

operations while it reorganizes its business. Immediate relief is necessary to prevent any interruption in the Debtor's operations.

The Debtor is an affiliate of SW Boston Hotel Venture, LLC, General Trading Company, Frank Sawyer Corporation, 100 Stuart Street LLC and Auto Sales & Service, Inc., each of whom filed voluntary Chapter 11 petitions on April 28, 2010, and an affiliate of the 131 Arlington Street Trust and 30-32 Oliver Street Corporation, both of whom filed voluntary Chapter 11 petitions contemporaneously with the Debtor. In December of 2008, the Debtor pledged certain of its assets as collateral for a loan from The Prudential Insurance Company of America ("Prudential") to SW Boston Hotel Venture, LLC ("SW Boston"). Because of SW Boston's Chapter 11 filing, it was necessary for the Debtor to file this bankruptcy case in order to become part of the comprehensive restructuring that involves SW Boston as well as the other affiliates that have filed Chapter 11 petitions.

In further support of this motion, the Debtor avers as follows:

BACKGROUND

1. On June 4, 2010 (the "Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code ("Code") in the United States Bankruptcy Court for the District of Massachusetts (the "Court").

2. The Debtor continues to operate as a debtor in possession pursuant to Sections 1107 and 1108 of the Code. As of the date of this Motion, no official committee of creditors has been appointed in the Debtor's case.

A. The Debtor.

3. The Debtor is a Massachusetts corporation which owns and operates four (4) parking lots in Boston, Massachusetts. The Debtor was formed in 1937 to own and operate real estate and parking lots in and around the City of Boston.

4. In addition to its four (4) parking lots, the Debtor owns all of the shares of 200 Newbury Street Corporation (“Newbury”), the owner of the retail and commercial building located at 200 Newbury Street, Boston, Massachusetts. Newbury’s real property is subject to a mortgage in favor of the Guardian Life Insurance Company of America (“Guardian”). The Debtor executed a non-recourse limited guaranty of Newbury’s obligations to Guardian secured by a pledge of the Debtor’s interest in Newbury.

5. General Trading Company provides the Debtor with administrative and accounting services as well as the work force necessary to operate the Debtor’s parking lots.

B. Events Precipitating The Bankruptcy Filings.

6. The Debtor is an affiliate of SW Boston, a Chapter 11 debtor in this Court. SW Boston is the owner of the W Boston Hotel and Residences project (the “Project”), which comprises a 350, 650 square foot, 26-story building located at 100 Stuart Street, Boston. The Project contains a 235-room, four-star hotel (the “Hotel”), 122 condominium units, and a two-level underground garage (the “Garage”).

7. In order to fund the construction of the Project, SW Boston borrowed funds from both Prudential and the City of Boston (the “City”).

8. As a condition to the financing of the Project, Prudential required that the Debtor guaranty, among other things, SW Boston’s obligations to Prudential (the “Prudential Guaranty”), and the City required that the Debtor guaranty, among other things, SW Boston’s

obligations to the City (the “City Guaranty” and together with the Prudential Guaranty the “Guaranties”). The Guaranties granted to Prudential and the City are non-recourse guaranties secured by mortgages on the Debtor’s real property.

9. Various other affiliates of the Debtor also guaranteed SW Boston’s obligations to Prudential and the City. After SW Boston was forced to file bankruptcy in order to restructure its debts, it became necessary for the Debtor to file bankruptcy in order to accomplish a comprehensive restructuring of the debts of the Debtor, SW Boston and the other affiliated guarantors.

C. Affiliated Debtors.

10. The Debtor’s affiliates (the “Affiliated Debtors”) who are currently in Chapter 11 bankruptcy proceedings before this Court are as follows:

