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7 *Proposed Attorneys for the Debtors and*  
 8 *Debtors in Possession*

9 **UNITED STATES BANKRUPTCY COURT**  
 10 **NORTHERN DISTRICT OF CALIFORNIA**  
 11 **SANTA ROSA DIVISION**

**KELLER BENVENUTTI KIM LLP**  
 425 MARKET STREET, 26TH FLOOR  
 SAN FRANCISCO, CALIFORNIA 94105

12 In re:  
 13 LEFEVER MATTSON, a California  
 corporation, *et al.*,<sup>1</sup>  
 14 Debtors.

Lead Case No. 24-10545 (CN)

Chapter 11 (Jointly Administered)

**DEBTORS' OMNIBUS REPLY IN SUPPORT  
 OF FIRST DAY MOTIONS**

**Date:** October 15, 2024  
**Time:** 1:30 p.m. (Pacific Time)  
**Place:** (Tele/Videoconference  
**Appearances Only)**  
 United States Bankruptcy Court  
 450 Golden Gate Avenue  
 Courtroom 17, 16th Floor  
 San Francisco, CA 94102

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 26 <sup>1</sup> The last four digits of LeFever Mattson's tax identification number are 7537. Due to the  
 27 large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the  
 28 last four digits of their federal tax identification numbers is not provided herein. A complete list  
 of such information may be obtained on the website of the Debtors' claims and noticing agent at  
<https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B,  
 Citrus Heights, CA 95621.



1 LeFever Mattson, a California corporation (“LeFever Mattson”), and certain of its affiliates  
2 that are debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases  
3 (the “Chapter 11 Cases”), hereby submit this reply in support of the following motions (the “First  
4 Day Motions”) which are set for hearing before the Court at the above-captioned date and time:

- 5 A. “**Cash Collateral Motion.**” *Motion of Debtors for Interim and Final Orders*  
6 *Authorizing Debtors to Use Cash Collateral* [Dkt. No. 17].
- 7 B. “**Cash Management Motion.**” *Motion of Debtors for Interim and Final Orders*  
8 *(I) Approving Continued Use of the Debtors’ Cash Management System and Bank*  
9 *Accounts; (II) Authorizing the Debtors to Open and Close Bank Accounts; and*  
10 *(III) Authorizing Banks to Honor Certain Prepetition Transfers* [Dkt. No. 13].
- 11 C. “**Employee Wages and Benefits Motion.**” *Motion of Debtors for Interim and*  
12 *Final Orders Authorizing the Debtors to (A) Pay Prepetition Employee Wages,*  
13 *Benefits, and Related Items; and (B) Continue Certain Employee Compensation*  
14 *and Benefit Programs in the Ordinary Course* [Dkt. No. 16].
- 15 D. “**Insurance Motion.**” *Motion of Debtors for Interim and Final Orders Authorizing*  
16 *the Debtors to Maintain Insurance Programs and Pay Obligations with Respect*  
17 *There to* [Dkt. No. 14].
- 18 E. “**Tax Motion.**” *Motion of Debtors for Interim and Final Orders Authorizing*  
19 *Payment of Certain Prepetition Taxes and Assessments and Granting Related*  
20 *Relief* [Dkt. No. 15].
- 21 F. “**Utilities Motion.**” *Motion of Debtors for Interim and Final Orders Establishing*  
22 *Adequate Assurance Procedures with Respect to the Debtors’ Utility Providers*  
23 [Dkt. No. 12].
- 24 G. “**Windscape Cash Collateral Motion.**” *Motion of Debtor for an Order*  
25 *Authorizing the Use of Cash Collateral on an Interim Basis* [Case No. 24-10417,  
26 Dkt. No. 22]
- 27 H. “**Windscape Cash Management Motion.**” *Motion of Debtor for Interim Order*  
28 *Approving Continued Use of Cash Management System, Bank Account, and*  
*Business Forms* [Case No. 24-10417, Dkt. No. 23]

24 **I. INTRODUCTION**

25 **A. Windscape Apartments, LLC First Day Motions**

26 Debtor Windscape Apartments, LLC filed its voluntary chapter 11 petition on August 6,  
27 2024. The Windscape Cash Collateral Motion and Windscape Cash Management Motion were  
28 filed on August 14, 2024, and first came on for hearing before this Court on August 23, 2024.

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1 Prior to this hearing one or both of the motions drew objections from the United States Trustee,  
2 Kenneth Mattson, Duggan’s Memorial Chapel, and Socotra Capital. [Case No. 24-10417, Dkt.  
3 Nos. 35, 36, 38, and 42]. After the hearing, the Court entered orders on both motions granting  
4 interim relief [Case No. 24-10417, Dkt. Nos. 55 and 56] and set a further hearing for September 13,  
5 2024. Prior to the September 13 hearing, the motions drew another objection from Citizens  
6 Business Bank [Case No. 24-10417, Dkt. No. 61]. At the September 13 hearing, the Court  
7 continued the hearing on the Windscape Cash Collateral Motion and Windscape Cash  
8 Management Motion to September 18. At the September 18 hearing, the Court continued the  
9 hearing on these motions to October 15.

10 **B. LeFever Mattson First Day Motions**

11 LeFever Mattson and 57 of its affiliates filed voluntary chapter 11 petitions on  
12 September 12, 2024. The Debtors filed the Cash Collateral Motion, Cash Management Motion,  
13 Employee Wages and Benefits Motion, Tax Motion, Insurance Motion, and Utilities Motion on  
14 September 12 and 13, 2024, and they first came on for hearing on September 18, 2024. The Cash  
15 Collateral Motion, Cash Management Motion, and Employee Wages and Benefits Motion drew  
16 an omnibus objection from the UST [Dkt. No. 37]. The Cash Collateral Motion and Cash  
17 Management Motion drew an objection from Socotra [Dkt. No. 31]. The Cash Collateral Motion  
18 also drew five objections (with respect to five different Debtors) from Umpqua Bank [Dkt.  
19 Nos. 32, 33, 34, 35, and 36]. After the September 18 hearing, the Court granted interim relief as  
20 to the Cash Collateral Motion [Dkt. No. 124], Cash Management Motion [Dkt. No. 59], Employee  
21 Wages and Benefits Motion [Dkt. No. 60], Insurance Motion [Dkt. No. 61], and Utilities Motion  
22 [Dkt. No. 62]. The Court did not grant interim relief as to the Tax Motion. The Court set a final  
23 hearing for these six motions for October 15, together with the Windscape Cash Collateral Motion  
24 and the Windscape Cash Management Motion.

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1 **II. ARGUMENT**

2 **A. Motions That Drew No Opposition**

3 The following First Day Motions were not opposed, either for interim relief or final relief.  
4 The Debtors request that the Court enter orders granting each of these First Day Motions on a final  
5 basis, in forms substantially similar to those attached to the First Day Motions.

- 6 • Insurance Motion
- 7 • Utilities Motion
- 8 • Tax Motion

9 **B. Motions That Drew Responses to Interim Relief, But Are Resolved**

10 The following First Day Motions drew objections from the United States Trustee prior to  
11 the First Day Hearing. The Debtors believe the outstanding issues in these First Day Motions have  
12 been resolved, and request that the Court enter orders granting these First Day Motions on a final  
13 basis, in forms substantially similar to those attached to the First Day Motions. The Debtors will  
14 request that the United States Trustee approve these orders as to form prior to submitting them.

