

1 DAVID R. ZARO (BAR NO. 124334)
MICHAEL R. FARRELL (BAR NO. 173831)
2 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
3 865 South Figueroa Street, Suite 2800
Los Angeles, California 90017-2543
4 Phone: (213) 622-5555
Fax: (213) 620-8816
5 E-Mail: dzaro@allenmatkins.com
mfarrell@allenmatkins.com

6 EDWARD G. FATES (BAR NO. 227809)
7 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
8 One America Plaza
600 West Broadway, 27th Floor
9 San Diego, California 92101-0903
Phone: (619) 233-1155
10 Fax: (619) 233-1158
E-Mail: tfates@allenmatkins.com

11 Attorneys for Receiver
12 KRISTA FREITAG

13 UNITED STATES DISTRICT COURT
14 SOUTHERN DISTRICT OF CALIFORNIA
15

16 SECURITIES AND EXCHANGE
COMMISSION,

17 Plaintiff,

18 v.

19 GINA CHAMPION-CAIN and ANI
20 DEVELOPMENT, LLC,

21 Defendants,

22 AMERICAN NATIONAL
INVESTMENTS, INC.,

23 Relief Defendant.
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Case No. 3:19-cv-01628-LAB-AHG

**JOINT MOTION FOR APPROVAL
OF SALE OF PERSONAL
PROPERTY INTEREST IN
PULLMAN LOFTS PHASE I, LLC**

Ctrm: 3B
Judge: Hon. Allison H. Goddard

JOINT MOTION

The Securities and Exchange Commission (the "Commission"), Gina Champion-Cain ("Champion-Cain"), and Krista Freitag (the "Receiver"), the Court-appointed permanent receiver for Defendant ANI Development, LLC, Relief Defendant American National Investments, Inc., and their subsidiaries and affiliates, (collectively, the "Parties"), by and through their respective counsel, hereby respectfully submit this Joint Motion for Approval of Sale of Personal Property Interest in Pullman Lofts Phase I, LLC, a California limited liability company. (the "Joint Motion").

GCC Pullman Lofts Phase I, LLC ("Seller") is one of the entities included in the receivership pursuant to the Order; Granting the Parties' Joint Motion and Stipulated Request by All Parties for a Preliminary Injunction Order and Order (1) Freezing Assets; (2) Requiring Accountings; (3) Prohibiting the Destruction of Documents; and (4) Appointing a Permanent Receiver (Dkt. No. 6, the "Appointment Order.")

Seller owns a 40.5% interest (the "Membership Interest") in Pullman Lofts Phase I, LLC, a California Limited Liability company ("Project Owner".) Project Owner was formed on March 21, 2017, however, the operative Operating Agreement of Pullman Lofts Phase I, LLC, was not executed until March 12, 2019. Project Owner holds an option to purchase the real property located at 701 Wilson Street, Santa Rosa, California, (the "Property"), upon which the Project Owner intends to develop a 72-unit apartment building with retail space located on the ground floor (the "Project.")

Subject to Court approval, the Receiver and Pullman Lofts First Phase LLC, a California limited liability company ("Buyer"), have agreed on terms of a proposed sale of the Membership Interest to Buyer for a total price of \$495,887.53 ("Purchase

Price")¹, which terms are memorialized in the Membership Interest Purchase and Sale Agreement dated January 17, 2020 ("Agreement") attached as Exhibit A to the Declaration of Krista Freitag In Support of Joint Motion for Approval of Sale of Personal Property Interest in Pullman Lofts Phase I, LLC.

In order to evaluate the prospective value of the Membership Interest, the Receiver investigated the present and future value of the proposed Project. To that end, the Receiver reviewed and analyzed the history of the Project and the Membership Interest², and a myriad of documents, reports and data concerning the proposed Project, including but not limited to budgets, cash flows, valuations, financing term sheets, market data, and appraisals. The Receiver considered the short and long-term prospects for the Project along with the uncertainties, costs and risks associated with a ground up development, including timing, forecasting future rental and absorption rates for the apartment units in this marketplace, and borrowing significant funds to support the development of a project that has already been identified by a prospective lender as "distressed."

It is notable that much has been written about the real estate market in Sonoma County following the terrible wildfires over the last several years. This has given rise to speculation and uncertainty in connection with the sale of real estate as well as the direction of the rental market in Santa Rosa. The Receiver views this as an uncertain real estate market, especially when viewed from the perspective of a federal equity receiver who is charged with preserving value and recovering principal on behalf of the investors.

¹ The Purchase Price reflects the Seller's agreement to sell the Membership Interest for \$470,887.53 and assign its claim against JB Resources for the sum of \$25,000.

² The ultimate execution on the Option Agreement and thus execution of the proposed Project languished for years prior to the Receiver's appointment. The Project delays are reflected in the agreements related to the Project Owner's option to purchase the underlying Property. The original option to purchase the Property was executed in December, 2013. Since that time, there have been more than a dozen amendments to the Option Agreement, reflecting at least 40 extensions of the Option Term. Each extension has involved an additional extension/option fee (i.e. the 34th extension cost \$18,000.)

1 In addition to the foregoing, the Receiver considered how the value of the
 2 Membership Interest is impacted by future financial obligations of the Seller under
 3 the Operating Agreement. Specifically, as a member of the Project Owner, the
 4 Seller is likely obligated to make further capital contributions. If such contributions
 5 are not made, then the Membership Interest may be diluted or reduced.

6 The Buyer and Receiver commenced negotiations in September 2019. Based
 7 upon the facts and circumstances of this matter, the Receiver believes that the
 8 Buyer's offer to purchase the Membership Interest for an immediate cash payment
 9 of \$495,887.53 is acceptable and in the best interest of the Receivership Entities.
 10 The offer represents a certain return of approximately 63% of the \$783,273³
 11 invested by the Receivership Entities prior to the Receiver's appointment. While
 12 this recovery reflects a loss on the investment, it is a prudent and reasonable
 13 decision to accept the offer in the face of the significant uncertainties and
 14 speculation associated with the proposed Project, and is consistent with the
 15 discounted sale of non-traded, non-distributing membership interests.

16 Ultimately, the Receiver concluded that the proposed sale price for the
 17 Membership Interest is fair and reasonable and, after incorporating the known data
 18 and risks into her analysis, likely is the best, most certain recovery the Receiver can
 19 hope to obtain from holding the Membership Interest or attempting to sell the
 20 Membership Interest on the open market, (which sale would also be hampered due
 21 to the member approval requirements under the Operating Agreement.)

22 The proposed sale solely involves personal property. The Receiver submits
 23 that publication of a notice of the sale, holding a public auction, or requiring other
 24 procedural steps included in 28 U.S.C. §§ 2001-2004 would have no benefit to the
 25 receivership estate under these circumstances and therefore requests that they be
 26 waived in the Court's broad discretion (*See* 28 U.S.C. § 2004 ("Any *personalty* sold
 27

28 ³ The Receiver has not completed her accounting. As such, this figure is derived from
 ANI's internal accounting records.

1 under any order or decree of any court of the United States shall be sold in
 2 accordance with section 2001 of this title, *unless the court orders otherwise.*")
 3 (emphasis added)).

4 **THEREFORE, IT IS HEREBY STIPULATED, AGREED, AND**
 5 **REQUESTED**, by and between the Parties, that:

6 1. The sale of the Membership Interest to Buyer (or its designee) pursuant
 7 to the Agreement for the Purchase Price of \$495,887.53 is approved, which amount
 8 shall be paid on the Closing Date to the Receiver in accordance with Section 2.1 and
 9 2.2 of the Agreement; and

10 2. The Receiver is authorized to take all steps necessary to complete the
 11 sale in accordance with the terms of the Agreement, including executing such
 12 documents as may be necessary to close the sale transaction.

13 The undersigned have read and hereby agree to comply with and be bound by
 14 all of the terms and provisions of the foregoing Joint Motion. This Joint Motion
 15 may be signed by the parties in multiple counterparts, all of which shall be taken
 16 together as a single document, and facsimile and electronic signatures shall be
 17 effective as originals.

18 **SO STIPULATED.**

19
 20 Dated: January 28, 2020

21 ALLEN MATKINS LECK GAMBLE
 22 MALLORY & NATSIS LLP

23 By: s/ David R. Zaro

24 DAVID R. ZARO
 25 EDWARD G. FATES
 26 NORMAN M. ASPIS
 27 Attorneys for Receiver
 28 KRISTA FREITAG

1 Dated: January 28, 2020

U.S. SECURITIES AND EXCHANGE
COMMISSION

2
3 By: s/ Kathryn C. Wanner

4 KATHRYN C. WANNER
ALEC JOHNSON
5 GARY Y. LEUNG
Attorneys for Plaintiff
6 U.S. SECURITIES AND
EXCHANGE COMMISSION

7 Dated: January 28, 2020

SCHEPER KIM & HARRIS LLP

8
9 By: s/ Angela Machala

10 DAVID SCHEPER
ANGELA MACHALA
Attorneys for Defendant
11 GINA CHAMPION-CAIN

12
13 **SIGNATURE CERTIFICATION**

14 In accordance with Section 2(f)(4) of the Electronic Case Filing
15 Administrative Policies and Procedures Manual, the filer hereby attests that all other
16 signatories listed, and on whose behalf the filing is submitted, concur in the filing's
17 content and have authorized the filing.

