

1 Jeffrey W. Dulberg (CA Bar No. 181200)
2 Scotta E. McFarland (CA Bar No. 165391)
3 PACHULSKI STANG ZIEHL & JONES LLP
4 10100 Santa Monica Blvd., 13th Floor
5 Los Angeles, California 90067
6 Telephone: 310/277-6910
7 Facsimile: 310/201-0760

8 Co-counsel for the PCHLI, Funding and PCFC
9 Liquidating Trusts

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12 **UNITED STATES BANKRUPTCY COURT**
13 **CENTRAL DISTRICT OF CALIFORNIA**
14 **LOS ANGELES DIVISION**

15 In re:
16 **PEOPLE'S CHOICE HOME LOAN,**
17 **INC., et al.,¹**
18
19 Debtors.

20 Case No.: 2-12-bk-15811-RK
21 Chapter 11

(Jointly Administered with Case Nos. 2:12-
22 bk-16200-RK and 2:12-bk-16201-RK)

(Transferred from 8:07-bk-10765-RK and
23 Jointly Administered with 8:07-bk-10767-RK
24 and 8:07-bk-10772-RK)

25 **NOTICE OF MOTION AND**
26 **LIQUIDATING TRUSTEE'S MOTION**
27 **FOR ORDER APPROVING**
28 **SETTLEMENT BETWEEN PEOPLE'S**
CHOICE HOME LOAN, INC. AND
PEOPLE'S CHOICE FUNDING, INC.
LIQUIDATING TRUSTS AND UBS AG;
DECLARATION OF RONALD F.
GREENSPAN

[No Hearing Required Per Local Bankruptcy
Rule 9013-1(o)(1)]

¹ The Debtors are People's Choice Home Loan, Inc., a Wyoming corporation, Fed. Tax I.D. No.: 94-3348277; People's Choice Funding, Inc., a Delaware corporation, Fed. Tax I.D. No.: 20-1156865; and People's Choice Financial Corporation, a Maryland corporation, Fed. Tax I.D. No.: 20-1157100.



1 **TO THE HONORABLE ROBERT N. KWAN, UNITED STATES BANKRUPTCY JUDGE,**
2 **THE POST-EFFECTIVE DATE COMMITTEES, ALL PARTIES REQUESTING SPECIAL**
3 **NOTICE, UBS AG AND THE OFFICE OF THE UNITED STATES TRUSTEE:**

4 **PLEASE TAKE NOTICE THAT** the Liquidating Trusts (collectively, the “PC Trusts”) of
5 People’s Choice Home Loan, Inc. (“PCHLI”), and People’s Choice Funding, Inc. (“Funding”), by
6 and through Ronald F. Greenspan, solely as the duly authorized and acting Liquidating Trustee for
7 each of the PC Trusts (the “Liquidating Trustee”), hereby move (the “Motion”) the Court for entry
8 of an order pursuant to Federal Rule of Bankruptcy Procedure 9019(a) approving a settlement of
9 various claims arising out of the sale of certain assets to UBS as set forth in that certain Mutual
10 Releases and Escrow Release Agreement (the “Settlement Agreement”) dated October 28, 2008,
11 attached hereto as **Exhibit A.**

12 The underlying dispute arose in late 2007 and related to the parties’ relative responsibility for
13 the costs of maintaining certain historical loan data. Upon the commencement of the underlying
14 dispute, in December 2007, the parties agreed to an escrow of estate funds of \$100,000 to provide a
15 source to reimburse UBS for asserted costs and expenses incurred for maintaining historical data
16 during the period from January 1, 2008 to May 31, 2008. Pursuant to the terms of the settlement,
17 among other things, the parties will waive all claims against one another (other than certain defined
18 claims as identified in the Settlement Agreement) and the parties will split the escrow fund as
19 follows: 80% to the PC Trusts and 20% to UBS.

20 The Motion is based on this Notice of Motion and Motion, the Memorandum of Points and
21 Authorities and declarations attached hereto, the records and pleadings on file in these cases and
22 such further oral and documentary evidence as may be presented at any hearing on this Motion.

23 **PLEASE TAKE FURTHER NOTICE** that Local Bankruptcy Rule 9013-1(o)(1) requires
24 that any response and request for hearing must be filed with the Bankruptcy Court and served upon
25 counsel for the PC Trusts at the address appearing on the upper-left hand corner of the caption page
26 to this Motion and upon the United States Trustee within fourteen (14) days after the date of service
27 of the Notice. Failure to timely file and serve a response and request for hearing may be deemed by
28 the Court to be consent to the granting of the relief requested in the Motion.

1 **WHEREFORE** the PC Trusts respectfully request that this Court enter an order approving
2 the Settlement Agreement, authorizing the PC Trusts to enter into and take any and all actions
3 reasonably necessary to effectuate the Settlement Agreement, and for such other and further relief as
4 the Court deems just and proper.

5 Dated: October 11, 2012

PACHULSKI STANG ZIEHL & JONES, LLP

7 By /s/ Jeffrey W. Dulberg
8 Jeffrey W. Dulberg
9 Scotta E. McFarland
10 Co-Counsel for the PCHLI, Funding and PCFC
11 Liquidating Trusts

PACHULSKI STANG ZIEHL & JONES LLP
ATTORNEYS AT LAW
LOS ANGELES, CALIFORNIA

MEMORANDUM OF POINTS AND AUTHORITIES

I.

INTRODUCTION

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4 Through the proposed settlement, the PC Trusts would obtain a resolution of issues that arose
5 several years ago following the sale of the Debtors' loan servicing and origination platforms to UBS,
6 as set forth in that certain Mutual Releases and Escrow Release Agreement (the "Settlement
7 Agreement") dated October 28, 2008, attached hereto as **Exhibit A**. The underlying dispute arose in
8 late 2007 and related to the relative responsibility as between the Debtors and UBS for the costs of
9 maintaining certain historical loan data. Upon the commencement of the underlying dispute, in
10 December 2007, the parties agreed to an escrow of estate funds of \$100,000 to provide a source to
11 reimburse UBS for asserted costs and expenses incurred for maintaining historical data during the
12 period from January 1, 2008 to May 31, 2008. The parties essentially contested whether UBS
13 should be solely responsible for certain costs associated with maintaining the bankruptcy estates'
14 access to historical loan data or whether certain of those costs could be charged to the estates.

15 The Debtors argued at the time that they should not have to bear any of the purported costs
16 and legal expenses of approximately \$42,000. Pursuant to the terms of the Settlement Agreement,
17 among other things, the parties will waive all claims against one another (other than certain defined
18 claims as identified in the Settlement Agreement) and the parties will divide the escrowed funds, as
19 follows: 80% to the PC Trusts and 20% to UBS. As this proposed split provides that UBS will
20 receive approximately one-half of the amounts it alleged it was entitled to, the proposed settlement is
21 sound and well within the range of reasonableness.

22 The proposed Settlement Agreement obviates the need for the PC Trusts to pursue and/or
23 respond to uncertain litigation and bear the expenses associated therewith. As a result, the
24 Liquidating Trustee believes that the Settlement Agreement is fair, equitable, and in the best interests
25 of the PC Trusts and should be approved in its entirety. The Liquidating Trustee has provided the
26 Post-Effective Date Committee with a copy of the Settlement Agreement. Based on the foregoing,
27 the PC Trusts request approval of the terms of the Settlement Agreement.
28

1 II.

2 STATEMENT OF FACTS

3 A. Background of Bankruptcy and Plan Confirmation

4 Each of People's Choice Home Loan Inc. ("PCHLI"), People's Choice Funding Corporation
5 ("Funding") and People's Choice Financial Corporation ("PCFC," and, collectively with PCHLI and
6 Funding, the "Debtors") filed a voluntary petition for relief under chapter 11 of title 11 of the United
7 States Code, 11 U.S.C. § 101, *et seq.* (as hereafter amended, modified or supplemented, the
8 "Bankruptcy Code") in the Bankruptcy Court for the Central District of California (the "Court") on
9 March 20, 2007 (the "Petition Date"), commencing the above-captioned chapter 11 cases
10 (collectively, the "Cases").

11 On August 6, 2008, the Court entered its order (the "Confirmation Order") confirming the
12 *Committee's First Amended Liquidating Plan under Chapter 11 of the Bankruptcy Code dated May*
13 *28, 2008* (the "Plan"). The Effective Date under and as defined in the Plan occurred on August 12,
14 2008.