- 15 • Employee Wages and Benefits Motion
- 16 • Cash Management Motion
- 17 • Windscape Cash Management Motion

18 **C. Cash Collateral Motion and Windscape Cash Collateral Motion**

19 The Court entered the *Order Authorizing Debtors to Use Cash Collateral on an Interim*  
20 *Basis* on September 26, 2024 [Dkt. No. 124] (the “Interim Cash Collateral Order”). Pursuant to  
21 the Interim Cash Collateral Order, the Debtors are authorized to provide Accepting Lenders with  
22 adequate protection and may use their Cash Collateral to pay Property Level Expenses as set forth  
23 in the Property Budgets, while the Debtors do not have authority to use the Cash Collateral of  
24 Nonaccepting Lenders, unless and except to the extent that such Nonaccepting Lender consents to  
25 such use in writing. This framework has worked well in practice, as evidenced by the fact that  
26 only one secured lender—Socotra Capital, a Nonaccepting Lender—filed an objection to entry of  
27 a final order on Cash Collateral [Dkt. No. 133] (the “Socotra Limited Objection”).<sup>2</sup>

28 \_\_\_\_\_  
<sup>2</sup> The Debtors have negotiated stipulations (in the case of Duggans and the Bragg Trust,

1 The Socotra Limited Objection makes a number of demands that sound in the nature of  
 2 adequate protection, from restrictions on uses of Cash Collateral to adequate protection payments  
 3 on rent-generating properties. The Debtors respectfully submit that the demands in the Socotra  
 4 Limited Objection are not responsive to the relief sought in the Cash Collateral Motion and present  
 5 no actual issues for the Court to resolve. Socotra has advised the Debtors that it is a Nonaccepting  
 6 Lender within the meaning of the Cash Collateral Motion, which means that the Debtors do not  
 7 request authority to use Socotra’s Cash Collateral (absent, of course, Socotra’s consent). Adequate  
 8 protection must be provided where “required” under sections 362, 363, or 364 of the Bankruptcy  
 9 Code. 11 U.S.C. § 361. Section 363(c)(2), the basis for the Cash Collateral Motion, would be  
 10 relevant if the Debtors were seeking authority to use Socotra’s Cash Collateral without its consent.  
 11 But because the Debtors are not seeking such relief, Socotra is not entitled to adequate protection  
 12 under section 361 of the Bankruptcy Code.<sup>3</sup>

13 Accordingly, the Debtors respectfully request that the Court enter a final order adopting  
 14 the terms of the Interim Cash Collateral Order and applying those same terms to the Windscape  
 15 Cash Collateral Motion.

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 23 drafts of which are attached hereto as Exhibits A and B), or are in the process of negotiating  
 stipulations (in the case of Umpqua Bank), that will be presented to the Court at the hearing or  
 soon thereafter.

24 <sup>3</sup> If the Debtors seek financing that involves the impairment of Socotra’s properties under  
 25 section 364, or if Socotra seeks relief from stay under section 362, the issue of adequate protection  
 26 may then need to be addressed. Similarly, should the Debtors move for use of Socotra’s Cash  
 Collateral over its objection, the issue will be ripe. However, given the limited relief sought in the  
 27 Cash Collateral Motion, Socotra’s demands for adequate protection are without statutory basis.  
 To the extent that the Court is inclined to consider Socotra’s demand pursuant to section 363(e) –  
 28 which is nowhere cited in Socotra’s brief – the Debtors request that the matter be set for a hearing  
 at which the Debtors can present evidence on what (if anything) would constitute appropriate  
 relief.

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**III. CONCLUSION**

For the foregoing reasons, the Debtors request that the Court enter orders granting the First Day Motions.

Dated: October 11, 2024

**KELLER BENVENUTTI KIM LLP**

By: /s/ Thomas B. Rupp

Thomas B. Rupp

*Proposed Attorneys for the Debtors and Debtors in Possession*

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**EXHIBIT A**  
**(Draft Duggans Stipulation)**

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9 UNITED STATES BANKRUPTCY COURT  
10 NORTHERN DISTRICT OF CALIFORNIA  
11 SANTA ROSA DIVISION

12  
13 In re  
14 LEFEVER MATTSON, a California  
corporation, et al.<sup>1</sup>,  
15 Debtor in Possession.

Case No. 24-10545  
(Jointly Administered)  
Chapter 11  
**STIPULATION FOR USE OF CASH  
COLLATERAL (DUGGANS MISSION  
CHAPEL)**

18  
19 This Stipulation for Use of Cash Collateral ("Stipulation") is made by and among  
20 Windscape Apartments LLC (the "Debtor"), and Duggans Mission Chapel ("Lender"), by and  
21 through their counsel of record in the above-entitled Chapter 11 cases in reference to and  
22 consideration of the following:

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25 <sup>1</sup> The last four digits of LeFever Mattson's tax identification number are 7537. Due to the  
26 large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last  
27 four digits of their federal tax identification numbers is not provided herein. A complete list of such  
28 information may be obtained on the website of the Debtors' proposed claims and noticing agent at  
<https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B,  
Citrus Heights, CA 95621.



**RECITALS**

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2           A.     On August 6, 2024 (the "Petition Date"), the Debtor filed a voluntary petition under  
3 Chapter 11 of the United States Bankruptcy Code initiating the above-entitled Chapter 11 Case (the  
4 "Case").

5           B.     On September 13, 2024, the Debtor and certain affiliates together filed the Motion of  
6 Debtors for Interim and Final Orders Authorizing Debtors to Use Cash Collateral [Docket No. 17]  
7 ("Cash Collateral Motion"), which was heard on September 18, 2024, and was granted on an interim  
8 basis pursuant to the Order Authorizing Debtors to Use Cash Collateral on an Interim Basis [Docket  
9 No. 124], filed on September 26, 2024 ("Cash Collateral Order"), Lender was a Nonaccepting  
10 Lender (as that term is defined in the Cash Collateral Order). A final hearing to consider the relief  
11 requested in the Cash Collateral Motion is set for October 15, 2024, at 1:30 p.m. in the Case.

12           C.     On September 12, 2024, the Debtor and certain affiliates together filed the Motion of  
13 Debtors for Entry of Order (1) Directing the Joint Administration of the Debtors' Chapter 11 Cases  
14 and (2) Granting Certain Related Relief [Docket No. 6] ("Joint Administration Motion"), which was  
15 heard on September 18, 2024 and was granted pursuant to an Order (1) Directing the Joint  
16 Administration of the Debtors' Chapter 11 Cases and (2) Granting Certain Related Relief filed on  
17 September 20, 2024 which ordered that all pleadings in the Case and all original docket entries shall  
18 be made in the case entitled In re LeFever Mattson, United States Bankruptcy Court for the  
19 Northern District of California, Case No. 24-10545 (CN).

**The Loan Documents**

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21           D.     KS Mattson Partners, LP ("KSMP") executed that certain Promissory Note dated  
22 September 9, 2022, in the original principal amount of \$4,875,000 ("Note"), in favor of Lender.

23           E.     In order to secure repayment of the Indebtedness of KSMP to the Lender, KSMP, as  
24 trustor, executed and delivered that certain Short Form Deed of Trust and Assignment of Rents  
25 dated September 9, 2022 ("Deed of Trust"), with respect to the property that includes the real  
26 property commonly known as 520, 530, and 532 Studley Street (together, the "Property").

27           F.     On information and belief, on November 1, 2022, KSMP sold the Property to the  
28 Debtor while still encumbered by the Note.

1 G. The Note, the Deed of Trust, and all other documents and instruments executed  
2 therewith by the Debtor in favor of Original Lender are herein collectively referred to as the "Loan  
3 Documents". All capitalized terms not otherwise defined in this Stipulation shall have the meanings  
4 ascribed to them in the Loan Documents.

5 H. The Debtor and the Lender desire to enable the continued operation of the Property  
6 through the use of Cash Collateral (as that term is hereinafter defined) in accordance with the terms,  
7 provisions and conditions of this Stipulation.

8 NOW, THEREFORE, the parties hereby stipulate and agree as follows:

9 **AGREEMENT**

10 1. Recitals. The Recitals are incorporated herein by this reference. The parties agree  
11 that the matters set forth in the Recitals are true and correct to the best of their knowledge; however,  
12 the Recitals do not constitute evidentiary admissions or findings of fact.

