (i) if required by Law, a fully completed: Federal Lead-Based Paint Disclosures (C.A.R. Form FLD) and pamphlet ("Lead Disclosures"); and (ii) unless exempt, fully completed disclosures or notices required by sections 1102 et. seq. and 1103 et. seq. of the Civil Code ("Statutory Disclosures"). Statutory Disclosures include, but are not limited to, a Real Estate Transfer Disclosure Statement ("TDS"), Natural Hazard Disclosure Statement ("NHD"), notice or actual knowledge of release of illegal controlled substance, notice of special tax and/or assessments (or, if allowed, substantially equivalent notice regarding the Mello-Roos Community Facilities Act of 1982 and Improvement Bond Act of 1915) and, if Seller has actual knowledge, of industrial use and military ordnance location (C.A.R. Form SPQ or SSD).
- (2) Any Statutory Disclosure required by this paragraph is considered fully completed if Seller has answered all questions and completed and signed the Seller section(s) and the Listing Agent, if any, has completed and signed the Listing Broker section(s), or, if applicable, an Agent Visual Inspection Disclosure (C.A.R. Form AVID). Nothing stated herein relieves a Buyer's Broker, if any, from the obligation to (i) conduct a reasonably competent and diligent visual inspection of the accessible areas of the Property and disclose, on Section IV of the TDS, or an AVID, material facts affecting the value or desirability of the Property that were or should have been revealed by such an inspection or (ii) complete any sections on all disclosures required to be completed by Buyer's Broker.
- (3) Note to Buyer and Seller: Waiver of Statutory and Lead Disclosures is prohibited by Law.
- (4) Seller, unless exempt from the obligation to provide a TDS, shall, within the time specified in paragraph 14A, complete and provide Buyer with a Seller Property Questionnaire (C.A.R. Form SPQ) OR Supplemental Contractual and Statutory Disclosure (C.A.R. Form SSD).
- (5) Buyer shall, within the time specified in paragraph 14B(1), return Signed Copies of the Statutory, Lead and other disclosures to Seller.
- (6) In the event Seller or Listing Broker, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer, Seller shall promptly provide a subsequent or amended disclosure or notice, in writing, covering those items. However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies of which Buyer is otherwise aware, or which are disclosed in reports provided to or obtained by Buyer or ordered and paid for by Buyer.
- (7) If any disclosure or notice specified in paragraph 10A(1), or subsequent or amended disclosure or notice is Delivered to Buyer after the offer is Signed, Buyer shall have the right to cancel this Agreement within 3 Days After Delivery in person, or 5 Days After Delivery by deposit in the mail, by giving written notice of cancellation to Seller or Seller's agent.
- B. NATURAL AND ENVIRONMENTAL HAZARD DISCLOSURES AND OTHER BOOKLETS: Within the time specified in paragraph 14A, Seller shall, if required by Law: (i) Deliver to Buyer earthquake guide(s) (and questionnaire), environmental hazards booklet, and home energy rating pamphlet; (ii) disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; and Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.
- C. WITHHOLDING TAXES: Within the time specified in paragraph 14A, to avoid required withholding, Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law (C.A.R. Form AS or QS).
- D. MEGAN'S LAW DATABASE DISCLOSURE: Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this Information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer's inspection contingency period. Brokers do not have expertise in this area.)
- E. NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES: This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov/>. To seek further information about possible transmission pipelines near the Property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Web site.

Buyer's Initials () ()
RPA-CA REVISED 11/14 (PAGE 4 OF 10)

Seller's Initials () ()



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 4 OF 10)

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Charles Post

SUBJECT TO COUNTER OFFER

Property Address: 22032 Waters Drive, Cedarpinos Park, Ca 92322 Date: January 10, 2015

F. CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES:

- (1) SELLER HAS: 7 (or ___) Days After Acceptance to disclose to Buyer if the Property is a condominium, or is located in a planned development or other common interest subdivision (C.A.R. Form SPQ or SSD).
 - (2) If the Property is a condominium or is located in a planned development or other common interest subdivision, Seller has 3 (or ___) Days After Acceptance to request from the HOA (C.A.R. Form HOA1): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings; and (v) the names and contact information of all HOAs governing the Property (collectively, "CI Disclosures"). Seller shall itemize and Deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 14B(3). The Party specified in paragraph 7, as directed by escrow, shall deposit funds into escrow or direct to HOA or management company to pay for any of the above.
11. CONDITION OF PROPERTY: Unless otherwise agreed in writing: (i) the Property is sold (a) "AS-IS" in its PRESENT physical condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow.
- A. Seller shall, within the time specified in paragraph 14A, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, and make any and all other disclosures required by law.
 - B. Buyer has the right to conduct Buyer Investigations of the Property and, as specified in paragraph 14B, based upon information discovered in those investigations: (i) cancel this Agreement; or (ii) request that Seller make Repairs or take other action.
 - C. Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition. Seller may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.

12. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:

- A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 14B. Within the time specified in paragraph 14B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms. Any inspection for wood destroying pests and organisms shall be prepared by a registered Structural Pest Control company; shall cover the main building and attached structures; may cover detached structures; shall NOT include water tests of shower pans on upper level units unless the owners of property below the shower consent; shall NOT include roof coverings; and, if the Property is a unit in a condominium or other common interest subdivision, the inspection shall include only the separate interest and any exclusive-use areas being transferred, and shall NOT include common areas; and shall include a report ("Pest Control Report") showing the findings of the company which shall be separated into sections for evident infestation or infections (Section 1) and for conditions likely to lead to infestation or infection (Section 2); (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property including the availability and cost of flood and fire insurance; (v) review and seek approval of leases that may need to be assumed by Buyer; and (vi) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made: (i) invasive or destructive Buyer Investigations except to the extent required to prepare a Pest Control Report; or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.
- B. Seller shall make the Property available for all Buyer Investigations. Buyer shall (i) as specified in paragraph 14B, complete Buyer Investigations and either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all such investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.
- C. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.
- D. Buyer indemnify and seller protection for entry upon property: Buyer shall: (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-Responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination of this Agreement.

13. TITLE AND VESTING:

- A. Within the time specified in paragraph 14, Buyer shall be provided a current preliminary title report ("Preliminary Report"). The Preliminary Report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the Preliminary Report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 14B. The company providing the Preliminary Report shall, prior to issuing a Preliminary Report, conduct a search of the General Index for all Sellers except banks or other institutional lenders selling properties they acquired through foreclosure (REOs), corporations, and government entities. Seller shall within 7 Days After Acceptance, give Escrow Holder a completed Statement of Information.
- B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except for: (i) monetary liens of record (which Seller is obligated to pay off) unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.
- C. Within the time specified in paragraph 14A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.
- D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.

Buyer's Initials (a) ()
RPA-CA REVISED 11/14 (PAGE 5 OF 10)

Seller's Initials (R) (P)



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 5 OF 10)

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Charles Post
SUBJECT TO COMPUTER OFFER

Property Address: 22032 Waters Drive, Cedarpines Park, Ca 92322 Date: January 10, 2015

E. Buyer shall receive a CLTA/ALTA "Homeowner's Policy of Title Insurance", if applicable to the type of property and buyer. If not, Escrow Holder shall notify Buyer. A title company can provide information about the availability, coverage, and cost of other title policies and endorsements. If the Homeowner's Policy is not available, Buyer shall choose another policy, instruct Escrow Holder in writing and shall pay any increase in cost.

14. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).

A. SELLER HAS: 7 (or ___) Days After Acceptance to Deliver to Buyer all Reports, disclosures and information for which Seller is responsible under paragraphs 5, 6, 7, 8B(4), 10A, B, C, and F, 11A and 13A. If, by the time specified, Seller has not delivered any such item, Buyer after first Delivering to Seller a Notice to Seller to Perform (C.A.R. Form NSP) may cancel this Agreement.

B. (1) BUYER HAS: 17 (or ___) Days After Acceptance, unless otherwise agreed in writing, to:
(i) complete all Buyer Investigations; review all disclosures, reports, lease documents to be assumed by Buyer pursuant to paragraph 8B(4), and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property; and (ii) Deliver to Seller Signed Copies of Statutory and Lead Disclosures and other disclosures Delivered by Seller in accordance with paragraph 10A.

(2) Within the time specified in paragraph 14B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to (C.A.R. Form RRRR) Buyer's requests.

(3) By the end of the time specified in paragraph 14B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller a removal of the applicable contingency or cancellation (C.A.R. Form CR or CC) of this Agreement. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in paragraph 14A, then Buyer has 5 (or ___) Days After Delivery of any such items, or the time specified in paragraph 14B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.

(4) Continuation of Contingency: Even after the end of the time specified in paragraph 14B(1) and before Seller cancels, if at all, pursuant to paragraph 14C, Buyer retains the right, in writing, to either (i) remove remaining contingencies, or (ii) cancel this Agreement based on a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to paragraph 14C(1).

C. SELLER RIGHT TO CANCEL:

(1) Seller right to Cancel; Buyer Contingencies: If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement, then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.

(2) Seller right to Cancel; Buyer Contract Obligations: Seller, after first delivering to Buyer a NBP, may cancel this Agreement if, by the time specified in this Agreement, Buyer does not take the following action(s): (i) Deposit funds as required by paragraph 3A, or 3B or if the funds deposited pursuant to paragraph 3A or 3B are not good when deposited; (ii) Deliver a notice of FHA or VA costs or terms as required by paragraph 3D(3) (C.A.R. Form FVA); (iii) Deliver a letter as required by paragraph 3J(1); (iv) Deliver verification, or a satisfactory verification if Seller reasonably disapproves of the verification already provided, as required by paragraph 3C or 3H; (v) Return Statutory and Lead Disclosures as required by paragraph 10A(5); or (vi) Sign or initial a separate liquidated damages form for an increased deposit as required by paragraphs 3B and 21B; or (vii) Provide evidence of authority to sign in a representative capacity as specified in paragraph 19. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.