15 On the Effective Date of the Plan, and subject to the terms and conditions of the Plan and
16 Confirmation Order, among other things: (a) the Liquidating Trust Agreements for each of the PC
17 Trusts became effective, and the Liquidating Trustee for each of the PC Trusts began to manage and
18 administer the PC Trusts subject to the terms and conditions of the Liquidating Trust Agreements;
19 (b) the Official Committee of Unsecured Creditors (the "Committee") appointed in the Cases by the
20 Office of the United States Trustee was dissolved and discharged from any further duties and
21 obligations in the Cases, and the Post-Effective Date Committee for each of the PC Trusts became
22 operative; (c) except as provided in the Plan, all of the assets and property of the Debtors, including
23 any and all affirmative claims for relief, were transferred into the PC Trusts; and (d) except as
24 otherwise provided in the Plan, each of the Debtors was deemed dissolved or directed to be
25 dissolved as soon as practicable following the Effective Date.

26 Pursuant to the Plan, and subject to the terms and conditions of the Plan, the Confirmation
27 Order and the Liquidating Trust Agreements, the Liquidating Trustee is directed to administer the
28 PC Trusts by, among other things: (i) reducing remaining property to cash; (ii) evaluating Claims

1 against the Debtors and objecting to, allowing or otherwise resolving such Claims; (iii) evaluating
2 and pursuing, releasing or otherwise resolving affirmative relief against third-parties; and (iv)
3 making distributions of cash to Beneficiaries under and as defined in the Liquidating Trust
4 Agreements.

5 The Plan provides that the Liquidating Trustee is the representative of the estates under 11
6 U.S.C. § 1123(b)(3)(B), and is a liquidator of the assets of the estates.

7 **B. The Sale of the Debtors' Platforms**

8 Relatively early in these cases, as part of the wind down of the Debtors' affairs, the Debtors
9 sold their loan servicing and origination platforms (together, the "Platforms"). Initially, the Debtors
10 had held out their Platforms for sale at the auction conducted on April 17 and 18, 2007, but did not
11 accept any bids with respect thereto. The Debtors, with the cooperation of the Committee, continued
12 marketing the Platforms for sale to third parties.

13 The Debtors, after consultation with the Committee, determined that an offer from UBS, of
14 \$2,500,000 for the Platforms was the highest and best value for those assets and on July 3, 2007,
15 filed a motion (the "Platforms Sale Motion") (Docket No. 481) with the Court seeking approval of
16 such sale. On July 9, 2007, the Court entered its Order (A) Authorizing Sale of Certain Assets Free
17 and Clear of Liens, Claims, Encumbrances and Interests, (B) Authorizing Assumption, Assignment
18 and Rejection of Executory Contracts; and (C) Granting Related Relief (Docket No. 494) approving
19 the sale.

20 Under Section 10.2 of the Asset Purchase Agreement, UBS agreed to provide PCHLI and
21 Funding reasonable access to the financial and other books and records relating to the Purchased
22 Assets (as defined in the Asset Purchase Agreement) and PCHLI and Funding agreed that they
23 would bear the costs and expenses incurred by UBS in providing such access.

24 **C. The Dispute over "Purging" of the Debtors' Historical Records**

25 In late 2007, UBS informed the Debtors that UBS planned to "purge" the Debtors' historical
26 loan data. In response, the Debtors alleged that any such action would violate the Asset Purchase
27 Agreement and otherwise harm the Debtors' estates. On December 19, 2007, in order to avoid any
28 irreparable harm pending a permanent work-around to solve the Debtors' need for data access, UBS

1 agreed it would not purge the historical loan servicing data through May 31, 2008, and the Debtors
2 agreed to wire \$100,000 to UBS's counsel (at the time), to be held in escrow, in trust against
3 expenses, including legal fees incurred in negotiating the escrow arrangement, if any, to which UBS
4 is entitled to for the storage of, and allowing the Debtors access to, data through May 31, 2008, with
5 all sides reserving their respective rights. The parties initially allocated the \$100,000 as follows: (1)
6 up to \$90,000 for storage, access, etc. and (2) up to \$10,000 for legal fees incurred in negotiating the
7 escrow arrangement.

8 In the months that followed, the parties continued to dispute whether UBS fulfilled its
9 obligation to provide reasonable access in accordance with Section 10.2 of the Asset Purchase
10 Agreement and, therefore, whether UBS was entitled to reimbursement from the Escrow Amount of
11 its costs and expenses incurred in maintaining the historical data. UBS asserted that it fully
12 performed and discharged its obligations under the Asset Purchase Agreement by providing
13 reasonable access to the financial and other books and records relating to the Purchased Assets.
14 PCHLI and Funding believed that UBS had not fully performed and discharged such obligations.

15 A critical determination that had to be made in order to reach agreement with UBS was for
16 the Debtors to satisfy themselves that historical information UBS had announced its intention to
17 purge would continue to remain available to the Debtors (and thus later to the Liquidating Trustee)
18 in some other form.² FTI Consulting, financial advisor to the Committee at the time (and later to the
19 Liquidating Trustee), evaluated the available information and concluded that the historical
20 information UBS had expressed its intention to purge would continue to be available in different
21 formats. That determination made a settlement possible.

22 PCHLI and Funding (with input from the Committee), on the one hand, and UBS, on the
23 other, agreed in principle shortly before confirmation to resolve their dispute, to allocate the Escrow
24 Amount between them and to grant limited mutual releases in accordance with the terms and
25 conditions, and to the extent, set forth in the Settlement Agreement (which was prepared following

26 _____
27 ² As was subsequently explained, in this context the word "purge" referred to records being taken offline by the entity
28 that maintained those records for UBS and had previously maintained them for PCHLI. Before records were taken
offline, it was the practice of that entity to create tapes of the information to be purged and to maintain the tapes for ten
years. In addition, UBS informed the Debtors that the historical mortgage servicing information was also on CDs that
had been provided to the Debtors.

1 the appointment of the Liquidating Trustee). The Settlement Agreement was signed in the latter part
2 of 2008.

3 Delay in presentation of the settlement to this Court for approval occurred as a result of
4 unrelated litigation that commenced in early 2009. Now that said litigation has been finally
5 resolved, there is no reason for further delay.

6 **III.**

7 **SETTLEMENT**

8 The parties realized in 2008 that the costs associated with pursuing the respective disputed
9 matters coupled with the uncertainty of litigation argued for a settlement and compromise of their
10 respective disputes against each other. The key was for the Debtors to satisfy themselves that the
11 records available to the Debtors (and thus later to the Liquidating Trustee) were sufficient for the
12 needs of the estates. Following that determination, the parties entered into the Settlement Agreement
13 to resolve the claims that are the subject thereof (excluding certain identified claims as set forth
14 therein); the agreement was expressly subject to the approval of this Court. The Liquidating Trustee
15 believes that the Settlement is in the best interests of the PC Trusts and requests that the Court
16 approve the Settlement. The pertinent terms of the Settlement are as follows:

17 A. The Parties acknowledged and agreed that the Escrow Amount (at the time, just over
18 \$101,000) would be allocated (i) 80% to or as directed by the Liquidating Trustee and (ii) 20% to or
19 as directed by UBS. Any additional interest earned was to be divided on the same basis.

20 B. Not later than two (2) business days after the entry of an order of the Bankruptcy
21 Court approving the Settlement Agreement, the Escrow Agent shall release and disburse the Escrow
22 Amount as set forth above.

23 C. Subject to entry of an order approving the Agreement, the Liquidating Trustee, on
24 behalf of himself, the Liquidating Trusts and the estates and beneficiaries thereof, shall release
25 unconditionally and forever UBS, its affiliates and its and their respective current and former
26 employees, directors, officers, members, agents, advisors, attorneys and representatives (collectively,
27 the "UBS Entities") from any claims or causes of action known or unknown, now existing or
28 subsequently arising whatsoever in connection with, related to, or arising out of (i) the Asset

1 Purchase Agreement, (ii) the Purchased Assets and (iii) UBS performing the services on behalf of
2 PCHLI and Funding specified on Schedule "1" to the Agreement. Furthermore, the Liquidating
3 Trustee shall indemnify and hold harmless UBS and the UBS Entities for all losses of any kind
4 incurred by UBS and the UBS Entities in connection with, related to or arising from UBS
5 performing the services set forth on Schedule "1".

6 D. Subject to entry of an order approving the Agreement, UBS, on behalf of itself and
7 the UBS Entities, shall releases unconditionally and forever the Liquidating Trusts, the Liquidating
8 Trustee and his agents, advisors, attorneys and representatives from any claims or causes of action
9 known or unknown, now existing or subsequently arising whatsoever in connection with, related to,
10 or arising out of (i) the Asset Purchase Agreement and (ii) the Purchased Assets, provided however,
11 that neither the foregoing releases nor any other provision of this Agreement shall be deemed to
12 release, be a waiver of or otherwise affect in any manner the proof of claim (claim no. 440) filed on
13 August 31, 2007 by UBS Real Estate Securities, Inc.