13 2. Cash Collateral Defined. The term "Cash Collateral" as that term is used in this  
14 Stipulation shall include the definition of that term as defined in 11 U.S.C. § 363(a).

15 3. Payment of Operating Expenses and Lender Loan Payments.

16 (a) For the period from the October 1, 2024 through and including January 31,  
17 2025 (the "First Interim Period"), the Debtor shall be entitled to use Cash Collateral, without further  
18 order of the Court or written permission of the Lender, to pay the reasonable, ordinary and  
19 necessary expenses of operating and maintaining the Property as they become due solely for the  
20 items and in the amounts set forth in the budget attached hereto as Exhibit 1 and incorporated herein  
21 by this reference (hereinafter referred to as the "First Budget").

22 (b) The Debtor's use of Cash Collateral is expressly limited to the categories in  
23 the First Budget approved under this Stipulation and any Successor Budget (as that term is  
24 hereinafter defined) approved under this Stipulation for subsequent periods. The Debtor is  
25 authorized to deviate from the categories contained in the First Budget and any Successor Budget  
26 approved under this Stipulation, but not more than 10% from the total amount budgeted in the  
27 monthly period set forth in the First Budget or any Successor Budget, provided, however, that any  
28 unused portion from one month may be carried over into the following month. All payments of

1 Cash Collateral authorized to be paid by the Debtor pursuant to the terms of this Stipulation shall be  
2 paid by the Debtor from the Account.

3 (c) Commencing October 1, 2024:

4 i. The Debtor will pay to Lender \$10,000 on a monthly basis, with  
5 payment to be delivered no later than the tenth day of such month; and

6 ii. The Debtor shall use Cash Collateral to (a) pay all items payable  
7 under the First Budget or Successor Budget, as the case may be, (b) fund a reserve for extraordinary  
8 costs in an amount not to exceed \$3,500, and (c) pay over to Lender all Cash Collateral held after  
9 the foregoing payments (including the payment in Section 3(c)(i)), which payment shall be made no  
10 later than the tenth day of the succeeding month.

11 4. Reporting.

12 (a) The Debtor will provide Lender with a monthly Property report, no later than  
13 the 20th of each month for the prior month (or the first business day thereafter), reflecting  
14 collections, disbursements, and funds placed in reserve pursuant to Section 3 hereof.

15 (b) On or before January 20, 2025, the Debtor will present its proposal for  
16 marketing and selling the Property and the estimated timeline, in writing, to the Lender.

17 5. Extension of Use of Cash Collateral by Stipulation.

18 (a) On or before January 20, 2025, the Debtor shall deliver to the Lender a  
19 proposed budget for the use of Cash Collateral for the following four (4) calendar months (a  
20 "Proposed Successor Budget") and on or before April 20, 2025, and continuing on the 20th day of  
21 each and every fourth month after (or the first business day after the 20th day of such month if the  
22 20th day is not a business day), the Debtor shall deliver a Proposed Successor Budget for the use of  
23 Cash Collateral for the following four (4) calendar months. The Proposed Successor Budgets shall,  
24 among other things, set forth the proposed amounts of Cash Collateral to be paid by the Debtor to  
25 the Lender for application to the amounts due under the Loan Documents. The Proposed Successor  
26 Budgets shall also identify the nature and amount of all expenses which the Debtor seeks authority  
27 to pay from Cash Collateral. The Lender shall have seven (7) calendar days from its receipt of a  
28 Proposed Successor Budget to approve or object to such Proposed Successor Budget, in its sole

1 discretion, and shall advise the Debtor, in writing, of its decision on or before seven (7) calendar  
2 days have elapsed from the date of the Lender's receipt of a Proposed Successor Budget. In the  
3 event the Lender fails to deliver to the Debtor, within such seven (7) calendar day period, written  
4 objections to a Proposed Successor Budget, such Proposed Successor Budget shall be deemed to  
5 have been approved by the Lender and such Proposed Successor Budget shall become effective on  
6 or after the first day of the following month and shall be governed by the terms of this Stipulation  
7 (the "Successor Budget"). Alternatively, if the Lender timely delivers a written objection to a  
8 Proposed Successor Budget, the Lender shall specifically identify all reasons for which the  
9 objection is being made and, to the extent the Lender is able to do so, in its sole discretion, propose  
10 such other amount(s) which would be acceptable to the Lender for those specific expense  
11 category(ies) that the Lender finds objectionable. The Debtor shall have the right, at any time, to  
12 make a motion seeking the further use of Cash Collateral on a regular or expedited basis, with  
13 notice to all of the required parties, with copies of all pleadings to be served on the date of their  
14 filing to the Lender by electronic mail at the addresses set forth in Section 5(b). The Lender  
15 reserves all rights it has under applicable law to oppose any such motion made by the Debtor.

16 (b) The Proposed Successor Budgets required to be delivered to the Lender  
17 pursuant to this section of this Stipulation shall be sent by electronic mail to Bennett G. Young, Esq.  
18 at: byoung@jmbm.com. The Lender's response to any Proposed Successor Budget shall be sent by  
19 electronic mail to Bradley Sharp at: bsharp@dsiconsulting.com and Thomas Rupp at:  
20 trupp@kbkllp.com.

21 6. No Insider Payments. Except as authorized in this Stipulation, the First Budget, or  
22 any Successor Budget(s), the Debtor shall not make any payments of Cash Collateral to any insider  
23 of the Debtor as that term is defined in 11 U.S.C. § 101(31) except upon the Lender's prior written  
24 consent or the entry of an order of the Bankruptcy Court upon motion after notice and a hearing to  
25 the extent required by law. Notwithstanding the foregoing, the Lender hereby consents to payment  
26 of ordinary property management fees to the Property Manager (as defined in the Cash Collateral  
27 Motion) to the extent permitted under the First Budget or any Successor Budget(s).

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1           7.     Replacement Lien. Without limitation on the effect of the Lender's Loan Documents  
2 and the absolute assignment of Rents contained therein, and as adequate protection for the use of  
3 Cash Collateral in addition to the monthly payments and restrictions on the Debtor's use of Cash  
4 Collateral provided for herein, the Lender shall be and hereby is granted a replacement lien to  
5 secure the diminution in the value of Cash Collateral, if any, caused by the Debtor's use thereof, and  
6 security interest in, all post-Petition Date Rents (subject to the uses permitted by this Stipulation),  
7 income, issues, proceeds and profits produced by and/or derived from the Property, which  
8 replacement lien and security interest shall have the same priority, extent and validity as the  
9 Lender's security interest or other interest in the Cash Collateral used by the Debtor. The  
10 replacement lien and security interest granted herein are valid, enforceable and fully perfected, and  
11 no filing or recordation or any other act in accordance with any applicable local, state or federal law  
12 is necessary to create or perfect such lien and security interest. The Lender may, in its sole  
13 discretion, file financing statements, notices of liens or similar instruments. If the Lender chooses,  
14 in its sole discretion, to file such financing statements, notices of liens or similar instruments, all  
15 such documents shall be deemed to have been filed or recorded on the Petition Date whether or not  
16 so filed or recorded on such date, and the automatic stay of 11 U.S.C. § 362 of Bankruptcy Code  
17 shall be deemed vacated and modified to permit the filing of any of the foregoing.

18           8.     Termination of Use of Cash Collateral Upon Occurrence of Event of Default.

19           (a)     If a Stipulation Event of Default (as hereinafter defined) occurs under this  
20 Stipulation, the Lender shall give written notice of any such default to the Debtor and the Debtor's  
21 counsel via electronic mail at the addresses set forth in Section 5(b) (the "Default Notice"). The  
22 Debtor's rights to use Cash Collateral shall cease after three (3) business days have elapsed from the  
23 date of said Default Notice, if such alleged default has not otherwise been cured by the Debtor, and  
24 the Lender shall thereafter have the right to seek relief from stay to take any action or exercise any  
25 right or remedy that the Lender possesses under the Loan Documents, this Stipulation, or by  
26 applicable law all which rights are expressly preserved and retained, as are any rights, remedies and  
27 defenses of the Debtor.

