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9
10 **UNITED STATES BANKRUPTCY COURT**
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION

11 In re:
Palmdale Hills Property, LLC, and Its Related Debtors,
12 Jointly Administered Debtors and
Debtors-In-Possession.

Case No.: 8:08-bk-17206-ES
Jointly Administered With Case Nos.
8:08-bk-17209-ES; 8:08-bk-17240-ES;
8:08-bk-17224-ES; 8:08-bk-17242-ES;
8:08-bk-17225-ES; 8:08-bk-17245-ES;
8:08-bk-17227-ES; 8:08-bk-17246-ES;
8:08-bk-17230-ES; 8:08-bk-17231-ES;
8:08-bk-17236-ES; 8:08-bk-17248-ES;
8:08-bk-17249-ES; 8:08-bk-17573-ES;
8:08-bk-17574-ES; 8:08-bk-17575-ES;
8:08-bk-17404-ES; 8:08-bk-17407-ES;
8:08-bk-17408-ES; 8:08-bk-17409-ES;
8:08-bk-17458-ES; 8:08-bk-17465-ES;
8:08-bk-17470-ES; 8:08-bk-17472-ES;
and 8:08-bk-17588-ES

13 Affects:

- 14 All Debtors
15 Palmdale Hills Property, LLC
16 SunCal Beaumont Heights, LLC
17 SCC/Palmdale, LLC
18 SunCal Johannson Ranch, LLC
19 SunCal Summit Valley, LLC
20 SunCal Emerald Meadows, LLC
21 SunCal Bickford Ranch, LLC
22 Acton Estates, LLC
23 Seven Brothers, LLC
24 SJD Partners, Ltd.
25 SJD Development Corp.
26 Kirby Estates, LLC
27 SunCal Communities I, LLC
28 SunCal Communities III, LLC
 SCC Communities, LLC
 North Orange Del Rio Land, LLC
 Tesoro SF, LLC
 LB-L-SunCal Oak Valley, LLC
 SunCal Heartland, LLC
 LB-L-SunCal Northlake, LLC
 SunCal Marblehead, LLC
 SunCal Century City, LLC
 SunCal PSV, LLC
 Delta Coves Venture, LLC
 SunCal Torrance, LLC
 SunCal Oak Knoll, LLC

Chapter 11

**STIPULATION BY AND BETWEEN
LEHMAN ALI, INC. AND CHAPTER
11 TRUSTEE PURSUANT TO 11 U.S.C.
§§ 362, 363, 364, AND 507:
(1) APPROVING SENIOR SECURED
SUPERPRIORITY POSTPETITION
FINANCING; (2) GRANTING LIENS
AND PROVIDING SUPERPRIORITY
ADMINISTRATIVE EXPENSE
STATUS; AND (3) MODIFYING
AUTOMATIC STAY TO THE
EXTENT NECESSARY**

Hearing:

Date: December 10, 2009
Time: 2:00 PM
Place: Courtroom 5A

1 This stipulation (the “Stipulation”) is made by and between Lehman ALI, Inc. (“Lehman
2 ALI”), on the one hand, and the chapter 11 trustee (the “Chapter 11 Trustee”) on behalf of SunCal
3 Oak Knoll LLC (“SunCal Oak Knoll” or the “Borrower”), on the other hand. Lehman ALI, the
4 Chapter 11 Trustee and the Borrower (together, the “Parties”) hereby enter into this Stipulation and
5 agree as follows:

6 **RECITALS**

7 WHEREAS, on November 6, 7 and 19, 2008, the Voluntary Debtors¹ filed their respective
8 voluntary petitions under title 11 of the United States Code (the “Bankruptcy Code”). The
9 Voluntary Debtors continue to manage their affairs and property as debtors in possession pursuant to
10 sections 1107 and 1008 of the Bankruptcy Code.

11 WHEREAS, on November 12, 14 and 19, 2008, involuntary petitions were filed against the
12 Trustee Debtors.²

13 WHEREAS, on or about January 8, 2009, the Court entered orders for relief in the Trustee
14 Debtors’ cases.

15 WHEREAS, on or about January 15, 2009, the Court entered orders requiring the
16 appointment of a chapter 11 trustee in each of the Trustee Debtors’ cases. Thereafter, the Office of
17 the United States Trustee appointed Steven M. Speier as the Chapter 11 Trustee for the Trustee
18 Debtors.