14 IV.

15 **THE PROPOSED COMPROMISE IS IN THE BEST INTEREST**
16 **OF THE CREDITORS AND THE ESTATES**

17 Federal Rule of Bankruptcy Procedure 9019(a) provides,

18 On motion by the trustee and after hearing on notice to creditors, the
19 debtor and indenture trustees as provided in Rule 2002(a) and to such
20 other entities as the court may designate, the court may approve a
compromise or settlement.

21 The standard for approval of a compromise was further addressed by the Supreme Court in
22 Protective Committee for Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson, 390
23 U.S. 414, reh'g denied, 391 U.S. 909 (1968). There the Court held that a bankruptcy court in
24 considering whether to approve a compromise, should inform itself regarding

25 all facts necessary for an intelligent and objective opinion of the
26 probabilities of ultimate success should the claim be litigated. Further,
27 the judge should form an educated estimate of the complexity,
28 expense, and likely duration of such litigation, the possible difficulties
of collecting on any judgment which might be obtained, and all other

1 factors relevant to a full and fair assessment of the wisdom of the
2 proposed compromise.

3 Id. The court further held in TMT Trailer, that compromises reached during the course of
4 insolvency proceedings must be “fair and reasonable.” 390 U.S. at 424. Significantly, the court
5 stated that “[b]asic to this process in every instance, of course, is the need to compare the terms of
6 the compromise with the likely rewards of litigation.” Id.

7 More recently, the Ninth Circuit Court of Appeals has held that the determination of whether
8 a proposed settlement agreement meets the requisite standards of fairness, equity and
9 reasonableness, is a function of several factors: (a) the probability of success in the litigation; (b)
10 the difficulties, if any, to be encountered in the matter of collection; (c) complexity of the litigation
11 involved, and the expense, inconvenience and delay necessarily attending it; and (d) the paramount
12 interest of creditors and a proper deference to their reasonable views. See Martin v. Kane (In re
13 A&C Properties), 784 F.2d 1377, 1381 (9th Cir.), cert. denied sub nom., Martin v. Robinson, 479
14 U.S. 854 (1986); accord Woodson v. Fireman’s Fund Insur. Co. (In re Woodson), 839 F.2d 610, 620
15 (9th Cir. 1988); In re MGS Marketing, 111 B.R. 264, 267 (B.A.P. 9th Cir. 1990).

16 Finally, the bankruptcy court has wide latitude and discretion in evaluating a proposed
17 compromise because the judge is “uniquely situated to consider the equities and reasonableness.”
18 United States v. Alaska National Bank (In re Walsh Construction, Inc.), 669 F.2d 1325, 1328 (9th
19 Cir. 1982). In that vein, the Ninth Circuit has further stated:

20
21 A compromise agreement allows the trustee and the creditor to avoid
22 the expenses and burdens associated with litigating “sharply contested
23 and dubious” claims. The bankruptcy court need not conduct an
24 exhaustive investigation into the validity of the asserted claim. It is
25 sufficient that, after appraising itself of all facts necessary for an
26 intelligent and objective opinion concerning the claim’s validity, the
27 court determines that either (1) the claim has “substantial foundation”
28 and is not “clearly invalid as a matter of law,” or (2) the outcome of
the claim’s litigation is “doubtful.”

26 Id. at 1328 (citations omitted).

27 Here, the Settlement Agreement provides that the PC Trusts and UBS will resolve their
28 dispute through a rational division of the escrowed funds, in a manner that will provide certainty,

1 where the application of law to the facts would be difficult to predict and the associated costs would
2 be prohibitive. As a result, the proposed settlement clearly satisfies the A&C Properties test
3 described above.

4 V.

5 **CONCLUSION**

6 WHEREFORE, the PC Trusts request approval of the Settlement for the reasons set forth
7 herein.

8
9 Dated: October 10, 2012

PACHULSKI STANG ZIEHL & JONES, LLP

10
11 By /s/ Jeffrey W Dulberg

12 Jeffrey W. Dulberg
13 Scotta E. McFarland
14 Co-counsel for PCHLI, Funding and PCFC
15 Trusts
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DECLARATION OF RONALD F. GREENSPAN

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3 I, Ronald F. Greenspan, declare and state as follows:

4 1. I am the Liquidating Trustee of each of the PC Trusts (the "PC Trusts") for the estates
5 of the Debtors (defined below). I submit this declaration in my capacity as Liquidating Trustee in
6 support of the *Liquidating Trustee's Motion for Order Approving Settlement Between People's*
7 *Choice Home Loan, Inc. and People's Choice Funding, Inc. Liquidating Trusts and UBS AG* (the
8 "Motion"). I am over the age of eighteen years and either have personal knowledge of the facts set
9 forth below or have obtained knowledge of such facts based upon inquiry from those working at my
10 direction. Capitalized terms not otherwise defined herein shall have the meaning assigned to them in
11 the Motion.

12 2. Each of People's Choice Home Loan Inc. ("PCHLI"), People's Choice Funding
13 Corporation ("Funding") and People's Choice Financial Corporation ("PCFC"), and, collectively
14 with PCHLI and Funding, the "Debtors") filed a voluntary petition for relief under chapter 11 of title
15 11 of the United States Code, 11 U.S.C. § 101, *et seq.* (as hereafter amended, modified or
16 supplemented, the "Bankruptcy Code") in the Bankruptcy Court for the Central District of California
17 (the "Court") on March 20, 2007 (the "Petition Date"), commencing the above-captioned chapter 11
18 cases (collectively, the "Cases").

19 3. On August 6, 2008, the Court entered its order (the "Confirmation Order")
20 confirming the *Committee's First Amended Liquidating Plan under Chapter 11 of the Bankruptcy*
21 *Code dated May 28, 2008* (the "Plan"). The Effective Date under and as defined in the Plan
22 occurred on August 12, 2008.

23 4. On the Effective Date of the Plan, and subject to the terms and conditions of the
24 Plan and Confirmation Order, among other things: (a) the Liquidating Trust Agreements for each
25 of the PC Trusts became effective, and the Liquidating Trustee for each of the PC Trusts began to
26 manage and administer the PC Trusts subject to the terms and conditions of the Liquidating Trust
27 Agreements; (b) the Official Committee of Unsecured Creditors appointed in the Cases by the
28 Office of the United States Trustee was dissolved and discharged from any further duties and

1 obligations in the Cases, and the Post-Effective Date Committee for each of the PC Trusts became
2 operative; (c) except as provided in the Plan, all of the assets and property of the Debtors,
3 including any and all affirmative claims for relief, were transferred into the PC Trusts; and (d)
4 except as otherwise provided in the Plan, each of the Debtors was deemed dissolved or directed to
5 be dissolved as soon as practicable following the Effective Date.

6 5. Pursuant to the Plan, and subject to the terms and conditions of the Plan, the
7 Confirmation Order and the Liquidating Trust Agreements, the Liquidating Trustee is directed to
8 administer the PC Trusts by, among other things: (i) reducing remaining property to cash; (ii)
9 evaluating Claims against the Debtors and objecting to, allowing or otherwise resolving such
10 Claims; (iii) evaluating and pursuing, releasing or otherwise resolving affirmative relief against
11 third-parties; and (iv) making distributions of cash to Beneficiaries under and as defined in the
12 Liquidating Trust Agreements.

13 6. The Plan provides that the Liquidating Trustee is the representative of the estates
14 under 11 U.S.C. § 1123(b)(3)(B), and is a liquidator of the assets of the estates.

15 7. As part of the wind down of the Debtors' affairs, the Debtors sold their loan
16 servicing and origination platforms (together, the "Platforms"). Initially, the Debtors had held out
17 their Platforms for sale at the auction conducted on April 17 and 18, 2007, but did not accept any
18 bids with respect thereto. The Debtors, with the cooperation of the Committee, continued
19 marketing the Platforms for sale to third parties. The Debtors, after consultation with the
20 Committee, determined that an offer from UBS AG, a Swiss banking corporation, of \$2,500,000
21 for the Platforms was the highest and best value for those assets and on July 3, 2007, filed a
22 motion (the "Platforms Sale Motion") (Docket No. 481) with the Court seeking approval of such
23 sale. On July 9, 2007, the Court entered its Order (A) Authorizing Sale of Certain Assets Free and
24 Clear of Liens, Claims, Encumbrances and Interests, (B) Authorizing Assumption, Assignment
25 and Rejection of Executory Contracts; and (C) Granting Related Relief (Docket No. 494)
26 approving the sale.

