

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address  James C. Bastian, Jr. – Bar No. 175415 Rika Kido – Bar No. 273780 SHULMAN HODGES & BASTIAN LLP 100 Spectrum Center Drive, Suite 600 Irvine, California 92618 Telephone: (949) 340-3400 Facsimile: (949) 340-3000 Email: jbastian@shbllp.com rkido@shbllp.com  <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Lynda T. Bui, Chapter 7 Trustee	FOR COURT USE ONLY
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**UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA - RIVERSIDE DIVISION**

In re:  JAMES ANDREW GONZALES and ESTELA ORTEGA GONZALES,     Debtor(s).	CASE NO.: 6:15-bk-13359-SY CHAPTER: 7    <p style="text-align: center;"><b>NOTICE OF SALE OF ESTATE PROPERTY</b></p>
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**Last Day to Submit Bids: 8/1/16**

<b>Sale Date:</b> Final Bidding Round/Court Hearing: 8/4/16	<b>Time:</b> 9:30 am
<b>Location:</b> United States Bankruptcy Court, 3420 Twelfth Street, Ctrm. 302, Riverside, CA 92501	

**Type of Sale:**  Public  Private      **Last date to file objections:** 07/21/2016

**Description of property to be sold:** Real Property located at 31715 Lakeshore Drive, Lake Elsinore, CA

**Terms and conditions of sale:** Free and clear of liens, if any, pursuant to Bankruptcy Code §§ 363(b)(1) and (f)  
Purchase price of \$75,000.00, subject to overbids. See attached for Bidding Procedures.

**Proposed sale price:** \$ 75,000.00

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

**Overbid procedure (if any):** Potential overbidders must bid an initial amount of at least \$3,000.00 over the consideration offered by the Buyer (total of at least \$78,000.00.) Minium bid increments after that shall be \$2,000.00

See attached for more information.

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

August 4, 2016 at 9:30 a.m.

Courtroom 302

U.S. Bankruptcy Court

3420 Twelfth Street

Riverside, CA 92501

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

Rika M. Kido, Esq.

SHULMAN HODGES & BASTIAN LLP

100 Spectrum Center Drive, Suite 600

Irvine, CA 92618

Telephone: (949) 340-3400

Facsimile: (949) 340-3000

Email: rkido@shbllp.com

Date: 07/14/2016

1 James C. Bastian, Jr. – Bar No. 175415  
Rika Kido – Bar No. 273780  
2 **SHULMAN HODGES & BASTIAN LLP**  
100 Spectrum Center Drive, Suite 600  
3 Irvine, California 92618  
Telephone: (949) 340-3400  
4 Facsimile: (949) 340-3000  
Email: jbastian@shbllp.com  
5 rkido@shbllp.com

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 **JAMES ANDREW GONZALES and**  
**ESTELA ORTEGA GONZALES,**  
13 Debtors.  
14

Case No. 6:15-bk-13359-SY

Chapter 7

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

- 15 **(1) APPROVING THE SALE OF REAL  
PROPERTY OF THE ESTATE, SUBJECT  
TO OVERBIDS, COMBINED WITH  
16 NOTICE OF BIDDING PROCEDURES  
AND REQUEST FOR APPROVAL OF  
17 THE BIDDING PROCEDURES  
UTILIZED;**
- 18 **(2) APPROVING PAYMENT OF REAL  
ESTATE COMMISSION; AND**
- 19 **(3) GRANTING RELATED RELIEF;**

20 **MEMORANDUM OF POINTS AND  
21 AUTHORITIES AND DECLARATION OF  
22 LYNDA T. BUI IN SUPPORT THEREOF**

23 [Real Property located at 31715 Lakeshore Drive,  
Lake Elsinore, CA]

24 **Hearing Date:**

25 Date: August 4, 2016

26 Time: 9:30 a.m.

27 Place: Courtroom 302

United States Bankruptcy Court  
3420 Twelfth Street  
Riverside, CA 92501

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1 **TO THE HONORABLE SCOTT H. YUN, UNITED STATES BANKRUPTCY**  
2 **JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE AND ALL INTERESTED**  
3 **PARTIES:**

4 Lynda T. Bui, the duly appointed, qualified and acting Chapter 7 trustee (“Trustee”) for  
5 the bankruptcy estate (“Estate”) of James Andrew Gonzales and Estela Ortega Gonzales  
6 (collectively referred to here as the “Debtors”), hereby brings this Motion for Order: (1)  
7 Approving the Sale of Real Property of the Estate, Subject to Overbids, Combined With Notice  
8 of Bidding Procedures and Request for Approval of the Bidding Procedures Utilized; (2)  
9 Approving Payment of Real Estate Commission; and (3) Granting Related Relief (“Motion”) as  
10 follows:

11 **I. INTRODUCTION**

12 The Trustee has received an offer from the Debtors’ son, Jason Andrew Gonzales  
13 (“Buyer”) to purchase the real property located at 31715 Lakeshore Avenue, Lake Elsinore, CA,  
14 APN: 363-150-001-7 (“Property”) for \$75,000.00, subject to all defaults and liens (including but  
15 not limited to the Neal DOT<sup>1</sup>), the oral lease with the Tenant, and subject to overbids. Through  
16 the sale, the Trustee is expected to generate net proceeds of approximately \$71,973.05 for the  
17 benefit of the Estate and its creditors. The sale, being subject to the Neal DOT, allows the  
18 Trustee to avoid the fees and costs associated with resolving the disputed Neal DOT. In the  
19 event the purchase price is increased by a successful overbid, the estimated net proceeds will  
20 increase. If the sale is approved, the Estate will receive additional funds to provide for a  
21 distribution to unsecured creditors. In summary, the Trustee believes that good cause exists to  
22 grant the Motion so the Trustee does not lose this favorable business opportunity.

23 **II. RELEVANT FACTS**

24 **A. Case Background**

25 The Debtors filed a Voluntary Petition for relief under Chapter 11 of the Bankruptcy Code  
26 on April 3, 2015 (“Petition Date”).

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<sup>1</sup> All capitalized terms are defined below.

1 On May 27, 2015, the Court entered an order (Docket No. 5) appointing a Chapter 11  
2 trustee as requested by the United States Trustee (“UST”). The Trustee was appointed the  
3 Chapter 11 trustee as pursuant to an Order entered on June 4, 2015 (Docket No. 58).

4 On August 10, 2015, the Court entered an order approving the Trustee’s request to  
5 convert this case to a case under Chapter 7 of the Bankruptcy Code (Docket No. 100). That  
6 same day, the UST appointed the Trustee as the duly appointed and acting Chapter 7 trustee of  
7 the Debtors’ Estate (Docket No. 103).

8 **B. Claims Against the Estate**

9 The last day to timely file a proof of claim in the Debtors’ bankruptcy case was  
10 November 23, 2015. Currently, there are twenty-two (22) claims filed in this case for a total  
11 amount of \$8,487,009.08, including secured claims for \$702,468.64, priority claims for  
12 \$6,475,463.06 (including a claim filed on November 20, 2015 by the County of Riverside  
13 Department of Code Enforcement in the amount of \$6,660,958.00) and an administrative claim  
14 in the amount of \$975.00.

15 **C. The Property and Sale of the Property**

16 On their Schedule A, the Debtors list the Property, which is legally described on page 3  
17 of the Preliminary Title Report dated June 20, 2016 (“Title Report”), a copy of which is attached  
18 as **Exhibit “1”** to the Declaration of Lynda T. Bui (“Bui Decl.”). The Debtors valued the  
19 Property at \$124,000.00. On their Schedule D, the Debtors list a secured claim against the  
20 Property in favor of Jessica Darshay in the amount of \$150,000.00.<sup>2</sup> Although not scheduled by  
21 the Debtors, the Title Report also shows a deed of trust in favor of Patrick R. Neal and Shirley  
22 Jean Neal, and Michael Neal in the approximate amount of \$56,000.00 (“Neal DOT”). The  
23 Debtors did not claim any exemptions in the Property.

24 The Trustee is informed and believes that prior to the Petition Date, the Debtors entered  
25 into an oral lease with Rosie Marks (“Tenant”) for \$600.00 per month.

26 ///

27 \_\_\_\_\_  
28 <sup>2</sup> Pursuant to the Settlement Agreement entered into between the Trustee, the Debtors, and Janelle A. Gonzales,  
Jason A. Gonzales and Jessica A. Darshay, which was approved pursuant to the Settlement Order entered on July 1,  
2016, Docket No. 218, this lien has been reconveyed to the Estate.

1 After conducting an on-site inspection, the Trustee’s broker informed the Trustee that the  
2 Property was worth approximately \$80,000.00 and that the Trustee’s broker recommended listing  
3 the Property for sale at \$80,000.00.

4 The Buyer has offered to purchase the Property for \$75,000.00, subject to all defaults and  
5 liens (including but not limited to the Neal DOT), the oral lease with the Tenant (defined below),  
6 and subject to overbids. The purchase price includes a deposit of \$5,000.00. Attached as  
7 **Exhibit “2”** to the Bui Decl. is a true and correct copy of the Commercial Property Purchase  
8 Agreement and Joint Escrow Instructions and Counteroffer to Commercial Property Purchase  
9 Agreement and Joint Escrow Instructions (collectively the “Agreement”). Given that the sale is  
10 subject to overbids, it is anticipated that the Trustee will receive the best and highest value for  
11 the Property and therefore the proposed sale price is fair and reasonable.

