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EMILIO VARGAS & MARIA VARGAS

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Superior Court of California,
County of San Diego

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Clerk of the Superior Court
By Megan Dietenhofer, Deputy Clerk

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO
CENTRAL DIVISION**

Case No.: 37-2021-00005978-CU-FR-CTL

EMILIO VARGAS & MARIA VARGAS,
Individuals,

Plaintiffs,

vs.

RAZUKI INVESTMENTS, LLC, a
California limited liability company; SH
WESTPOINT INVESTMENTS GROUP,
LLC, a California limited liability company;
SALAM RAZUKI, Individual; HAITH
RAZUKI, Individual;
and DOES 1-50, inclusive,

Defendants.

VERIFIED COMPLAINT FOR:

1. Fraudulent Inducement
2. Breach of Contract
3. Breach of Implied Covenant of Good Faith and Fair Dealing
4. Promissory Estoppel
5. Fraud -Intentional Misrepresentation
6. Constructive Fraud
7. Unfair and Deceptive Business Act Practices - B&P 17200
8. Economic Duress
9. Unjust Enrichment
10. Predatory Lending
11. Unconscionability
12. Constructive Trust
13. Declaratory Relief

Judge:

Dept.:

PRELIMINARY STATEMENT

This action is based on two homeowners who have been victims of fraud by a "business man" who wrongfully and maliciously targets those under the extreme pressure and stress of financial hardships with no reasonable alternative to save their home.

JURISDICTION AND PARTIES

1
2 1. This action arises out of acts, representations and events occurring within the jurisdiction
3 of the County of San Diego.

4 2. Plaintiff Emilio Vargas is, and at all times mentioned herein was, an individual residing in
5 the State of California, County of San Diego.

6 3. Plaintiff Maria Vargas is, and at all times mentioned herein was, an individual residing in
7 the State of California, County of San Diego.

8 4. Plaintiffs' are informed and believes and, on that basis, alleges that at all relevant times
9 mentioned herein, Defendant Razuki Investments, LLC is a limited liability company with its
10 principal place of business located in the State of California, County of San Diego.

11 5. Plaintiffs' are informed and believes and, on that basis, alleges that at all relevant times
12 mentioned herein, Defendant SH Westpoint Investments Group, LLC is a limited liability company
13 with its principal place of business located in the State of California, County of San Diego.

14 6. Plaintiffs' are informed and believes and, on that basis, alleges that at all relevant times
15 mentioned herein, Defendant Salam Ruzuki was a California resident, in the county of San Diego
16 and member of the Razuki Investments, LLC and SH Westpoint Investments Group, LLC.

17 7. Plaintiffs' are informed and believes, and on that basis, alleges that at all relevant times
18 mentioned herein, Defendant Haith Ruzuki was a California resident, in the county of San Diego
19 and managing member of the Razuki Investments, LLC and SH Westpoint Investments Group,
20 LLC.

21 8. Any references in this Complaint made to any act, deed, or conduct of Defendants, means
22 that Defendants engaged in the act, deed, or conduct by or through one or more of its officers,
23 directors, agents, employees, or representatives, who were actively engaged in the management,
24 direction, control, or transaction of the ordinary business and affairs of Defendants.

25 10. Plaintiffs' are ignorant of the true names and capacities, whether individual, corporate,
26 associate or otherwise, of the Defendants sued herein as DOES 1-50, inclusive and therefore sues
27 said Defendants (the "Doe Defendants") by such fictitious names. Plaintiffs' will amend this

1 Complaint to plead the true names and capacities of the Doe Defendants at such time as the
2 identities of the Doe Defendants have been ascertained.

3 11. Plaintiffs' are informed and believes, and thereon alleges, that the Doe Defendants are
4 the partners, agents, or principals and co-conspirators of Defendants, and of each other; that
5 Defendants and the Doe Defendants performed the acts and conduct herein alleged directly, aided
6 and abetted the performance thereof, or knowingly acquiesced in, ratified, and accepted the benefits
7 of such acts and conduct, and therefore each of the Doe Defendants is liable to Plaintiffs' to the
8 extent of the liability of the Defendants as alleged herein.

9 12. Whenever and wherever reference is made in this Complaint to any conduct by
10 defendant or Defendants, such allegations and references shall also be deemed to mean the conduct
11 of each of the Defendants, acting individually, jointly and severally. Whenever and wherever
12 reference is made to individuals who are not named as defendants in this Complaint, but were
13 employees/agents of, such individuals at all relevant times acted on behalf of Defendants named in
14 this Complaint within the scope of their respective employments.

15 **NATURE OF THE ACTION AND FACTUAL ALLEGATIONS**

16 13. In or around 2013, Plaintiffs' were struggling financially and fell behind on the
17 mortgage payments and inevitably faced foreclosure on their home located at 3927 Arey Drive, San
18 Diego, California 92154 (hereinafter "3927 Arey").

19 14. In or around August of 2013, Plaintiffs' went to the Solution Law Center office, located
20 at 3640 Ruffing Rd., Suite 100, San Diego, Ca 92123 to look for Roger Stacy, a bankruptcy
21 attorney and Conrado Hinojosa, who assisted them to file a chapter 13 bankruptcy in 2010, but he
22 was no longer at the Solution Law Center Office.

23 15. After discovering Mr. Stacy was not working at the law office, Plaintiffs' then met
24 another bankruptcy Attorney George Costa Panagiotou and Mauricio Calvi, an employee at George
25 Costa Panagiotou's who introduced himself as Office Manager. After consulting with Mauricio
26 Calvi and George Costa Panagiotou and seeking their assistance, the Plaintiffs' were given advice
27 to pursue a loan modification, which they proceeded with the help of Beatriz Barron. However, the

1 Plaintiffs' loan modification application was denied because the Plaintiffs' had already modified the
2 existing loan in 2009.

3 16. Plaintiffs', with no other option after the loan modification was denied, considered filing
4 for bankruptcy to stop the sale of 3927 Arey. Plaintiffs' hired Attorney George Costa Panagiotou. A
5 bankruptcy action was filed in the Southern District of California, Case No. 14-05725-MM13.

6 17. George Costa filed a Chapter 13 Bankruptcy for the Plaintiffs', which was ultimately
7 dismissed in early 2014. After the dismissal of the bankruptcy, George Costa Panagiotou tried to
8 find alternative solutions to help the Plaintiffs' with their mortgage, but was not able to obtain
9 positive results.

10 18. The Plaintiffs' were facing foreclosure on their home at 3927 Arey because of past due
11 mortgage payments to PNC Mortgage and had no other alternative solution to prevent losing their
12 home.

13 19. Mauricio Calvi an employee at George Costa Panagiotou's office mentioned several
14 times that there was a person who could help save the Plaintiffs' home from foreclosure. The name
15 of the person is Defendant Salam Razuki. The Plaintiffs' declined the offer of Mauricio Calvi for a
16 while but the day came that the Plaintiffs' were facing extreme pressure from their mortgage
17 company, the Plaintiffs' did not want to lose 3927 Arey or the equity in their property. The
18 Plaintiffs' were stressed, distraught, and believed they did not have another option.

19 **AGREEMENT 1**

20 20. In or around November of 2015, Mauricio Calvi introduced Plaintiff Maria Vargas to
21 Defendant Salam Razuki at the law office of George Costa Panagiotou. Razuki wanted to personally
22 meet Maria Vargas first to see "if they were a good fit," afterward Defendant Salam Razuki
23 informed Plaintiff Maria Vargas that he would be willing to make a deal with the Plaintiffs' by the
24 end of December 2015.

25 21. Defendant Salam Razuki held himself out to the Plaintiffs' as a businessman who was
26 eager to help individuals in need, especially those who had little to no options of preserving their
27 ownership interests to their homes. Defendant Salam Razuki intended for the Plaintiffs' to rely on

1 these false statements in order to take advantage of their economic situation.

2 22. On or about December 2015, Defendant Salam Razuki orally agreed that he would loan
3 \$62,000.00 to the Plaintiffs' to pay off the past due mortgage payments and stop the foreclosure of
4 3927 Arey. In exchange, Defendant Salam Razuki would receive (50%) fifty percent interest in
5 3927 Arey and the Plaintiff's make monthly payments to repay the loan for (62) sixty-two months,
6 as well as, continue to make the monthly mortgage payment. The terms agreed upon were:
7 Defendant Salam Razuki would receive \$1000.00 per month until the balance of the loan
8 \$62,000.00 (sixty-two thousand dollar) loan was paid off, and that the monthly mortgage payment
9 of \$1314.00 by the Plaintiffs' and a (50%) fifty percent interest in 3927 Arey. Defendant Razuki
10 promised to make the mortgage payments with \$1314.00 provided by Plaintiffs'.

11 23. The Plaintiff's did not understand why they were continuing to pay (100%) one-
12 hundred-percent of the mortgage payment for 3927 Arey because they would have 50-50 ownership
13 interest with Defendant Salam Razuki and thought they should split the monthly mortgage payment
14 50-50. When the Plaintiffs' questioned Defendant Salam Razuki about the monthly mortgage, he
15 explained he is not the bank and he needed to recoup the money lent to the Plaintiffs'.

16 24. It was also agreed that once the loan was paid off, Defendant Salam Razuki and the
17 Plaintiffs' agreed on the following options: (1) Defendant Salam Razuki would buy the Plaintiffs'
18 (50%) fifty percent interest in 3927 Arey; (2) the Plaintiffs' would buy Defendant Salam Razuki's
19 (50%) fifty percent interest in 3927 Arey; or (3) 3917 Arey would be put up for sale and they split
20 the proceeds 50-50.

21 25. The terms that were agreed upon by the parties were discussed in conversation and they
22 agreed to memorialize the terms in writing so that the parties could proceed to escrow.

23 26. The Plaintiffs' are native Spanish speakers and cannot read or write English fluently.
24 The Plaintiffs' are not as sophisticated or not as well versed as the Defendants' in real estate
25 transactions. Plaintiff Maria Vargas was educated in Mexico and has the equivalent of a high
26 school diploma. Plaintiff Emilio Vargas was educated in Mexico and has the equivalent of a third-
27 grade education.

1 27. Defendant Salam Razuki informed the Plaintiffs' that he would draft the necessary
2 agreements, so they could start the process to go to the escrow company to transfer (50%) fifty
3 percent interest in 3927 Arey in exchange for the loan of \$62,000.00.

4 28. In or around December of 2015, The Plaintiffs' went to meet with Defendant Salam
5 Razuki at his office at 7977 Broadway, Suite A, Lemon Grove, California 91945 (hereinafter
6 "Broadway Office"), to review and sign the loan agreement. During the meeting, Defendant Salam
7 Razuki rushed the Plaintiffs' through signing of the documents. Defendant Salam Razuki gave the
8 Plaintiffs' a false summary of what the documents stated and pointed where to sign, with the
9 knowledge that the Plaintiffs' cannot read or write English fluently.

10 29. On or around January 27, 2016 the Plaintiffs' went to Allison-McCloskey Escrow
11 Company, the Escrow No.: 143637S, with Escrow Officer Claudia Garcia. When the Plaintiff's
12 arrived to participate in the Escrow signing, Claudia Garcia informed the Plaintiffs' that the
13 documents for escrow were provided by Defendant Salam Razuki and that she had already prepared
14 the documents the Plaintiffs' were to sign.

15 30. While at the Allison-McCloskey Escrow Company, Escrow Officer Claudia Garcia
16 provided an overview of all the documents to the Plaintiffs' in Spanish language, because the
17 Plaintiffs' are native Spanish speakers and cannot read or write English fluently.

18 31. The agreement signed by the Plaintiffs', was not a "loan agreement" rather it was a
19 "Purchase Agreement Private" dated, December 30, 2015, attached as **Exhibit 1**, (hereinafter
20 "Agreement 1") which did not contain the terms of the loan, the repayment, terms indicating that
21 the (50%) fifty percent interest in 3927 Arey was provided in exchange for the monies loaned, and
22 did not have terms addressing whether to sell the property or how to proceed when the loan was
23 repaid.

24 32. Agreement 1 was drafted by Defendant Salam Razuki and did not contain any terms that
25 were explained to the Plaintiffs' when they signed Agreement 1 at the Broadway Office. On the day
26 that Plaintiffs' signed Agreement 1 they trusted and relied the words spoken by Defendant Salam
27 Razuki and the Plaintiffs' believed those terms were written within Agreement 1, Defendant Salam

1 Razuki explained and rushed the Plaintiffs' through signing, pointing to where to initial on each
2 page and where to sign their signatures on Agreement 1.

3 33. Additionally, Agreement 1 included an incomplete California Department of Real Estate
4 Residential Lease Agreement (hereinafter "CA Lease"), which was not completed other than the
5 date the lease expires, the address of 3927 Arey and payment information. The CA Lease only
6 included 3 of 6 standard pages Those 3 pages from the CA Lease were initialed by the Plaintiffs and
7 Defendant Salam Razuki . The CA Lease did not include the pages which give notice of the right to
8 receive a foreign language translation of lease or rental agreements under the California Civil Code,
9 or a signature page. The Plaintiffs' never thought they were entering into a rental agreement, and
10 believed the pages of the CA Lease agreement which were attached to Agreement 1 were part of the
11 loan agreement with Defendant Salam Razuki.

12 34. Agreement 1 transferred a (50%) fifty percent interest in 3927 Arey owned by the
13 Plaintiffs' to Defendant Razuki Investments , LLC, which is property holding company used by
14 Defendant Salam Razuki to carry predatory business practices against the Plaintiffs' who were
15 under the extreme pressure and stress of financial hardships with no reasonable alternative to save
16 their home.