D. NOTICE TO BUYER OR SELLER TO PERFORM: The NBP or NSP shall: (i) be in writing; (ii) be signed by the applicable Buyer or Seller; and (iii) give the other Party at least 2 (or ___) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP or NSP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for the other Party to remove a contingency or cancel this Agreement or meet an obligation specified in paragraph 14.

E. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES: If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in writing, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for the inability to obtain financing.

F. CLOSE OF ESCROW: Before Buyer or Seller may cancel this Agreement for failure of the other Party to close escrow pursuant to this Agreement, Buyer or Seller must first Deliver to the other Party a demand to close escrow (C.A.R. Form DCE). The DCE shall: (i) be signed by the applicable Buyer or Seller; and (ii) give the other Party at least 3 (or ___) Days After Delivery to close escrow. A DCE may not be Delivered any earlier than 3 Days Prior to the scheduled close of escrow.

G. EFFECT OF CANCELLATION ON DEPOSITS: If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, the Parties agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Except as specified below, release of funds will require mutual Signed release instructions from the Parties, judicial decision or arbitration award. If either Party fails to execute mutual instructions to cancel, one Party may make a written demand to Escrow Holder for the deposit. (C.A.R. Form BDRD or SDRD) Escrow Holder, upon receipt, shall promptly deliver notice of the demand to the other Party. If, within 10 Days After Escrow Holder's notice, the other Party does not object to the demand, Escrow Holder shall disburse the deposit to the Party making the demand. If Escrow Holder complies with the preceding process, each Party shall be deemed to have released Escrow Holder from any and all claims or liability related to the disbursement of the deposit. Escrow Holder, at its discretion, may nonetheless require mutual cancellation instructions. A Party may be subject to a civil penalty of up to \$1,000 for refusal to sign cancellation instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).

15. FINAL VERIFICATION OF CONDITION: Buyer shall have the right to make a final verification of the Property within 5 (or ___) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 11; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. Form VP).

Buyer's Initials () ()

Seller's Initials () ()

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CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 6 OF 10)

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Charles Post

SUBJECT TO COUNTER OFFER

Property Address: 22032 Waters Drive, Cedarpines Park, Ca 92322 Date: January 10, 2015

- 16. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain invoices and paid receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of Invoices and paid receipts and statements to Buyer prior to final verification of condition.
- 17. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller (see C.A.R. Form SPT or SBSA for further information). **TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER.** Prorations shall be made based on a 30-day month.
- 18. **BROKERS:**
 - A. **COMPENSATION:** Seller or Buyer, or both, as applicable, agree to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
 - B. **SCOPE OF DUTY:** Buyer and Seller acknowledge and agree that Broker: (i) Does not decide what price Buyer should pay or Seller should accept; (ii) Does not guarantee the condition of the Property; (iii) Does not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) Does not have an obligation to conduct an inspection of common areas or areas off the site of the Property; (v) Shall not be responsible for identifying defects on the Property, in common areas, or offsite unless such defects are visually observable by an inspection of reasonably accessible areas of the Property or are known to Broker; (vi) Shall not be responsible for inspecting public records or permits concerning the title or use of Property; (vii) Shall not be responsible for identifying the location of boundary lines or other items affecting title; (viii) Shall not be responsible for verifying square footage, representations of others or information contained in Investigation reports, Multiple Listing Service, advertisements, flyers or other promotional material; (ix) Shall not be responsible for determining the fair market value of the Property or any personal property included in the sale; (x) Shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller; and (xi) Shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.
- 19. **REPRESENTATIVE CAPACITY:** If one or more Parties is signing this Agreement in a representative capacity and not for him/herself as an individual then that Party shall so indicate in paragraph 31 or 32 and attach a Representative Capacity Signature Disclosure (C.A.R. Form RCSD). Wherever the signature or initials of the representative identified in the RCSD appear on this Agreement or any related documents, it shall be deemed to be in a representative capacity for the entity described and not in an individual capacity, unless otherwise indicated. The Party acting in a representative capacity (i) represents that the entity for which that party is acting already exists and (ii) shall Deliver to the other Party and Escrow Holder, within 3 Days After Acceptance, evidence of authority to act in that capacity (such as but not limited to: applicable trust document, or portion thereof, letters testamentary, court order, power of attorney, resolution, or formation documents of the business entity).
- 20. **JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:**
 - A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: paragraphs 1, 3, 4B, 5A, 6, 7, 10C, 13, 14G, 17, 18A, 19, 20, 26, 29, 30, 31, 32 and paragraph D of the section titled Real Estate Brokers on page 10. If a Copy of the separate compensation agreement(s) provided for in paragraph 18A, or paragraph D of the section titled Real Estate Brokers on page 10 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions, if any, directly from Escrow Holder and will execute such provisions within the time specified in paragraph 7C(1)(c). To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow and, as directed by Escrow Holder, within 3 (or ___) Days, shall pay to Escrow Holder or HOA or HOA management company or others any fee required by paragraphs 7, 10 or elsewhere in this Agreement.
 - B. A Copy of this Agreement including any counter offer(s) and addenda shall be delivered to Escrow Holder within 3 Days After Acceptance (or _____). Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement. Escrow Holder shall provide Seller's Statement of Information to Title company when received from Seller. If Seller delivers an affidavit to Escrow Holder to satisfy Seller's FIRPTA obligation under paragraph 10C, Escrow Holder shall deliver to Buyer a Qualified Substitute statement that complies with federal Law.
 - C. Brokers are a party to the escrow for the sole purpose of compensation pursuant to paragraph 18A and paragraph D of the section titled Real Estate Brokers on page 10. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraph 18A, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement.

Buyer's Initials () ()
RPA-CA REVISED 11/14 (PAGE 7 OF 10)

Seller's Initials () () 

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 7 OF 10)

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Property Address: 22032 Waters Drive, Cedarpines Park, Ca 92322 Date: January 10, 2015

- D. Upon receipt, Escrow Holder shall provide Seller and Seller's Broker verification of Buyer's deposit of funds pursuant to paragraph 3A and 3B. Once Escrow Holder becomes aware of any of the following, Escrow Holder shall immediately notify all Brokers: (i) if Buyer's initial or any additional deposit or down payment is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if Buyer and Seller instruct Escrow Holder to cancel escrow.
- E. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 3 Days after mutual execution of the amendment.

21. REMEDIES FOR BUYER'S BREACH OF CONTRACT:

- A. Any clause added by the Parties specifying a remedy (such as release or forfeiture of deposit or making a deposit non-refundable) for failure of Buyer to complete the purchase in violation of this Agreement shall be deemed invalid unless the clause independently satisfies the statutory liquidated damages requirements set forth in the Civil Code.
- B. LIQUIDATED DAMAGES: If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. If the Property is a dwelling with no more than four units, one of which Buyer intends to occupy, then the amount retained shall be no more than 3% of the purchase price. Any excess shall be returned to Buyer. Except as provided in paragraph 14G, release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award. AT THE TIME OF ANY INCREASED DEPOSIT BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION INCORPORATING THE INCREASED DEPOSIT AS LIQUIDATED DAMAGES (C.A.R. FORM RID).

Buyer's Initials α / _____

Seller's Initials R / _____

22. DISPUTE RESOLUTION:

- A. MEDIATION: The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action through the C.A.R. Real Estate Mediation Center for Consumers (www.consumermediation.org) or through any other mediation provider or service mutually agreed to by the Parties. The Parties also agree to mediate any disputes or claims with Broker(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. Mediation fees, if any, shall be divided equally among the Parties involved. If, for any dispute or claim to which this paragraph applies, any Party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that Party shall not be entitled to recover attorney fees, even if they would otherwise be available to that Party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. Exclusions from this mediation agreement are specified in paragraph 22C.

B. ARBITRATION OF DISPUTES:

The Parties agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The Parties also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator. The Parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 22C.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials α / _____

Seller's Initials R / _____

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:

- (1) EXCLUSIONS: The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; and (iii) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court.
- (2) PRESERVATION OF ACTIONS: The following shall not constitute a waiver nor violation of the mediation and arbitration provisions: (i) The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies; or (ii) the filing of a mechanic's lien.
- (3) BROKERS: Brokers shall not be obligated nor compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to this Agreement.

Buyer's Initials (α) (_____)

Seller's Initials (R) (_____)

RPA-CA REVISED 11/14 (PAGE 8 OF 10)

SUBJECT TO COUNTER OFFER

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 8 OF 10)

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Charles Pest

Property Address: 22032 Waters Drive, Cedarpines Park, Ca 92322 Date: January 10, 2015

- 23. **SELECTION OF SERVICE PROVIDERS:** Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.
- 24. **MULTIPLE LISTING SERVICE ("MLS"):** Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the sales price and other terms of this transaction shall be provided to the MLS to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.
- 25. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 22A.
- 26. **ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interest in this Agreement without first having obtained the separate written consent of Seller to a specified assignee. Such consent shall not be unreasonably withheld. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement unless otherwise agreed in writing by Seller. (C.A.R. Form ACAA)
- 27. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
- 28. **TERMS AND CONDITIONS OF OFFER:**
This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if Initialed by all Parties or if incorporated by mutual agreement in a counter offer or addendum. If at least one but not all Parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. The Parties have read and acknowledge receipt of a Copy of the offer and agree to the confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.
- 29. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the Parties are incorporated in this Agreement. Its terms are intended by the Parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Except as otherwise specified, this Agreement shall be interpreted and disputes shall be resolved in accordance with the Laws of the State of California. **Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.**
- 30. **DEFINITIONS:** As used in this Agreement.
 - A. "Acceptance" means the time the offer or final counter offer is accepted in writing by a Party and is delivered to and personally received by the other Party or that Party's authorized agent in accordance with the terms of this offer or a final counter offer.
 - B. "Agreement" means this document and any incorporated addenda, counter offers and written terms Signed by all Parties collectively forming the binding agreement between the Parties. All terms and conditions of any addenda checked and Signed are incorporated into this Agreement.
 - C. "C.A.R. Form" means the most current version of the specific form referenced or another comparable form agreed to by the parties.
 - D. "Close Of Escrow", including "COE", means the date the grant deed, or other evidence of transfer of title, is recorded.
 - E. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
 - F. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
 - G. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.
 - H. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
 - I. "Deliver", "Delivered" or "Delivery", unless otherwise specified in writing, means and shall be effective upon: personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in the section titled Real Estate Brokers on page 10, regardless of the method used (i.e., messenger, mail, email, fax, other).
 - J. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either Party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other Party.
 - K. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
 - L. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
 - M. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.
- 31. **EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit, if any, shall be returned to Buyer unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by (Your name goes here), who is authorized to receive it, by 5:00 PM on the third Day after this offer is signed by Buyer (or by Pete Machin AM/ PM, on _____ (date)).