18
19 Dated: January 28, 2020

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
20 DAVID R. ZARO
EDWARD G. FATES

21
22 By: s/ David R. Zaro

23 DAVID R. ZARO
Attorneys for Receiver
24 KRISTA FREITAG

1 DAVID R. ZARO (BAR NO. 124334)
2 NORMAN M. ASPIS (BAR NO. 313466)
3 ALLEN MATKINS LECK GAMBLE
4 MALLORY & NATSIS LLP
5 865 South Figueroa Street, Suite 2800
6 Los Angeles, California 90017-2543
7 Phone: (213) 622-5555
8 Fax: (213) 620-8816
9 E-Mail: dzaro@allenmatkins.com
10 naspis@allenmatkins.com

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13 MALLORY & NATSIS LLP
14 One America Plaza
15 600 West Broadway, 27th Floor
16 San Diego, California 92101-0903
17 Phone: (619) 233-1155
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20 Attorneys for Receiver
21 KRISTA FREITAG

22 UNITED STATES DISTRICT COURT
23 SOUTHERN DISTRICT OF CALIFORNIA

24 SECURITIES AND EXCHANGE
25 COMMISSION,

26 Plaintiff,

27 v.

28 GINA CHAMPION-CAIN and ANI
DEVELOPMENT, LLC,

Defendants,

AMERICAN NATIONAL
INVESTMENTS, INC.,

Relief Defendant.

Case No. 3:19-cv-01628-LAB-AHG

**DECLARATION OF KRISTA L.
FREITAG IN SUPPORT OF
RECEIVER'S JOINT MOTION FOR
APPROVAL OF SALE OF
PERSONAL PROPERTY INTEREST
IN PULLMAN LOFTS PHASE I, LLC**

Chambers: 3B
Mag. Judge: Hon. Allison H. Goddard

1 I, Krista L. Freitag, declare:

2 1. I am the Court-appointed permanent receiver for Defendant ANI
3 Development, LLC, Relief Defendant American National Investments, Inc., and
4 their subsidiaries and affiliates ("Receivership Entities"). I make this declaration in
5 support of my Motion for Approval of Sale of Personal Property Interest in Pullman
6 Lofts Phase I, LLC ("Motion"). I have personal knowledge of the facts stated
7 herein, and if called upon to do so, I could and would personally and competently
8 testify to them.

9 2. The receivership estate includes numerous residential and commercial
10 real properties, as well as certain membership interests in limited liability
11 companies, including Pullman Lofts Phase I, LLC ("Project Owner"). GCC
12 Pullman Lofts Phase I, LLC ("Seller"), a Receivership Entity, owns a 40.5%
13 membership interest (collectively the "Membership Interest") in the Project Owner.
14 Based upon company records, Seller expended \$783,273 in association with its
15 Membership Interest.

16 3. Project Owner and hence, the Seller, are governed by the Operating
17 Agreement of Pullman Lofts Phase I, LLC dated March 12, 2019. Project Owner
18 holds an option to purchase the real property located at 701 Wilson Street, Santa
19 Rosa, California, (the "Property"), upon which the Project Owner intends to develop
20 a 72-unit apartment building with retail space located on the ground floor (the
21 "Project.")

22 4. Pullman Lofts First Phase LLC, a California limited liability company
23 ("Buyer") and I have agreed on terms of a proposed sale of the Membership Interest
24 to Buyer (together with American National Investments, Inc.'s claim against JB
25 Resources, LLC, a Nevada limited liability company for return of \$25,000) for a
26 total price of \$495,887.53, which terms are memorialized in the Membership
27 Interest Purchase and Sale Agreement dated January 17, 2020 ("Agreement"),
28 attached hereto as **Exhibit A** and incorporated herein by this reference.

1 5. In order to evaluate the prospective value of the Membership Interest, I
2 investigated the present and future value of the proposed Project. To that end, I
3 reviewed and analyzed the history of the Project, and a myriad of documents,
4 reports and data concerning the proposed Project, including but not limited to
5 budgets, cash flows, valuations, financing term sheets, market data, and appraisals.

6 6. Among other things, I learned that the development of the proposed
7 Project languished for years prior to my appointment. As noted above, a condition
8 precedent to the development of the Project will be the Project Owner's exercise of
9 the option to purchase the Property. The original Option Agreement was dated
10 December 23, 2013, with the First Amended Option Agreement executed on
11 August 15, 2015. Thereafter, more than a dozen additional amended option
12 agreements were executed reflecting at least 40 extensions of the original Option
13 Term.

14 7. I have considered the short and long-term prospects for the proposed
15 Project along with the uncertainties, costs and risks associated with ground up
16 development, including timing, forecasting future rental and absorption rates for the
17 apartment units, and borrowing significant funds to support the development of a
18 project that has already been identified by a prospective lender as "distressed."

19 8. Much has been written about the real estate market in Sonoma County
20 following the terrible wildfires over the last several years. This has given rise to
21 speculation and uncertainty in connection with the sale of real estate as well as the
22 direction of the rental market in Santa Rosa. I therefore view this as an uncertain
23 real estate market, especially when viewed from the perspective of a federal equity
24 receiver who is charged with preserving value and recovering principal on behalf of
25 the investors.

26 9. I have also considered how the value of the Membership Interest is
27 impacted by future financial obligations of the Seller under the Operating
28 Agreement. Specifically, as a member of the Project Owner, the Seller (in other

1 words, the receivership estate) is likely obligated to make further capital
2 contributions. If such contributions are not made, then the Membership Interest may
3 be diluted or reduced.

4 10. I commenced negotiations with Buyer in September 2019. Based upon
5 the facts and circumstances of this matter, I believe that the Buyer's offer to
6 purchase the Membership Interest for an immediate cash payment of \$495,887.53 is
7 acceptable and in the best interest of the Receivership Entities. The offer represents
8 a certain return of approximately 63% of the \$783,273 of the amount invested by the
9 Receivership Entities. While this recovery reflects a loss on the investment, it is
10 prudent and reasonable to accept the offer in the face of the significant uncertainties
11 and speculation associated with the proposed Project, and is consistent with the
12 discounted sale of non-traded, non-distributing membership interests.

13 11. I have concluded that the proposed sale price for the Membership
14 Interest is fair and reasonable when one looks at the known data and risks. In my
15 business judgment, the sale price is likely the best, most certain recovery the
16 Receiver can hope to obtain from holding the Membership Interest or attempting to
17 sell the Membership Interest on the open market (which sale would also be
18 hampered due to member approval requirements under the Operating Agreement).

19 12. The proposed sale solely involves personal property. I do not believe
20 that publication of a notice of the sale, holding a public auction, or requiring other
21 procedural steps included in 28 U.S.C. §§ 2001-2004 would have benefit to the
22 receivership estate under these circumstances and therefore I request that they be
23 waived in the Court's broad discretion.

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

3 Executed this 8th day of January 2020, at Los Angeles, California.

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5 KRISTA L. FREITAG
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[EXECUTION VERSION]

**MEMBERSHIP INTEREST
PURCHASE AND SALE AGREEMENT**

This MEMBERSHIP INTEREST PURCHASE AND SALE AGREEMENT ("**Agreement**") is entered into effective as of January 17, 2020, by and among PULLMAN LOFTS FIRST PHASE LLC, a California limited liability company ("**Buyer**"), and GCC PULLMAN LOFTS PHASE I, LLC, a California limited liability company ("GCC Pullman") and American National Investments, Inc., a California corporation ("ANI" and collectively with GCC Pullman "**Seller**"), by and through KRISTA FREITAG, solely in her capacity as Court-appointed receiver (the "**Receiver**") in the case entitled *Securities and Exchange Commission v. Gina Champion-Cain, ANI Development, LLC, and American National Investments, Inc.*, United States District Court for the Southern District of California (the "**Court**"), Case No. 3:19-CV-01628-H-BLM (the "**SEC Action**").

R E C I T A L S:

A. Pullman Lofts Phase I, LLC, a California limited liability company (the "**Company**"), is governed by that certain Operating Agreement of Pullman Lofts Phase I, LLC, a California limited liability company dated as of the 12th day of March, 2019 (the "**Operating Agreement**").

B. Seller is a member of, and owns a 40.5% membership interest in the Company (the "**Seller Interest**").

C. ANI paid \$25,000 (the "**Advance**") to JB Resources, LLC, a Nevada limited liability company ("**JBR**"), as an advance against amounts ANI agreed to pay to JBR and to Joel Burns, an individual ("collectively, "**Burns**"), pursuant to a proposed finder agreement, the terms and conditions of which provided for, among other things, Burns to find and introduce to ANI investors interested in investing in real estate projects contemplated by ANI or its affiliates. ANI may have rights to the return of the Advance (the "**Burns Claim**") in that ANI's records do not indicate that ANI and Burns ever entered into any such finder agreement or that Burns ever found or introduced to ANI any such investors. Further, the Receiver has made demands on Burns to return the Advance, and as of the date of this Agreement, Burns has not indicated to the Receiver that ANI is not entitled to the return of the Advance. .

D. Seller is an entity in the receivership as ordered by the Court in the SEC Action, and is therefore under the Receiver's exclusive management and control.

