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5 Attorneys for Debtors-in-Possession  
6 Jaime Gonzalez and Gloria Gonzalez

7  
8 UNITED STATES BANKRUPTCY COURT  
9 NORTHERN DISTRICT OF CALIFORNIA

10 In re: ) Case No. 10-47600  
11 Jaime Gonzalez and Gloria Gonzalez )  
12 Debtors-in-Possession ) Date: 12/8/2010  
13 ) Time: 2:00 p.m.  
14 ) Ctrm: 201  
15 ) Judge: Hon. Robert Efremsky

16 **(CORRECTED FOR COURT USE BY INCLUSION OF ATTACHMENTS) DEBTORS'**  
17 **MOTION FOR APPROVAL OF USE OF CASH COLLATERAL ON AN INTERIM AND**  
18 **FINAL BASIS PURSUANT TO STIPULATION**

19 TO ALL INTERESTED PARTIES AND TO THEIR COUNSEL OF RECORD.

20 Jaime Gonzalez and Gloria Gonzalez, as debtors and debtors in possession (the  
21 "Debtors") in the above-captioned case, hereby move (this "Motion") the above-captioned Court  
22 for entry of an order, substantially in the form attached as Exhibit "A" filed concurrently with  
23 this Motion (the "Proposed Order"), and pursuant to the stipulation by and between Debtors and  
24 JP Morgan Chase Bank N.A. (the "Lender") pursuant to the provisions of Section 363 of the  
25 Bankruptcy Code and Rule 4001(b) of the Bankruptcy Rules, for the approval of the Debtors'  
26 use of cash collateral, on both an interim and final basis, to pay expenses necessary to maintain  
27 the Debtors' ongoing post-petition real estate rental operations and administer the Debtors'  
28

1 chapter 11 case.

## 2 JURISDICTION

3 This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§157 and 1334. This  
4 matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper  
5 pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory bases for the relief requested herein are  
6 Sections 105(a), 361, 363, 541, 1107(a), and 1108 of the Bankruptcy Code.  
7

## 8 BACKGROUND

- 9 1. On July 2, 2010, the Debtors commenced this Chapter 11 Case
- 10 2. The Debtor has not previously sought a Cash Collateral Order.

## 11 RELIEF REQUESTED

12 The Debtors respectfully request that the Court enter order in substantially the same form  
13 and the same terms as attached as Exhibit "A," and pursuant to the Stipulation for Use of Cash  
14 Collateral and Adequate Protection attached to the declaration of Matthew R. Eason, which is  
15 attached hereto as Exhibit "B."  
16

## 17 DISCUSSION

18 The Debtors respectfully request the Court authorize the use of Cash Collateral pursuant  
19 to the Stipulation for Use of Cash Collateral and Adequate Protection attached to the declaration  
20 of Matthew R. Eason, which is attached hereto as Exhibit "B."  
21

### 22 A. INTERIM APPROVAL IS APPROPRIATE.

23 Bankruptcy Rule 4001(b)(2) provides that a final hearing on a motion to use cash collateral  
24 may not be commenced earlier than fifteen (15) days after the service of such motion. Upon  
25 request, however, the Court is empowered to conduct a preliminary hearing on such motion, on  
26 an expedited basis, and to authorize the use of that amount of cash collateral as is necessary to  
27 avoid immediate and irreparable harm to the Debtors' estate. As stated herein, the Debtors also  
28

1 respectfully request that the relief sought in the Motion be granted initially on an interim basis,  
2 through August 2010, so that there will be no undue interruption of the Apartment operations for  
3 lack of funding.. Under the circumstances of this case, particularly given the adequate protection  
4 measures proposed herein, the Debtors respectfully submit that such interim relief is fully  
5 justified.  
6

### 7 CONCLUSION

8 WHEREFORE, based upon all of the foregoing, the Debtors respectfully request that this  
9 Court enter an order, substantially in the form of the Interim Order, granting the relief herein  
10 requested and such other and further relief as the Court deems just and proper  
11

12 Date: October 28, 2010

Eason & Tambornini

13  
14 /s/ Matthew R. Eason

15 Matthew R. Eason  
16 Jaime Gonzalez and Gloria Gonzalez  
17 Debtors and Debtors in Possession  
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# Exhibit A

1 Matthew R. Eason, Esq. (SBN 160148)  
Kyle K. Tambornini, Esq. (SBN 160538)  
2 EASON & TAMBORNINI  
1819 K Street, Suite 200  
3 Sacramento, CA 95814  
(916) 438-1819  
4 (916) 438-1820