17 35. Defendant Salam Razuki holds himself out to be the "managing member" of Defendant
18 Razuki Investments , LLC, but according to the California Secretary of State, Defendant Haith
19 Razuki is the CEO and managing member; and Defendant Salam Razuki is a member.

20 36. On February 15, 2016, the Plaintiff's made their first payment to Defendant Salam
21 Razuki , by writing a check to Defendant Razuki Investments, LLC for \$2400.00. A \$1000.00 as
22 payment for the debt and the remaining \$1400.00 would pay the mortgage.

23 37. The Plaintiffs' continued to make payments to for (57) fifty-seven months, until they
24 discovered the mortgage payment for 3927 Arey was not being paid, on or around November 20,
25 2020. When the Plaintiffs' confronted Defendant Salam Razuki to find out why the payments were
26 not made, he informed them "it was none of the Plaintiffs' business because 3927 Arey was his."
27 After the confrontation the Plaintiffs' decided to investigate and discovered Agreement 1 did not
28

1 contain any of the material terms that were explained by Defendant Salam Razuki.

2 38. In the weeks following, the Plaintiffs' realized they were being taking advantage of, did
3 not know what to do, and felt it was already too late, The Plaintiffs' trusted Defendant Salam
4 Razuki , and the Plaintiffs' relied on the information he conveyed to them. The Plaintiffs' signed
5 Agreement 1, an agreement that they are now bound to, and they would not have entered into but
6 felt as if they had no other choice, the Plaintiffs' did not want to lose 3927 Arey.

7 **AGEEMENT 2**

8 39. In or around November 2016, the Plaintiffs filed another bankruptcy, in the Southern
9 District, Case No. 16-07167-MM7, this time it was a Chapter 7, they sought out the assistance of
10 Attorney George Costa Panagiotou. At the creditors meeting it was discovered by Trustee that
11 Defendant Razuki Investments, LLC, had an ownership interest in 3927 Arey, that the Trustee
12 wanted to speak to Defendant Salam Razuki. Defendant Salam Razuki and his attorney, attended
13 two separate meetings with the Trustee to determine his interest 3927 Arey. The Plaintiffs' were not
14 present at those two meetings, nor did they know why the meetings were held.

15 40. The Plaintiffs' ended up owing \$42,500.00 to settle the Chapter 7 bankruptcy. The
16 amount owed was partly for Attorney's fees whom was hired by the Trustee and a portion to the
17 Plaintiffs' creditors. Ultimately, the Chapter 7 the Plaintiffs' filed was closed because the
18 Plaintiffs' filed to file the final credit counseling certificate.

19 41. Defendant Salam Razuki paid the money owed to settle the Chapter 7 on behalf of the
20 Plaintiffs' so 3927 Arey would not be sold and the Bankruptcy Trustee agreed to abandon the
21 claims against 3927 Arey, in exchange for a cash payment so, the Bankruptcy Trustee could
22 distribute the funds to the creditors. Defendant Salam Razuki did not consult with or inform the
23 Plaintiffs' that he was making the payment to the Bankruptcy Trustee.

24 42. Defendant Razuki told the Plaintiffs' about the \$42,500 payment after it was paid by
25 Defendant Salam Razuki, when he contacted the Plaintiffs' and informed that they must sign
26 another agreement, that document identified as "Agreement" dated November 28, 2017, attached as
27 **Exhibit 2**, (hereinafter "Agreement 2") to ensure Defendant Salam Razuki and Defendant Razuki

1 Investments, LLC, will be repaid the \$42,500.00 they loaned the Plaintiffs' to have the Bankruptcy
2 Trustee abandon the claims against 3927 Arey and would not be sold by the Bankruptcy Trustee.

3 43. The Plaintiffs' were pressured to sign Agreement 2, they did not have a choice.
4 Defendant Salam Razuki informed the Plaintiffs' that he made the payment so they could keep their
5 home and now they needed to pay him back.

6 44. The Plaintiff's relied on Defendant Salam Razuki's statements and believed they were
7 receiving another loan for 42,5000, and they were expected to repay the loan when 3927 Arey was
8 sold. The Plaintiffs' continued to believe they owned (50%) fifty-percent of 3927 Arey and Razuki
9 held a (50%) fifty-percent of 3927 Arey, which was transfer to Defendant Razuki Investments, LLC
10 under Agreement 1. Defendant Salam Razuki made statements to the Plaintiffs' reminding them
11 they were 50-50 owners of 3927 Arey.

12 45. On or around November 20, 2020, The Plaintiff found out that the mortgage for 3927
13 Arey was not being paid for the prior 9 months, despite the Plaintiffs' continued monthly payments
14 of \$2400.00 made to Defendant Razuki Investments, LLC. When the Plaintiffs' confronted
15 Defendant Salam Razuki, he informed them "it was none of the Plaintiffs' business because 3927
16 Arey was his."

17 46. After the confrontation the Plaintiff decided to investigate and discovered that along
18 with Agreement 1, Agreement 2 was not in fact an agreement to guarantee the repayment of the
19 \$42,500.00 loan by Defendant Salam Razuki, but an agreement for purchase and transfer the
20 remaining (50%) fifty percent interest owned and held by the Plaintiffs' in 3927 Arey to Defendant
21 Razuki Investments, LLC, for \$42,500.00. In addition, Agreement 2 conveys the interest in 3927
22 Arey to Defendant SH Westpoint Investments Group, LLC, which is affiliated with Defendant
23 Razuki Investments, LLC.

24 47. Defendant Salam Razuki intended to defraud the Plaintiffs' out of their (50%) fifty
25 percent interest held in 3927 Arey.

26 48. Agreement 2 which was signed by the Plaintiffs' and Defendant Salam Razuki as
27 "managing member" on behalf of Defendant Razuki Investments, LLC, contained terms stating a

1 purchase of the remaining (50%) fifty-percent interest in 3927 Arey held by the Plaintiffs' in
2 exchange for making a cash payment to the Trustee for \$42,500.00 to abandon claims against 3927.

3 49. Agreement 2 also contains several inconsistency within the text document. Agreement 2
4 states that the Plaintiffs' "...were currently in a Chapter 13 proceeding. ..." which is incorrect, as
5 well as, amount paid in settlement to the Bankruptcy Trustee. Agreement 2 states, "...total sum of
6 forty-eight thousand dollars (\$42,500.00) to the Chapter 13 Trustee. ..."

7 50. Agreement 2 reference "Settlement Agreement" and incorporates all the terms into
8 Agreement 2, which the Plaintiffs' believe is a document by which they received is titled,
9 "Agreement for Abandonment of Property," attached as **Exhibit 3**, the Plaintiffs' have no
10 recollection of entering into that agreement with the Bankruptcy Trustee.

11 **AGREEMENT 3**

12 51. On or around January 3, 2019, Defendant Salam Razuki called the Plaintiffs' and said it
13 was an emergency. Defendant Salam Razuki wanted the Plaintiffs' to sign a document, that
14 document was a "Declaration for Uninsured Deed," attached as **Exhibit 4**, (hereinafter "Agreement
15 3").

16 52. The Plaintiffs' were instructed by Defendant Salam Razuki to come to an office located
17 on Market Street in San Diego, California, when the Plaintiffs' arrived Defendant Salam Razuki and
18 his secretary were standing outside waiting for the Plaintiffs', soon after they arrived the Plaintiffs'
19 were told to get back in the Plaintiffs' car with Razuki 's secretary and go to a notary to sign the
20 Agreement 4.

21 53. Defendant Salam Razuki 's secretary told the Plaintiffs' to drive to a specific notary, a
22 block and a half away from the office located on Market Street in San Diego, California, the
23 Plaintiffs' were not allowed to look at Agreement 3, which was kept in the possession of Defendant
24 Salam Razuki 's secretary.

25 54. The Plaintiffs' were told to sign Agreement 3, the Plaintiffs' were not allowed to review
26 Agreement 3 prior to signing, and the Plaintiffs' were rushed to sign Agreement 3 without the
27 assistance of someone to interpret to Spanish and explain Agreement 3, which was written in

1 English. The Plaintiffs' were told there were no additional copies of Agreement 3, so the Plaintiffs'
2 took pictures of the agreement with their cell phone.

3 55. The purpose of signing the "Declaration of Uninsured Deed" is required by title
4 insurance companies, if a party is not going to obtain title insurance for a transaction that involves
5 the transfer of title to real property. The declaration acts a waiver and represents that the party
6 signing the declaration has a valid interest in the real property deed that they are purporting to have.
7 Further, the "Declaration or Uninsured Deed" must be signed and completed in front of a Notary
8 Public, this is to ensure that the property was not given under duress or fraudulently.

9 56. The events that transpired around the signing of Agreement 3 is another example of the
10 ongoing scheme perpetrated by Defendants' under the direction and control of Defendant Salam
11 Razuki who consistently put the Plaintiffs' in high pressure situations where he knowingly made
12 false representation to the Plaintiffs' to affect their rights, and knew the representations were false
13 when he made them, to the Plaintiffs' detriment, in order to defraud of 3923 Arey.

14 57. As it stands now the Plaintiffs still currently reside in 3927 Arey and have possession of
15 the premises, the Plaintiffs have lost ownership interest in 3927Arey and all of the remaining equity
16 in the premises.

17 **FIRST CAUSE OF ACTION**

18 **Fraudulent Inducement**

19 **(Against All Defendants)**

20 59. Plaintiffs' re-alleges and incorporate by reference all preceding paragraphs as
21 though fully set forth herein.

22 60. Defendants' knowingly made false representations to Plaintiffs', including that they
23 would be an receiving a loans from the Defendants' and would transfer a (50%) fifty percent
24 interest in 3927 Arey and repay the loans to the Defendants'.

25 61. By making said representations, Defendants' intended to deceive Plaintiffs' and
26 induce their reliance thereon given their knowledge that the Plaintiffs' lacked the ability to
27 fully speak nor understand English.

1 62. Plaintiffs' justifiably relied on Defendants' false representations, and has suffered
2 damages as a result.

3 63. The acts of Defendants' were done, including those carried out by Defendants',
4 were done fraudulently, maliciously and oppressively and with the advance knowledge,
5 conscious disregard, authorization, ratification or act of oppression, within the meaning of
6 Civil Code section 3294 on the part of Defendants' officers, directors, or managing agents. The
7 actions and conduct of Defendants' was intended to cause injury to Plaintiffs' and constituted
8 deceit and concealment of material facts known to Defendants', with the intention of
9 Defendants' to deprive Plaintiffs' of legal rights, justifying an award of exemplary and punitive
10 damages in an amount according to proof.

11 **WHEREFORE**, Plaintiffs' prays for relief as set forth below.

12 **SECOND CAUSE OF ACTION**

13 **Breach of Contract**

14 **(Against All Defendants)**

15 64. Plaintiffs' re-alleges and incorporate by reference all preceding paragraphs as
16 though fully set forth herein.

17 65. Plaintiffs' and the Defendants' entered into the above referenced Agreement 1 and
18 Agreement 2 as a result of the fraud of Defendants'.

19 66. Defendants' willfully or negligently breached their obligations under Agreement 1
20 and Agreement 2 when Defendants' interfered with Plaintiffs' right to receive the benefits of
21 the contracts, Plaintiffs' oral agreement to transfer a (50%) fifty percent interest in 3927 Arey
22 and repay the loans to the Defendants'.

23 67. Defendants' orally agreed to accept a (50%) fifty percent interest in 3927 Arey in
24 exchange for loaning the Plaintiffs' \$62,000.00 under Agreement 1 and \$42,500.00 under
25 Agreement 2. The Plaintiffs' and the Defendants' orally agreed maintain a 50-50 ownership
26 interest in 3827 Arey.

27 68. Plaintiffs' discovered on or around November 20, 2020, that Defendants' breached
28

1 Agreement 1 when discovered that the Defendants' failed to include any of the terms agreed
2 upon orally into the written agreement between Plaintiffs' and Defendants'. Further
3 Defendants' made representation to the Plaintiffs' when signing Agreement 1, stating the terms
4 agreed upon prior to were terms included within the written agreement.

5 69. Plaintiffs' discovered on or around November 20, 2020, that Defendants' breached
6 Agreement 2 when discovered that the Defendants' failed to include any of the terms agreed
7 upon orally into the written agreement between Plaintiffs' and Defendants'. Further
8 Defendants' made representation to the Plaintiffs' when signing Agreement 2, stating the terms
9 agreed upon prior to were terms included within the written agreement.

10 70. As a result of Defendants' breach Agreement 1 and Agreement 2, Plaintiffs' have
11 suffered injury. Plaintiffs' have incurred and continues to incur legal fees, including attorney
12 fees and costs, as well as expenses to correct the breach of this agreement.

13 **WHEREFORE**, Plaintiffs' prays for relief as set forth below.

14 **THIRD CAUSE OF ACTION**

15 **Breach of Implied Covenant of Good Faith and Fair Dealing**

16 **(Against All Defendants)**

17 71. Plaintiffs' re-alleges and incorporate by reference all preceding paragraphs as though
18 fully set forth herein.

19 72. Every contract imposes upon each party a duty of good faith and fair dealing in its
20 performance and its enforcement. This implied covenant of good faith and fair dealing requires that
21 no party will do anything that will have the effect of impairing, destroying, or injuring the rights of
22 the other party to receive the benefits of their agreement. The covenant implies that in all contracts
23 each party will do all things reasonably contemplated by the terms of the contract to accomplish its
24 purpose. This covenant protects the benefits of the contract that the parties reasonably contemplated
25 when they entered into the agreement.

26 73. The terms of Agreement 1 and Agreement 2 imposed upon Defendants' a duty of good
27 faith and fair dealing in this matter.

