

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X

In re:

WILLOUGHBY EQUITIES LLC,

Debtor.

Chapter 11

Case No.: 24-44217 (JMM)

-----X

BIDDING PROCEDURES

A. These terms and conditions of sale (the “Terms and Conditions of Sale”) are being promulgated in connection with the United States Bankruptcy Court, Eastern District of New York (the “Bankruptcy Court”) authorized auction sale (the “Sale”) of the Debtor’s (defined below) real property commonly known as 599 Willoughby Avenue, Brooklyn, New York 11206, identified as Block 1760, Lot 72, in the Borough of Brooklyn (“Property”). The seller of the Property is Allan B. Mendelsohn, Esq., solely in his capacity as plan administrator (the “Plan Administrator” or the “Seller”) in connection with the bankruptcy estate of Willoughby Equities LLC (the “Debtor”). The Debtor is in a Chapter 11 bankruptcy case currently pending in the Bankruptcy Court under bankruptcy case number 24-44217-jmm. The Plan Administrator’s real estate broker and auctioneer is MYC & Associates, Inc. (“MYC”), 1110 South Avenue, Suite 22, Staten Island, New York 10314, Attn: Marc P. Yaverbaum; Telephone (347) 273-1258; email: sales@MYCcorp.com; and website: www.MYCcorp.com.

B. The Sale will take place on **November 13, 2025, at 11:00 a.m. (prevailing Eastern Time)** by videoconference using the Zoom platform or other comparable videoconference platform, with bidders to be advised by MYC as to how they may access the videoconference. Under no circumstances will the Sale take place earlier than forty-five (45) calendar days from the date of the entry of the order authorizing the Plan Administrator to conduct the Sale or as otherwise directed by the Bankruptcy Court.

C. Information regarding the Plan Administrator’s sale of the Property may be obtained by contacting MYC using the contact information set forth in paragraph “A” above or on MYC’s website at www.mycorp.com.

D. The Plan Administrator has entered into a stalking horse contract with Menachem Harfenes, or an LLC to be formed (the “Stalking Horse Bidder”). Some of the relevant terms of the stalking horse contract are as follows: (i) purchase price is \$3,430,000.00; (ii) not subject to a mortgage contingency; and (iii) closing will take place within thirty (30) calendar days after the scheduled auction of the Property, time being of the essence as to the Successful Bidder (defined below). The opening bid at the Sale will be \$3,680,000.00. The sale of the Property will be subject

to a buyer's premium (the "Buyer's Premium") in the amount of six percent (6%) of the purchase price, which Buyer's Premium shall be paid by the Successful Bidder. The Buyer's Premium shall be the sole commission due to MYC. The Buyer's Premium shall be deemed fully earned at the conclusion of the Sale and will be a condition of closing. In no event shall the estate be responsible for paying any portion of the Buyer's Premium to MYC.

E. In order to be permitted to bid on the Property, and by no later than the bid deadline of **5:00 p.m. (prevailing Eastern Time) on November 11, 2025**, and as a condition to be able to bid at the Sale, each prospective bidder, except for the Stalking Horse Bidder, who is deemed to be a qualified bidder, must: (i) register with MYC; (ii) deliver to MYC the original signed Terms and Conditions of Sale; and (iii) tender a bank check in the amount of \$368,000.00 (the "Qualifying Deposit") made payable to "Allan B. Mendelsohn, as Plan Administrator", which amount shall serve as a good faith deposit against payment of the purchase price by such bidder in the event that such bidder is determined to have made the highest or best bid (the "Successful Bidder").

F. Within forty-eight (48) hours after the conclusion of the Sale, the Successful Bidder of the Property shall deliver to the Plan Administrator a bank check which amount must be equal to ten (10%) percent of the successful bid, minus the Qualifying Deposit (together with the Qualifying Deposit, the "Deposit"). The Successful Bidder for the Property agrees to be bound by these Terms and Conditions of Sale and must execute a Memorandum of Sale within forty-eight (48) hours after the conclusion of the Sale. At the conclusion of the Sale, the Plan Administrator, or his representative, will return the Qualifying Deposits to all other bidders. The Plan Administrator, however, shall retain the Qualifying Deposit of the second highest bidder (the "Second Bidder"). Upon the conclusion of the closing of the sale to the Successful Bidder, the Deposit to the Second Bidder will be promptly returned without any further order from the Bankruptcy Court.

G. The Successful Bidder, or its assigns, must close title (the "Closing") to the Property on a date (the "Closing Date") that is not more than thirty (30) calendar days after the Sale, **TIME BEING OF THE ESSENCE AS TO THE SUCCESSFUL BIDDER, OR ITS ASSIGNS**. The Closing Date may be extended solely by the Plan Administrator in his sole discretion. The Closing will take place using a method and at a location that is to be determined by the Plan Administrator.