- a. SW Boston is a Delaware limited liability company. SW Boston filed its Chapter 11 bankruptcy case, presently pending under docket number 10-14535- JNF, on April 28, 2010.
- b. 100 Stuart Street LLC (“Stuart Street”) is a Delaware limited liability company that owns 100% of the membership interests in SW Boston. Stuart Street is a single purpose entity formed to own the membership interests in SW Boston. Stuart Street filed its Chapter 11 bankruptcy case, presently pending under docket number 10-14534- JNF, on April 28, 2010.
- c. Frank Sawyer Corporation (“Sawyer Corporation”) is a Massachusetts corporation that owns approximately sixty-five percent (65%) of Stuart Street. FS Corporation manages Stuart Street. Sawyer Corporation filed its Chapter 11 bankruptcy case, presently pending under docket number 10-14533- JNF, on April 28, 2010.
- d. General Trading Company (“General Trading”) is a Massachusetts corporation that does business as Sawyer Enterprises, and provides administrative services for the Debtor as well as various non-debtor affiliates of the Debtor. General Trading filed its Chapter 11 bankruptcy case, presently pending under docket number 10-14532- JNF, on April 28, 2010.

- e. Auto Sales & Service, Inc. (“Auto Sales”) is a Massachusetts corporation. Auto Sales filed its Chapter 11 bankruptcy case, presently pending under docket number 10-14528- JNF, on April 28, 2010.
- f. 131 Arlington Street Trust (“Arlington”) is a Massachusetts business trust which owns a commercial property in Boston. Arlington filed its Chapter 11 bankruptcy case, presently pending under docket number 10-16177- JNF, on June 4, 2010.
- g. 30-32 Oliver Street Corporation (“Oliver Street”) is a Massachusetts corporation which owns a residential property in Boston. Oliver Street filed its Chapter 11 bankruptcy case, presently pending under docket number 10-16173- JNF, on June 4, 2010.

CLAIMS AGAINST THE DEBTOR¹

A. Prudential’s Claims.

11. As of the Petition Date, the Debtor owed Prudential approximately \$163,000,000 on account of the Prudential Guaranty. The Prudential Guaranty is secured by mortgages and assignments of rent on the Debtor’s real property located at 109 and 121-127 Arlington Street, Boston, Massachusetts (collectively the “Mortgaged Properties”).

12. SW Boston’s obligations to Prudential are secured by, among other things: (a) a mortgage and assignment of leases and rents on the Project, and (b) to two (2) bank accounts in SW Boston’s name at Sovereign Bank with balances, as of April 28, 2010, of approximately \$1,500,000.

13. The following affiliates of the Debtor also guaranteed SW Boston’s obligations to Prudential and provided collateral to secure such guaranties as follows:²

- a. General Trading pledged securities with an approximate value of \$1,400,000;
- b. Sawyer Corporation pledged securities with an approximate value of \$6,900,000;

¹ The Debtor has not determined the amount of any claims against it and/or the extent, priority or validity of any of the liens asserted against its assets, and reserves the right to challenge any claims and liens on any grounds.

² Values of the collateral pledged are stated, to the extent known, as of April 28, 2010.

- c. Sawyer Corporation's pledged its membership interests in Stuart Street;
- d. Auto Sales pledged securities with an approximate value of \$220,000;
- e. Oliver Street granted a first mortgage on real property located at 25 and 27 Pinckney Street, Boston, Massachusetts; and
- f. Arlington granted a first mortgage on real property located at 131 Arlington Street, Boston, Massachusetts.

B. The City of Boston.

14. On December 9, 2009, SW Boston and the City of Boston (the "City") entered into a *Subordinate Loan Agreement* (the "City Loan Agreement") whereby the City agreed to provide a \$10,500,000 loan of HUD Section 108 funds (the "City Loan") to finance the construction completion of the Hotel restaurant as well as the Spa and the Theme Bar.

15. As collateral for the City Loan, SW Boston granted the City a second mortgage on and assignment of leases and rents in the Project.

16. The Debtor executed the City Guaranty and provided the City with second mortgages on the Mortgaged Properties to secure the City Guaranty.

17. The City's claim is also secured by \$4,000,000 in cash that has been pledged to the City.

18. In addition, the City received the following guarantees and additional credit support:

- a. SE Berkeley Street, LLC granted a second mortgage on real property located at 142 Berkeley Street, Boston, Massachusetts;
- b. SE McClellan Highway, LLC granted a second mortgage on real property located at 415 McClellan Highway, Boston, Massachusetts;
- c. Oliver Street granted a second mortgage on real property located at 25 and 27 Pinckney Street, Boston, Massachusetts; and

d. Arlington granted a second mortgage on real property located at 131 Arlington Street, Boston, Massachusetts.

