

1 Michael N. Sofris, Esq. State Bar No. 170018
468 N. Camden Drive, Suite 200
2 Beverly Hills, California 90210
Telephone (310) 229-4505

3 Proposed Attorneys for LAX Royal Airport Center, LP
4

5
6
7
8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**

10 In re

11 LAX Royal Airport Center, LP

12 Debtor

Bk. No.11-12333 (BB)

In a Case Under Chapter
11 of the Bankruptcy Code
(11 U.S.C. § 1101 et seq.)

DEBTOR'S CHAPTER 11 PLAN

13
14
15
16
17 **PRELIMINARY STATEMENT**

18 Debtor and debtor in possession LAX ROYAL AIRPORT CENTER, LP hereby propose
19 this Plan of Reorganization pursuant to the provisions of chapter 11 of the Bankruptcy Code.
20 The Plan sets forth the Debtor's proposal for the satisfaction of Allowed Claims. With the Plan,
21 creditors will receive a DISCLOSURE STATEMENT FOR THE DEBTOR'S PLAN OF
22 REORGANIZATION that provides information concerning the Debtor and its Plan. The
23 Disclosure Statement will includes a summary of the Debtor's assets and liabilities, a summary
24 of what the holders of Allowed Claims will receive under the Plan, a discussion of alternatives to
25 the Plan, and a summary of the procedures necessary for the Bankruptcy Court to confirm the
26 Plan.
27
28

1 The Debtor will request that the Bankruptcy Court confirm the Plan in accordance with
2 the provisions of Bankruptcy Code section 1129(a) and, if there are not an adequate number of
3 affirmative votes by each class of claims required to confirm the Plan, Bankruptcy Code section
4 1129(b).

5 **ARTICLE I.**

6 **DEFINITIONS**

7 As used in the Plan, the following terms shall have the respective meanings specified
8 below:

9 1.1 “**Administrative Claim**” means a Claim for any cost or expense of administration of a
10 kind specified in Section 503(b) of the Bankruptcy Code, including any actual and necessary
11 costs and expenses of preserving the Bankruptcy Estate incurred on or after the Petition Date and
12 through and including the Confirmation Date, any cure amounts that must be paid in connection
13 with the assumption of any executory contract or unexpired lease of the Debtor under Section
14 365 of the Bankruptcy Code, fees due to the United States Trustee pursuant to 28 U.S.C. §
15 1930(a)(6), and compensation for legal or other services and reimbursement of expenses allowed
16 by the Bankruptcy Court under Sections 330 and 331 of the Bankruptcy Code or otherwise.

17 1.2 “**Administrative Claims Bar Date**” means, subject to confirmation by an order of the
18 Bankruptcy Court.

19 1.3 “**Administrative Claims Objection Date**” means the date thirty (30) days after the
20 Administrative Claims Bar Date for any timely filed Administrative Claims; provided, however,
21 that the Administrative Claims Objection Date may be extended by the Bankruptcy Court for
22 cause upon the ex parte motion of the Reorganized Debtor.

23 1.4 “**Allowed**” or “**Allowed Amount**” means the amount in which any Claim is allowed.

24 Unless otherwise expressly required by the Plan, the Allowed Amount of any Claim does not
25 include interest on such Claim from or after the Petition Date. Neither the foregoing nor any
26 other provision in this Plan is intended to limit the right of an over-secured creditor to assert, and
27 have Allowed as part of its Claim, interest on such Claim and any reasonable fees, costs,

28 expenses or charges, as provided for under the agreement or State statute under which such
Chapter 11 Plan LAX Royal Airport Center - 2

1 Claim arose, to the fullest extent allowed by Bankruptcy Code Section 506(b).

2 1.5 “**Allowed Administrative Claim**” means all or any portion of an Administrative Claim
3 that has either been Allowed by a Final Order or has not been objected to within the time period
4 established by the Plan or by an order of the Bankruptcy Court.

5 1.6 “**Allowed Claim**” means a Claim: (a) with respect to which a Proof of Claim has been
6 filed with the Bankruptcy Court by the applicable Claims Bar Date and to which no objection has
7 been filed within the time fixed by the Plan or the Bankruptcy Court; (b) as to which no Proof of
8 Claim has been filed and which has been listed on Schedule D, E or F of the Debtor’s Schedules
9 and is not listed as disputed, contingent, unliquidated or unknown as to amount, and to which no
10 objection has been filed within the time fixed by the Plan or the Bankruptcy Court; or ©) which
11 is Allowed by a Final Order. No Claim shall be considered an Allowed Claim if: (a) an objection
12 to the allowance thereof is interposed by a party in interest within the time fixed by the Plan or
13 the Bankruptcy Court, and such objection has not been overruled by a Final Order; or (b) the
14 Claim has already been satisfied.

15 1.7 “**Allowed Unsecured Claim**” means an Allowed Claim that is not secured and includes
16 the unsecured and under-secured claims but excludes Administrative Claims, Priority Claims,
17 and Tax Claims.

18 1.8 “**Available Cash**” means any and all cash and cash equivalents owned or held by the
19 Reorganized Debtor.

20 1.9 “**Avoidance Actions**” means causes of action of the Debtor under Chapter 5 of the
21 Bankruptcy Code.

22 1.10 “**Bankruptcy Case**” means the bankruptcy case commenced by the Debtor’s filing with
23 the Bankruptcy Court of its voluntary petition under chapter 11 of the Bankruptcy Code.

24 1.11 “**Bankruptcy Code**” means Title 11, United States Code, § 101, *et seq.*

25 1.12 “**Bankruptcy Court**” or “**Court**” means the United States Bankruptcy Court for the
26 Central District of California, Los Angeles Division.

27 1.13 “**Bankruptcy Estate**” means the estate created by the commencement of the Bankruptcy
28 Case and comprised of the property described in Section 541 of the Bankruptcy Code.

1 1.14 **“Bankruptcy Rules”** means the Federal Rules of Bankruptcy Procedure promulgated
2 under 28 U.S.C. § 2075, as amended, as applicable to the Bankruptcy Cases.