74. Defendants' enjoyed substantial discretionary power affecting the rights of Plaintiffs' during the events alleged in this Complaint. Defendants' was required to exercise such power in good faith.

75. Defendants' willfully or negligently breached their implied covenant of good faith and fair dealing with Plaintiffs' when Defendants' interfered with Plaintiffs' right to receive the benefits of the contracts by: (1) Willfully or negligently withholding numerous terms both Agreement 1 and Agreement 2; (2) Willfully or negligently placed Plaintiffs' in agreements to purchase 3927 Arey, when the Plaintiffs' orally agreed terms with the Defendants' which provided the Plaintiffs' loans if they transferred a (50%) fifty percent interest in 3927 and repaid each loan to Defendants'; and the purchase agreements subjected the Plaintiffs' to further financial detriment, while providing Defendants' with financial benefits they would not have otherwise enjoyed.

76. As a result of Defendants' breach of this covenant, Plaintiffs' have suffered injury and has caused Plaintiffs' the threat of loss of their home. Plaintiffs' have incurred and continues to incur legal fees, including attorney fees and costs, as well as expenses to right this wrong.

77. Defendants' actions in this matter have been willful, knowing, malicious, fraudulent and oppressive, entitling Plaintiffs' to punitive damages in an amount appropriate to punish Defendants' and to deter others from engaging in the same behavior.

WHEREFORE, Plaintiffs' prays for relief as set forth below.

FOURTH CAUSE OF ACTION

Promissory Estoppel

(Against All Defendants)

78. Plaintiffs' re-alleges and incorporates by reference all preceding paragraphs as though fully set forth herein.

79. Defendants' promised and asserted that Agreement 1 and Agreement 2 were loans, Plaintiffs' to transfer to Defendants' a (50%) fifty percent interest of 3927 Arey, and to repay each loan.

80. Plaintiffs' only decided to enter into Agreement 1 and Agreement 2 because they were

1 assured that these agreements were loans.

2 81. After assuring and promising Plaintiffs' that repayment of the loans would be at
3 \$1000.00 per month and \$1314.00 per month toward the Plaintiffs' mortgage for a total of \$2400.00
4 a month paid to the Defendants', Defendants' should have reasonably expected that the Plaintiffs'
5 would then rely on those terms made at that rate.

6 82. As a direct and proximate result of Defendants' misrepresentations, the Plaintiffs' have
7 been damaged in an amount equal to the amount of money the Plaintiffs' should have received had
8 Defendants' not misrepresented the terms of Agreement 1 and Agreement 2.

9 83. The detriment suffered by the Plaintiffs' is the amount required to make Plaintiffs'
10 whole. As a further direct, legal and proximate result of Plaintiffs' detrimental reliance on the
11 misrepresentations of Defendants', and each of them, the Plaintiffs' have been damaged due to the
12 loss of an ownership interest in 3927 Arey.

13 84. In light of the material representations and misrepresentations of Defendants' made to
14 the Plaintiffs', and the Plaintiffs' reliance on Defendants' representations, and based upon the
15 Plaintiff's detrimental reliance thereon, Defendants', and each of them, are estopped from receiving
16 the benefits of Agreement 1 and Agreement 2 and the Plaintiffs' is now entitled to the value
17 enumerated by that calculation. An amount to be determined at the time of trial.

18 **WHEREFORE**, Plaintiffs' pray for relief as set forth below.

19 **FIFTH CAUSE OF ACTION**

20 **Fraud – Intentional Misrepresentation**

21 **(Against All Defendants)**

22 85. Plaintiffs' re-alleges and incorporates by reference all preceding paragraphs as though
23 fully set forth herein.

24 86. Defendants' represented to Plaintiffs' that Agreement 1 and Agreement 2 between
25 Plaintiffs' and the Defendants' were in the Plaintiffs' financial interest and that Plaintiffs' were
26 receiving loans and the Defendants' would be transfer a(50%) fifty percent interest of 3927 Arey,
27 and the Plaintiffs' would repay each loan. Defendants' further represented to the Plaintiffs' that

1 loans and the agreements formed between the Plaintiffs' and Defendants' contained the material
2 terms that were agreed upon orally prior and each drafted agreement would include those agreed
3 upon oral terms, when instead the Agreement 1 and Agreement 2 did not included any of the orally
4 agreed upon material terms, and each agreement was instead drafted as purchase agreement that
5 contained material terms that would allow the Defendants' to fraudulently take advantage of the
6 Plaintiffs', the agreements were drafted with deliberate intent to remove terms that would have
7 benefitted Plaintiffs'.

8 87. Defendants' representations were patently false.

9 88. Defendants' knew the representations were false when they made them, or they made the
10 representation recklessly and without regard for their truth.

11 89. Defendants' intended that Plaintiffs' would rely on the misrepresentations in order to
12 induce them to enter into what the Plaintiffs' believed were loan agreements, but were in fact
13 purchase agreements, Agreement 1 and Agreement 2 were designed to transfer the Plaintiff's
14 interest in 3927 Arey for grossly under market value.

15 90. Plaintiffs 'did reasonably rely on the misrepresentations of Defendants', and they were
16 harmed as a result, having their home, 3927 Arey, stolen from them. The Defendants'
17 misrepresentations were a substantial factor in causing her harm, as none of this would occurred if
18 Plaintiffs' had not been induced to enter into Agreement 1 and Agreement 2 by Defendants'
19 misrepresentations.

20 **WHEREFORE**, Plaintiffs' pray for relief as set forth below.

21 **SIXTH CAUSE OF ACTION**

22 **Constructive Fraud**

23 **(Against All Defendants)**

24 91. Plaintiffs' re-alleges and incorporates by reference all preceding paragraphs as though
25 fully set forth herein.

26 92. When Defendants' made the promises described in the Fifth Cause of Action, they did so
27 with the intent to mislead and defraud Plaintiffs', to deceive Plaintiffs', to conceal from Plaintiffs'

1 material facts known to Defendants', and that the Defendants' intended to prey Plaintiffs' when they
2 were under extreme duress when the Plaintiffs' signed each Agreement 1 and Agreement 2 in order
3 to transfer a (50%) fifty-percent interest in 3927 Arey at separate time periods. In each Agreement
4 1 and Agreement 2, in order to further advance Defendants' fraudulent scheme, thereby depriving
5 Plaintiffs' of property or legal rights or otherwise causing injury to Plaintiffs'.

6 93. Defendants' violations were material, intentional, reckless and/or resulted from willful
7 misconduct by Defendants', entitling Plaintiffs to an award of damages in an amount to be
8 determined at trial.

9 94. Defendants' actions were oppressive, fraudulent and/or malicious and, therefore,
10 Plaintiffs' are entitled to an award of punitive damages and exemplary damages in an unascertained
11 amount, according to proof, pursuant to California *Civil Code* Section 3294(a).

12 **WHEREFORE**, Plaintiffs' pray for relief as set forth below.

13 **SEVENTH CAUSE OF ACTION**

14 **Unfair and Deceptive Business Act Practices - B&P 17200**

15 **(Against All Defendants)**

16 95. Plaintiffs' re-alleges and incorporates by reference all preceding paragraphs as though
17 fully set forth herein.

18 96. California's Business and Professions Code § 17200 prohibits five different types of
19 wrongful conduct: (1) unlawful business practices; (2) unfair business practices; (3) fraudulent
20 business acts or practices; (4) unfair, deceptive, untrue or misleading advertising; and (5) "Any act
21 prohibited by Bus. & Prof.C. §§ 17500-17577.5."

22 97. By reason of Defendants' fraudulent, deceptive, unlawful, unfair, and other wrongful
23 conduct as herein alleged, said Defendants' has violated California Business and Professions Code
24 § 17200 et seq. by consummating an unlawful, unfair, and fraudulent business practice, designed to
25 deprive Plaintiffs' of their home and the equity in the home, 3927 Arey.

26 98. By reason of the foregoing, Plaintiffs' has suffered and continues to suffer damages in a
27 sum which is, as yet unascertained.

1 **WHEREFORE**, Plaintiffs' prays for relief as set forth below.

2 **EIGHTH CAUSE OF ACTION**

3 **Economic Duress**

4 **(Against All Defendants)**

5 99. Plaintiffs' re-alleges and incorporates by reference all preceding paragraphs as though
6 fully set forth herein.

7 100. Defendants' wrongfully obtained Plaintiffs' signature on Agreement 1 and Agreement
8 2, against Plaintiffs' will and overcoming Plaintiffs' will, by threatening Plaintiffs' with actions
9 Defendants' did not have a legal right to take. At that time, Defendants' knew the Plaintiffs' were
10 facing extreme pressure from their mortgage company the Plaintiffs' did not want to lose their home
11 or the equity in the home. The Plaintiffs' were stressed, distraught, and believed they did not have
12 another option.

13 101. Defendants are continuing in their economic duress of Plaintiffs by intentionally
14 misrepresenting the material terms of the agreements entered into by the Plaintiffs' and Defendants'
15 and fraudulently obtaining the entire interest in the real property 3927 Arey own by the Plaintiffs'.

16 102. While engaging in the economic duress described above, Defendants' knew or should
17 have known their conduct was directed to the Plaintiffs' and also knew and should have known that
18 their conduct was likely to be harmful to the Plaintiffs', as it deprived them of a significant property
19 interest in 3927 Arey.

20 103. Defendants' wrongfully deprived the Plaintiffs' of their interest in real property by
21 means of two separate agreements, Agreement 1 and Agreement 2 , that was obtained
22 unconscionably and by means of duress, constructive fraud, and deceit. They did so with the
23 ultimate intent of seeking to deprive the Plaintiffs' their entire interest in their real property 3927
24 Arey.

25 104. Using undue influence and excessive persuasion, Defendants' caused the Plaintiffs' to
26 sign Agreement 1 and Agreement 2; and such undue influence has resulted in inequity.

27 105. Defendants' conduct caused the Plaintiffs', to suffer loss or encumbrance of a
28

1 residence, substantial loss of equity in the real property known as 3927 Arey that was set aside for
2 retirement or for personal or family care and maintenance and assets essential to the health or
3 welfare of the Plaintiffs'. Plaintiffs' actually suffered substantial emotional and economic damage
4 resulting from Defendants' conduct.

5 106. Defendants' violations were material, intentional, reckless and/or resulted from willful
6 misconduct by Defendants', entitling Plaintiffs to an award of damages in an amount to be
7 determined at trial.

8 107. Defendants' actions were oppressive, fraudulent and/or malicious and, therefore,
9 Plaintiffs are entitled to an award of punitive damages and exemplary damages in an unascertained
10 amount, according to proof, pursuant to California *Civil Code* Section 3294(a).

11 108. Defendants' are entitled to treble damages, pursuant to California *Civil Code* Section
12 3345.

13 **WHEREFORE**, Plaintiffs' pray for relief as set forth below.

14 **NINETH CAUSE OF ACTION**

15 **Unjust Enrichment**

16 **(Against All Defendants)**

17 109. Plaintiffs' incorporates all allegations of this complaint and re-alleges them as though
18 they were fully set forth herein.

19 110. In general, a person who has been unjustly enriched at the expense of another is
20 required to make restitution to the other. Although not required, a valid cause of action arises under
21 unjust enrichment when a defendant receives a benefit they would not have otherwise received at a
22 Plaintiffs' expense.

23 111. Here, Defendants' were unjustly enriched at Plaintiffs' expense when they entered into
24 fraudulent contract agreements designed to appear as if the Defendants' paid Plaintiffs' monies to
25 purchase the Plaintiffs' home for a sum of money that was grossly under market value. Defendants'
26 intentionally made misrepresentations to the Plaintiffs' so they could swindle Plaintiffs' out of title
27 to their property 3927 Arey.

112. Further the Plaintiffs' continued to pay (100%) one-hundred-percent of the mortgage payment for 3927 Arey. The Defendants' were unjustly enriched by the Plaintiffs' because the Defendants' insisted they have 50-50 ownership interest in 3927 Arey. The Plaintiffs' questioned the Defendants' about the monthly mortgage , Defendants' were unjustly enriched by the monthly mortgage payments made by the Plaintiffs'.

113. Had the contractual agreements entered into by the Plaintiffs' and Defendants' been fair, Plaintiffs' would still have an ownership interest in their property 3927 Arey and would not have lost ownership of 3927 Arey. It is unjust for Defendants' to keep the benefits they gained through their wrongful conduct. Therefore, Plaintiffs' seeks the restoration of their status to that prior to the unjust enrichment, including but not limited to declaratory relief and restitution.

WHEREFORE, Plaintiffs' pray for relief as set forth below.

TENTH CAUSE OF ACTION

Predatory Lending

(Against All Defendants)

114. Plaintiffs' incorporates all allegations of this complaint and re-alleges them as though they were fully set forth herein.

115. Predatory lending is a term generally used to characterize a range of abusive lending practices, including deception or fraud, charging excessive fees and interest rates, making loans without regard to a borrower's ability to repay, or refinancing loans to incur additional fees without economic gain to the borrower. Predatory lending is most likely to occur in the rapidly growing "supreme mortgage market, which is a market generally providing access to borrowers with impaired credit, limited income, or high debt relative to their income.

116. The loans that Defendants' induced Plaintiffs' to enter into were predatory in nature. The oral terms in which the Plaintiffs' agreed to with the Defendants' were not written into Agreement 1 or Agreement 2, those oral promises were made to the Plaintiffs' prior to enter into each of the written agreements. The Defendants' knew that the plaintiffs where not fluent in the English language, Plaintiffs' cannot read, write, or speak English fluently. Agreement 1 and

1 Agreement 2, between the Plaintiffs' and Defendants' is a perfect example of predatory lending
2 practices at its worst and egregious violations and laws and regulations against predatory lending.