19 WHEREAS, Lehman ALI, Northlake Holdings LLC, and OVC Holdings LLC, and Lehman
20 Commercial Paper Inc. (collectively, the “Lehman Entities”) assert secured claims against the
21

22 ¹ The Voluntary Debtors in these cases consist of : Palmdale Hills Property, LLC (Main Case) (Case No. 8:08-17206-
23 ES); Acton Estates LLC (Case No. 8:08-17236-ES); Kirby Estates, LLC (Case No. 8:08-17246-ES); North Orange Del
24 Rio Land, LLC (Case No. 8:08-17574-ES); SCC Communities, LLC (Case No. 8:08-17573-ES); SCC/Palmdale, LLC
25 (Case No. 8:08-17224-ES); Seven Brothers, LLC (Case No. 8:08-17240-ES); SJD Development Corp. (Case No. 8:08-
26 17245-ES); SJD Partners, Ltd. (Case No. 8:08-17242-ES); SunCal Beaumont Heights, LLC (Case No. 8:08-17209-ES);
SunCal Bickford Ranch LLC (Case No. 8:08-17231-ES); SunCal Communities I, LLC (Case No. 8:08-17248-ES);
SunCal Communities III, LLC (Case No. 8:08-17249-ES); SunCal Emerald Meadows LLC (Case No. 8:08-17230-ES);
SunCal Johannson Ranch, LLC (Case No. 8:08-17225-ES); SunCal Summit Valley LLC (Case No. 8:08-17227-ES); and
Tesoro SF, LLC (Case No. 8:08-17575-ES). The Voluntary Debtors and the Trustee Debtors shall be referred to herein
as the “Debtors.”

27 ² The Trustee Debtors in these cases consist of: SunCal Heartland, LLC (Case No. 8:08-17407-ES); LB-L-SunCal
28 Northlake, LLC (Case No. 8:08-17408-ES); SunCal Marblehead, LLC (Case No. 8:08-17409-ES); SunCal Century City,
LLC (Case No. 8:08-17458-ES); SunCal PSV, LLC (Case No. 8:08-17465-ES); Delta Coves Venture, LLC (Case No.
8:08-17470-ES); SunCal Torrance, LLC (Case No. 8:08-17472-ES); LB-L SunCal Oak Valley, LLC (Case No. 8:08-
17404-ES); and SunCal Oak Knoll, LLC (Case No. 8:08-17588-ES).

1 Debtors in excess of \$2.0 billion. Included within the scope of the collateral pledged to the Lehman
2 Entities is certain real and personal property owned by the Borrower and pledged to Lehman ALI.

3 WHEREAS, on April 2, 2009, Lehman ALI, the Voluntary Debtors, and the Chapter 11
4 Trustee, by and through their counsel, entered into that certain Stipulation with Lehman ALI, Inc.
5 Pursuant to 11 U.S.C. §§ 362, 363, 364, and 507: (1) Approving Senior Secured Superpriority
6 Postpetition Financing; (2) Granting Liens and Providing Superpriority Administrative Expense
7 Status; and (3) Modifying Automatic Stay to the Extent Necessary (the “April 2009 DIP
8 Stipulation”) affecting certain of the Voluntary Debtors and certain of the Trustee Debtors as set
9 forth specifically therein (the “April 2009 Borrowers”). The April 2009 DIP Stipulation was
10 approved by the Court by the entry of an order on April 17, 2009.

