

1 KAMALA D. HARRIS  
Attorney General of California  
2 W. DEAN FREEMAN  
3 Supervising Deputy Attorneys General  
MARTA L. SMITH, State Bar No. 101955  
4 Deputy Attorney General  
300 South Spring Street, Room 1702  
5 Los Angeles, California 90013  
6 Telephone: (213) 897-2483  
7 Facsimile: (213) 897-5775  
E-mail: [Marta.Smith@doj.ca.gov](mailto:Marta.Smith@doj.ca.gov)

8 MICHAEL R. WEISS, State Bar No. 180946  
9 EPSTEIN TURNER WEISS  
A Professional Corporation  
10 633 W. Fifth Street, Suite 3330  
11 Los Angeles, California 90071  
12 Telephone: (213) 861-7487  
13 Facsimile: (213) 861-7488  
Email: [mrw@epsteinturnerweiss.com](mailto:mrw@epsteinturnerweiss.com)

14 Attorneys for Applicant  
Insurance Commissioner of the State of California

15  
16 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
17 **FOR THE COUNTY OF LOS ANGELES**

18 INSURANCE COMMISSIONER OF THE  
19 STATE OF CALIFORNIA,

20 Applicant,

21 v.

22 GOLDEN STATE MUTUAL LIFE  
INSURANCE COMPANY, a California  
23 corporation,

24 Respondent.

Case No. BS123005  
Assigned to Hon. Ann I. Jones, Dept. 86

**MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT OF  
APPLICATION FOR ORDER  
AUTHORIZING LIQUIDATOR TO SELL  
REAL PROPERTY LOCATED AT 8237-  
8247 S. STATE STREET IN CHICAGO  
ILLINOIS; AND DECLARATIONS OF  
SCOTT PEARCE, PETER C. KANE AND  
MICHAEL R. WEISS**

[Filed concurrently with Notice, Proposed  
Order and Proof of Service]

Date: November 30, 2011  
Time: 9:30 a.m.  
Dept: 86

1 **I. INTRODUCTION**

2 This Application seeks the Court’s approval for Applicant Insurance Commissioner of the  
3 State of California in his official statutory capacity as Liquidator (“Liquidator”) of Golden State  
4 Mutual Life Insurance Company (“Golden State”) to sell the real property, owned by Golden  
5 State, located at 8237-8247 South State Street in Chicago, Illinois 60619 [APN: 20-34-118-013,  
6 014, 015, 016] (“Property”), to Clementina Solola (“Solola”), pursuant to the terms of a Real  
7 Estate Purchase Agreement between the Liquidator and Solola. The Purchase Agreement is  
8 attached hereto as Exhibit 2.

9 Court approval of this sale should be granted for the following reasons:

10 1. The sale price of \$305,000 for the Property is the reasonable fair market value for  
11 the Property;

12 2. Solola is a third party purchaser not related to the Liquidator or to any person  
13 involved in Golden State’s liquidation;

14 3. The Property was used for Golden State’s district office in Chicago and has been  
15 vacant for the last 10 months as Golden State’s district office was closed on December 31, 2010;

16 4. The sale of the Property stops the further expenditure of Golden State’s limited  
17 assets on property maintenance expenses including maintenance, insurance, property taxes and  
18 other costs associated with ownership and maintenance of the Property; and

19 5. The sale is consistent with the Liquidator’s duty to marshal and monetize Golden  
20 State’s remaining assets for distribution to creditors, and with the Liquidator’s authorities and  
21 discretion under the Court’s Order of Liquidation, the Insurance Code and case law.

22 **II. FACTUAL BACKGROUND.**

23 **A. Liquidation Order.**

24 On January 28, 2011, this Court terminated the Insurance Commissioner’s status as  
25 Golden State’s Conservator, and ordered and appointed the Insurance Commissioner to serve as  
26 Golden State’s Liquidator. (Declaration of Scott Pearce (“Pearce Dec.”), ¶¶ 6-8; and Order of  
27 Liquidation, ¶¶ 1, 2, Exhibit 1.) The Order of Liquidation directs the Liquidator to liquidate and  
28 wind up the business of Golden State, and to sell, transfer or otherwise dispose of Golden State’s

1 property at its reasonable market value; provided, however, Court approval is required for sales  
2 where the market value of the property involved exceeds \$20,000. (Order of Liquidation, ¶ 8,  
3 Exhibit 1; see also Insurance Code § 1037(d).)

4 **B. Golden State's assets to be liquidated.**

5 Currently there are two categories of Golden State's assets to be liquidated by the  
6 Liquidator: (1) real estate valued at approximately \$1,486,579, which includes the Property at  
7 issue here, and (2) artwork and murals whose value is estimated to be at least \$753,200. The real  
8 estate remains for sale, and the sale of the artwork and murals is delayed pending resolution of a  
9 quiet title lawsuit and a monument designation by the City of Los Angeles, and further evaluation  
10 by the Liquidator of the value of the artwork and murals once confirmed to be Golden State's  
11 personal property. (Pearce Dec., ¶ 9; Declaration of Michael R. Weiss ("Weiss Dec."), ¶ 4.)

12 **C. Purchase Agreement for Chicago Property.**

13 On September 6, 2011, the Liquidator on behalf of Golden State entered into a Real Estate  
14 Purchase Agreement, Subject To Liquidation Court Confirmation ("Purchase Agreement), with  
15 the buyer Solola, for the sale of the Property at the sale price of \$305,000. Solola is a third party  
16 purchaser not related to the Liquidator or to any other person involved in Golden State's  
17 liquidation. (Pearce Dec., ¶¶ 10-11; and Purchase Agreement, Exhibit 2.)

18 **D. Market Value of the Property.**

19 The sale price of \$305,000 for the Property is the reasonable fair market value for the  
20 Property, as established in the Declaration of Peter C. Kane attached hereto. (Declaration of Peter  
21 C. Kane ("Kane Dec."), ¶¶ 7-10; and Pearce Dec., ¶ 12.)

22 **E. Notice of this Application.**

23 The Liquidator is not aware of any persons or entities that may be adversely affected by  
24 this application. Nonetheless, the Liquidator has provided written notice of this application to all  
25 persons who have routinely been provided notice of the Liquidator's Court applications. Such  
26 persons include Golden State's Certificate of Contribution holders and, due to prior requests to  
27 receive copies of court filings in this matter, The National Organization of Life and Health  
28 Insurance Guaranty Associations ("NOLHGA") and its attorneys, Pension Benefit Guaranty

1 Corporation, attorneys for Community Impact Development II, LLC, and Pitney Bowes, Inc. The  
2 above described persons and entities are listed on the Proof of Service filed concurrently  
3 herewith. (Weiss Dec., ¶ 3; and Proof of Service.)

4 **III. ARGUMENT**

5 There is good cause for the Court to authorize the sale of the Property to Solola.

6 **A. The Sale Is Consistent With The Liquidator's Authority Set Forth In The**  
7 **Order Of Liquidation.**

8 The Order of Liquidation directs the Liquidator to liquidate and wind up the business of  
9 Golden State, and to sell, transfer or otherwise dispose of Golden State's property at its  
10 reasonable market value with Court approval. (Order of Liquidation, ¶¶ 1, 2 and 8, Exhibit 1; see  
11 also Insurance Code § 1037(d).)