3 117. Plaintiffs' allege that Defendants' herein applied and used predatory lending practices
4 in the aforementioned agreements including all of the agreed upon terms within both Agreement
5 1 and Agreement 2. Defendants' did not inform Plaintiffs' of all material terms in Agreement 1 and
6 Agreement 2 and misrepresented the terms in each of the agreements as loans to induce the
7 Plaintiffs' to transfer a (50%) fifty-percent interest in 3927 Arey with Agreement 1, and a (50%)
8 fifty-percent interest in 3927 Arey with Agreement 2, causing the Plaintiffs' to lose (100%) one-
9 hundred-percent of their interest 3927 Arey, thus the Defendants' engaged in predatory lending
10 practices.

11 118. Further, Defendants' knew that the Plaintiffs' could not read or write English fluently
12 and that the Plaintiffs were under extreme pressure and had no other reasonable means to qualify for
13 loans. This conduct by Defendants' was fraudulent and deceptive and in violation of California
14 Finance Code sections 4970-4975.8 (Division 1.6).

15 119. As a legal and factual result of Defendants' wrongful acts pursuant to their predatory
16 lending practices herein alleged, Plaintiffs' have been damaged in a sum as yet undetermined but
17 will be proved and within the jurisdiction of this Court.

18 **WHEREFORE**, Plaintiffs' pray for relief as set forth below.

19 **ELEVENTH CAUSE OF ACTION**

20 **Unconscionability**

21 **(Against All Defendants)**

22 120. Plaintiffs' incorporates all allegations of this complaint and re-alleges them as though
23 they were fully set forth herein.

24 121. An unconscionable contract has two elements: a procedural element and a substantive
25 element. The procedural element focuses on two factors: oppression, arising from inequality of
26 bargaining power in the absence of real negotiation or a meaningful choice, and surprise, resulting
27 from hiding the disputed term in a lengthy document. The substantive element focuses on the

1 disputed term being overly harsh or one-sided, with no justification for it at the time of the
2 agreement.

3 122. Although both the procedural and substantive elements must be present to invalidate a
4 contract or a contract clause based on unconscionability, the two elements are reviewed together in
5 such a manner that the greater the degree of substantive unconscionability, the less the degree of
6 procedural unconscionability is required to render the contract or clause unenforceable. *Kinney v.*
7 *United HealthCare Services, Inc.* (1999) 70 Cal.App.4th 1322, 1328; *Vance v. Villa Park Mobile*
8 *Home Estates* (1995) 36 Cal.App.4th 698; *Ilkhchooyi v. Best* (1995) 47 Cal. App.4th 395.

9 123. Plaintiffs 'were oppressed by the Defendants' because they are unable to read or write
10 English fluently, the lack of understand of the language rustled in the Plaintiffs' entering into
11 Agreement 1 and Agreement 2 without being able to read the terms of the agreements and relying
12 on the Defendants'. This lack of understanding of the English language created an inequality in
13 bargaining power and led to a surprise in the terms within each agreement.

14 124. The terms which are in dispute by the Plaintiffs' are overly harsh or one-sided, because
15 the Defendants' knew at the time the Plaintiffs' were entering into each of the agreements
16 (Agreement 1 and Agreement 2), that the Plaintiffs' could not read or write English fluently and
17 would not be able to dispute any terms.

18 **WHEREFORE**, Plaintiffs' pray for relief as set forth below.

19 **TWELTH CAUSE OF ACTION**

20 **Constructive Trust**

21 **(Against All Defendants)**

22 125. Plaintiffs' re-alleges and incorporates by reference all preceding paragraphs as though
23 fully set forth herein.

24 126. Defendants' obtained funds and other resources of Plaintiffs' through fraud, breach of
25 contract, or other wrongful conduct, and is not entitled to retain, hold or use such funds and other
26 resources. Some of the funds and resources have been used by Defendants' to refinance the real
27 property now standing in the name of Defendants', known as 3927 Arey.

127. By virtue of the fiduciary relationship between Defendants' and Plaintiffs', Defendants' such funds, and the properties into which the funds have been invested, including all earnings, profits and appreciation, as an involuntary trustee in **constructive trust** for the benefit of Plaintiffs'.

128. Plaintiffs' are thus entitled to an Order of this Court declaring the existence of such **constructive trust**, that Plaintiffs' are the beneficiaries of such trust, and requiring Defendants' to immediately disgorge and return to Plaintiffs' all that has been held in **constructive trust**, including all profits, earnings and appreciation thereon.

WHEREFORE, Plaintiffs' prays for relief as set forth below.

THIRTEENTH CAUSE OF ACTION

Declaratory Relief

(Against All Defendants)

129. Plaintiffs' re-alleges and incorporates by reference all preceding paragraphs as though fully set forth herein.

130. Plaintiffs' requests that this Court find Defendants' are legally obligated to disgorge to Plaintiffs' all sums of the Defendants', and reimburse to Plaintiffs' all fees, charges and interest that they have paid in connection with the Agreement 1 and Agreement 2 from time period of December 2015 to the present.

131. As a result of the Defendants' actions, Plaintiffs' has suffered damages according to proof, and seeks declaratory relief as stated above.

WHEREFORE, Plaintiffs' prays for relief as set forth below.

PLAINTIFFS' PRAYER FOR RELIEF

WHEREFORE, Plaintiffs' prays judgment against Defendants', and each of them, as follows:

1. For compensatory, special, and general damages in an amount according to proof;
2. For a judgment rescinding Agreement 1 and Agreement 2, in addition to setting forth terms of restitution;
3. For punitive damages according to proof on the One, Three, Sixth, and Eighth Causes of

1 Action;

- 2 4. For all reasonable attorneys' fees incurred by Plaintiffs' in prosecuting this entire action;
3 5. For treble damages according to proof on the Eighth Cause of Action;
4 6. For Declaratory Relief, including a declaration that Plaintiffs' are the prevailing party;
5 7. For any prejudgment or other interest according to law;
6 8. For a constructive trust over the funds and resources have been used by Defendants' to
7 refinance the real property now standing in the name of Defendants', known as 3927
8 Arey.
9 9. For costs of suit incurred herein, apportioned as determined by the Court;
10 10. For an order requiring Defendants' to show cause, if any they have, why they should not
11 be enjoined as set forth in this complaint, during the pendency of this action;
12 11. For such other and further relief as this court deems just and proper.

13
14 Dated: February 8, 2021

Respectfully submitted,

15
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17 
18 By: MARCO ANTONIO RODRIGUEZ
19 Attorney for Plaintiffs'
20 **EMILIO VARGAS & MARIA VARGAS**
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DEMAND FOR JURY TRIAL

Plaintiff hereby demands trial of his claims by jury to the extent authorized by law.

Dated: February 8, 2021

Respectfully submitted,



By: MARCO ANTONIO RODRIGUEZ
Attorney for Plaintiffs'
EMILIO VARGAS & MARIA VARGAS

VERIFICATION

I, EMILIO VARGAS, am the Plaintiff in the above entitled action. I have read the foregoing **COMPLAINT** and know the contents thereof. The same is true of my own knowledge except as to those matters therein stated upon information and belief and as to those matters, I believe them to be true.

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

Dated: 2-8-21



EMILIO VARGAS
Plaintiff

VERIFICATION

I, MARIA VARGAS, am the Plaintiff in the above entitled action. I have read the foregoing **COMPLAINT** and know the contents thereof. The same is true of my own knowledge except as to those matters therein stated upon information and belief and as to those matters, I believe them to be true.

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

Dated: 2 - 8 - 21



MARIA VARGAS
Plaintiff

EXHIBIT 1

PURCHASE AGREEMENT PRIVATE

This PURCHASE AGREEMENT ("Agreement") is entered into effective December 30, 2015, by and between Emilio Ames Vargas and Maria De La Luz Vargas (collectively, "Sellers") and Razuki Investments, LLC, a California limited liability company, or designee/assignee ("Buyer"), each of whom is a "Party" and together are the "Parties," with reference to the following:

Sellers own the real property commonly known as 3927 Arey Drive, San Diego, CA 92154 (the "Property"). The Property is improved with a single family dwelling which Sellers occupy as their principal residence as of the date of this Agreement.

The Property is encumbered by a first deed of trust securing a note held by PNC Trust (the "PNC First"). The current outstanding principal balance of the PNC First is approximately two hundred forty-nine thousand nine hundred seven dollars (\$249,907.00). There are delinquent payments of approximately fifty-one thousand three hundred ninety-five dollars and twenty-four cents past due under the PNC First as of December 9, 2014, which have increased since then (the "PNC Delinquency").

The Property is also encumbered by a second deed of trust securing a note held by HFC (the "HFC Second"). The current outstanding principal balance of the HFC Second is approximately eighty-four thousand dollars (\$84,000.00). There are delinquent payments past under the HFC Second in an undetermined amount.

Sellers are currently in a Chapter 13 proceeding pending in the United States Bankruptcy Court for the Southern District of California as case no. 14-05725 ("Bankruptcy").

Sellers desires to sell, and Buyer desires to acquire, an undivided fifty percent (50%) interest the Property (the "One-Half Interest") on the following terms and conditions.

1.

PURCHASE/SALE OF THE ONE-HALF INTEREST. Sellers agree to sell, and Buyer agrees to acquire, the One-Half Interest on the terms and conditions contained in this Agreement. The consideration given by Buyer to Sellers for the One-Half Interest shall be the following:

Cash. Cash in the total amount necessary to pay the PNC Delinquency, paid at Close (as that term is defined below).

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direction, or with Buyer's approval, and; (iii) such other encumbrances approved by Buyer prior to Closing (the "Title Policy").

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Deliveries by Buyer.

2.3.1 ***Buyer's Delivery to Open Escrow.*** Buyer shall deliver an original of this Agreement signed by Buyer and One Thousand Dollars (\$1,000.00) (the "Initial Deposit") to open Escrow.

2.3.2 ***Buyer's Deliveries to Escrow Prior to Closing Date.*** Buyer shall deliver each of the following to Escrow prior to the Closing Date:

Cash in the total amount, including the Initial Deposit, in the amount as follows: (i) the amount demanded by or on behalf of PNC to pay all delinquencies under the PNC First, and; (ii) the amount Escrow requires to pay Buyer's share of the fees and costs including, but not limited to, escrow fees, title charges and documentary transfer taxes, in connection with the Escrow and the transaction described in this Agreement.

A lease to the Property on such terms and conditions as the Parties mutually agree, signed by Buyer as landlord.

If required by Title Insurer, an original Consent to Action in the form specified or approved by Title Insurer authorizing Buyer to consummate the transaction(s) described in this Agreement.

Such other documents as are customary and reasonably necessary to consummate the transactions contemplated by this Agreement including, but not limited to, those required by Escrow to Close and by Title Insurer for it to be willing to issue the Title Policy.

2.4 ***Deliveries by Sellers.***

2.4.1 ***Sellers' Delivery to Open Escrow.*** Sellers shall deliver an original of this Agreement signed by Sellers to Escrow upon opening.

2.4.2 ***Sellers' Deliveries to Escrow Prior to Closing Date.*** Sellers shall deliver each of the following to Escrow prior to the Closing Date.

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Liability for Existing Encumbrance and Delinquency. Buyer shall take title to the One-Half Interest "subject to" the PNC First and the HFC Second. Buyer shall timely make all payments that come due under the PNC First after the Closing. The Parties shall work jointly to remove the HFC Second, including as described below.

Lease of the Property. Sellers, as tenants, and Buyer, as landlord, shall enter into a lease under which Sellers/tenant shall continue to occupy the entire Premises for so long as Sellers/Tenant desire, to a maximum of sixty (60) full months after the Closing, conditioned upon timely payment of rent in the amount of two thousand dollars (\$2,000.00) per month and on other mutually acceptable terms and conditions.

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2.

ESCROW. The Parties will open an escrow ("Escrow") with Claudia Garcia ("Escrow Officer") of Allison-McCloskey Escrow Company, 4820 El Cajon Blvd., San Diego, CA 92115 (the "Escrow Holder") to complete the transaction described in this Agreement, as follows:

2.1

Closing Date. The Escrow established pursuant to this Section shall close on or before three (3) business days after Escrow Holder is able to comply with the requirements of section 2.2, below, but in no event later than January 14, 2016, unless mutually extended by the Parties in writing (the "Closing Date").

2.2

Close of Escrow. The Escrow shall close (the "Close" or "Closing") when: (a) all documents and other things described in sections 2.3 and 2.4 of this Agreement have been deposited into Escrow; (b) all contingencies set forth in section 3, below, have either been satisfied or waived by Purchaser; (c) the Escrow Holder is able to record a Grant Deed conveying title to the One-Half Interest to Buyer; (d) Escrow Holder is able to deliver to the Party entitled all of the documents and other things described in sections 2.3 and 2.4 of this Agreement, and; (d) a title insurance company mutually designated by the Parties in writing delivered to Escrow Holder (the "Title Insurer") is prepared to issue an ALTA or CLTA (as determined by Buyer) policy of Owner's Title Insurance insuring Buyer's interest in the One-Half Interest free and clear of all liens and encumbrances except: (i) the PNC First, (ii) the HFC Second, and/or; any encumbrance recorded at Closing at Buyer's request or

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A Grant Deed conveying the One-Half Interest in the Property to Buyer and signed in a form satisfactory for Title Insurer to be willing and able to issue the Title Policy.

A lease to the Property on such terms and conditions as the Parties mutually agree, signed by Sellers as tenants.

Such other documents as are customary and reasonably necessary to consummate the transactions contemplated by this Agreement including, but not limited to, those required by Escrow to Close and by Title Insurer for it to be willing to issue the Title Policy.