19. As of the Petition Date, the outstanding balance of the Boston Loan was approximately \$10,500,000.

REQUESTED USE OF CASH COLLATERAL

20. The Debtor requests the use of cash collateral, as that term is defined in Section 363(a) of the Bankruptcy Code, including without limitation, all cash in the Debtor's bank accounts.

21. Attached as Exhibit A is a budget for the Debtor's operations (the "Budget"). The Budget sets forth estimated receipts and disbursements for the period from June 4, 2010 through September 5, 2010 (the "Budget Period"). As the Budget demonstrates, the Debtor has sufficient Cash Collateral to fund its operations during the Budget Period.

22. Approval of the use of the Cash Collateral on the terms set forth in this motion is in the best interests of the Debtor, the Debtor's estate and its creditors. The use of Cash Collateral will enable the Debtor to pay post-petition obligations and maintain the continuity of its post-petition operations while the Debtor reorganizes.

23. Emergency determination is appropriate because, absent the immediate use of the Cash Collateral, the Debtor would be required to cease operations, including each of its four parking lots, resulting in a disruption of services to customers, and significant diminution of value of the Debtor's assets to the detriment of all parties – the Debtor, the Debtor's estate, Prudential, the City and all other creditors and interest holders.

ADEQUATE PROTECTION

24. Section 363(e) of the Code provides that a party with an interest in property proposed to be used, sold or leased by the debtor must receive adequate protection for such interest before the debtor may use, sell or lease such property. 11 U.S.C. § 363(e).

25. Section 361 of the Code provides that when adequate protection is required under Section 363 of the Code, such adequate protection may be provided by, *inter alia*, “providing to such entity an additional or replacement lien to the extent that such stay, use, sale, lease, or grant results in a decrease in the value of such entity's interest in such property.” 11 U.S.C. § 361(2).

26. The entitlement to and measure of the protection required is always determined by the extent of the anticipated or actual decrease, if any, in the value of the secured creditor's collateral during course of the bankruptcy case. *See In re First South Savings Assoc.*, 820 F.2d 700, 710 (5th Cir.1987).

27. Adequate protection requires only that the value of the creditor’s interest in the cash collateral be protected from diminution while the Debtors are using the cash collateral. *United Savings Association of Texas v. Timbers of Inwood Forest Assoc., Ltd.*, 484 U.S. 365 (1988). Said another way, it is “intended by the Bankruptcy Code only to assure that a secured creditor, during the pendency of a bankruptcy case, does not suffer a loss in the value of its interest in property of the bankruptcy estate.” *In re Markos Gurnee Partnership*, 252 B.R. 712, 716 (Bankr.N.D.Ill.1997).

28. In order to provide Prudential and the City (collectively the “Lienholders”) with adequate protection on account of the use of the Cash Collateral, the Debtor proposes to grant Lienholders replacement liens (the “Replacement Liens”) on the same types of post-petition property of the estate against which the Lienholders held liens as of the Petition Date. The

Replacement Liens shall maintain the same priority, validity and enforceability as the Lienholders' respective pre-petition liens. The Replacement Liens shall be recognized only to the extent of the diminution in value of the Lienholders' prepetition collateral after the Petition Date resulting from the Debtors' use of the Cash Collateral during the bankruptcy case.

29. The Cash Collateral will be used by the Debtor to maintain and preserve the value of its assets consistent with its pre-petition practice. The Debtor's use of the Cash Collateral for the operation and maintenance of the parking lots constitutes additional adequate protection. *See In re Prichard Plaza, L.P.*, 84 B.R. 298 (Bankr. D. Mass. 1988)(use of rents to maintain and preserve property constitutes adequate protection).

30. Since the Debtor continues to generate positive revenue, granting the Replacement Liens suffices as adequate protection entitling SW Boston to use Cash Collateral. "This is because the lien on each month's rents replaces the lien on the prior month's rents, so there is a replacement lien of equal value under Section 361 of the Bankruptcy Code. Therefore, as long as the debtor generates a continuous income stream, the debtor's use of the rental income does not diminish the value of the collateral. The rationale is that the protected cash proceeds are being used to generate new collateral which will be of at least equivalent value of those replaced." *In re Wrecclesham Grange, Inc.*, 221 B.R. 978, 981 (Bankr. M.D. Fla. 1997) (Use of continuous income stream does not diminish value of collateral because cash is used to generate new collateral subject to replacement liens) (citations omitted); *In re Mullen*, 172 B.R. 473, 477-78 (Bankr. D. Mass. 1994) (Use of rental stream provides adequate protection by creating new collateral to replace collateral used).