12 Here, the sale of the Property is rational, geared toward maximizing Golden State's  
13 liquidation estate value and in the best interests of Golden State's policyholders and creditors  
14 because:

15 1. The sale price of \$305,000 for the Property is the reasonable fair market  
16 value for the Property. As established in the Declaration of Peter Kane, the reasonable fair market  
17 value of the Property was established by marketing the Property on the open market for  
18 approximately one year, by postings on fifteen (15) websites, sending e-flyers to 10,000 plus  
19 agents, having an "active status" listing on the Chicago Multiple Listing Service, conducting  
20 numerous Property showings, and receiving a Comparative Market Analysis suggesting the  
21 Property be listed between \$315,000 and \$375,000. Specifically, in October 2010, the Liquidator  
22 commenced marketing the Property with a licensed realtor in Chicago, Illinois, who has expertise  
23 in the Chicago sub-market of Hyde Park where the Property is located. The initial listing price  
24 recommended by the realtor was \$425,000. At this listing price over the next six month period,  
25 the Liquidator received several expressions of purchase interest in the range of \$160,000 to  
26 \$275,000, but none of these offers were acceptable to the Liquidator. Thereafter, in July 2011,  
27 after nine months on the market, the realtor recommended that the purchase price be reduced to  
28 stimulate more market activity. In support of this recommendation, the realtor prepared a

1 Comparative Market Analysis and suggested the Property be listed between \$315,000 and  
2 \$375,000. In consideration of that recommendation, the purchase price was reduced from  
3 \$425,000 to \$379,000 (the top of the Comparative Market Analysis range). After this price  
4 reduction, the Liquidator received an offer from Solola to purchase the Property at \$305,000,  
5 subject to a short due diligence and an immediate release of deposit funds. No other offers of a  
6 higher amount were received. Accordingly, on September 6, 2011, the Liquidator entered into the  
7 Purchase Agreement to sell the Property. (Kane Dec., ¶¶ 7-10; and Pearce Dec., ¶¶ 10-12.)

8           2. Solola is a third party purchaser not related to the Liquidator or to any other  
9 person involved in Golden State's liquidation. (Pearce Dec., ¶ 11.)

10           3. The Property was used for Golden State's district office in Chicago and has  
11 been vacant for the last 10 months as Golden State's district office was closed on December 31,  
12 2010. (Pearce Dec., ¶ 13.)

13           4. The sale of the Property stops the further expenditure of Golden State's  
14 limited assets on property maintenance expenses including maintenance, insurance, property taxes  
15 and any other costs associated with maintaining the Property. Stopping such expenditure, in light  
16 of Golden State's liquidation and limited assets, is reasonable and in the best interests of Golden  
17 State's policyholders and creditors. (Pearce Dec., ¶ 14.)

18           **B. The Sale Is Consistent With The Liquidator's Authorities And Discretion**  
19           **Under The Court's Order Of Liquidation, The Insurance Code And Case**  
20           **Law – All Of Which Grant Broad Powers To The Insurance Commissioner**  
21           **As Liquidator Of Insurance Companies.**

22           First, pursuant to the Order of Liquidation, the Liquidator is "authorized ... to do such  
23 other acts as are necessary or expedient to collect, conserve, protect and/or liquidate Golden  
24 State's assets, property and business." (Order of Liquidation, ¶ 5, Exhibit 1.)

25           Second, Insurance Code § 1037, entitled "Powers of commissioner as conservator or  
26 liquidator," provides broad powers to the Insurance Commissioner as conservator and liquidator  
27 of insurance companies and authorizes the Liquidator to sell and dispose of Golden State's  
28 property. Section 1037 states in pertinent part:

1                   Upon taking possession of the property and business of any person in any  
2 proceeding under this article, the commissioner, exclusively and except as  
3 otherwise expressly provided by this article, either as conservator or liquidator:

4                   (a) [Conservation of assets; conduct of business.] Shall have authority to  
5 collect all moneys due that person, and to do such other acts as are necessary or  
6 expedient to collect, conserve, or protect its assets, property, and business, and to  
7 carry on and conduct the business and affairs of that person or so much thereof as  
8 to him or her may seem appropriate.

9                   . . . .  
10                  (d) [Acquisition and disposition of property.] Shall have authority without  
11 notice, to acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon,  
12 or otherwise dispose of or deal with, any real or personal property of that person at  
13 its reasonable market value, or, in cases other than acquisition, sale, or transfer on  
14 the basis of reasonable market value, upon such terms and conditions as the  
15 commissioner may deem proper. However, no transaction involving real or  
16 personal property shall be made where the market value of the property involved  
17 exceeds the sum of twenty thousand dollars (\$20,000) without first obtaining  
18 permission of the court, and then only in accordance with any terms that court may  
19 prescribe.

20                  . . .  
21                  [General powers.] The enumeration, in this article, of the duties, powers  
22 and authority of the commissioner in proceedings under this article shall not be  
23 construed as a limitation upon the commissioner, nor shall it exclude in any  
24 manner his or her right to perform and to do such other acts not herein specifically  
25 enumerated, or otherwise provided for, which the commissioner may deem  
26 necessary or expedient for the accomplishment or in aid of the purpose of such  
27 proceedings.

28                  Third, California case law supports the broad grant of powers accorded the Insurance  
Commissioner to transfer assets when he is conserving, rehabilitating, and/or liquidating  
insurance companies. For instance, in *In Re Executive Life Insurance Company* (1995) 32  
Cal.App.4th 344, the Court of Appeal stated that:

                  The Commissioner is an officer of the state (*Caminetti v. Pac.  
Mutual L. Ins. Co.* (1943) 22 Cal.2d 344, 354 [139 P.2d 908]) who, when  
he or she is a conservator, exercises the state's police power to carry  
forward the public interest and to protect policyholders and creditors of the  
insolvent insurer. (*Carpenter v. Pacific Mut. Life Ins. Co.* (1937) 10 Cal.2d  
307, 330-331 [74 P.2d 761].)

                  In exercising this power, the Commissioner is vested with broad discretion.  
(*Commercial Nat. Bank v. Superior Court* [(1993)] 14 Cal.App.4th [393] at p.  
402.) This discretion is subject to statutory limitations (see *id.* at p. 409) and the

1 requirement that the exercise of discretion be neither arbitrary nor improperly  
2 discriminatory. (*Carpenter v. Pacific Mut. Life Ins. Co.*, *supra*, 10 Cal.2d at p.  
3 329.) The Commissioner as conservator of the insolvent insurer is also a trustee for  
4 the benefit of all creditors and other persons interested in the insolvency estate.  
5 ([Insurance Code] § 1057.)

(*In Re Executive Life, supra*, at p. 356.)

The Court concluded that:

6  
7 . . . The trial court reviews the Commissioner's actions under the abuse of  
8 discretion standard. (*Commercial Nat. Bank v. Superior Court, supra*, 14  
9 Cal.App.4th 393, 398): was the action arbitrary, i.e. unsupported by a rational  
basis, or is it contrary to specific statute, a breach of the fiduciary duty of the  
conservator as trustee, or improperly discriminatory?

10 (*In Re Executive Life, supra*, at p. 358.)

11 **IV. CONCLUSION**


12 In sum, there is good cause for the Court to grant this Application. Accordingly, the  
13 Liquidator requests that the Court grant this Application and issue the following orders:

- 14 1. An Order authorizing the Liquidator to sell the Property to Solola pursuant to the  
15 terms of the Purchase Agreement; and  
16 2. An Order authorizing the Liquidator to take any and all actions necessary to  
17 accomplish the purposes of the requested Order.

18 DATE: October 20, 2011

KAMALA D. HARRIS  
Attorney General of California  
W. DEAN FREEMAN  
Supervising Deputy Attorneys General  
MARTA L. SMITH  
Deputy Attorney General

EPSTEIN TURNER WEISS  
A Professional Corporation

24  
25 By:   
26 MICHAEL R. WEISS  
27 Attorneys for Applicant  
28 INSURANCE COMMISSIONER OF THE  
STATE OF CALIFORNIA

1 **DECLARATION OF SCOTT PEARCE**

2 I, Scott Pearce, declare as follows:

3 1. I have personal knowledge of the facts and circumstances set forth in this  
4 declaration, and if called upon to do so, I could and would competently testify thereto.

5 2. I am the Chief Estate Trust Officer for the Insurance Commissioner's Conservation  
6 & Liquidation Office. Starting on September 30, 2009, and continuing to the present, I have been  
7 and currently am the Estate Trust Officer on behalf of the Insurance Commissioner in his  
8 Statutory Capacity as Conservator ("Conservator") and then as Liquidator ("Liquidator") of  
9 Golden State Mutual Life Insurance Company ("Golden State").

10 3. As the Chief Estate Trust Officer on behalf of the Conservator and now Liquidator  
11 of Golden State, I am responsible for the supervision and management of matters pertaining to the  
12 conservation and liquidation of Golden State.