28     ///

1 (b) Notwithstanding any other provision contained herein, Debtor's authorization  
2 to use Cash Collateral pursuant to this Stipulation shall terminate immediately and automatically,  
3 without any obligation of the Lender to provide notice to the Debtor, upon the occurrence of any of  
4 the following: (i) entry of an Order by the Bankruptcy Court converting or dismissing the Debtor's  
5 Case; (ii) entry of an Order by the Bankruptcy Court appointing a Chapter 11 trustee or Chapter 7  
6 trustee in the Debtor's Case; (iii) the reversal, vacatur, stay, amendment, supplementation or other  
7 modification of this Stipulation, without the Lender's written consent in its sole discretion; or  
8 (iv) entry of an Order granting the Lender relief from the automatic stay effect in the Case (any of  
9 the foregoing, a "Termination Event"). Upon the occurrence of a Termination Event, the Lender  
10 shall have the right to seek relief from stay to take any action or exercise any right or remedy that  
11 the Lender possess under the Loan Documents, this Stipulation, or by applicable law all which  
12 rights are expressly preserved and retained, as are any rights, remedies and defenses of the Debtor.

13 9. Events of Default by Debtor. The occurrence of any one or more of the following  
14 events shall constitute a "Stipulation Event of Default" under this Stipulation: (i) if, within three (3)  
15 business days after receiving a detailed written notice from the Lender, the Debtor fails to perform  
16 or cure, as the case may be, any of its obligations in accordance with the terms hereof or otherwise  
17 defaults hereunder or breaches any provision hereof, including (A) the use and expense of  
18 disbursement of Cash Collateral except as expressly permitted hereunder; (B) the failure to provide  
19 any report, document, or information to the Lender as required hereby; and (C) the failure to make  
20 any payment to the Lender as required hereby; (ii) any representation or warranty made by the  
21 Debtor after the Petition Date in any certificate, report, expense statement, other financial statement,  
22 or other document delivered to the Lender proves to have been false or misleading in any material  
23 respect as of the time when made or given; (iii) any person or entity obtains an Order permitting the  
24 use of Cash Collateral without the Lender's written consent in its sole discretion; or (iv) the  
25 replacement lien granted to the Lender pursuant to Section 7 above ceases to be a valid and  
26 perfected first priority lien on the Lender's Collateral.

27 10. Assignability. This Stipulation shall be binding upon and inure to the benefit of the  
28 parties hereto and their respective successors and assigns.

1           11.    Binding on Trustee. The terms and conditions of this Stipulation shall binding upon  
2 any trustee appointed herein or in any case to which this Case may be converted.

3           12.    Other Remedies Available to the Parties. The purpose of this Stipulation is to  
4 establish procedures for the monitoring and expenditure of the Cash Collateral. This Stipulation is  
5 made with an express reservation of rights by the parties to pursue any and all rights and remedies  
6 that such parties may have under the Bankruptcy Code and the Loan Documents, or otherwise in  
7 accordance with applicable law. Nothing contained in this Stipulation and the order thereon shall  
8 be deemed or construed to be an admission that the Lender is adequately protected. Moreover,  
9 except as otherwise expressly set forth in this Stipulation, nothing contained in this Stipulation and  
10 the order thereon shall be deemed or construed to limit in any way, any of the Debtor's legal rights  
11 or remedies in this bankruptcy proceeding or otherwise in accordance with applicable law.

12           13.    Additional Expenditures of Cash Collateral.

13               (a)    In the event the Debtor wishes to make an expenditure of Cash Collateral not  
14 expressly provided for in the First Budget or any Successor Budget, the Debtor shall notify the  
15 Lender and the Lender's counsel immediately in writing of the amount and nature of the proposed  
16 expenditure at the electronic mail addresses set forth in Section 5(b) above and provide to the  
17 Lender such supporting documentation as may be reasonably necessary for the Lender to evaluate  
18 the necessity and propriety of the proposed expense (the "Additional Authorization Notice"). The  
19 Lender shall have five (5) calendar days from its receipt of the Additional Authorization Notice to  
20 approve or object to the proposed expenditure, in its sole discretion, and shall advise the Debtor in  
21 writing at the electronic mail addresses set forth in Section 5(b) above of its decision on or before  
22 the five (5) calendar days have elapsed from the date of the Lender's receipt of the Additional  
23 Authorization Notice. In the event the Lender fails to deliver to the Debtor, within such five  
24 (5) calendar day period, a written objection to the Additional Authorization Notice, the proposed  
25 expenditure(s) identified in the Additional Authorization Notice shall be deemed to have been  
26 approved by the Lender, and the Debtor shall be permitted to expend Cash Collateral subject to the  
27 terms of this Stipulation as authorized by the Lender in writing. Alternatively, if the Lender timely  
28 delivers a written objection to the Additional Authorization Notice, the Lender shall specifically



1 identify all reasons for which the objection is being made and, to the extent the Lender is able to do  
2 so, in its sole discretion, propose such other amounts or conditions which would render the  
3 proposed expenditure acceptable to the Lender. The Debtor shall not use Cash Collateral to pay for  
4 any proposed expenditures to which the Lender has objected, but the Debtor shall be permitted to  
5 use Cash Collateral to pay that portion of any proposed expenditures to which the Lender has not  
6 objected. Nothing contained in this Section 13(a) shall be construed to limit the Debtor's ability to  
7 file a motion with the Bankruptcy Court on notice and hearing (on a regular or expedited basis) to  
8 request that the Bankruptcy Court permit the Debtor to make an additional expenditure of Cash  
9 Collateral. The Lender reserves all rights it has under applicable law to oppose any such motion  
10 made by the Debtor.

11 (b) To the extent the Debtor requires emergency approval of expenditures of  
12 Cash Collateral for critical operating expenses and repairs which are not expressly provided for in  
13 the First Budget or any Successor Budget, the Debtor shall notify the Lender and the Lender's  
14 counsel immediately in writing, at the electronic mail addresses set forth in Section 5(b) above,  
15 regarding the amount and nature of such emergency expenditures, providing any supporting  
16 documentation that can reasonably be provided under the circumstances, and clearly identifying that  
17 the approval of such expenditures is being sought on an emergency basis (the "Emergency  
18 Authorization Notice"). The Lender shall have one (1) business day following its receipt of the  
19 Emergency Authorization Notice to approve or object to the proposed expenditure, in its sole  
20 discretion, and shall advise the Debtor in writing at the electronic mail addresses set forth in  
21 Section 5(b) above of its decision on or before the one (1) business day period has elapsed from the  
22 time of the Lender's receipt of the Emergency Additional Authorization Notice. In the event the  
23 Lender fails to deliver to the Debtor, within such one (1) business day period, written objections to  
24 the proposed emergency expenditures, such emergency expenditures shall be deemed to have been  
25 approved by the Lender. Alternatively, if the Lender timely delivers a written objection to the  
26 proposed emergency expenditure, the Lender shall specifically identify all reasons for which the  
27 objection is being made and, to the extent the Lender is able to do so, in its sole discretion, propose  
28 such other amounts and/or conditions which would render the proposed emergency expenditure



1 acceptable to the Lender. Nothing contained in this Section 13(b) shall be construed to limit the  
2 Debtor's ability to file a motion with the Bankruptcy Court on an expedited basis to request that the  
3 Bankruptcy Court permit the Debtor to use Cash Collateral for any emergency expenditure. The  
4 Lender reserves all rights it has under applicable law to oppose any such motion made by the  
5 Debtor.