31. The value of the Lienholders' respective interests in the Debtor's assets will therefore be adequately protected during the Budget Period and the Replacement Liens constitute adequate protection within the meaning of the Code.

NOTICE

32. Pursuant to MLBR 4001-2(b), the Debtor will serve this Motion on (a) the Lienholders, (b) any taxing authority that has a claim against the estate, (c) the 20 largest unsecured creditors of the Debtor, (e) the Office of the United States Trustee, and (f) all parties who have filed a notice of appearance in these cases. The Debtor believes that such service provides sufficient notice in light of the nature of the relief requested and requests that the Court approve such notice.

REQUEST FOR EMERGENCY DETERMINATION

33. For the reasons set forth above, the consideration of the interim use of cash collateral on an emergency basis is necessary in order to avoid immediate and irreparable harm to the Debtor, its assets and its bankruptcy estate. Emergency consideration is therefore appropriate.

WHEREFORE, the Debtor respectfully requests that this Court enter an Order:

- A. Approving the notice of this motion as described above;
- B. Authorizing the Debtor to use Cash Collateral on an emergency basis pending the scheduling of a hearing on the continuing use of Cash Collateral;
- C. Authorizing the Debtor to use Cash Collateral on a continuing basis in an amount necessary to conduct ordinary business operations;
- D. Granting the Lienholders replacement liens in accordance with the terms of this Motion;

E. Granting such other relief as is just and proper.

Respectfully Submitted,

GENERAL LAND CORPORATION,
By its proposed counsel,

/s/ D. Ethan Jeffery
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D. Ethan Jeffery (BBO #631941)
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Dated: June 9, 2010
566113

**IN RE: GENERAL LAND CORPORATION
BANKRUPTCY NO. 10-16174-JNF**

EXHIBIT A TO

**MOTION FOR AUTHORIZATION OF (1) THE INTERIM AND PERMANENT
USE OF CASH COLLATERAL, (2) THE GRANTING OF REPLACEMENT
LIENS, (3) ENTRY OF SCHEDULING ORDER REGARDING
CONTINUED USE OF CASH COLLATERAL AND (4) ADDITIONAL RELIEF**

General Land Corp.
Weekly Cash Operating Budget
(#'s in thousands)

	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Week Beginning	6/4/2010	6/14/2010	6/21/2010	6/28/2010	7/5/2010	7/12/2010	7/19/2010	7/26/2010	8/2/2010	8/9/2010	8/16/2010	8/23/2010	8/30/2010	
Week Ending	6/13/2010	6/20/2010	6/27/2010	7/4/2010	7/11/2010	7/18/2010	7/25/2010	8/1/2010	8/8/2010	8/15/2010	8/22/2010	8/29/2010	9/5/2010	
Cash Receipts														
Parking Income	16	16	17	16	17	16	17	16	16	16	17	16	17	214
Reimbursement from Related Entities	16	16	17	16	17	16	17	16	16	16	17	16	17	214
Cash Disbursements														
Payroll (paid via General Trading)	11	11	11	11	11	11	11	11	11	11	11	11	11	143
General Operating & utilities	1	1	1	-	1	1	1	-	1	1	1	-	1	10
Real Estate Taxes	-	-	-	-	-	-	-	-	29	-	-	-	-	29
Professional Fees & Trustee	-	-	-	-	-	-	-	-	-	-	-	-	-	2
	12	12	12	11	12	12	12	40	14	12	12	11	12	184
Net Cash Inflow (Outflow)	4	4	5	5	5	4	5	(24)	3	4	5	5	5	30
Beginning Cash	11	15	19	24	29	34	38	43	19	22	26	31	36	11
Net Cash Inflow (Outflow)	4	4	5	5	5	4	5	(24)	3	4	5	5	5	30
Ending Cash	15	19	24	29	34	38	43	19	22	26	31	36	41	41