5 Attorneys for Debtors-in-Possession  
6 Jaime Gonzalez and Gloria Gonzalez

7  
8 UNITED STATES BANKRUPTCY COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 (Oakland/Division 4)

11 In re: ) Case No. 10-47600  
12 Jaime Gonzalez and Gloria Gonzalez )  
13 Debtors-in-Possession ) Date: 12/8/2010  
14 ) Time: 2:00 p.m.  
15 ) Ctrm: 201  
16 ) Judge: Hon. Robert Efremsky

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17 **ORDER FOR APPROVAL OF USE OF**  
18 **CASH COLLATERAL ON AN INTERIM AND FINAL BASIS PURSUANT TO**  
19 **STIPULATION**

20 Upon motion of Debtors-in-Possession JAIME GONZALEZ and GLORIA GONZALEZ  
21 for approval of use of cash collateral on an interim and final basis pursuant to stipulation, and  
22 good cause appearing,

23 IT IS HEREBY ORDERED:

24 Use of Cash Collateral. Subject to final hearing as set forth below, or until  
25 termination pursuant to the provisions set forth in this order, the Debtors may use Cash Collateral  
26 generated from the apartments commonly on the following terms and conditions:

- 27 1. Cash Collateral shall be used in accordance with the Stipulation for Use of Cash  
28

Collateral And Adequate Protection, filed on 10/25/2010.

2. A final hearing on this order shall be heard on \_\_\_\_\_ at \_\_\_\_\_ in this department.

**IT IS SO ORDERED**

COURT SERVICE LIST

1	Alphonso Gonzalez 1054 Vineyard Dr. Oakley, CA 94561-3800	Bac Home Loans Service 450 American St. Simi Valley, CA 93065-6285	1300 Clay Street #300 PO Box 20 70 Oakland, CA 9460-2070
2	Bernardo Silva Two Embarcadero Center San Francisco, CA 94111	Bruce Cornelius, Esq. Belzer, Hulchiy & Murray 3650 Mt. Diablo Blvd., Ste. 130 Lafayette, CA 94549-6820	Bank of America PO Box 1598 Norfolk, VA 23501-1598
3	Chase 10790 Rancho Bernardo Rd. San Diego, CA 92127-5705	Chase PO Box 901039 Fort Worth, TX 76101-2039	Carlos Ausejo 4951 Mission St. San Francisco, CA 94112
4	City of Sacramento PO Box 2770 Sacramento, CA 95812-2770	Chase PO Box 901039 Fort Worth, TX 76101-2039	Daniel Reynoso 1019 Via Navarra Street San Pedro, CA 90732-2308
5	Gemb/Chevron 4125 Windward Plz. Alpharetta, GA 30005-8738	City of Sacramento Revenue Division 915 I Street, Room 1214 Sacramento, CA 95814-2605	Gurdeep Singh 965 Walton Court Dixon, CA 95620-4551
6	Halverson Associates 570 Post Street, Suite 900 San Francisco, CA 94102	Gemb/Jcp PO Box 984100 El Paso, TX 79998-4100	Hipolito Romero 36 Dwight Street San Francisco, CA 94134
7	Internal Revenue Service Centralized Insolvency Operations PO Box 21126 Philadelphia, PA 19114-0326	Harris, Rosales, Harris 351 St. Mary Street Pleasanton, CA 94566-6540	Law Office of Sid Rosenberg 725 30 <sup>th</sup> Street, Suite 107 Sacramento, CA 95816-3842
8	Midland Loan Services, Inc. Lockbox Number 771223 1223 Solutions Center Chicago, IL 60677-1002	JP Morgan Chase Bank, N.A. Royal Ridge Operations Center PO Box 650528 Dallas, TX 75265-0528	Peter Mankin 1990 N. California, Suite 640 Walnut Creek, CA 94596
9	Sacramento County Utilities PO Box 1804 Sacramento, CA 95812-1804	Office of the U.S. Trustee/Oak Office of the U.S. Trustee 1301 Clay St. #690N Oakland, CA 94612-5231	Sears/Cbsd PO Box 6189 Sioux Falls, SD 57117-6189
10	Chase Home Finance LLC Pite Duncan, LLP c/o Paul Oudom 4375 Jutland Dr., Ste. 200 PO Box 17933 San Diego, CA 92177-7921	Sacramento Housing & Redev. 801 12 <sup>th</sup> Street Sacramento, CA 95814-2947	Shell/Citi PO Box 6497 Sioux Falls, SD 57117-6497
11			Gloria Gonzalez PO Box 577 Clayton, CA 94517-0577
12			Sukhjot Singh 2025 King Dr.
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COURT SERVICE LIST