27 8. Under Section 10.2 of the Asset Purchase Agreement, UBS agreed to provide
28 PCHLI and Funding reasonable access to the financial and other books and records relating to the

1 Purchased Assets (as defined in the Asset Purchase Agreement) and PCHLI and Funding agreed
2 that they would bear the costs and expenses incurred by UBS from providing such access.

3 9. In late 2007, UBS informed the Debtors that they were going to “purge” the
4 Debtors’ historical loan data; in response, the Debtors alleged that any such action would violate
5 the Asset Purchase Agreement and otherwise harm the Debtors’ estates. On December 19, 2007,
6 in order to avoid any irreparable harm pending a permanent work-around to solve the Debtors’
7 need for data access, UBS agreed it would not purge the historical loan servicing data through May
8 31, 2008, and the Debtors agreed to wire \$100,000 to UBS’s then counsel, to be held in escrow, in
9 trust against expenses, including legal fees incurred in negotiating the escrow arrangement, if any,
10 to which UBS is entitled to for the storage of, and allowing the Debtors access to, data through
11 May 31, 2008, with all sides reserving their respective rights. The parties initially allocated the
12 \$100,000 as follows: (1) up to \$90,000 for storage, access, etc. and (2) up to \$10,000 for legal fees
13 incurred in negotiating the escrow arrangement.

14 10. The parties continued to dispute whether UBS fulfilled its obligation to provide
15 reasonable access in accordance with Section 10.2 of the Asset Purchase Agreement and,
16 therefore, whether UBS was entitled to reimbursement from the Escrow Amount of its costs and
17 expenses incurred in maintaining the historical data. UBS asserted that it fully performed and
18 discharged its obligations under the Asset Purchase Agreement by providing reasonable access to
19 the financial and other books and records relating to the Purchased Assets. PCHLI and Funding
20 believed that UBS had not fully performed and discharged such obligations.

21 11. A critical determination was necessary before an agreement could be reached with
22 UBS: the Debtors had to satisfy themselves that the historical information UBS had announced it
23 intention to purge would continue to remain available to the Debtors (and thus later to the
24 Liquidating Trustee) in some other form. FTI Consulting, financial advisor to the Committee at
25 the time (and later to me as Liquidating Trustee) evaluated the available information and
26 concluded that the historical information UBS had expressed its intention to purge would continue
27 to be available in different formats. That conclusion made a settlement possible.

1 12. I believe that part of the problem at the time was the ambiguity of the reference to a
2 “purge” of historical records. As it was subsequently explained to me, in this context “purge”
3 referred to data being taken offline by the entity that maintained those records for UBS and had
4 previously maintained them for PCHLI; before records were taken offline, it was the practice of
5 that entity to create tapes of the data to be taken offline and to maintain the tapes for ten years. In
6 addition, UBS informed the Debtors that the historical mortgage servicing information was also on
7 CDs that had been provided to the Debtors.

8 13. PCHLI and Funding (with input from the Committee), on the one hand, and UBS,
9 on the other, agreed in principle not long before confirmation to resolve their dispute, to allocate
10 the Escrow Amount between them and to grant limited mutual releases in accordance with the
11 terms and conditions, and to the extent, set forth in the Settlement Agreement (which was prepared
12 following the appointment of the Liquidating Trustee).

13 14. The Settlement Agreement was documented and signed in the latter part of 2008,
14 after I had assumed my position as Liquidating Trustee.

15 15. Delay in presentation of the settlement to this Court for approval occurred as a
16 result of unrelated litigation that commenced in early 2009. Presentation of a motion to approve
17 the Settlement Agreement was therefore deferred; now that said litigation has been finally
18 resolved, there is no reason for further delay.

19 16. My conclusion, on behalf of each of the PC Trusts, was and remains that the costs
20 associated with pursuing the disputed matters settled in the proposed Settlement Agreement coupled
21 with the uncertainty of litigation, made a settlement and compromise advantageous for the PC
22 Trusts. Accordingly, on behalf of each of the PC Trusts, I entered into the Settlement Agreement
23 (subject to Court approval) to fully and finally resolve the claims that are the subject of the
24 Settlement Agreement (and excluding certain other claims). I, on behalf of each of the PC Trusts,
25 believe that the Settlement is in the best interest of the PC Trusts and request that the Court approve
26 the Settlement.

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I declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed this 4th day of October, 2012, at Los Angeles, California.

By: Ronald F. Greenspan
Ronald F. Greenspan, solely in his capacity as
the duly authorized and acting Liquidating
Trustee of the PCHLI, Funding and PCFC
Liquidating Trusts

ACHULSKI STANG ZIEHL & JONES LLP
ATTORNEYS AT LAW
LOS ANGELES, CALIFORNIA

EXHIBIT A

MUTUAL RELEASES AND ESCROW RELEASE AGREEMENT

MUTUAL RELEASES AND ESCROW RELEASE AGREEMENT, dated as of October 28, 2008 (this "Agreement"), by and among UBS AG, a Swiss banking corporation, acting through its branch located at 2202 N. West Shore Blvd., Suite 200, Tampa, Florida 33607, and licensed by the Office of Comptroller of the Currency ("UBS"), Ronald F. Greenspan, solely in his capacity as the Liquidating Trustee of the PCHLI Liquidating Trust and the Funding Liquidating Trust established under The Committee's First Amended Liquidating Plan Under Chapter 11 of the Bankruptcy Code Dated May 28, 2008 (as amended, modified or supplemented, the "Plan") and Pillsbury Winthrop Shaw Pittman LLP (the "Escrow Agent"). The Liquidating Trustee, UBS and the Escrow Agent are referred to herein, collectively, as the "Parties."¹

RECITALS

1. PCHLI and Funding each commenced a case under chapter 11 of the Title 11 of the United States Code in the United States Bankruptcy Court, Central District of California (defined in the Plan as the "Cases");

2. PCHLI, Funding and UBS (the "APA Parties") are parties to that certain Asset Purchase Agreement, dated as of July 13, 2007 (the "Asset Purchase Agreement") which was approved pursuant to the Order (A) Authorizing Sale of Certain Assets Free and Clear of Liens, Claims, Encumbrances and Interests, (B) Authorizing Assumption, Assignment and Rejection of Executory Contracts; and (C) Granting Related Relief entered by the Bankruptcy Court on July 9, 2007.

3. Under Section 10.2 of the Asset Purchase Agreement, UBS agreed to provide PCHLI and Funding reasonable access to the financial and other books and records relating to the Purchased Assets (as defined in the Asset Purchase Agreement) and PCHLI and Funding agreed that they would bear the costs and expenses incurred by UBS from providing such access.

4. A portion of the costs and expenses incurred by UBS from providing access under Section 10.2 of the Asset Purchase Agreement is related to UBS maintaining historical loan servicing data on servers and equipment acquired by UBS under the Asset Purchase Agreement.

5. The APA Parties and the Committee agreed to an escrow and reimbursement arrangement as set forth in that certain electronic mail message from James Hunter to Rick Antonoff, dated December 19, 2007 (time-stamped 3:21pm Eastern time) under which (a) the APA Parties appointed the Escrow Agent and (b) PCHLI and Funding deposited \$100,000 (the "Escrow Amount") with the Escrow Agent to reimburse UBS for costs and expenses incurred for maintaining historical data during the period from January 1, 2008 to May 31, 2008.

¹ Capitalized terms used herein and not defined herein have the meanings ascribed to such terms in the Plan.

6. The APA Parties dispute whether UBS has fulfilled its obligation to provide reasonable access in accordance with Section 10.2 of the Asset Purchase Agreement and, therefore, whether UBS is entitled to reimbursement from the Escrow Amount of its costs and expenses incurred in maintaining the historical data. UBS believes it has fully performed and discharged its obligations under the Asset Purchase Agreement by providing reasonable access to the financial and other books and records relating to the Purchased Assets. PCHLI and Funding believe that UBS has not fully performed and discharged such obligations.

7. The APA Parties have agreed to resolve their dispute, to allocate the Escrow Amount between them and to grant mutual releases in accordance with the terms and conditions, and to the extent, set forth herein.