Cash in the amount Escrow requires to pay Sellers' share of the fees and costs including, but not limited to, escrow fees, title charges and documentary transfer taxes, in connection with the Escrow and the transaction described in this Agreement.

2.5 Escrow's Standard Instructions and Conditions. By signing and delivering originals of this Agreement to Escrow, the Parties each authorize Escrow, without further instruction, to append Escrow's Standard Instructions and Conditions to this Agreement as Exhibit "A" which shall be, and are, incorporated herein as part of this Agreement by reference.

2.6 The Closing. When all the deliveries described in this section have been made, the contingencies described in section 3, below, have either been satisfied or waived, Title Insurer is prepared to issue the Title Policy, and Escrow Holder is able, without any further notice or instruction by or from the Parties or any of them, Escrow Holder is hereby instructed to Close this Escrow by:

2.6.1 Recording Grant Deed. Recording, or causing to be recorded, as instructed by Buyer, the grant deed conveying the One-Half Interest to Buyer or its assignee.

2.6.2 Delivery of Agreement to Parties. Delivering a copy of the signed original of this Agreement to or as directed by each of Sellers and Buyer.

2.6.3 Delivery of Lease to Parties. Delivering a copy of the signed original of the lease to the Property to or as directed by Sellers, and delivering the signed original of the lease to the Property to Buyer.

Issuance and Delivery of Title Policy. Causing Title Insurer to issue and deliver the Title

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Policy to or as directed by Buyer.

2.6.4 Closing Costs. If Escrow Closes, (a) the premium for the Title Policy insuring Buyer shall be paid by Sellers, and the premium for any Title Policy insuring Buyer's lender, if any, shall be paid by Buyer; (b) documentary transfer taxes and recording fees shall be paid by Sellers; (c) the escrow fee of Escrow Holder shall be paid one half by Buyer and one half by Sellers; (d) the difference in premium cost between the Title Policy and Buyer's requested changes or additions to the Title Policy shall be paid by Buyer; and (e) all other costs shall be allocated between Buyer and Sellers in accordance with customary practice in San Diego County.

Prorations. Escrow Holder shall prorate real property taxes as of the close of Escrow on the basis of a thirty (30) day month, based upon the latest available tax bills. If on Close of Escrow the latest available tax bills for the Property are for the fiscal year preceding the fiscal year in which the proration date occurs, Sellers and Buyer shall prorate real property taxes after Close of Escrow on the basis of the tax bills for the fiscal year in which the proration date occurs as soon as the final bills are available. If such bills give effect to the transactions contemplated by this Agreement, such effect shall be disregarded for purposes of the proration. If any supplemental taxes are assessed against the Property after the Close of Escrow, Sellers promptly shall pay Buyer upon demand the portion, if any, of the supplemental taxes which are applicable to the period prior to the close of Escrow.

3.

CONTINGENCIES. This Agreement, and Buyer's obligations hereunder, are expressly conditioned upon each of the following contingencies:

3

1

Preliminary Report of Title. Buyer's receipt and written approval of a preliminary report of title which shall be issued by Title Insurer and dated no earlier than December 1, 2015 (the "PR"). Buyer shall have five (5) business days after Buyer's actual receipt of the PR, confirmed in writing by Buyer, in which to deliver to Escrow Holder its written disapproval of any exception to title stated in the PR. Escrow Holder shall immediately deliver a copy of any such written disapproval to Sellers, who shall have three (3) business days in which to deliver to Escrow Holder a written statement that Sellers either will or will not remove any

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exception disapproved by Buyer. If Sellers states she is not willing to remove a disapproved exception, Buyer shall have two (2) business days in which to deliver to Escrow Holder a written waiver of Buyer's disapproval of that exception or Buyer's written instruction to terminate this Escrow and return to Buyer all documents and other things delivered by Buyer to Escrow Holder.

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2

Lease of the Property. Sellers, as tenant, and Buyer, as landlord, shall enter into a lease of the Property on such terms and conditions as are mutually agreeable to the Parties. The delivery to Escrow Holder of a lease signed by Sellers and Buyer shall conclusively satisfy this contingency.

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3

Dismissal of the Bankruptcy. Sellers shall promptly cause the Bankruptcy to be dismissed upon signing this Agreement.

3.4

No Other Contingencies. There are no contingencies to the Parties' respective obligations under this Agreement other than as stated in sections 3.1 through 3.3 above, and Sellers's performance of her obligations hereunder including, but not limited to, Sellers's ability to deliver title to Buyer as specified in section 2.2, above.

POST CLOSING OBLIGATION. As a post-closing obligation with which Escrow need not be concerned, the Parties agree jointly to cooperate in determining and implementing a means of removing the HFC Second as a lien against the Property. Those efforts may include concluding a "short sale" so long as Sellers effectively retain their undivided one-half interest in the Property or the Parties agree otherwise.

SELLERS'S REPRESENTATIONS AND WARRANTIES. As a material inducement to Buyer to enter into this Agreement and consummate the transaction contemplated hereby, Sellers represents and warrants to Buyer as follows:

5.1 ***Truth and Accuracy of Recitals.*** The recitals set forth in

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paragraphs A through D, above, are true and accurate as of the date of this Agreement and will continue to be true and accurate as of the Closing except as expressly provided in this Agreement.

5.2 **Authority and Consents.** Sellers have the full and unrestricted right, power, legal capacity, and authority to enter into and perform Sellers' covenants and obligations under this Agreement; deliver title to the One-Half Interest subject only to the PNC First, the PNC Delinquency, the HFC First and HFC Delinquency, and unpaid real property taxes which are not yet due. No approvals or consents of any other persons or governmental authorities are required to consummate the transactions contemplated by this Agreement so long as the Bankruptcy is dismissed.

5.3 **Title to the Interest and Ownership of the Property.** Sellers are the sole owners, beneficially and legally, of the Property. Sellers do not own or hold, beneficially or otherwise, any interest in the One-Half Interest being sold to Buyer under this Agreement other than fee title. No third party has any right, title, claim or interest, whether by option, sale agreement, employment agreement, lease, rental agreement or otherwise, in or to the Property except the PNC First and the HFC Second. Sellers have good, marketable and indefeasible title to, and full power of disposition over, all of the Property. Sellers has full right, power and authority to sell, assign, transfer and deliver to Buyer fee title to the One-Half Interest in accordance with this Agreement. Sellers have not sold, assigned, hypothecated, transferred, conveyed, encumbered, or otherwise disposed of all or any portion of the Property except as disclosed in this Agreement. No other person or entity has or claims to have any right, claim, title or interest in or to any of the Property, whether by agreement, warranty, representation, covenant, contract, action or any other source whatsoever, all as described in this Agreement.

5.4 **Breach or Violation.** The consummation of the transaction contemplated by this Agreement will not result in or constitute any of the following: (1) a breach of any term or provision of this Agreement; (2) a default or an event that, with notice, lapse of time, or both, would be a default, breach, or violation of (a) any judgment, decree, order or award of any court, governmental body or arbitrator, or any applicable law, rule, or regulation; (b) any contractual or other agreement, or; (3) result in the creation or imposition of any lien, charge or encumbrance on all or any part of the Property.

5.5 **No Undisclosed Claims, Liabilities or Interests.** There are no pending or threatened liens, judgments, claims against, liabilities or other interests affecting Sellers or the Property except as disclosed in this Agreement.

5.6 **Enforceability.** This Agreement has been duly executed and

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delivered by Sellers and is the legal, valid, binding, and enforceable obligation of Sellers, subject to applicable bankruptcy, insolvency, and similar laws affecting creditors' rights generally, and subject as to enforceability under general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

5.7 No Brokers or Finders. Sellers have not had any contact, dealings or communications with any broker or finder in connection with the transaction contemplated by this Agreement, or any other person who can claim a right to a commission or finder's fee in connection herewith. Sellers shall indemnify, defend and hold Buyer harmless from and against all damages, claims, losses and expenses, including attorneys' fees, arising out of broker's, finder's or other person's claim based on alleged contact, dealings or communications with Sellers.

5.8 Validity and Extent of Sellers's Representations and Warranties. The representations, warranties and disclosures of Sellers contained in this Agreement shall be true at the Closing as though such representations, warranties and disclosures were made at the time of the Closing. The foregoing representations, warranties and disclosures are each deemed to be separate and independent; each shall remain in full force and effect and shall survive the Closing and the purchase and sale of the Property.

6. BUYER'S REPRESENTATIONS AND WARRANTIES. As a material inducement to Sellers to enter into this Agreement and consummate the transactions contemplated hereby, Buyer represents, warrants and covenants to Sellers as follows:

6.1 Existence and Qualification. Buyer is a company duly formed, validly existing and in good standing under the laws of the jurisdiction in which it was formed and has all requisite company power and authority to own and lease its assets and property and to conduct its business as currently conducted or contemplated. All ownership interests of Buyer are validly issued.

6.2 Authority, Consents and Financial Ability. Buyer has the full and unrestricted right, power, legal capacity, and authority to enter into and perform Buyer's covenants and obligations under this Agreement. No approvals or consents of any persons or governmental authorities are required for Buyer to consummate the transactions contemplated by this Agreement. Buyer's execution and delivery of this Agreement has been duly authorized by all necessary company action. Buyer has the financial strength and capacity to perform each of its obligations contained in this Agreement.

6.3 No Breach or Violation. The consummation of the transaction

mv
EV

S.R

contemplated by this Agreement will not result in or constitute any of the following: (1) a breach of any term or provision of this Agreement; (2) a default or an event that, with notice, lapse of time, or both, would be a default, breach, or violation of (a) Buyer's governing documents, or (b) any judgment, decree, order or award of any court, governmental body or arbitrator, or any applicable law, rule, or regulation.

6.4 **Enforceability.** This Agreement has been duly executed and delivered by Buyer and constitutes the legal, valid, binding, and enforceable obligation of Buyer, subject to applicable bankruptcy, insolvency, and similar laws affecting creditors' rights generally, and subject as to enforceability under general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

7

MISCELLANEOUS PROVISIONS.

7.1

Notices. Any and all notices required or permitted to be given under this Agreement shall be sent as follows:

If to Sellers:

If to Buyer:

Mr. Emilio Ames Vargas

Mr. Salam Razuki, Manager

MV
BN

S.R.

Ms. Maria De La Luz Vargas

Razuki Investments, LLC

3927 Arey Drive

7977 Broadway Avenue

San Diego, CA 92105

Lemon Grove, CA 91954

Any Party may change the address at which notices are to be delivered by given written notice of the new address in the manner set forth herein.

7.2 Integration. The undersigned, and each of them, acknowledge and represent that no promise or inducement not expressed in this Agreement has been made in connection with this Agreement. This Agreement contains the entire agreement and understanding between the Parties as to the subject matter of this Agreement and supersedes all prior and contemporaneous oral and written agreements, discussions and representations.

7.3

Amendment. This Agreement may be amended, modified or rescinded only in writing signed by the party to be charged.

7.4

Severability of Provisions. If any term, covenant, condition or provision of this Agreement is held to be invalid, void or unenforceable, the remaining provisions shall remain in full

MV
EV

S.R.

force and effect.

7.5

Captions. Paragraph titles and captions contained in this Agreement are inserted as a matter of convenience and for reference, and are not a substantive part of this Agreement.

7.6

Interpretation. The Parties have jointly drafted this Agreement, and no provision or term of this Agreement shall be interpreted against any Party because that Party or its counsel drafted the term or provision.

7.7

Additional Documents. The Parties each agree to sign any additional documents which are reasonably necessary to carry out this Agreement or to accomplish its intent.

7

8

Benefit and Burden. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, representatives, successors and assigns.

7

9

Governing Law and Disputes. This Agreement has been signed in the State of California, and shall be interpreted and enforced under California law. All disputes arising out of or relating to this Agreement shall be resolved in the San Diego Superior Court, and each party hereto expressly consents to the jurisdiction of that court and agrees to waive any right to change the forum and venue based on any potential argument, whether forum non convenient or otherwise.

7.10

MR
EN

S.R

Authority. Any individual signing this Agreement on behalf of any corporation, partnership, joint venture or any other person or legal entity, warrants and represents that he or she has the authority to execute this Agreement on behalf of such other person or entity.

7.11

Representation by Counsel. The undersigned, and each of them, acknowledge and represent that they are entering into and signing this Agreement after having received, or having the opportunity to receive, full legal advice as to their rights from legal counsel of their choice. Each of the undersigned further acknowledge and represent that they have each read this Agreement in its entirety, understand all of its terms and provisions, and sign this Agreement voluntarily and of their own free will.

7.12

No Reliance. The Parties have all conducted their own investigation of the facts they deem material concerning their decision to enter into this Agreement, and have not based that decision on any representation by any other Party not expressly contained in this Agreement.

7.13 **Time of the Essence.** Time is expressly declared by the Parties to be of the essence of this Agreement and of each and every provision hereof in which time is an element or a date for performance is specified.

7.14 **Counterpart/Fax Signatures.** This Agreement may be signed in counterpart and by fax, all of which shall constitute the original of this Agreement.

7.15 **Attorneys' Fees and Costs.** The prevailing party in any action or proceeding brought to interpret and/or enforce any rights or obligations set forth in this Agreement shall be entitled to recover reasonable attorneys' fees and costs in addition to any other relief.