E. Subject to Court Approval (as detailed and defined below), Buyer desires to acquire the Seller Interest and the Burns Claim, pursuant to the terms and conditions as set forth below.

F. Buyer and the Receiver execute this Agreement to set forth the terms on which Buyer will purchase the Seller Interest and the Burns Claim.

A G R E E M E N T:

**ARTICLE 1.
PURCHASE AND SALE**

1.1. Purchase and Sale. Subject to the terms of this Agreement, on the Closing Date, the Receiver shall sell and transfer to Buyer, and Buyer shall purchase from the Receiver, the Seller Interest and the Burns Claim.

1.2. Motion for Court Approval. Upon execution of this Agreement and the delivery of the Earnest Money Deposit, the Receiver will promptly file or cause to be filed, a motion requesting the entry of an order by the Court approving the transactions contemplated herein ("**Court Approval**"), without overbid procedures.

1.3. Closing Date. The closing (the "**Closing**") of the purchase and sale of the Seller Interest and the Burns Claim shall occur within five (5) business days after the date Court Approval has been obtained, or such later date as is mutually agreed to by Buyer and the Receiver (the "**Closing Date**"). TIME SHALL BE OF THE ESSENCE with respect to Buyer's obligation to close on the Closing Date. If Court Approval has not been received by May 2, 2020, then unless the parties agree to extend the date by which Court Approval must be received, the Receiver may, in the Receiver's sole and absolute discretion, terminate this Agreement by written notice to Buyer, in which case, this Agreement shall automatically terminate and, provided that Buyer is not otherwise in default, the Earnest Money Deposit (as defined in Section 2.2 below) shall be returned to Buyer, without interest, and neither party hereto shall have any further obligations hereunder other than those which expressly survive the termination of this Agreement.

**ARTICLE 2.
PURCHASE PRICE**

2.1. Purchase Price. The purchase price for the Seller Interest and the assignment of the Burns Claim shall be a total of Four Hundred Ninety Five Thousand Eight Hundred Eighty-Seven Dollars and Fifty Three Cents (\$495,887.53) (the "**Purchase Price**") of which Four Hundred Seventy Thousand Eight Hundred Eighty Seven Dollars and Fifty Three Cents (\$470,887.53) is attributable to the interest in Pullman Lofts Phase I, LLC and Twenty-Five Thousand Dollars (\$25,000) is attributable to the assignment of the Burns Claim. Buyer shall deliver the Purchase Price in cash, certified or bank cashier's check, or by a confirmed Federal Reserve wire transfer of funds, in immediately available funds, to the Receiver at or before the Closing.

2.2. Earnest Money Deposit. Concurrently with its execution of this Agreement, Buyer shall deliver to the Receiver a deposit of Forty-nine Thousand Five Hundred Eighty-Eight Dollars and Seventy-Five Cents (\$49,588.75) (the "**Earnest Money Deposit**"). The Earnest Money Deposit shall be (a) credited against the Purchase Price to be delivered to the Receiver at the Closing; (b) returned to Buyer if required to be returned to Buyer pursuant to the express

terms and provisions of this Agreement; or (c) otherwise retained by Receiver as liquidated damages pursuant to the express terms and provisions of this Agreement.

ARTICLE 3. CLOSING

3.1. Closing Conditions.

(a) Buyer's obligation to Close is subject to and conditioned upon the satisfaction of the following conditions (collectively, "**Buyer's Conditions**"), which are for the benefit of Buyer and may be waived by Buyer in its sole discretion:

(i) Representations and Warranties. Each of the representations and warranties of the Receiver contained in this Agreement is true and correct in all respects.

(ii) Covenants. Each of the agreements, covenants and undertakings of the Receiver contained in this Agreement, except for those calling for performance after Closing, will have been performed and complied with in all material respects at or before Closing.

(iii) No Injunction or Litigation. No order entered by a governmental authority of competent jurisdiction shall have been issued and remain in effect that restricts, prohibits or prevents, and no litigation shall have been commenced by any person in any United States (state or federal) court that seeks to restrict, prohibit or prevent, the consummation of the transactions contemplated hereunder.

(iv) Court Approval. The Court Approval shall have been obtained.

(v) Waiver and Consent of Other Pullman Lofts Phase I, LLC Member. 701 Wilson Street Limited Partnership shall have executed and delivered a Waiver of Right of First Refusal and Consent to Substitution of Member in the form attached hereto as Exhibit C.

(vi) Receiver's Deliverables. The Receiver shall have delivered all items required pursuant to Section 3.3.

(b) Receiver's obligation to Close is subject to and conditioned upon the satisfaction of the following conditions (collectively, "**Receiver's Conditions**"), which are for the benefit of Receiver and may be waived by Receiver in its sole discretion:

(i) Representations and Warranties. Each of the representations and warranties of the Buyer contained in this Agreement is true and correct in all respects.

(ii) Covenants. Each of the agreements, covenants and undertakings of the Buyer contained in this Agreement, except for those calling for performance after Closing, will have been performed and complied with in all material respects at or before Closing.

(iii) No Injunction or Litigation. No order entered by a governmental authority of competent jurisdiction shall have been issued and remain in effect that restricts, prohibits or prevents, and no litigation shall have been commenced by any person in any United States (state or federal) court that seeks to restrict, prohibit or prevent, the consummation of the transactions contemplated hereunder.

(iv) Court Approval. The Court Approval shall have been obtained.

(v) Waiver and Consent of Other Pullman Lofts Phase I, LLC Member. 701 Wilson Street Limited Partnership shall have executed and delivered a Waiver of Right of First Refusal and Consent to Substitution of Member in the form attached hereto as Exhibit C.

(vi) Buyer's Deliverables. The Buyer shall have delivered all items required pursuant to Section 3.2.

(c) If the purchase and sale fails to close by the Closing Date due to a failure of a condition to Closing, the party for whose benefit the Closing condition is set forth may terminate this Agreement, by delivering written notice thereof to the other party, at any time thereafter until the Closing occurs, so long as the failure of condition is not caused by such party's breach of its obligations under this Agreement. If and only if (i) Buyer so terminates in connection with the conditions set forth in Sections 3.1(a)(i), 3.1(a)(ii), 3.1(a)(iii), or 3.1(a)(iv) or (ii) if Buyer terminates this Agreement because Receiver fails to obtain Court Approval as required by the terms herein set forth, then Buyer shall be entitled, as its sole and exclusive remedy, to the return of the Earnest Money Deposit, and the parties shall have no further rights or obligations in connection with this Agreement.

3.2. Buyer's Deliveries. In addition to the Earnest Money Deposit, on or prior to the Closing Date, Buyer shall deliver to the Receiver:

- (a) The balance of the Purchase Price, all in immediately available funds;
- (b) Buyer's executed counterpart of the Assignment Of Membership Interest in the form attached hereto as Exhibit A and executed counterpart of the Assignment of Claim in the form attached as Exhibit B; and
- (c) A counterpart of the Waiver of Right of First Refusal and Consent To Substitution of Member in the form of Exhibit C, executed by LJMJM Pullman, LLC, a Delaware limited liability company.

3.3. Receiver's Deliveries. On or prior to the Closing Date, Receiver shall deliver to Buyer:

(a) Receiver's executed counterpart of the Assignment of Membership Seller Interest in the form attached hereto as Exhibit A and executed counterpart of the Assignment of Claim in the form attached as Exhibit B; and

(b) Receiver's executed counterpart of the Waiver of Right of First Refusal and Consent To Substitution of Member in the form of Exhibit C, executed by the Receiver on behalf of Seller.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES OF BUYER

4.1. Representations and Warranties of Buyer. Buyer represents and warrants as follows:

(a) Authority. The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized and approved by all requisite action of Buyer, and no other authorizations or approvals, whether of governmental bodies or otherwise, will be necessary in order to enable Buyer to enter into or to comply with the terms of this Agreement.

(b) Binding Effect of Documents. This Agreement and the other documents to be executed by Buyer hereunder, upon execution and delivery thereof by Buyer, will have been duly entered into by Buyer, and will constitute legal, valid and binding obligations of Buyer. Neither this Agreement nor anything provided to be done under this Agreement violates or shall violate any contract, document, understanding, agreement or instrument to which Buyer is a party or by which it is bound.

(c) No Pending or Threatened Litigation. No pending or threatened litigation exists which if determined adversely would restrain the consummation of the transactions contemplated by this Agreement or would declare illegal, invalid or non-binding any of Buyer's obligations or covenants to Receiver.

(d) Investment. Buyer is acquiring the membership interest in the Company solely for investment for its own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof. Buyer understands that the membership interest in the Company being sold hereunder has not been, and will not be, registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act, the availability of which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Buyer's representations as expressed herein. Buyer acknowledges that membership interest in the Company cannot be sold unless subsequently registered under the Securities Act or an exemption from such registration is available.

(e) Purchaser is knowledgeable, sophisticated and experienced in making, and is qualified to make, decisions with respect to equity investments presenting an investment decision like that involved in the purchase of the Seller Interest, including investments in securities issued by Company comparable to the Company, and has requested, received,

reviewed and considered all information it deems relevant in making an informed decision to purchase the Seller Interest.

(f) Survival of Buyer's Representations and Warranties. All warranties and representations of Buyer set forth in this Agreement shall survive following the Closing Date.