One or more Buyers is signing this Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD) for additional terms.

Date _____ BUYER Charles Probst _____ 01/10/2015 16:34:33
(Print name) Charles Probst

Date _____ BUYER _____
(Print name) _____

Additional Signature Addendum attached (C.A.R. Form ASA).

 SUBJECT TO COUNTER OFFER
Seller's Initials (_____) (_____)



RPA-CA REVISED 11/14 (PAGE 9 OF 10)

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 9 OF 10)

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Charles Post

Property Address: 22032 Waters Drive, Cedarpines Park, Ca 92322 Date: January 10, 2015

32. ACCEPTANCE OF OFFER: Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, and agrees to sell the Property on the above terms and conditions. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to Deliver a Signed Copy to Buyer.

(If checked) SELLER'S ACCEPTANCE IS SUBJECT TO ATTACHED COUNTER OFFER (C.A.R. Form SCO or SMCO) DATED: January 23, 2015

One or more Sellers is signing this Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD) for additional terms.

Date Jan., 2015 SELLER
 (Print name) Lynda T. Bui, Chapter 7 Trustee
 Date _____ SELLER

(Print name) _____
 Additional Signature Addendum attached (C.A.R. Form ASA). SUBJECT TO COUNTER OFFER

(_____/_____) (Do not initial if making a counter offer.) CONFIRMATION OF ACCEPTANCE: A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) _____ at _____
 (Initials) AM PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

REAL ESTATE BROKERS:

A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.
 B. Agency relationships are confirmed as stated in paragraph 2.
 C. If specified in paragraph 3A(2), Agent who submitted the offer for Buyer acknowledges receipt of deposit.
 D. COOPERATING BROKER COMPENSATION: Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow, the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS. If Listing Broker and Cooperating Broker are not both Participants of the MLS, or a reciprocal MLS, in which the Property is offered for sale, then compensation must be specified in a separate written agreement (C.A.R. Form CBC). Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

Real Estate Broker (Selling Firm) Century 21 Action! CalBRE Lic. # 00654804
 By Pete Machin CalBRE Lic. # 1358372 Date _____
 By _____ CalBRE Lic. # _____ Date _____
 Address 2799 Temple Avenue City Signal Hill State CA Zip 90755
 Telephone (562)216-1181 Fax (562)216-1381 E-mail petem21@msn.com

Real Estate Broker (Listing Firm) Lido Pacific Asset Mgmt CalBRE Lic. # _____
 By _____ CalBRE Lic. # _____ Date _____
 By _____ CalBRE Lic. # _____ Date _____
 Address _____ City _____ State _____ Zip _____
 Telephone (714)664-0115 Fax (714)664-0995 E-mail lidopacmgt@aol.com

ESCROW HOLDER ACKNOWLEDGMENT:
 Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, a deposit in the amount of \$ _____), counter offer numbers _____ Seller's Statement of Information and _____, and agrees to act as Escrow Holder subject to paragraph 20 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.
 Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is _____
 Escrow Holder _____ Escrow # _____
 By _____ Date _____
 Address _____
 Phone/Fax/E-mail _____
 Escrow Holder has the following license number # _____
 Department of Business Oversight, Department of Insurance, Bureau of Real Estate.

PRESENTATION OF OFFER: (_____) Listing Broker presented this offer to Seller on _____ (date).
 Broker or Designee Initials _____

REJECTION OF OFFER: (_____) (_____) No counter offer is being made. This offer was rejected by Seller on _____ (date).
 Seller's Initials _____

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 525 South Virgil Avenue, Los Angeles, California 90020

Reviewed by _____
 Broker or Designee _____

RPA-CA REVISED 11/14 (PAGE 10 of 10) Buyer's Initials (_____) (_____) _____
CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 10 OF 10)
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CALIFORNIA ASSOCIATION OF REALTORS®

BUYER'S INSPECTION ADVISORY (C.A.R. Form BIA, Revised 11/14)

Property Address: 22032 Waters Drive, Cedarpinas Park, Ca 92322 ("Property").

1. IMPORTANCE OF PROPERTY INVESTIGATION: The physical condition of the land and improvements being purchased is not guaranteed by either Seller or Brokers. You have an affirmative duty to exercise reasonable care to protect yourself, including discovery of the legal, practical and technical implications of disclosed facts, and the investigation and verification of information and facts that you know or that are within your diligent attention and observation. A general physical inspection typically does not cover all aspects of the Property nor items affecting the Property that are not physically located on the Property. If the professionals recommend further investigations, including a recommendation by a pest control operator to inspect inaccessible areas of the Property, you should contact qualified experts to conduct such additional investigations.

2. BROKER OBLIGATIONS: Brokers do not have expertise in all areas and therefore cannot advise you on many items, such as those listed below. If Broker gives you referrals to professionals, Broker does not guarantee their performance.

3. YOU ARE STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO THE FOLLOWING. IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.

- A. GENERAL CONDITION OF THE PROPERTY, ITS SYSTEMS AND COMPONENTS: Foundation, roof (condition, age, leaks, useful life), plumbing, heating, air conditioning, electrical, mechanical, security, pool/spa (cracks, leaks, operation), other structural and nonstructural systems and components, fixtures, built-in appliances, any personal property included in the sale, and energy efficiency of the Property.
B. SQUARE FOOTAGE, AGE, BOUNDARIES: Square footage, room dimensions, lot size, age of improvements and boundaries. Any numerical statements regarding these items are APPROXIMATIONS ONLY and have not been verified by Seller and cannot be verified by Brokers. Fences, hedges, walls, retaining walls and other barriers or markers do not necessarily identify true Property boundaries.
C. WOOD DESTROYING PESTS: Presence of, or conditions likely to lead to the presence of wood destroying pests and organisms.
D. SOIL STABILITY: Existence of fill or compacted soil, expansive or contracting soil, susceptibility to slippage, settling or movement, and the adequacy of drainage.
E. WATER AND UTILITIES; WELL SYSTEMS AND COMPONENTS; WASTE DISPOSAL: Water and utility availability, use restrictions and costs. Water quality, adequacy, condition, and performance of well systems and components. The type, size, adequacy, capacity and condition of sewer and septic systems and components, connection to sewer, and applicable fees.
F. ENVIRONMENTAL HAZARDS: Potential environmental hazards, including, but not limited to, asbestos, lead-based paint and other lead contamination, radon, methane, other gases, fuel oil or chemical storage tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, and other substances, materials, products, or conditions (including mold (airborne, toxic or otherwise), fungus or similar contaminants).
G. EARTHQUAKES AND FLOODING: Susceptibility of the Property to earthquake/seismic hazards and propensity of the Property to flood.
H. FIRE, HAZARD AND OTHER INSURANCE: The availability and cost of necessary or desired insurance may vary. The location of the Property in a seismic, flood or fire hazard zone, and other conditions, such as the age of the Property and the claims history of the Property and Buyer, may affect the availability and need for certain types of insurance. Buyer should explore insurance options early as this information may affect other decisions, including the removal of loan and inspection contingencies.
I. BUILDING PERMITS, ZONING AND GOVERNMENTAL REQUIREMENTS: Permits, inspections, certificates, zoning, other governmental limitations, restrictions, and requirements affecting the current or future use of the Property, its development or size.
J. RENTAL PROPERTY RESTRICTIONS: Some cities and counties impose restrictions that limit the amount of rent that can be charged, the maximum number of occupants, and the right of a landlord to terminate a tenancy. Deadbolt or other locks and security systems for doors and windows, including window bars, should be examined to determine whether they satisfy legal requirements.
K. SECURITY AND SAFETY: State and local Law may require the installation of barriers, access alarms, self-latching mechanisms and/or other measures to decrease the risk to children and other persons of existing swimming pools and hot tubs, as well as various fire safety and other measures concerning other features of the Property.
L. NEIGHBORHOOD, AREA, SUBDIVISION CONDITIONS; PERSONAL FACTORS: Neighborhood or area conditions, including schools, law enforcement, crime statistics, registered felons or offenders, fire protection, other government services, availability, adequacy and cost of internet connections or other technology services and installations, commercial, industrial or agricultural activities, existing and proposed transportation, construction and development that may affect noise, view, or traffic, airport noise, noise or odor from any source, wild and domestic animals, other nuisances, hazards, or circumstances, protected species, wetland properties, botanical diseases, historic or other governmentally protected sites or improvements, cemeteries, facilities and condition of common areas of common interest subdivisions, and possible lack of compliance with any governing documents or Homeowners' Association requirements, conditions and influences of significance to certain cultures and/or religions, and personal needs, requirements and preferences of Buyer.