11 WHEREAS, pursuant to the April 2009 DIP Stipulation, among other things, (a) the April
12 2009 Borrowers were authorized to borrow from Lehman ALI, and Lehman ALI was authorized to
13 make available to each April 2009 Borrower, individual loans (collectively, the “April 2009 DIP
14 Loans”) in an aggregate amount equal to \$1,790,572.00 (the “April DIP Loan Amount”), and (b) in
15 order to secure the payment of the April 2009 DIP Loans, Lehman ALI was granted, among other
16 things, (i) continuing, valid, binding, enforceable, non-avoidable and automatically and properly
17 perfected, senior postpetition security interests in and liens (the “April 2009 DIP Liens”) on any and
18 all presently owned and hereafter acquired personal property, real property and other assets of April
19 2009 Borrowers, whether owned or consigned by or to, or leased from or to April 2009 Borrowers,
20 regardless of where located, including, without limitation, the assets set forth in clauses (1) through
21 (4) of paragraph 8 of the April 2009 DIP Stipulation (collectively, the “April 2009 DIP Collateral”),
22 and (ii) an allowed superpriority administrative expense claim in these Cases (the “April 2009 DIP
23 Superpriority Claim”) for all April 2009 DIP Loans, subject only to the Senior Danske Claims (as
24 defined in the April 2009 DIP Stipulation) in respect of any collateral securing the Senior Danske
25 Claims.

26 WHEREAS, on February 19, 2009, CST Environmental, Inc. (“CST Environmental”) filed
27 proof of claim no. 4 against SunCal Oak Knoll asserting a secured claim in the amount of
28 \$4,316,169.56 (the “CST Environmental Claim”).

1 NOW THEREFORE, in consideration of the mutual covenants contained herein, and other
2 good and valuable consideration (the receipt and sufficiency of which are acknowledged), it is
3 hereby stipulated and agreed by and between the Parties as follows:

4 **AGREEMENT**

5 1. **Court Approval.** The provisions of this Stipulation are subject to approval of the
6 Court and shall have no force and effect until approved by the Court. Immediately upon entry of an
7 order approving this Stipulation by the Court (notwithstanding any applicable law or rule to the
8 contrary), the terms and provisions of this Stipulation shall become valid and binding upon and inure
9 to the benefit of Lehman ALI, the Borrower, the other Lehman Entities, all other creditors of the
10 Borrower, the Official Committee of Unsecured Creditors appointed in the Trustee Debtors' cases,
11 and all other parties in interest and their respective successors and assigns, including any successor
12 trustee, trustee or other fiduciary hereafter appointed in any of the Trustee Debtors' cases or upon
13 dismissal of any of the Trustee Debtors' cases.

14 2. **DIP Financing.** Borrower is authorized to borrow from Lehman ALI, and Lehman
15 ALI shall make available to Borrower, a loan (the "**DIP Loan**") in an aggregate amount not to exceed
16 \$4,400,000.00 (the "**DIP Loan Amount**"), (i) \$3,701,700.00 of which shall be used by the Borrower
17 solely for the purpose of paying the costs and expenses related to the abatement, demolition and
18 securing of the hospital structure and of certain outbuildings and related structures located on real
19 property owned by the Borrower commonly referred to as the Oak Knoll project (the "**Oak Knoll**
20 **Project**") to be performed by CST Environmental and (ii) \$698,300.00 of which shall be used by the
21 Borrower for the purpose of paying CST Environmental as a critical vendor with respect to
22 prepetition services relating to the Oak Knoll Project performed by CST Environmental. The
23 Borrower shall maintain appropriate documentation related to the expenditure of any and all of the
24 DIP Loan Amount. The Borrower shall provide to Lehman ALI, upon its reasonable request, a
25 breakdown of all amounts spent as of the date of the request and provide all documentation relating
26 to the monies spent as of the date of the request. Funding under the DIP Loan shall only be available
27 through and including June 1, 2010. Any amounts borrowed under the DIP Loan that are not
28 expended by, and remain in the possession of, the Borrower by July 1, 2010, shall be immediately

1 refunded to Lehman ALI on such date and shall be applied by Lehman ALI to the payment of the
2 accrued and unpaid interest on and then to the repayment of the outstanding principal of the DIP
3 Loan.

4 3. Allowance and Transfer of CST Environmental Claim. The CST Environmental
5 Claim is hereby allowed as a general unsecured claim in the amount of \$3,617,869.56, which
6 amount is the filed amount of such claim less the proceeds of the DIP Loan to be paid to CST
7 Environmental in accordance with paragraph 2 herein. In consideration for Lehman ALI's
8 agreement to fund such payment, CST Environmental has agreed to transfer the CST Environmental
9 Claim to Lehman ALI. All rights and benefits in connection with the CST Environmental Claim
10 shall be transferred to Lehman ALI, with the sole exception of the right to vote on any plan of
11 reorganization or liquidation in these cases, which right is hereby waived by Lehman ALI. Lehman
12 ALI shall file evidence of the terms of such transfer pursuant to Rule 3001(e) of the Federal Rules of
13 Bankruptcy Procedure as soon as practicable after the entry of an order approving this Stipulation.