6 14. Neutral Construction. Each of the parties hereto has been involved in the  
7 negotiation, review, and execution of this Stipulation, and each has had the opportunity to receive  
8 independent legal advice from attorneys of its choice with respect to the advisability of making and  
9 executing this Stipulation. In the event of any dispute or controversy regarding this Stipulation, the  
10 parties hereto shall be considered to be the joint authors of this Stipulation, and no provision of this  
11 Stipulation shall be interpreted against a party hereto because of authorship.

12 15. Headings. The parties acknowledge to one another that the headings set forth herein  
13 are for convenience only and shall not be used to limit, define, or interpret their rights and  
14 responsibilities hereunder.

15 16. Integration. Except as expressly provided in this Stipulation, this Stipulation is the  
16 final written expression and complete and exclusive statement of all of the agreements, conditions,  
17 promises and covenants between the parties with respect to the subject matter hereof and supersedes  
18 all prior or contemporaneous agreements, negotiations, representations, understandings and  
19 discussions between the parties and/or their respective counsel with respect to the subject matter  
20 covered hereby. Any amendment or modification to this Stipulation, in order to be legally binding,  
21 must be in writing specifically referring to the Stipulation and signed by duly authorized  
22 representatives of both parties hereto.

23 17. Execution. Any party executing this Stipulation in a representative capacity is duly  
24 authorized and empowered to do so. This Stipulation may be executed in original or facsimile  
25 signatures and in counterpart copies, and this Stipulation shall be deemed fully executed and  
26 effective when all parties have executed and possess a counterpart, even if no single counterpart  
27 contains all signatures.

28 ///

1           18.    Survival.

2                   (a)    Notwithstanding any termination of the Debtor's authority to use Cash  
3 Collateral pursuant to the terms of this Stipulation, all liens and security interests granted to the  
4 Lender pursuant to this Stipulation and the Loan Documents shall survive such termination and  
5 remain in full force and effect notwithstanding such termination.

6                   (b)    The provisions of this Stipulation and the actions taken pursuant hereto shall  
7 survive entry of any Order (i) appointing a Chapter 11 trustee in the Case, (ii) converting the Case  
8 to Chapter 7 or (iii) dismissing the Case and the terms and provisions of this Stipulation and all  
9 claims, liens and security interest granted to the Lender pursuant to the Stipulation and the Loan  
10 Documents shall continue in full force and effect notwithstanding entry of any such Order and the  
11 replacement lien set forth in Section 7 above shall maintain the priority as provided for by this  
12 Stipulation and the Loan Documents until all obligations owed to the Lender are indefeasibly paid  
13 in full.

14                   (c)    Notwithstanding any stay, modification, reversal or vacation of any order  
15 approving this Stipulation, any indebtedness, obligation or liability incurred by Debtor pursuant to  
16 this Stipulation arising prior to the later of the effective date of such stay, modification, reversal or  
17 vacation or the Lender's receipt of notice thereof, shall be governed in all respects by the original  
18 provisions of this Stipulation, and the Lender shall be entitled to all of the rights, remedies,  
19 privileges and benefits, including any payments authorized herein and all security interests, liens  
20 and priorities granted herein, with respect to such indebtedness, obligations or liabilities incurred or  
21 existing prior to such date, and with respect to the Debtor's use of Cash Collateral prior to such date.  
22 Without limiting the generality of the foregoing, in the event the Bankruptcy Court or any other  
23 court hereafter modifies any of the provisions of this Stipulation, such modification shall not affect  
24 the rights, remedies, liens and priorities of the Lender granted or acknowledged pursuant to this  
25 Stipulation with respect to the obligations and the pre-Petition Date indebtedness and any Cash  
26 Collateral which is used prior to any such modification.

27    ///

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1           19.    No Granting of Senior Liens. Except as otherwise agreed to by the Lender in writing  
2 in its sole discretion, or authorized by an Order of the Bankruptcy Court pursuant to this Stipulation,  
3 Debtor shall be prohibited from granting any mortgages, security interest or liens and encumbrances  
4 including liens created under 11 U.S.C. § 364(d) which are senior to or on a parity with the Lender  
5 pre-Petition Date liens and security interest.

6           20.    Time is of the Essence. Time is of the essence of any act or performance required to  
7 be performed by the Debtor pursuant to the terms of this Stipulation.

8           21.    No Third Party Beneficiaries. No rights are intended to be created hereunder for the  
9 benefit of any third party or creditor or any direct or indirect incidental beneficiary except as  
10 specifically provided for in this Stipulation.

11           22.    Court Approval. This Stipulation shall be submitted forthwith to the Bankruptcy  
12 Court for approval, and, in that regard, the Debtor may give such notice and opportunity to be heard  
13 as is required under the Federal Rules of Bankruptcy Procedure and other applicable law.

14

15       DATED: October \_\_, 2024

JEFFER MANGELS BUTLER & MITCHELL LLP

16

17

By: \_\_\_\_\_  
BENNETT G. YOUNG, ESQ.  
Attorneys for Duggans Mission Chapel

18

19

20       DATED: October \_\_, 2024

KELLER BENVENUTTI KIM LLP

21

22

By: \_\_\_\_\_  
TOBIAS S. KELLER, ESQ.  
Proposed Attorneys for the Debtors and  
Debtors-in-Possession

23

24

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**EXHIBIT 1**

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**EXHIBIT B**  
**(Draft Bragg Trust Stipulation)**

**KELLER BENVENUTTI KIM LLP**  
425 MARKET STREET, 26TH FLOOR  
SAN FRANCISCO, CALIFORNIA 94105

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1 **KELLER BENVENUTTI KIM LLP**  
 2 TOBIAS S. KELLER (Cal. Bar No. 151445)  
 3 (tkeller@kbkllp.com)  
 4 DAVID A. TAYLOR (Cal. Bar No. 247433)  
 5 (dtaylor@kbkllp.com)  
 6 THOMAS B. RUPP (Cal. Bar No. 278041)  
 (trupp@kbkllp.com)  
 425 Market Street, 26th Floor  
 San Francisco, California 94105  
 Telephone: (415) 496-6723  
 Facsimile: (650) 636-9251

7 *Proposed Attorneys for the Debtors and*  
 8 *Debtors in Possession*

9 UNITED STATES BANKRUPTCY COURT  
 10 NORTHERN DISTRICT OF CALIFORNIA  
 11 SANTA ROSA DIVISION

12 13 In re 14 LEFEVER MATTSON, a California 15 corporation, et al. <sup>1</sup> , 16 Debtor in Possession.	Case No. 24-10545 (Jointly Administered) Chapter 11 <b>STIPULATION FOR USE OF CASH          COLLATERAL (FRANK BRAGG          REVOCABLE TRUST)</b>
---	--

17  
 18  
 19 This Stipulation for Use of Cash Collateral ("Stipulation") is made by and among Fire Tree  
 20 III, LLP and Lefever Mattson (together, the "Debtor"), and Frank Bragg Revocable Trust dated as  
 21 of June 5, 2002 ("Lender"), by and through their counsel of record in the above-entitled Chapter 11  
 22 cases in reference to and consideration of the following:

23 ///

24  
 25 \_\_\_\_\_  
 26 <sup>1</sup> The last four digits of LeFever Mattson's tax identification number are 7537. Due to the  
 27 large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last  
 28 four digits of their federal tax identification numbers is not provided herein. A complete list of such  
 information may be obtained on the website of the Debtors' proposed claims and noticing agent at  
<https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B,  
 Citrus Heights, CA 95621.

**RECITALS**

1  
2           A.     On September 12, 2024 (the "Petition Date"), the Debtor filed a voluntary petition  
3 under Chapter 11 of the United States Bankruptcy Code initiating the above-entitled Chapter 11  
4 Case (the "Case").