By signing below, Buyers acknowledge that they have read, understand, accept and have received a Copy of this Advisory. Buyers are encouraged to read it carefully.

Buyer Charles Prostak 01/10/2015 16:34:33 Buyer

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Reviewed by _____ Date _____

SUBJECT TO COUNTER OFFER



BUYER'S INSPECTION ADVISORY (BIA PAGE 1 OF 1)

CENTURY 21 Action, 2799 Temple Ave. Signal Hill, CA 90755 Phone: (310) 408-3656 Fax: (562) 216-1381 Charles Post Pete Machin Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com



CALIFORNIA ASSOCIATION OF REALTORS®

STATEWIDE BUYER AND SELLER ADVISORY

(This Form Does Not Replace Local Condition Disclosures.

Additional Addenda May Be Attached to This Advisory. See Paragraph 52) (C.A.R. Form SBSA, Revised 11/13)

22032 Waters Drive

Property Address Cedarpines Park, Ca 92322

Date January 10, 2015

BUYER RIGHTS AND DUTIES:

- The physical condition of the land and improvements being purchased are not guaranteed by Seller or Brokers.
You should conduct thorough investigations of the Property both personally and with appropriate professionals.
If professionals recommend further inspections, you should contact qualified experts to conduct such inspections.
You should retain your own professional even if Seller or Broker has provided you with existing reports.
You should read all written reports given to you and discuss those reports with the persons who prepared them.
You have the right to request that the Seller make repairs or corrections or take other actions based on inspections or disclosures, but the Seller is not obligated to make any such repairs, corrections or other requested actions.
If the Seller is unwilling or unable to satisfy your requests, and you act within certain time periods, you may have the right to cancel the Agreement (the Purchase Agreement and any Counter Offer and Addenda together are the "Agreement"). If you cancel outside of these periods, you may be in breach of the Agreement and your deposit might be at risk.
The terms of the purchase agreement and any counter offers and addenda establish your rights and responsibilities.

YOU ARE STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY. IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.

SELLER RIGHTS AND DUTIES:

- You have a duty to disclose material facts known to you that affect the value or desirability of the Property.
You are obligated to make the Property available to the Buyer and have utilities on for inspections as allowed by the Agreement.
This form is not a substitute for completing a Real Estate Transfer Disclosure Statement, if required, and any other property-specific questionnaires or disclosures.
The terms of the Agreement establish your rights and responsibilities.

BROKER RIGHTS AND DUTIES:

- Brokers do not have expertise in all areas and matters affecting the Property or your evaluation of it.
For most sales of residential properties with no more than four units, Brokers have a duty to make a reasonably competent and diligent visual inspection of the accessible areas of the Property and disclose to you material facts or defects that the inspection reveals.
Many defects and conditions may not be discoverable by a Broker's visual inspection.
If Brokers give a referral to another professional, Brokers do not guarantee that person's performance. You may select any professional of your own choosing.
Any written agreement between a Broker and either Buyer or Seller or both establishes the rights and responsibilities of those parties.

1. INSPECTIONS: Buyer and Seller are advised that Buyer has the right to obtain various inspections of the Property under most residential purchase agreements. Buyer is advised to have the Property inspected by a professional property inspection service within Buyer's inspection contingency period. A licensed building contractor or other professional may perform these services. The inspector generally does not look behind walls or under carpets, or take equipment apart. Certain items on the Property, such as chimneys and spark arresters, plumbing, heating, air conditioning, electrical wiring, pool and spa, septic system, well, roof, foundation and structural items may need to be inspected by another professional, such as a chimney sweep, plumber, electrician, pool and spa service, septic or well company or roofer. A general physical inspection typically will not test for mold, wood destroying pests, lead-based paint, radon, asbestos and other environmental hazards, geologic conditions, age, remaining useful life or water-tightness of roof, cracks, leaks or operational problems associated with a pool or spa or connection of the Property to a sewer system. If Buyer wants further information on any aspect of the Property, Broker recommends that Buyer have a discussion with the professional property inspector and that Buyer hire an appropriate professional for the area of concern to Buyer. Brokers do not have expertise in these areas. Brokers do not verify the results of any such inspection or guarantee the performance of any such inspector or service. Any election by Buyer to waive the right to a physical inspection of the Property or to rely on somebody other than an appropriate professional is against the advice of Brokers. Not all inspectors are licensed and licenses are not available for all types of inspection activities.

Buyer's Initials () ()

Seller's Initials () ()

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SUBJECT TO COUNTER OFFER

Reviewed by Date



SBSA REVISED 11/13 (PAGE 1 OF 12)

STATEWIDE BUYER AND SELLER ADVISORY (SBSA PAGE 1 OF 12)

Footer containing contact information for CENTURY 21 Action, zipForm, and Charles Post.

Property Address: 22032 Waters Drive, Cedarpines Park, Ca 92322 Date: January 10, 2015

2. SQUARE FOOTAGE, LOT SIZE, BOUNDARIES AND SURVEYS: Buyer and Seller are advised that only an appraiser or land surveyor, as applicable, can reliably confirm square footage, lot size, Property corners and exact boundaries of the Property. Representations regarding these items that are made in a Multiple Listing Service, advertisements, and from property tax assessor records are often approximations, or based upon inaccurate or incomplete records. Fences, hedges, walls or other barriers may not represent actual boundary lines. Unless otherwise specified by Broker in writing, Brokers have not verified any such boundary lines or any representations made by Seller or others. Brokers do not have expertise in this area. Standard title insurance does not insure the boundaries of the Property. If Buyer wants information about the exact square footage, lot size or location of Property corners or boundaries, Broker recommends that Buyer hire an appraiser or licensed surveyor to investigate these matters or to prepare a survey of the property during Buyer's inspection contingency period.

3. SOIL AND GEOLOGIC CONDITIONS: Buyer and Seller are advised that real estate in California is subject to settling, slippage, contraction, expansion erosion, subsidence, earthquakes and other land movement. The Property may be constructed on fill or improperly compacted soil and may have inadequate drainage capability. Any of these matters can cause structural problems to improvements on the Property. Civil or geo-technical engineers are best suited to evaluate soil stability, grading, drainage and other soil conditions. Additionally, the Property may contain known or unknown mines, mills, caves or wells. Brokers do not have expertise in this area. If Buyer wants further information, Broker recommends that Buyer hire an appropriate professional. Not all inspectors are licensed and licenses are not available for all types of inspections.

4. GEOLOGIC HAZARDS: Buyer and Seller are advised that California has experienced earthquakes in the past, and there is always a potential of future earthquakes. Damage caused by an earthquake may not be discoverable by a visual inspection of Buyer(s) or Broker(s). Inspection by a licensed, qualified professional is strongly recommended to determine the structural integrity and safety of all structures and improvements on the Property. If the Property is a condominium, or located in a planned unit development or in a common interest subdivision, Buyer is advised to contact the homeowners association about earthquake repairs and retrofit work and the possibility of an increased or special assessment to defray the costs of earthquake repairs or retrofit work. Buyer is encouraged to obtain and read the booklet entitled, "The Homeowner's Guide to Earthquake Safety." In most cases a questionnaire within the booklet must be completed by Seller and the entire booklet given to the Buyer if the Property was built prior to 1960. If the Property was built before 1975, and contains structures constructed of masonry or precast (till up) concrete walls, with wood frame floors or roof, or if the building has unreinforced masonry walls, then Seller must provide Buyer a pamphlet entitled "The Commercial Property Owner's Guide to Earthquake Safety." Many areas have a wide range of geologic problems and numerous studies have been made of these conditions. Some of this information is available for public review at city and county planning departments. Buyer is encouraged to review the public maps and reports and/or obtain a geologist's inspection report. Brokers do not have expertise in this area. Buyer may be able to obtain earthquake insurance to protect their interest in the Property. Sellers who agree to provide financing should also consider requiring Buyers to obtain such insurance naming Seller(s) as insured lien holder(s).

5. ENVIRONMENTAL HAZARDS: Buyer and Seller are advised that the presence of certain kinds of organisms, toxins and contaminants, including, but not limited to, mold (airborne, toxic or otherwise), fungi, mildew, lead-based paint and other lead contamination, asbestos, formaldehyde, radon, pcb's, methane, other gases, fuel oil or chemical storage tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, urea formaldehyde, or other materials may adversely affect the Property and the health of individuals who live on or work at the property as well as pets. If Buyer wants further information, Buyer is advised, and Broker(s) recommends, that Buyer have the Property inspected for the existence of such conditions and organisms, and conditions that may lead to their formation. Not all inspectors are licensed and licenses are not available for all types of inspection activities. Buyer is also advised to consult with appropriate experts regarding this topic during Buyer's inspection contingency period. Brokers do not have expertise in this area. Broker recommends that Buyer and Seller read the booklets titled, "Residential Environmental Hazards: A Guide for Homeowners, Homebuyers, Landlords and Tenants," and "Protect Your Family From Lead In Your Home."

6. EPA's LEAD-BASED PAINT RENOVATION, REPAIR AND PAINTING RULE: The new rule requires that contractors and maintenance professionals working in pre-1978 housing, child care facilities, and schools with lead-based paint be certified; that their employees be trained; and that they follow protective work practice standards. The rule applies to renovation, repair, or painting activities affecting more than six square feet of lead-based paint in a room or more than 20 square feet of lead-based paint on the exterior. Enforcement of the rule begins October 1, 2010. See the EPA website at www.epa.gov/lead for more information. Buyer and Seller are advised to consult an appropriate professional.