12 Pursuant to the Title Report, the Debtors hold joint tenancy interests in the Property,  
13 subject to this bankruptcy proceeding. The following chart sets forth the liens and encumbrances  
14 against the Property as detailed in the Title Report and the proposed treatment of such liens and  
15 encumbrances through the sale:

<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
Riverside County Tax Collector	Real property taxes: 1) Unpaid first installment of 2015-2016 assessment in the amount of \$744.16; and 2) Second installment of 2015- 2016 assessment in the amount of \$782.79.	\$1,526.95	All outstanding real property taxes will be paid through escrow on the sale transaction.
Patrick R. Neal and Shirley Jean Neal, husband and wife, and Michael Neal, a single man	Deed of Trust recorded against the Property on September 29, 1988, Recording No. 286191.	\$56,416.61	The Buyer is purchasing the Property subject to the Neal DOT.  The Debtors have advised the Trustee that they believe that the Neal DOT was paid off. The Trustee has determined that Mr. Patrick Neal is deceased. The Trustee has not been able to locate Mr. Michael Neal. The Trustee has been able to contact Mrs. Shirley Neal, who was not aware

<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
			that the Neal DOT had been recorded against the Property and had no information regarding this lien. Accordingly, this lien is subject to a bona fide dispute.
City of Lake Elsinore	Encroachment and Hold Harmless Agreement dated July 28, 1992 and recorded on October 13, 2002, Instrument No. 382335.	N/A	The Buyer is purchasing the Property subject to this agreement.
City of Lake Elsinore and Eastlake Community Builders	Development Agreement between The City of Lake Elsinore and Eastlake Community Builders recorded on July 26, 1993, Instrument No. 285752.	N/A	The Buyer is purchasing the Property subject to this agreement.
Riverside County	Lien for unsecured property taxes recorded against the Property on June 28, 2007, Instrument No. 2007-0419228.	\$323.63	This lien will be paid through escrow on the sale transaction.
Riverside County	Lien for unsecured property taxes recorded against the Property on May 5, 2008, Instrument No. 2008-0233396.	\$276.85	This lien will be paid through escrow on the sale transaction.

All costs of sale, including escrow fees and real estate commissions will be paid at closing.

**D. Notice of Bidding Procedures**

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

1. Potential overbidder(s) must bid an initial amount of \$78,000.00 subject to all defaults, liens and the oral lease with the Tenant. Minimum bid increments thereafter shall be \$2,000.00. The Trustee shall have sole discretion in determining which overbid is the best for the Estate and will seek approval from the Court of the same.

2. Overbids must be in writing and be received by the Trustee and the Trustee’s counsel, Shulman Hodges & Bastian LLP to the attention of Rika M. Kido on or before **three (3) business days prior to the hearing on this Motion.**

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

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

8 5. The overbidder must seek to acquire the Property on terms and conditions not less  
9 favorable to the Estate than the terms and conditions to which the Buyer has agreed to purchase  
10 the Property as set forth in the Agreement attached as **Exhibit "2"** to the Bui Decl. including  
11 closing on the sale of the Property in the same time parameters as the Buyer.

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

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

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

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

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

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1 The Bid Procedures will be provided to all creditors and any potential bidders or parties  
2 who have shown an interest in the Property. In addition, the Court's mandatory form Notice of  
3 Sale of Estate Property will be filed with the Court so that notice of the sale of the Property may  
4 be posted on the Court's website under the link "Current Notices of Sales," thereby giving notice  
5 to any potential interested parties.

6 Based on the foregoing, the Trustee believes that under the circumstances of this case, the  
7 Property will have been appropriately marketed for bidding.

8 **III. ARGUMENT<sup>3</sup>**

9 **A. There is a Good Business Reason for the Sale and the Sale is in the Best Interest of**  
10 **the Estate**

11 The duties of a trustee in a Chapter 7 filing are enumerated in Section 704 of the  
12 Bankruptcy Code, which provide in relevant part as follows:

13 (a) The trustee shall—

14 (1) collect and reduce to money the property of the estate for which  
15 such trustee serves, and close such estate as expeditiously as is  
compatible with the best interests of parties in interest;

16 (2) be accountable for all property received;

17 11 U.S.C. § 704.

18 Further, the Trustee, after notice and hearing, may sell property of the estate. 11 U.S.C. §  
19 363(b). Courts will ordinarily approve a proposed sale if there is a good business reason for the  
20 sale and the sale is in the best interests of the estate. *In re Wilde Horse Enterprises, Inc.*, 136  
21 B.R. 830, 841 (Bankr. C.D. Cal. 1991); *In re Lionel Corp.*, 722 F.2d 1063, 1069 (2d Cir. 1983).

22 In this case, the Trustee expects to generate net proceeds of approximately \$71,973.05. The sale,  
23 being subject to the Neal DOT, also allows the Trustee to avoid the fees and costs associated  
24 with resolving the disputed Neal DOT. Finally, the Buyer and Trustee are not using brokers for  
25 the sale, which further reduces the costs of sale (e.g. 6% or \$4,500.00). Accordingly, there is a  
26 good business reason for the sale and the sale is in the best interests of the Estate.

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28 <sup>3</sup> Although Local Bankruptcy Rule 6004-1(c)(2)(C) does not require that a memorandum of points and authorities  
be filed in support of the Motion, the Trustee is nevertheless submitting one.

1 **B. The Court has the Authority to Waive the Fourteen-Day Stay of Sale**

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

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

9 **III. CONCLUSION**

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

- 12 1. Approving the Bidding Procedures set forth above for the sale of the Property.
- 13 2. Authorizing the Trustee to sell the Property on an as-is, where-is basis, without  
14 any warranties or representations, to the Buyer (or Successful Bidder) pursuant to the terms and  
15 conditions as set forth in the Agreement attached as **Exhibit “2”** to the Bui Decl.
- 16 3. Authorizing the Trustee to pay from the proceeds of the sale of the Property all  
17 ordinary and customary costs of sale, including escrow fees.
- 18 4. Authorizing the Trustee to sign any and all documents convenient and necessary  
19 in pursuit of the sale as set forth above, including but not limited to any and all conveyances  
20 contemplated by the Agreement attached as **Exhibit “2”** to the Bui Decl.
- 21 5. A determination by the Court that the Buyer is in good faith pursuant to  
22 Bankruptcy Code Section 363(m).
- 23 6. Waiving the fourteen day stay of the order approving the sale of the Property  
24 under Federal Rules of Bankruptcy Procedure 6004(h).

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# **DECLARATION**

**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 James Andrew Gonzales and Estela Ortega Gonzales (“Debtors”). 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, Subject to Overbids, Combined With Notice of Bidding Procedures and Request for Approval of the Bidding Procedures Utilized; (2) Approving Payment of Real Estate Commission; and (3) Granting Related Relief (“Motion”). All capitalized terms not otherwise defined herein shall have the meaning set forth in the Motion.

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

4. The last day to timely file a proof of claim in the Debtors’ bankruptcy case was November 23, 2015. Currently, there are twenty-two (22) claims filed in this case for a total amount of \$8,487,009.08, including secured claims for \$702,468.64, priority claims for \$6,475,463.06 (including a claim filed on November 20, 2015 by the County of Riverside Department of Code Enforcement in the amount of \$6,660,958.00) and an administrative claim in the amount of \$975.00.

5. On their Schedule A, the Debtors list the Property, which is legally described on page 3 of the Preliminary Title Report dated June 20, 2016 (“Title Report”), a copy of which is attached hereto as **Exhibit “1”**. The Debtors valued the Property at \$124,000.00. On their Schedule D, the Debtors list a secured claim against the Property in favor of Jessica Darshay in the amount of \$150,000.00.<sup>4</sup> Although not scheduled by the Debtors, the Title Report also

<sup>4</sup> Pursuant to the Settlement Agreement entered into between the Trustee, the Debtors, and Janelle A. Gonzales, Jason A. Gonzales and Jessica A. Darshay, which was approved pursuant to the Settlement Order entered on July 1, 2016, Docket No. 218, this lien has been reconveyed to the Estate.

1 shows a deed of trust in favor of Patrick R. Neal and Shirley Jean Neal, and Michael Neal in the  
2 approximate amount of \$56,000.00 (“Neal DOT”). The Debtors did not claim any exemptions in  
3 the Property.

4 6. I am informed and believes that prior to the Petition Date, the Debtors entered  
5 into an oral lease with Rosie Marks (“Tenant”) for \$600.00 per month.

6 7. After conducting an on-site inspection, my broker informed me that the Property  
7 was worth approximately \$80,000.00 and that my broker recommended listing the Property for  
8 sale at \$80,000.00.

9 8. Jason Gonzales (the “Buyer”) has offered to purchase the Property for  
10 \$75,000.00, subject to all defaults and liens (including but not limited to the Neal DOT), the oral  
11 lease with the Tenant, and subject to overbids. The purchase price includes a deposit of  
12 \$5,000.00. Attached hereto as **Exhibit “2”** is a true and correct copy of the Commercial  
13 Property Purchase Agreement and Joint Escrow Instructions and Counteroffer to Commercial  
14 Property Purchase Agreement and Joint Escrow Instructions (collectively the “Agreement”).