**IN RE: GENERAL LAND CORPORATION
BANKRUPTCY NO. 10-16174-JNF**

EXHIBIT B TO

**MOTION FOR AUTHORIZATION OF (1) THE INTERIM AND PERMANENT
USE OF CASH COLLATERAL, (2) THE GRANTING OF REPLACEMENT
LIENS, (3) ENTRY OF SCHEDULING ORDER REGARDING
CONTINUED USE OF CASH COLLATERAL AND (4) ADDITIONAL RELIEF**

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
(Eastern Division)

)	
In re:)	
)	Chapter 11
GENERAL LAND CORPORATION,)	
)	Case No. 10-16174-JNF
Debtor.)	
)	

ORDER REGARDING MOTION FOR AUTHORIZATION OF (1) THE INTERIM AND PERMANENT USE OF CASH COLLATERAL, (2) THE GRANTING OF REPLACEMENT LIENS, (3) ENTRY OF SCHEDULING ORDER REGARDING CONTINUED USE OF CASH COLLATERAL AND (4) ADDITIONAL RELIEF

This matter having come before the Court on the *Motion For Authorization of (1) The Interim And Permanent Use of Cash Collateral, (2) The Granting of Replacement Liens, (3) Entry of Scheduling Order Regarding Continued Use of Cash Collateral And (4) Additional Relief* dated June 9, 2010 (the “Cash Collateral Motion”) filed by General Land Corporation (the “Debtor”); and the Court having jurisdiction to consider the Cash Collateral Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and notice of the Cash Collateral Motion being good and sufficient notice under the circumstances; and it appearing from the record before the Court that sufficient cause exists for the entry of this order; the Court

FINDS AS FOLLOWS:

A. On June 4, 2010, the Debtor filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Massachusetts (the “Court”).

B. Each of (i) Prudential Insurance Company of America, on behalf of and solely for the benefit of, and with its liability limited to the assets of, its insurance company separate

account, PRISA (“Prudential”), and (ii) the City of Boston (the “City” and together with Prudential the “Lienholders”) may have an interest in the Debtor’s Cash Collateral.

C. This Court has not been asked to find, and it does not find, that any asserted lien is valid or perfected. Nothing in this order constitutes a limitation on the applicability of Massachusetts Local Bankruptcy Rule 4001-2(c).

D. The Debtor requires the use of the Cash Collateral¹ in order to preserve its operations and the value of its assets.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. The request for the use of Cash Collateral in the Cash Collateral Motion is allowed through _____, 2010, and the Debtor is authorized to use Cash Collateral in accordance with the Cash Collateral Motion solely for the purposes set forth in and in accordance with the budgets attached to this order as Exhibit A.

2. For the purposes of Section 361, 363(e) and 507(b) of the Bankruptcy Code and as adequate protection for their respective interests in the Debtor’s Cash Collateral, the Lienholders are hereby granted replacement liens (the “Replacement Liens”) on the same types of post-petition property of the estate against which such party held liens as of the Petition Date. The Replacement Liens shall maintain the same priority, validity and enforceability as the liens held by the Lienholders on the Petition Date. The Replacement Liens shall be recognized only to the extent of the post-petition diminution in value of the pre-petition collateral of the Lienholders resulting from the Debtor’s use of Cash Collateral.

3. The Replacement Liens shall not attach to any avoidance powers held by the Debtor or any trustee for the Debtor, including those avoidance powers set forth in Sections 544,

¹ Capitalized terms not otherwise defined in this order shall have the meanings ascribed to them in the Cash Collateral Motion.

545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code, or to the proceeds of any claims under or actions commenced pursuant to such powers.

4. Nothing in this Order shall constitute a waiver by or a restriction of the Debtor's right to seek the further use of Cash Collateral.

5. This Order and the Debtor's use of Cash Collateral as authorized in this Order shall become effective immediately upon entry of this order by the Court.

6. A continued hearing on the Debtor's use of Cash Collateral shall be held on _____, 2010 at _____ a.m. (the "Hearing Date"). Any objections to the continued use of Cash Collateral shall be filed on or before 4:30 p.m. on _____, 2010.

BY THE COURT

Honorable Joan N. Feeney
United States Bankruptcy Judge

Dated: June _____, 2010

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