By: Emilio Ames Vargas
Emilio Ames Vargas

RAZUKI INVESTMENTS, LLC
A California limited liability company

By: Maria De La Luz Vargas
Maria De La Luz Vargas

By: Salam Razuki
Salam Razuki, Managing Member



CALIFORNIA
ASSOCIATION
OF REALTORS®

RESIDENTIAL LEASE OR MONTH-TO-MONTH RENTAL AGREEMENT

(C.A.R. Form LR, Revised 12/13)

Date 3/10/16

RAZUKI INVESTMENTS, LLC

("Landlord") and

Emilio Ames Vargas and Maria De La Luz Vargas

("Tenant") agree as follows:

1. PROPERTY:

- A. Landlord rents to Tenant and Tenant rents from Landlord, the real property and improvements described as: 3927Arey Dr. San Diego, CA 92154 ("Premises").
- B. The Premises are for the sole use as a personal residence by the following named person(s) only: Emilio Ames Vargas and Maria De La Luz Vargas.
- C. The following personal property, maintained pursuant to paragraph 11, is included: _____ or ☐ (if checked) the personal property on the attached addendum.
- D. The Premises may be subject to a local rent control ordinance _____.

2. TERM: The term begins on (date) _____ ("Commencement Date"), (Check A or B):

- ☐ A. Month-to-Month: and continues as a month-to-month tenancy. Tenant may terminate the tenancy by giving written notice at least 30 days prior to the intended termination date. Landlord may terminate the tenancy by giving written notice as provided by law. Such notices may be given on any date.
- ☒ B. Lease: and shall terminate on (date) 3/10/21 at 3:00 ☐ AM/ ☒ PM. Tenant shall vacate the Premises upon termination of the Agreement, unless: (i) Landlord and Tenant have extended this Agreement in writing or signed a new agreement; (ii) mandated by local rent control law; or (iii) Landlord accepts Rent from Tenant (other than past due Rent), in which case a month-to-month tenancy shall be created which either party may terminate as specified in paragraph 2A. Rent shall be at a rate agreed to by Landlord and Tenant, or as allowed by law. All other terms and conditions of this Agreement shall remain in full force and effect.

3. RENT: "Rent" shall mean all monetary obligations of Tenant to Landlord under the terms of the Agreement, except security deposit.

- A. Tenant agrees to pay \$ \$2,400.00 per month for the term of the Agreement.
- B. Rent is payable in advance on the 1st (or ☐) day of each calendar month, and is delinquent on the next day.
- C. If Commencement Date falls on any day other than the day Rent is payable under paragraph 3B, and Tenant has paid one full month's Rent in advance of Commencement Date, Rent for the second calendar month shall be prorated and Tenant shall pay 1/30th of the monthly rent per day for each day remaining in prorated second month.
- D. PAYMENT: Rent shall be paid by ☐ personal check, ☐ money order, ☐ cashier's check, or ☐ other _____, to (name) Ninus malan (phone) (619)750-2024 at (address) 7977 Broadway, Lemon Grove, CA 91945, or at any other location subsequently specified by Landlord in writing to Tenant) (and ☒ if checked, rent may be paid personally, between the hours of 10 AM and 4 PM on the following days Monday-Friday). If any payment is returned for non-sufficient funds ("NSF") or because tenant stops payment, then, after that: (i) Landlord may, in writing, require Tenant to pay Rent in cash for three months and (ii) all future Rent shall be paid by ☐ money order, or ☐ cashier's check.

4. SECURITY DEPOSIT:

- A. Tenant agrees to pay \$ \$0 as a security deposit. Security deposit will be ☐ transferred to and held by the Owner of the Premises, or ☐ held in Owner's Broker's trust account.
- B. All or any portion of the security deposit may be used, as reasonably necessary, to: (i) cure Tenant's default in payment of Rent (which includes Late Charges, NSF fees or other sums due); (ii) repair damage, excluding ordinary wear and tear, caused by Tenant or by a guest or licensee of Tenant; (iii) clean Premises, if necessary, upon termination of the tenancy; and (iv) replace or return personal property or appurtenances. **SECURITY DEPOSIT SHALL NOT BE USED BY TENANT IN LIEU OF PAYMENT OF LAST MONTH'S RENT.** If all or any portion of the security deposit is used during the tenancy, Tenant agrees to reinstate the total security deposit within five days after written notice is delivered to Tenant. Within 21 days after Tenant vacates the Premises, Landlord shall: (1) furnish Tenant an itemized statement indicating the amount of any security deposit received and the basis for its disposition and supporting documentation as required by California Civil Code § 1950.5(g); and (2) return any remaining portion of the security deposit to Tenant.
- C. Security deposit will not be returned until all Tenants have vacated the Premises and all keys returned. Any security deposit returned by check shall be made out to all Tenants named on this Agreement, or as subsequently modified.
- D. No interest will be paid on security deposit unless required by local law.
- E. If the security deposit is held by Owner, Tenant agrees not to hold Broker responsible for its return. If the security deposit is held in Owner's Broker's trust account, and Broker's authority is terminated before expiration of this Agreement, and security deposit is released to someone other than Tenant, then Broker shall notify Tenant, in writing, where and to whom security deposit has been released. Once Tenant has been provided such notice, Tenant agrees not to hold Broker responsible for the security deposit.

5. MOVE-IN COSTS RECEIVED/DUE: Move-in funds made payable to _____

shall be paid by ☐ personal check, ☐ money order, or ☐ cashier's check.

Category	Total Due	Payment Received	Balance Due	Date Due
Rent from _____				
To _____ (date)				
*Security Deposit				
Other _____				
Other _____				
Total				

*The maximum amount Landlord may receive as security deposit, however designated, cannot exceed two months' Rent for unfurnished premises, or three months' Rent for furnished premises.

Tenant's Initials (EV) (MV)

Landlord's Initials (S.R.) (_____)

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Reviewed by _____ Date _____



LR REVISED 12/13 (PAGE 1 OF 6)

RESIDENTIAL LEASE OR MONTH-TO-MONTH RENTAL AGREEMENT (LR PAGE 1 OF 6)

Remax Pacific 5065 Logan Ave Suite 101 San Diego, CA 92113
Ninus malan

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Phone: (619)750-2024

Fax: _____

Residential Re

Premises: _____

Date: _____

12. **NEIGHBORHOOD CONDITIONS:** Tenant is advised to satisfy him or herself as to neighborhood or area conditions, including schools, proximity and adequacy of law enforcement, crime statistics, proximity of registered felons or offenders, fire protection, other governmental services, availability, adequacy and cost of any wired, wireless internet connections or other telecommunications or other technology services and installations, proximity to commercial, industrial or agricultural activities, existing and proposed transportation, construction and development that may affect noise, view, or traffic, airport noise, noise or odor from any source, wild and domestic animals, other nuisances, hazards, or circumstances, cemeteries, facilities and condition of common areas, conditions and influences of significance to certain cultures and/or religions, and personal needs, requirements and preferences of Tenant.
13. **PETS:** Unless otherwise provided in California Civil Code § 54.2, no animal or pet shall be kept on or about the Premises without Landlord's prior written consent, except:
14. ☐ (If checked) **NO SMOKING:** No smoking of any substance is allowed on the Premises or common areas. If smoking does occur on the Premises or common areas, (i) Tenant is responsible for all damage caused by the smoking including, but not limited to stains, burns, odors and removal of debris; (ii) Tenant is in breach of this Agreement; (iii) Tenant, guests, and all others may be required to leave the Premises; and (iv) Tenant acknowledges that in order to remove odor caused by smoking, Landlord may need to replace carpet and drapes and paint the entire premises regardless of when these items were last cleaned, replaced, or repainted. Such actions and other necessary steps will impact the return of any security deposit. The Premises or common areas may be subject to a local non-smoking ordinance.
15. **RULES/REGULATIONS:**
- A. Tenant agrees to comply with all Landlord rules and regulations that are at any time posted on the Premises or delivered to Tenant. Tenant shall not, and shall ensure that guests and licensees of Tenant shall not, disturb, annoy, endanger or interfere with other tenants of the building or neighbors, or use the Premises for any unlawful purposes, including, but not limited to, using, manufacturing, selling, storing or transporting illicit drugs or other contraband, or violate any law or ordinance, or commit a waste or nuisance on or about the Premises.
- B. (If applicable, check one)
- ☐ 1. Landlord shall provide Tenant with a copy of the rules and regulations within _____ days or _____.
- OR ☐ 2. Tenant has been provided with, and acknowledges receipt of, a copy of the rules and regulations.
16. ☐ (If checked) **CONDOMINIUM; PLANNED UNIT DEVELOPMENT:**
- A. The Premises are a unit in a condominium, planned unit development, common interest subdivision or other development governed by a homeowners' association ("HOA"). The name of the HOA is _____. Tenant agrees to comply with all HOA covenants, conditions and restrictions, bylaws, rules and regulations and decisions ("HOA Rules"). Landlord shall provide Tenant copies of HOA Rules, if any. Tenant shall reimburse Landlord for any fines or charges imposed by HOA or other authorities, due to any violation by Tenant, or the guests or licensees of Tenant.
- B. (Check one)
- ☐ 1. Landlord shall provide Tenant with a copy of the HOA Rules within _____ days or _____.
- OR ☐ 2. Tenant has been provided with, and acknowledges receipt of, a copy of the HOA Rules.
17. **ALTERATIONS; REPAIRS:** Unless otherwise specified by law or paragraph 29C, without Landlord's prior written consent, (i) Tenant shall not make any repairs, alterations or improvements in or about the Premises including: painting, wallpapering, adding or changing locks, installing antenna or satellite dish(es), placing signs, displays or exhibits, or using screws, fastening devices, large nails or adhesive materials; (ii) Landlord shall not be responsible for the costs of alterations or repairs made by Tenant; (iii) Tenant shall not deduct from Rent the costs of any repairs, alterations or improvements; and (iv) any deduction made by Tenant shall be considered unpaid Rent.
18. **KEYS; LOCKS:**
- A. Tenant acknowledges receipt of (or Tenant will receive ☐ prior to the Commencement Date, or ☐ _____):
- ☐ _____ key(s) to Premises, _____ remote control device(s) for garage door/gate opener(s),
- ☐ _____ key(s) to mailbox, _____
- ☐ _____ key(s) to common area(s), _____
- B. Tenant acknowledges that locks to the Premises ☐ have, ☐ have not, been re-keyed.
- C. If Tenant re-keys existing locks or opening devices, Tenant shall immediately deliver copies of all keys to Landlord. Tenant shall pay all costs and charges related to loss of any keys or opening devices. Tenant may not remove locks, even if installed by Tenant.
19. **ENTRY:**
- A. Tenant shall make Premises available to Landlord or Landlord's representative for the purpose of entering to make necessary or agreed repairs, (including, but not limited to, installing, repairing, testing, and maintaining smoke detectors and carbon monoxide devices, and bracing, anchoring or strapping water heaters), decorations, alterations, or improvements, or to supply necessary or agreed services, or to show Premises to prospective or actual purchasers, tenants, mortgagees, lenders, appraisers, or contractors.
- B. Landlord and Tenant agree that 24-hour written notice shall be reasonable and sufficient notice, except as follows: (1) 48-hour written notice is required to conduct an inspection of the Premises prior to the Tenant moving out, unless the Tenant waives the right to such notice. (2) If Landlord has in writing informed Tenant that the Premises are for sale and that Tenant will be notified orally to show the premises (C.A.R. Form NSE), then, for the next 120 days following the delivery of the NSE, notice may be given orally to show the Premises to actual or prospective purchasers. (3) No written notice is required if Landlord and Tenant orally agree to an entry for agreed services or repairs if the date and time of entry are within one week of the oral agreement. (4) No notice is required: (i) to enter in case of an emergency; (ii) if the Tenant is present and consents at the time of entry; or (iii) if the Tenant has abandoned or surrendered the Premises.
- C. ☐ (If checked) Tenant authorizes the use of a keysafe/lockbox to allow entry into the Premises and agrees to sign a keysafe/lockbox addendum (C.A.R. Form KLA).
20. **SIGNS:** Tenant authorizes Landlord to place FOR SALE/LEASE signs on the Premises.
21. **ASSIGNMENT; SUBLETTING:** Tenant shall not sublet all or any part of Premises, or assign or transfer this Agreement or any interest in it, without Landlord's prior written consent. Unless such consent is obtained, any assignment, transfer or subletting of Premises or this Agreement or tenancy, by voluntary act of Tenant, operation of law or otherwise, shall, at the option of Landlord, terminate this Agreement. Any proposed assignee, transferee or sublessee shall submit to Landlord an application and credit information for Landlord's approval and, if approved, sign a separate written agreement with Landlord and Tenant. Landlord's consent to any one assignment, transfer or sublease, shall not be construed as consent to any subsequent assignment, transfer or sublease and does not release Tenant of Tenant's obligations under this Agreement.

Tenant's Initials (EV) (MU)Landlord's Initials (SL) (_____)

Reviewed by _____ Date _____

LR REVISED 12/13 (PAGE 3 OF 6)

RESIDENTIAL LEASE OR MONTH-TO-MONTH RENTAL AGREEMENT (LR PAGE 3 OF 6)Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

Residential Re



Premises: _____

Date: _____

6. LATE CHARGE; RETURNED CHECKS:

- A. Tenant acknowledges either late payment of Rent or issuance of a returned check may cause Landlord to incur costs and expenses, the exact amounts of which are extremely difficult and impractical to determine. These costs may include, but are not limited to, processing, enforcement and accounting expenses, and late charges imposed on Landlord. If any installment of Rent due from Tenant is not received by Landlord within 5 (or ☐ _____) calendar days after the date due, or if a check is returned, Tenant shall pay to Landlord, respectively, an additional sum of \$ _____ or 10 % of the Rent due as a Late Charge and \$25.00 as a NSF fee for the first returned check and \$35.00 as a NSF fee for each additional returned check, either or both of which shall be deemed additional Rent.
- B. Landlord and Tenant agree that these charges represent a fair and reasonable estimate of the costs Landlord may incur by reason of Tenant's late or NSF payment. Any Late Charge or NSF fee due shall be paid with the current installment of Rent. Landlord's acceptance of any Late Charge or NSF fee shall not constitute a waiver as to any default of Tenant. Landlord's right to collect a Late Charge or NSF fee shall not be deemed an extension of the date Rent is due under paragraph 3 or prevent Landlord from exercising any other rights and remedies under this Agreement and as provided by law.