13 4. I have read the Liquidator's Application For Order Authorizing Liquidator To Sell  
14 Real Property Located At 8237-8247 S. State Street In Chicago Illinois, and the attached  
15 Memorandum and Declarations of Michael R. Weiss and Peter C. Kane ("Application").

16 5. Based on my supervision and management of matters pertaining to Golden State,  
17 my experience, review and understanding of the events related to the conservation and now  
18 liquidation of Golden State, my and my staff's review of the files and records routinely  
19 maintained in the regular and ordinary course of business and believed to be entered  
20 contemporaneously by persons having knowledge of the events recorded and whose job duties  
21 include recording them, my involvement in the sale of this Property, and my review of this  
22 Application and its supporting papers and documents, I state the following:

23 **Order of Liquidation for Golden State.**

24 6. On January 28, 2011, this Court terminated the Insurance Commissioner's status as  
25 Conservator and ordered and appointed the Insurance Commissioner to serve as Liquidator of  
26 Golden State.

27 7. The Insurance Commissioner was appointed Liquidator because Golden State was  
28 and remains insolvent in that, as of September 30, 2010, Golden State's estimated liabilities of



1 \$9,291,895 exceed its estimated remaining assets of \$5,721,154 by over \$3.5 million (\$5,721,154  
2 in assets - \$9,291,895 in liabilities = \$-3,570,741). The current estimated deficiency is  
3 \$5,946,228. Attached hereto and incorporated herein as Exhibit 1 is a true and correct copy of the  
4 Court's Order of Liquidation. The Order of Liquidation directs the Insurance Commissioner to  
5 liquidate and wind up the business of Golden State.

6 8. The June 30, 2011 financials have increased the shortfall to \$5,946,228, in that as  
7 of June 30, 2011 estimated liabilities are \$8,191,012 and remaining estimated assets are  
8 \$2,244,784.

9 **Golden State's Assets Currently to be Liquidated.**

10 9. Currently there are two categories of Golden State's assets to be liquidated by the  
11 Liquidator: (1) real estate valued at approximately \$1,486,579, which includes the real property,  
12 owned by Golden State, located at 8237-8247 South State Street in Chicago, Illinois 60619 [APN:  
13 20-34-118-013, 014, 015, 016] at issue here ("Property"), and (2) artwork and murals whose  
14 value is estimated to be at least \$753,200. The real estate remains for sale, and the sale of the  
15 artwork and murals is delayed pending resolution of a quiet title lawsuit commenced by  
16 Community Impact Development II, LLC, and a monument designation by the City of Los  
17 Angeles, and further evaluation by the Liquidator of the value of the artwork and murals once  
18 confirmed to be Golden State's personal property.

19 **Purchase Agreement for Property.**

20 10. On September 6, 2011, the Liquidator on behalf of Golden State entered into a  
21 Real Estate Purchase Agreement, Subject To Liquidation Court Confirmation ("Purchase  
22 Agreement), with the buyer Clementina Solola ("Solola"), for the sale of the Property at the sale  
23 price of \$305,000, a true and correct copy of which is attached hereto and incorporated herein as  
24 Exhibit 2.

25 11. Solola is a third party purchaser not related to the Liquidator or to any other person  
26 involved in Golden State's liquidation.

27 **Market Value of the Property.**

28 12. Based on my involvement in the sale of the Property and my understanding of the

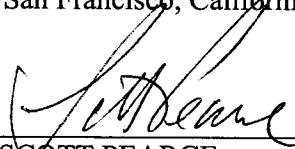
1 sale efforts and information provided by real estate brokers and agents in the Chicago area  
2 regarding the Property, I believe the sale price of \$305,000 is the reasonable fair market value for  
3 the Property.

4 13. The Property was used for Golden State's district office in Chicago and has been  
5 vacant for the last 10 months as Golden State's district office was closed on December 31, 2010.

6 14. The sale of the Property stops the further expenditure of Golden State's limited  
7 assets on property maintenance expenses including maintenance, insurance, property taxes and  
8 any other costs associated with maintaining the Property. Stopping such expenditure, in light of  
9 Golden State's liquidation and limited assets, is reasonable and in the best interests of Golden  
10 State's policyholders and creditors.

11 I declare under penalty of perjury under the laws of the State of California that the  
12 foregoing is true and correct.

13 Executed on this 17<sup>TH</sup> day of October, 2011, at San Francisco, California.

14  
15   
16 SCOTT PEARCE



1           6.       Based on the above described consulting services provided by Kane, my review of  
2 this Application and its supporting papers and documents, I state the following:

3           7.       On or about October 10, 2010, Golden State, through Kane, commenced marketing  
4 the real property, owned by Golden State, located at 8237-8247 South State Street in Chicago,  
5 Illinois 60619 [APN: 20-34-118-013, 014, 015, 016] (“Property”). We first interviewed local  
6 Chicago, Illinois real estate brokers. We then selected a qualified real estate resource and listed  
7 the Property for sale with Sheila Wilkinson-Sanders of Supreme Manor Real Estate Services, a  
8 licensed realtor in Chicago, Illinois, who has expertise in the Chicago sub-market of Hyde Park  
9 where the Property is located. The initial listing price recommended by the broker was \$425,000.  
10 At this listing price and over the next six month period, we received several expressions of  
11 purchase interest in the range of \$160,000 to \$275,000, but none of these offers were acceptable  
12 to the Liquidator.

13           8.       In July 2011, after nine months on the market, the broker recommended that the  
14 purchase price be reduced to stimulate more market activity. In support of this recommendation,  
15 the broker prepared a Comparative Market Analysis and suggested the Property be listed between  
16 \$315,000 and \$375,000. In consideration of that recommendation, the purchase price was  
17 reduced from \$425,000 to \$379,000 (the top of the Comparative Market Analysis range). After  
18 this price reduction, Golden State received an offer from Clementina Solola (“Solola”), the buyer  
19 herein, to purchase the Property at \$305,000, subject to a short due diligence and an immediate  
20 release of deposit funds. No other offers of a higher amount were received.

21           9.       On September 6, 2011, the Liquidator on behalf of Golden State entered into a  
22 Real Estate Purchase Agreement, Subject To Liquidation Court Confirmation (“Purchase  
23 Agreement), with the buyer Solola, for the sale of the Property at the sale price of \$305,000, a  
24 true and correct copy of which is attached hereto and incorporated herein as Exhibit 2.

25           10.      Based upon the Property being exposed to the open market for approximately one  
26 (1) year, with postings on fifteen (15) websites, e-flyers to 10,000 plus agents, an “active status”  
27 listing on the Chicago Multiple Listing Service, numerous Property showings, and multiple offers  
28 to purchase inclusive of a back-up offer to this sale, I believe the sale price of \$305,000 for the

1 sale of the Property to Solola is the reasonable fair market value for the Property.

2 I declare under penalty of perjury under the laws of the State of California that the  
3 foregoing is true and correct.

4 Executed on this ~~17~~<sup>7</sup> day of October, 2011, at Atherton, California.

5  
6   
7 PETER C. KANE

8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

1 **DECLARATION OF MICHAEL R. WEISS**

2 I, Michael R. Weiss, declare as follows:

3 1. I am over 18 years of age and have personal knowledge of the facts and  
4 circumstances set forth in this declaration, and if called upon to do so, I could and would  
5 competently testify thereto.

6 2. I am an attorney licensed to practice law in the State of California, and am a  
7 partner with the law firm Epstein Turner Weiss, A Professional Corporation. I and Epstein,  
8 Turner Weiss have been retained by the Insurance Commissioner of the State of California, in his  
9 capacity as Conservator (“Conservator”) and then as Liquidator (“Liquidator”) of Golden State  
10 Mutual Life Insurance Company (“Golden State”), to provide legal services concerning Golden  
11 State. I make this declaration in support of the Liquidator’s Application For Order Authorizing  
12 Liquidator To Sell Real Property Located At 8237-8247 S. State Street In Chicago Illinois  
13 (“Application”).