ARTICLE 5. "AS IS" SALE

5.1. Independent Investigation. Buyer shall have independently investigated, analyzed and appraised the value, profitability and condition of the Seller Interest and the Burns Claim, including, without limitation, condition of the assets of the Company, including the status of any option to acquire certain real property (the "**Property**") and collectively with the other assets of the Company, the "**Company's Assets**") necessary for the Project (as defined in the Operating Agreement), the geological and soil condition of the Property, the fitness or suitability of the Company's Assets and the Property for 'the Company's intended use, and all environmental matters relating to the Property (including, but not limited to, the presence or absence of hazardous or toxic substances or industrial hygiene in violation of any and all applicable environmental laws), without relying on any representations of any kind (whether oral or written, express or implied) made by Receiver to Buyer. Buyer is purchasing the Seller Interest and accepts the Company's interest in its Assets (including the Property) in their "AS IS, WHERE IS" condition as of the Effective Date solely in reliance upon Buyer's own investigations and evaluation thereof and without any representation or warranty by Receiver as to the condition of the Seller Interest or the Company's Assets or the Property. Buyer understands and acknowledges that the Company do not own the Property, and that neither the Receiver nor Seller makes any representations regarding the status of any option to acquire the Property.

5.2. AS-IS Purchase; No Side Agreements or Representations. Buyer acknowledges and agrees that Receiver has made no representations or warranties regarding the Seller Interest or the Burns Claim, and that Buyer has independently and personally evaluated the Seller Interest, and the Company's Assets and the Burns Claim, and Buyer has elected to go forward with the purchase of the Seller Interest and the Burns Claim on the basis of such personal examinations and inspections as Buyer has deemed appropriate to make. The Receiver has not and will not be responsible for obtaining the consent of any other member of the Company or for any failure to comply with the terms of the Operating Agreement applicable to a transfer of the Seller Interest. Buyer agrees that AS A MATERIAL INDUCEMENT TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY RECEIVER, BUYER IS PURCHASING THE SELLER INTEREST AND THE BURNS CLAIM IN AN "AS IS" AND "WHERE IS" CONDITION, WITH ALL FAULTS, AND ACCEPTS COMPANY'S INTEREST IN ITS ASSETS IN AN "AS IS" AND "WHERE IS" CONDITION, WITH ALL FAULTS. No person acting on behalf of Receiver is authorized to make, and by execution hereof Buyer acknowledges and agrees that, except as specifically provided in this agreement, Receiver has not made, does not make, and specifically negates and disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of and to, including but not limited to:

- (a) the value of the Seller Interest;

- (b) the income to be derived from the Seller Interest;
- (c) the Company's Assets; or
- (d) the collectability of the Burns Claim.

5.3. NO LIABILITY TO RECEIVER. WITHOUT LIMITATION OF THE FOREGOING, AS AN ESSENTIAL INDUCEMENT TO RECEIVER TO ENTER INTO THIS AGREEMENT, AND AS PART OF THE DETERMINATION OF THE CONSIDERATION GIVEN HEREUNDER, BUYER ACKNOWLEDGES, UNDERSTANDS AND AGREES AS FOLLOWS:

(a) BUYER ACKNOWLEDGES AND AGREES THAT RECEIVER IS ENTERING INTO THIS AGREEMENT SOLELY IN CONNECTION WITH HER DUTIES AS RECEIVER PURSUANT TO THE COURT ORDERS (INCLUDING THE SEC ACTION). IN NO EVENT SHALL RECEIVER, HER AGENTS, EMPLOYEES, CONSULTANTS, CONTRACTORS, DIRECTORS, OFFICERS, ATTORNEYS, ACCOUNTANTS, AFFILIATES, SHAREHOLDERS, MEMBERS, PARTNERS, REPRESENTATIVES, SUCCESSORS AND ASSIGNS (COLLECTIVELY, THE "RECEIVER PARTIES") BE LIABLE FOR ANY ERROR OF JUDGMENT OR ACT DONE BY THE RECEIVER PARTIES, OR BE OTHERWISE RESPONSIBLE OR ACCOUNTABLE UNDER ANY CIRCUMSTANCE WHATSOEVER, EXCEPT IF THE RESULT OF THE RECEIVERS PARTIES' GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT.

(b) THE RECEIVER PARTIES SHALL NOT HAVE ANY PERSONAL LIABILITY OR OBLIGATION ARISING OUT OF THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREBY AND BUYER HEREBY RELEASES, DISCHARGES AND AGREES TO HOLD HARMLESS THE RECEIVER PARTIES FOR, FROM, AND AGAINST ANY LIABILITY, DUTY OR OBLIGATION UNDER OR ARISING OUT OF THIS AGREEMENT AND THE TRANSACTION CONTEMPLATED HEREBY; AND THIS AGREEMENT AND ALL OF RECEIVER'S DUTIES AND OBLIGATIONS HEREUNDER OR ARISING THEREFROM SHALL BE AND ARE SUBJECT TO THE COURT ORDERS (INCLUDING THE SEC ACTION) AND ANY OTHER ORDER ISSUED IN CONNECTION WITH THIS RECEIVERSHIP. IF RECEIVER SHALL DETERMINE IN ITS REASONABLE DISCRETION THAT THIS AGREEMENT OR A PART OR PORTION THEREOF DOES NOT COMPLY WITH OR SATISFY ANY PROVISION OR TERM OF THE COURT ORDERS (INCLUDING THE SEC ACTION) OR ANY OTHER ORDER ISSUED IN CONNECTION WITH THE RECEIVERSHIP, THEN RECEIVER SHALL BE ENTITLED TO TERMINATE THIS AGREEMENT UPON WRITTEN NOTICE TO BUYER.

(c) NO PROVISION OF THIS AGREEMENT SHALL OPERATE TO PLACE ANY OBLIGATION OR LIABILITY FOR THE CONTROL, CARE, MANAGEMENT OR REPAIR OF THE SELLER INTEREST OR THE COMPANY'S ASSETS UPON ANY OF THE RECEIVER PARTIES NOR SHALL IT OPERATE TO MAKE ANY OF THE RECEIVER PARTIES RESPONSIBLE OR LIABLE FOR ANY WASTE COMMITTED ON THE SELLER INTEREST OR THE COMPANY'S ASSETS BY ANY PERSON OR FOR ANY DANGEROUS OR DEFECTIVE CONDITION OF THE ASSETS OR

FOR ANY NEGLIGENCE IN MANAGEMENT, OR CONTROL OF THE COMPANY OR ITS ASSETS.

5.4. Survival. The provisions of this ARTICLE 5 shall survive the Closing.


**ARTICLE 6.
RELEASE AND INDEMNITY**

6.1. Release by Buyer. To the maximum extent permitted by law, Buyer, on behalf of itself and its past, present and future agents, representatives, partners, shareholders, principals, attorneys, affiliates, parent corporations, subsidiaries, officers, directors, employees, consultants, agents, predecessors, successors, heirs and executors and assigns (collectively, "**Buyer's Parties**"), hereby releases and forever discharges Receiver, the other Receiver Parties and the Seller, and each of their respective past, present and future agents, representatives, partners, attorneys', shareholders, principals, affiliates, parent corporations, subsidiaries, officers, directors, employees, predecessors, successors, heirs, executors and assigns (collectively, "**Indemnitees**"), from and against all claims, rights, remedies, recourse or other basis for recovery, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, attorneys' fees and costs) (collectively, "**Claims**"), whether direct or indirect, known or unknown, foreseen, whether before or after the Closing Date, which Buyer has or may have in the future, arising out of the Seller Interest or the physical, economic or legal condition of the Company's Assets or the Burns Claim (collectively, the "**Released Claims**").

With respect to this release and discharge, Buyer, on behalf of itself and all of Buyer's Parties, hereby acknowledges that the Released Claims may include Claims of which Buyer is presently unaware, or which Buyer does not presently suspect to exist, or which may not yet have accrued or become manifest, and which, if known by Buyer on the Effective Date or the Closing Date would materially affect Buyer's release and discharge of Receiver and the other Indemnitees. Buyer hereby acknowledges that it has read and is familiar with the provisions of California Civil Code Section 1542 ("**Section 1542**"), which is set forth below:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, BUYER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES:



Buyer's Initials

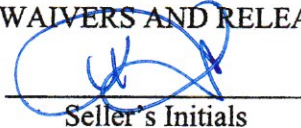
6.2. Release by Seller. To the maximum extent permitted by law, Seller, on behalf of itself and its past, present and future agents, representatives, partners, shareholders, principals, attorneys, affiliates, parent corporations, subsidiaries, officers, directors, employees, consultants,

agents, predecessors, successors, heirs and executors and assigns (collectively, "**Seller Releasing Parties**"), hereby releases and forever discharges Pullman Lofts Phase I, LLC, a California limited liability company, and its past, present and future agents, representatives, attorneys, principals, affiliates, parent corporations, subsidiaries, officers, directors, employees, predecessors, successors, heirs, executors and assigns (collectively, "**Pullman Released Parties**"), from and against all claims, rights, remedies, recourse or other basis for recovery, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, known or unknown, foreseen, whether before or after the Closing Date, which the Seller Releasing Parties have or may have as of the Closing Date or in the future, arising out of or related to funds paid or advanced by Seller to or for the benefit of Pullman Lofts Phase I, LLC for the purpose of acquiring the Seller Interest (the "**Seller Released Claims**").