3 1.15 **“Center”** means that certain real property commonly known as 5933 West Century
4 Boulevard, Los Angeles, California 90045, commonly known as the LAX ROYAL AIRPORT
5 CENTER, and is inclusive of all lots, parcels, and common area as set forth in Exhibit “A” to the
6 Disclosure Statement.

7 1.16 **“Claim”** means any (a) right to payment, whether or not such right is reduced to
8 judgment, liquidated, un-liquidated, fixed, contingent, matured, un-matured, disputed,
9 undisputed, legal, equitable, secured, or unsecured; or (b) right to an equitable remedy for breach
10 of performance if such breach gives rise to a right to payment, whether or not such right to an
11 equitable remedy is reduced to judgment, fixed, contingent, matured, un-matured, disputed,
12 undisputed, secured, or unsecured.

13 1.17 **“Claims Bar Date”** means with respect to Claims other than those held by governmental
14 units, May 25, 2011.

15 1.18 **“Claims Objection Date”** means the date 90 days after the Effective Date; provided,
16 however, that the Claims Objection Date may be extended by the Bankruptcy Court for cause
17 upon the ex parte motion of the Reorganized Debtor.

18 1.19 **“Claims Trust Account”** means a separate, segregated bank account by the Effective
19 Date into which cash to perform the Plan shall be distributed and then disbursed .

20 1.20 **“Confirmation”** means the entry by the Bankruptcy Court of the Order of Confirmation.

21 1.21 **“Confirmation Date”** means the date on which the Bankruptcy Court enters the Order of
22 Confirmation.

23 1.22 **“Confirmation Hearing”** means the hearing held by the Bankruptcy Court on confirmation
24 of the Plan as required by Section 1128(a) of the Bankruptcy Code.

25 1.23 **“Creditor”** means any entity holding a Claim against the Debtor.

26 1.24 **“Debtor”** means LAX Royal Airport Center, LP.

27 1.25 **“Debtor’s Professionals”** mean, collectively, any and all persons or entities as have been
28 approved for employment under Bankruptcy Code section 327 by order of the Bankruptcy Court.
Chapter 11 Plan LAX Royal Airport Center - 4

1 1.26 “**Deferred Cash Payment(s)**” means payment upon the sale or refinance of the Center, or
2 any portion thereof, as provided in Section 5.6, below, or 36 months after the effective date of
3 this Plan, whichever occurs first.

4 1.27 “**Disputed Claim**” means a Claim against the Debtor: (a) as to which a Proof of Claim
5 has not been timely filed and that has been listed in the Debtor’s Schedules as disputed,
6 contingent or unliquidated; or (b) as to which an objection or adversary proceeding has been filed
7 within the time fixed by the Bankruptcy Court and which objection or adversary proceeding has
8 not been withdrawn or disposed of by a Final Order.

9 1.28 “**Disputed Claims Reserve Account**” means a segregated bank account maintained for
10 the purpose of holding cash attributable to Disputed Claims and administered by the Reorganized
11 Debtor consistent with the provisions of Section 345 of the Bankruptcy Code.

12 1.29 “**Distribution**” means the cash to be paid under the Plan’s terms to the holders of
13 Allowed Claims, including *pro rata* to holders of general unsecured claims.

14 1.30 “**Distribution Date**” means the semi-annual dates commencing six months after the
15 Effective Date on which *pro rata* Distributions are made to holders of general unsecured claims
16 which are Allowed Claims.

17 1.31 “**Effective Date**” means thirty (30) days after entry of the Confirmation Order.

18 1.32 “**Final Order**” means an order entered on the docket by the Bankruptcy Court which is
19 no longer subject to appeal, *certiorari* or other proceedings for review or rehearing, and as to
20 which no appeal, *certiorari* or other proceedings for review or rehearing are pending.

21 1.33 “**Ground Lease**” mean the leases between THE PRUDENTIAL INSURANCE COMPANY
22 OF AMERICA as lessor and UIC Airport Center Associates, as lessee for the real property
23 underlying the Center listed in Exhibit “B” to the Disclosure Statement, and any and all
24 amendments and extensions thereto.

25 1.34 “**Interest**” means the equity interest of the Debtor in property of the Bankruptcy Estate.

26 1.35 “**KOAR**” means KOAR INTERNATIONAL.AIRPORT CENTER INVESTMENT
27 PARTNERSHIP, who is now the ground lessee and purported successor in interest to UIC Airport
28

1 Center Associates.

2 1.36 “**Local Rules**” means the Local Rules of the United States District Court for the
3 Central District of California, as amended, as applicable to the Bankruptcy Cases.

4 1.37 “**Minimum Dividend**” means the \$72,000.00 plus interest derived from the \$2000.00 per
5 month deposited into the Claims Trust Account which is under the Plan reserved solely for
6 distribution to holders of Class 5 Allowed Claims.

7 1.38 “**Morgan Stanley**” means Morgan Stanley Mortgage Capital, Inc. and/or its successors in
8 interests and/or assignees

9 1.39 “**MSCI**” means MSCI 2006-IQ11 West Century Limited Partnership.

10 1.40 “**Notice Parties**” mean the Reorganized Debtor, counsel for the Reorganized Debtor, the
11 United States Trustee, and any creditor who delivers a notice to the aforementioned counsel
12 requesting to be added as a notice party; provided however that any Creditor whose Claim has been
13 paid in full shall no longer be a Notice Party.

14 1.41 “**Notice Procedure**” means the procedure described in Subsection 6.26.2 below.

15 1.42 “**Order of Confirmation**” means the order entered by the Bankruptcy Court approving
16 and confirming the Plan in accordance with the provisions of chapter 11 of the Bankruptcy Code.

17 1.43 “**Petition Date**” means January 19, 2011, the date on which the Debtor filed its voluntary
18 petition under chapter 11 initiating the Bankruptcy Case and on which date relief was ordered in
19 the Bankruptcy Case.

20 1.44 “**Plan**” means this DEBTOR’S PLAN OF REORGANIZATION, including any modification(s)
21 hereof and/or amendment(s) hereto.