14 3. The Liquidator has provided written notice of this Application to all persons and  
15 entities known to the Liquidator or his staff that may have a substantial, unsatisfied claim that  
16 may be affected by this application and any Court Orders pertaining thereto, regardless of whether  
17 the persons or entities are a party to this action or have appeared in it, in compliance with  
18 California Rules of Court Rule 3.1184(c). Said persons and entities include the Pension Benefit  
19 Guaranty Corporation, National Organization of Life and Health Insurance Guaranty Associations  
20 and its attorneys, and Certificate of Contribution holders. Additionally, due to prior requests to  
21 receive copies of court filings in this matter, the Liquidator has provided notice of this application  
22 to Community Impact Development II, LLC, and Pitney Bowes, Inc. The above described  
23 persons and entities are listed on the Proof of Service filed concurrently herewith. To maintain  
24 confidentiality, the names and addresses of Certificate of Contribution Holders are not listed on  
25 the Proof of Service.

26 4. As the Court is aware, the Golden State murals are the subject of a quiet title  
27 lawsuit filed by Community Impact Development (“CID”) in which CID seeks ownership of the  
28 murals. The murals also are the subject of a monument designation by the City of Los Angeles,

1 which has caused Golden State to file a petition for writ of mandate proceeding. Therefore the  
2 sale of the murals is delayed pending final determination of these actions.

3 I declare under penalty of perjury under the laws of the State of California that the  
4 foregoing is true and correct.

5 Executed on this 20<sup>th</sup> day of October, 2011, at Los Angeles, California.

6   
7

8 MICHAEL R. WEISS  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

# **EXHIBIT 1**



ORIGINAL FILED

JAN 28 2011

RECEIVED

LOS ANGELES  
SUPERIOR COURT

DEC 21 2010

DEPT86

1 EDMUND G. BROWN JR.  
Attorney General of California  
2 FELIX LEATHERWOOD  
W. DEAN FREEMAN  
3 Supervising Deputy Attorneys General  
4 MARTA L. SMITH, State Bar No. 101955  
Deputy Attorney General  
5 300 South Spring Street, Room 1702  
6 Los Angeles, California 90013  
7 Telephone: (213) 897-2483  
8 Facsimile: (213) 897-5775  
E-mail: [Marta.Smith@doj.ca.gov](mailto:Marta.Smith@doj.ca.gov)

9 MICHAEL R. WEISS, State Bar No. 180946  
EPSTEIN TURNER WEISS  
10 A Professional Corporation  
633 W. Fifth Street, Suite 3330  
11 Los Angeles, California 90071  
12 Telephone: (213) 861-7487  
13 Facsimile: (213) 861-7488  
Email: [mrw@epsteinturnerweiss.com](mailto:mrw@epsteinturnerweiss.com)

14 Attorneys for Applicant  
15 Insurance Commissioner of the State of California

16 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
17 FOR THE COUNTY OF LOS ANGELES

18 INSURANCE COMMISSIONER OF THE  
19 STATE OF CALIFORNIA,

20 Applicant,

21 v.

22 GOLDEN STATE MUTUAL LIFE  
23 INSURANCE COMPANY, a California  
corporation,

24 Respondent.

Case No. BS123005  
Assigned to Hon. Ann I. Jones, Dept. 86

~~PROPOSED~~ ORDER OF LIQUIDATION  
AND ORDERS AND INJUNCTIONS IN  
AID OF LIQUIDATION FOR GOLDEN  
STATE MUTUAL LIFE INSURANCE  
COMPANY

Date: January 28, 2011  
Time: 9:30 a.m.  
Dept: 86

1 On January 28, 2011, in Department 86 of the above-entitled Court, the Honorable Ann I.  
2 Jones, Judge Presiding (the "Court"), the Court held the hearing on the Court's Order to Show  
3 Cause and the Motion For Order Of Liquidation And Orders And Injunctions In Aid Of  
4 Liquidation For Golden State Mutual Life Insurance Company, filed by Applicant Steve Poizner,  
5 Insurance Commissioner of the State of California, in his capacity as Conservator ("Conservator")  
6 of Golden State Mutual Life Insurance Company in Conservation ("Golden State"). Deputy  
7 Attorney General Marta L. Smith and attorney Michael R. Weiss appeared on behalf of the  
8 Conservator. Other appearances, if any, are noted in the record.

9 The Court, having read and considered the Conservator's Notice of Order to Show Cause  
10 and Motion, Memorandum of Points and Authorities in support of the Motion, the Declarations of  
11 David E. Wilson and Michael R. Weiss, and all documents and evidence submitted, and having  
12 heard and considered the arguments presented to the Court, and upon good cause shown,

13 IT IS HEREBY ORDERED that the Conservator's Motion is granted and that:

14 **A. Liquidation, Administration and Operation**

15 1. As of September 30, 2010, Golden State is insolvent and remains insolvent today,  
16 and it would be futile for the Commissioner to proceed as Conservator; and therefore, sufficient  
17 grounds exist in accordance with Insurance Code § 1016 for entry of an order of liquidation of  
18 Golden State. (Insurance Code § 1016.)

19 2. The Commissioner's status as Conservator is terminated, he is appointed  
20 Liquidator of Golden State as set forth in Insurance Code § 1016, and he is directed as Liquidator  
21 to liquidate and wind up the business of Golden State and to act in all ways and exercise all  
22 powers necessary for the purpose of carrying out this Order. (Insurance Code § 1016.)

23 3. Title to all of the assets of Golden State, wheresoever situated, shall remain vested  
24 in the Commissioner, now as Liquidator, or his successor in office, in his official capacity as  
25 such, including without limitation real and personal property, deposits, certificates of deposit,  
26 bank accounts, mutual funds, securities, contracts, rights of actions, books, records and other  
27 assets of any and every type and nature, wheresoever situated, presently in Golden State's  
28

1 possession and/or those which may be discovered hereafter. (Insurance Code §§ 1011, 1016 and  
2 1037 General Powers.)

3 4. All funds and assets, including without limitation deposits, certificates of deposit,  
4 bank accounts, securities, and mutual fund shares of Golden State, in various financial depository  
5 institutions, including without limitation banks, savings and loan associations, industrial loan  
6 companies, mutual funds and/or stock brokerages, wheresoever situated, are subject to withdrawal  
7 only upon direction or order by the Liquidator. (Insurance Code §§ 1011, 1016 and 1037 General  
8 Powers.)

9 5. The Liquidator is authorized to collect all moneys due to Golden State, and to do  
10 such other acts as are necessary or expedient to collect, conserve, protect and/or liquidate Golden  
11 State's assets, property and business. (Insurance Code § 1037(a).)

12 6. The Conservator is authorized to collect all debts due and claims belonging to  
13 Golden State and to have the authority to sell, compound, compromise, or assign, for the purpose  
14 of collection upon such terms and conditions as the Liquidator deems best, any bad or doubtful  
15 debts. (Insurance Code § 1037(b).)

16 7. The Liquidator is authorized to compound, compromise or in any other manner  
17 negotiate settlements of claims against Golden State upon such terms and conditions as the  
18 Liquidator shall deem to be most advantageous to the estate of Golden State. (Insurance Code §  
19 1037(c).)

20 8. The Liquidator is authorized, without permission of the court and without notice,  
21 to acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon, or otherwise dispose of  
22 or deal with, any real or personal property of Golden State at its reasonable market value, or, in  
23 cases other than acquisition, sale, or transfer on the basis of reasonable market value, upon such  
24 terms and conditions as the Liquidator may deem proper, provided the market value of the  
25 property involved does not exceed the sum of twenty thousand dollars (\$20,000). (Insurance  
26 Code § 1037(d).)

27 9. The Liquidator is authorized to transfer to a trustee or trustees, under a voting trust  
28 agreement, the stock of Golden State heretofore or hereafter issued to the Liquidator in

1 connection with a rehabilitation or reinsurance agreement, or any other proceeding under  
2 Insurance Code § 1010 *et seq.* (Insurance Code § 1037(e).)