Buyer's Initials () ()

Seller's Initials () ()
Reviewed by _____ Date _____



SBSA REVISED 11/13 (PAGE 2 OF 12)

STATEWIDE BUYER AND SELLER ADVISORY (SBSA PAGE 2 OF 12)

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Charles Post

SUBJECT TO CONTRACT

Property Address: 22032 Waters Drive, Cedarpines Park, Ca 92322 Date: January 10, 2015

residences will not have direct access from their lots to the golf course. The project restrictions may disclaim any right of access or other easements from a resident's lot onto the golf course. (vii) View obstruction - Residents living near a golf course may have their views over the golf course impacted by maturing trees and landscaping or by changes to the course's configuration. (viii) Water restrictions - As some municipalities face water shortages, the continued availability of water to the golf course may be restricted or otherwise reduced by the local water agency. If Buyer wants further information, Broker(s) recommend that Buyer contact the local water agency regarding this matter.

22. SCHOOLS: Buyer and Seller are advised that children living in the Property may not, for numerous reasons, be permitted to attend the school nearest the Property. Various factors including, but not limited to, open enrollment policies, busing, overcrowding and class size reductions may affect which public school serves the Property. School district boundaries are subject to change. Buyer is advised to verify whether the Property is now, and at the Close of Escrow will be, in the school district Buyer understands it to be in and whether residing in the Property entitles a person to attend any specific school in which that Buyer is interested. Broker(s) recommend that Buyer contact the local school or school district for additional information during Buyer's inspection contingency period. Brokers do not have expertise in this area.

23. NEIGHBORHOOD NOISE SOURCES: Buyer and Seller are advised that even if the Property is not in an identified airport noise influence area, the Property may still be subject to noise and air disturbances resulting from airplanes and other aircraft, commercial or military or both, flying overhead. Other common sources of noise include nearby commercial districts, schools, traffic on streets, highways and freeways, trains and general neighborhood noise from people, dogs and other animals. Noise levels and types of noise that bother one person may be acceptable to others. Buyer is advised to satisfy him/herself with regard to any sources of and amounts of noise at different times of day and night. Brokers do not have expertise in this area.

24. PETS AND ANIMALS: Buyer and Seller are advised that the current or previous owner(s) may have had domesticated or other pets and animals at the Property. Odors from animal urine or other contamination may be dormant for long periods of time and then become active because of heat, humidity or other factors and might not be eliminated by cleaning or replacing carpets or other cleaning methods. Pet urine and feces can also damage hardwood floors and other floor coverings. Additionally, an animal may have had fleas, ticks and other pests that remain on the Property after the animal has been removed. If Buyer wants further information, Broker(s) recommend that Buyer discuss the issue with an appropriate professional during Buyer's inspection contingency period. Brokers do not have expertise in this area.

25. SWIMMING POOL, SECURITY AND SAFETY: Buyer and Seller are advised that state and local Law may require the installation of barriers, anti-entrapment grates, access alarms, self-latching mechanisms and/or other measures to decrease the risk to children and other persons of existing swimming pools and hot tubs, as well as various fire safety and other measures concerning other features of the Property. Compliance requirements differ from city to city and county to county. Unless specifically agreed, the Property may not be in compliance with these requirements. Brokers do not have expertise in this area. If Buyer wants further information, Broker(s) recommend that Buyer contact local government agencies about these restrictions and other requirements.

26. RETROFIT, BUILDING REQUIREMENTS, AND POINT OF SALE REQUIREMENTS: Buyer and Seller are advised that state and local Law may require (i) the installation of operable smoke detectors, (ii) bracing or strapping of water heaters, and (iii) upon sale completion of a corresponding written statement of compliance that is delivered to Buyer. Although not a point of sale or retrofit obligation, state law may require the property to have operable carbon monoxide detection devices. Additionally, some city and county governments may impose additional retrofit standards at time of sale including, but not limited to, installing low-flow toilets and showerheads, gas shut-off valves, and tempered glass. Brokers do not have expertise in this area. Broker(s) recommend that Buyer and Seller consult with the appropriate government agencies, inspectors, and other professionals to determine the retrofit standards for the Property, the extent to which the Property complies with such standards, and the costs, if any, of compliance.

27. WATER SHORTAGES AND CONSERVATION: Buyer and Seller are advised that the Property may be located in an area that could experience water shortages. The policies of local water districts and the city or county in which the Property is located can result in the occurrence of any or all of the following: (i) limitations on the amount of water available to the Property, (ii) restrictions on the use of water, and (iii) an increasingly graduated cost per unit of water use, including, but not limited to, penalties for excess usage. For further information, Broker recommends that Buyer contact the supplier of water to the Property regarding the supplier's current or anticipated policies on water usage and to determine the extent to which those policies may affect Buyer's intended use of the Property. If the Property is serviced by a private well, Buyer is advised that drought conditions and/or a low water table may make it necessary to arrange, through a private supplier, for delivery of water to the Property. Buyers should contact water truck companies for the costs involved. Brokers do not have expertise in this area.

Buyer's Initials () ()

Seller's Initials () ()

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STATEWIDE BUYER AND SELLER ADVISORY (SBSA PAGE 6 OF 12)

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Charles Post

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Property Address: 22032 Waters Drive, Cedarpines Park, Ca 92322 Date: January 10, 2015

investigation reports. If the Property is a condominium, or is located in a planned unit development or other common interest subdivision, Buyer and Seller are advised to determine if the individual unit is covered by the Homeowner Association Insurance. Broker(s) recommend that Buyer consult Buyer's insurance agents during Buyer's inspection contingency period to determine the need, availability and possibility of securing any and all forms of other insurance or coverage or any conditions imposed by insurer as a requirement of issuing insurance. If Buyer does any repairs to the property during the escrow period or Buyer takes possession prior to Close of Escrow or Seller remains in possession after Close of Escrow, whether for a limited or extended period of time, Broker(s) recommend that Buyer and Seller each consult with their own insurance agent regarding insurance or coverage that could protect them in the transaction (including but not limited to: personal property, flood, earthquake, umbrella and renter's). Buyer and Seller are advised that traditional title insurance generally protects Buyer's title acquired through the sale of the property. While all title insurance policies, as do all insurance policies, contain some exclusions, some title insurance policies contain exclusions for any liability arising from a previous foreclosure. This can occur when a short sale has occurred but the lender mistakenly has also proceeded with a foreclosure. Buyer is strongly advised to consult with a title insurer to satisfy themselves that the policy to be provided adequately protects their title to the property against other possible claimants. Brokers do not have expertise in this area.

32. CALIFORNIA FAIR PLAN: Buyer and Seller are advised that insurance for certain hillside, oceanfront and brush properties may be available only from the California Fair Plan. This may increase the cost of insurance for such properties and coverage may be limited. Broker(s) recommend that Buyer consult with Buyer's own insurance agent during Buyer's inspection contingency period regarding the availability of coverage under the California Fair Plan and the length of time it may take for processing of a California Fair Plan application. Brokers do not have expertise in this area.

33. HISTORICAL DESIGNATION, COASTAL COMMISSION, ARCHITECTURAL, LANDSCAPE, AGRICULTURAL OR OPEN SPACE AND OTHER RESTRICTIONS ON BUILDINGS OR IMPROVEMENTS: Buyer and Seller are advised that the Property may be: (i) designated as a historical landmark, (ii) protected by a historical conservancy, (iii) subject to an architectural or landscaping review process, (iv) within the jurisdiction of the California Coastal Commission or other government agency, or (v) subject to a contract preserving use of all or part of the Property for agriculture or open space. If the Property is so designated or within the jurisdiction of any such, or similar, government agency, then there may be restrictions on Buyer's ability to develop, remove or trim trees or other landscaping, remodel, make improvements to and build on or rebuild the Property. Broker(s) recommend that Buyer satisfy him/herself during Buyer's inspection contingency period if any of these issues are of concern to Buyer. Brokers do not have expertise in this area.

34. 1915 IMPROVEMENT BOND MELLO-ROOS COMMUNITY DISTRICT, AND OTHER ASSESSMENT DISTRICTS: Buyer and Seller are advised that the Property may be subject to an improvement bond assessment under the Improvement Bond Act of 1915, a levy of a special tax pursuant to a Mello-Roos Community Facilities district, and/or a contractual assessment as provided in Section 5898.24 of the Streets And Highways Code or other assessment districts. Seller is generally required to make a good faith effort to obtain a disclosure notice from any local agency collecting such taxes and deliver such notice to Buyers. Brokers do not have expertise in this area.

35. HOMEOWNER ASSOCIATIONS AND COVENANTS, CONDITIONS AND RESTRICTIONS ("CC&Rs"); CHARGING STATIONS: Buyer and Seller are advised that if the Property is a condominium, or located in a planned unit development, or in a common interest subdivision, there are typically restrictions on use of the Property and rules that must be followed. Restrictions and rules are commonly found in Declarations and other governing documents. Further there is likely to be a homeowner association (HOA) that has the authority to affect the Property and its use. Whether or not there is a HOA, the Property may still be subject to CC&Rs restricting use of the Property. The HOA typically has the authority to enforce the rules of the association, assess monetary payments (both regular monthly dues and special assessments) to provide for the upkeep and maintenance of the common areas, and enforce the rules and assessment obligations. If you fail to abide by the rules or pay monies owed to the HOA, the HOA may put a lien against your Property. Additionally, if an electric vehicle charging station is installed in a common area or an exclusive use common area, each Seller whose parking space is on or near that charging station must disclose its existence and that the Buyer will have the responsibilities set forth in California Civil Code §1353.9. The law requires the Seller to provide the Buyer with the CC&Rs and other governing documents, as well as a copy of the HOA's current financial statement and operating budget, among other documents. Buyer is advised to carefully review all HOA documents provided by Seller and the CC&Rs, if any, and satisfy him/herself regarding the use and restrictions of the Property, the amount of monthly dues and/or assessments, the adequacy of reserves, current and past insurance coverage and claims, and the possibility of any legal action that may be taken by or against the HOA. The HOA may not have insurance or may not cover personal property belonging to the owner of the unit in the condominium, common interest or planned unit development. See paragraph 31 for further information regarding insurance. See C.A.R.'s Common Interest Development Basic Information Guide on Epubs in zipForm®6 for further information. Brokers do not have expertise in this area.