22 1.45 “**Priority Claim**” means any Allowed Claim entitled to priority pursuant to Section
23 507(a) of the Bankruptcy Code, but not including an Administrative Claim or a Tax Claim.

24 1.46 “**Chang Family**” shall mean Robert Man Tsang Chang, Susan Van Chang, Amy Xia Mi Fan,
25 Irene Grace Chang, Johnson T. Chang and Jason Kenneth Chang. .

26 1.47 “**Rejection Claim**” means an Allowed Unsecured Claim arising from the Debtor’s
27 rejection of any unexpired lease or executory contract pursuant to the Plan or pursuant to an order

1 of the Bankruptcy Court.

2 1.48 “**Rejection Claims Bar Date**” means, with the exception of any bar date which already
3 has been established by Court order, the earlier of: (a) thirty (30) days following the Effective Date;
4 or (b) with respect to an executory contract or unexpired lease rejected before the Confirmation
5 Date pursuant to a Final Order, thirty (30) days following the entry of such Final Order.

6 1.49 “**Reorganized Debtor**” mean the Debtor from and after the Effective Date.

7 1.50 “**Retained Claims**” mean any and all claims, defenses and rights of the Debtor and the
8 Reorganized Debtor against any person or entity as of the Effective Date, including, without
9 limitation, Avoidance Actions and those Retained Claims referred to in Article IX of the Plan.

10 1.51 “**Tenant Leases**” means any agreements or contracts related to any tenancy, building,
11 improvements, restrictions, or development at the Center between the Debtor and third parties
12 relating to the use and occupancy of the Center,

13 1.52 “**Schedules**” means the Debtor’s schedules of assets and liabilities consisting of
14 Schedule “A” through “J” filed with the Bankruptcy Court pursuant to Section 521(a)(1) of the
15 Bankruptcy Code and Bankruptcy Rule 1007(b) and the amendments filed thereto, as may be
16 further amended at anytime.

17 1.53 “**Secured Claim**” means a Claim secured by a lien, security interest, or other charge
18 against or interest in property in which the Debtor has an interest or that is subject to setoff under
19 Section 553 of the Bankruptcy Code, to the extent of the value (as specified in the Plan, or if no
20 value is specified, as determined in accordance with Section 506(a) of the Bankruptcy Code) of the
21 interest of a holder of such Allowed Claim in the Debtor’s interest in such property or to the extent
22 of the amount subject to such setoff, as the case may be.

23 1.54 “**Tax Claim**” means any pre-petition Allowed Claim against the Debtor entitled to
24 priority pursuant to Section 507(a)(8) of the Bankruptcy Code. Tax Claims do not include secured
25 real property taxes.

26 1.55 “**Timely Filed Unsecured Claim**” means an unsecured Claim: (a) listed in the Debtor’s
27 Schedules (other than if listed as disputed, contingent or unliquidated); (b) filed by the Claims Bar

1 Date or other applicable bar date established in the cases for filing a Claim; or ©) otherwise
2 determined to be timely by order of the Bankruptcy Court.

4 **ARTICLE II.**

5 **DESIGNATION OF CLASSES OF CLAIMS AND INTERESTS**

6 The Allowed Claims against and Interests in the Debtor are designated and classified below
7 for purposes of the Plan. Except to the extent that the Plan provides otherwise, a Claim or Interest
8 that is properly includable in more than one class is classified in a particular class only to the extent
9 that it qualifies within the description of that class, and is placed in a different class to the extent it
10 qualifies within the description of such different class.

11 **2.1 Class 1**

12 Class 1 consists of the first position Secured Claim of Morgan Stanley secured by a lien
13 against the entire Center, the Tenant leases, and the Ground Lease.

14 **2.2 Class 2**

15 Class 2 consists of all Allowed Timely Filed Unsecured Claims.

16 **2.3 Class 3**

17 Class 3 consists of the Interests of the members of the Debtor in the property of the
18 Bankruptcy Estate.

20 **ARTICLE III.**

21 **TREATMENT OF UNCLASSIFIED CLAIMS**

22 Unclassified Claims shall be treated as follows:

23 **3.1 Allowed Administrative Claims.**

24 Except to the extent that the holder of a particular Administrative Claim has agreed to a
25 different treatment of such Claim, each holder of an Allowed Administrative Claim shall be paid in
26 cash, in full upon the later of (a) the Effective Date; (b) if such Claim is initially a Disputed Claim
27 or an order of the Court is required prior to any payment, upon the ultimate allowance of such

1 Claim by a Final Order of the Bankruptcy Court; and ©) if such Claim is incurred after the Petition
2 Date in the ordinary course of the Debtor's business, within such time as payment is due pursuant
3 to the terms giving rise to such Claim.

4 Any request for allowance of an Administrative Claim pursuant to Section 503(a) of the
5 Bankruptcy Code, other than by the Debtor's Professionals, must be filed on or before the
6 Administrative Claims Bar Date, or the holder shall be forever barred from asserting such Claim or
7 receiving any payment on account of such Claim.

8 **3.2 Unsecured Priority Tax Claims.**

9 Except to the extent that the holder of a particular Tax Claim has agreed to a different
10 treatment of such Claim, after payment in of all Allowed Priority Claims, each holder of an
11 Allowed Tax Claim shall receive a cash payment equal to the Allowed Amount of such Claim plus
12 interest on such Allowed Claim at the rate of interest determined under applicable non-bankruptcy
13 law pursuant to Bankruptcy Code Section 511, from the Petition Date through the date of payment
14 in full; provided, however, that (a) no such payment shall be made longer than five (5) years from
15 the Petition Date, and (b) no holder of an Allowed Tax Claim shall be treated in a manner less
16 favorable than any general unsecured Allowed Claim.

17 18 **ARTICLE IV.**

19 **TREATMENT OF CLASSES OF CLAIMS AND INTERESTS**

20 **4.1 Class 1**

21 Morgan Stanley shall receive full payment on its Class 1 Secured Claim as follows:

22 4.1.1 Morgan Stanley shall retain its lien against its collateral, related common area, and ground
23 lease.