With respect to this release and discharge, Seller, on behalf of itself and all of the Seller Releasing Parties, hereby acknowledges that the Released Claims may include Claims of which Seller is presently unaware, or which Seller does not presently suspect to exist, or which may not yet have accrued or become manifest, and which, if known by Seller on the Effective Date or the Closing Date would materially affect Seller's release and discharge of Receiver and the other Indemnitees. Seller hereby acknowledges that it has read and is familiar with the provisions of California Civil Code Section 1542 ("**Section 1542**"), which is set forth below:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, SELLER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES:


Seller's Initials

6.3. Survival. The provisions of this ARTICLE 6 shall survive the Closing.

ARTICLE 7. DISPUTE RESOLUTION

7.1. Court Trial. Each party to this Agreement hereby expressly waives any right to trial by jury with respect to any claim, demand, action or cause of action (a) arising under this Agreement, including, without limitation, any present or future modification thereof, or (b) in any way connected with or related or incidental to the dealings of the parties hereto or any of them with respect to this Agreement (as now or hereafter modified) or any other instrument, document or agreement executed or delivered in connection herewith, or the transactions related hereto or thereto, in each case whether such claim, demand, action or cause of action is now existing or hereafter arising, and whether sounding in contract or tort or otherwise; and each

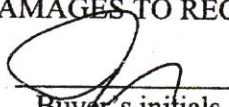
party hereby agrees and consents that any such claim, demand or cause of action shall be decided by court trial without a jury, and that any party to this Agreement may file an original counterpart or a copy of this section with any court as written evidence of the consent of the parties hereto to the waiver of any right they might otherwise have to trial by jury. The parties shall be entitled to recover only their actual damages, and no party shall be entitled to recover any consequential damages, punitive damages, or any other damages that are not actual damages.

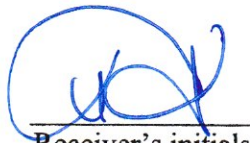
7.2. Venue. Any action shall be commenced and maintained in the Court. The parties irrevocably consent to jurisdiction and venue in such Court and agree not to seek transfer or removal of any action commenced in accordance with the terms of this article.

ARTICLE 8.

DEFAULT BY BUYER

8.1. DEFAULT BY BUYER. UPON DEFAULT BY BUYER, RECEIVER SHALL BE ENTITLED TO TERMINATE THIS AGREEMENT UPON WRITTEN NOTICE TO BUYER. IN SUCH EVENT, RECEIVER SHALL BE ENTITLED TO RECEIVE AND RETAIN THE EARNEST MONEY DEPOSIT AS LIQUIDATED DAMAGES AND, EXCEPT FOR BUYER'S INDEMNITY AND OTHER SPECIFIC OBLIGATIONS REFERRED TO HEREIN WHICH MAY BE ENFORCED BY RECEIVER, NEITHER PARTY SHALL HAVE ANY FURTHER RIGHTS OR OBLIGATIONS HEREUNDER. IN THE EVENT THE CLOSING DOES NOT OCCUR BECAUSE OF BUYER'S DEFAULT, BUYER AND RECEIVER AGREE THAT IT WOULD BE IMPRACTICABLE AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES SUFFERED BY RECEIVER AS A RESULT OF BUYER'S FAILURE TO COMPLETE THE PURCHASE OF THE SELLER INTEREST OR THE BURNS CLAIM PURSUANT TO THIS AGREEMENT, AND THAT UNDER THE CIRCUMSTANCES EXISTING AS OF THE EFFECTIVE DATE, THE LIQUIDATED DAMAGES PROVIDED FOR IN THIS SECTION REPRESENT A REASONABLE ESTIMATE OF THE DAMAGES WHICH RECEIVER WILL INCUR AS A RESULT OF SUCH DEFAULT; PROVIDED, HOWEVER, THAT THIS PROVISION SHALL NOT: (A) LIMIT RECEIVER'S RIGHT TO RECEIVE REIMBURSEMENT FOR ATTORNEYS' FEES; OR (B) WAIVE OR AFFECT BUYER'S INDEMNITY OBLIGATIONS AND RECEIVER'S RIGHTS TO SUCH INDEMNITY. THEREFORE, BUYER AND RECEIVER DO HEREBY AGREE THAT AS OF THE EFFECTIVE DATE, A REASONABLE ESTIMATE OF THE TOTAL NET DETRIMENT THAT RECEIVER WOULD SUFFER IN THE EVENT THAT BUYER DEFAULTS AND FAILS TO COMPLETE THE PURCHASE OF THE SELLER INTEREST IS AN AMOUNT EQUAL TO THE EARNEST MONEY DEPOSIT (WHICH INCLUDES ANY ACCRUED INTEREST THEREON). SAID AMOUNT SHALL BE THE FULL, AGREED AND LIQUIDATED DAMAGES FOR THE BREACH OF THIS AGREEMENT BY BUYER. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO RECEIVER.


Buyer's initials



Receiver's initials

8.2. Default by Receiver. If the sale of the Seller Interest and the Burns Claim is not consummated because of a material default by Receiver under this Agreement, Buyer's sole remedy shall be to terminate this Agreement and recover the Earnest Money Deposit. Notwithstanding anything in this Section 8.2 to the contrary, in the event that Court Approval has been obtained, but Receiver shall nevertheless fail to close on the scheduled Closing Date, the Buyer may elect, at its option and as its sole and exclusive remedy, to seek specific performance of this Agreement. If Buyer elects the remedy of specific performance set forth in this Section 8.2, Buyer must commence and file such specific performance action in the appropriate court not later than twenty (20) days following the scheduled Closing Date. Except as specifically set forth in this Section 8.2, Buyer does hereby specifically waive any right to pursue any other remedy at law or equity for such default of Receiver (and/or against Receiver and/or Owner), including, without limitation, any right to seek, claim or obtain damages of any kind, including, but not limited to, punitive damages or consequential damages. Nothing contained in this Section 8.2 shall limit Buyer's right to receive reimbursement for costs and expenses pursuant to Section 9.11 below.

ARTICLE 9. MISCELLANEOUS PROVISIONS

9.1. Brokerage Commissions. Buyer represents and warrants to Receiver that Buyer has not engaged any broker or finder in connection with the transaction contemplated by this Agreement. Buyer shall indemnify, defend and hold Receiver harmless from and against any liability, cost or expense arising out of or connected with any claim for any commission or compensation made by any person or entity claiming to have been retained or contacted by Buyer in connection with, this transaction. This indemnity provision shall survive the Closing or any earlier termination of this Agreement.

9.2. Expenses of Sale. Each of the parties will bear their own direct and indirect expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement and the transactions contemplated hereby, including, without limitation, all fees and expenses of agents, representatives, counsel and accountants.

9.3. Cooperation with Receiver. Buyer shall cooperate with the Receiver after the Closing Date in connection with all reasonable requests made by the Receiver in connection with the Receiver's duties pursuant to the orders of the Court.

9.4. Further Assurances; Other Actions. After the Closing, each of the parties shall execute such documents and other papers and perform such further acts as may be reasonably required or desirable to carry out the provisions hereof and the transactions contemplated hereby.

9.5. Notices. All notices, demands, requests and other communications required or permitted hereunder shall be in writing, and shall be (a) personally delivered; (b) sent by a nationally-recognized overnight delivery service requiring a written acknowledgement of receipt or providing a certification of delivery or attempted delivery; (c) sent by certified or registered

mail, return receipt requested; or (d) sent by confirmed facsimile transmission with an original copy thereof transmitted to the recipient by one of the means described in subsections (a) through (c) not later than two (2) business days thereafter. All notices shall be deemed effective when actually delivered as documented in a delivery receipt; provided, however, that if the notice was sent by overnight courier or mail as aforesaid and is affirmatively refused or cannot be delivered during customary business hours by reason of the absence of a signatory to acknowledge receipt, or by reason of a change of address with respect to which the addressor did not have either knowledge or written notice delivered in accordance with this paragraph, then the first attempted delivery shall be deemed to constitute delivery. Each party shall be entitled to change its address for notices from time to time by delivering to the other party notice thereof in the manner herein provided for the delivery of notices. All notices shall be sent to the addressee at its address set forth following its name below:

To Receiver:

E3 Advisors
Attn: Krista Freitag
501 West Broadway, Suite 290
San Diego, CA 92101

with a copy to:

Allen Matkins Leck Gamble Mallory & Natsis LLP
600 West Broadway, 27th Floor
San Diego, CA 92101-0903
Attn: Ted Fates, Esq.

To Buyer:

Pullman Lofts First Phase LLC
Suite 2A, 1298 Prospect Street
La Jolla, CA 9203
Attn: Jack McGrory

with a copy to:

Parks & Solar LLP
501 West Broadway, Suite 1540
San Diego, CA 92101
Attn: Robert K. Edmunds, Esq.

9.6. Publicity. No publicity release or announcement concerning this Agreement or the transactions contemplated hereby shall be issued without providing at least 3 business days' notice to the other party and reasonably considering any requested revisions of the other party. This Section 9.6 shall not apply to any filings with the Court.