- 1 Dixon, CA 95620
- 2 Jaime Gonzalez
- 3 PO Box 577
- 4 Clayton, CA 94517-0577
- 5 Tony Kukumo Akinsete
- 6 c/o Kenrick Young, Esq.
- 7 52 Seraspi Ct.
- 8 Sacramento, CA 95834
- 9 Internal Revenue Service
- 10 Insolvency Group 2
- 11 PO Box 21126
- 12 Stop N781
- 13 Philadelphia, PA 19114
- 14 The Wolf Firm, A Law
- 15 Corporation
- 16 c/o Alan S. Wolf
- 17 2955 Main Street, 2<sup>nd</sup> Floor
- 18 Irvine, CA 92614
- 19 Thomas A. Aceituno
- 20 Bankruptcy Trustee
- 21 PO Box 189
- 22 Folsom, CA 95630
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# Exhibit B

1 Matthew R. Eason, Esq. (SBN 160148)  
2 Kyle K. Tambornini, Esq. (SBN 160538)  
3 EASON & TAMBORNINI  
4 1819 K Street, Suite 200  
5 Sacramento, CA 95814  
6 (916) 438-1819  
7 (916) 438-1820

8 Attorneys for Debtors-in-Possession  
9 Jaime Gonzalez and Gloria Gonzalez

10 UNITED STATES BANKRUPTCY COURT  
11 NORTHERN DISTRICT OF CALIFORNIA  
12 (Oakland/Division 4)

13 In re:	)	Case No. 10-47600
14 Jaime Gonzalez and Gloria Gonzalez	)	<b>DECLARATION OF MATTHEW R.</b>
15 Debtors-in-Possession	)	<b>EASON IN SUPPORT OF DEBTORS'</b>
	)	<b>MOTION FOR APPROVAL OF USE OF</b>
	)	<b>CASH COLLATERAL ON AN INTERIM</b>
	)	<b>AND FINAL BASIS PURSUANT TO</b>
	)	<b>STIPULATION</b>
	)	Case No. 10-47600
	)	Date: 12/8/2010
	)	Time: 2:00 p.m.
	)	Ctrm: 201
	)	Judge: Hon. Robert Efremsky

16 I, Matthew R. Eason declare as follows:

- 17
- 18 1. I am an attorney duly licensed by the State of California to practice law and am
- 19 the attorney of record for Debtors-in-Possession, Jaime Gonzalez and Gloria
- 20 Gonzalez.
- 21
- 22 2. I have personal knowledge of each of the facts set forth in this declaration and
- 23 can testify competently thereto, except as to those matters stated on
- 24 information and belief, and as to such matters I believe them to be true.
- 25
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3. Attached hereto as Exhibit A is a true and correct copy of Stipulation for Use of Cash Collateral and Adequate Protection.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed this October 25, 2010.

/s/ Matthew R. Eason  
Matthew R. Eason

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# Exhibit A

1 Bruce Cornelius - Bar #065525  
2 The Law Offices of  
3 **BELZER, HULCHY & MURRAY**  
4 3650 Mt. Diablo Boulevard, Suite 130  
5 Lafayette, California 94549  
6 Telephone: 925/283-9977  
7 Facsimile: 925/283-5192  
8 Email: brucecorn@earthlink.net

9 **Attorneys for: JPMorgan Chase Bank, N.A.,**  
10 **Secured creditor**

11 UNITED STATES BANKRUPTCY COURT  
12 NORTHERN DISTRICT OF CALIFORNIA

13 In re )  
14 JAIME GONZALEZ, GLORIA ) Case No. 10-47600  
15 GONZALEZ ) (Chapter 11)  
16 )  
17 Debtors-in-Possession. ) **STIPULATION FOR**  
18 ) **USE OF CASH COLLATERAL**  
19 ) **AND ADEQUATE PROTECTION**  
20 ) **[JP Morgan Chase Bank, NA]**

21 **AGREEMENT FOR USE OF CASH COLLATERAL**

22 This Agreement for Use of Cash Collateral is made as of July 30, 2010, between JP  
23 Morgan Chase Bank N.A., and Jaime Gonzalez and Gloria Gonzalez (collectively "Debtor-in-  
24 Possession").

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26  
AGREEMENT FOR USE OF CASH COLLATERAL

1 **Preliminary Statements**

2 *Defined Terms*

3 1. "Agreement" means this Agreement for Use of Cash Collateral, as modified and  
4 supplemented from time to time, including all exhibits, attachments and schedules hereto.