24 4.1.2 Morgan Stanley shall receive deferred cash payments equal to the amount of its
25 Allowed Secured Claim of a value, as of the Effective Date, of its interest in the estate's interest in
26 its collateral. Specifically, Morgan Stanley shall receive deferred payments of principal and
27 interest on its Allowed Claim on a 40-year amortization. The Debtor estimates this amount to be

1 \$37,302.13. The contract rate of interest is 5.70% per annum simple interest.

2 4.1.3 Morgan Stanley may consent to the sale of portions of the Center and payment of
3 some, all, or none of the obligations owing to it at such time.

4 4.1.4 The loan to the Debtor from Morgan Stanley is modified by this Plan such that (a) any
5 prepayment penalty for sale of its collateral prior to expiration of the loan term is waived, and (b)
6 the term of the obligation is extended for a period of 36 months following the Effective Date,
7 Except as specifically modified by this Plan, all other terms of the applicable loan and security
8 agreements between the Debtor and Morgan Stanley shall remain in full force and effect.

9 4.1.5 Debtor may, at its option, pay Morgan Stanley all principal, contract rate interest,
10 charges compensating Morgan Stanley for economic detriment and attorneys' fees by the Effective
11 Date and thereby cure all defaults as to Morgan Stanley, decelerate the debt, and reinstate all
12 obligations to Morgan Stanley. All default rate interest, late charges, and interest thereon claimed
13 by Morgan Stanley shall, upon such payment, no longer be due, owing, or payable to Morgan
14 Stanley.

15 **4.2 Class 2**

16 Holders of Allowed Timely Filed Unsecured Claims shall receive payments of the
17 remainder of the Debtor's net income after payment of all higher priority claims under the Plan for
18 3 years following the Effective Date. Distributions to Class 5 claimants shall be made
19 semi-annually and paid to holders of Allowed Claims *pro rata*. Class 5 claimants shall receive at
20 least the Minimum Dividend under the Plan.

21 **4.3 Class 3**

22 The members of the Debtor shall retain their Interests in the Debtor.

23 **4.4 List of Impaired and Unimpaired Classes**

24 4.7.1 Class 1 and Class 2 are impaired under the Plan and thereby entitled to vote. Class 3
25 is unimpaired under the Plan.

26

27

28

1 **ARTICLE V.**

2 **MEANS FOR IMPLEMENTATION OF THE PLAN**

3 **5.1 Sources of Funding.**

4 The Debtor shall, as set forth below, utilize rents from the Center to operate it and make all
5 required payments under the Plan. To the extent that such funds are inadequate the Debtor shall
6 borrow or its members shall contribute adequate sums to perform the Plan.

7 **5.2 Distribution Account.**

8 Prior to the Effective Date the Debtor shall establish the Claims Trust Account. On or
9 before the Effective Date, the Debtor shall fund said Claims Trust Account with monies adequate
10 to make all payments due on the Effective Date. Thereafter the Debtor shall deposit sufficient
11 funds into the Claims Trust Account to make all other payments owing under the Plan. At a
12 minimum the Debtor shall deposit \$2,000 per month into the Claims Trust Account for the Plan's
13 term which shall comprise the Minimum Dividend. The amount deposited to pay the Minimum
14 Dividend shall not be available to pay any expense or claim other than the Allowed Claims held by
15 Class 2 claimants.

16 **5.3 Effective Date Payments.**

17 On the Effective Date, the Debtor shall pay any all Allowed Administrative Claims for
18 professional fees and costs allowed by order of the Court unless the claimant agrees to another
19 treatment, from the Claims Trust Account. Professional fees and costs incurred after Confirmation
20 shall be paid from the sums reserved for professional fees in accordance with the procedures set
21 forth below.

22 **5.4 Payment Of Unclassified Claims.**

23 The Debtor shall pay any State and Federal tax claims which may exist on the later of the
24 Effective Date of when they are due.

25 **5.5 Plan Payments.**

26 5.5.1 The Debtor shall issue and transmit payments to all holders of Secured Claims
27 under the Plan such that payment is received not later than the fifteenth (15th) day of each calendar
28

1 month in which a payment is due.

2 5.5.2 The Debtor shall pay the holders of Class 2 general unsecured Allowed Claims
3 twice each year, commencing six months after the Effective Date and continuing for a period of 3
4 years after Confirmation.

5 **5.6 Refinancing, Asset Sales, Joint Venture Authorization .**

6 The Debtor may sell or refinance any portion of or all of the Center without limitation after
7 the Effective Date in order to perform its obligations under the Plan. The Debtor may also enter
8 into a joint venture or any other form of cooperative business venture for the same purpose. All
9 sales of assets shall be approved by the Bankruptcy Court after a hearing on notice to creditors.
10 Such motions may be brought at any time before or after Confirmation. The Debtor may but is not
11 required to seek approval for refinancing or entry into a joint venture or cooperative business
12 venture from the Bankruptcy Court.

13 **5.7 Dismissal of Case Upon Close of Qualifying Sale.**

14 In the event that the Debtor is able to secure funds by way of a sale or refinance or joint
15 venture that generates net proceeds sufficient to pay all unsecured and priority unsecured claims as
16 well as the amount owing to Morgan Stanley the Debtor will promptly file and serve a motion to
17 dismiss the bankruptcy case.

18 **5.8 Objections to Claims.**

19 Within 90 days after the Effective Date the Debtor shall bring objections to the claims
20 which it disputes and bring any actions to recover preferential transfers and fraudulent conveyances
21 under the avoiding powers under the Bankruptcy Code, or such other actions as it deems
22 appropriate.

23 **5.9 Plan Conclusion.**

24 The Plan will conclude 3 years after the Effective Date, when all objections to claims have
25 been determined by final order, all adversary proceedings have been resolved with a final judgment
26 or order of dismissal, applications for all professional fees have been heard and all amounts
27 allowed paid, and any final reserves and monies owing have been collected and distributed to

1 creditors.