9.7. Parties In Interest. Nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the Receiver, the

Buyer and their respective affiliates, successors and permitted assigns. Nothing in this Agreement is intended to relieve or discharge the obligations or liability of any third persons to the Receiver or the Buyer. No provision of this Agreement shall give any third persons any right of subrogation or action over or against the Receiver or the Buyer.

9.8. Assignment. Buyer shall not assign this Agreement without obtaining Receiver's prior written consent, which consent may be withheld by Receiver in Receiver's sole and absolute discretion for any reason whatsoever. Any assignment that is not in compliance with this Section 9.8 is void, ab initio and any attempted assignment or agreement by Buyer to assign this Agreement or any of Buyer's rights hereunder without Receiver's express written consent as otherwise provided hereunder shall be a material default by Buyer hereunder. Notwithstanding the foregoing to the contrary, Buyer may assign its rights under this Agreement without the requirement of Receiver's consent (but only upon and subject to the approval of the Court), upon the following conditions: (i) Buyer shall not be in default hereunder, (ii) the assignee of Buyer must be an entity directly or indirectly controlling, controlled by, or under common control with Buyer, or an entity at least a majority of whose economic interest is owned by Buyer (an "Affiliate"); (iii) the Earnest Money Deposit must have been delivered by Buyer in accordance herewith; (iv) the Affiliate must assume in a written assignment and assumption agreement reasonably acceptable to Receiver all (and not less than all) of the obligations of Buyer hereunder, but Buyer shall remain primarily liable for the performance of Buyer's obligations hereunder; (v) a copy of the fully executed written assignment and assumption agreement shall be delivered to Receiver at least five (5) business days prior to the Closing Date; and (vi) there shall be no increase or "mark-up" of the Purchase Price.

9.9. Bankruptcy. Buyer agrees that in the event that: (a) all or substantially all of Buyer's assets are placed in the hands of a receiver or trustee, and such receivership or trusteeship continues for a period of thirty (30) days; (b) Buyer makes an assignment for the benefit of creditors; (c) Buyer is adjudicated a bankrupt; (d) Buyer institutes any proceeding under any law relating to bankruptcy wherein Buyer seeks to be adjudicated a bankrupt, or to be discharged of its debts, or to effect a plan of liquidation, composition or reorganization; (e) an involuntary proceeding is filed against Buyer under any bankruptcy laws and Buyer consents thereto or acquiesces therein by pleading or default or such involuntary proceeding is not dismissed within ninety (90) days; or (f) substantially all of Buyer's assets are attached or seized by judicial order where such seizure is not discharged within thirty (30) days then: (i) Buyer shall be deemed to be in default hereunder, (ii) this Agreement, including without limitation the rights granted herein, shall not become an asset in any of such proceedings; (iii) in addition to all other available remedies it shall be lawful for Receiver to declare this Agreement terminated; and (iv) Buyer shall have no further claim on the Seller Interest hereunder or otherwise, and no right to return of its Deposit or any other payments or expenses incurred pursuant to this Agreement.

9.10. Waivers and Amendments. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties hereto or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of

any other right, power or privilege hereunder. The parties acknowledge that damages alone will not adequately compensate another party for breach of a party's obligations under this Agreement and, therefore, agree that in the event of a breach or threatened breach of any such obligation, each party shall be entitled to injunctive relief compelling specific performance of, or other compliance with, the terms of this Agreement. The parties recognize that specific performance is not a party's sole remedy hereunder.

9.11. Attorneys' Fees. In the event any legal or equitable action is commenced in connection with this Agreement or the Seller Interest, whether in contract or in tort, the prevailing party (as determined by the court) shall be entitled to recover from the losing party all reasonable costs and expenses incurred, including but not limited to reasonable attorneys' fees, in addition to all other relief and remedies to which the prevailing party may be entitled.

9.12. Successors and Assigns. Subject to the limitations on Buyer's right to assign, this Agreement shall be binding on, and shall inure to the benefit of, the successors and assigns of the parties.

9.13. Duplicate Counterparts. This Agreement may be executed in duplicate counterparts, all of which together shall constitute a single instrument, and each of which shall be deemed an original of this Agreement for all purposes, notwithstanding that less than all signatures appear on any one counterpart.

9.14. Section Headings. The various section headings in this Agreement are inserted for convenience of reference only, and shall not affect the meaning or interpretation of this Agreement or any provision hereof.

9.15. No Prejudice. This Agreement has been jointly prepared by the parties hereto and the terms hereof shall not be construed in favor of or against any party on account of its participation in such preparation.

9.16. Days/Holidays. All references to days herein shall refer to calendar days unless otherwise noted. When performance of an obligation or satisfaction of a condition set forth in this Agreement is required on or by a date that is a Saturday, Sunday or legal holiday, such performance or satisfaction shall instead be required on or by the next business day following that Saturday, Sunday or holiday, notwithstanding any other provisions of this Agreement.

9.17. Exhibits. All Exhibits attached to, and to which reference is made in, this Agreement are incorporated into, and shall be deemed a part of, this Agreement.

9.18. Entire Agreement. This Agreement is the entire agreement of Receiver and Buyer with respect to the Seller Interest, containing all of the terms and conditions to which Receiver and Buyer have agreed. This Agreement supersedes and replaces entirely all previous oral and written understandings, offers, counter offers, acceptances, if any, of Receiver and Buyer respecting the Seller Interest.

9.19. Time. Time is of the essence in this Agreement and each and every provision of this Agreement.

9.20. Governing Law and Forum. The exclusive forum for resolving disputes arising from or related to this Agreement, or closing of the sale shall be the Court. Otherwise, this Agreement shall be governed, construed and enforced in accordance with the laws of the State of California, without regard to principles of conflicts of law.

9.21. Severability. Nothing contained in this Agreement shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provision of this Agreement and any statute, law, ordinance, order or regulation, applicable to either party and contrary to which the parties hereto would otherwise have a legal right to contract, such statute, law, ordinance, order or regulation shall prevail; provided, however, that in such event the provision of this Agreement so affected shall be curtailed and limited only to the extent necessary to permit compliance with the legal requirement, no other provisions of this Agreement shall be affected thereby, all such other provisions shall continue in full force and effect. The parties agree to immediately enter into good faith negotiations to replace such invalid or unenforceable term or condition with a valid term or condition which reflects the intention of the parties and of similar economic effect.

9.22. Beneficiaries. No term or provision of this Agreement is intended to be, or shall be, for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder.

9.23. Signer's Warranty. Each individual executing and delivering this Agreement on behalf of a party hereby warrants and represents to the other party that he or she has been duly authorized and empowered to do so.

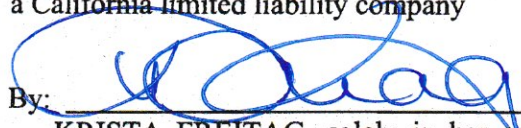
9.24. Receiver's Retention of Rights in Claims. The parties acknowledge and agree that the Receiver expressly retains all of the Receiver's rights in any and all causes of action and claims that the Receiver may have against the defendants in the Receivership Case arising from actions relating to the Company and ANI and their subsidiaries as well as any and all rights to any and all proceeds derived from such causes of actions and claims, provided that no such action or claim shall be a claim on the Seller Interest or the assets of the Company.

[Signature Page Follows]

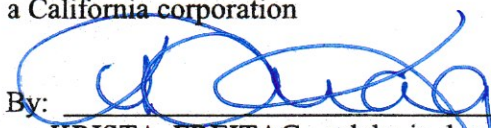
IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

SELLER:

GCC PULLMAN LOFTS PHASE I, LLC,
a California limited liability company

By: 
KRISTA FREITAG, solely in her capacity as
Court-appointed receiver for GCC PULLMAN
LOFTS PHASE I, LLC, a California limited
liability company.

AMERICAN NATIONAL INVESTMENTS, INC.,
a California corporation

By: 
KRISTA FREITAG, solely in her capacity as
Court-appointed receiver for AMERICAN
NATIONAL INVESTMENTS, INC., a California
corporation

BUYER:

PULLMAN LOFTS FIRST PHASE LLC,
a California limited liability company

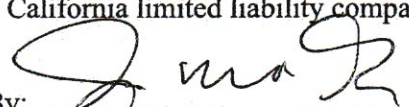
By: 
Name: Jack McGrory
Title: Manager

Exhibit A

ASSIGNMENT OF MEMBERSHIP INTEREST

THIS ASSIGNMENT OF MEMBERSHIP INTEREST ("**Assignment**") is entered into effective as of _____, 2020, by and between KRISTA FREITAG, solely in her capacity as Court-appointed receiver (the "**Receiver**") in the case entitled *Securities and Exchange Commission v. Gina Champion-Cain, ANI Development, LLC, and American National Investments, Inc.*, United States District Court for the Southern District of California (the "**Court**"), Case No. 3:19-CV-01628-H-BLM (the "**Receiver**") for GCC PULLMAN LOFTS PHASE I, LLC, a California limited liability company, (the "**Assignor**"), and PULLMAN LOFTS FIRST PHASE LLC, a California limited liability company, as assignee ("**Assignee**"). This Assignment is made with reference to the following facts and circumstances:

RECITALS:

A. Seller is a member of, and owns a 40.5% percentage interest (the "**Seller Interest**") in Pullman Lofts Phase I, LLC, a California limited liability company (the "**Company**"). The Company is governed by that certain Operating Agreement of Pullman Lofts Phase I, LLC, a California limited liability company dated as of 12th day of March, 2019, (the "**Operating Agreement**").