3       10.     The Liquidator is authorized, for the purpose of executing and performing any of  
4 the powers and authority conferred upon the Liquidator under Insurance Code § 1010 *et seq.*, in  
5 the name of Golden State or in the Liquidator's own name, to initiate, prosecute and/or defend any  
6 and all suits and other legal proceedings, legal or equitable, and to execute, acknowledge and  
7 deliver any and all deeds, assignments, releases and other instruments necessary and proper to  
8 effectuate any sale of any real and personal property or other transaction in connection with the  
9 administration, liquidation or other disposition of the assets of Golden State, in this or other states  
10 as may appear to him necessary to carry out his functions as Liquidator. (Insurance Code §  
11 1037(f) and 1037 General Powers.)

12       11.     The Liquidator is authorized to divert, take possession of and secure all mail of  
13 Golden State and to effect a change in the rights to use any and all post office boxes and other  
14 mail collection facilities used by Golden State. (Insurance Code §§ 1011 and 1037 General  
15 Powers.)

16       12.     The Liquidator is authorized, without permission of the court and without notice,  
17 to invest and reinvest, in such manner as the Liquidator may deem suitable for the best interests of  
18 the policyholders and/or creditors of Golden State, such portions of the funds and assets of  
19 Golden State in his possession as do not exceed the amount of the reserves required by law to be  
20 maintained by Golden State as reserves for life insurance policies, annuity contracts,  
21 supplementary agreements incidental to life business, and reserves for non-cancelable disability  
22 policies, and which funds and assets are not immediately distributable to creditors, provided the  
23 investment or reinvestment to be made does not exceed the sum of one hundred thousand dollars  
24 (\$100,000), except that the Liquidator, without permission of the court and without notice, may  
25 make investments or reinvestments in excess of \$100,000, but not exceeding \$5,000,000 per  
26 investment or reinvestment, if such investments or reinvestments are part of Golden State's  
27 existing investments or are made pursuant to the investment guidelines of the Commissioner's  
28 Conservation & Liquidation Office including investments and reinvestments through an

1 investment pool consisting exclusively of assets from conserved and/or liquidating estates.  
2 (Insurance Code § 1037(g) and General Powers.)

3 13. The Liquidator is authorized, in his discretion, without permission of the court and  
4 without notice, to pay or defer payment of some or all claims, expenses, liabilities and/or  
5 obligations of Golden State, in whole or in part, accruing prior and/or subsequent to his  
6 appointment as Liquidator. (Insurance Code §§ 1011 and 1037 General Powers.)

7 14. The Liquidator is authorized to appoint and employ under his hand and official  
8 seal, special deputy commissioners and/or legal counsel, as his agents, and to employ clerks  
9 and/or assistants, and to give to each of them those powers that the Liquidator deems necessary.  
10 (Insurance Code §§ 1035(a) and 1036.)

11 15. The Liquidator is authorized to fix the costs of employing special deputy  
12 commissioners, legal counsel, clerks, and/or assistants, and all expenses of taking possession of,  
13 conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and  
14 property of Golden State, subject to the approval of the court, and to pay such costs out of the  
15 assets of Golden State to the Liquidator and others including without limitation expenses, expense  
16 allocations, administrative costs, administrative overhead, and costs incurred and/or allocated by  
17 the Conservation & Liquidation Office, and if there are insufficient funds to pay such costs, then  
18 to pay such costs out of the Insurance Fund pursuant to Insurance Code § 1035. (Insurance Code  
19 §§ 1035(a), 1036 and 1037 General Powers.)

20 16. The Liquidator is authorized to assume or reject, or to modify, any executory  
21 contract, including without limitation, any lease, rental or utilization contract or agreement  
22 (including any schedule to any such contract or agreement), and any license or other arrangement  
23 for the use of computer software of business information systems, to which Golden State is a  
24 party or as to which Golden State agrees to accept an assignment of such contract, not later than  
25 120 days of the date of the Order Appointing Conservator, unless such date is extended by  
26 application to and further order of this Court, and if not expressly assumed by the Conservator  
27 within that time then such executory contract is deemed rejected. (Insurance Code § 1037  
28 General Powers.)

1           17.     The Liquidator is authorized to terminate compensation arrangements with  
2 employees, to enter into new compensation arrangements with employees including arrangements  
3 containing retention incentives, and to hire employees on such terms and conditions as he deems  
4 reasonable. (Insurance Code § 1037 General Powers.)

5           18.     The Liquidator is vested with all the powers of the directors, officers and managers  
6 of Golden State, whose authorities are suspended except as such powers may be re-delegated by  
7 the Liquidator. (Insurance Code § 1037 General Powers.)

8           **B. Injunctions and Other Orders**

9           19.     Except upon the express authorization of the Liquidator, all persons are hereby  
10 enjoined, including without limitation Golden State and its officers, directors, agents, servants,  
11 and employees, from the transaction of Golden State's business or disposition of its property  
12 including without limitation from disposing of, using, transferring, selling, assigning, canceling,  
13 alienating, hypothecating or concealing in any manner or any way, or assisting any person in any  
14 of the foregoing, of the property or assets of Golden State or property or assets in the possession  
15 of Golden State, of any nature or kind, including without limitation claims or causes of action,  
16 until further order of this Court and further, enjoining such persons from obstructing or interfering  
17 with the Liquidator's conduct of his or her duties as Liquidator. (Insurance Code §§ 1011, 1020  
18 and 1037.)

19           20.     All persons are enjoined from instituting or prosecuting or maintaining any action  
20 at law or suit in equity including without limitation actions or proceedings to compel discovery or  
21 production of documents or testimony, and matters in arbitration, and from obtaining or  
22 attempting to attain preferences, judgments, foreclosures, attachments or other liens of any kind  
23 or nature, against Golden State, its assets, or the Liquidator, and from attaching, executing upon,  
24 foreclosing upon, redeeming of, making levy upon, or taking any other legal proceedings against  
25 any of the property and/or assets of Golden State, and from doing any act interfering with the  
26 conduct of said business by the Liquidator, except after an order from this Court obtained after  
27 reasonable notice to the Liquidator. (Insurance Code §§ 1011, 1020 and 1037 General Powers.)  
28

1           21. All persons are enjoined from the sale or deed for nonpayment of taxes or  
2 assessments levied by any taxing agency of property and/or assets of Golden State. (Insurance  
3 Code § 1020(f).)

4           22. Except with leave of court issued after a hearing in which the Liquidator has  
5 received reasonable and statutory notice, all persons are enjoined from accelerating the due date  
6 of any obligation or claimed obligation, exercising any right of set-off, taking, retaining, retaking  
7 or attempting to retake possession of any real or personal property, withholding or diverting any  
8 rent or other obligation, and doing any act or other thing whatsoever to interfere with the  
9 possession of or management by the Liquidator of the property and assets, owned or controlled,  
10 by Golden State or in the possession of Golden State or in any way interfering with the Liquidator  
11 or interfering in any manner during the pendency of this proceeding with the exclusive  
12 jurisdiction of this Court over Golden State. (Insurance Code §§ 1020 and 1037 General Powers.)

13           23. All persons are enjoined from the waste of the assets of Golden State. (Insurance  
14 Code § 1020.)

15           24. Golden State and all officers, directors, agents and employees of Golden State are  
16 ordered to deliver to, and immediately make available to, the Liquidator all assets, books,  
17 accounts, records, information, computers, tapes, discs, writings, other recordings of information,  
18 equipment and other property of Golden State, wheresoever situated, in said person's custody or  
19 control and further, and are directed the aforesaid to disclose verbally, or in writing if requested  
20 by the Liquidator, the exact whereabouts of the foregoing items if such items are not in the  
21 possession, custody or control of said persons. (Insurance Code §§ 1011, 1016, 1020 and 1037  
22 General Powers.)

23           25. Golden State and all officers, directors, trustees, employees or agents of Golden  
24 State, or any other person, firm, association, partnership, corporate parent, holding company,  
25 affiliate or other entity in charge of any aspect of Golden State's affairs, either in whole or in part,  
26 and including but not limited to banks, savings and loan associations, financial or lending  
27 institutions, brokers, stock or mutual associations, or any parent, holding company, subsidiary or  
28 affiliated corporation or any other representative acting in concert with Golden State, are ordered

1 to cooperate with the Liquidator in the performance of his or her duties. (Insurance Code § 1037  
2 General Powers.)