15 9. I dispute the Neal DOT because the Debtors have advised me that they believe  
16 that this loan was paid off. I have determined that Mr. Patrick Neal is deceased. I have not been  
17 able to locate Mr. Michael Neal. I have been able to contact Mrs. Shirley Neal, who was not  
18 aware that the Neal DOT had been recorded against the Property and had no information  
19 regarding this lien. The sale, being subject to the Neal DOT, also allows the Trustee to avoid the  
20 fees and costs associated with resolving the disputed Neal DOT.

21 10. Through the sale, I expect to generate proceeds of approximately \$71,973.05,  
22 which will benefit the Estate by providing funds for a distribution to the holders of unsecured  
23 claims. Further, the Buyer and I are not using brokers for the sale, which further reduces the  
24 costs of sale (e.g. 6% or \$4,500.00).

25 11. I believe that good cause exists to grant the Motion including approval of the  
26 Bidding Procedures to ensure receiving the highest and best offer for the Property.

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

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

6           Executed on July 13, 2016, at Irvine, California.

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8           Lynda T. Bui

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**EXHIBIT “1”**  
**PRELIMINARY TITLE REPORT**



Lawyers Title Company  
3480 Vine Street Suite 300  
Riverside, CA 92507  
Phone: (951) 774-0825  
Fax: ( )

A & A ESCROW SERVICES

415 N. CRESCENT DRIVE, SUITE # 320  
BEVERLY HILLS, CA 90210

Attn: ANTONIA DELGADO

Title Officer: Lisa Saly (TO)/ Lucia Ornelas,  
Jr.TO--So

email: tu69@ltic.com

Phone No.: (951) 774-0825 x 603

Fax No.: (951) 782-0871

File No.: 616693961

Your Reference No:

Property Address: 31715 Lakeshore Avenue, City of Lake Elsinore, California

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## PRELIMINARY REPORT

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Dated as of June 20, 2016 at 7:30 a.m.

In response to the application for a policy of title insurance referenced herein, Lawyers 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. Limitation 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.

The policy(s) of title insurance to be issued hereunder will be policy(s) of **Commonwealth Land Title Insurance Company**.

***Please read the exceptions shown or referred to below 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.***

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.

## SCHEDULE A

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

ALTA Owners 2006  
ALTA Loan 2006

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

### A FEE

Title to said estate or interest at the date hereof is [vested in:](#)

James A. Gonzales and Estella O. Gonzales, husband and wife as joint tenants, subject to proceedings pending in the bankruptcy court where a petition for relief was filed.

Name of Debtor:	James Andrew Gonzales and Estela Ortega Gonzales
Date of Filing:	April 3, 2015
U.S. District Court:	Central District
Case No:	6:15:bk-13359-SY

The land referred to herein is situated in the County of Riverside, State of California, and is described as follows:

**SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF**

## EXHIBIT "A"

All that certain real property situated in the County of Riverside, State of California, described as follows:

Lot 27 in Block 6 of Heald's First Addition to Elsinore, as shown by map on file in Book 4, Page 205, of Maps, Records of Riverside County, California.

Excepting therefrom that portion thereof deeded to the State of California by deed recorded March 9, 1937 in Book 317, Page 13 of Official Records, particularly described as follows:

Beginning at a point in the South line of Section 9, Township 6 South, Range 4 West, San Bernardino Base and Meridian, distant thereon South 89°14'05" West, 1,648.12 feet from a 1 ½ inch iron pipe and rock mound marking the Southeast corner of said Section 9; thence South 89°14'05" West, 105.66 feet along said South line;  
Thence North 19°36'05" West, 902.64 feet;  
Thence along a curve to the left, with a radius of 1,150 feet, through an angle of 60°44'30" a distance of 1,219.12 feet;  
Thence North 80°20'35" West, 742.14 feet, to a point in the East line of Lot 5, of the Plain View Tract, as shown by map on file in Book 13, Page 58, of Maps, Records of Riverside County, California, distant thereon South 9°41'35" West, 20.00 feet from a 2 inch iron pipe marking the Northeast corner of said Lot 5;  
Thence North 9°41'35" East, 100.00 feet, along said East line of the Northerly prolongation thereof;  
Thence South 80°20'35" East, 742.08 feet;  
Thence along a curve to the right with a radius of 1,250 feet, through an angle of 60°44'30" a distance of 1,325.18 feet;  
Thence South 19°36'05" East, 936.75 feet to the point of beginning.

[Assessor's Parcel No: 363-150-001](#)

## **SCHEDULE B – Section A**

The following exceptions will appear in policies when providing standard coverage as outlined below:

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

## SCHEDULE B – Section B

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

- A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2016-2017.
- B. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.:	363-150-001-7
Fiscal Year:	2015-2016
1 <sup>st</sup> Installment:	\$676.53, (Open) (Delinquent after December 10)
Penalty:	\$67.65
2 <sup>nd</sup> Installment:	\$676.53, (Open) (Delinquent after April 10)
Penalty and Cost:	\$106.28
Homeowners Exemption:	\$-0-
Code Area:	005-027

- C. Any liens or other assessments, bonds, or special district liens including without limitation, Community Facility Districts, that arise by reason of any local, City, Municipal or County Project or Special District.
- D. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, 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.
  - 1. Water rights, claims or title to water, whether or not disclosed by the public records.
  - 2. Any adverse claim based upon the assertion that:

Said Land or any part thereof is now or at any time has been below the highest of the high watermarks of Lake Elsinore in the event the boundary of said Lake Elsinore has been artificially raised or is now or at any time has been below the high watermark, if said Lake Elsinore is in its natural state.

Some portion of said Land has been created by artificial means or has accreted to such portion so created.

Some portion of said Land has been brought within the boundaries thereof by an avulsive movement of Lake Forest Elsinore, or has been formed by accretion to any such portion.

- 3. The effect of Declaration of Ownership of Excess Water Rights by the South Elsinore Mutual Water Company, as shown by that certain Declaration dated June 18, 1934 and recorded June 20, 1934 in [Book 176, Page 293 of Official Records](#), of Riverside County, California, wherein said Water Company declares itself to be the owner of 600 miners inches constant flow of underground water supply underlying the property herein described, and other property; said Declaration of Ownership of underground water rights being subject to the right of owners of overlying lands to sink wells, develop and use water therefrom to the extent that the use of said water may be necessary for said owners of said overlying lands.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other matters shown on

Recording Date: in [Book 47, Pages 50](#) and 51 of Maps

5. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$56,416.61  
Dated: September 29, 1988  
Trustor/Grantor: James Gonzales, a married man  
Trustee: Shoshone Service Corporation, a California Corporation  
Beneficiary: Patrick R. Neal and Shirley Jean Neal, husband and wife and  
Michael Neal, a single man  
Loan No.: Not Set Out  
Recording Date: October 3, 1988  
Recording No: as [Instrument No. 286191 of Official Records](#)

This Company will require that the original note, the original deed of trust and a properly executed request for full reconveyance together with appropriate documentation (i.e., copy of trust, partnership agreement or corporate resolution) be in this office prior to the close of this transaction if the above-mentioned item is to be paid through this transaction or deleted from a policy of title insurance.

Any demands submitted to us for payoff must be signed by all beneficiaries as shown on said deed of trust, and/or any assignments thereto. In the event said demand is submitted by an agent of the beneficiary(s), we will require the written approval of the demand by the beneficiary(s). Servicing agreements do not constitute approval for the purposes of this requirement.

If no amounts remain due under the obligation a zero balance demand will be required along with the reconveyance documents.

In addition, we require the written approval of said demand by the trustor(s) on said deed of trust or the current owners if applicable.

6. Notice of Pendency of Administrative Proceedings and the lien of any assessment arising therefrom by the Department of Building and Safety of the County of Riverside, in the matter of unlawful or unsafe conditions on the herein described Land.

Property Owner: James Gonzales  
Recording Date: August 22, 1990  
Recording No.: as [Instrument No. 311630 of Official Records](#)

Reference is hereby made to said document for full particulars.

7. Matters contained in that certain document

Entitled: Encroachment and Hold Harmless Agreement  
Dated: Not Set Out  
Executed by: City of Lake Elsinore and James Gonzales  
Recording Date: October 13, 1992  
Recording No: as [Instrument No. 382335](#)

Reference is hereby made to said document for full particulars.

8. Matters contained in that certain document

Entitled: Development Agreement  
Dated: Not Set Out  
Executed by: City of Lake Elsinore and Eastlake Community Builders  
Recording Date: July 26, 1993  
Recording No: as [Instrument No. 285752 of Official Records](#)

Reference is hereby made to said document for full particulars.

9. A lien for unsecured property taxes filed by the tax collector of the county shown, for the amount set forth, and any other amounts due.

County: Riverside  
Fiscal Year: 2005-2006  
Taxpayer: Munoz Jesse  
County Identification Number: 0324072  
Amount: \$323.63  
Recording Date: June 28, 2007  
Recording No: as [Instrument No. 2007-0419228 of Official Records](#)

10. A lien for unsecured property taxes filed by the tax collector of the county shown, for the amount set forth, and any other amounts due.

County: Riverside  
Fiscal Year: 2005-2006  
Taxpayer: Gonzales James A  
County Identification Number: 0344450  
Amount: \$276.84  
Recording Date: May 5, 2008  
Recording No: as [Instrument No. 2008-0233396 of Official Records](#)

11. Matters which may be disclosed by an inspection and/or by a correct ALTA/ACSM Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.

12. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

13. Any easements not disclosed by the public records as to matters affecting title to real property, whether or not said easements are visible and apparent.

14. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other matters which a correct survey would disclose and which are not shown by the public records.

**END OF SCHEDULE B EXCEPTIONS**

**PLEASE REFER TO THE "NOTES AND REQUIREMENTS SECTION" WHICH FOLLOWS FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION**

## **REQUIREMENTS SECTION:**

Req. No. 1: In order to complete this report, the Company requires a Statement of Information to be completed by the following party(s),

Party(s):                      Buyers/Sellers

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.

## INFORMATIONAL NOTES SECTION

- Note No. 1: The information on the attached plat is provided for your convenience as a guide to the general location of the subject property. The accuracy of this plat is not guaranteed, nor is it a part of any policy, report or guarantee to which it may be attached.
- Note No. 2: California insurance code section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available for withdrawal prior to disbursement. Funds deposited with the company by wire transfer may be disbursed upon receipt. Funds deposited with the company via cashier's check or teller's check drawn on a California based bank may be disbursed on the next business day after the day of deposit. If funds are deposited with the company by other methods, recording and/or disbursement may be delayed. All escrow and sub-escrow funds received by the company will be deposited with other escrow funds in one or more non-interest bearing escrow accounts of the company in a financial institution selected by the company. The company may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with such financial institution, and the company shall have no obligation to account to the depositing party in any manner for the value of, or to pay to such party, any benefit received by the company. Those benefits may include, without limitation, credits allowed by such financial institution on loans to the company or its parent company and earnings on investments made with the proceeds of such loans, accounting, reporting and other services and products of such financial institution. Such benefits shall be deemed additional compensation of the company for its services in connection with the escrow or sub-escrow.

**For wiring instructions please contact your Title Officer or Title Company Escrow officer.**

- Note No. 3: Lawyers Title is a division of Commonwealth Land Title Insurance Company. The insurer in policies of title insurance, when issued in this transaction, will be Commonwealth Land Title Insurance Company.
- Note No. 4: None of the items shown in this report will cause the Company to decline to attach CLTA Endorsement Form 100 to an ALTA Loan Policy, when issued.
- Note No. 5: The following information will be included in the CLTA Form 116 or ALTA Form 22-06 Endorsement to be issued pursuant to this order:
- There is located on said Land: commercial/industrial property  
Known as: James A. Gonzales and Estella O. Gonzales, husband and wife as joint tenants
- Note No. 6: There are no conveyances affecting said Land recorded within months of the date of this report.
- Note No. 7: The Company requires current beneficiary demands prior to closing. If the demand is expired and a current demand cannot be obtained, our requirements will be as follows:
- a) If the Company accepts a verbal update on the demand, we may hold an amount equal to one monthly mortgage payment. This hold will be in addition to the verbal hold the lender may have stipulated.
  - b) If the Company cannot obtain a verbal update on the demand, we will either pay off the expired demand or wait for the amended demand, at our discretion.
  - c) All payoff figures are verified at closing. If the customer's last payment was made within 15 days of closing, our Payoff Department may hold one month's payment to insure the check has cleared the bank (unless a copy of the cancelled check is provided, in which case there will be no hold).

Processor: cph  
Date Typed: July 1, 2016

**ATTACHMENT ONE**

4-2-15 CA & NV

**CALIFORNIA LAND TITLE ASSOCIATION**

**STANDARD COVERAGE POLICY – 1990**

**EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I**

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

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

Attachment One (4-2-15) CA & NV

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)  
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE**

**EXCLUSIONS**

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

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
  - a. building;
  - b. zoning;
  - c. land use;
  - d. improvements on the Land;
  - e. land division; and
  - f. environmental protection.This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
  - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
  - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
  - c. that result in no loss to You; or
  - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
  - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
  - b. in streets, alleys, or waterways that touch the Land.This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

**LIMITATIONS ON COVERED RISKS**

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 18:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 5,000.00

Attachment One (4-2-15) CA & NV

## 2006 ALTA LOAN POLICY (06-17-06)

### EXCLUSIONS FROM COVERAGE

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

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

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

### EXCEPTIONS FROM COVERAGE

Except as provided in Schedule B - Part II, this policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

#### PART I

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

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

#### PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:

## 2006 ALTA OWNER'S POLICY (06-17-06)

### EXCLUSIONS FROM COVERAGE

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

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

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

### EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of: The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

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

Attachment One (4-2-15) CA & NV

## **ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (12-02-13)**

### **EXCLUSIONS FROM COVERAGE**

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

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

Attachment One (4-2-15) CA & NV



Lawyers Title Company  
3480 Vine Street Suite 300  
Riverside, CA 92507  
Phone: (951) 774-0825  
Fax: ( )

Order No. 616693961

## Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the filed rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for such discount. These discounts only apply to transactions involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

**FNF Underwritten Title Company**  
LTC – Lawyers Title Company

**FNF Underwriter**  
CLTIC – Commonwealth Land Title Insurance Co.

### **Available Discounts**

#### **DISASTER LOANS (CLTIC)**

The charge for a Lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

#### **EMPLOYEE RATE (LTC and CLTIC)**

No charge shall be made to employees (including employees on approved retirement) of the Company or its underwritten, subsidiary or affiliated title companies for policies or escrow services in connection with financing, refinancing, sale or purchase of the employees' bona fide home property. Waiver of such charges is authorized only in connection with those costs which the employee would be obligated to pay, by established custom, as a party to the transaction.

At Fidelity National Financial, Inc. and its majority-owned subsidiary companies (collectively, "FNF", "our" or "we"), we value the privacy of our customers. This Privacy Notice explains how we collect, use, and protect your information and explains the choices you have regarding that information. A summary of our privacy practices is below. We also encourage you to read the complete Privacy Notice following the summary

<p><b>Types of Information Collected.</b> You may provide us with certain personal information, like your contact information, social security number (SSN), driver's license, other government ID numbers, and/or financial information. We may also receive information from your Internet browser, computer and/or mobile device.</p>	<p><b>How Information is Collected.</b> We may collect personal information directly from you from applications, forms, or communications we receive from you, or from other sources on your behalf, in connection with our provision of products or services to you. We may also collect browsing information from your Internet browser, computer, mobile device or similar equipment. This browsing information is generic and reveals nothing personal about the user.</p>
<p><b>Use of Your Information.</b> We may use your information to provide products and services to you (or someone on your behalf), to improve our products and services, and to communicate with you about our products and services. We do not give or sell your personal information to parties outside of FNF for their use to market their products or services to you.</p>	<p><b>Security Of Your Information.</b> We utilize a combination of security technologies, procedures and safeguards to help protect your information from unauthorized access, use and/or disclosure. We communicate to our employees about the need to protect personal information.</p>
<p><b>Choices With Your Information.</b> Your decision to submit personal information is entirely up to you. You can opt-out of certain disclosures or use of your information or choose to not provide any personal information to us.</p>	<p><b>When We Share Information.</b> We may disclose your information to third parties providing you products and services on our behalf, law enforcement agencies or governmental authorities, as required by law, and to parties with whom you authorize us to share your information.</p>
<p><b>Information From Children.</b> We do not knowingly collect information from children under the age of 13, and our websites are not intended to attract children.</p>	<p><b>Privacy Outside the Website.</b> We are not responsible for the privacy practices of third parties, even if our website links to those parties' websites.</p>
<p><b>Access and Correction.</b> If you desire to see the information collected about you and/or correct any inaccuracies, please contact us in the manner specified in this Privacy Notice.</p>	<p><b>Do Not Track Disclosures.</b> We do not recognize "do not track" requests from Internet browsers and similar devices.</p>
<p><b>The California Online Privacy Protection Act.</b> Certain FNF websites collect information on behalf of mortgage loan servicers. The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through those websites.</p>	<p><b>International Use.</b> By providing us with your information, you consent to the transfer, processing and storage of such information outside your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.</p>
<p><b>Your Consent To This Privacy Notice.</b> By submitting information to us and using our websites, you are accepting and agreeing to the terms of this Privacy Notice.</p>	<p><b>Contact FNF.</b> If you have questions or wish to contact us regarding this Privacy Notice, please use the contact information provided at the end of this Privacy Notice.</p>

FNF respects and is committed to protecting your privacy. We pledge to take reasonable steps to protect your Personal Information (as defined herein) and to ensure your information is used in compliance with this Privacy Notice.

This Privacy Notice is only in effect for information collected and/or owned by or on behalf of FNF, including collection through any FNF website or online services offered by FNF (collectively, the "Website"), as well as any information collected offline (e.g., paper documents). The provision of this Privacy Notice to you does not create any express or implied relationship, nor create any express or implied duty or other obligation, between FNF and you.

**Types of Information Collected**

We may collect two types of information: Personal Information and Browsing Information.

Personal Information. The types of personal information FNF

collects may include, but are not limited to:

- contact information (e.g., name, address, phone number, email address);
- social security number (SSN), driver's license, and other government ID numbers; and
- financial account or loan information.

Browsing Information. The types of browsing information

FNF collects may include, but are not limited to:

- Internet Protocol (or IP) address or device ID/UDID, protocol and sequence information;
- browser language;
- browser type;
- domain name system requests;
- browsing history;
- number of clicks;
- hypertext transfer protocol headers; and
- application client and server banners.