5           B.     On September 13, 2024, the Debtor and certain affiliates together filed the Motion of  
6 Debtors for Interim and Final Orders Authorizing Debtors to Use Cash Collateral [Docket No. 17]  
7 ("Cash Collateral Motion"), which was heard on September 18, 2024, and was granted on an interim  
8 basis pursuant to the Order Authorizing Debtors to Use Cash Collateral on an Interim Basis [Docket  
9 No. 124], filed on September 26, 2024 ("Cash Collateral Order"), Lender was a Nonaccepting  
10 Lender (as that term is defined in the Cash Collateral Order). A final hearing to consider the relief  
11 requested in the Cash Collateral Motion is set for October 15, 2024, at 1:30 p.m. in the Case.

12           C.     On September 12, 2024, the Debtor and certain affiliates together filed the Motion of  
13 Debtors for Entry of Order (1) Directing the Joint Administration of the Debtors' Chapter 11 Cases  
14 and (2) Granting Certain Related Relief [Docket No. 6] ("Joint Administration Motion"), which was  
15 heard on September 18, 2024 and was granted pursuant to an Order (1) Directing the Joint  
16 Administration of the Debtors' Chapter 11 Cases and (2) Granting Certain Related Relief filed on  
17 September 20, 2024 which ordered that all pleadings in the Case and all original docket entries shall  
18 be made in the case entitled In re LeFever Mattson, United States Bankruptcy Court for the  
19 Northern District of California, Case No. 24-10545 (CN).

**The Loan Documents**

20  
21           D.     KS Mattson Partners, LP ("KSMP") executed that certain Promissory Note dated  
22 June 23, 2021, in the original principal amount of \$1,200,000 (as thereafter amended, the "Note"),  
23 in favor of Lender.

24           E.     In order to secure repayment of the Indebtedness of KSMP to the Lender, KSMP, as  
25 trustor, executed and delivered that certain Long Form Deed of Trust and Assignment of Rents  
26 dated June 23, 2021 ("Deed of Trust"), with respect to the property that includes the real property  
27 commonly known as 453, 457, 459 2nd Street West (together, the "Property").

28     ///

1 F. On information and belief, KSMP sold the Property to the Debtor while still  
2 encumbered by the Note.

3 G. The Note, the Deed of Trust, and all other documents and instruments executed  
4 therewith by the Debtor in favor of Original Lender are herein collectively referred to as the "Loan  
5 Documents". All capitalized terms not otherwise defined in this Stipulation shall have the meanings  
6 ascribed to them in the Loan Documents.

7 H. The Debtor and the Lender desire to enable the continued operation of the Property  
8 through the use of Cash Collateral (as that term is hereinafter defined) in accordance with the terms,  
9 provisions and conditions of this Stipulation.

10 NOW, THEREFORE, the parties hereby stipulate and agree as follows:

11 **AGREEMENT**

12 1. Recitals. The Recitals are incorporated herein by this reference. The parties agree  
13 that the matters set forth in the Recitals are true and correct to the best of their knowledge; however,  
14 the Recitals do not constitute evidentiary admissions or findings of fact.

15 2. Cash Collateral Defined. The term "Cash Collateral" as that term is used in this  
16 Stipulation shall include the definition of that term as defined in 11 U.S.C. § 363(a).

17 3. Payment of Operating Expenses and Lender Loan Payments.

18 (a) For the period from the October 1, 2024 through and including January 31,  
19 2025 (the "First Interim Period"), the Debtor shall be entitled to use Cash Collateral, without further  
20 order of the Court or written permission of the Lender, to pay the reasonable, ordinary and  
21 necessary expenses of operating and maintaining the Property as they become due solely for the  
22 items and in the amounts set forth in the budget attached hereto as Exhibit 1 and incorporated herein  
23 by this reference (hereinafter referred to as the "First Budget").

24 (b) The Debtor's use of Cash Collateral is expressly limited to the categories in  
25 the First Budget approved under this Stipulation and any Successor Budget (as that term is  
26 hereinafter defined) approved under this Stipulation for subsequent periods. The Debtor is  
27 authorized to deviate from the categories contained in the First Budget and any Successor Budget  
28 approved under this Stipulation, but not more than 10% from the total amount budgeted in the



1 monthly period set forth in the First Budget or any Successor Budget, provided, however, that any  
2 unused portion from one month may be carried over into the following month. All payments of  
3 Cash Collateral authorized to be paid by the Debtor pursuant to the terms of this Stipulation shall be  
4 paid by the Debtor from the Account.

5 (c) Commencing October 1, 2024:

6 i. The Debtor will pay to Lender \$2,000 on a monthly basis, with  
7 payment to be delivered no later than the tenth day of such month; and

8 ii. The Debtor shall use Cash Collateral to (a) pay all items payable  
9 under the First Budget or Successor Budget, as the case may be, (b) fund a reserve for extraordinary  
10 costs in an amount not to exceed \$1,500, and (c) pay over to Lender all Cash Collateral held after  
11 the foregoing payments (including the payment in Section 3(c)(i)), which payment shall be made no  
12 later than the tenth day of the succeeding month.

13 4. Reporting.

14 (a) The Debtor will provide Lender with a monthly Property report, no later than  
15 the 20th of each month for the prior month (or the first business day thereafter), reflecting  
16 collections, disbursements, and funds placed in reserve pursuant to Section 3 hereof.

17 (b) On or before January 20, 2025, the Debtor will present its proposal for  
18 marketing and selling the Property and the estimated timeline, in writing, to the Lender.

19 5. Extension of Use of Cash Collateral by Stipulation.

20 (a) On or before January 20, 2025, the Debtor shall deliver to the Lender a  
21 proposed budget for the use of Cash Collateral for the following four (4) calendar months (a  
22 "Proposed Successor Budget") and on or before April 20, 2025, and continuing on the 20th day of  
23 each and every fourth month after (or the first business day after the 20th day of such month if the  
24 20th day is not a business day), the Debtor shall deliver a Proposed Successor Budget for the use of  
25 Cash Collateral for the following four (4) calendar months. The Proposed Successor Budgets shall,  
26 among other things, set forth the proposed amounts of Cash Collateral to be paid by the Debtor to  
27 the Lender for application to the amounts due under the Loan Documents. The Proposed Successor  
28 Budgets shall also identify the nature and amount of all expenses which the Debtor seeks authority

1 to pay from Cash Collateral. The Lender shall have seven (7) calendar days from its receipt of a  
2 Proposed Successor Budget to approve or object to such Proposed Successor Budget, in its sole  
3 discretion, and shall advise the Debtor, in writing, of its decision on or before seven (7) calendar  
4 days have elapsed from the date of the Lender's receipt of a Proposed Successor Budget. In the  
5 event the Lender fails to deliver to the Debtor, within such seven (7) calendar day period, written  
6 objections to a Proposed Successor Budget, such Proposed Successor Budget shall be deemed to  
7 have been approved by the Lender and such Proposed Successor Budget shall become effective on  
8 or after the first day of the following month and shall be governed by the terms of this Stipulation  
9 (the "Successor Budget"). Alternatively, if the Lender timely delivers a written objection to a  
10 Proposed Successor Budget, the Lender shall specifically identify all reasons for which the  
11 objection is being made and, to the extent the Lender is able to do so, in its sole discretion, propose  
12 such other amount(s) which would be acceptable to the Lender for those specific expense  
13 category(ies) that the Lender finds objectionable. The Debtor shall have the right, at any time, to  
14 make a motion seeking the further use of Cash Collateral on a regular or expedited basis, with  
15 notice to all of the required parties, with copies of all pleadings to be served on the date of their  
16 filing to the Lender by electronic mail at the addresses set forth in Section 5(b). The Lender  
17 reserves all rights it has under applicable law to oppose any such motion made by the Debtor.