8. In the interim, on August 6, 2008, the Bankruptcy Court entered its Order Confirming Committee's First Amended Liquidating Plan under Chapter 11 of the Bankruptcy Code dated May 28, 2008 (the "Confirmation Order"), pursuant to which the Liquidating Trustee was appointed and certain Assets of PCHLI and Funding were transferred to, respectively, the PCHLI Liquidating Trust and the Funding Liquidating Trust, including PCHLI's and Funding's (a) rights under the Asset Purchase Agreement and (b) interests in the Escrow Amount.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, and intending to be legally bound hereby, the Parties hereby agree, subject to approval of the Bankruptcy Court, as follows:

SECTION 1. Allocation and Release of Escrow Amount. (a) The Parties acknowledge and agree that the Escrow Amount as of the date hereof is an amount equal to \$101,022.29.

(b) The Escrow Amount shall be allocated (i) \$80,817.83 to or as directed by the Liquidating Trustee and (ii) \$20,204.46 to or as directed by UBS. Any additional interest earned shall be divided on the same basis (i.e. 80% to Liquidating Trustee, 20% to UBS).

(c) As soon as practicable, but not later than two (2) business days, after the entry of an order of the Bankruptcy Court approving this Agreement, the Escrow Agent shall release and disburse the Escrow Amount in the respective amounts set forth above in Section 1(b)(i) and (ii), in accordance with the following wire transfer instructions and will promptly provide the Parties with wire identification information as it is available:

Liquidating Trustee Directions

To: Bank of America

ABA#: 026009593

For credit to: FTI Consulting, Inc.

Account No.: 003939577164

Reference: People's Choice

UBS Directions

To: JP Morgan Chase Bank, N.A., NY, NY

ABA#: 021000021 (S.W.I.F.T. Code CHASUS33)

For credit to: Pillsbury Winthrop Shaw Pittman LLP

Account No.: 301177087165

Reference: 089324.0000003 (R. Antonoff)

SECTION 2. Release and Indemnification. (a) Upon execution and delivery of this Agreement, and subject to entry of an order of the Bankruptcy Court approving this Agreement, the Liquidating Trustee, on behalf of himself, the Liquidating Trusts and the estates and beneficiaries thereof, hereby releases unconditionally and forever UBS, its affiliates and its and their respective current and former employees, directors, officers, members, agents, advisors, attorneys and representatives (collectively, the "UBS Entities") from any claims or causes of action known or unknown, now existing or subsequently arising whatsoever in connection with, related to, or arising out of (i) the Asset Purchase Agreement, (ii) the Purchased Assets and (iii) UBS performing the services on behalf of PCHLI and Funding specified on the attached Schedule "1".

(b) The Liquidating Trustee shall indemnify and hold harmless UBS and the UBS Entities for all losses of any kind incurred by UBS and the UBS Entities in connection with, related to or arising from UBS performing the services set forth on Schedule "1".

(c) Upon execution and delivery of this Agreement, and subject to entry of an order of the Bankruptcy Court approving this Agreement, UBS, on behalf of itself and the UBS Entities, hereby releases unconditionally and forever the Liquidating Trusts, the Liquidating Trustee and his agents, advisors, attorneys and representatives from any claims or causes of action known or unknown, now existing or subsequently arising whatsoever in connection with, related to, or arising out of (i) the Asset Purchase Agreement and (ii) the Purchased Assets, provided however, that neither the foregoing releases nor any other provision of this Agreement shall be deemed to release, be a waiver of or otherwise affect in any manner the proof of claim (claim no. 440) filed on August 31, 2007 by UBS Real Estate Securities, Inc.

SECTION 3. Escrow Agent. (a) The Escrow Agent shall not be liable except for the performance of such duties as are specifically set forth in this Agreement and no implied covenants shall be read into this Agreement against the Escrow Agent.

(b) In the performance of its duties hereunder, the Escrow Agent shall be entitled to rely without any investigation into the underlying facts upon any certificate, statement,

opinion, report, notice, request, correspondence, consent, order, approval, document, instrument, signature or other paper document believed by it in good faith to be genuine and signed or delivered by any Party or an authorized officer or agent thereof, and shall not be required to investigate the truth or accuracy of any statement contained in any such document or instrument. The Escrow Agent may assume that any person purporting to give any notice in accordance with the provisions of this Agreement has been duly authorized to do so.

(c) The Liquidating Trustee, on the one hand, and UBS, on the other hand, agree to equally reimburse the Escrow Agent, and to indemnify and hold the Escrow Agent and its officers, directors, employees and agents harmless against and with respect to, any and all loss, liability, damage or expense (including, but without limitation, reasonable attorneys' fees, costs and disbursements) that the Escrow Agent may suffer or incur in connection with this Agreement and its performance hereunder or in connection herewith, except to the extent such loss, liability, damage or expense arises from its willful misconduct, bad faith or gross negligence as adjudicated by a court of competent jurisdiction. In the event that the Liquidating Trustee and/or UBS do not pay to the Escrow Agent within thirty (30) calendar days of presentment their respective portion of such losses, liabilities, damages or expenses, then the Escrow Agent may pay itself such amounts from the Escrow Amount or, if such presentment is after disbursement of the Escrow Amount, the Escrow Agent may assert a claim against each of such Party to recover such losses, liabilities, damages or expenses.

(d) The Escrow Agent shall be under no duty to give the property held in escrow by it hereunder any greater degree of care than it gives its own similar property.

(e) In the event of any disagreement between the Liquidating Trustee and UBS resulting in adverse claims or demands being made in connection with the Escrow Account, or in the event that the Escrow Agent in good faith is in doubt as to what action it should take hereunder, the Escrow Agent shall be entitled to retain the Escrow Account until the Escrow Agent shall have received (i) a Final Award or (ii) a written agreement executed by the Liquidating Trustee and UBS directing delivery of the Escrow Account, in which event the Escrow Agent shall disburse the Escrow Account in accordance with such order, judgment or agreement. Any court order shall be accompanied by a legal opinion of counsel for the presenting Party satisfactory to the Escrow Agent to the effect that said order or judgment is final and nonappealable. The Escrow Agent shall act on such court order or judgment and legal opinion without further question.

(f) The Escrow Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction of the Liquidating Trustee and UBS given under this Agreement.

(g) None of the provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

(h) Whenever in the administration of the provisions of this Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action to be taken hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of gross negligence, bad faith or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate signed by the Liquidating Trustee and UBS and delivered to the Escrow Agent and such certificate, in the absence of gross negligence, bad faith or willful misconduct on the part of the Escrow Agent, shall be full warrant to the Escrow Agent for any action taken, suffered or omitted by it under the provisions of this Agreement upon the faith thereof as adjudicated by a court of competent jurisdiction.

(i) The Escrow Agent shall have no obligation to invest and reinvest any funds held in the Escrow Account.

(j) The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or indirectly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any bad faith, willful misconduct or gross negligence on the part of any agent, attorney, custodian or nominee so appointed as adjudicated by a court of competent jurisdiction.

(k) The Liquidating Trustee and UBS each (for himself/itself and any person or entity claiming through it) hereby release, waive, discharge, exculpate and covenant not to sue the Escrow Agent for any action taken or omitted under this Agreement except to the extent caused by the Escrow Agent's gross negligence, bad faith or willful misconduct as adjudicated by a court of competent jurisdiction. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

(l) The Escrow Agent shall neither be responsible for or under, nor chargeable with knowledge of, the terms and conditions of any other agreement, instrument or document executed between/among the Liquidating Trustee and UBS. This Agreement sets forth all of the obligations of the Escrow Agent, and no additional obligations shall be implied from the terms of this Agreement or any other agreement, instrument or document.

(m) The Liquidating Trustee and UBS agree to notify the Escrow Agent of any errors, delays or other problems within thirty (30) calendar days after receiving notification that a transaction has been executed. If it is determined that the transaction was delayed or erroneously executed as a result of the Escrow Agent's error the Escrow Agent's sole obligation, unless such transaction was delayed or erroneously executed as a result of the Escrow Agent's bad faith, willful misconduct or gross negligence as adjudicated by a court of competent jurisdiction, is to pay or refund such amounts as may be required by applicable law. In no event, other than as a result of bad faith, willful

misconduct or gross negligence on part of the Escrow Agent as adjudicated by a court of competent jurisdiction, shall the Escrow Agent be responsible for any incidental or consequential damages or expenses in connection therewith.

(n) The Escrow Agent shall not incur any liability for not performing any act or fulfilling any obligation hereunder by reason of any occurrence beyond its control (including, but not limited to, any provision of any present or future law or regulation or any act of any governmental authority, any act of God or war or terrorism, or the unavailability of the Federal Reserve Bank wire services or any electronic communication facility).

(o) By acting as the Escrow Agent hereunder, the Liquidating Trustee and UBS expressly agree that Pillsbury Winthrop Shaw Pittman LLP shall not be disqualified from acting as attorney for UBS.