14 4. Interest. The DIP Loan shall accrue interest at the rate of ten percent (10%) per
15 annum, payable on the Maturity Date (as defined below). There are no other fees associated with the
16 DIP Loan. All accrued interest on the DIP Loan shall be added to the outstanding principal amount
17 of the DIP Loan and shall be repaid by the Borrower to Lehman ALI by the Maturity Date.

18 5. Maturity Date/Plan Treatment. The Chapter 11 Trustee and Borrower expressly
19 stipulate and acknowledge that the DIP Loan shall be treated as an administrative expense under the
20 Bankruptcy Code and, as such, must be paid in full, in cash, on the effective date of any confirmed
21 plan of reorganization or liquidation. The DIP Loan shall be due and payable in full, in cash,
22 without notice or demand, upon the effective date of any confirmed plan of reorganization or
23 liquidation in the above-captioned cases (the "Cases"), or, in the event no plan is confirmed in the
24 Cases, the earlier of dismissal of the Cases or conversion of the Cases to chapter 7 (the "Maturity
25 Date").

26 6. DIP Obligations. This Stipulation constitutes and evidences the validity and binding
27 effect of the DIP Loan, which obligations shall be enforceable against the Borrower, its estate and
28 any successors thereto, including without limitation, any successor trustee, trustee or other estate

1 representative appointed in the Trustee Debtors' Cases, or any case under chapter 7 of the
2 Bankruptcy Code upon the conversion of any of the Trustee Debtors' Cases, or in any other
3 proceedings superseding or related to any of the foregoing. The DIP Loan includes all loans,
4 reimbursement obligations, and any other indebtedness or obligations, contingent or absolute, which
5 may now or from time to time be owing by the Borrower under this Stipulation, including, without
6 limitation, all principal, accrued interest, costs, fees, expenses and other amounts owed pursuant to
7 the DIP Loan.

8 7. DIP Liens and DIP Collateral. In order to secure the payment of the DIP Loan,
9 Lehman ALI is hereby granted continuing, valid, binding, enforceable, non-avoidable and
10 automatically and properly perfected, senior postpetition security interests in and liens (the "DIP
11 Liens") on any and all presently owned and hereafter acquired personal property, real property and
12 other assets of Borrower, whether owned or consigned by or to, or leased from or to Borrower,
13 regardless of where located, including, without limitation, the assets set forth in clauses (1) through
14 (4) below (collectively, the "DIP Collateral"): (1) all presently owned and hereafter acquired assets
15 of the Borrower and its estate, and any proceeds and products thereof, including without limitation,
16 accounts, deposit accounts, cash, as-extracted collateral, chattel paper, investment property, letter-of-
17 credit rights, securities accounts, commercial tort claims, investments, instruments, documents,
18 inventory, contract rights, general intangibles, intellectual property, real property, fixtures, goods,
19 equipment and other fixed assets and proceeds and products of all of the foregoing (including
20 insurance proceeds); (2) proceeds of avoidance actions against the Lehman Entities under chapter 5
21 of the Bankruptcy Code; (3) any rights under Section 506(c) of the Bankruptcy Code; and (4) any
22 unencumbered assets of the Borrower.

23 8. DIP Lien Priority. Except with respect to any liens granted to Lehman ALI in
24 connection with post-petition loans made by Lehman ALI to the Borrower, which remain senior to
25 the DIP Liens, the DIP Liens securing the DIP Loans shall be senior in priority and superior to all
26 other security interests, mortgages, collateral interests, liens or claims on or to any of the DIP
27 Collateral. Other than as set forth herein, the DIP Liens shall not be made subject to or *pari passu*
28 with any lien or security interest heretofore or hereinafter granted in these cases. The DIP Liens

1 shall be valid and enforceable against any successor trustee, trustee or other estate representative
2 appointed in the Trustee Debtors' Cases or upon the conversion of any of the Trustee Debtors' Cases
3 to a case under chapter 7 of the Bankruptcy Code, and/or upon the dismissal of any of the Trustee
4 Debtors' Cases. The DIP Liens shall not be subject to sections 506(c), 510, 549, or 550 of the
5 Bankruptcy Code. No lien or interest avoided and preserved for the benefit of any estate pursuant to
6 section 551 of the Bankruptcy Code shall be made *pari passu* with or senior to the DIP Liens.