18 (b) The Proposed Successor Budgets required to be delivered to the Lender  
19 pursuant to this section of this Stipulation shall be sent by electronic mail to Bennett G. Young, Esq.  
20 at: byoung@jmbm.com. The Lender's response to any Proposed Successor Budget shall be sent by  
21 electronic mail to Bradley Sharp at: bsharp@dsiconsulting.com and Thomas Rupp at:  
22 trupp@kbkllp.com.

23 6. No Insider Payments. Except as authorized in this Stipulation, the First Budget, or  
24 any Successor Budget(s), the Debtor shall not make any payments of Cash Collateral to any insider  
25 of the Debtor as that term is defined in 11 U.S.C. § 101(31) except upon the Lender's prior written  
26 consent or the entry of an order of the Bankruptcy Court upon motion after notice and a hearing to  
27 the extent required by law. Notwithstanding the foregoing, the Lender hereby consents to payment

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1 of ordinary property management fees to the Property Manager (as defined in the Cash Collateral  
2 Motion) to the extent permitted under the First Budget or any Successor Budget(s).

3 7. Replacement Lien. Without limitation on the effect of the Lender's Loan Documents  
4 and the absolute assignment of Rents contained therein, and as adequate protection for the use of  
5 Cash Collateral in addition to the monthly payments and restrictions on the Debtor's use of Cash  
6 Collateral provided for herein, the Lender shall be and hereby is granted a replacement lien to  
7 secure the diminution in the value of Cash Collateral, if any, caused by the Debtor's use thereof, and  
8 security interest in, all post-Petition Date Rents (subject to the uses permitted by this Stipulation),  
9 income, issues, proceeds and profits produced by and/or derived from the Property, which  
10 replacement lien and security interest shall have the same priority, extent and validity as the  
11 Lender's security interest or other interest in the Cash Collateral used by the Debtor. The  
12 replacement lien and security interest granted herein are valid, enforceable and fully perfected, and  
13 no filing or recordation or any other act in accordance with any applicable local, state or federal law  
14 is necessary to create or perfect such lien and security interest. The Lender may, in its sole  
15 discretion, file financing statements, notices of liens or similar instruments. If the Lender chooses,  
16 in its sole discretion, to file such financing statements, notices of liens or similar instruments, all  
17 such documents shall be deemed to have been filed or recorded on the Petition Date whether or not  
18 so filed or recorded on such date, and the automatic stay of 11 U.S.C. § 362 of Bankruptcy Code  
19 shall be deemed vacated and modified to permit the filing of any of the foregoing.

20 8. Termination of Use of Cash Collateral Upon Occurrence of Event of Default.

21 (a) If a Stipulation Event of Default (as hereinafter defined) occurs under this  
22 Stipulation, the Lender shall give written notice of any such default to the Debtor and the Debtor's  
23 counsel via electronic mail at the addresses set forth in Section 5(b) (the "Default Notice"). The  
24 Debtor's rights to use Cash Collateral shall cease after three (3) business days have elapsed from the  
25 date of said Default Notice, if such alleged default has not otherwise been cured by the Debtor, and  
26 the Lender shall thereafter have the right to seek relief from stay to take any action or exercise any  
27 right or remedy that the Lender possesses under the Loan Documents, this Stipulation, or by

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1 applicable law all which rights are expressly preserved and retained, as are any rights, remedies and  
2 defenses of the Debtor.

3 (b) Notwithstanding any other provision contained herein, Debtor's authorization  
4 to use Cash Collateral pursuant to this Stipulation shall terminate immediately and automatically,  
5 without any obligation of the Lender to provide notice to the Debtor, upon the occurrence of any of  
6 the following: (i) entry of an Order by the Bankruptcy Court converting or dismissing the Debtor's  
7 Case; (ii) entry of an Order by the Bankruptcy Court appointing a Chapter 11 trustee or Chapter 7  
8 trustee in the Debtor's Case; (iii) the reversal, vacatur, stay, amendment, supplementation or other  
9 modification of this Stipulation, without the Lender's written consent in its sole discretion; or  
10 (iv) entry of an Order granting the Lender relief from the automatic stay effect in the Case (any of  
11 the foregoing, a "Termination Event"). Upon the occurrence of a Termination Event, the Lender  
12 shall have the right to seek relief from stay to take any action or exercise any right or remedy that  
13 the Lender possess under the Loan Documents, this Stipulation, or by applicable law all which  
14 rights are expressly preserved and retained, as are any rights, remedies and defenses of the Debtor.

15 9. Events of Default by Debtor. The occurrence of any one or more of the following  
16 events shall constitute a "Stipulation Event of Default" under this Stipulation: (i) if, within three (3)  
17 business days after receiving a detailed written notice from the Lender, the Debtor fails to perform  
18 or cure, as the case may be, any of its obligations in accordance with the terms hereof or otherwise  
19 defaults hereunder or breaches any provision hereof, including (A) the use and expense of  
20 disbursement of Cash Collateral except as expressly permitted hereunder; (B) the failure to provide  
21 any report, document, or information to the Lender as required hereby; and (C) the failure to make  
22 any payment to the Lender as required hereby; (ii) any representation or warranty made by the  
23 Debtor after the Petition Date in any certificate, report, expense statement, other financial statement,  
24 or other document delivered to the Lender proves to have been false or misleading in any material  
25 respect as of the time when made or given; (iii) any person or entity obtains an Order permitting the  
26 use of Cash Collateral without the Lender's written consent in its sole discretion; or (iv) the  
27 replacement lien granted to the Lender pursuant to Section 7 above ceases to be a valid and  
28 perfected first priority lien on the Lender's Collateral.

1           10.    Assignability. This Stipulation shall be binding upon and inure to the benefit of the  
2 parties hereto and their respective successors and assigns.

3           11.    Binding on Trustee. The terms and conditions of this Stipulation shall binding upon  
4 any trustee appointed herein or in any case to which this Case may be converted.

5           12.    Other Remedies Available to the Parties. The purpose of this Stipulation is to  
6 establish procedures for the monitoring and expenditure of the Cash Collateral. This Stipulation is  
7 made with an express reservation of rights by the parties to pursue any and all rights and remedies  
8 that such parties may have under the Bankruptcy Code and the Loan Documents, or otherwise in  
9 accordance with applicable law. Nothing contained in this Stipulation and the order thereon shall  
10 be deemed or construed to be an admission that the Lender is adequately protected. Moreover,  
11 except as otherwise expressly set forth in this Stipulation, nothing contained in this Stipulation and  
12 the order thereon shall be deemed or construed to limit in any way, any of the Debtor's legal rights  
13 or remedies in this bankruptcy proceeding or otherwise in accordance with applicable law.

14           13.    Additional Expenditures of Cash Collateral.

15               (a)    In the event the Debtor wishes to make an expenditure of Cash Collateral not  
16 expressly provided for in the First Budget or any Successor Budget, the Debtor shall notify the  
17 Lender and the Lender's counsel immediately in writing of the amount and nature of the proposed  
18 expenditure at the electronic mail addresses set forth in Section 5(b) above and provide to the  
19 Lender such supporting documentation as may be reasonably necessary for the Lender to evaluate  
20 the necessity and propriety of the proposed expense (the "Additional Authorization Notice"). The  
21 Lender shall have five (5) calendar days from its receipt of the Additional Authorization Notice to  
22 approve or object to the proposed expenditure, in its sole discretion, and shall advise the Debtor in  
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27 expenditure(s) identified in the Additional Authorization Notice shall be deemed to have been  
28 approved by the Lender, and the Debtor shall be permitted to expend Cash Collateral subject to the

1 terms of this Stipulation as authorized by the Lender in writing. Alternatively, if the Lender timely  
2 delivers a written objection to the Additional Authorization Notice, the Lender shall specifically  
3 identify all reasons for which the objection is being made and, to the extent the Lender is able to do  
4 so, in its sole discretion, propose such other amounts or conditions which would render the  
5 proposed expenditure acceptable to the Lender. The Debtor shall not use Cash Collateral to pay for  
6 any proposed expenditures to which the Lender has objected, but the Debtor shall be permitted to  
7 use Cash Collateral to pay that portion of any proposed expenditures to which the Lender has not  
8 objected. Nothing contained in this Section 13(a) shall be construed to limit the Debtor's ability to  
9 file a motion with the Bankruptcy Court on notice and hearing (on a regular or expedited basis) to  
10 request that the Bankruptcy Court permit the Debtor to make an additional expenditure of Cash  
11 Collateral. The Lender reserves all rights it has under applicable law to oppose any such motion  
12 made by the Debtor.