7. PARKING: (Check A or B)

- ☐ A. Parking is permitted as follows: _____

The right to parking ☐ is ☐ is not included in the Rent charged pursuant to paragraph 3. If not included in the Rent, the parking rental fee shall be an additional \$ _____ per month. Parking space(s) are to be used for parking properly licensed and operable motor vehicles, except for trailers, boats, campers, buses or trucks (other than pick-up trucks). Tenant shall park in assigned space(s) only. Parking space(s) are to be kept clean. Vehicles leaking oil, gas or other motor vehicle fluids shall not be parked on the Premises. Mechanical work or storage of inoperable vehicles is not permitted in parking space(s) or elsewhere on the Premises.

- OR ☐ B. Parking is not permitted on the Premises.

8. STORAGE: (Check A or B)

- ☐ A. Storage is permitted as follows: _____

The right to separate storage space ☐ is ☐ is not included in the Rent charged pursuant to paragraph 3. If not included in the Rent, storage space fee shall be an additional \$ _____ per month. Tenant shall store only personal property Tenant owns, and shall not store property claimed by another or in which another has any right, title or interest. Tenant shall not store any improperly packaged food or perishable goods, flammable materials, explosives, hazardous waste or other inherently dangerous material, or illegal substances.

- OR ☐ B. Except for Tenant's personal property, contained entirely within the Premises, storage is not permitted on the Premises.

9. UTILITIES: Tenant agrees to pay for all utilities and services, and the following charges:

except _____, which shall be paid for by Landlord. If any utilities are not separately metered, Tenant shall pay Tenant's proportional share, as reasonably determined and directed by Landlord. If utilities are separately metered, Tenant shall place utilities in Tenant's name as of the Commencement Date. Landlord is only responsible for installing and maintaining one usable telephone jack and one telephone line to the Premises. Tenant shall pay any cost for conversion from existing utilities service provider.

10. CONDITION OF PREMISES: Tenant has examined Premises and, if any, all furniture, furnishings, appliances, landscaping and fixtures, including smoke detector(s).

(Check all that apply:)

- ☐ A. Tenant acknowledges these items are clean and in operable condition, with the following exceptions: _____
- ☐ B. Tenant's acknowledgment of the condition of these items is contained in an attached statement of condition (C.A.R. Form MIMO).
- ☐ C. (i) Landlord will Deliver to Tenant a statement of condition (C.A.R. Form MIMO) ☐ within 3 days after execution of this Agreement; ☐ prior to the Commencement Date; ☐ within 3 days after the Commencement Date.
(ii) Tenant shall complete and return the MIMO to Landlord within 3 (or ☐ _____) days after Delivery. Tenant's failure to return the MIMO within that time shall conclusively be deemed Tenant's Acknowledgement of the condition as stated in the MIMO.
- ☐ D. Tenant will provide Landlord a list of items that are damaged or not in operable condition within 3 (or ☐ _____) days after Commencement Date, not as a contingency of this Agreement but rather as an acknowledgment of the condition of the Premises.
- ☐ E. Other: _____

11. MAINTENANCE:

- A. Tenant shall properly use, operate and safeguard Premises, including if applicable, any landscaping, furniture, furnishings and appliances, and all mechanical, electrical, gas and plumbing fixtures, and smoke alarms, and keep them and the Premises clean, sanitary and well ventilated. Tenant shall be responsible for checking and maintaining all carbon monoxide detectors and any additional phone lines beyond the one line and jack that Landlord shall provide and maintain. Tenant shall immediately notify Landlord, in writing, of any problem, malfunction or damage with any item on the property. Tenant shall be charged for all repairs or replacements caused by Tenant, pets, guests or licensees of Tenant, excluding ordinary wear and tear. Tenant shall be charged for all damage to Premises as a result of failure to report a problem in a timely manner. Tenant shall be charged for repair of drain blockages or stoppages, unless caused by defective plumbing parts or tree roots invading sewer lines.
- B. ☐ Landlord ☐ Tenant shall water the garden, landscaping, trees and shrubs, except: _____
- C. ☐ Landlord ☐ Tenant shall maintain the garden, landscaping, trees and shrubs, except: _____
- D. ☐ Landlord ☐ Tenant shall maintain _____
- E. Tenant's failure to maintain any item for which Tenant is responsible shall give Landlord the right to hire someone to perform such maintenance and charge Tenant to cover the cost of such maintenance.
- F. The following items of personal property are included in the Premises without warranty and Landlord will not maintain, repair or replace them: _____

Tenant's Initials (EV) (MD)Landlord's Initials (SR) (_____)

Reviewed by _____ Date _____

LR REVISED 12/13 (PAGE 2 OF 6)

RESIDENTIAL LEASE OR MONTH-TO-MONTH RENTAL AGREEMENT (LR PAGE 2 OF 6)

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EXHIBIT 2

AGREEMENT

This agreement ("Agreement") is entered into effective November 28, 2017, by and between Emilio Ames Vargas and Maria De La Luz Vargas (collectively, "Vargas") and Razuki Investments, LLC, a California limited liability company, or designee/assignee ("Razuki"), each of whom is a "Party" and together are the "Parties," with reference to the following:

A. Vargas and Razuki each own an undivided fifty percent (50%) interest in the real property commonly known as 3927 Arey Drive, San Diego, CA 92154 (the "Property"). The Property is improved with a single family dwelling which Sellers occupy as their principal residence as of the date of this Agreement.

B. Vargas are currently in a Chapter 13 proceeding pending in the United States Bankruptcy Court for the Southern District of California as case no. 16-07167 ("Bankruptcy"). The Chapter 13 Trustee has asserted claims as to the Property including, but not limited to, a contention that the transfer of an undivided fifty percent (50%) interest Vargas to Razuki is voidable or void, and that Vargas has equity in the Property which the Chapter 13 claims is property of the Bankruptcy estate. Vargas have entered into a written settlement agreement with the Chapter 13 Trustee in the Bankruptcy ("Settlement Agreement") which provides, among other things, that Vargas is to pay, or cause to be paid, the total sum of forty-eight thousand dollars (\$42,500.00) to the Chapter 13 Trustee in installments, in exchange for which the Chapter 13 Trustee will abandon all claims to the Property. All of the terms and conditions of the Settlement Agreement are incorporated herein by reference. The Settlement Agreement was approved by an order entered in the Bankruptcy on November 21, 2017.

C. Vargas do not have the money to pay the amount due from them under the Settlement Agreement. Razuki is willing to pay that amount on behalf of Vargas on the terms and conditions contained in this Agreement.

1. TERMS OF THIS AGREEMENT.

1.1 *Payment of Amount Due Under Settlement Agreement.* Razuki shall pay, or cause to be paid, the amount due to the Chapter 13 Trustee in the Bankruptcy under the Settlement Agreement on behalf of Vargas.

1.2 *Deed to the Property/Replacement Deed to the Property.* The Parties shall jointly sign and deliver in recordable form to SH Westpoint Investments Group, LLC, a California limited liability company ("SH"), their Grant Deed conveying their respective interests in the Property to SH. Vargas acknowledges that SH is affiliated with Razuki. SH shall hold the Grant Deed and not record it pending Razuki's payment of the amounts due to the Chapter 13 Trustee in the Bankruptcy under the Settlement Agreement. The Parties shall jointly sign and deliver in recordable form to SH their Grant Deed conveying their respective interests

S.R

MV
E-V

in the Property to SH upon payment in full of the amounts due under the Settlement Agreement and the Chapter 13 Trustee's abandonment of the Property as described in that agreement.

1.3 ***Lease of the Property.*** Vargas shall continue to occupy the entire Premises under the terms of their lease entered into pursuant to the Purchase Agreement among them which was effective December 30, 2015 ("Purchase Agreement"). That lease shall remain in effect notwithstanding conveyance of title to the Property to SH.

2. **THIRD PARTY BENEFICIARY.** The Parties expressly agree that SH is intended to be, and is, a third party beneficiary of this Agreement.

3. **RAZUKI'S REPRESENTATIONS AND WARRANTIES.** As a material inducement to Vargas to enter into this Agreement and consummate the transaction contemplated hereby, Razuki represents and warrants to Vargas as follows:

3.1 ***Truth and Accuracy of Recitals.*** The recitals set forth in paragraphs A through C, above, are true and accurate as of the date of this Agreement and will continue to be true and accurate as of the Closing except as expressly provided in this Agreement.

3.2 ***Authority and Consents.*** Vargas have the full and unrestricted right, power, legal capacity, and authority to enter into and perform their covenants and obligations under this Agreement; deliver title of their one-half interest in the Property to SH subject only to , and unpaid real property taxes which are not yet due. No approvals or consents of any other persons or governmental authorities are required to consummate the transactions contemplated by this Agreement except performance of the Chapter 13 Trustee's obligations under the Settlement Agreement.

3.3 ***Title to the Interest and Ownership of the Property.*** Vargas are the sole owners, beneficially and legally, of their undivided one-half interest in the Property. Vargas do not own or hold, beneficially or otherwise, any interest in the Property other than their one-half interest being conveyed to SH under this Agreement. No third party has any right, title, claim or interest, whether by option, sale agreement, employment agreement, lease, rental agreement or otherwise, in or to the Vargas' one-half interest in the Property except the claims asserted by the Chapter 13 Trustee in the Bankruptcy and the liens described in the Purchase Agreement. Vargas otherwise have good, marketable and indefeasible title to, and full power of disposition over, their one-half interest in the Property. Vargas have full right, power and authority to sell, assign, transfer and deliver to SH fee title to their one-half interest in the Property in accordance with this Agreement. Vargas have not sold, assigned, conveyed, encumbered, or otherwise disposed of all or any portion of their one-half interest in the Property except as disclosed in this Agreement. No other person or entity has or claims to have any right, claim, title or interest in or to any of the Property, whether by agreement, warranty, representation, covenant, contract, action or any other source whatsoever, other than as described in this Agreement.

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3.4 ***Breach or Violation.*** The consummation of the transaction contemplated by this Agreement will not result in or constitute any of the following: (1) a breach of any term or provision of this Agreement; (2) a default or an event that, with notice, lapse of time, or both, would be a default, breach, or violation of (a) any judgment, decree, order or award of any court, governmental body or arbitrator, or any applicable law, rule, or regulation; (b) any contractual or other agreement, or; (3) result in the creation or imposition of any lien, charge or encumbrance on all or any part of the Property.

3.5 ***No Undisclosed Claims, Liabilities or Interests.*** There are no pending or threatened liens, judgments, claims against, liabilities or other interests affecting Vargas or their one-half interest in the Property except as disclosed in this Agreement.

3.6 ***Enforceability.*** This Agreement has been duly executed and delivered by Vargas and is the legal, valid, binding, and enforceable obligation of each of them, subject to applicable bankruptcy, insolvency, and similar laws affecting creditors' rights generally, and subject as to enforceability under general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

3.7 ***No Brokers or Finders.*** Vargas have not had any contact, dealings or communications with any broker or finder in connection with the transaction contemplated by this Agreement, or any other person who can claim a right to a commission or finder's fee in connection herewith. Vargas shall indemnify, defend and hold Razuki and SH harmless from and against all damages, claims, losses and expenses, including attorneys' fees, arising out of broker's, finder's or other person's claim based on alleged contact, dealings or communications with Vargas.

3.8 ***Validity and Extent of Vargas' Representations and Warranties.*** The representations, warranties and disclosures of Vargas contained in this Agreement shall be true at the Closing as though such representations, warranties and disclosures were made at the time of the Closing. The foregoing representations, warranties and disclosures are each deemed to be separate and independent; each shall remain in full force and effect and shall survive the Closing.

4. **RAZUKI'S REPRESENTATIONS AND WARRANTIES.** As a material inducement to Vargas to enter into this Agreement and consummate the transactions contemplated hereby, Razuki represents, warrants and covenants to Vargas as follows:

4.1 ***Existence and Qualification.*** Razuki is a company duly formed, validly existing and in good standing under the laws of the jurisdiction in which it was formed and has all requisite company power and authority to own and lease its assets and property and to conduct its business as currently conducted or contemplated. All ownership interests of Razuki are validly issued.

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4.2 **Authority, Consents and Financial Ability.** Razuki has the full and unrestricted right, power, legal capacity, and authority to enter into and perform Razuki's covenants and obligations under this Agreement. No approvals or consents of any persons or governmental authorities are required for Razuki to consummate the transactions contemplated by this Agreement. Razuki's execution and delivery of this Agreement has been duly authorized by all necessary company action. Razuki has the financial strength and capacity to perform each of its obligations contained in this Agreement.

4.3 **No Breach or Violation.** The consummation of the transaction contemplated by this Agreement will not result in or constitute any of the following: (1) a breach of any term or provision of this Agreement; (2) a default or an event that, with notice, lapse of time, or both, would be a default, breach, or violation of (a) Razuki's governing documents, or (b) any judgment, decree, order or award of any court, governmental body or arbitrator, or any applicable law, rule, or regulation.