SECTION 4. Bankruptcy Court Approval. (a) Effectiveness of this Agreement and the Parties' obligations hereunder are subject to the entry of an order of the Bankruptcy Court approving this Agreement.

(b) The Liquidating Trustee shall, reasonably promptly upon execution of this Agreement by the Parties hereto, submit a motion in the Bankruptcy Court seeking approval of this Agreement. UBS and the Escrow Agent shall cooperate and do all things and take all actions that are commercially reasonable and are in furtherance of obtaining Bankruptcy Court approval of this Agreement.

SECTION 5. Termination. This Agreement shall automatically terminate on the date on which there are no funds remaining in the Escrow Account.

SECTION 6. Notices and Communication. (1) All notices, requests and responses to any Parties shall be in writing (including facsimile transmission) and shall be given by pre-paid, recognized overnight courier, registered or certified mail (postage prepaid, return receipt requested) or personally delivered to the address provided below or sent by facsimile transmission or electronic mail (with verification thereof by the sender and a copy sent by another method permitted hereby) to the facsimile number or electronic mail address provided below:

if to UBS

UBS AG, Tampa Branch
c/o UBS Securities LLC
1285 Avenue of the Americas
New York, NY 10019
Email: Christopher.scolaro@ubs.com
Telephone: 212-713-2841
Facsimile: 212-713-1153
Attention: Christopher Scolaro

with a copy to:

Pillsbury Winthrop Shaw Pittman LLP
1540 Broadway
New York, NY 10036
Email: rick.antonoff@pillsburylaw.com
Telephone: (212) 858-1110
Facsimile: (212) 602-0182
Attention: Rick B. Antonoff, Esq.

if to the Liquidating Trustee:

PCHLI Liquidating Trust
Funding Liquidating Trust
c/o FTI Consulting
633 W. 5th Street, 16th Fl.
Los Angeles, California 90071
Email: tamara.mcgrath@fticonsulting.com
Telephone: (213) 452-6021
Facsimile: (213) 452-6099
Attn: Tamara McGrath

with a copy to:

Winston Strawn LLP
333 South Grand Avenue
Los Angeles, CA 90071
Email: rwoolner@winston.com
Telephone: (213) 615-1700
Facsimile: (213) 615-1750
Attention: Rolf Woolner, Esq.

if to the Escrow Agent, to:

Pillsbury Winthrop Shaw Pittman LLP
1540 Broadway
New York, New York 10036
Email: rick.antonoff@pillsburylaw.com
Telephone: 212-858-1000
Facsimile: 212-858-1500
Attention: Rick B. Antonoff, Esq.

SECTION 7. Governing Law. This Agreement shall be construed under and governed by the internal substantive Laws of the State of California without reference to choice of law principles. Each of the Parties irrevocably submits to the exclusive

jurisdiction of the United States Bankruptcy Court for the Central District of California (Santa Ana Division) for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the Parties irrevocably and fully waives the defense of an inconvenient forum to the maintenance of such suit, action or proceeding. Each of the Parties further agrees that service of any process, summons, notice or document to such Party's respective address listed above in one of the manners set forth in Section 11 hereof shall be deemed in every respect effective service of process in any such suit, action or proceeding. Nothing herein shall affect the right of any person to serve process in any other manner permitted by Law. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in the United States Bankruptcy Court for the Central District of California (Santa Ana Division) and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. The Parties hereby irrevocably and unconditionally waive trial by jury in any legal action or proceeding relating to this Agreement or any other agreement entered into in connection therewith and for any counterclaim with respect thereto.

SECTION 8. Amendments. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, each of the Parties or (b) by a waiver in accordance with Section 9 of this Agreement.

SECTION 9. Waiver. The Liquidating Trustee and UBS may (a) extend the time for the performance of any obligations or other acts of the other or (b) waive the other's compliance with any agreements or conditions contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the Party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or as a waiver of any other term or condition, of this Agreement. The failure of any Party to assert any of its rights hereunder shall not constitute a waiver of any of such rights. The Parties agree to forward a copy of any waiver executed by one or more of the Parties to the Escrow Agent for information purposes.

SECTION 10. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic and legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

SECTION 11. Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior agreements and undertakings, both written and oral, among the Parties with respect to the subject matter hereof.

SECTION 12. No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the Parties, their successors, and their permitted assigns, and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

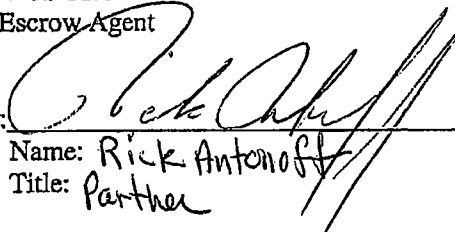
SECTION 13. Headings. The headings contained in this Agreement are for reference only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 14. Interpretation. No Party, or its counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions of this Agreement, and all provisions of this Agreement shall be construed in accordance with their fair meaning, and not strictly for or against any Party.

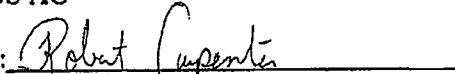
SECTION 15. Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different Parties in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.


IN WITNESS WHEREOF, each of the Escrow Agent, the Liquidating Trustee and UBS has caused this Agreement to be duly executed by its duly authorized representative, as of the date first written above.

PILLSBURY WINTHROP SHAW PITTMAN LLP
as Escrow Agent

By: 
Name: Rick Antonoff
Title: Partner

UBS AG

By: 
Name: Robert Carpenter
Title: Executive Director

By: 
Name: Chris Scelano
Title: Director

PCHLI LIQUIDATING TRUST
by Ronald F. Greenspan, solely in his capacity as Trustee

By: _____
Name:
Title:

FUNDING LIQUIDATING TRUST
by Ronald F. Greenspan, solely in his capacity as Trustee

By: _____
Name:
Title:

SECTION 15. Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different Parties in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, each of the Escrow Agent, the Liquidating Trustee and UBS has caused this Agreement to be duly executed by its duly authorized representative, as of the date first written above.

PILLSBURY WINTHROP SHAW PITTMAN LLP
as Escrow Agent

By: _____
Name:
Title:

UBS AG

By: _____
Name:
Title:

By: _____
Name:
Title:

PCHLI LIQUIDATING TRUST
by Ronald F. Greenspan, solely in his capacity as Trustee

By: Ronald F. Greenspan
Name:
Title:

FUNDING LIQUIDATING TRUST
by Ronald F. Greenspan, solely in his capacity as Trustee

By: Ronald F. Greenspan
Name:
Title:

Schedule 1
Release and Indemnification under Section 2 of Mutual
Releases and Escrow Release Agreement

Services performed by UBS AG, Tampa Branch at the request of People's Choice Home
Loan, Inc. and People's Choice Financial Corporation (collectively, "PCHL")

Assisted PCHL with ancillary "loan transfer data" per request of Popular Mortgage

Provided data for reporting Form 1098 and 1099 Federal Tax information

Created data tapes for Popular Mortgage 1098 reporting

Created and organized custom data tapes of loan history/excrow analysis/paid-in-full for Popular Mortgage

Created and stored on hard drive file images for all loans shipped to Popular Mortgage

Reconciled 332 loss letters to Wells Fargo for Popular Mortgage

Responded to credit reporting disputes

Generated payoff statements on remaining assets

MSP system training

Reviewed bid tapes for PCHL assets

Assisted (S Johnson) in resolving corporate advance details with Popular Mortgage

Assisted PCHL in packing files and records including administrative, financial and legal files

Assisted P Mullins in organizing and identifying trailing mortgage instruments (utilizing 8 FTEs for approximately 2 weeks and 3 to 4 FTEs periodically thereafter)

Assisted with physical inventory and coordination of physical loan files for shipment to Popular Mortgage

Assisted PCHL staff with numerous loan inquiries and correspondence with vendors including REO managers and REO insurers

Trained users on MERS system and credit report disputes

Compiles historical loan loss/loss mitigation data

Provided detailed loan transfer and repurchase data

Miscellaneous responding to inquiries and continued reporting

Numerous and various administrative and substantive information technology services including:

password resets, printing, email, server hard disk space, back-ups and telephone set/lines

Segregating and maintaining PCHL data separately from UBS data in systems such as Navision, Fidelity Empower, EMC Documentum, and MS Windows servers and directories

Designing self-contained hardware/software solution to permit PCHL to relocate out of UBS premises

Accounting and vending management support required to transition third-party services, contracts, software, hardware and maintenance

Legal compliance support including restoring and recreating folders and reports used by PCHL to verify claims