5 2. "Bankruptcy Code" means Title 11 of the United States Code, as in effect from  
6 time to time and applicable to the Chapter 11 Case.

7 3. "Bankruptcy Court" means the U.S. Bankruptcy Court for the Northern District  
8 of California, or such other court that exercises competent jurisdiction of the Chapter 11 Case.

9 4. "BLRs" means the Local Rules of the Bankruptcy Court, including provisions  
10 incorporated therein from the Local Rules of the District Court for the Northern District of  
11 California, as in effect from time to time and applicable to the Chapter 11 Case.

12 5. "Budget" means the Budget attached as Group Exhibit 1 to this Stipulation.

13 6. "Chapter 11 Case" means the case commenced by the Debtor-in-Possession-in-  
14 Possession in the Bankruptcy Court under Chapter 11 of the Bankruptcy Code, referenced in  
15 the caption above.

16 7. "Chapter 11 Professional Fees" means any fees and expenses of professionals  
17 employed by the Debtor-in-Possession-in-Possession that are authorized and allowed by the  
18 Bankruptcy Court.

19 8. "Collateral" means the property of the Debtor-in-Possession that secures the  
20 Existing Loan and/or the Secured Obligation, as applicable; "Prepetition Collateral" means the  
21 Collateral that existed on the Petition Date pursuant to the Loan Documents; "Postpetition  
22 Like-kind Collateral" means property acquired by the Debtor-in-Possession after the Petition  
23 Date of the same type and description as the Prepetition Collateral, but excluding claims for  
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AGREEMENT FOR USE OF CASH COLLATERAL

1 relief arising under the Bankruptcy Code (including claims arising under §§506(c), 544, 545,  
2 547, 548, and 549 thereof).

3 9. "Committee" means any committee of creditors appointed in the Chapter 11  
4 Case.

5 10. "Debtor-in-Possession" means Jaime Gonzalez and Gloria Gonzalez,  
6 collectively.

7 11. "Existing Loans" means the obligations on which the Debtor-in-Possession is  
8 obligated to the Lender, excluding the Loan encumbering Debtor-in Possession's property  
9 located at 941 43<sup>rd</sup> Avenue, Sacramento, CA, which property is being abandoned by Debtor-in-  
10 Possession.

11 12. "Lender" means JP Morgan Chase Bank, N.A., or assignee.

12 13. "Loan Documents" means the agreements between the Lender (and/or its  
13 predecessors in interest) and the Debtor-in-Possession (and/or its predecessors in interest)  
14 defining the rights and obligations of the parties in connection with the Existing Loans.

15 14. "Motion" means the motion to be filed by the Debtor-in-Possession under §363  
16 of the Bankruptcy Code seeking approval of this Agreement and authority to grant the rights  
17 afforded to the Lender hereunder and perform the obligations set forth herein.

18 15. "Orders" means, collectively, any Interim Order(s) and the Final Order;  
19 "Interim Order(s)" means one or more orders by the Bankruptcy Court authorizing the Debtor-  
20 in-Possession to use the Cash Collateral on an interim basis in order to avoid immediate and  
21 irreparable injury; "Final Order" means the order by the Bankruptcy Court finally authorizing  
22 the Debtor-in-Possession to use the Cash Collateral in accordance with this Agreement.

23 16. "Petition Date" means the date the Chapter 11 Case commenced.

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AGREEMENT FOR USE OF CASH COLLATERAL

1           17.    "Replacement Lien" means a security interest in and lien upon all Postpetition  
2 Like-kind Collateral.

3           18.    "Rules" means the Federal Rules of Bankruptcy Procedure, as in effect from  
4 time to time and applicable to the Chapter 11 Case.

5 *Undefined Terms*

6           Capitalized terms not defined in this Agreement and defined in the Bankruptcy Code  
7 shall have the meanings set forth in the Bankruptcy Code.

8 *Rules of Construction*

9           19.    Usage. The definitions of terms herein shall apply equally to the singular and  
10 plural forms of the terms defined. Whenever the context may require, any pronoun shall  
11 include the corresponding masculine, feminine and neuter forms. The words "include,"  
12 "includes" and "including" shall be deemed to be followed by the phrase "without limitation."  
13 The word "will" shall be construed to have the same meaning and effect as the word "shall."  
14 Unless the context requires otherwise, (a) any definition of or reference to any agreement,  
15 instrument or other document herein shall be construed as referring to such agreement,  
16 instrument or other document as from time to time amended, supplemented or otherwise  
17 modified (subject to any restrictions on such amendments, supplements or modifications set  
18 forth herein), (b) any reference herein to any Person shall be construed to include such Person's  
19 successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar  
20 import, shall be construed to refer to this Agreement in its entirety and not to any particular  
21 provision hereof, (d) all references herein to Sections, Schedules, and Exhibits shall be  
22 construed to refer to Sections of, and Schedules and Exhibits to, this Agreement, and (e) the  
23 words "asset" and "property" shall be construed to have the same meaning and effect and to  
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AGREEMENT FOR USE OF CASH COLLATERAL



1 refer to any and all real property, tangible and intangible assets and properties, including cash,  
2 securities, accounts and contract rights, and interests in any of the foregoing.