**How Information is Collected**

In the course of our business, we may collect *Personal Information* about you from the following sources:

- applications or other forms we receive from you or your authorized representative, whether electronic or paper;
- communications to us from you or others;
- information about your transactions with, or services performed by, us, our affiliates or others; and
- information from consumer or other reporting agencies and public records that we either obtain directly from those entities, or from our affiliates or others.

We may collect *Browsing Information* from you as follows:

- Browser Log Files. Our servers automatically log, collect and record certain Browsing Information about each visitor to the Website. The Browsing Information includes only generic information and reveals nothing personal about the user.
- Cookies. From time to time, FNF may send a "cookie" to your computer when you visit the Website. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive. When you visit the Website again, the cookie allows the Website to recognize your computer, with the goal of providing an optimized user experience. Cookies may store user preferences and other information. You can choose not to accept cookies by changing the settings of your Internet browser. If you choose not to accept cookies, then some functions of the Website may not work as intended.

**Use of Collected Information**

Information collected by FNF is used for three main purposes:

- To provide products and services to you, or to one or more third party service providers who are performing services on your behalf or in connection with a transaction involving you;
  - To improve our products and services;
- and
- To communicate with you and to inform you about FNF's products and services.

**When We Share Information**

We may share your Personal Information (excluding information we receive from consumer or other credit reporting agencies) and Browsing Information with certain individuals and companies, as permitted by law, without first obtaining your authorization. Such disclosures may include, without limitation, the following:

- to agents, representatives, or others to provide you with services or products you have requested, and to enable us to detect or prevent criminal activity, fraud, or material misrepresentation or nondisclosure;
- to third-party contractors or service providers who provide services or perform other functions on our behalf;
- to law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders; and/or
- to other parties authorized to receive the information in connection with services provided to you or a transaction involving you.

We may disclose Personal Information and/or Browsing Information when required by law or in the good-faith belief that such disclosure is necessary to:

- comply with a legal process or applicable laws;
- enforce this Privacy Notice;
- investigate or respond to claims that any information provided by you violates the rights of a third party; or
- protect the rights, property or personal safety of FNF, its users or the public.

We make efforts to ensure third party contractors and service providers who provide services or perform functions on our behalf protect your information. We limit use of your information to the purposes for which the information was provided. We do not give or sell your information to third parties for their own direct marketing use.

We reserve the right to transfer your Personal Information, Browsing Information, as well as any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets, or in the event of our bankruptcy, reorganization, insolvency, receivership or an assignment for the benefit of creditors. You expressly agree and consent to the use and/or transfer of this information in connection with any of the above-described proceedings. We cannot and will not be responsible for any breach of security by any third party or for any actions of any third party that receives any of the information that is disclosed to us.

#### **Choices With Your Information**

Whether you submit your information to FNF is entirely up to you. If you decide not to submit your information, FNF may not be able to provide certain products or services to you. You may choose to prevent FNF from using your information under certain circumstances ("opt out"). You may opt out of receiving communications from us about our products and/or services.

#### **Security And Retention Of Information**

FNF is committed to protecting the information you share with us and utilizes a combination of security technologies, procedures and safeguards to help protect it from unauthorized access, use and/or disclosure. FNF trains its employees on privacy practices and on FNF's privacy and information security policies. FNF works hard to retain information related to you only as long as reasonably necessary for business and/or legal purposes.

#### **Information From Children**

The Website is meant for adults. The Website is not intended or designed to attract children under the age of thirteen (13). We do not collect Personal Information from any person that we know to be under the age of thirteen (13) without permission from a parent or guardian.

#### **Privacy Outside the Website**

The Website may contain links to other websites, including links to websites of third party service providers. FNF is not and cannot be responsible for the privacy practices or the content of any of those other websites.

#### **International Users**

Because FNF's headquarters is located in the United States, we may transfer your Personal Information and/or Browsing Information to the United States. By using our website and providing us with your Personal Information and/or Browsing Information, you understand and consent to the transfer, processing and storage of such information outside your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.

#### **Do Not Track Disclosures**

Currently, our policy is that we do not recognize "do not track" requests from Internet browsers and similar devices.

#### **The California Online Privacy Protection Act**

For some websites which FNF or one of its companies owns, such as the Customer CareNet ("CCN"), FNF is acting as a third party service provider to a mortgage loan servicer. In those instances, we may collect certain information on behalf of that mortgage loan servicer, including:

- first and last name;
- property address;
- user name and password;
- loan number;
- social security number - masked upon entry;
- email address;
- security questions and answers; and
- IP address.

The information you submit is then transferred to your mortgage loan servicer by way of CCN. **The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through this website. For example, if you believe that your payment or user information is incorrect, you must contact your mortgage loan servicer.**

CCN does not share consumer information with third parties, other than those with which the mortgage loan servicer has contracted to interface with the CCN application. All sections of this Privacy Notice apply to your interaction with CCN, except for the sections titled Choices with Your Information, and Access and Correction. If you have questions regarding the choices you have with regard to your personal information or how to access or correct your personal information, contact your mortgage loan servicer.

**Access and Correction**

To access your Personal Information in the possession of FNF and correct any inaccuracies, please contact us by email at [privacy@fnf.com](mailto:privacy@fnf.com) or by mail at:

Fidelity National Financial, Inc.  
601 Riverside Avenue  
Jacksonville, Florida 32204  
Attn: Chief Privacy Officer

**Your Consent To This Privacy Notice**

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of information by FNF in compliance with this Privacy Notice. We reserve the right to make changes to this Privacy Notice. If we change this Privacy Notice, we will post the revised version on the Website.

**Contact FNF**

Please send questions and/or comments related to this Privacy Notice by email at [privacy@fnf.com](mailto:privacy@fnf.com) or by mail at:

Fidelity National Financial,  
Inc.  
601 Riverside  
Avenue  
Jacksonville, Florida  
32204  
Attn: Chief Privacy  
Officer

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EFFECTIVE AS OF APRIL 1, 2016

**EXHIBIT "2"**  
**SALE AGREEMENT**



CALIFORNIA ASSOCIATION OF REALTORS®

Main Document Page 37 of 55
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.

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.

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.

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).

DocuSigned by:

Jason Gonzales

6/3/2016

[X] Buyer [ ] Seller [ ] Landlord [ ] Tenant Date
Jason Gonzales 0C8EEC5CC1D94FE...

[ ] Buyer [ ] Seller [ ] Landlord [ ] Tenant Date

Agent BUYER IS SELF REPRESENTED - NO BROKER OR AGENT INVOLVEMENT BRE Lic. #
Real Estate Broker (Firm)

By (Salesperson or Broker-Associate) BRE Lic. # Date

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

The copyright laws of the United States (Title 17 U.S. Code) forbid the unauthorized reproduction of this form, or any portion thereof, by photocopy machine or any other means, including facsimile or computerized formats. Copyright © 1991-2010, CALIFORNIA ASSOCIATION OF REALTORS®, INC. ALL RIGHTS RESERVED.

Reviewed by Date



Main Document Page 38 of 55
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 that 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

(Name of Selling Agent if not the same as the Listing Agent)

both the buyer and seller.

(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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Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



AD REVISED 12/14 (PAGE 2 OF 2)

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

Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.ziplogix.com

EXHIBIT 2



CALIFORNIA ASSOCIATION OF REALTORS®

Main Document Page 39 of 55
COMMERCIAL PROPERTY PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (NON-RESIDENTIAL) (C.A.R. Form CPA, Revised 12/15)

Date Prepared: 06/03/2016

1. OFFER:

- A. THIS IS AN OFFER FROM Jason Gonzales ("Buyer").
B. THE REAL PROPERTY to be acquired is 31715 Lakeshore Ave, situated in Lake Elsinore (City), Riverside (County), California, 92530 (Zip Code), Assessor's Parcel No. ("Property").
C. THE PURCHASE PRICE offered is Seventy-Five Thousand Dollars \$ 75,000.00
D. CLOSE OF ESCROW shall occur on July 31, 2016 (date) (or 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 (Print Firm Name) is the agent of (check one): 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 \$ 5,000.00
(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 ), made payable to . 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 deposit 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 \$ 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. This offer is NOT contingent on Buyer obtaining a loan. Written verification of sufficient funds to close this transaction IS ATTACHED to this offer or Buyer shall, within 3 (or 10 ) 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 Seller financing (C.A.R. Form SFA), assumed financing (C.A.R. Form AFA), subject to financing, 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.
(2) SECOND LOAN in the amount of \$
This loan will be conventional financing or Seller financing (C.A.R. Form SFA), assumed financing (C.A.R. Form AFA), subject to financing, 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.

- E. ADDITIONAL FINANCING TERMS: Buyer accepts property "AS-IS" with all default and recorded liens. Buyer is aware that the property is currently property of a bankruptcy estate
F. BALANCE OF DOWN PAYMENT OR PURCHASE PRICE in the amount of \$ 70,000.00 to be deposited with Escrow Holder pursuant to Escrow Holder instructions.
G. PURCHASE PRICE (TOTAL): \$ 75,000.00
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.)

Buyer's Initials ( JG ) ( )

Seller's Initials ( ) ( )

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COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 1 OF 11)



Property Address: 31715 Lakeshore Ave, Lake Elsinore, Ca 92530

Date: June 3, 2016

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 18, 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 Buyer 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 type="checkbox"/>	Court Confirmation Addendum (C.A.R. Form CCA)
<input type="checkbox"/> Septic, Well and Property Monument Addendum (C.A.R. Form SWPI)	<input type="checkbox"/>	
<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 checked="" type="checkbox"/>
<input type="checkbox"/> Probate Advisory (C.A.R. Form PA)	<input 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: Buyer acknowledges that there are recorded liens against the property that have been disclosed by the bankruptcy trustee and/or her agent and accepts the property "as is" with all defaults and liens. Buyer accepts the property without further disclosure or inspection.