3 26. All persons who maintain records for Golden State, pursuant to written contract or  
4 any other agreement, are ordered to maintain such records and to deliver to the Liquidator such  
5 records upon his request. (Insurance Code §§ 1020 and 1037 General Powers.)

6 27. All agents of Golden State, and all brokers who have done business with Golden  
7 State, are ordered to make all remittances of all funds collected by them or in their hands directly  
8 to the Liquidator. (Insurance Code §§ 1020 and 1037 General Powers.)

9 28. All persons having possession of any lists of policyholders, escrow holders,  
10 mortgages or mortgagees of Golden State are ordered to deliver such lists to the Liquidator and all  
11 persons are enjoined from using any such lists or any information contained therein without the  
12 consent of the Liquidator. (Insurance Code §§ 1020 and 1037 General Powers.)

13 29. Golden State and its officers, directors, agents, servants, employees, successors,  
14 assigns, affiliates, and other persons or entities under their control and all persons or entities in  
15 concert or participation with Golden State, and each of them, are ordered to turn over to the  
16 Liquidator all records, documentation, charts and/or descriptive materials of all funds, assets,  
17 property (owned beneficially or otherwise), and all other assets of Golden State wherever situated,  
18 and all books and records of accounts, title documents and other documents in their possession or  
19 under their control, which relate, directly or indirectly, to assets or property owned or held by  
20 Golden State or to the business or operations of Golden State. (Insurance Code §§ 1020 and 1037  
21 General Powers.)

22 30. Any and all provisions of any agreement entered into by and between any third  
23 party and Golden State, including by way of illustration, but not limited to, the following types of  
24 agreements (as well as any amendments, assignments, or modifications thereto), are stayed, and  
25 the assertion of any and all rights and remedies relating thereto are also stayed and barred, except  
26 as otherwise ordered by this Court, and this Court shall retain jurisdiction over any cause of action  
27 that has arisen or may otherwise arise under any such provision: financial guarantee bonds,  
28 promissory notes, loan agreements, security agreements, deeds of trust, mortgages,



1 indemnification agreements, subrogation agreements, subordination agreements, pledge  
2 agreements, assignments of rents or other collateral, financial statements, letters of credit, leases,  
3 insurance policies, guaranties, escrow agreements, management agreements, real estate brokerage  
4 and rental agreements, servicing agreements, attorney agreements, consulting agreements,  
5 easement agreements, license agreements, franchise agreements, or employment contracts that  
6 provide in any manner that selection, appointment or retention of a conservator, receiver or trustee  
7 by any court, or entry of any order such as hereby made, shall be deemed to be, or otherwise  
8 operate as, a breach, violation, event of default, termination, event of dissolution, event of  
9 acceleration, insolvency, bankruptcy, or liquidation. (Insurance Code §§ 1020 and 1037 General  
10 Powers).

11 C. **Creditors and Setting of Claims Bar Date**

12 31. The rights and liabilities of claimants, policyholders, shareholders, members and  
13 all other persons interested in the assets of Golden State are fixed as of the date of entry of this  
14 Order. (Insurance Code § 1019.)

15 32. Any and all claims against Golden State, including without limitation those claims  
16 which in any way affect or seek to affect any of the assets of Golden State, wherever or however  
17 such assets may be owned or held, must be filed no later than December 31, 2011 (the "Claims  
18 Bar Date"), together with proper proofs thereof, in accordance with the provisions of Insurance  
19 Code § 1010 *et seq.* including without limitation Insurance Code § 1023. The proof of claim must  
20 be timely filed on the form provided by the Liquidator, together with proper proofs thereof, and  
21 must be supplemented with such further information as the Liquidator requests, in accordance  
22 with Insurance Code § 1023(f). Except for persons deemed to have filed claims against Golden  
23 State in accordance with the provisions of Insurance Code § 1010 *et seq.* including without  
24 limitation Insurance Code § 1024 and § 1025.5, any claims not filed by the Claims Bar Date shall  
25 be conclusively deemed forever waived. (Insurance Code § 1024.)

26 //

27 //

28 //

1           33.    For such other and further relief as may be proper or necessary.

2           34.    The Liquidator is authorized to take any and all action necessary to accomplish the  
3 purposes of this Order and the Orders requested herein.

4 DATED: 1-28-11

**ANN I. JONES**  
\_\_\_\_\_  
THE HONORABLE ANN I. JONES  
Los Angeles Superior Court Judge

5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

## **EXHIBIT 2**

**REAL ESTATE PURCHASE AGREEMENT, SUBJECT TO LIQUIDATION  
COURT CONFIRMATION**

THIS REAL ESTATE PURCHASE AGREEMENT, SUBJECT TO LIQUIDATION COURT CONFIRMATION ("Agreement") is entered into as of the date signed by the last of the parties hereto (the "Effective Date") by and between **GOLDEN STATE MUTUAL LIFE INSURANCE COMPANY, IN LIQUIDATION**, a California Corporation ("Seller"), and **CLEMENTINA SOLOLA, AND/OR ASSIGNS**, ("Buyer").

Buyer understands and acknowledges that Seller is making a counteroffer to more than one prospective buyer and that the counteroffers may not contain identical terms and provisions. Further, until Buyer's written acceptance is received and Seller accepts in writing this multiple counteroffer by dating and executing this Agreement at the place provided below Buyer's signature, this Agreement shall not be binding and Seller may negotiate with any and all interested parties regarding the sale of the Property, may enter into any agreements for the sale of the Property with any such parties, and shall have no duties or obligations whatsoever to Buyer including, without limitation, any duty or obligation to sell the Property to Buyer.

Buyer agrees to purchase from Seller all of Seller's right, title and interest in and to that certain real property located at **8237 - 8247 South State Street, City of Chicago, Cook County, IL 60619 (APN: 20-34-118-013, 014, 015, 016)** more particularly described on Exhibit A attached hereto and by this reference incorporated herein and all fixtures, buildings, and improvements thereon (the "Property"), on the following terms and conditions:

**ARTICLE 1. PURCHASE PRICE**

**SECTION 1.01.** The purchase price for the Property shall be the sum of **Three Hundred and Five Thousand and No/100ths Dollars (\$305,000.00)** payable by Buyer to Seller as follows:

- (a)      \$5,000      To be deposited by the Buyer in escrow with the Title Company within three (3) business days after the Effective Date (the "Initial Deposit")
- (b)      \$ 300,000      Balance due at Closing.
- (c)      \$305,000      Total Purchase Price

**ARTICLE 2. ESCROW**

**SECTION 2.01. OPENING ESCROW AND CLOSING.** An escrow shall be opened at **First American Title Insurance Company, 1358 East 47th Street, Chicago, IL 60653** herein referred to as the "Title Company", to consummate the purchase of the Property pursuant to this Agreement. The closing of the sale and conveyance of title on the terms and conditions hereof (the "Closing") will take place commencing at 10:00 A.M. at

Law 

the office of the Title Company, or at such other time and/or location as the parties agree, on the date (the "Closing Date") that is the later of either (a) the thirtieth (30th) day after the expiration of the Due Diligence Term, or (b) the tenth (10th) day after satisfaction or waiver of the conditions set forth in Section 2.02 below; provided that if such date is not a business day, on the next succeeding business day.

**SECTION 2.02. CONDITIONS OF CLOSING.** The Closing of sale and conveyance of title to the Buyer and the respective obligations of Buyer and Seller to consummate the transactions contemplated under this Agreement are conditioned on:

(a) Liquidator and Court Confirmation of this sale as follows:

1. Seller shall have accepted this Agreement by executing below in the space provided. When this Agreement has been accepted in this manner, it shall constitute a binding obligation upon the Buyer to purchase and Seller to sell the Property on the terms and conditions as set forth herein.
2. Seller shall petition the Superior Court of the State of California, in and for the County of Los Angeles, in connection with Case Number BS 123005 (hereinafter "Court") for confirmation of this Agreement no later than thirty (30) days after the date of Buyer's acceptance or waiver of the conditions set forth in Sections 2.02(c) and (e) below. In connection with such petition, a Court hearing for Confirmation will be set for a date no sooner than twenty-five (25) days after the date the petition is submitted.
3. The Court shall have entered a Final Order that approves this Agreement and the transactions contemplated hereunder. As used in this Agreement the term "Final Order" shall mean an order of the Court as to which the time for appeal has expired without a notice of appeal having been filed or, if a notice of appeal has been filed, as to which no stay pending appeal has been entered.