3 *Recitals*

4 1. On July 2, 2010, Debtor-in-Possession filed Chapter 11 Case No. 10-47600 in  
5 the Bankruptcy Court.

6 2. The Lender is the holder of various deeds of trust and "assignment of rents"  
7 rights in and arising out of certain real property assets of the Debtor-in-Possession, including  
8 certain assets that generate Cash Collateral in the Chapter 11 Case, as set forth in the Loan  
9 Documents. The parties acknowledge, however, that nothing in this Agreement and/or any  
10 Orders entered by the Bankruptcy Court approving this Agreement or the Debtor-in-  
11 Possession's use of Cash Collateral is intended to constitute a finding of fact or admission that  
12 binds the Lender, the Debtor-in-Possession or its estate, or any party in interest in the Chapter  
13 11 Case with respect to the validity, perfection or amount of the Lender's lien or claim or the  
14 relative priorities of the Lender's lien and liens held by persons who are not parties to this  
15 Agreement.  
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17

18 3. The Lender is willing to permit the Debtor-in-Possession to use the Lender's  
19 Cash Collateral provided that the Bankruptcy Court approves the terms of this Agreement and  
20 the Debtor-in-Possession performs its obligations hereunder.  
21

22 **Agreement**

23 In consideration of the foregoing and the mutual promises of the parties hereto, the  
24 Debtor-in-Possession and the Lender hereby agree as follows:  
25  
26

1 *Use of Cash Collateral*

2 1. The Debtor-in-Possession shall seek an Order Authorizing this Stipulation on or  
3 before October 15, 2010, or as soon thereafter as is practical. The Order shall be in a form  
4 reasonably approved by the Lender.

5 2. Upon issuance of a Final Order, the Debtor-in-Possession shall be authorized to  
6 use Cash Collateral in the ordinary course of business for the purposes and in the amounts  
7 (subject to a 10% variance in categories that are not fixed expenses and a 10% variance in  
8 overall expenses) set forth in the Budget through December 31, 2010, or such later date as is  
9 approved by the Lender in writing ; provided however, that the budgeted payments to Lender as  
10 set forth in the Budget shall be increased to an amount equal to the lesser of (a) the non-default  
11 "note rate" of principal and interest as set forth in the Loan Documents or (b) the net cash flow  
12 from the respective properties not including any payment to any secured creditor junior in  
13 priority to Lender. Without limiting the generality of the foregoing, the Debtor-in-Possession  
14 shall be authorized to use Cash Collateral beyond December 31, 2010, with (1) the written  
15 consent of the Lender to such further use and without further order of the Bankruptcy Court and  
16 (2) on further order of the Bankruptcy Court on not less than 15 days notice to Lender.

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19 *Adequate Protection*

20 1. **Adequate Protection Payment.** As adequate protection for the Debtor-in-  
21 Possession's use of Cash Collateral, Debtor-in-Possession shall make the budgeted debt service  
22 payments to Lender set forth above not later than the tenth (10<sup>th</sup>) day of each month,  
23 commencing August 10, 2010; the first said payment shall include the budgeted debt service  
24 for the month of August 2010.  
25  
26

1           2.     **Replacement Lien.** As additional adequate protection for the Debtor-in-  
2 Possession's use of Cash Collateral, the Lender shall have and the Debtor-in-Possession hereby  
3 grants to the Lender the Replacement Lien. The Replacement Lien on Postpetition Like-kind  
4 Collateral shall have the same priority, validity and extent as the Lender's lien on Prepetition  
5 Collateral.