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 \_\_\_\_\_ prepared by \_\_\_\_\_

(3)  Buyer  Seller shall pay for the following Report \_\_\_\_\_ prepared by \_\_\_\_\_

B. GOVERNMENT REQUIREMENTS AND RETROFIT:

(1)  Buyer  Seller shall pay for smoke alarm and carbon monoxide device installation and water heater bracing, if required by Law. Prior to Close Of Escrow ("COE"), Seller shall provide Buyer written statement(s) of compliance in accordance with state and local Law, unless Seller is exempt.

Buyer's Initials ( JG ) ( \_\_\_\_\_ )

Seller's Initials ( AB ) ( \_\_\_\_\_ )





Property Address: 31715 Lakeshore Ave, Lake Elsinore, Ca 92530

Date: June 3, 2016

- E. 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 Owners' Association ("OA") to obtain keys to accessible OA facilities.
- 10. SECURITY DEPOSITS: Security deposits, if any, to the extent they have not been applied by Seller in accordance with any rental agreement and current Law, shall be transferred to Buyer on Close Of Escrow. Seller shall notify each tenant, in compliance with the Civil Code.
- 11. SELLER DISCLOSURES:
  - A. NATURAL AND ENVIRONMENTAL DISCLOSURES: Seller shall, within the time specified in paragraph 18, if required by Law:
    - (i) Deliver to Buyer earthquake guides (and questionnaire) and environmental hazards booklet; (ii) even if exempt from the obligation to provide an NHD, 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; Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.
  - B. ADDITIONAL DISCLOSURES: Within the time specified in paragraph 18, Seller shall Deliver to Buyer, in writing, the following disclosures, documentation and information:
    - (1) RENTAL SERVICE AGREEMENTS: (i) All current leases, rental agreements, service contracts, and other agreements pertaining to the operation of the Property; and (ii) a rental statement including names of tenants, rental rates, period of rental, date of last rent increase, security deposits, rental concessions, rebates, or other benefits, if any, and a list of delinquent rents and their duration. Seller represents that no tenant is entitled to any concession, rebate, or other benefit, except as set forth in these documents.
    - (2) INCOME AND EXPENSE STATEMENTS: The books and records, including a statement of income and expense for the 12 months preceding Acceptance. Seller represents that the books and records are those maintained in the ordinary and normal course of business, and used by Seller in the computation of federal and state income tax returns.
    - (3)  TENANT ESTOPPEL CERTIFICATES: (If checked) Tenant estoppel certificates (C.A.R. Form TEC) completed by Seller or Seller's agent, and signed by tenants, acknowledging: (i) that tenants' rental or lease agreements are unmodified and in full force and effect (or if modified, stating all such modifications); (ii) that no lessor defaults exist; and (iii) stating the amount of any prepaid rent or security deposit.
    - (4) SURVEYS, PLANS AND ENGINEERING DOCUMENTS: Copies of surveys, plans, specifications and engineering documents, if any, in Seller's possession or control.
    - (5) PERMITS: If in Seller's possession, Copies of all permits and approvals concerning the Property, obtained from any governmental entity, including, but not limited to, certificates of occupancy, conditional use permits, development plans, and licenses and permits pertaining to the operation of the Property.
    - (6) STRUCTURAL MODIFICATIONS: Any known structural additions or alterations to, or the installation, alteration, repair or replacement of, significant components of the structure(s) upon the Property.
    - (7) GOVERNMENTAL COMPLIANCE: Any improvements, additions, alterations or repairs made by Seller, or known to Seller to have been made, without required governmental permits, final inspections, and approvals.
    - (8) VIOLATION NOTICES: Any notice of violations of any Law filed or issued against the Property and actually known to Seller.
    - (9) MISCELLANEOUS ITEMS: Any of the following, if actually known to Seller: (i) any current pending lawsuit(s), investigation(s), inquiry(ies), action(s), or other proceeding(s) affecting the Property, or the right to use and occupy it; (ii) any unsatisfied mechanic's or materialman's lien(s) affecting the Property; and (iii) that any tenant of the Property is the subject of a bankruptcy.
  - C. WITHHOLDING TAXES: Within the time specified in paragraph 18A, 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. 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.
  - E. CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES:
    - (1) SELLER HAS: 7 (or \_\_\_ ) Days After Acceptance to disclose to Buyer whether the Property is a condominium, or is located in a planned development or other common interest subdivision.
    - (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 OA (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 OA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of OA minutes for regular and special meetings; and (v) the names and contact information of all OAs governing the Property (collectively, "CI Disclosures"). Seller shall itemize and Deliver to Buyer all CI Disclosures received from the OA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 18B(3). The Party specified in paragraph 7, as directed by escrow, shall deposit funds into escrow or direct to OA or management company to pay for any of the above.

Buyer's Initials (   DS   ) (   JG   )

Seller's Initials (   AB   ) (            )



Property Address: 31715 Lakeshore Ave, Lake Elsinore, Ca 92530

Date: June 3, 2016

12.  ENVIRONMENTAL SURVEY (If checked): Within \_\_\_\_\_ Days After Acceptance, Buyer shall be provided a phase one environmental survey report paid for and obtained by  Buyer  Seller. Buyer shall then, as specified in paragraph 18, remove this contingency or cancel this Agreement.

13. SUBSEQUENT DISCLOSURES: In the event Seller, 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 of which Buyer is otherwise unaware, Seller shall promptly Deliver 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 disclosed in reports ordered and paid for by Buyer.

14. CHANGES DURING ESCROW:

- A. Prior to Close Of Escrow, Seller may only engage in the following acts, ("Proposed Changes"), subject to Buyer's rights in paragraph 14B: (i) rent or lease any vacant unit or other part of the premises; (ii) alter, modify, or extend any existing rental or lease agreement; (iii) enter into, alter, modify or extend any service contract(s); or (iv) change the status of the condition of the Property.
- B. (1) 7 (or  ) Days prior to any Proposed Changes, Seller shall Deliver written notice to Buyer of any Proposed Changes. (2) Within 5 (or  ) Days After receipt of such notice, Buyer, in writing, may give Seller notice of Buyer's objection to the Proposed Changes in which case Seller shall not make the Proposed Changes.

15. 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 18A, 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 18B, 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.

16. 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 18B. Within the time specified in paragraph 18B(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 for minimally invasive testing 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 18B, 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.

17. TITLE AND VESTING:

- A. Within the time specified in paragraph 18, 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 18B. 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 18A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.

Buyer's Initials ( JG ) ( \_\_\_\_\_ )  
CPA REVISED 12/15 (PAGE 5 OF 11)

Seller's Initials ( [Signature] ) ( \_\_\_\_\_ )



Property Address: 31715 Lakeshore Ave, Lake Elsinore, Ca 92530

Date: June 3, 2016

- 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.
- E. Buyer shall receive a standard coverage owners CLTA policy of title insurance. An ALTA policy or the addition of endorsements may provide greater coverage for Buyer. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and shall pay any increase in cost.
- 18. 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 5A, 6, 7, 8B(7), 11A, B, C, D and F, 12, 15A and 17A. Buyer after first Delivering to Seller a Notice to Seller to Perform (C.A.R. Form NSP) may cancel this Agreement if Seller has not Delivered the items within the time specified.
  - 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(7) and other applicable information, which Buyer receives from Seller, and approve all matters affecting the Property.
    - (2) Within the time specified in paragraph 18B(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 18B(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 18A, then Buyer has 5 (or \_\_\_ ) Days After Delivery of any such items, or the time specified in paragraph 18B(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 18B(1) and before Seller cancels, if at all, pursuant to paragraph 18C, 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 18C(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 letter as required by paragraph 3J(1); (iii) Deliver verification as required by paragraph 3C or 3H or if Seller reasonably disapproves of the verification provided by paragraph 3C or 3H; or (iv) In writing assume or accept leases or liens specified in 8B(7); (v) Sign or initial a separate liquidated damages form for an increased deposit as required by paragraphs 3B and 25B; or (vi) Provide evidence of authority to sign in a representative capacity as specified in paragraph 23. 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 18.
- 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 escrow, 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).

Buyer's Initials (  ) ( \_\_\_ )  
CPA REVISED 12/15 (PAGE 6 OF 11)

Seller's Initials (  ) ( \_\_\_ )



Property Address: 31715 Lakeshore Ave, Lake Elsinore, Ca 92530

- 19. **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.
- 20. **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 15; (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).
- 21. **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, OA 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.
- 22. **BROKERS:**
  - A. **COMPENSATION:** Seller or Buyer, or both, as applicable, agrees 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. **BROKERAGE:** Neither Buyer nor Seller has utilized the services of, or for any other reason owes compensation to, a licensed real estate broker (individual or corporate), agent, finder, or other entity, other than as specified in this Agreement, in connection with any act relating to the Property, including, but not limited to, inquiries, introductions, consultations and negotiations leading to this Agreement. Buyer and Seller each agree to indemnify, defend, and hold the other, the Brokers specified herein and their agents, harmless from and against any costs, expenses or liability for compensation claimed inconsistent with the warranty and representations in this paragraph.
  - C. **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.
- 23. **REPRESENTATIVE CAPACITY:** If one or more Parties is signing the Agreement in a representative capacity and not for him/herself as an individual then that Party shall so indicate in paragraph 40 or 41 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 the 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 portion of the trust or Certification Of Trust (Probate Code 18100.5), letters testamentary, court order, power of attorney, corporate resolution, or formation documents of the business entity).
- 24. **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, 10, 11D, 17, 18G, 21, 22A, 23, 24, 30, 38, 39, 41, 42 and paragraph D of the section titled Real Estate Brokers on page 11. If a Copy of the separate compensation agreement(s) provided for in paragraph 22A, or paragraph D of the section titled Real Estate Brokers on page 11 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, 11 or elsewhere in this Agreement.