13 (b) To the extent the Debtor requires emergency approval of expenditures of  
14 Cash Collateral for critical operating expenses and repairs which are not expressly provided for in  
15 the First Budget or any Successor Budget, the Debtor shall notify the Lender and the Lender's  
16 counsel immediately in writing, at the electronic mail addresses set forth in Section 5(b) above,  
17 regarding the amount and nature of such emergency expenditures, providing any supporting  
18 documentation that can reasonably be provided under the circumstances, and clearly identifying that  
19 the approval of such expenditures is being sought on an emergency basis (the "Emergency  
20 Authorization Notice"). The Lender shall have one (1) business day following its receipt of the  
21 Emergency Authorization Notice to approve or object to the proposed expenditure, in its sole  
22 discretion, and shall advise the Debtor in writing at the electronic mail addresses set forth in  
23 Section 5(b) above of its decision on or before the one (1) business day period has elapsed from the  
24 time of the Lender's receipt of the Emergency Additional Authorization Notice. In the event the  
25 Lender fails to deliver to the Debtor, within such one (1) business day period, written objections to  
26 the proposed emergency expenditures, such emergency expenditures shall be deemed to have been  
27 approved by the Lender. Alternatively, if the Lender timely delivers a written objection to the  
28 proposed emergency expenditure, the Lender shall specifically identify all reasons for which the

1 objection is being made and, to the extent the Lender is able to do so, in its sole discretion, propose  
2 such other amounts and/or conditions which would render the proposed emergency expenditure  
3 acceptable to the Lender. Nothing contained in this Section 13(b) shall be construed to limit the  
4 Debtor's ability to file a motion with the Bankruptcy Court on an expedited basis to request that the  
5 Bankruptcy Court permit the Debtor to use Cash Collateral for any emergency expenditure. The  
6 Lender reserves all rights it has under applicable law to oppose any such motion made by the  
7 Debtor.

8 14. Neutral Construction. Each of the parties hereto has been involved in the  
9 negotiation, review, and execution of this Stipulation, and each has had the opportunity to receive  
10 independent legal advice from attorneys of its choice with respect to the advisability of making and  
11 executing this Stipulation. In the event of any dispute or controversy regarding this Stipulation, the  
12 parties hereto shall be considered to be the joint authors of this Stipulation, and no provision of this  
13 Stipulation shall be interpreted against a party hereto because of authorship.

14 15. Headings. The parties acknowledge to one another that the headings set forth herein  
15 are for convenience only and shall not be used to limit, define, or interpret their rights and  
16 responsibilities hereunder.

17 16. Integration. Except as expressly provided in this Stipulation, this Stipulation is the  
18 final written expression and complete and exclusive statement of all of the agreements, conditions,  
19 promises and covenants between the parties with respect to the subject matter hereof and supersedes  
20 all prior or contemporaneous agreements, negotiations, representations, understandings and  
21 discussions between the parties and/or their respective counsel with respect to the subject matter  
22 covered hereby. Any amendment or modification to this Stipulation, in order to be legally binding,  
23 must be in writing specifically referring to the Stipulation and signed by duly authorized  
24 representatives of both parties hereto.

25 17. Execution. Any party executing this Stipulation in a representative capacity is duly  
26 authorized and empowered to do so. This Stipulation may be executed in original or facsimile  
27 signatures and in counterpart copies, and this Stipulation shall be deemed fully executed and

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1 effective when all parties have executed and possess a counterpart, even if no single counterpart  
2 contains all signatures.

3 18. Survival.

4 (a) Notwithstanding any termination of the Debtor's authority to use Cash  
5 Collateral pursuant to the terms of this Stipulation, all liens and security interests granted to the  
6 Lender pursuant to this Stipulation and the Loan Documents shall survive such termination and  
7 remain in full force and effect notwithstanding such termination.

8 (b) The provisions of this Stipulation and the actions taken pursuant hereto shall  
9 survive entry of any Order (i) appointing a Chapter 11 trustee in the Case, (ii) converting the Case  
10 to Chapter 7 or (iii) dismissing the Case and the terms and provisions of this Stipulation and all  
11 claims, liens and security interest granted to the Lender pursuant to the Stipulation and the Loan  
12 Documents shall continue in full force and effect notwithstanding entry of any such Order and the  
13 replacement lien set forth in Section 7 above shall maintain the priority as provided for by this  
14 Stipulation and the Loan Documents until all obligations owed to the Lender are indefeasibly paid  
15 in full.

16 (c) Notwithstanding any stay, modification, reversal or vacation of any order  
17 approving this Stipulation, any indebtedness, obligation or liability incurred by Debtor pursuant to  
18 this Stipulation arising prior to the later of the effective date of such stay, modification, reversal or  
19 vacation or the Lender's receipt of notice thereof, shall be governed in all respects by the original  
20 provisions of this Stipulation, and the Lender shall be entitled to all of the rights, remedies,  
21 privileges and benefits, including any payments authorized herein and all security interests, liens  
22 and priorities granted herein, with respect to such indebtedness, obligations or liabilities incurred or  
23 existing prior to such date, and with respect to the Debtor's use of Cash Collateral prior to such date.  
24 Without limiting the generality of the foregoing, in the event the Bankruptcy Court or any other  
25 court hereafter modifies any of the provisions of this Stipulation, such modification shall not affect  
26 the rights, remedies, liens and priorities of the Lender granted or acknowledged pursuant to this  
27 Stipulation with respect to the obligations and the pre-Petition Date indebtedness and any Cash  
28 Collateral which is used prior to any such modification.



1           19.    No Granting of Senior Liens. Except as otherwise agreed to by the Lender in writing  
2 in its sole discretion, or authorized by an Order of the Bankruptcy Court pursuant to this Stipulation,  
3 Debtor shall be prohibited from granting any mortgages, security interest or liens and encumbrances  
4 including liens created under 11 U.S.C. § 364(d) which are senior to or on a parity with the Lender  
5 pre-Petition Date liens and security interest.

6           20.    Time is of the Essence. Time is of the essence of any act or performance required to  
7 be performed by the Debtor pursuant to the terms of this Stipulation.

8           21.    No Third Party Beneficiaries. No rights are intended to be created hereunder for the  
9 benefit of any third party or creditor or any direct or indirect incidental beneficiary except as  
10 specifically provided for in this Stipulation.

11           22.    Court Approval. This Stipulation shall be submitted forthwith to the Bankruptcy  
12 Court for approval, and, in that regard, the Debtor may give such notice and opportunity to be heard  
13 as is required under the Federal Rules of Bankruptcy Procedure and other applicable law.

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15       DATED: October \_\_, 2024

JEFFER MANGELS BUTLER & MITCHELL LLP

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By: \_\_\_\_\_

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BENNETT G. YOUNG, ESQ.

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Attorneys for Frank Bragg Revocable Trust  
dated as of June 5, 2002

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21       DATED: October \_\_, 2024

KELLER BENVENUTTI KIM LLP

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By: \_\_\_\_\_

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TOBIAS S. KELLER, ESQ.

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Proposed Attorneys for the Debtors and  
Debtors-in-Possession

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**EXHIBIT 1**