6           3.     **Priority of Replacement Lien.** The Replacement Lien shall have priority over  
7 other liens and claims, except that it shall be subordinate to the compensation and expense  
8 reimbursement (other than for professional fees and expenses) allowed to a trustee in any  
9 successor Chapter 7 case; and

10           4.     **Automatic Perfection.** The Replacement Lien granted to the Lender pursuant  
11 to this Agreement shall be perfected by operation of law upon entry of the Orders by the  
12 Bankruptcy Court. The Lender shall not be required to file or record any financing statements,  
13 mortgages, or other documents in any jurisdiction or to take any other action in order to  
14 validate or perfect the Replacement Lien granted hereunder. Such Orders shall be deemed  
15 sufficient and conclusive evidence of the security interests and liens granted hereunder. If the  
16 Lender shall, in its sole discretion, choose to file financing statements or record mortgages or  
17 other documents, or otherwise confirm perfection of such security interests and liens, the  
18 Lender is hereby authorized to effect such filings and recordations, and all such financing  
19 statements, mortgages, or similar documents shall be deemed to have been filed, recorded, or  
20 made on the date of entry of the Orders.

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24     ***Financial Reporting***

25           1.     Concurrently with filing its Monthly Operating Report (as required by the  
26 BLRs) with the Bankruptcy Court for each month that ends during the Term of this Agreement,

AGREEMENT FOR USE OF CASH COLLATERAL

1 the Debtor-in-Possession shall deliver a copy to the Lender, in care of its counsel, Bruce  
2 Cornelius, and to Peter Fadum, Special Credit Officer, at JPMorgan Chase Bank.

3 2. Concurrently with delivery of the Monthly Operating Report for each month, the  
4 Debtor-in-Possession shall also deliver to the Lender and its counsel a report comparing the  
5 expenditures during the month covered thereby with the Budget for that month.  
6

7 *Events of Default*

8 Each of the following shall constitute an "Event of Default" under this Agreement:

- 9 1. Appointment of an interim trustee or trustee in the Chapter 11 Case;
- 10 2. Dismissal of the Chapter 11 Case or the conversion of the Chapter 11 Case to  
11 one under Chapter 7 of the Bankruptcy Code;
- 12 3. Commencement against the Lender of any lawsuit, adversary proceeding,  
13 contested matter, or other proceeding which asserts any cause of action or claim that seeks to  
14 (i) reduce, limit, setoff, counterclaim, or subordinate the Debtor-in-Possession's obligations to  
15 the Lender or (ii) challenge or affect the validity, extent, or priority of the Lender's security  
16 interest in or liens on the Prepetition Collateral;
- 17
- 18 4. The Debtor-in-Possession shall bring a motion before the Bankruptcy Court, or  
19 acquiesce in a motion by a third party before the Bankruptcy Court, to: (i) obtain additional  
20 financing or incur indebtedness that is secured by a lien that is equal or prior to any one or  
21 more of the liens or security interests granted to the Lender or entitled to priority administrative  
22 status that is equal or superior to that granted to the Lender, (ii) use Cash Collateral for  
23 purposes other than as authorized by this Agreement without the written consent of the Lender,  
24 (iii) surcharge the Lender, its Collateral, or any proceeds of its Collateral for the costs or  
25 expense of preserving or disposing of such Collateral under §506(c) of the Bankruptcy Code;  
26

AGREEMENT FOR USE OF CASH COLLATERAL

1           5.     Entry of an order by the Bankruptcy Court granting relief from or modifying the  
2 automatic stay of §362 of the Bankruptcy Code to allow any creditor to execute upon, enforce  
3 or perfect a lien on any Collateral;

4           6.     The Debtor-in-Possession's failure to perform any of its obligations hereunder  
5 and such failure shall not have been cured within five days after receipt of written notice of  
6 such failure from the Lender; or

7  
8     *Remedies Upon Default*

9           Upon the occurrence of an Event of Default (as defined hereunder):

10          1.     The Debtor-in-Possession's authority to use Cash Collateral shall immediately  
11 terminate and the Debtor-in-Possession shall not use any Cash Collateral unless the Lender  
12 provides its written consent to such use or the Bankruptcy Court issues an order authorizing  
13 such use. The Lender agrees that the Debtor-in-Possession may seek a hearing on use of Cash  
14 Collateral upon 72 hours' notice to the Lender.  
15

16          2.     The Lender shall have the right to seek relief by the Bankruptcy Court from the  
17 automatic stay of §362 of the Bankruptcy Code, motion for which may be heard on an  
18 expedited basis on not less than fifteen (15) days notice to the Debtor-in-Possession and its  
19 counsel, counsel for any Committee, and the U.S. Trustee. (The foregoing is in addition to the  
20 Lender's general right to seek relief from such automatic stay under applicable provisions of  
21 the Code and the Rules, and the Lender has not waived its right to seek relief from the  
22 automatic stay under such provisions.)  
23

24          3.     Provided that such relief from the automatic stay is granted, and only to the  
25 extent granted, the Lender may exercise all remedies available to it under the Loan Documents  
26 and applicable nonbankruptcy law.