7 9. DIP Superpriority Claim. In order to further secure the payment of the DIP Loan,
8 Lehman ALI is hereby granted, pursuant to section 364(c)(1) and 507(b) of the Bankruptcy Code, an
9 allowed superpriority administrative expense claim against the Borrower (the "DIP Superpriority
10 Claim") for the DIP Loan. Except with respect to any superpriority claims granted to Lehman ALI
11 in connection with post-petition loans made by Lehman ALI to the Borrower and paid fees and
12 expenses of the Trustee and any professionals retained by the Trustee and the Official Committee of
13 Unsecured Creditors in the Trustee Debtors' Cases, which shall remain senior to the DIP
14 Superpriority Claim, the DIP Superpriority Claim shall have priority over any and all administrative
15 expenses and unsecured claims against the Borrower or its estate, at any time existing or arising, of
16 any kind or nature whatsoever, including, without limitation, administrative expenses of the kinds
17 specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 365, 503(a), 503(b), 506(c),
18 507(a), 507(b), 546(c), 546(d), 726 (to the extent permitted by law), and any other provision of the
19 Bankruptcy Code, and at all times be senior to the rights of the Borrower and its estate, any
20 successor trustee or other estate representative to the extent permitted by law, or any other creditor
21 of the Borrower.

22 10. Modification of Automatic Stay. The automatic stay imposed under section 362(a) of
23 the Bankruptcy Code is modified as necessary to effectuate all of the terms and provisions of this
24 Stipulation, including, without limitation, to: (a) permit the Borrower to grant the DIP Liens and
25 DIP Superpriority Claim; (b) permit the Borrower to perform such acts as Lehman ALI may request
26 to assure the perfection and priority of the liens granted herein; (c) permit the Borrower to incur all
27 liabilities and obligations to Lehman ALI in connection with the DIP Loan; (d) authorize the
28 repayment by the Borrower of the DIP Loan to Lehman ALI and the retention and application of

1 such payments by Lehman ALI in accordance with the terms of this Stipulation; and (e) enable the
2 enforcement, protection and preservation of the DIP Loan, the DIP Liens, the DIP Collateral and all
3 of the rights and remedies with respect thereto or otherwise under this Stipulation.

4 11. Perfection of DIP Liens. This Stipulation shall be sufficient and conclusive evidence
5 of the validity, perfection, and priority of the DIP Liens without the necessity of filing or recording
6 any financing statement, mortgage, notice, or other instrument or document which may otherwise be
7 required under the law or regulation of any jurisdiction or the taking of any other action (including,
8 for the avoidance of doubt, entering into any deposit account control agreement) to validate or
9 perfect (in accordance with applicable non-bankruptcy law) the DIP Liens, or to entitle Lehman ALI
10 to the priorities granted herein. Notwithstanding the foregoing, Lehman ALI is authorized to file, as
11 it deems necessary or advisable in its sole discretion, such financing statements, mortgages, notices
12 and other instrument or documents to perfect in accordance with applicable non-bankruptcy law or
13 to otherwise evidence the DIP Liens, and all such financing statements, mortgages, notices and other
14 documents shall be deemed to have been filed or recorded as of the commencement of the Trustee
15 Debtors' Cases; provided, however, that no such filing or recordation shall be necessary or required
16 in order to create, evidence or perfect the DIP Liens. The Borrower is authorized and directed to
17 execute and deliver promptly upon demand to Lehman ALI all such financing statements,
18 mortgages, title insurance policies, notices, instruments, and other documents as Lehman ALI may
19 reasonably request. Lehman ALI, in its sole discretion, may file a photocopy of this Stipulation as a
20 financing statement or notice with any filing or recording office or with any registry of deeds or
21 similar office, in addition to or in lieu of such financing statements, mortgages, notices of lien,
22 instrument, or similar document.