36. LEGAL ACTION: Buyer and Seller are advised that if Seller or a previous owner was involved in a legal action (litigation or arbitration) affecting the Property, Buyer should obtain and review public and other available records regarding the legal action to determine: (i) whether the legal action or any resolution of it affects Buyer and the Property, (ii) if any rights against any parties involved in the legal action survive the legal action or have been terminated or waived as a result of the legal action, whether or not involving the same issue as in the legal action, and (iii) if any recommendations or requirements resulting from the legal action have been fulfilled and, if so, that Buyer is satisfied with any such action. Buyer should seek legal advice regarding these matters.

Buyer's Initials () ()

Seller's Initials () ()

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Charles Post

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37. COMMUNITY ENHANCEMENT AND PRIVATE TRANSFER FEES: Buyer and Seller are advised that some areas or communities may have enhancement fees or user-type fees, or private transfer taxes and fees, over and above any stated fees. The Federal Housing Finance Agency has issued a rule that prohibits Fannie Mae and Freddie Mac from purchasing loans made on properties with private transfer fees if those fees were established on or after February 8, 2011. See title 12 Code of Federal Regulations Section 1228 for more information and exceptions. Private transfer fees: (i) may last for a fixed period of time or in perpetuity, (ii) are typically calculated as a percentage of the sales price, and (iii) may have private parties, charitable organizations or interest-based groups as their recipients who may use the funds for social issues unrelated to the property. Brokers do not have expertise in this area.

38. GENERAL RECALL/DEFECTIVE PRODUCT/CLASS ACTION INFORMATION: Buyer and Seller are advised that government entities and manufacturers may at any time issue recall notices and/or warnings about products that may be present in the Property, and that these notices or warnings can change. The following nonexclusive, non-exhaustive list contains examples of recalled/defective products/class action information: horizontal furnaces, Whirlpool Microwave Hood Combination; RE-ConBuilding products roof tiles; Central Sprinkler Company Fire Sprinklers; Robert Shaw Water Heater Gas Control Valves; Trex Decking; water heaters; aluminum wiring; galvanized, abs, polybutylene and copper pipe; and dry wall manufactured in China. There is no single, all-inclusive source of information on product recalls, defective products or class actions; however, the U.S. Consumer Product Safety Commission (CPSC) maintains a website that contains useful information. If Buyer wants further information regarding the items listed above, Broker(s) recommend that Buyer review the CPSC website at <http://www.cpsc.gov> during Buyer's inspection contingency period. Another source affiliated with the CPSC is Saferproducts.gov which allows a Buyer to search by product type or product name. Buyers may also search using the various search engines on the Internet for the specified product or products in question. Brokers recommend that Buyers satisfy themselves regarding recalled or defective products. Brokers do not have expertise in this area and Brokers will not determine if any aspect of the Property is subject to a recall or is affected by a class action lawsuit.

39. RENTAL PROPERTY RESTRICTIONS: Buyer and Seller are advised that some cities and counties impose restrictions that limit the rent that can be charged to a tenant, the maximum number of tenants who can occupy the property and the right of a landlord to terminate a tenancy and the costs to do so. If Buyer wants further information, Broker(s) recommend that Buyer investigate the issue with an appropriate government authority during Buyer's inspection contingency period. Brokers do not have expertise in this area.

40. LAND LEASE: Buyer and Seller are advised that certain developments are built on leased land. This means that: (i) Buyer does not own the land, (ii) the right to occupy the land will terminate at some point in time, (iii) the cost to lease the land may increase at some point in the future, and (iv) Buyer may not be able to obtain title insurance or may have to obtain a different type of title insurance. If Buyer wants further information, Broker recommends that Buyer discuss the issue with an attorney or other appropriate professional. Brokers do not have expertise in this area.

41. HOME WARRANTY: Buyer and Seller are advised that Buyer and Seller can purchase home warranty plans covering certain standard systems of the Property both before and after Close of Escrow. Seller can obtain coverage for the Property during the listing period. For an additional premium, an upgraded policy providing additional coverage for air conditioning, pool and spa and other features can be purchased. Home warranties do not cover every aspect of the Property and may not cover inspections or upgrades for repairs required by state or federal laws or pre-existing conditions. Broker(s) recommend that Buyer review the policy for details. Brokers do not have expertise in this area.

42. INTERNET ADVERTISING; INTERNET BLOGS; SOCIAL MEDIA: Buyer and Seller are advised that Broker may employ a service to provide a "virtual tour" or Internet marketing of the Property, permitting potential buyers to view the Property over the Internet. Neither the service provider nor Brokers have control over who will obtain access to such services or what action such persons might take. Additionally, some Internet sites and other social media provide formats for comments or opinions of value of properties that are for sale. Information on the Property, or its owner, neighborhood, or any homeowner association having governance over the Property may be found on the internet on individual or commercial web sites, blogs, Facebook pages, or other social media. Any such information may be accurate, speculative, truthful or lies. Broker will not investigate any such sites, blogs, social media or other internet sites or the representations contained therein. Buyer is advised to make an independent search of electronic media and online sources prior to removing any investigation contingency. Buyer and Seller are advised that Brokers have no control over how long the information concerning the Property will be available on the Internet or through social media. Brokers do not have expertise in this area.

43. ESCROW FUNDS: Buyer and Seller are advised that California Insurance Code Section 12413.1 provides that escrow companies cannot disburse funds unless there are sufficient "good funds" to cover the disbursement. "Good funds" are defined as cash, wire transfers and cashiers' or certified checks drawn on California depositories. Escrow companies vary in their own definitions of "good funds." Broker(s) recommend that Buyer and Seller ask the escrow company regarding its treatment of "good funds." All samples and out-of-state checks are subject to waiting periods and do not constitute "good funds" until the money is physically transferred to and received by the escrow holder. Brokers do not have expertise in this area.

Buyer's Initials () ()

Seller's Initials () ()

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STATEWIDE BUYER AND SELLER ADVISORY (SBSA PAGE 9 OF 12)

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Charter Post

Property Address: 22032 Waters Drive, Cedarpines Park, Ca 92322 Date: January 10, 2015

44. NOTICE OF YOUR "SUPPLEMENTAL" PROPERTY TAX BILL: Buyer and Seller are advised that pursuant to Civil Code § 1102.6(c), Seller, or his or her agent, is required to provide the following "Notice of Your 'Supplemental' Property Tax Bill" to the Buyer:

"California property tax law requires the Assessor to revalue real property at the time the ownership of property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your loan closes.

The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax responsibility payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your to pay these supplemental bills directly to the Tax Collector. If you have any questions concerning this matter, please call your Tax Collector's Office."

Although the notice refers to loan closing as a trigger, it is actually the change of ownership which triggers this reassessment of property taxes. Therefore, the Property can be reassessed even if there is no loan involved in the purchase of the Property. The Purchase Agreement may allocate supplemental tax bills received after the Close of Escrow to the Buyer. If Buyer wants further information concerning these matters, Broker(s) recommend that Buyer discuss the issue with the County Assessor or Tax Collector or their own tax or legal advisor. Brokers do not have expertise in this area.

45. NON CONFIDENTIALITY OF OFFERS: Buyer is advised that Seller or Listing Agent may disclose the existence, terms, or conditions of Buyer's offer, unless all parties and their agent have signed a written confidentiality agreement (such as C.A.R. Form CND). Whether any such information is actually disclosed depends on many factors, such as current market conditions, the prevailing practice in the real estate community, the Listing Agent's marketing strategy and the instructions of the Seller.

46. FIRPTA/CALIFORNIA WITHHOLDING: Buyer and Seller are advised that: (i) Internal Revenue Code Section 1445 requires a Buyer to withhold and to remit to the Internal Revenue Service 10% of the purchase price of the property if the Seller is a non-resident alien, unless an express exemption applies. Seller may avoid withholding by providing Buyer a statement of non-foreign status. The statement must be signed by Seller under penalty of perjury and must include Seller's tax identification number. Buyer can also avoid having to withhold Federal taxes from Seller's Proceeds if the property price is \$300,000 or less, and the Buyer signs an affidavit stating Buyer intends to occupy the property as a principal residence. (ii) California Revenue and Taxation Code Section 18662 requires that a Buyer withhold and remit to the California Franchise Tax Board 3 1/3% of the purchase price of the property unless the Seller signs an affidavit that the property was the Seller's (or the decedent's, if a trust or probate sale) principal residence or that the sales price is \$100,000 or less or another express exemption applies. Exemptions from withholding also apply to legal entities such as corporations, LLCs, and partnerships. Brokers cannot give tax or legal advice. Broker recommends that Buyer and Seller seek advice from a CPA, attorney or taxing authority. Brokers do not have expertise in this area.

47. LIQUIDATED DAMAGES: Buyer and Seller are advised that a liquidated damages clause is a provision Buyer and Seller can use to agree in advance to the amount of damages that a seller will receive if a buyer breaches the Agreement. The clause usually provides that a seller will retain a buyer's initial deposit paid if a buyer breaches the agreement, and generally must be separately initialed by both parties and meet other statutory requirements to be enforceable. For any additional deposits to be covered by the liquidated damages clause, there generally must be another separately signed or initialed agreement (see C.A.R. Form RID). However, if the Property contains from 1 to 4 units, one of which a buyer intends to occupy, California Civil Code Section 1675 limits the amount of the deposit subject to liquidated damages to 3% of the purchase price. Even though both parties have agreed to a liquidated damages clause, an escrow company will usually require either a judge's or arbitrator's decision or instructions signed by both parties in order to release a buyer's deposit to a seller. Buyers and Sellers must decide on their own, or with the advice of legal counsel, whether to agree to a liquidated damages clause. Brokers do not have expertise in this area.