AGREEMENT FOR USE OF CASH COLLATERAL

1 *Term*

2 1. **Effectiveness.** This Agreement shall become effective upon the date hereof,  
3 except that the authorization for the Debtor-in-Possession to use Cash Collateral shall not  
4 commence until entry of an Interim Order by the Bankruptcy Court conforming to the terms of  
5 this Agreement.

6 2. **Expiration.** Unless sooner terminated due to the continuation of an uncured  
7 Event of Default, the Debtor-in-Possession's authority to use Cash Collateral shall expire on  
8 the earlier of:

9  
10 (a) December 31, 2010, unless such date is extended by the written  
11 agreement of the parties to this Agreement, or further court order;

12 (b) The effective date of a plan of reorganization confirmed in the Chapter  
13 11 Case; or

14 (c) As to a particular item of Lender's collateral, immediately prior to the  
15 closing of a sale of such collateral.

16  
17 *General Provisions*

18 1. **Notices.** Except as otherwise expressly provided herein, all notices and other  
19 communications provided for hereunder shall be in writing (including facsimile) and  
20 transmitted or delivered personally or by overnight courier, addressed to the applicable party as  
21 follows or at such other address or facsimile number as shall be designated by any party in a  
22 written notice to the other parties hereto transmitted or delivered as set forth in this section:

23  
24 If to the Debtor-in-Possession:  
25 Jaime Gonzalez and Gloria Gonzalez  
26 208 Roundhill Place  
Clayton, CA 94517

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With a copy to:  
Matthew Eason, Attorney at Law  
Eason & Tambornini  
1819 K Street, #200  
Sacramento, CA 95814  
Facsimile No.: (916) 438-1820

If to the Lender:

Peter Fadum, Special Credit Officer  
JPMorgan Chase Bank, N.A.  
400 E. Main Street,  
Stockton, CA 95290  
Facsimile No. 209-460-2332

With a copy to:

Bruce Cornelius, of Counsel  
Belzer, Hulchiy & Murray  
3650 Mt. Diablo Boulevard, Suite 130  
Lafayette, CA 94549  
Facsimile No. 925-283-5192

All notices and communications transmitted as set forth herein shall be effective when received.

2. **Binding Effect.** This Agreement shall be binding upon the Lender and the Debtor-in-Possession and their respective successors and assigns (including any trustee hereafter appointed or elected as a representative for the estate of Debtor-in-Possession in the Chapter 11 Case or any subsequent Chapter 7 case) and shall inure to the benefit of the Lender and the Debtor-in-Possession (except with respect to any trustee hereafter appointed for the estate of Debtor-in-Possession in a case under Chapter 7 or Chapter 11 of the Bankruptcy Code) and their respective successors and assigns. Except as otherwise explicitly set forth in this Agreement or an Order, no third parties are intended to be or shall be deemed to be third party beneficiaries of the provisions of this Agreement.

1           3.     **No Waiver; Remedies Cumulative.** No failure or delay on the part of the  
2 Lender in exercising any right, power or privilege hereunder or under any other Loan  
3 Document and no course of dealing between the Debtor-in-Possession and the Lender shall  
4 operate as a waiver thereof; nor shall any single or partial exercise of any right, power or  
5 privilege hereunder or under any other Loan Document preclude any other or further exercise  
6 thereof or the exercise of any other right, power or privilege hereunder or thereunder. The  
7 rights and remedies herein expressly provided are cumulative and not exclusive of any rights or  
8 remedies that the Lender would otherwise have.  
9

10           4.     **Governing Law.** Subject to applicable provisions of the Bankruptcy Code and  
11 the Rules, this Agreement and the other Loan Documents and the rights and obligations of the  
12 parties hereunder and thereunder shall be construed in accordance with and governed by the  
13 law of the State of California.  
14

15           5.     **Counterparts; Facsimile Signatures.** This Agreement may be executed in any  
16 number of counterparts and by the different parties hereto on separate counterparts, each of  
17 which when so executed and delivered shall be an original, but all of which shall together  
18 constitute one and the same agreement. The signature of each of the parties' representatives  
19 may be transmitted to the others by facsimile, which shall have the same force and effect as if it  
20 were an original signature of such representative.  
21

22           6.     **Headings Descriptive.** The headings of the several sections and other portions  
23 of this Agreement are inserted for convenience only and shall not in any way affect the  
24 meaning or construction of any provision of this Agreement.  
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7. **Amendment or Waiver.** Neither this Agreement nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the party to be charged thereby.

