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**From:** Jill Holmes  
**Sent:** Tuesday, June 24, 2014 6:16 PM  
**To:** Jill Holmes  
**Subject:** G8 Foreclosure Update

**Importance:** High

Following our last conference call, we received responses from co-owners prepared to make loans in what we believed to be a sufficient amount to satisfy the proposal submitted by our lender G8 in order to grant an extension of the maturity date until December 1, 2014. Many of the co-owners committing loans wanted additional assurance that an extension beyond December 1, 2014 could be made available under certain conditions.

We contacted G8 to inform that that we were prepared to proceed with their proposal provided we could resolve the potential extension beyond December 1. Unfortunately we are now being told that G8 no longer desires to make an extension beyond June 30 and that the foreclosure will proceed as scheduled.

At this time and after consultation with bankruptcy counsel, we believe that the only method to delay foreclosure is for one or more of the tenant in common LLCs (each a "TIC") to file a voluntary bankruptcy. The filing of a bankruptcy will result in the issuance of an automatic stay that will stop the foreclosure action until the stay is lifted. We can expect such a filing to delay the foreclosure for 60 to 90 days at a minimum. Following the dismissal of the bankruptcy filing or lifting of the automatic stay, the foreclosure action would resume unless another TIC filed for bankruptcy, in which case another automatic stay would issue and the process would repeat itself.

The benefit of delaying the foreclosure would be that additional time may bring us closer to a renewal with GSA and the possibility of returning to the capital markets for more loan proceeds, as well as allow for leasing of the vacant space. However, there is no assurance that progress will be made in those areas sufficient to entice G8 to accept a discounted buy out of their existing debt.

The consequence of filing a voluntary action is that under the loan documents the TIC Principal Guarantor (the individual behind the TIC) would become personally liable for the full amount of the loan. Whether these provisions under the TIC Principal Guaranty are in fact enforceable or could be challenged is not known at this time and would be addressed in any future litigation.

The foreclosure constitutes a sale of the property and may have adverse tax consequences, especially to those co-owners who participated in a 1031 exchange. You should consult with your own tax advisor on this subject.

We are seeking anyone who would be prepared to file a voluntary bankruptcy for their TIC. A group of co-owners is willing to fund the legal fees and costs for the bankruptcy filing up to \$25,000. The ideal candidate for filing is an individual who is either already insolvent or close to insolvency or has most assets protected from creditors under trusts or other arrangements.

As time is short and we would need to expedite the filing process, please let us know immediately if you are prepared to file.

**Jill Holmes**  
**Asset Manager**

[B&B Realty Investments, LLC](#)

6917 Arlington Road  
Suite 203  
Bethesda, MD 20814  
main (301) 469-3900

fax (301) 469-3904  
[jholmes@bbrealtyinvest.com](mailto:jholmes@bbrealtyinvest.com)



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