B. Pursuant to that certain Membership Interest Purchase and Sale Agreement entered into effective as of January 17, 2020 (the "**Purchase Agreement**"), Assignor has agreed to sell, and Assignee has agreed to purchase, the entire Seller Interest (as defined below) of Assignor.

C. The parties hereto now desire to enter into this Assignment in order to effectuate the assignment of the Seller Interest from Assignor to Assignee, all upon such terms and conditions as are hereinafter set forth.

NOW, THEREFORE, with reference to the foregoing Recitals, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignment. Assignor hereby absolutely and unconditionally sells, assigns, transfers, grants, conveys, sets over and delivers to Assignee all of Assignor's rights, title and interests in and to the Company including, without limitation, Assignor's forty and one-half percent (40.5%) interest as a member in the Company and all of Assignor's rights, title, and interests in and to the properties (real and personal, tangible or intangible, known or unknown, liquidated or unliquidated, absolute or contingent), capital, capital accounts, cash flow, distributions, profits and losses, and all other economic benefits of the Company allocable to such membership interest in the Company (collectively, the "**Seller Interest**"). Assignee hereby accepts the foregoing assignment of the Seller Interest.

1. Assumption. Assignee hereby assumes and agrees to perform and to be bound by all of the terms, covenants, conditions and obligations imposed upon Assignor under the Operating Agreement (or otherwise) arising on or after the date hereof.

2. Rights and Obligations. As of the date hereof, (i) Assignee shall be entitled to all of Assignor's rights, title and interests in and to the Company, whether arising under the Operating Agreement or otherwise, including, without limitation, all of the properties (real and personal, tangible or intangible, known or unknown, liquidated or unliquidated, absolute or contingent), capital, capital accounts, cash flow, distributions, profits and losses, and all other economic benefits of the Company allocable to the Seller Interest, and to exercise all of the rights, powers, privileges and benefits that are attributable to the Seller Interest, and (ii) Assignor shall have no further rights, powers, privileges, benefits, duties and/or obligations with respect to the Seller Interest or otherwise under the Operating Agreement.

3. Representations of Assignor. Assignor warrants and represents to Assignee that (i) Assignor is the sole owner of the Seller Interest, (ii) Assignor has not pledged, assigned, hypothecated, or otherwise encumbered all or any part of the Seller Interest, (iii) except as set forth in the Operating Agreement, Assignor has full right, power and authority to assign the Seller Interest to Assignee in accordance with this Assignment without the consent of any party except Assignee, and (iv) this Assignment is binding and enforceable against Assignor in accordance with its terms.

4. Inconsistencies with the Purchase Agreement. To the extent of any inconsistency between the terms of this Assignment and the terms of the Purchase Agreement, the terms of this Assignment shall control.

5. Miscellaneous.

(a) Further Acts. Each party hereto agrees to perform any and all further acts, and/or to execute and deliver (with acknowledgment, verification, and/or affidavit, if required) any further documents and instruments, as may be reasonably necessary or desirable to implement and/or accomplish the provisions of this Assignment and the transactions contemplated herein.

(b) Counterparts. This Assignment may be executed in counterparts, each of which shall be deemed an original Assignment, but all of which, taken together, shall constitute one (1) and the same Assignment, binding on the parties hereto. The signature of any party hereto to any counterpart hereof shall be deemed a signature to, and may be appended to, any other counterpart hereof.

(c) Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the successors, assigns, personal and legal representatives, heirs and legatees of the respective parties hereto.

(d) Attorneys' Fees. If any action or suit is commenced by a party hereto against another party hereunder concerning this Assignment or the rights and duties of any party arising out of this Assignment, then in that event the prevailing party, in addition to such other relief as may be granted, shall be entitled to have and recover of and from the other party all

costs and expenses of the action or suit, including attorneys' fees, accounting and any other professional fees resulting therefrom. In addition to the foregoing award of attorneys' fees to the prevailing party, the prevailing party in any suit or action on this Assignment shall be entitled to its attorneys' fees incurred in any post judgment proceedings to collect or enforce the judgment. This Paragraph 6(d) is separate and several and shall survive the merger of this Assignment into any judgment on this Assignment.

(e) Rules of Construction. The Paragraph headings used in this Assignment are for reference purposes only, and are not intended to be used in construing this Assignment. As used in this Assignment, where the context so requires, the use of the neuter gender shall include the masculine and the feminine genders, the masculine gender shall include the feminine and neuter, and the singular number shall include the plural, and vice versa. The Recitals set forth in this Assignment and any Exhibit attached hereto are incorporated herein by this reference and expressly made a part of this Assignment for all purposes. The provisions of this Assignment shall be construed and enforced in accordance with the laws of the State of California. Each party hereto acknowledges, represents and warrants that (i) each party hereto is of equal bargaining strength; (ii) each such party has actively participated in the drafting, preparation and negotiation of this Assignment; (iii) each such party hereto and such party's independent counsel have reviewed this Assignment; and (iv) any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Assignment, or any portion hereof.

IN WITNESS WHEREOF, the parties have executed this Assignment to be effective as of the date first set forth above.

ASSIGNOR:

GCC PULLMAN LOFTS PHASE I, LLC,
a California limited liability company

By: _____
KRISTA FREITAG, solely in her capacity as
Court-appointed receiver for GCC PULLMAN
LOFTS PHASE I, LLC, a California limited
liability company pursuant to Appointment
Orders in the case entitled *Securities and
Exchange Commission v. Gina Champion-Cain,
ANI Development, LLC, and American National
Investments, Inc.*

ASSIGNEE:

PULLMAN LOFTS FIRST PHASE LLC,
a California limited liability company

By: _____
Name: _____
Title: _____

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Exhibit B

Assignment of Claim

This Assignment of Claim (this “**Assignment**”) is entered into effective as of _____, 2020, by and between KRISTA FREITAG, solely in her capacity as Court-appointed receiver (the “**Receiver**”) in the case entitled *Securities and Exchange Commission v. Gina Champion-Cain, ANI Development, LLC, and American National Investments, Inc.*, United States District Court for the Southern District of California (the “**Court**”), Case No. 3:19-CV-01628-H-BLM (the “**Receiver**”) for AMERICAN NATIONAL INVESTMENTS, INC., a California corporation, (the “**Assignor**”), and PULLMAN LOFTS FIRST PHASE LLC, a California limited liability company, as assignee (“**Assignee**”). This Assignment is made with reference to the following facts and circumstances:

RECITALS

A. ANI paid \$25,000 (the “**Advance**”) to JB Resources, LLC, a Nevada limited liability company (“**JBR**”), as an advance against amounts ANI agreed to pay to JBR and to Joel Burns, an individual (“collectively, “**Burns**”), pursuant to a proposed finder agreement, the terms and conditions of which provided for, among other things, Burns to find and introduce to ANI investors interested in investing in real estate projects contemplated by ANI or its affiliates. ANI may have rights to the return of the Advance (the “**Burns Claim**”) in that ANI’s records do not indicate that ANI and Burns ever entered into any such finder agreement or that Burns ever found or introduced to ANI any such investors. Further, the Receiver has made demands on Burns to return the Advance, and as of the date of this Agreement, Burns has not indicated to the Receiver that ANI is not entitled to the return of the Advance. .

B. Pursuant to that certain Membership Interest Purchase and Sale Agreement entered into effective as of January 17, 2020 (the “**Purchase Agreement**”), Assignor has agreed to sell, and Assignee has agreed to purchase, the Burns Claim.

C. The parties hereto now desire to enter into this Assignment in order to effectuate the assignment of the Burns Claim from Assignor to Assignee, all upon such terms and conditions as are hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing recitals, the covenants and agreements herein and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, Buyer and Seller hereby agree as follows:

1. Subject to the terms and conditions of the Purchase Agreement, ANI hereby sells, transfers, conveys, assigns and delivers to Buyer , all of ANI’s right, title and interest in and to the Burns Claim.

2. This Assignment is entered into pursuant to and subject to all of the terms and conditions of the Purchase Agreement, and nothing herein is intended in any way to supersede, limit or qualify any provision of the Purchase Agreement.

3. This Assignment shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

4. This Assignment shall be governed by and construed in accordance with the law of the State of California, without regard to the conflicts of laws principles thereof.

5. This Assignment may be executed in the original, by facsimile or by any generally accepted electronic means (including transmission of a pdf file containing an executed signature page) in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Assignment to be effective as of the date first set forth above.

ASSIGNOR:

AMERICAN NATIONAL INVESTMENTS, INC.,
a California corporation

By: _____

KRISTA FREITAG, solely in her capacity as
Court-appointed receiver for AMERICAN
NATIONAL INVESTMENTS, INC., a California
corporation pursuant to Appointment Orders in
the case entitled *Securities and Exchange
Commission v. Gina Champion-Cain, ANI
Development, LLC, and American National
Investments, Inc.*

ASSIGNEE:

PULLMAN LOFTS FIRST PHASE LLC,
a California limited liability company

By: _____

Name: _____

Title: _____

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Exhibit C

WAIVER OF RIGHT OF FIRST REFUSAL
AND
CONSENT TO SUBSTITUTION OF MEMBER

THIS WAIVER OF RIGHT OF FIRST REFUSAL AND CONSENT TO SUBSTITUTION OF MEMBER is effective _____, 2020, and is executed by those parties whose signatures appear below.

