

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address PAUL J. LEEDS, ESQ. (Bar No. 214309) MEREDITH KING, ESQ. (Bar No. 280043) FRANKLIN SOTO LEEDS LLP 444 WEST C STREET, SUITE 300 SAN DIEGO, CA 92101 TEL: 619.872.2520 FAX: 619.566.0221 pleeds@fsl.law // mking@fsl.law <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: SUNSTONE DEVELOPMENT, LLC	FOR COURT USE ONLY
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - SANTA ANA DIVISION	
In re: SUNSTONE DEVELOPMENT, LLC Debtor(s).	CASE NO.: 8:25-bk-11049-SC CHAPTER: 11 NOTICE OF SALE OF ESTATE PROPERTY
Sale Date: 09/04/2025	Time: 11:00 a.m.
Location: Ctrm:5C - Place:411 West Fourth Street, Santa Ana, CA 92701-4593	

Type of Sale: ☒ Public ☐ Private

Last date to file objections: 08/21/2025

Description of property to be sold:

Four parcels of vacant land in Dana Point, California ("Dana Point Parcels"). Two of the Dana Point Parcels (Assessor Parcel Numbers ("APN") 121-305-57 and 682-165-01) are located on the southwest corner of Pacific Coast Highway and Dana Point Harbor Drive and two (APNs 682-166-24 and 682-166-08) are located on the northwest corner.

Terms and conditions of sale:

Debtor seeks to sell the Dana Point Parcels to Galaxy Holdings LLC ("Galaxy") for \$15,000,000 ("Sale") on the terms and conditions set forth in the Offer, Agreement, and Escrow Instructions for Purchase of Real Estate ("Purchase Agreement") attached as Exhibit A to the declaration of Blake Wettengel filed in support of Debtor's motion to approve the Sale.

The proposed Sale is subject to overbid and includes the following material terms:

Deposit: \$450,000

Release of Contingencies: August 28, 2025 with option to extend an additional 20 days as required.

Estimated Close of Escrow: September 30, 2025

Proposed sale price: \$15,000,000

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):

Overbid procedures for the sale are set forth in Exhibit B to the Purchase Agreement and summarized as follows:

- **Minimum Initial Overbid:** \$15,250,000 (\$250,000 higher than the purchase price).
- **Stalking Horse Bid:** Galaxy's Purchase Agreement is deemed a Qualified Bid and serves as the "stalking horse" bid.
- **Qualifying Bids:** To trigger an Auction, Debtor must receive one or more Qualifying Bids that would net Debtor at least \$250,000 more than Debtor's sale to Galaxy. Qualifying Bids must use Galaxy's Purchase Agreement as a form, and bids must be irrevocable until closing. Interested bidders must include with their bid proof the bidder can close the transaction.
- **"Bid Deadline":** All bid materials are due by 5:00 p.m. on August 31, 2025 to myself and Debtor's bankruptcy counsel.
- **Due Diligence:** Debtor will provide access to available due diligence to those interested in submitting a Qualifying Bid.
- **Auction:**
 - ☐ An auction will be held at the Sale Hearing only if one or more Qualifying Bids is received.
 - ☐ At the Auction, overbids must increase by at least \$100,000 in net cash.
 - ☐ The Auction will continue until Debtor determines the "highest or otherwise best" bid has been received.
 - ☐ Debtor will maintain discretion to auction the Northside and Southside Dana Point Parcels collectively or separately based on the Qualifying Bids received.
 - ☐ Unsuccessful final bids may serve as binding backup bids with the consent of the bidder.
- **Breakup Fee:** If Galaxy is not the successful bidder, Debtor will pay Galaxy a \$25,000 breakup fee, funded from the sale proceeds. In return, Galaxy will assign its reports and clearances to the successful bidder.

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

Date: September 4, 2025
Time: 11:00 a.m.
Ct: 5C
Place: 411 West Fourth Street
Santa Ana, CA 92701-4593

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

Paul Leeds, Esq.
Meredith King, Esq.
Franklin Soto Leeds, LLP
444 West C Street, Ste 300
San Diego, CA 92101
TEL: 619.872.2520
pleeds@fsl.law and mking@fsl.law

Ronald Wright
Senior Associate
Coldwell Banker Commercial Realty
840 Newport Center Dr Ste 100
Newport Beach, CA 92660
TEL: 949.463.7448
ron.wright@cbrealty.com

Date: 08/14/2025

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
444 West C. Street, Suite 300, San Diego, CA 92101

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

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On *(date)* 08/14/2025, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **U.S. Trustee: United States Trustee (SA) Kristin T Mihelic** kristin.t.mihelic@usdoj.gov
- **United States Trustee (SA)** ustpreion16.sa.ecf@usdoj.gov
- **Attorneys for Secured Creditor, Oakhurst Income Fund I, LP Monique D Jewett-Brewster**
mjb@lathropgpm.com, natalie.gonzalez@lathropgpm.com; crystal.knode@lathropgpm.com
- **Attorneys for Creditors Versity Income Fund II, LLC and NB Student Housing Fund III, LLC:**
Melissa Davis Lowe mlowe@shulmanbastian.com, avernnon@shulmanbastian.com
- **Attorneys for Creditors KHCA Funding LLC and Knights Hill Ireland II DAC**
Jenny Pelaez jpelaez@kslaw.com

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On *(date)* _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed. **Supplemental Proof of Service to follow**

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on *(date)* 08/14/2025, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Via Email: Galaxy Holdings, Attn: Raffi Cohen, President- raffi@galaxyholding.com

PRESIDING JUDGE'S COPY - VIA PERSONAL DELIVERY

Bankruptcy Judge Scott C. Clarkson - Santa Ana Division
U.S. Bankruptcy Court - Central District of California
Ronald Reagan Federal Building
411 W. Fourth Street, Suite 5130 / Courtroom 5C
Santa Ana, CA 92701

☐ Service information continued on attached page

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

August 14, 2025
Date

Sophia Sanchez
Printed Name

/s/ Sophia Sanchez
Signature

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