2 **5.10 Distribution Procedures:**

3 **5.10.1 Distribution Addresses.**

4 Unless a Creditor has provided the Debtor with written notice of a different address,
5 Distributions shall be sent to Creditors at the address set forth in the Proofs of Claim filed with the
6 Bankruptcy Court. If no Proof of Claim has been filed with respect to a particular Claim, the
7 Distribution shall be mailed to the address set forth in the Schedules filed by the Debtor.

8 **5.10.2 Withholding Taxes.**

9 The Debtor shall not be required to deduct any federal, state or local withholding taxes
10 from any cash payments made with respect to Allowed Claims. The Debtor shall comply with all
11 reporting obligations imposed on them by any governmental unit with respect to withholding and
12 related taxes.

13 **5.11 De Minimis Distributions.**

14 Notwithstanding any other provision of the Plan Distributions of less than \$100.00 need not
15 be made on account of any Allowed Claim provided, however, that Distributions that would
16 otherwise be made but for this provision shall carry over to the next Distribution Date until the
17 cumulative amount to which any holder of an Allowed Claim is entitled to is at least \$100.00, at
18 which time the cumulative amount of such Distributions shall be paid to such holder.

19 **5.12 Unclaimed Distributions.**

20 Any cash Distributions that remain unclaimed or un-negotiated for ninety (90) days
21 following Distribution or are returned for reasons other than the absence of a current or correct
22 address (unless a current or correct address cannot be determined after reasonable inquiry) shall
23 become the property of the Debtor and be considered Available Cash.

24 **5.13 Revesting of Property of the Estate.**

25 On the Effective Date, all property of the Debtor and the Bankruptcy Estate shall vest in the
26 Reorganized Debtor, free and clear of any and all liens, encumbrances, Claims of Creditors except
27 as otherwise provided in the Plan.

1 **5.14 Tax Returns and Payments.**

2 The Reorganized Debtor shall file or cause to be filed any and all delinquent and final tax
3 returns and pay any and all taxes owed by the Debtor and the Reorganized Debtor on a timely basis
4 (other than Tax Claims provided for under the Plan). With respect to Allowed Claims based on
5 accrued real property taxes assessed against and secured, such Claims shall be paid with interest
6 and penalties as may be Allowed, after each such property is sold.

7 **5.15 Exemption From Certain Transfer Taxes.**

8 Following Confirmation, any sales or transfers shall be, to the fullest extent permitted by
9 law, entitled to the exemptions provided for under and to the fullest extent permitted by Section
10 1146(a) of the Bankruptcy Code. The Debtor reserves all rights to request a determination of legal
11 questions related to the tax effects of the Plan as appropriate under Section 1146(b) of the
12 Bankruptcy Code.

13 **5.16 Further Orders.**

14 Upon motion by the Reorganized Debtor, on not less than fifteen (15) days' notice to the
15 Notice Parties, or such shorter notice as the Court may order for cause, the Bankruptcy Court may
16 enter such other and further orders as may be necessary or appropriate to facilitate consummation
17 of the Plan.

18 **5.17 Post-Confirmation Compensation and Reimbursement of Professionals.**

19 All professionals employed by the Reorganized Debtor after the Confirmation Date shall be
20 entitled to payment of their reasonable post-Confirmation Date fees and reimbursement of
21 expenses on a monthly basis, subject to the following:

22 a. Each party requesting payment of such compensation shall serve a detailed statement of
23 requested fees and expenses on the Notice Parties;

24 b. Any Notice Party or other party in interest may object to any portion of the requested fees
25 and expenses. Any objection to the payment of fees or reimbursement of expenses shall be in
26 writing (and sufficiently detailed to allow the party whose compensation is the subject of the
27 objection an opportunity to respond, and ultimately to allow the Bankruptcy Court to rule on such
28

1 objection) and served on the Notice Parties and the party whose compensation is the subject of the
2 objection. Any such objection must be served within fifteen (15) days after service of the detailed
3 statement;

4 c. If there is no objection to a party's requested fees and expenses within such fifteen (15)
5 day period, the Reorganized Debtor shall promptly pay the requested amount in full. If an objection
6 to a portion of the fees or expenses requested is timely served, the Reorganized Debtor shall
7 promptly pay the undisputed portion of such fees and expenses;

8 d. To the extent that an objection is timely served, the Debtor shall reserve monies in the
9 amount of the disputed fees and expenses pending resolution of said objection;

10 e. Any objection to a request shall be resolved by either: (a) written agreement between the
11 party requesting such fees and expenses and the objecting party, or (b) resolution of the disputed
12 amount by the Bankruptcy Court. Resolution by the Bankruptcy Court shall be requested by motion
13 filed and served on the Notice Parties in accordance with the Bankruptcy Rules and the Local
14 Rules on not less than twenty-one (21) days notice and such motion may be filed by either the
15 requesting party or the objecting party. Any opposition to the motion shall be filed and served no
16 later than seven (7) days prior to the hearing; and

17 f. Professionals shall not otherwise be required to file applications for Bankruptcy Court
18 approval of post-Confirmation fees and expenses.

19 **5.18 Post-Confirmation Notice Procedure.**

20 Whenever the Plan requires a Person to comply with the Notice Procedure, such Person
21 seeking the particular relief shall be required to serve a written notice on the Notice Parties of the
22 proposed action. Such Person shall be authorized to take any action proposed to be taken in such
23 notice fifteen (15) days after service of such notice unless, before the expiration of such fifteen
24 (15)-day period, a recipient Notice Party has filed an objection to such proposed action with the
25 Bankruptcy Court and scheduled a hearing on such objection within thirty (30) days after the filing
26 of such objection and upon not less than twenty-one (21) days notice to all Notice Parties. If any
27 such objection is filed, the Person seeking the particular relief shall not take the proposed action

1 unless the Bankruptcy Court approves such action or the objecting party withdraws the objection.

2 **5.19 Post-Confirmation Reports, Fees and Final Decree.**

3 **5.19.1 U.S. Trustee Fees.**

4 Not later than thirty (30) days after the end of each calendar quarter that ends after the
5 Effective Date (including any fraction thereof), the Reorganized Debtor shall pay to the United
6 States Trustee the quarterly fee for such quarter until these Cases are converted, dismissed or
7 closed pursuant to a Final Decree, as required by 28 U.S.C. § 1930(a)(6).