H. If applicable, the Successful Bidder, or their assigns, shall be solely responsible for and shall pay all New York City, New York State, or other applicable real property transfer taxes incurred by the transfer of the Property at the Closing. The Successful Bidder, or their assigns, acknowledges that they will be responsible for the completion of any ACRIS/transfer forms if required.

I. In connection with the Closing and Closing Date, the Successful Bidder, or their assigns, is hereby given notice that **Time is of the Essence against the Successful Bidder, or their assigns, and the failure of the Successful Bidder, or their assigns, to close for any reason whatsoever (except as otherwise provided below) including their failure to pay the balance of the purchase price on the Closing Date, will result in the Seller retaining the Deposit, as liquidated damages and the termination of the Successful Bidder's, or their assigns', right to acquire the Property under these Terms and Conditions of Sale.** The Successful Bidder, or their assigns, shall be obligated to close title to the Property and there is no contingency of any

kind or nature that will permit the Successful Bidder, or its assigns, to cancel or avoid **their** obligation under these Terms and Conditions of Sale other than the Plan Administrator's inability to deliver insurable title to the Property. Further, the Successful Bidder, or their assigns, must demonstrate, to the satisfaction of the Plan Administrator or the Bankruptcy Court, as the case may be, evidence of **their** ability to conclude the transaction upon these Terms and Conditions of Sale without delay. The Plan Administrator reserves the right to reject any bidder/offeree who the Plan Administrator, in his sole discretion, believes is not financially capable of consummating the purchase of the Property. **Expenses incurred by the Successful Bidder, or their assigns, or any competing bidder concerning the performance of any due diligence, such as obtaining title reports or environmental inspections, shall be the sole financial responsibility of such bidder, and under no circumstances shall the Plan Administrator, or the Debtor's estate, or the Plan Administrator's professionals, be liable or responsible for, or pay such expenses.**

J. In the event that the Successful Bidder for the Property, or their assigns, fails to tender the balance of the purchase price on the Closing Date or otherwise perform **their** obligations under these Terms and Conditions of Sale, the Plan Administrator, at his sole option, may immediately negotiate the Qualifying Deposit of the Second Bidder and shall be further authorized to sell the Property to the Second Bidder, or their assigns, without any further notice or approval of the Bankruptcy Court, without giving credit to the Second Bidder for the Deposit forfeited by the Successful Bidder, and upon such other terms and conditions as the Plan Administrator deems appropriate. Should the Second Bidder, or their assigns, fail to close on the Property within twenty (20) calendar days of receiving notice from the Plan Administrator, **TIME BEING OF THE ESSENCE** (at the address set forth on the bidder registration form), that said Second Bidder is now deemed the Successful Bidder, then the **Seller shall be: (a) authorized to keep the Qualifying Deposit of the Second Bidder as liquidated damages;** and (b) authorized but not obligated to sell the Property to the next highest bidder, without any further notice or approval of the Bankruptcy Court. The Second Bidder must close in accordance with the terms set forth in these Terms and Conditions of Sale.

K. The Property is being sold and delivered **"AS IS", "WHERE IS", "WITH ALL FAULTS"**, subject to all existing tenancies and occupancies, without any representations, covenants, guarantees, or warranties of any kind or nature whatsoever, and subject to, among other things: (a) any state of facts that an accurate survey may show; (b) any covenants, restrictions and easements of record; (c) any state of facts a physical inspection may show; (d) any building or zoning ordinances or other applicable municipal regulations and violations thereof except as set forth in the stalking horse contract; (e) environmental conditions; and (f) subject to all deed restrictions. By delivering their respective Qualifying Deposits, all bidders acknowledge that they have had the opportunity to review and inspect the Property, the state of title thereof and laws, rules and regulations applicable thereto, and the form of the Plan Administrator's quitclaim deed that the Plan Administrator will execute to convey the Property, and will rely solely thereon and on their own independent investigations and inspections of the Property in making their bids. All bidders acknowledge that they have conducted their own due diligence in connection with the Property and are not relying on any information provided by the Plan Administrator, MYC, or the Plan Administrator's retained professionals.