23 12. Events of Default. The following occurrences shall constitute an "Event of Default"
24 under this Stipulation: (a) failure of the Borrower to comply with any term of this Stipulation; or (b)
25 the use of the proceeds of DIP Loan other than in strict compliance with the terms of this Stipulation;
26 or (c) the failure to repay the DIP Loan on the Maturity Date.

27 13. Remedies. Immediately upon the occurrence and during the continuation of an Event
28 of Default, Lehman ALI shall: (a) declare, via written notice to counsel for the Trustee, the DIP

1 Loan to be immediately due and payable; (b) terminate, reduce or restrict the use of any of the
2 proceeds of the DIP Loan or any further commitment to extend credit to the Borrower to the extent
3 any such commitment remains; and/or (c) seek relief from the automatic stay under section 362 of
4 the Bankruptcy Code.

5 14. Good Faith. Lehman ALI and the Borrower have acted in good faith in connection
6 with the Stipulation. In accordance with section 364(e) of the Bankruptcy Code, in the event any or
7 all of the provisions of this Stipulation are hereafter modified, amended or vacated by a subsequent
8 order of this Court or any other court, Lehman ALI is entitled to the protections provided in section
9 364(e) of the Bankruptcy Code. Any such modification, amendment or vacatur shall not affect the
10 extent, validity, perfection, priority, allowability, enforceability or non-avoidability of any advances
11 previously made or made hereunder, or lien, claim or priority granted, perfected, authorized or
12 created hereby. Any liens or claims granted to Lehman ALI hereunder arising prior to the effective
13 date of any such modification, amendment or vacatur of this Stipulation shall be governed in all
14 respects by the original provisions of this Stipulation, including entitlement to all rights, remedies,
15 privileges and benefits granted herein.

16 15. Section 552(b). Lehman ALI shall be entitled to all of the rights and benefits of
17 section 552(b) of the Bankruptcy Code solely with respect to the DIP Loan.

18 16. Reservation of Rights. Notwithstanding anything to the contrary herein, this
19 Stipulation is without prejudice to, and does not constitute a waiver of, expressly or implicitly, any
20 rights, claims or privileges (whether legal, equitable or otherwise) of the Parties with respect to any
21 issues that are not expressly addressed herein. Specifically, the Parties reserve all rights in all
22 aspects of pending litigation between them, including any matters involving equitable subordination
23 of the claims and liens held by the Lehman Entities, substantive consolidation of any of the estates in
24 these Cases, or any other action against the Lehman Entities. The Parties further agree that entry
25 into this Stipulation, and extension of the DIP Loan contemplated hereunder, shall not be used in any
26 manner in litigation amongst the Parties, whether as, for instance, a basis for or against substantive
27 consolidation or otherwise.

28 17. No Modification. Until and unless the DIP Loan has been indefeasibly paid in full, in

1 cash, to Lehman ALI pursuant to the terms of this Stipulation and all commitments to extend the DIP
2 Loan have been terminated, the Borrower irrevocably waives the right to seek and shall not seek or
3 consent to, directly or indirectly, without the prior written consent of Lehman ALI (which consent
4 may be granted or withheld in Lehman ALI's sole and absolute discretion) (i) any modification, stay,
5 vacatur or amendment to this Stipulation (and no such consent shall be implied by any other action,
6 inaction or acquiescence of Lehman ALI); or (ii) a priority claim for any administrative expense or
7 unsecured claim against the Borrower (now existing or hereafter arising of any kind or nature
8 whatsoever, including, without limitation any administrative expense of the kind specified in
9 sections 503(b), 507(a) or 507(b) of the Bankruptcy Code) in its case or any successor case equal or
10 superior to the DIP Superpriority Claim; or (iii) any lien on any of the DIP Collateral with priority
11 equal or superior to the DIP Liens.

12 18. Jurisdiction. The Court shall retain jurisdiction to resolve any disputes or
13 controversies arising from or related to this Stipulation.

14 19. Further Cooperation. The Parties agree to and will cooperate fully with each other in
15 the performance of this Stipulation, and will execute such additional agreements, documents or other
16 instruments as may reasonably be required to carry out the intent of this Stipulation.