8 **5.19.2 Post-Confirmation Reports.**

9 Not later than thirty (30) days after the end of each calendar quarter which ends after the
10 Effective Date, the Reorganized Debtor shall file and serve upon the United States Trustee a
11 quarterly post-Confirmation status report in substantially the form provided by the United States
12 Trustee. Further reports shall be filed thirty (30) days after the end of every calendar quarter
13 thereafter until entry of a Final Decree, unless otherwise ordered by the Bankruptcy Court.

14 **5.19.3 Final Decree.**

15 After the Plan has been substantially consummated the Reorganized Debtor shall file, and
16 serve on the Notice Parties, an application for entry of the Final Decree.

17
18 **ARTICLE VI.**

19 **PROOFS OF CLAIM; OBJECTIONS**

20 **6.1 Ownership and Transfers of Claims.**

21 The Reorganized Debtor shall be entitled to recognize and deal for all purposes with only
22 those Creditors of record with the Bankruptcy Court as of the first Distribution Date. For purposes
23 of any Distribution under the Plan, the Reorganized Debtor and their professionals, the Disbursing
24 Agent, and the Responsible Person shall have no obligation to recognize any transfer of Claims
25 after the first Distribution Date.

1 **6.2 Amendments to Claims.**

2 Except as provided by the Plan or as otherwise permitted by the Bankruptcy Court, the
3 Bankruptcy Rules or applicable law, upon expiration of the applicable bar date, Proofs of Claim:
4 (a) may not be filed upon expiration of the applicable bar date; and (b) may not be amended later
5 than thirty (30) days following the date of the notice of the Confirmation Date except for
6 amendments to Proofs of Claim to decrease the amount or priority thereof; provided that the
7 foregoing deadline shall not accord a Claim holder a right to amend a Claim that, pursuant to
8 applicable law, is not subject to amendment.

9 **6.3 Claim Objections.**

10 An objection to a Claim shall be filed no later than the Claims Objection Date. An
11 objection to an Administrative Claim shall be filed no later than the Administrative Claims
12 Objection Date. Any party in interest may file an objection to a Claim or Administrative Claim.

13 **6.4 Disputed Claims Reserve Account.**

14 Subject to the next sentence, any cash that would be distributed to the holder of a Disputed
15 Claim if it were an Allowed Claim on any Distribution Date hereunder shall be set aside into the
16 Disputed Claims Reserve Account. Not later than fifteen (15) days after the Disbursing Agent has
17 notice that a Disputed Claim has been Allowed in whole or in part, the Disbursing Agent shall
18 distribute the cash deposited into the Disputed Claims Reserve Account on account of such
19 Disputed Claim. To the extent that cash payments made into the Disputed Claims Reserve Account
20 on account of a Disputed Claim exceed the cash distributable with respect to the Allowed Amount
21 of such Claim, such excess cash shall be considered Available Cash.

22 **6.5 Distributions.**

23 Notwithstanding any provision of the Plan specifying a date or time for payments or
24 Distributions of consideration hereunder, payments and Distributions in respect of any Claim or
25 Interest that at such date or time is disputed, un-liquidated or contingent, shall not be made until a
26 Final Order with respect to an objection, estimation or valuation of such Claim or Interest is
27 entered by the Bankruptcy Court, whereupon appropriate Distributions shall be made promptly in

1 accordance with the preceding Section.

2 **ARTICLE VII.**

3 **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

4 **7.1 Treatment of Executory Contracts and Unexpired Leases.**

5 The Debtor reserves the right to move the Bankruptcy Court prior to Confirmation for
6 authority to assume, assume and assign, or reject, pursuant to Bankruptcy Code Section 365, any
7 and all contracts that are executory and leases that are unexpired and to enter into any new
8 contracts or leases they may require to operate their businesses.

9 **7.2 Effect of Assumption of Executory Contracts and Unexpired Leases.**

10 All executory contracts and unexpired leases assumed prior to Confirmation or pursuant to
11 the Plan and not otherwise rejected pursuant to the Plan shall remain in full force and effect, be
12 unimpaired by the Plan except as specifically modified by the Plan and the Order of Confirmation,
13 and be binding on the parties thereto.

14 **7.3 Defaults.**

15 Unless other treatment is agreed to between the parties to each assumed contract or lease, if
16 there has been a default in an assumed executory contract or unexpired lease other than the kind
17 specified in Section 365(b)(2) of the Bankruptcy Code, the Debtor shall, on or before the Effective
18 Date: (a) cure, or provide adequate assurance that they will promptly cure, any such default; (b)
19 compensate, or provide adequate assurance that they will promptly compensate, the other party to
20 such contract or lease, for any actual pecuniary loss to such party resulting from such default; and
21 ©) provide adequate assurance of future performance under such contract or lease.

22 **7.4 Rejection of Executory Contracts and Unexpired Leases.**

23 Without admitting the validity of any other executory contracts and unexpired leases, all
24 executory contracts and unexpired leases of the Debtor that are not: (a) assumed or rejected prior to
25 Confirmation; (b) the subject of a pending motion to assume filed prior to Confirmation; or ©)
26 assumed pursuant to the Plan, shall be rejected by the Debtor as of the Effective Date.

27 Confirmation of the Plan shall be deemed to constitute Bankruptcy Court approval of such

1 rejection.

2 **7.5 Rejection Claims.**

3 Rejection Claims shall be classified as Class 3 general unsecured Claims. The holder of a
4 Rejection Claim shall file with the Bankruptcy Court, and serve on counsel for the Reorganized
5 Debtor, a Proof of Claim relative to such Rejection Claim on or before the Rejection Claims Bar
6 Date or be forever barred from asserting any such Claim or receiving any payment or other
7 Distribution on account of such Claim.