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., 13th Floor
Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled (*specify*): **NOTICE OF MOTION AND LIQUIDATING TRUSTEE'S MOTION FOR ORDER APPROVING SETTLEMENT BETWEEN PEOPLE'S CHOICE HOME LOAN, INC. AND PEOPLE'S CHOICE FUNDING, INC. LIQUIDATING TRUSTS AND UBS AG; DECLARATION OF RONALD F. GREENSPAN**

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 stated below:

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)**: Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **October 11, 2012**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. **SERVED BY UNITED STATES MAIL**:

On **October 11, 2012**, I served the following persons and/or entities at the last known addresses 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 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

3. **SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **October 11, 2012**, I served the following persons and/or entities by personal delivery, overnight mail service, 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, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Via Hand Delivery

Hon. Robert Kwan
United States Bankruptcy Court
255 E. Temple Street, Suite 1682
Los Angeles, CA 90012

Service information continued on attached page

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

October 11, 2012
Date

Mary de Leon
Printed Name

/s/ Mary de Leon
Signature

TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

2:12-bk-15811-RK Notice will be electronically mailed to:

- Jose D Alarcon jalarcon@bettzedek.org
- Daniel L Alexander daniel@colemanfrost.com
- Todd M Arnold tma@lnbyb.com
- Alvin M Ashley mashley@irell.com
- Daniel I Barness daniel@spiromoss.com
- Henkie F Barron hfbarron@gmail.com
- Richard J Bauer rbauer@mileslegal.com
- Ron Bender rb@lnbyb.com
- Andrew W Caine acaine@pszyjw.com
- Rebecca J Callahan rcallahan@callahanlaw.biz
- Theodore A Cohen tcohen@sheppardmullin.com, amontoya@sheppardmullin.com
- Deborah Conley bkmail@prommis.com
- Vincent M Coscino vcoscino@allenmatkins.com, jaallen@allenmatkins.com
- Paul J Couchot pcouchot@winthropcouchot.com,
pj@winthropcouchot.com;chipp@winthropcouchot.com
- Theron S Covey tcovey@coveylawpc.com
- Kevin A Crisp kcrisp@irell.com
- Peter A Davidson pdavidson@mdfslaw.com, lpekru@ecjlaw.com
- Joseph C Delmotte efcacb@piteduncan.com
- Willis B Douglass Willis.B.Douglass@irscounsel.treas.gov
- Jeffrey W Dulberg jdulberg@pszjlaw.com
- Theresa H Dykoschak tdykoschak@faegre.com
- Louis J Esbin Esbinlaw@sbcglobal.net
- Charles J Filardi abothwell@filardi-law.com
- H Alexander Fisch afisch@stutman.com
- Parisa Fishback pfishback@fishbacklawgroup.com
- Steven B Flancher flanchers@michigan.gov
- J Rudy Freeman rfreeman@linerlaw.com
- Anthony A Friedman aaf@lnbyb.com
- Jerome Bennett Friedman jfriedman@jbflawfirm.com,
msobkowiak@jbflawfirm.com;jmartinez@jbflawfirm.com
- Jose A Garcia efcacb@piteduncan.com
- Jeffrey K Garfinkle bkgroup@buchalter.com,
jgarfinkle@buchalter.com;docket@buchalter.com;svanderburgh@buchalter.com
- Oscar Garza ogarza@gibsondunn.com
- Nancy S Goldenberg nancy.goldenberg@usdoj.gov
- Stanley E Goldich sgoldich@pszyjw.com
- Stanley E Goldich sgoldich@pszjlaw.com
- Richard H Golubow rgolubow@winthropcouchot.com,
pj@winthropcouchot.com;vcorbin@winthropcouchot.com
- Ronald F Greenspan ron.greenspan@fticonsulting.com
- Kevin Hahn kevin@mclaw.org
- Farhad Hajimirzaee fhajimirzaee@winston.com

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

- Matthew W Hamilton mhamilton@fulcruminv.com
- D Edward Hays ehays@marshackhays.com, ecfmarshackhays@gmail.com
- Daniel L Hembree ecfcacbsfv@piteduncan.com
- Garrick A Hollander ghollander@winthropcouchot.com,
pj@winthropcouchot.com;vcorbin@winthropcouchot.com;chipp@winthropcouchot.com
- Thomas J Holthus bknotice@mccarthyholthus.com
- Gil Hopenstand ghopenstand@wwolawyers.com
- David I Horowitz david.horowitz@kirkland.com,
keith.catuara@kirkland.com;terry.ellis@kirkland.com;jay.bhimani@kirkland.com
- Eric D. Houser scleere@houser-law.com
- James KT Hunter jhunter@pszjlaw.com
- Jay W Hurst jay.hurst@texasattorneygeneral.gov, sherri.simpson@texasattorneygeneral.gov
- Lance N Jurich ljurich@loeb.com, kpression@loeb.com
- Ivan L Kallick ikallick@manatt.com, ihernandez@manatt.com
- David Kaplan dkaplan@irell.com
- Grant C Keary gck@dlklaw.com
- John W Kim jkim@nossaman.com
- Benjamin J Kimberley bkimberley@winston.com,
kmorris@winston.com;hhammon@winston.com;docketsf@winston.com
- Jessica Kronstadt jessica.kronstadt@lw.com
- Donna L La Porte donna@laportelaw.net
- David B Lally davidlallylaw@gmail.com
- Ian Landsberg ilandsberg@landsberg-law.com, bgomelsky@landsberg-law.com;ssaad@landsberg-law.com
- Scott Lee slee@lbbslaw.com
- Leib M Lerner leib.lerner@alston.com
- Peter W Lianides plianides@winthropcouchot.com,
pj@winthropcouchot.com;vcorbin@winthropcouchot.com
- Ganna Liberchuk gliberchuk@haincapital.com
- Kerri A Lyman klyman@irell.com
- William Malcolm bill@mclaw.org
- Gregory A Martin gmartin@winston.com
- Laura E Mascheroni lmascheroni@corbsteel.com
- David E McAllister ecfcacb@piteduncan.com
- Christopher M McDermott ecfcacb@piteduncan.com
- Scotta E McFarland smcfarland@pszjlaw.com, smcfarland@pszjlaw.com
- David J McCarty dmccarty@sheppardmullin.com, pibsen@sheppardmullin.com
- David W. Meadows david@davidwmeadowslaw.com
- Robert K Minkoff rminkoff@jefferies.com
- Catherine A Moscarello - SUSPENDED - catherine@moscarellolaw.com
- Tania M Moyron tmoyron@peitzmanweg.com
- Randall P Mroczynski randym@cookseylaw.com
- Sean A Okeefe sokeefe@okeefelc.com
- John D Ott Jott@jdolawyers.com
- Daryl G Parker dparker@pszjlaw.com
- Renee M Parker bknotice@earthlink.net, bknotice@rcolegal.com;bknotice@earthlink.net
- JaVonne M Phillips bknotice@mccarthyholthus.com

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

- Dean G Rallis Jr drallis@sulmeyerlaw.com
- Kurt Ramlo kurt.ramlo@dlapiper.com, evelyn.rodriguez@dlapiper.com
- Justin E Rawlins jrawlins@winston.com, docketla@winston.com
- Richard J Reynolds glatimer@trlawyers.com
- Jeremy V Richards jrichards@pszjlaw.com, bdassa@pszjlaw.com;imorris@pszjlaw.com
- Karen Rinehart krinehart@omm.com
- Ronald D. Roup ecf@rouplaw.com
- Eric E Sagerman esagerman@winston.com, docketla@winston.com
- Nicholas W Sarris nsarris@kbrlaw.com
- Robert M Saunders rsaunders@pszjlaw.com, rsaunders@pszjlaw.com
- Kristin A Schuler-Hintz bknotice@mccarthyholthus.com
- Nathan A Schultz nschultzesq@gmail.com
- David B Shemano dshemano@peitzmanweg.com
- Timothy J Silverman tim@sgsslaw.com
- Michael R Stewart mstewart@faegre.com
- Sean Sullivan seansullivan@dwt.com
- Julia Szafraniec bknotice@mccarthyholthus.com
- Derrick Talerico dtalerico@loeb.com, kpresson@loeb.com
- Patricia B Tomasco ptomasco@mailbmc.com
- Robert Trodella robert.trodella@hellerehrman.com
- Robert Trodella rtrodella@jonesday.com
- United States Trustee (SA) ustpreion16.sa.ecf@usdoj.gov
- Darlene C Vigil cdcaecf@bdfgroup.com
- Andrew F Whatnall awhatnall@daca4.com
- John M White - SUSPENDED - scleere@houser-law.com
- David L Wilson dlwilson@winston.com
- Marc J Winthrop mwinthrop@winthropcouchot.com,
pj@winthropcouchot.com;vcorbin@winthropcouchot.com
- David M Wiseblood dwiseblood@seyfarth.com
- Jennifer C Wong bknotice@mccarthyholthus.com
- Rolf S Woolner rwoolner@winston.com
- Donald A Workman dworkman@bakerlaw.com
- S Christopher Yoo cyoo@adornoca.com
- Les A Zieve bankruptcy@zivelaw.com