INITIAL TO COUNTER PART

Buyer's Initials () ()

Seller's Initials () ()

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48. MEDIATION: Buyer and Seller are advised that mediation is a process by which the parties hire a neutral person to facilitate discussion and negotiation between the parties with the goal of helping them reach a settlement of their dispute. The parties generally share in the cost of this confidential, non-binding negotiation. If no agreement is reached, either party can pursue further legal action. Under C.A.R. Form RPA-CA: (i) the parties must mediate any dispute arising out of their agreement (with a few limited exceptions, such as matters within the jurisdiction of a small claims court) before they resort to arbitration or court, and (ii) if a party proceeds to arbitration or court without having first attempted to mediate the dispute, that party risks losing the right to recover attorney fees and costs even if he or she prevails.

49. ARBITRATION: Buyer and Seller are advised that arbitration is a process by which the disputing parties hire a neutral person to render a binding decision. Generally, arbitration is faster and less expensive than resolving disputes by litigating in court. The rules are usually less formal than in court, and it is a private process not a matter of public record. By agreeing to arbitration, the parties give up the right to a jury trial and to appeal the arbitrator's decision. Arbitration decisions have been upheld even when arbitrators have made a mistake as to the law or the facts. If the parties agree to arbitration, then after first attempting to settle the dispute through mediation, any dispute arising out of their agreement (with a few limited exceptions) must be submitted to binding arbitration. Buyer and Seller must weigh the benefits of a potentially quicker and less expensive arbitration against giving up the right to a jury trial and the right to appeal. Brokers cannot give legal advice regarding these matters. Buyers and Sellers must decide on their own, or with the advice of legal counsel, whether to agree to arbitration. Brokers do not have expertise in this area.

50. MEGAN'S LAW DATABASE DISCLOSURE: Notice: Pursuant to Section 290.46 of the Penal Code, information about specific registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer's inspection contingency period. Brokers do not have expertise in this area.)

51. DEATH ON THE PROPERTY: California Civil Code Section 1710.2 protects a seller from: (i) failing to disclose a death on the property that occurred more than 3 years before a buyer has made an offer on a property; and (ii) failing to disclose if an occupant of a property was afflicted with HIV/AIDS, regardless of whether a death occurred or if so, when. Section 1710.2 does not protect a seller from making a misrepresentation in response to a direct inquiry. If the Buyer has any concerns about whether a death occurred on the Property or the manner, location, details or timing of a death, the buyer should direct any specific questions to the Seller in writing.

52. LOCAL ADDENDA (IF CHECKED):

The following local disclosures or addenda are attached:

- A. _____
- B. _____
- C. _____
- D. _____

Buyer's Initials () ()

Seller's Initials () ()

Reviewed by _____ Date _____

SUBJECT TO COUNTER OFFER



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Buyer and Seller acknowledge and agree that Brokers: (i) do not decide what price Buyer should pay or Seller should accept; (ii) do not guarantee the condition of the Property; (iii) do not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) do not have any obligation to conduct an inspection of common areas or areas off the site of the Property (v) shall not be responsible for identifying defects on the Property, in common areas, or offsite unless such defects are visually observable by an inspection of reasonably accessible areas of the Property or are known to Brokers; (vi) shall not be responsible for inspecting public records or permits concerning the title or use of Property; (vii) shall not be responsible for identifying the location of boundary lines or other items affecting title; (viii) shall not be responsible for verifying square footage, representations of others or information contained in investigation reports, Multiple Listing Service, advertisements, flyers or other promotional material; (ix) shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller; and (x) shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.

Buyer and Seller are encouraged to read this Advisory carefully. By signing below, Buyer and Seller acknowledge that each has read, understands and received a copy of this Advisory.

BUYER Charles Probst Date 01/10/2015 16:37:24 Charles Probst Date _____

BUYER _____ Date _____

(Address) _____

SELLER _____ Date _____

SELLER _____ Date _____

(Address) _____

Real Estate Broker (Selling Firm) Century 21 Action! Cal BRE Lic. # 00654804

By Pete Machin Cal BRE Lic.# 1358372 Date _____
Pete Machin

Address 2799 Temple Avenue City Signal Hill State CA Zip 90755

Telephone _____ Fax (562)216-1381 Email petem21@msn.com

Real Estate Broker (Listing Firm) Lido Pacific Asset Mgmt Cal BRE Lic. # _____

By _____ Cal BRE Lic.# _____ Date _____

Address _____ City _____ State _____ Zip _____

Telephone _____ Fax (714)664-0995 Email lidopacmgt@aol.com

APPROX TO COUNTY MAP

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Charles Post



CALIFORNIA ASSOCIATION OF REALTORS®

COURT CONFIRMATION ADDENDUM
(C.A.R. Form CCA, 11/12)

This is an addendum to the California Residential Purchase Agreement, Counter Offer No. _____, Other ("Agreement"), dated _____, on property known as 22032 Waters Drive, Cedarpines Park, Ca 92322 ("Property"), between Charles Prostak ("Buyer"), and _____ ("Seller").

The Agreement is contingent upon court confirmation on or before January 31, 2015 (date). If court confirmation is not obtained by that date, Buyer may cancel the Agreement in writing. Court confirmation may be required in probate, conservatorship, guardianship, receivership, bankruptcy, divorce or other proceedings. The court may allow open, competitive bidding, resulting in the Property being sold to the highest bidder. Broker recommends that Buyer appear at the court confirmation hearing. Buyer understands that (i) Broker and others may continue to market the Property; and (ii) Broker may represent other competitive bidders prior to and at the court confirmation.

By signing below Buyer and Seller acknowledge that each has read, understands, has received a copy of and agrees to the terms of this Court Confirmation Addendum.

Date 1-10-15  _____
 Buyer Charles Prostak 01/10/2015 16:38:35  Seller _____
 Buyer _____ Seller _____

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CCA 11/12 (PAGE 1 OF 1)

COURT CONFIRMATION ADDENDUM (CCA PAGE 1 OF 1)

CENTURY 21 Action, 2799 Temple Ave. Signal Hill, CA 90755 Phone: (310) 408-3656 Fax: (562) 216-1381 Charles Post
 Pete Machin Produced with zipForm® by zipForm, Inc. 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipForm.com



DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP

(Selling Firm to Buyer)
(As required by the Civil Code)
(C.A.R. Form AD, Revised 12/14)

(If checked) This form is being provided in connection with a transaction for a leasehold interest exceeding one year as per Civil Code section 2079.13(k) and (m).

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller: A Fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Seller.

To the Buyer and the Seller:

(a) Diligent exercise of reasonable skill and care in performance of the agent's duties.

(b) A duty of honest and fair dealing and good faith.

(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

BUYER'S AGENT

A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

(a) Diligent exercise of reasonable skill and care in performance of the agent's duties.

(b) A duty of honest and fair dealing and good faith.

(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

(a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.

(b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, the agent may not, without the express permission of the respective party, disclose to the other party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered.

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction. This disclosure form includes the provisions of Sections 2079.13 to 2079.24, Inclusive, of the Civil Code set forth on page 2. Read it carefully. **I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE BACK (OR A SEPARATE PAGE).**

Buyer Seller Landlord Tenant +323 01/10/2015 16:34:33 Date _____

Charles Prosfak

Buyer Seller Landlord Tenant _____ Date _____

Agent Century 21 Action! BRE Lic. # 00654804

By Pete Machin Real Estate Broker (Firm) BRE Lic. # 1358372 Date 03/10/2012

(Salesperson or Broker-Associate) Pete Machin

Agency Disclosure Compliance (Civil Code §2079.14):

- When the listing brokerage company also represents Buyer/Tenant: The Listing Agent shall have one AD form signed by Seller/Landlord and a different AD form signed by Buyer/Tenant.
- When Seller/Landlord and Buyer/Tenant are represented by different brokerage companies: (i) the Listing Agent shall have one AD form signed by Seller/Landlord and (ii) the Buyer's/Tenant's Agent shall have one AD form signed by Buyer/Tenant and either that same or a different AD form presented to Seller/Landlord for signature prior to presentation of the offer. If the same form is used, Seller may sign here:

Seller/Landlord _____ Date _____	Seller/Landlord _____ Date _____
----------------------------------	----------------------------------

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AD REVISED 12/14 (PAGE 1 OF 2)

DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP (AD PAGE 1 OF 2)

CENTURY 21 Action, 2199 Tenipite Ave. Signal Hill, CA 90755 Phone: (310) 489-3456 Fax: (562) 216-1381 Charles Post
Pete Machin Produced with zipForm® by zipLogix 19070 Fifteen Mile Road, Fraser, Michigan 48028 www.zipLogix.com

CIVIL CODE SECTIONS 2079.24 (2079.16 APPEARS ON THE FRONT)