L. The Plan Administrator, MYC and the Plan Administrator's retained professionals have not

made and do not make any representations or warranties with respect to the permissible uses of the Property, the physical condition, rents, leases, expenses, operations, value of the land or buildings thereon, number of building lots, use or any other matter or thing affecting or related to the Property or the Sale, that might be pertinent to the purchase of the Property, including, without limitation: (a) the current or future real estate tax liability, assessment or valuation of the Property; (b) the potential qualification of the Property for any and all benefits conferred by or available under federal, state or municipal laws, whether for subsidies, special real estate tax treatment, insurance, mortgages, or any other benefits, whether similar or dissimilar to those enumerated; (c) the compliance or non-compliance of the Property, in its current or any future state, with applicable current or future zoning ordinances or other land use law or regulation, or the ability of the owner of the Property to obtain a change in the zoning or use, or a variance in respect to the Property; (d) the availability of any financing for the purchase, alteration, rehabilitation or operation of the Property from any source, including, but not limited to, any state, city, local government or federal government or institutional lender; (e) the current or future use of the Property; (f) the present and future condition and operating state of any and all machinery or equipment in the Property and the present or future structural and physical condition of any building thereon or its suitability for rehabilitation or renovation; (g) the ownership or state of title of any personal property in the Property; (h) the presence or absence of any laws, ordinances, rules or regulations issued by any governmental authority, agency or board and any violations thereof; (i) any present or future issues concerning subdivision or non-subdivision of the Property; or (j) the compliance or non-compliance of the Property with environmental laws and the presence or absence of underground fuel storage tanks, any asbestos or other hazardous materials anywhere in the Property. Each bidder hereby expressly agrees and acknowledges that no such representations have been made. The Plan Administrator and his retained professionals shall not be liable or bound in any manner by expressed or implied warranties, guaranties, promises, statements, representations or information pertaining to the Property, made or furnished by the Plan Administrator or any real estate broker, agent, employee, servant or other person or professional representing or purporting to represent the Plan Administrator unless such warranties, guaranties, promises, statements, representations or information are expressly and specifically set forth in a signed writing by the Plan Administrator.

M. The Plan Administrator shall convey the Property by delivery of a quitclaim deed. The quality of title shall be that which a reputable title insurance company doing business in the State of New York is willing to approve and insure. At the Plan Administrator's option, he may arrange for the issuance of a title insurance policy by a reputable title company if the Successful Bidder is unable to do so, at the sole cost and expense of the Successful Bidder.

N. Nothing contained in these Terms and Conditions of Sale shall supersede or alter any provisions of Title 11 of the United States Code (the "Bankruptcy Code") and/or of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") or otherwise interfere with the jurisdiction of the Bankruptcy Court. To the extent of any conflict between the Bankruptcy Code and/or the Bankruptcy Rules and these Terms and Conditions of Sale, the Bankruptcy Code and/or the Bankruptcy Rules shall govern. All of the terms and conditions set forth in these Terms and Conditions of Sale are subject to modification as may be directed by the Plan Administrator or by the Bankruptcy Court. The Plan Administrator reserves the right to modify these Terms and Conditions of Sale at the Sale, or thereafter, to maintain consistency with the provisions of the

Bankruptcy Code, Bankruptcy Rules, and/or orders of the Bankruptcy Court, provided that the Plan Administrator may not modify the bidding procedures prior to the Sale without a notice of such modification being filed on the Bankruptcy Court's ECF electronic case docket.

O. Neither the Plan Administrator, MYC, nor the Plan Administrator's retained professionals are liable or responsible for the payment of fees of any broker or agent that has not been retained by the Plan Administrator.

P. These Terms and Conditions of Sale will be read into the record or specifically incorporated by reference at the Sale of the Property. By making a bid for the Property, all bidders shall be deemed to have acknowledged having read and understood these Terms and Conditions of Sale and have agreed to be bound by them.

Q. The Plan Administrator shall be a party to the Sale of the Property exclusively in his capacity as Plan Administrator in the underlying bankruptcy case and not as an individual. If the Plan Administrator is unable to deliver title to the Property in accordance with these Terms and Conditions of Sale for any reason whatsoever, his only obligation will be to refund the Deposit to the Successful Bidder (or Second Bidder), and upon such refund, the Successful Bidder (or Second Bidder) will have no recourse or claim against the Plan Administrator, the Plan Administrator's retained professionals, or the Debtor's estate.

R. The Plan Administrator reserves the right to withdraw the Property from the Sale, either prior or subsequent to the auction, for any reason he deems necessary or appropriate, provided that, if the withdrawal occurs prior to the auction, a notice of such withdrawal must be filed on the Bankruptcy Court's ECF electronic case Docket.

S. By making a bid for the Property, all bidders shall be deemed to have acknowledged having read and understood these Terms and Conditions of Sale and have agreed to be bound by them.

I have read these Terms and Conditions of Sale and agree to be bound by them.

Bidder Name: _____

By (if Bidder Name is an LLC or Corp.): _____

Its (if Bidder Name is an LLC or Corp.): _____

Print Name: _____

Dated: _____