2:12-bk-15811-RK Notice will be sent via U.S. mail to:

Rick Antonoff, Esq.
Clifford Chance
31 West 52nd Street
New York, NY 10019-6131

Liquidating Trustee

Ronald Greenspan/Tamara McGrath
FTI Consulting, Inc.
633 West 5th Street, Suite 1600
Los Angeles, CA 90071-2027

U.S. Trustee's Office

Nancy S. Goldenberg, Esq.
Office of the U.S. Trustee
411 W. Fourth Street, Ste. 9041
Santa Ana, CA 92701-4593

**POST-EFFECTIVE DATE
COMMITTEE**

Attorneys for Fidelity (f/k/a LSI)

Donald A. Workman, Esq.
Baker Hostetler
1050 Connecticut Ave., NW, Ste. 1100
Washington, DC 20036-5304

Michael A. Criscito/Megan Kane
DLJ Mortgage Capital, Inc.
11 Madison Avenue
New York, NY 10010

Attys. for DLJ

Samuel Newman/Sarah Powers
Gibson, Dunn and Crutcher LLP
333 S. Grand Ave., Ste. 4600
Los Angeles, CA 90071-3197

Dennis Hastings/Carla Hastings
iDirect Marketing, Inc.
6789 Quail Hill Parkway, Suite 550
Irvine, CA 92603

Neil Luria/George Koutsonicolis
Residential Funding Corporation
c/o Navigant Capital Advisors, LLC
15900 South Park Blvd.
Shaker Heights, OH 44120

Attys. for Residential Funding

David J. McCarty/Theodore Cohen
Sheppard, Mullin, Richter & Hampton
LLP
333 S. Hope St., 48th Flr.
Los Angeles, CA 90071

**REQUEST FOR SPECIAL NOTICE
POST-PETITION**

Ben Barker
2932 Zircon Pl.
Carlsbad, CA 92004-4414

**Attys. for Robert Harris and David
Cronenbold**

Richard B. Specter, Esq.
Corbett, Steelman & Specter
18200 Von Karman Avenue, Ste. 900
Irvine, CA 92612-1086

**Attys. for Residential Funding
Company**

Michael Stewart/Theresa Dykoschak
Faegre & Benson LLP
90 South Seventh Street
Minneapolis, MN 55402-3901

**Attys. for Residential Funding
Company**

David McCarty/Theodore Cohen
Sheppard, Mullin, Richter & Hampton
LLP
333 S. Hope Street, 48th Flr.
Los Angeles, CA 90071-1448

Attys. for Fidelity National

Donald A. Workman, Esq.
Baker & Hostetler LLP
1050 Connecticut Ave., N.W., Ste.
1100
Washington, DC 20036-5304

Attys. for Fidelity National
Joseph L. Chairez, Esq.
Baker & Hostetler LLP
600 Anton Blvd., Ste. 900
Costa Mesa, CA 92626

Attys. for HSBC Mortgage Services, Inc.
Lance Jurich / Derrick Talerico
Loeb & Loeb LLP
10100 Santa Monica Blvd., Ste. 2200
Los Angeles, CA 90067

Attys. for HSBC Mortgage Services, Inc.
Stanley Orszula, Esq.
Loeb & Loeb LLP
321 North Clark Street, Suite 2300
Chicago, IL 60654

Attys. for Washington Mutual Bank
Robert A. Trodella, Jr.
Jones Day
555 California Street, 26th Floor
San Francisco, CA 94104

Hain Capital Group, LLC
James Yenzler
Hain Capital Group, LLC
301 Route 17, 7th Floor
Rutherford, NJ 07070

Attys. for Neil Kornswiet
Daniel L. Alexander, Esq.
Coleman Frost LLP
429 Santa Monica Blvd., Suite 700
Santa Monica, CA 90401

Attys. for The C-BASS Liquidation Trust
Mark Power/Jeffrey Zawadzki/
Christopher Hunker
Hahn & Hessen LLP
488 Madison Avenue
New York, NY 10022

ADMINISTRATIVE CLAIMS

Attys. for Neil Kornswiet
Gary Klausner/H. Fisch
Stutman, Treister & Glatt
1901 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067

Attorneys for Creditor David Zimmer
Sara Chenetz, Esq.
Blank Rome LLP
1925 Century Park E 19th FL
Los Angeles, CA 90067

CLAIMANTS

DB Structured Products, Inc.
Steven Wilamowsky, Esq.
Bingham McCutchen LLP
399 Park Ave.
New York, NY 10022-4689

CSFB/DLJ
Samuel A. Newman
Gibson Dunn
333 South Grand Avenue
Los Angeles, CA 90071-3197

Fulcrum Tower I, LP
Matthew Hamilton
111 Congress Avenue, Suite 2550
Austin, TX 78701

Goldman Sachs Mortgage Company
Lisa Schweitzer, Esq.
Megan Fleming
Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, NY 10006-1470

HSBC Mortgage Services, Inc.
Michael Molinaro, Esq.
Loeb & Loeb LLP
321 North Clark St., Ste. 2300
Chicago, IL 60610

HSBC Mortgage Services, Inc.
Blair R. Zanzig
Loeb & Loeb LLP
321 North Clark St., Ste. 2300
Chicago, IL 60610

Merrill Lynch Mortgage Lending, Inc.
Derrick Talerico, Esq.
Loeb & Loeb LLP
10100 Santa Monica Blvd., Ste. 2200
Los Angeles, CA 90067

Merrill Lynch Mortgage Investors Trust
Derrick Talerico, Esq.
Loeb & Loeb LLP
10100 Santa Monica Blvd., Ste. 2200
Los Angeles, CA 90067

US Bank N.A. as Trustee of the Merrill Lynch Mortgage Investors Trust
Franklin H. Top III
Chapman And Cutler LLP
111 West Monroe Street
Chicago, IL 60603-4080

RFC
David McCarty
Sheppard Mullin
333 South Hope Street, 43rd Floor
Los Angeles, CA 90071

RFC
Michael Stewart / Theresa Dykoschak
Faegre & Benson
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402-3901

Suntrust Robinson Humphrey Funding,
LLC
Kathleen O'Connell / Woodruff Polk
Suntrust Bank
Mail Code Ga-Atlanta-0062
303 Peachtree St.
Atlanta, GA 30308

US Bank
Franklin H. Top III
Chapman And Cutler LLP
111 West Monroe Street
Chicago, IL 60603-4080

Washington Mutual Mortgage Securities
Corp
Robert A. Trodella
Jones Day
555 California Street, 26th Floor
San Francisco, CA 94104

Wachovia
Hugh M. McDonald, Esq.
SNR Denton US LLP
1221 Avenue Of The Americas
New York, NY 10020-1089

EMC/Bear Stearns
Richard L. Smith
Exec. Dir. & Asst Gen Counsel
J.P. Morgan
1 Chase Square, Floor 25
Rochester, NY 14643-0001

EMC/Bear Stearns
Lynn Mesuk
Exec. Dir. & Asst Gen Counsel
J.P. Morgan
277 Park Avenue, 13th Floor
New York, NY 10172

D&O DEFENDANTS

Attorneys for Neil B. Kornswiet
Mark Holscher, Esq., Michael Baumann, Esq.
David I. Horowitz, Esq., Jay L. Bhimani, Esq.
Kirkland & Ellis LLP
333 S. Hope Street
Los Angeles, CA 90071

Attorneys for Robert L. Harris, David F.
Cronenbold, and Victor Coleman
Richard B. Specter, Esq.
Laura E. Mascheroni, Esq.
Corbett, Steelman & Specter
18200 Von Karman Ave., #900
Irvine, CA 92612-1023

Attorneys for Kathleen Lipps
Russell F. Sauer Jr., Esq., Charles W. Cox,
Esq.
Anita P. Wu, Esq.
Latham & Watkins LLP
355 South Grand Avenue
Los Angeles, CA 90071-1560

Attorneys for Brad Plantiko
A. Matthew Ashley, Esq.,
Scott D. Baskin, Esq.
Kevin A. Crisp, Esq.
Irell & Manella LLP
840 Newport Center Drive, Suite 400
Newport Beach, CA 92660-6324