Buyer's Initials ( ) ( )

Seller's Initials ( ) ( )

CPA REVISED 12/15 (PAGE 7 OF 11)



Property Address: 31715 Lakeshore Ave, Lake Elsinore, Ca 92530 Date: June 3, 2016

- 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 22A and paragraph D of the section titled Real Estate Brokers on page 11. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraph 22A, 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.
- 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 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.

25. 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. Buyer and Seller agree that this amount is a reasonable sum given that it is impractical or extremely difficult to establish the amount of damages that would actually be suffered by Seller in the event Buyer were to breach this Agreement. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award. AT 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 JG / \_\_\_\_\_ Seller's Initials AS / \_\_\_\_\_

26. 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. Consumer Mediation Center ([www.consumermediation.org](http://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 26C.
- 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 transactional 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 26C.

"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 JG ( \_\_\_\_\_ ) Seller's Initials AS ( \_\_\_\_\_ )  
CPA REVISED 12/15 (PAGE 8 OF 11)

Property Address: 31715 Lakeshore Ave, Lake Elsinore, Ca 92530

Date: June 3, 2016

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 preserve a statute of limitations; (ii) 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 (iii) 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 the Agreement.
27. **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.
  28. **MULTIPLE LISTING SERVICE/PROPERTY DATA SYSTEM:** If Broker is a participant of a Multiple Listing Service ("MLS") or Property Data System ("PDS"), Broker is authorized to report to the MLS or PDS a pending sale and, upon Close Of Escrow, the terms of this transaction to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS or PDS.
  29. **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 attorneys fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 26A.
  30. **ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interest in this Agreement without first having obtained the written consent of Seller. Such consent shall not be unreasonably withheld unless otherwise agreed in writing. 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 AOOA).
  31. **SUCCESSORS AND ASSIGNS:** This Agreement shall be binding upon, and inure to the benefit of, Buyer and Seller and their respective successors and assigns, except as otherwise provided herein.
  32. **ENVIRONMENTAL HAZARD CONSULTATION:** Buyer and Seller acknowledge: (i) Federal, state, and local legislation impose liability upon existing and former owners and users of real property, in applicable situations, for certain legislatively defined, environmentally hazardous substances; (ii) Broker(s) has/have made no representation concerning the applicability of any such Law to this transaction or to Buyer or to Seller, except as otherwise indicated in this Agreement; (iii) Broker(s) has/have made no representation concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property; and (iv) Buyer and Seller are each advised to consult with technical and legal experts concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property.
  33. **AMERICANS WITH DISABILITIES ACT:** The Americans With Disabilities Act ("ADA") prohibits discrimination against individuals with disabilities. The ADA affects almost all commercial facilities and public accommodations. The ADA can require, among other things, that buildings be made readily accessible to the disabled. Different requirements apply to new construction, alterations to existing buildings, and removal of barriers in existing buildings. Compliance with the ADA may require significant costs. Monetary and injunctive remedies may be incurred if the Property is not in compliance. A real estate broker does not have the technical expertise to determine whether a building is in compliance with ADA requirements, or to advise a principal on those requirements. Buyer and Seller are advised to contact an attorney, contractor, architect, engineer or other qualified professional of Buyer's or Seller's own choosing to determine to what degree, if any, the ADA impacts that principal or this transaction.
  34. **COPIES:** Seller and Buyer each represent that Copies of all reports, documents, certificates, approvals and other documents that are furnished to the other are true, correct and unaltered Copies of the original documents, if the originals are in the possession of the furnishing party.
  35. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
  36. **GOVERNING LAW:** This Agreement shall be governed by the Laws of the state of California.
  37. **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 initiated 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. Buyer has read and acknowledges receipt of a Copy of the offer and agrees 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.
  38. **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.
  39. **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 counter offers and any incorporated addenda, collectively forming the binding agreement between the Parties. Addenda are incorporated only when Signed by all Parties.

Buyer's Initials (   16   ) (            )  
CPA REVISED 12/15 (PAGE 9 OF 11)

Seller's Initials (   AB   ) (            )

Property Address: 31715 Lakeshore Ave, Lake Elsinore, Ca 92530

Date: June 3, 2016

- 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" or "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 11, 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.
40. **AUTHORITY:** Any person or persons signing this Agreement represent(s) that such person has full power and authority to bind that person's principal, and that the designated Buyer and Seller has full authority to enter into and perform this Agreement. Entering into this Agreement, and the completion of the obligations pursuant to this contract, does not violate any Articles of Incorporation, Articles of Organization, By Laws, Operating Agreement, Partnership Agreement or other document governing the activity of either Buyer or Seller.
41. **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 \_\_\_\_\_, who is authorized to receive it, by 5:00 PM on the third Day after this offer is signed by Buyer (or by  \_\_\_\_\_  AM/  PM, on \_\_\_\_\_ (date)).

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

Date 06/03/2016 BUYER

*Jason Gonzales*  
0C6EEC5CC1D94FE...

(Print name) Jason Gonzales

Date BUYER

(Print name)

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

42. **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, and agrees to the above confirmation of agency relationships. 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: \_\_\_\_\_

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

Date 6/17/16 SELLER

*[Signature]*

(Print name)

Date SELLER

(Print name)

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

(\_\_\_\_\_/\_\_\_\_\_) (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 \_\_\_\_\_  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) BUYER IS SELF REPRESENTED - NO BROKER OR AGENT INVOLVEMENT CalBRE Lic. # \_\_\_\_\_

By \_\_\_\_\_ CalBRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_

By \_\_\_\_\_ CalBRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

Real Estate Broker (Listing Firm) \_\_\_\_\_ CalBRE Lic. # \_\_\_\_\_

By \_\_\_\_\_ CalBRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_

By \_\_\_\_\_ CalBRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

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 24 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

Buyer's Initials ( JS ) ( \_\_\_\_\_ )

Seller's Initials ( AB ) ( \_\_\_\_\_ )

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 525 South Virgil Avenue, Los Angeles, California 90020

Reviewed by \_\_\_\_\_  
 Broker or Designee





CALIFORNIA ASSOCIATION OF REALTORS®

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

Property Address: 31715 Lakeshore Ave, Lake Elsinore, Ca 92530 ("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 Jason Gonzales

Buyer

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Reviewed by Date

BIA REVISED 11/14 (PAGE 1 OF 1)

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





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 [Signature] Date 6/17/16
Seller [Signature] Date 6/3/2016
Buyer Jason Gonzales Jason Gonzales Date
Buyer [Signature] Date

Real Estate Broker (Firm) CalBRE Lic # Date
By CalBRE Lic # Date

Real Estate Broker (Firm) BUYER IS SELF REPRESENTED - NO BROKER OR AGENT CalBRE Lic # Date
By CalBRE Lic # Date

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PRBS 11/14 (PAGE 1 OF 1) POSSIBLE REPRESENTATION OF MORE THAN ONE BUYER OR SELLER (PRBS PAGE 1 OF 1)

**Counteroffer to Commercial Property Purchase Agreement  
and Joint Escrow Instructions**

Prop. No. 21 - 31715 Lakeshore Avenue, Lake Elsinore, CA (Riverside County)

This is a counteroffer (“Counteroffer”) to the June 3, 2016, “Commercial Property Purchase Agreement and Joint Escrow Instructions” received from Jason Gonzales (the “Buyer’s Offer”) for the purchase of the real property commonly known as 31715 Lakeshore Avenue, Lake Elsinore, CA 92530, APN 363-150-001-7 (“Property”), by Jason Gonzales (“Buyer”) from Lynda T. Bui, solely in her capacity as the Chapter 7 Trustee (“Seller” and, together with Buyer, the “Parties”), for the Bankruptcy Estate of James Andrew Gonzales and Estela Ortega Gonzales (the “Debtors”), Bankruptcy Case No.: 6:15-bk-13359-SY (the “Bankruptcy Case”).

When fully-executed below, this Counteroffer will constitute conclusive evidence of the contract for the sale and purchase of the Property (the “Sale”) and the Parties’ agreement for the Sale, subject to approval by the Bankruptcy Court in the Debtors’ Bankruptcy Case and further or more complete documentation in Seller’s discretion. **This Counteroffer supersedes the Buyer’s Offer.** Seller may elect to deem this Counteroffer the definitive agreement between the Parties regarding the Sale.