RECITALS

A. Pullman Lofts Phase I, LLC, a California limited liability company (the “**Company**”), is governed by that certain Operating Agreement of Pullman Lofts Phase I, LLC, a California limited liability company dated as of the 12th day of March, 2019 (the “**Operating Agreement**”). Capitalized terms used herein without definition shall have the meanings assigned to them in the Operating Agreement.

B. As of the date of this Waiver and Consent, the Members of the Company are (i) GCC Pullman Lofts Phase I, LLC, a California limited liability company, with a 40.5% membership interest (the “**Membership Interest**”), (ii) 701 Wilson Street Limited Partnership, a California limited partnership (“**701 Wilson**”), with a 40.5% membership interest; and (iii) LJMJM Pullman, LLC, a Delaware limited liability company (“**LJMJM**”), with a 19% membership interest.

C. GCC Pullman Lofts Phase I, LLC is one of the entities included in a receivership ordered by the United States District Court of the Southern District of California (the “**Court**”) in that certain case entitled *Securities and Exchange Commission v. Gina Champion-Cain, ANI Development, LLC, and American National Investments, Inc.*, United States District Court for the Southern District of California Case No. 3:19-CV-01628-H-BLM (the “**SEC Action**”).

D. GCC Pullman Lofts Phase I, LLC (“**Seller**”), by and through Krista Freitag, solely in her capacity as the receiver (the “**Receiver**”) appointed by the Court in the SEC Action, and Pullman Lofts First Phase LLC (“**Buyer**”) are parties to that certain Membership Interest Purchase and Sale Agreement dated effective as of January 17, 2020 (the “**Purchase Agreement**”), pursuant to which and subject to the approval of the Court, Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, the Membership Interest.

E. Section 7.2 of the Operating Agreement provides for, among other things, a right of first refusal for the Company, 701 Wilson, and LJMJM to purchase the Membership Interest and to consent to the admission of a Substitute Member as a Member of the Company.

F. Section 7.4 of the Operating provides for, among other things, the terms and conditions under which a Substituted Member may be admitted as a Member of the Company.

G. 701 Wilson and LJMJM desire to waive, in their capacity as the non-selling members of the Company and on behalf of the Company, the Company’s right of first refusal to purchase the Membership Interest, to waive their respective rights of first refusal to purchase the

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Membership Interest, and to consent to the admission of Buyer as a Substitute Member of the Company, subject to the terms and conditions of this Waiver and Consent.

H. Buyer desires to be admitted as a Substitute Member of the Company, subject the terms and conditions of this Waiver and Consent.

AGREEMENT

1. The parties acknowledge the accuracy of the foregoing Recitals, which are incorporated by reference herein and are made a part of this Waiver and Consent.

2. Provided that the Court shall have approved the Purchase Agreement and the transactions contemplated in the Purchase Agreement shall have closed, Buyer, by its signature below, hereby accepts the transfer and assignment of the Membership Interest and agrees to be bound by the terms and conditions of the Operating Agreement as a Substitute Member. Execution of this Waiver and Consent shall be deemed execution by Buyer of a counterpart of the Operating Agreement as if a party thereto.

3. Provided that the Court shall have approved the Purchase Agreement and the transactions contemplated in the Purchase Agreement shall have closed, 701 Wilson and LJMJM, by their signatures below, hereby (i) waive, in their capacity as the non-selling members of the Company and on behalf of the Company, the Company's right of first refusal to purchase the Membership Interest, (ii) waive on behalf of themselves their respective rights of first refusal to purchase the Membership Interest; and (iii) consent to the transfer of the Membership Interest to Buyer, the admission of the Buyer as a Member in the Company, and the withdrawal of Seller as a Member in the Company.

4. To the maximum extent permitted by law, 701 Wilson Limited Partnership, a California limited partnership, LJMJM Pullman, LLC, a Delaware limited liability company, and Buyer, on behalf of themselves and each of their respective past, present and future agents, representatives, partners, shareholders, principals, attorneys, affiliates, parent corporations, subsidiaries, officers, directors, employees, consultants, agents, predecessors, successors, heirs and executors and assigns, and as members of and on behalf of the Company, (collectively, "**Pullman Releasing Parties**"), hereby release and forever discharge each of Seller and American National Investments, Inc., a California corporation, and each of their respective past, present and future agents, representatives, partners, attorneys', shareholders, principals, affiliates, parent corporations, subsidiaries, officers, directors, employees, predecessors, successors, heirs, executors and assigns (collectively, "**Seller Released Parties**"), from and against all claims, rights, remedies, recourse or other basis for recovery, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, known or unknown, foreseen, whether before or after the Closing Date, which the Pullman Releasing Parties have or may have as of the Closing Date or in the future, arising out of or related to the Seller Interest (the "**Pullman Released Claims**").

With respect to this release and discharge, each of the Members of the Company itself, on behalf of itself, the Company and all of the Pullman Releasing Parties, hereby acknowledges that

the Released Claims may include Claims of which the Members of the Company and/or the Company are presently unaware, or which they does not presently suspect to exist, or which may not yet have accrued or become manifest, and which, if known by them on the Effective Date or the Closing Date would materially affect their release and discharge of Receiver and the other Indemnitees. Each hereby acknowledges that it has read and is familiar with the provisions of California Civil Code Section 1542 ("**Section 1542**"), which is set forth below:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, EACH OF THE MEMBERS OF THE COMPANY, ON BEHALF OF ITSELF, THE COMPANY AND ALL OF THE PULLMAN RELEASING PARTIES, HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES:

701 WILSON STREET LIMITED PARTNERSHIP

LJMJM PULLMAN, LLC

PULLMAN LOFTS FIRST PHASE LLC

5. Release by Seller. To the maximum extent permitted by law, Seller, on behalf of itself and each of its past, present and future agents, representatives, partners, shareholders, principals, attorneys, affiliates, parent corporations, subsidiaries, officers, directors, employees, consultants, agents, predecessors, successors, heirs and executors and assigns (collectively, "**Seller Releasing Parties**"), hereby release and forever discharge Pullman Lofts Phase I, LLC, a California limited liability company, and its past, present and future agents, representatives, attorneys, principals, affiliates, parent corporations, subsidiaries, officers, directors, employees, predecessors, successors, heirs, executors and assigns (collectively, "**Pullman Released Parties**"), from and against all claims, rights, remedies, recourse or other basis for recovery, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, known or unknown, foreseen, whether before or after the Closing Date, which the Seller Releasing Parties have or may have as of the Closing Date or in the future, arising out of or related to funds paid or advanced by Seller to or on behalf of Pullman Lofts Phase I, LLC for the purpose of acquiring the Seller Interest (the "**Seller Released Claims**").

With respect to this release and discharge, Seller, on behalf of itself and all of the Seller Releasing Parties, hereby acknowledges that the Released Claims may include Claims of which

Seller is presently unaware, or which Seller does not presently suspect to exist, or which may not yet have accrued or become manifest, and which, if known by Seller on the Effective Date or the Closing Date would materially affect Seller's release and discharge of Receiver and the other Indemnitees. Seller hereby acknowledges that it has read and is familiar with the provisions of California Civil Code Section 1542 ("**Section 1542**"), which is set forth below:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, SELLER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES:

Seller's Initials

6. In the event that the Court does not approve the Purchase Agreement or the transactions contemplated in the Purchase Agreement do not close, this Waiver and Consent shall terminate and shall have no further force or effect.

7. This Waiver and Consent may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon, provided such signature page is attached to any other counterpart identical thereto except for having one or more additional signature pages executed by the other parties. Each party agrees that the other parties may rely upon the facsimile signature or signature delivered by email in .PDF format of a party on this Waiver and Consent as constituting a duly authorized, irrevocable, actual, current delivery of this Waiver and Consent as fully as if this Waiver and Consent contained the original ink signature of the party supplying a facsimile signature or signature delivered by email in .PDF format.

[Remainder of Page Intentionally Left Blank; Signatures to Follow]

IN WITNESS WHEREOF, the parties have executed this Waiver and Consent as of the date first set forth above.

Buyer:

PULLMAN LOFTS FIRST PHASE LLC,
a California limited liability company

By: _____

Name: _____

Title: _____

Seller:

GCC PULLMAN LOFTS PHASE I, LLC,
a California limited liability company

By: _____

KRISTA FREITAG, solely in her capacity as
Court-appointed receiver for GCC PULLMAN
LOFTS PHASE I, LLC, a California limited
liability company pursuant to Appointment
Orders in the case entitled *Securities and
Exchange Commission v. Gina Champion-Cain,
ANI Development, LLC, and American National
Investments, Inc.*

701 Wilson:

701 WILSON STREET LIMITED
PARTNERSHIP, a California limited partnership

By: _____

Name: _____

Title: _____

LJMJM:

LJMJM PULLMAN, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

[Signature Page to Waiver of Right of First Refusal and Consent to Substitution off Member]