17 20. Signatures. This Stipulation may be signed in any number of counterparts (and by
18 each Party hereto on different counterparts), each of which constitutes an original, but all such
19 counterparts when taken together shall constitute one and the same agreement. This Stipulation may
20 be executed by facsimile signature and delivered by facsimile transmission with the same effect as
21 delivery of a manually executed counterpart of this Stipulation.

22 21. Compromise. Neither this Stipulation nor anything contained in this Stipulation shall
23 be construed as, treated as or characterized as an admission by any Party of any fact or liability or as
24 evidence of any allegation of any Party. Neither this Stipulation nor anything in this Stipulation
25 shall be admissible in any proceeding as evidence of liability or wrongdoing by any of the Parties.
26 This Stipulation may be introduced, however, in any proceeding to enforce the terms of this
27 Stipulation.

28 22. Authority. Each person who signs this Stipulation represents and warrants that he or

1 she has the authority and capacity to act on behalf of the Party for whom he or she is signing and to
2 bind that Party to the terms of this Stipulation.

3 23. Entire Agreement. This Stipulation contains the entire agreement between the Parties
4 and may not be amended or modified except by a writing executed by the Parties. All prior oral and
5 written agreements, if any, are expressly superseded hereby and are of no further force and effect.

6 WEIL, GOTSHAL & MANGES LLP

7 - and -

8 Dated: December 7, 2009

PACHULSKI STANG ZIEHL & JONES LLP

9
10 By /s/ Dean A. Ziehl
Richard M. Pachulski
Dean A. Ziehl

11
12 Attorneys for Lehman ALI, Inc., Northlake
Holdings LLC and OVC Holdings LLC

13 Dated: December 7, 2009

THE LOBEL FIRM, LLP

14
15 By /s/ Mike D. Neue
William N. Lobel
Mike D. Neue
16 General Insolvency Counsel for Steven M.
17 Speier, the Chapter 11 Trustee for the
18 Trustee Debtors

In re:
PALMDALE HILLS PROPERTY, LLC. AND ITS RELATED DEBTORS,

Debtor(s).

CHAPTER 11

CASE NUMBER 08-17206-ES

NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

10100 Santa Monica Blvd., 11th Floor, Los Angeles, CA 90067

A true and correct copy of the foregoing document described as **STIPULATION BY AND BETWEEN LEHMAN ALI, INC. AND CHAPTER 11 TRUSTEE PURSUANT TO 11 U.S.C. §§ 362, 363, 364, AND 507: (1) APPROVING SENIOR SECURED SUPERPRIORITY POSTPETITION FINANCING; (2) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS; AND (3) MODIFYING AUTOMATIC STAY TO THE EXTENT NECESSARY** will be served or was served (a) on the **judge in chambers** in the form and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (“NEF”) – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) (“LBR”), the foregoing document will be served by the court via NEF and hyperlink to the document. On December 8, 2009 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL(indicate method for each person or entity served):

On _____ I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. *Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.*

Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served):

Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on December 8, 2009 I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. *Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.*

JUDGE’S COPY [Hand Delivery]

The Honorable Erithe A. Smith
United States Bankruptcy Court - Central District of California
Ronald Reagan Federal Building and
United States Courthouse
411 West Fourth Street, Suite 5041
Santa Ana, CA 92701-4593

Service information continued on attached page

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

December 8, 2009
Date

Melisa DesJardien
Type Name

/s/ Melisa DesJardien
Signature

In re:
PALMDALE HILLS PROPERTY, LLC. AND ITS RELATED DEBTORS,
Debtor(s).

CHAPTER 11

CASE NUMBER 08-17206-ES

I. SERVED BY NEF

8:08-bk-17206-ES Notice will be electronically mailed to:

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In re:
PALMDALE HILLS PROPERTY, LLC. AND ITS RELATED DEBTORS,

Debtor(s).

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CASE NUMBER 08-17206-ES

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In re:
PALMDALE HILLS PROPERTY, LLC. AND ITS RELATED DEBTORS,

Debtor(s).

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In re:
PALMDALE HILLS PROPERTY, LLC. AND ITS RELATED DEBTORS,

Debtor(s).

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