4.4 **Enforceability.** This Agreement has been duly executed and delivered by Vargas and constitutes the legal, valid, binding, and enforceable obligation of Razuki, subject to applicable bankruptcy, insolvency, and similar laws affecting creditors' rights generally, and subject as to enforceability under general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

5. MISCELLANEOUS PROVISIONS.

5.1 **Notices.** Any and all notices required or permitted to be given under this Agreement shall be sent as follows:

If to Vargas:

Mr. Emilio Ames Vargas
Ms. Maria De La Luz Vargas
3927 Arey Drive
San Diego, CA 92105

If to Razuki:

Mr. Salam Razuki, Manager
Razuki Investments, LLC
7977 Broadway Avenue
Lemon Grove, CA 91954

5.2 **Integration.** The undersigned, and each of them, acknowledge and represent that no promise or inducement not expressed in this Agreement has been made in connection with this Agreement. This Agreement and the Purchase Agreement, together with the lease among the Parties pursuant to the Purchase Agreement, together contain the entire agreement and understanding between the Parties as to the subject matter of this Agreement and as to the Property, and together supersede all prior and contemporaneous oral and written agreements, discussions and representations.

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5.3 **Amendment.** This Agreement may be amended, modified or rescinded only in writing signed by the Party to be charged.

5.4 **Severability of Provisions.** If any term, covenant, condition or provision of this Agreement is held to be invalid, void or unenforceable, the remaining provisions shall remain in full force and effect.

5.5 **Captions.** Paragraph titles and captions contained in this Agreement are inserted as a matter of convenience and for reference, and are not a substantive part of this Agreement.

5.6 **Interpretation.** The Parties have jointly drafted this Agreement, and no provision or term of this Agreement shall be interpreted against any Party because that Party or its counsel drafted the term or provision.

5.7 **Additional Documents.** The Parties each agree to sign any additional documents which are reasonably necessary to carry out this Agreement or to accomplish its intent.

5.8 **Benefit and Burden.** This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, representatives, successors and assigns.

5.9 **Governing Law and Disputes.** This Agreement has been signed in the State of California, and shall be interpreted and enforced under California law. All disputes arising out of or relating to this Agreement shall be resolved in the San Diego Superior Court, and each party hereto expressly consents to the jurisdiction of that court and agrees to waive any right to change the forum and venue based on any potential argument, whether forum non convenient or otherwise.

5.10 **Authority.** Any individual signing this Agreement on behalf of any corporation, partnership, joint venture or any other person or legal entity, warrants and represents that he or she has the authority to execute this Agreement on behalf of such other person or entity.

7.11 **Representation by Counsel.** The undersigned, and each of them, acknowledge and represent that they are entering into and signing this Agreement after having received, or having the opportunity to receive, full legal advice as to their rights from legal counsel of their choice. Each of the undersigned further acknowledge and represent that they have each read this Agreement in its entirety, understand all of its terms and provisions, and sign this Agreement voluntarily and of their own free will.

5.12 **No Reliance.** The Parties have all conducted their own investigation of the facts they deem material concerning their decision to enter into this Agreement, and have not based that decision on any representation by any other Party not expressly contained in this Agreement.

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5.13 *Time of the Essence.* Time is expressly declared by the Parties to be of the essence of this Agreement and of each and every provision hereof in which time is an element or a date for performance is specified.

5.14 *Counterpart/Fax Signatures.* This Agreement may be signed in counterpart and by fax, all of which shall constitute the original of this Agreement.

5.15 *Attorneys' Fees and Costs.* The prevailing party in any action or proceeding brought to interpret and/or enforce any rights or obligations set forth in this Agreement shall be entitled to recover reasonable attorneys' fees and costs in addition to any other relief.

By: 
Emilio Ames Vargas

RAZUKI INVESTMENTS, LLC
A California limited liability company

By: 
Maria De La Luz Vargas

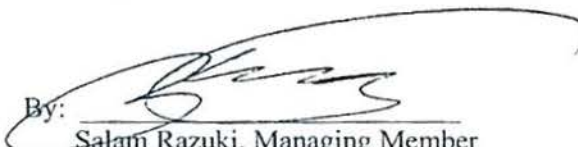
By: 
Salam Razuki, Managing Member

EXHIBIT 3

AGREEMENT FOR ABANDONMENT OF PROPERTY

This Agreement for Abandonment of Property ("Agreement") is made by and between EMILIO VARGAS and MARIA VARGAS (collectively, the "Debtors"), on the one hand, and NANCY WOLF, Trustee of the Chapter 7 Bankruptcy Estate of the Debtors (the "Trustee"), on the other hand (collectively, the "Parties"), as of the date that the last Party signs this Agreement (the "Effective Date") with reference to the following facts:

A. On November 25, 2016, the Debtors filed a voluntary petition under Chapter 7 of Title 11 of the United States Code. The commencement of the case created an estate pursuant to Section 541 of Title 11 of the United States Code (the "Estate"). On or about the same date, the Trustee was duly appointed as the Chapter 7 Trustee of the Debtors' bankruptcy Estate.

B. The Trustee has been examining the transfer by the Debtors to a third-party of a one-half interest in the Debtors' real property located at 3927 Arey Drive in San Diego, California (the "Property"). The Trustee believes that the transfer may be avoidable, and the Property liquidated for the benefit of the Estate. The transfer was not disclosed in the Debtors' Schedules or Statement of Financial Affairs. The Debtors remain in possession of the Property.

C. The Debtors wish to retain their interest in the Property and wish either to remain in possession of or convey their interest in the Property without further investigation, analysis, or action taken by the Trustee to sell, transfer, liquidate or otherwise administer the Property.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the Parties agree as follows:

1. Recitals. The recitals set forth in paragraphs A through C of this Agreement, inclusive, are incorporated herein.

2. The Debtors' Consideration. The Debtors shall pay the Trustee, for the benefit of the Estate, the total sum of \$42,500.00 (the "Settlement Payment") as follows: (a) the Debtors shall deliver to the Trustee a payment in the amount of \$27,500.00 no later than October 31, 2017; (b) the Debtors shall deliver to the Trustee six equal payments of \$2,500.00 no later than the 15th day of each month starting November 15, 2017. There shall be no penalty for early payment of any installment of the Settlement Payment. The Settlement Payment, and all installments made in satisfaction of it, shall immediately be deemed to be property of the Estate upon their delivery to the Trustee.

If payment of the Settlement Payment or any portion thereof is made by check, the check shall be payable to "Nancy Wolf, Trustee", and be delivered to the Trustee in care of her attorney, Kit J. Gardner, 501 West Broadway, Suite 800, San Diego, California 92101. If payment is made by wire, the Settlement Payment, or any portion thereof, shall be transferred pursuant to instructions provided by the Trustee.

3. The Trustee's Consideration. Contingent upon the Trustee's receipt of the entire \$42,500.00 Settlement Payment, the Trustee shall file a Trustee's Notice of Proposed Abandonment of the Property within five (5) business days after receipt of payment in full, and shall otherwise cease to administer the Property for the benefit of the Estate. Furthermore, provided that all allowable claims are paid in full, the Trustee will not oppose, but rather support, dismissal of the Debtors' case, should the Debtors seek to dismiss their case at their own expense.

4. Additional Covenants. During the time that payments are required to be made pursuant to this Agreement, the following conditions must be satisfied: (i) the Property must remain sufficiently insured for its full replacement value and the value of improvements situated thereon in order to protect it against all typical risks for the area in which the Property is situated including, without limitation, the risk of damage or destruction due to fire, and the Trustee must be added and named as an additional insured on all such policies as follows: "Nancy Wolf Trustee for the Bankruptcy Estate of Vargas"; (ii) all taxes, special taxes, assessments, charges, fines and impositions levied against or on account of the Property must be fully and timely paid including, without limitation, all real property taxes; (iii) all payments due under any promissory note, deed of trust, or other lien encumbering the Property must be fully and timely paid; (iv) at all times the Property must be maintained in a good and tenantable condition, and all repairs, replacements, and maintenance necessary to maintain and preserve the value of the Property must be promptly performed; (v) the Property must otherwise be preserved for the benefit of the Estate until such time as the Property is abandoned. The Debtors must, upon demand by the Trustee or her agents, furnish satisfactory evidence of performance of these covenants.

5. Default. A "Default" shall include: (a) any failure to fully and timely deliver any payment, in good funds, that is required to be made pursuant to Paragraph 2 of this Agreement and/or (b) failure to timely and fully perform any of the Additional Covenants set forth in paragraph 4 of this Agreement. The Debtors shall have an opportunity to cure a Default within five (5) business days from the date that notice of the Default is given in accordance with the terms of Paragraph 6 of this Agreement (governing Notices) by: (a) in the case of a default under Paragraph 2 of this Agreement, by paying the full installment amount due, plus an administrative fee of \$125.00, except that the Debtors shall not be permitted any more than two (2) defaults in payment; or (b) in the case of a default under Paragraph 4 of this Agreement by fully satisfying the covenant. In the event of any Default (except one in which a right to cure exists pursuant to the terms of this Paragraph), the Trustee may continue to administer the Property, and any payments received in satisfaction of the Settlement Payment shall be deemed property of the Estate and shall not be returned by the Trustee. Any lapse of failure by the Trustee to promptly or consistently enforce any right, condition, or contingency in this Agreement shall not be considered a waiver of that right, condition, or contingency.

6. Notices: Any notice required by this Agreement shall be in writing and shall be delivered by email and to the address below via First Class U.S. Mail. Delivery shall be deemed complete upon mailing. Changes to the addresses below must be in writing and delivered to the other party pursuant to the terms set forth in this Paragraph.

If to Debtors:
George Costa Panagiotou, Esq
3645 Ruffin Rd., Suite 200
San Diego, Ca 92123
george@thecostalegalcenter.com

If to the Trustee:
Nancy Wolf, Trustee
PO Box 420448
San Diego, CA 92142-0448

With a copy to:
Kit J. Gardner, Esq.
501 W. Broadway, Suite 800
San Diego, CA 92101
kgardner@gardnerlegal.com

7. Court Approval. The Trustee shall seek to obtain approval from the Bankruptcy Court of this Agreement upon execution by the Parties. This Agreement is expressly conditioned upon the entry of an order of the Bankruptcy Court approving the terms of this Agreement that has become final and no longer subject to appeal, review, or rehearing. In the event that such a final order is not entered, this agreement shall be null and void.

8. Entire Agreement. The Parties acknowledge that this Agreement contains their entire understanding and agreement of the matters resolved in this Agreement, and that there are no promises, representations, warranties, or undertakings other than those stated in this Agreement. The Parties further acknowledge that they have not executed this Agreement in reliance on any promise, representation, or warranty not specifically contained or referred to herein.

9. Binding on Successors. This Agreement and the covenants and conditions contained herein shall apply to, be binding upon, and inure to the benefit of the respective assignees, successors, predecessors, and agents of the Parties.

10. Construction. The Parties agree that this Agreement shall, in all respects, be interpreted, enforced, and governed by and under the laws of the State of California. This Agreement is to be deemed to have been jointly prepared by the Parties, and any uncertainty or ambiguity existing in this Agreement shall not be interpreted against any of the other parties, but according to the application of the rules of interpretation of contracts, if any such uncertainty or ambiguity exists.

11. Venue; Jurisdiction; Attorneys' Fees. In the event that any party hereto shall institute any action or proceeding to enforce, construe, or interpret any rights granted hereunder, said proceeding shall be brought in the United States Bankruptcy Court for the Southern District of California. The prevailing party in such action or proceeding shall be entitled, in addition to any other relief granted by the Court, to reasonable attorneys' fees, costs, and expenses.

12. Advice of Counsel. The Parties to this Agreement have obtained the advice and assistance of counsel concerning their settlement and this Agreement. The Parties execute this Agreement voluntarily, with full knowledge of its significance.

13. Further Assurances. The Parties agree to execute, acknowledge, deliver, file, and/or record such further certificates, documents, and instruments and to do all such further acts and things as may be necessary to carry out the provisions of this Agreement.

14. Amendment. This Agreement may only be modified if the modification in writing and is signed by the party against whom enforcement is sought.

[The remainder of this page is intentionally blank]

15. Counterparts. This Agreement may be executed in one or more counterparts and shall be binding and effective immediately upon the execution by all Parties of one or more counterparts. Further, this Agreement may be transmitted via facsimile or any other electronic means, and the signature of any Party thereon shall be deemed an original signature.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates set forth below.

Dated: 10/10/17

Emilio Vargas
EMILIO VARGAS

Dated: 10/10/17

Maria L Vargas
MARIA VARGAS

Dated: _____

NANCY WOLF, Trustee for the Estate

EXHIBIT 4

DECLARATION

(Uninsured Deed)

Emilio Ames Vargas + Maria de la Luz Vargas, each for himself and herself, declare: That they are the identical parties who made, executed and delivered that certain deed to SH Westpoint Investments Group LLC, A California Limited Liability Co. dated the 28th day of November, 2017, conveying the following described property, to-wit:

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

That no consideration or minimal consideration was paid therefore;

That possession of said premises has been surrendered to the grantee;

That in the execution and delivery of said deed I/we was not acting under any misapprehension as to the effect thereof, and acted freely and voluntarily and was not acting under coercion or duress;

That this declaration is made for the protection and benefit of the grantee in said deed, his successors and assigns, and all other parties hereafter dealing with or who may acquire an interest in the property herein described, and particularly for the benefit of First American Title which is about to insure the title to said property in reliance thereon, and any other title company which may hereafter insure the title to said property;

That I/we will testify, declare, depose, or certify before any competent tribunal, officer, or person, in any case now pending or which may hereafter be instituted, to the truth of the particular facts hereinabove set forth.

***Note: Please have this notarized by any notary other than the person who notarized the original document.

Dated: _____

SUBSCRIBED AND SWORN TO ME THIS _____ DAY OF _____, 20____

NOTARY PUBLIC