8. **Severability.** Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

9. **Further Assurances.** Upon request by the other party, each party will take all reasonable actions, including the execution and delivery of additional documents and agreements, as are necessary or appropriate to carry out the intent of this Agreement.

IN WITNESS THEREOF, the undersigned parties hereby execute this Agreement as of the date set forth in the preamble hereto.

By: \_\_\_\_\_  
Matthew Eason  
Attorney for Debtor-in-Possession

By:   
Bruce Cornelius  
Attorney for JP Morgan Chase Bank  
N.A.

**EXHIBIT 1**

AGREEMENT FOR USE OF CASH COLLATERAL

Monthly Budget  
Tiffany Manor Apartments

827 Pine Street  
West Sacramento, CA 95691

Income:

Gross Scheduled	<u>\$44,200.00</u>
Laundry	<u>\$375.00</u>
Other	<u>          </u>

Total Income: \$44,575.00

Less Vacancy Allowance

Effective Gross Income: \$40,155.00

Expenses:

Advertising	<u>\$110.42</u>
Cleaning	<u>\$208.33</u>
Fees & Licenses	<u>\$60.42</u>
Gardening	<u>\$436.17</u>
Insurance	<u>\$737.50</u>
Legal & Accounting	<u>\$317.83</u>
Mgmt. Fee (5% of Gross)	<u>\$2,007.75</u>
P.G.& E.	<u>\$2,660.00</u>
Painting & Decorating	<u>\$219.42</u>
Payroll	<u>\$2,887.08</u>
Payroll Taxes	<u>\$216.67</u>
Pest Control	<u>\$198.58</u>
Pool Maintenance	<u>\$189.17</u>
Real Estate Taxes	<u>\$4,239.00</u>
Repairs & Maintenance	<u>\$1,499.83</u>
Utilities	<u>\$2,836.42</u>

Total Expenses: \$18,824.58

Net Operation Income: \$21,330.42

Amt. Paid to Lender Monthly \$17,559.00

Monthly Budget  
Regency Apartments

5900 Riza Ave.  
Sacramento, CA 95823

Income:	
Gross Scheduled	<u>\$95,032.00</u>
Laundry	<u>\$777.08</u>
Other	<u>                    </u>

Total income: \$95,809.08

Less Vacancy Allowance 24%  
Effective Gross Income: \$72,814.90

Expenses:	
Advertising	<u>\$142.25</u>
Cleaning	<u>\$360.00</u>
Electricity	<u>\$1,795.67</u>
Fees & Licenses	<u>\$72.92</u>
Gardening	<u>\$711.08</u>
Insurance	<u>\$1,026.75</u>
Legal & Accounting	<u>\$1,456.92</u>
Mgmt. Fee (5% of Gross)	<u>\$3,640.75</u>
P.G.& E.	<u>\$3,452.08</u>
Painting & Decorating	<u>\$279.33</u>
Payroll	<u>\$4,800.00</u>
Payroll Taxes	<u>\$220.83</u>
Pest Control	<u>\$230.00</u>
Pool Maintenance	<u>\$178.75</u>
Real Estate Taxes	<u>\$9,003.25</u>
Repairs & Maintenance	<u>\$3,212.00</u>
Utilities	<u>\$10,126.58</u>

Total Expenses: \$40,709.16

Net Operation Income: \$32,105.74

Amt. Paid to Lender Monthly \$32,105.74

Monthly Budget  
Park Hills Apartments

6050 South Land Park Dr.  
Sacramento, CA 95822

Income:

Gross Scheduled	\$64,425.00
Laundry	\$443.50
Other	

Total Income: \$64,868.50

Less Vacancy Allowance 16%

Effective Gross Income: \$54,489.54

Expenses:

Advertising	\$150.00
Cleaning	\$202.50
Electricity	\$1,795.67
Fees & Licenses	\$61.25
Gardening	\$685.00
Insurance	\$745.00
Legal & Accounting	\$362.50
Mgmt. Fee (5% of Gross)	\$2,724.48
P.G. & E.	\$2,216.67
Painting & Decorating	\$434.58
Payroll	\$2,950.00
Payroll Taxes	\$220.83
Pest Control	\$121.67
Pool Maintenance	\$178.75
Real Estate Taxes	\$7,112.00
Repairs & Maintenance	\$2,161.67
Utilities	\$3,022.25

Total Expenses: \$25,144.81

Net Operation Income: \$29,344.73

Amt. Paid to Lender Monthly \$29,344.73