1. **Purchase Price:** The purchase price for the Property shall be \$75,000.00 (the “Purchase Price”). Buyer shall deliver to the Seller, within three (3) days of mutual execution of this Counteroffer, proof of committed funds available to Buyer sufficient to enable Buyer to consummate the acquisition contemplated herein, which proof shall be in the form of a letter of credit, loan commitment, or other form acceptable to the Seller in the Seller’s sole discretion. In the event that either (i) Buyer fails timely to provide any such proof, or (ii) the Seller determines, in the Seller’s sole discretion, that any proof of funds provided to Seller by Buyer is unacceptable, the Seller shall have the right, at the Trustee’s option, to provide written notice to Buyer that this Counteroffer is terminated. In the event that the Seller exercises such termination right, this Counteroffer shall terminate effective as of the date of Seller’s written notice to Buyer, whereupon the Initial Deposit (if theretofore deposited with the below escrow office) shall be returned to Buyer, and Buyer and Seller shall each be relieved of any further obligation hereunder.
2. **Initial Deposit:** Within three (3) business days following Buyer’s execution of this Counteroffer, Buyer shall deliver to escrow, together with an executed copy of this Counteroffer, the sum of \$5,000.00, to be applied toward the Purchase Price (the “Deposit”), as follows:

Antonia Delgado, Escrow Officer  
A & A Escrow Services, Inc.  
415 N. Crescent Drive, Suite 320  
Beverly Hills, CA 90210  
Telephone: (310) 550-6055; Facsimile: (310) 550-6130  
Email: [antonia@aaescrow.com](mailto:antonia@aaescrow.com)

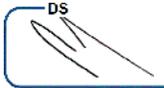
3. Due Diligence Period: Buyer acknowledges that he is familiar with the Property and that the Buyer has previously viewed the Property. The Buyer accepts the Property without further disclosure or inspection and all of the Buyer's contingencies are removed.
4. Bankruptcy Court Approval: The Sale is expressly subject to Bankruptcy Court approval in the Debtor's Bankruptcy Case. As soon as reasonably practical following the receipt of this Counteroffer fully executed and confirmation that escrow has received the Deposit, the Seller will file a motion to approve the Sale with the Bankruptcy Court pursuant to section 363 of the United States Bankruptcy Code (11 U.S.C. § 363) (the "Approval Motion"). As part of such Approval Motion, the Seller will request a finding of the Buyer's "good faith" in accordance with section 363(m) of the Bankruptcy Code.
5. Tender of Balance of Purchase Price/Closing: The Sale shall close, with Buyer tendering the full Purchase Price, not more than fifteen (15) calendar days after the entry of an order of the Bankruptcy Court authorizing the Sale.
6. Property Sold "As is" "Where is": The Buyer acknowledges that the Seller is a Trustee appointed to administer a Bankruptcy Estate. The Seller and or Seller's agents have not, and will not, inspect the Property or determine its condition, fitness or use for any particular purpose, nor will any of them provide any written disclosures, guarantees or warranties of any kind. Seller and Seller's agents are exempt from complying with the requirements of Article 1.5 of the California Civil Code Sections 1102-1102.17 relating to disclosures upon transfer of real property. **The sale shall be "as-is" and "where is" with no warranty or recourse whatsoever.** If any state or local ordinance laws require that the Property be brought into compliance, the Buyer, at his/her/its sole expense, shall comply with and pay for any such requirements.
7. Sale Subject to Liens and Oral Lease Agreement: The Buyer acknowledges that there are recorded liens against the Property, including but not limited to a deed of trust in favor of Shirley Jean Neal, Patrick R. Neal and Michael Neal, recorded against the Property on October 3, 1988, Doc # 286191 in the amount of \$56,416.61 ("Neal DOT"), which have been disclosed by the Seller and/or her agent and that the purchase of the Property is subject to all defaults and liens, including but not limited to the Neal DOT. The Buyer also acknowledges that prior to filing bankruptcy, the Debtors entered into an oral lease with Rosie Marks ("Tenant") for \$600 per month and that the purchase of the Property is subject to the oral lease with the Tenant.
8. Transfer of Property: Transfer of the Property by Seller shall be by Quitclaim Deed. The Seller shall convey and the Buyer shall accept the marketable title to the Property that will be insured by Lawyers Title – Carolyn Lamascus, without material exception, subject only to the terms of this Counteroffer and any further documentation of the Sale consistent with this Counteroffer.

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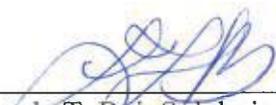
9. Assessments, Taxes and Escrow fees: The following assessments, taxes and other costs shall be allocated as follows: (a) all allowable assessments and real property taxes shall be prorated through the closing date of the Sale to the applicable accounts of the Seller and the Buyer, such that the amounts applicable to the account of the Buyer shall not be deducted from the Purchase Price; (b) escrow fees shall be split equally between the Buyer and the Seller (50/50), such that the amounts allocable to the Buyer shall not be deducted from the Purchase Price; (c) the Seller shall pay real property transfer tax (County and State only) and the costs of a standard issue title insurance policy, such that these taxes and costs shall not be deducted from the Purchase Price; and (d) City transfer tax shall be split equally between Buyer and Seller (50/50), such that the amount allocable to the Buyer shall not be deducted from the Purchase Price. **All other costs are at Buyer's sole expense and are not to be deducted from the Purchase Price.**
10. Overbid: The Sale is subject to notice to creditors and other parties and shall be subject to higher and better bid through and including the hearing on the Approval Motion, pursuant to sale and overbid procedures determined in the Seller's sole discretion and subject to Bankruptcy Court approval. Initial overbid will be \$78,000.00, subject to all defaults and liens and the oral lease with the Tenant, and thereafter in minimum \$2,000.00 increments.
11. Brokers and Commissions: The Parties are self-represented, so there will be no broker involvement and commission paid to any brokers.
12. Seller Right to Terminate: The Seller may decline, at her option and sole discretion, to consummate the Sale for any reason, including without limitation: (a) the dismissal or closure of the Debtor's Bankruptcy Case; (b) the conversion of the debtor's Chapter 7 Bankruptcy Case to any other chapter under the Bankruptcy Code; (c) the inability to subordinate any liens on the Property to the expenses of administration; (d) the inability to obtain approval of the Sale by the Bankruptcy Court; or (e) the inability to sell the Property on the terms and conditions set forth herein. The Seller reserves the right, in her sole discretion, to determine not to consummate, and to terminate, the sale of the Property by serving a notice of such termination on the Buyer. No liability or obligations shall accrue to the bankruptcy estate or the Seller, either personally or in her capacity as Trustee, as a result of any such termination. The Buyer's sole remedy, in the event that escrow fails to close as a result of Seller's inability to close escrow, shall be a refund of the Deposit in full.
13. **Non-Refundability and Forfeiture of Deposit:** Except as set forth above in paragraph 12 to this Counteroffer, immediately upon expiration of the Due Diligence Deadline without Buyer's submission of a Notice to Cancel in accordance with paragraph 3 to this Counteroffer, the entirety of the Deposit shall be absolutely non-refundable and forfeited to the Seller. Notwithstanding the immediately preceding sentence, in the event: (a) the Bankruptcy Court enters an order that does not authorize Seller to sell the Property to the Buyer; or (b) the Bankruptcy Court enters an order that authorizes the sale to another bidder and the Buyer is not a backup bidder, Seller shall refund the entire Deposit to the Buyer within ten (10)

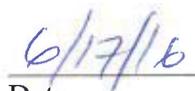
calendar days following entry of such order of the Bankruptcy Court. In the event the Buyer is overbid and is a backup bidder, Seller shall refund the entire Deposit to the Buyer only if the Sale closes to the winning bidder and within ten (10) calendar days following such closing.

 (Buyer's initials)

- 14. Escrow Instructions: Escrow instructions shall be signed by Buyer and Seller within fourteen (14) calendar days after execution of this Counteroffer. In the event that Buyer is unable to close escrow within fifteen (15) calendar days after entry of the Bankruptcy Court's order authorizing the Sale (the "Closing Date"), the Buyer shall compensate the Seller one hundred dollars (\$100.00) per day for each day beyond the Closing date that the Sale does not close for a total extended period of no more than ten (10) calendar days. Thereafter, the Seller shall have absolute discretion to either: (a) provide further extensions of the Closing Date at the same rate of compensation; or (b) terminate the Sale to the Buyer and retain the entirety of the Deposit as liquidated damages.
- 15. Bankruptcy Court Jurisdiction: The Bankruptcy Court for the Central District of California, Riverside Division ("Court"), shall have jurisdiction to interpret and enforce the terms of this Counteroffer/agreement. This Counteroffer/agreement shall be construed pursuant to the laws of the State of California, except to the extent preempted by applicable Federal bankruptcy law.
- 16. Expiration of Offer: This Counteroffer shall expire, if not executed by Buyer and delivered to Seller's counsel, Rika M. Kido, Esq., Shulman Hodges & Bastian LLP, 100 Spectrum Center Drive, Suite 600, Irvine, CA 92618, on or before 2:00 p.m. PDT, Thursday, June 23, 2016.

**Seller:**

  
\_\_\_\_\_  
Lynda T. Bui, Solely in her Capacity as Chapter 7 Trustee  
for the Bankruptcy Estate of James Andrew Gonzales and  
Estela Ortega Gonzales

  
\_\_\_\_\_  
Date

**Read, Understood, Agreed To and Accepted:**

**Buyer(s):**

  
\_\_\_\_\_  
Jason Gonzales - Buyer

6/21/2016  
\_\_\_\_\_  
Date