2079.13 As used in Sections 2079.14 to 2079.24, inclusive, the following terms have the following meanings: (a) "Agent" means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. (b) "Associate licensee" means a person who is licensed as a real estate broker or salesperson under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code and who is either licensed under a broker or has entered into a written contract with a broker to act as the broker's agent in connection with acts requiring a real estate license and to function under the broker's supervision in the capacity of an associate licensee. The agent in the real property transaction bears responsibility for his or her associate licensees who perform as agents of the agent. When an associate licensee owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the associate licensee functions. (c) "Buyer" means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes vendee or lessee. (d) "Commercial real property" means all real property in the state, except single-family residential real property, dwelling units made subject to Chapter 2 (commencing with Section 1940) of Title 5, mobilehomes, as defined in Section 798.3, or recreational vehicles, as defined in Section 799.29. (e) "Dual agent" means an agent acting, either directly or through an associate licensee, as agent for both the seller and the buyer in a real property transaction. (f) "Listing agreement" means a contract between an owner of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer. (g) "Listing agent" means a person who has obtained a listing of real property to act as an agent for compensation. (h) "Listing price" is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the listing agent. (i) "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. (j) "Offer to purchase" means a written contract executed by a buyer acting through a selling agent that becomes the contract for the sale of the real property upon acceptance by the seller. (k) "Real property" means any estate specified by subdivision (1) or (2) of Section 761 in property that constitutes or is improved with one to four dwelling units, any commercial real property, any leasehold in these types of property exceeding one year's duration, and mobilehomes, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code. (l) "Real property transaction" means a transaction for the sale of real property in which an agent is employed by one or more of the principals to act in that transaction, and includes a listing or an offer to purchase. (m) "Sell," "sale," or "sold" refers to a transaction for the transfer of real property from the seller to the buyer, and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year's duration. (n) "Seller" means the transferor in a real property transaction, and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor. (o) "Selling agent" means a listing agent who acts alone, or an agent who acts in cooperation with a listing agent, and who sells or finds and obtains a buyer for the real property, or an agent who locates property for a buyer or who finds a buyer for a property for which no listing exists and presents an offer to purchase to the seller. (p) "Subagent" means a person to whom an agent delegates agency powers as provided in Article 5 (commencing with Section 2349) of Chapter 1 of Title 9. However, "subagent" does not include an associate licensee who is acting under the supervision of an agent in a real property transaction.

2079.14 Listing agents and selling agents shall provide the seller and buyer in a real property transaction with a copy of the disclosure form specified in Section 2079.16, and, except as provided in subdivision (c), shall obtain a signed acknowledgement of receipt from that seller or buyer, except as provided in this section or Section 2079.15, as follows: (a) The listing agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement. (b) The selling agent shall provide the disclosure form to the seller as soon as practicable prior to presenting the seller with an offer to purchase, unless the selling agent previously provided the seller with a copy of the disclosure form pursuant to subdivision (a). (c) Where the selling agent does not deal on a face-to-face basis with the seller, the disclosure form prepared by the selling agent may be furnished to the seller (and acknowledgement of receipt obtained for the selling agent from the seller) by the listing agent, or the selling agent may deliver the disclosure form by certified mail addressed to the seller at his or her last known address, in which case no signed acknowledgement of receipt is required. (d) The selling agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer's offer to purchase, except that if the offer to purchase is not prepared by the selling agent, the selling agent shall present the disclosure form to the buyer not later than the next business day after the selling agent receives the offer to purchase from the buyer.

2079.15 In any circumstance in which the seller or buyer refuses to sign an acknowledgement of receipt pursuant to Section 2079.14, the agent, or an associate licensee acting for an agent, shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.16 Reproduced on Page 1 of this AD form.

2079.17 (a) As soon as practicable, the selling agent shall disclose to the buyer and seller whether the selling agent is acting in the real property transaction exclusively as the buyer's agent, exclusively as the seller's agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the selling agent prior to or coincident with execution of the contract by the buyer and the seller, respectively. (b) As soon as practicable, the listing agent shall disclose to the seller whether the listing agent is acting in the real property transaction exclusively as the seller's agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the listing agent prior to or coincident with the execution of that contract by the seller. (c) The confirmation required by subdivisions (a) and (b) shall be in the following form.

(DO NOT COMPLETE. SAMPLE ONLY) _____ is the agent of (check one): the seller exclusively; or both the buyer and seller.
(Name of Listing Agent)
(DO NOT COMPLETE. SAMPLE ONLY) _____ is the agent of (check one): the buyer exclusively; or the seller exclusively; or both the buyer and seller.
(Name of Selling Agent if not the same as the Listing Agent)

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14.

2079.18 No selling agent in a real property transaction may act as an agent for the buyer only, when the selling agent is also acting as the listing agent in the transaction.

2079.19 The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

2079.20 Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

2079.21 A dual agent shall not disclose to the buyer that the seller is willing to sell the property at a price less than the listing price, without the express written consent of the seller. A dual agent shall not disclose to the seller that the buyer is willing to pay a price greater than the offering price, without the express written consent of the buyer. This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

2079.22 Nothing in this article precludes a listing agent from also being a selling agent, and the combination of these functions in one agent does not, of itself, make that agent a dual agent.

2079.23 A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship.

2079.24 Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

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DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP (AD PAGE 2 OF 2)

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CALIFORNIA ASSOCIATION OF REALTORS®

POSSIBLE REPRESENTATION OF MORE THAN ONE BUYER OR SELLER - DISCLOSURE AND CONSENT
(C.A.R. Form PRBS, 11/14)

A real estate broker (Broker), whether a corporation, partnership or sole proprietorship, may represent more than one buyer or seller. This multiple representation can occur through an individual licensed as a broker or salesperson or through different individual broker's or salespersons (associate licensees) acting under the Broker's license. The associate licensees may be working out of the same or different office locations.

Multiple Buyers: Broker (individually or through its associate licensees) may be working with many prospective buyers at the same time. These prospective buyers may have an interest in, and make offers on, the same properties. Some of these properties may be listed with Broker and some may not. Broker will not limit or restrict any particular buyer from making an offer on any particular property whether or not Broker represents other buyers interested in the same property.

Multiple Sellers: Broker (individually or through its associate licensees) may have listings on many properties at the same time. As a result, Broker will attempt to find buyers for each of those listed properties. Some listed properties may appeal to the same prospective buyers. Some properties may attract more prospective buyers than others. Some of these prospective buyers may be represented by Broker and some may not. Broker will market all listed properties to all prospective buyers whether or not Broker has another or other listed properties that may appeal to the same prospective buyers.

Dual Agency: If Seller is represented by Broker, Seller acknowledges that broker may represent prospective buyers of Seller's property and consents to Broker acting as a dual agent for both seller and buyer in that transaction. If Buyer is represented by Broker, buyer acknowledges that Broker may represent sellers of property that Buyer is interested in acquiring and consents to Broker acting as a dual agent for both buyer and seller with regard to that property.

In the event of dual agency, seller and buyer agree that: (a) Broker, without the prior written consent of the Buyer, will not disclose to seller that the Buyer is willing to pay a price greater than the offered price; (b) Broker, without the prior written consent of the seller, will not disclose to the buyer that seller is willing to sell property at a price less than the listing price; and (c) other than as set forth in (a) and (b) above, a dual agent is obligated to disclose known facts materially affecting the value or desirability of the property to both parties.

Offers not necessarily confidential: Buyer is advised that seller or listing agent may disclose the existence, terms, or conditions of buyer's offer unless all parties and their agent have signed a written confidentiality agreement. Whether any such information is actually disclosed depends on many factors, such as current market conditions, the prevailing practice in the real estate community, the listing agent's marketing strategy and the instructions of the seller.

Buyer and seller understand that Broker may represent more than one buyer or more than one seller and even both buyer and seller on the same transaction and consents to such relationships.

Seller and/or Buyer acknowledges reading and understanding this Possible Representation of More Than One Buyer or Seller - Disclosure and Consent and agrees to the agency possibilities disclosed.

Seller _____ Date _____
 Seller _____ Date _____
 Buyer Charles Prostak _____ Date _____
 Buyer _____ Date _____
 Real Estate Broker (Firm) Lido Pacific Asset Mgmt _____ CalBRE Lic # _____ Date _____
 By _____ CalBRE Lic # _____ Date _____
 Real Estate Broker (Firm) Century 21 Action! _____ CalBRE Lic # 00654804 _____ Date _____
 By Pete Machin _____ CalBRE Lic # 1358372 _____ Date _____
Pete Machin

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CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS TABLE OF ATTACHED FORMS (11/14)

Attached Forms

The RPA-CA includes the following forms in the following order:

- Disclosure Regarding Real Estate Agency (2 pages) (C.A.R. Form AD-2)..... (starting on second page)
• Possible Representation - Buyer/Seller (1 page) (C.A.R. Form PRBS)..... (starting on fourth page)
• Residential Purchase Agreement (10 pages) (C.A.R. Form RPA-CA)..... (starting on fifth page)
• Buyer Inspection Advisory (1 page) (C.A.R. Form BIA)..... (starting on fifteenth page)

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TABLE OF ATTACHED FORMS



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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:
100 Spectrum Center Drive, Suite 600, Irvine CA 92618

A true and correct copy of the foregoing document entitled: **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)* 3/11/15, 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:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On *(date)* _____, 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)* 3/11/15, 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.

PERSONAL DELIVERY: Honorable Meredith A. Jury, USBC, 3420 Twelfth Street, Bin outside of Crtrm 301, Riverside, CA 92501-3819

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.

3/11/15 Laurie Verstegen /s/Laurie Verstegen
Date *Printed Name* *Signature*

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):**

- **Attorney for Debtor:** Daryl L Binkley daryl@binkleylaw.com
- **Chapter 7 Trustee:** Lynda T. Bui (TR) trustee.bui@shbllp.com, C115@ecfcbis.com
- **Attorney for Trustee:** Rika Kido rkido@shbllp.com; avernon@shbllp.com
- **Attorney for Trustee:** Melissa Davis Lowe mdavis@shbllp.com, lverstegen@shbllp.com
- **Interested Party:** Avi Schild bk@atlasacq.com
- **Attorney for Trustee:** James C. Bastian jbastian@shbllp.com
- **Interested Party:** United States Trustee (RS) ustpregion16.rs.ecf@usdoj.gov