(b) No domestic or foreign, federal, state, county, parish, municipal or other local court, agency, department, legislative body, commission, council, board or other administrative or governmental body shall have issued any order, writ, judgment, injunction, decree, determination or award that directs that the transactions contemplated hereunder not be consummated.

(c) The conveyance to Buyer of title by Special Warranty Deed free of liens, encumbrances, easements, restrictions, rights and conditions of record or known to Seller, other than the following (each a "Permitted Encumbrance"):

1. Current property taxes and current bond(s) or improvement assessment(s), if any;
2. Matters not in the public record which would be disclosed by a survey or physical inspection of the Property; and

*Dew*

(18)

3. Covenants, conditions, restrictions, easements, and other matters of record, if any, unless disapproved by Buyer in writing within ten (10) days of receipt of a current commitment for issuance of an ALTA owner's policy in the amount of the Purchase Price issued by the Title Company, together with legible copies of all documents referenced therein (collectively, the "Title Commitment"), which shall be furnished at Seller's expense. Any matter shown on such Title Commitment and not objected to by Buyer shall be a Permitted Encumbrance hereunder. Seller will have five (5) days after receipt of Buyer's objections to cure such objections. If Buyer's objections are not cured within such 5-day period, Buyer will have the option to either: (a) terminate this Agreement, in which case the Deposit shall be refunded to Buyer; or (b) waive the objections and proceed to Closing, in which case such matters shall be Permitted Encumbrances. Seller shall furnish the Title Commitment to Buyer within ten (10) days after Seller's acceptance.

At the Closing, Seller shall cause the Title Company to irrevocably commit to issue an owner's policy of title insurance in the form a "marked up" Title Commitment or a proforma showing title to the Property vested in Buyer subject only to the Permitted Encumbrances. Seller shall pay the portion of the title insurance premium applicable to a standard ALTA form owner's policy. Buyer shall pay the portion of the premium attributable to extended coverage and the cost of any endorsements required by Buyer.

- (d) Buyer shall furnish concurrently with the execution and return of this Agreement, financial statements and/or information indicating Buyer's ability to perform its obligations hereunder (the "Confidential Information"). Seller and its representatives agree to keep the Confidential Information, that such Information will be used solely for the purpose of evaluating a possible transaction with Buyer, that the Confidential Information will be kept confidential, and that neither Seller nor its representatives will disclose any of the Confidential Information to any other person or entity in any manner whatsoever. If this Agreement is terminated for any reason, Seller shall promptly cause the Confidential Information and all copies of the same to be returned to Buyer.
- (e) The purchase of the Property is contingent upon a seven (7) business days due diligence and feasibility period (hereinafter referred to as the "Due Diligence Term") which shall commence upon the Effective Date.

During the Due Diligence Term, Buyer may complete physical and geological inspections of the Property and improvements thereon, including but not limited to, taking soil borings as desired, obtaining engineering studies, and such other matters relating to the Property as Buyer deems appropriate, so as to ensure that the Property is acceptable in its "As-Is" condition. Such inspection shall be at Buyer's sole cost and expense. Buyer will indemnify, defend, and hold Seller harmless from and against any claims for injury or death to persons, damage to property or other losses, actual damages or claims, including, without limitation,

Daw

CS

- (f) It is understood between the Buyer and Seller that there is a concurrent thirty (30) day financing contingency which time period shall run with the application to the Court for confirmation of this sale.
- (g) Seller's real estate agent will be responsible for turning on the utilities and paying any and all the fees associated with turning them on.
- (h) Seller agrees to repair the damage to HVAC system. Cost of repairs not to exceed \$6,500.00.

**SECTION 2.03. FAILURE OF CONDITIONS.** If any condition specified in Section 2.02 above is not satisfied or waived within one hundred fifty (150) days after the Effective Date, then Seller may, at any time thereafter, elect to terminate this Agreement by giving written notice to Buyer and the Title Company. The Title Company shall be, and is hereby, irrevocably instructed by Seller on receipt of such notice from either party, to immediately refund to Buyer all monies and instruments deposited by Buyer in escrow pursuant to this Agreement.

**SECTION 2.04. PRORATIONS.** The following prorations shall be made between Buyer and Seller at Closing: property taxes (pro-rated at 100%), rents, homeowner's/association dues (if applicable).

**SECTION 2.05. BONDS AND ASSESSMENTS.** Any bonds or improvement assessments which are a lien on the Property shall, at Closing, be paid/assumed by Buyer, except any past due/delinquent amounts shall be paid by Seller at Closing.

**SECTION 2.06. BROKERS' COMPENSATION AND DISPOSITION FEES.** If Buyer is confirmed as the purchaser of the Property and thereafter performs in accordance with this Agreement, any and all compensation and disposition fees due to real estate or other brokers shall be paid by Seller at Closing based upon the confirmed sales price or, if no overbidding occurs, as follows:

3.5% + \$100 of the accepted price to Supreme Manor Real Estate Services, who represents Seller, and

2.5% - \$100 of the accepted price to Marvel Ventures Realty, who represents Buyer.

Seller and Buyer each warrant that they have dealt with no other real estate brokers in connection with this transaction except those brokers stated above.

**SECTION 2.07. EXPENSES OF ESCROW.** The expenses of the escrow described in this section shall be paid in the following manner:

- (a) The cost of recording any deeds or other instruments required to convey title of the Property to Buyer as described in Section 2.02 of this Agreement shall be paid by Buyer.

*Daw* (CS)

- (b) Buyer shall pay all real estate excise tax payable in connection with this transaction.
- (c) Any escrow fee charged by the Title Company shall be paid as follows 50% by Seller and 50% by Buyer.

**SECTION 2.08. POSSESSION.** Possession of the Property shall be delivered to Buyer upon Closing.

**SECTION 2.09. TITLE.** Title shall vest as follows: to Buyer, or to any entity owned or controlled by Buyer or a nominee, with Buyer remaining liable for the Purchase Price and any and all duties and obligations of the Buyer until the Close of Escrow, which shall be designated in writing by Buyer no later than five (5) days prior to the Closing.

### ARTICLE 3. MISCELLANEOUS

**SECTION 3.01. DEFAULT BY Buyer.** Should Buyer fail to complete said purchase as herein provided by reason of any default of Buyer, Seller shall be released from its obligation to sell the Property to Buyer and Seller shall retain the Deposit, as liquidated damages for such default as Seller's sole and exclusive remedy hereunder.

**SECTION 3.02. TIME.** Time is of the essence in the performance of this Agreement.

**SECTION 3.03. MODIFICATIONS.** All modifications or extensions shall be in writing signed by all parties.

**SECTION 3.04. LAND USE RESTRICTIONS.** Buyer shall satisfy itself through sources of information, other than the Seller or real estate brokers, or salespersons of such brokers in this transaction, whether any public or private action in the form of a vote, initiative, referendum, local ordinance, law, or other measure presently in force or contemplated by a governing or other body may halt entirely or otherwise restrict Buyer's use of the Property for improvement or other use, and Buyer acknowledges that it has not relied on any advice or representations by the Seller or real estate representatives in this transaction for such independent information to any extent.