8 **7.6 Assumption Of Ground Lease Through Plan.**

9 The Debtor by operation of the Plan hereby assumes the terms of the Ground Lease.

10

11 **7.7 PRESERVATION OF RETAINED CLAIMS**

12 Confirmation of the Plan effects no settlement, compromise, waiver or release of any
13 Retained Claim unless the Plan or Order of Confirmation specifically and unambiguously so
14 provides. The failure of the Plan to refer to any particular Retained Claim is not and shall not be
15 construed as a settlement, compromise, waiver, or release of any such Retained Claim. All
16 Retained Claims are hereby preserved and shall continue to remain valid after the Effective Date.

17 Retained Claims include, without limitation, (a) all claims and defenses arising from a
18 Tenant Lease; (b) all claims and defenses arising from the Ground Lease, (c) all claims and
19 defenses arising from MSCI's contention that it is a successor in interest to and/or assignee of
20 Morgan Stanley's secured claim; (d) claims against any lender on grounds of lender liability or
21 other claims and defenses to Secured Claims, (e) claims and defenses arising between the Debtor
22 and any member of the Chang family, including preferential transfer claims and (f) Avoidance
23 Actions defined in the Plan to mean causes of action of the Debtor under Chapter 5 of the
24 Bankruptcy Code.

25

26

27

28

1 **ARTICLE VIII.**

2 **RETENTION OF JURISDICTION**

3 The Bankruptcy Court shall have exclusive jurisdiction of the Bankruptcy Cases: (a) to
4 enforce the provisions, purposes, and intent of the Plan; (b) to determine the allowance or
5 disallowance of Claims and Interests; (c) to hear and determine proceedings initiated before or after
6 the Confirmation Date and the Effective Date regarding the prosecution of any rights, Claims,
7 causes of action or claims or relief held by the Debtor and/or Reorganized Debtor against any
8 party, including the recovery of property and subordination of Claims and Interests; (d) to fix and
9 approve allowance of compensation and other Administrative Claims, including, if appropriate,
10 payments to be made in connection with the Plan; (e) to adjudicate controversies arising from the
11 terms of the Plan; (f) to hear and determine any proposed modifications of or amendments to the
12 Plan to the extent permitted by Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019;
13 (g) to enforce or interpret the provisions of the Plan, the Order of Confirmation or any order
14 entered by the Bankruptcy Court in the Bankruptcy Case; (h) to facilitate the consummation of the
15 Plan; (i) to consider such other matters as may be set forth in the Plan or the Order of
16 Confirmation; (j) to hear and determine any Claim of any Persons of any nature whatsoever against
17 the Debtor's Professionals arising in or related to the Case; and (k) to enter a Final Decree closing
18 the Bankruptcy Cases. If closed, the Bankruptcy Case may be reopened at any time to facilitate the
19 provisions of this Article.

20 **ARTICLE IX.**

21 **EFFECT OF ORDER OF CONFIRMATION**

22 As of the Confirmation Date, the effect of the Order of Confirmation shall be as provided in
23 Section 1141 of the Bankruptcy Code, and as follows:

24 **9.1 Binding Effect of Plan.**

25 The provisions of the confirmed Plan shall bind the Debtor, the Reorganized Debtor, any
26 entity acquiring property under or otherwise accepting the benefits of the Plan, and every Creditor,
27 whether or not such Creditor or Equity Security Holder has filed a Proof of Claim or Interest in the

1 Bankruptcy Case, whether or not the Claim or Interest of such Creditor or Equity Security Holder
2 is impaired under the Plan, and whether or not such Creditor or Equity Security Holder has
3 accepted or rejected the Plan. The provisions of the confirmed Plan shall also conclusively resolve
4 any and all claims and disputes between any entity acquiring property under or otherwise accepting
5 the benefits of the Plan and any “insider” of the Debtor, the Reorganized Debtor, including, but not
6 limited to the Chang Family and/or or the Managing Member of the Debtor or Reorganized Debtor
7 to the extent that the claim is based on a personal guarantee arising from a liability of the Debtor or
8 Reorganized Debtor signed prior to the Petition Date and/or a claim based upon vicarious and/or
9 joint or severable liability pursuant to a contract or arising from a tort involving the Debtor prior to
10 the Petition Date.

11 **9.2 Reservation of Powers.**

12 Nothing in the Plan shall be deemed to have constituted a waiver of any powers held by the
13 Debtor as debtor in possession under the Bankruptcy Code, the Bankruptcy Rules or the Local
14 Rules.

15 The Reorganized Debtor shall retain all powers granted by the Bankruptcy Code, the
16 Bankruptcy Rules and the Local Rules to a trustee or a debtor in possession, including those with
17 respect to recovery of property and objections to, and/or subordination of, Claims and Interests.

18
19 **ARTICLE X.**

20 **MISCELLANEOUS**

21 **10.1 Plan Interpretation.**

22 The headings contained in the Plan are for convenience of reference only and shall not limit
23 or otherwise affect in any way the meaning or interpretation of the Plan. All references in the Plan
24 to the singular shall be construed to include references to the plural and vice versa. All references
25 in the Plan to any one of the masculine, feminine or neuter genders shall be deemed to include
26 references to both other such genders. All references in the Plan to a Section or an Article shall
27 mean the appropriately numbered Section or Article of the Plan. Whenever the Plan uses the term
28

1 “including,” such reference shall be deemed to mean “including, but not limited to.”

2 **10.2 Modification.**

3 The Debtor may propose amendments to or modifications of the Plan under Section
4 1127(a) of the Bankruptcy Code and Bankruptcy Rule 3019 at any time prior to the conclusion of
5 the hearing on Confirmation of the Plan. After the Confirmation Date, the Reorganized Debtor may
6 modify the Plan in accordance with Section 1127(b) of the Bankruptcy Code and Bankruptcy Rule
7 3019.

8 **10.3 Waiver.**

9 After the Confirmation Date, except as otherwise specifically set forth in the Plan, any term
10 of the Plan may be waived only by the party or parties entitled to the benefit of the term to be
11 waived.