**SECTION 3.05. NOTICES.** Any and all notices or other communications required or permitted by this Agreement or by law to be served on or given to either party hereto, or the Title Company, shall be in writing and shall be deemed duly served and given when (a) personally delivered to any of the parties, to whom it is directed; (b) by deposit in the United States mail as first-class certified mail, return receipt requested, postage paid; (c) by overnight nationwide commercial courier service; or (d) by telecopy transmission with a confirmation copy to be delivered by duplicate notice in accordance with any of clauses (a) through (c) above, in each case, to the party intended to receive the same at the following address(es):

*Dew*      (CS)



If to Buyer:

Clementina Solola  
444 E. 10<sup>th</sup> Street  
South Holland, IL 80473  
FAX:

If to Seller:

Golden State Mutual Life Insurance Company, in Liquidation  
425 Market Street, 23<sup>rd</sup> Floor  
San Francisco, CA 94105  
Attn: Scott D. Pearce, Senior Estate Trust Officer  
FAX: (415) 676-5002

With copy to:

Golden State Mutual Life Insurance Company, In Liquidation  
c/o Kane Corporation  
67 Selby Lane, Suite 100  
Atherton, CA 94027-3926  
Attn: Peter C. Kane  
FAX: (650) 369-9106

If to the Title Company:

First American Title Insurance Company  
1358 East 47th Street  
Chicago, IL 60653  
FAX:

Notice delivered in accordance with the foregoing shall be effective (x) when delivered, if delivered personally or by receipted-for telex, telecopier or facsimile transmission, (y) on the next business day after being delivered in the United States (property addressed and all fees paid) for overnight delivery service to a courier (such as Federal Express) which regularly provides such service and regularly obtains executed receipts evidencing delivery, or (z) five (5) days after being deposited (property addressed and stamped for first-class delivery) in a daily serviced United States mail box. Either party, Buyer or Seller, may change its address for the purposes of this section by giving written notice of such change to the other party in the manner provided in this section.

SECTION 3.06. DISCLAIMER OF WARRANTIES. The parties acknowledge that this transaction is entered into by them in full reliance on their own independent investigations, and not on any statements, representations, or agreements made by the other party, or by the broker(s), if any herein, or any salesperson(s) of such broker. It is also agreed by both parties that no statements, representations, or agreements made by either party, the broker(s), or any salesperson(s) of such broker(s), are valid unless

*Daw* (CS)

such statements, representations or agreements are reduced to writing and made a part hereof. Seller expressly makes no warranties regarding the suitability of the Property for any purpose and Buyer acknowledges that all real property and improvements, if any, thereon are taken in an "As Is" Condition including all known and unknown defects.

Buyer: (\_\_\_\_) Seller: (\_\_\_\_).

**SECTION 3.07. ATTORNEY'S FEES.** Should any litigation be commenced between the parties hereto concerning the Property, this Agreement, or the rights and duties of either in relation thereto, the party, Buyer or Seller, prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for its attorney's fees and expenses in such litigation which shall be determined by the Court in such litigation or in a separate action brought for that purpose.

**SECTION 3.08. ENTIRE AGREEMENT.** This instrument contains the entire Agreement between Buyer and Seller respecting the Property, and any agreement or representation respecting the Property or the duties of either Buyer or Seller in relation thereto not expressly set forth in this instrument is null and void.

**SECTION 3.09. COUNTERPARTS; FACSIMILE SIGNATURES.** This Agreement may be executed in any number of counterparts and all counterparts shall be deemed to constitute a single agreement. The execution of one counterpart by any party shall have the same force and effect as if that party had signed all other counterparts. The signatures to this Agreement may be executed on separate pages and when attached to this Agreement shall constitute one complete document. This Agreement may be signed by facsimile, and each facsimile copy so signed shall be deemed an original hereof.

**SECTION 3.10. GOVERNING LAW; VENUE.** This Agreement is governed by and construed in accordance with the laws of the State of California. Buyer hereby waives any defense it may have based on *forum non conveniens*. As a material part of the consideration for this Agreement, and with the understanding that Seller would not enter into this Agreement without such agreement, Buyer hereby irrevocably submits to the jurisdiction of the State of California in any such action.

[Signatures on following page]



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year shown opposite their signatures below.

**BUYER:**

**CLEMENTINA SOLOLA**

By: C. Solola Date: 08/15/2011  
Name: CLEMENTINA SOLOLA Subject to the attached amendment.  
Title: Principal

**SELLER:**

**GOLDEN STATE MUTUAL LIFE INSURANCE  
COMPANY, IN LIQUIDATION, a California  
corporation**

By: David E. Wilson Date: 9/6/2011  
Name: David E. Wilson  
Title: Special Deputy Insurance Commissioner

(CS)

EXHIBIT A

LEGAL DESCRIPTION

LOTS 25 TO 28, BOTH INCLUSIVE, IN ELMORE'S 83<sup>RD</sup> STREET SUBDIVISION OF  
BLOCK 19 IN THE SUBDIVISION BY THE HEIRS OF IRA WEBSTER, DECEASED OF  
NORTHWEST ¼ OF SECTION 34, TOWNSHIP 38 NORTH, RANGE 14, EAST OF  
THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, IL.

EXHIBIT A

*Deer* (CS)

**ADDENDUM TO REAL ESTATE PURCHASE AGREEMENT  
PROPERTY ADDRESS: 8237-8247 SOUTH STATE STREET CHICAGO ILLINOIS 60619**

THIS ADDENDUM to Real Estate Purchase Agreement ("ADDENDUM") is made as of the date signed by the parties herof by and between Golden State Mutual Life Ins. hereinafter referred to as Seller and Clementina Soto hereinafter referred to as Buyer in respect of the Real Estate Purchase Agreement on the property situate, located and being at 8237-8247 South State Street Chicago Illinois 60619.

Whereas the parties previously entered into a Real Estate Purchase Agreement dated SEP 1, 6, 2011.

Whereas since the execution of the Real Purchase Agreement, the parties agree to amend certain terms and conditions of the Agreement.

Whereas the parties wish to memorialize the amendment to the Real Estate Purchase Agreement

The parties agree to the following terms and conditions and expressly agree that if any of the following terms and conditions conflict with any of the terms and conditions of the Agreement, then, notwithstanding any term in the Agreement, the following terms and conditions govern and control the rights and obligations of the parties.

NOW THEREFORE, in consideration of the promises and mutual covenants set forth, the parties do agree to amend the Agreement as follows:

1. Attorney Modification Clause is hereby included in the Agreement as follows:  
Within Seven (7) business days after the acceptance date (Attorney Approval Period) the parties' respective attorneys may propose written modifications to this Contract on matters other than the purchase price, broker's compensation and dates. Any proposed modifications that are set forth in writing and accepted by the other party shall become terms of this contract as if originally set forth in this Contract. If within the attorney approval period, the parties cannot reach an agreement regarding the proposed modifications, then, at any time after the attorney approval period, either party may terminate this Contract by written notice to the other party. In that event, this Contract shall be null and void and the initial Deposit money shall be returned to Buyer.
2. Section 2.02(E)-AS IS Condition is amended to indicate that the Buyer shall not be obligated to provide Seller with third party reports or survey obtained by Buyer during the Due diligence Term.
3. Section 2.05- Bonds and Assessments is amended to indicate that any bonds or improvement assessments which are a lien on the property through the date of the Closing shall at the Closing be paid /assumed by the Seller, including any past due/delinquent amounts.
4. Section 2.07(b) is amended to indicate that Seller shall pay all real estate excise tax per standard practices in the State of Illinois (\$1.50 for every \$1,000 of sale price to County and State combined; \$3.00 for every \$1,000 sales price to the City of Chicago).

*Daw*

5. Section 2.08 is amended to indicate that Seller (subject to Sales Confirmation Order) shall deliver possession to Buyer at the close of escrow.

6. There are no additional changes to the Agreement. The remainder of the original agreement is in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed as of the day and year shown opposite their signatures below.

**BUYER:**

**CLEMENTINA SOLOLA**

By: *C. Solola* Date: 08/30/2011

Name: CLEMENTINA SOLOLA

Title: Principal

**SELLER:**

**GOLDEN STATE MUTUAL LIFE INSURANCE COMPANY, IN LIQUIDATION, a California corporation**

By: Date: *David E. Wilson* 9/6/2011

Name: David E. Wilson

Title: Special Deputy Insurance Commissioner EXHIBIT A