12 **10.4 Setoff Rights Preserved.**

13 The Debtor or Reorganized Debtor may, but is not required to, setoff or recoup against any
14 Claim or Interest and the payments or other Distribution to be made under the Plan in respect of
15 such Claim or Interest, claims of any nature whatsoever that arose before the Petition Date that the
16 Debtor may have against the holder of such Claim or Interest to the extent such claims may be
17 setoff or recouped under applicable law, but neither the failure to do so nor the Allowance of any
18 Claim or Interest under the Plan shall constitute a waiver or release by the Debtor or the
19 Reorganized Debtor of any such claim that they may have against such Person.

20 **10.5 Notices.**

21 All notices required or permitted to be made in accordance with the Plan shall be in writing
22 and shall be delivered personally or by first class mail, as follows:

23 If to the Reorganized Debtor:

24 c/o Michael N. Sofris, Esq.
25 Action Legal Team
26 468 N. Camden Drive, Suite 200
27 Beverly Hills, CA 90210
28

1 If to the United States Trustee:

2 Dare Law, Esq.
3 United States Department of Justice
4 Office of the United States Trustee
5 725 South Figueroa Street, 26th Floor
6 Los Angeles, CA 90017

7 If to the Bankruptcy Court:

8 The Honorable Sheri Bluebond
9 United States Bankruptcy Court
10 Central District of California
11 255 E. Temple Street, Ste 1482,
12 Los Angeles, Ca 90012

13 Notices shall be deemed given when delivered or deposited in the United States mail. Any
14 entity may change the address at which such entity is to receive notices under the Plan by sending
15 written notice to the then current list of Notice Parties.

16 **10.6 Withdrawal of Plan.**

17 The Debtor reserves the right to withdraw the Plan before the Confirmation Date or, as set
18 forth above, to move to dismiss the Bankruptcy case at any time upon the release from escrow of
19 sufficient funds to pay all unsecured and priority unsecured claims as well as the amount owing to
20 Morgan Stanley.

21 **10.7 Successors and Assigns.**

22 The rights, benefits, and obligations of any entity referred to in the Plan shall be binding on,
23 and shall inure to the benefit of, any heir, executor, administrator, successor, or assign of the
24 Debtor.

25 **10.8 Saturday, Sunday and Legal Holiday.**

26 If any payment or act under the Plan should be made or performed on a day that is not a
27 business day, then the payment or act may be completed the next succeeding day that is a business
28 day, in which event the payment or act shall be deemed to have been completed on the required
day.

1 **10.9 Reservation of Rights.**

2 Neither the filing of the Plan nor any statement or provision contained in the Plan or in the
3 Disclosure Statement, nor the taking by any party in interest of any action with respect to the Plan,
4 shall:

5 (a) be or be deemed to be an admission against interest; and (b) until the Effective Date, be
6 or be deemed to be a waiver of any rights any party in interest may have (I) against any other party
7 in interest, or (ii) in any of the assets of any other party in interest, and, until the Effective Date, all
8 such rights are specifically reserved. In the event that the Plan is not confirmed or fails to become
9 effective, neither the Plan nor the Disclosure Statement nor any statement contained in the Plan or
10 in the Disclosure Statement may be used or relied upon in any manner in any suit, action,
11 proceeding or controversy within or without these Bankruptcy Cases involving the Debtor, except
12 with respect to Confirmation of the Plan.

13 **10.10 Plan Default and Time For Cure.**

14 In the event that the Debtor fails to make any payment under this Plan as and when due the
15 creditor or creditors affected may assert said default and seek relief as follows: the affected creditor
16 or creditors shall serve by certified U.S. Mail and electronic transmission notice of the alleged
17 default to the Debtor and their counsel (at the address in the caption of this pleading) of the
18 payment default. The notice shall specify the amount owing and plan provision with which Debtor
19 are alleged not to have complied. The Debtor shall have ten days after the transmission of notice to
20 determine the reason for the claimed default, and respond in writing. The Debtor shall, within
21 fifteen days of service of the notice of default alleged either (a) pay the default, or (b) set the matter
22 for a hearing before the Bankruptcy Court which hearing shall occur not later than thirty days after
23 service of the initial notice of default by the affected creditor or creditors. The Bankruptcy Court
24 shall then determine whether a default exists. In the event that a default is determined then the
25 Debtor shall have fifteen (15) days after the date of hearing to cure said default.

26
27
28

1 Dated: April 18, 2011

Action Legal Team

2

/s/ Michael N. Sofris

3

Michael N. Sofris, Esq.

4

Attorneys for LAX Royal Airport Center, LP
Debtor and Debtor In Possession

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

In re: LAX Royal Airport Center, LP	CHAPTER 11
Debtor(s).	CASE NUMBER 11-12333-BB

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

PROOF OF SERVICE OF DOCUMENT

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

468 N. Camden Drive, Suite 200, Beverly Hills, California 90210

A true and correct copy of the foregoing document described Chapter 11 Plan (i) will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (“NEF”) – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) (“LBR”), the foregoing document will be served by the court via NEF and hyperlink to the document. On 04/18/2011 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

Russell Clementson on behalf of U.S. Trustee United States Trustee (LA) russell.clementson@usdoj.gov
Sheri Kanesaka on behalf of Creditor MSC1 2006-IQ11 West Century Limited Partnership
sheri.kanesaka@bryancave.com Hal M Mersel on behalf of Creditor MSC1 2006-IQ11 West Century Limited
Partnership mark.mersel@bryancave.com Randy P Orlik on behalf of Creditor Courtesy NEF
rorlik@coxcastle.com Michael N Sofris on behalf of Debtor LAX Royal Airport Center, LP
michael@sofris.com

Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL(indicate method for each person or entity served):
On 04/18/2011 I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

The Honorable Sheri Bluebond, US Bankruptcy Court, 255 E. Temple Street, Ste 1482, Los Angeles, Ca 90012

Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on _____ I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

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

04/18/2011	Michael N. Sofris	/s/ Michael N. Sofris
<i>Date</i>	<i>Type Name</i>	<i>Signature</i>

In re: LAX Royal Airport Center, LP	Debtor(s).	CHAPTER 11	CASE NUMBER 11-12333-BB
--	------------	------------	-------------------------

Additional Service Information