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5 Proposed Attorneys for Point Center Financial, Inc.
6 the Debtor and Debtor in Possession

7 **UNITED STATES BANKRUPTCY COURT**
8 **CENTRAL DISTRICT OF CALIFORNIA, SANTA ANA DIVISION**
9

10 In re
11 **POINT CENTER FINANCIAL, INC., a**
12 **California corporation,**
13 Debtor and Debtor-in-Possession.

Case No. 8:13-bk-11495-TA

Chapter 11

**STIPULATION FOR ORDER:
(1) AUTHORIZING DEBTOR'S USE OF
CASH COLLATERAL; AND
(2) APPROVING MONTHLY
PAYMENTS TO PACIFIC
MERCANTILE BANK**

[ORDER LODGED CONCURRENTLY
HEREWITH]

Emergency Hearing:

Date: February 25, 2013
Time: 10:30 a.m.
Ctrm: 5B

Final Hearing:

Date: May 22, 2013
Time: 10:00 a.m.
Ctrm: 5B

24 This stipulation is made as of February 19, 2013, by and between Pacific Mercantile
25 Bank ("PMB"), and Point Center Financial, Inc., a California corporation, the debtor and debtor
26 in possession herein ("Debtor"). Hereinafter, PMB and the Debtor shall be sometimes
27 collectively referred to as the "Parties."
28

RECITALS

PMB and Debtor make the following recitals as background: These recitals, paragraphs A through S, below, are not adopted by the Court, nor are they binding upon any parties other than PMB and Debtor:

A. The Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on February 19, 2013 (“Petition Date”). The Debtor is continuing in possession of its property, and operating and managing its business affairs as debtor in possession pursuant to Bankruptcy Code Sections 1107 and 1108.

B. On December 4, 2006, the Debtor entered into a business loan agreement with PMB (“LOC Loan Agreement”) evidencing a line of credit (“Line of Credit”) (Loan No. 600103754), in the original maximum principal amount of Five Million Dollars (\$5,000,000.00).

C. On December 4, 2006, the Debtor in connection with the LOC Loan Agreement, executed and delivered a promissory note in favor of PMB in the original maximum principal amount of Five Million Dollars (\$5,000,000.00) (“LOC Promissory Note”).

D. The Line of Credit was secured by a commercial security agreement dated December 4, 2006 executed by the Debtor for the benefit of PMB (the “LOC Security Agreement”). The LOC Security Agreement gave PMB a blanket security interest in all of the Debtor’s collateral including the following:

All inventory, equipment, accounts (including but not limited to all health-care-insurance receivables), chattel paper, instruments (including but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents, deposit accounts, investment property, money, other rights to payment and performance, and general intangibles (including but not limited to all software and all payment intangibles); all oil, gas and other minerals before extraction; all oil, gas, other minerals and accounts constituting as-extracted collateral; all fixtures; all timber to be cut; all attachments, accessions, accessories, fittings, increases, tools, parts, repairs, supplies, and commingled goods relating to the foregoing property, and all additions, replacements of and substitutions for all or any part of the foregoing property; all insurance refunds relating to the foregoing property; all good will relating to the foregoing property; all records and data and embedded software relating to the foregoing property, and all equipment, inventory and software to utilize, create, maintain and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whether

1 now existing or hereafter arising, whether now owned or hereafter
2 acquired or whether now or hereafter subject to any rights in the foregoing
3 property; and all products and proceeds (including but not limited to all
insurance payments) of or relating to the foregoing property.

4 E. The LOC Security Agreement was perfected by the filing of a UCC-1 Financing
5 Statement with the California Secretary of State on June 29, 2006, as document number
6 8667940002. PMB thereafter filed a UCC-1 Continuation Statement on May 19, 2011, as
7 document number 11-72703284.

8 F. The original maturity date under the LOC Promissory Note was December 4,
9 2007. On February 15, 2008, the Debtor and PMB entered into a change in terms agreement
10 which, among other things, extended the maturity date of the Line of Credit to March 3, 2008.
11 On June 16, 2008, the Debtor and PMB entered into a further change in terms agreement
12 (“Second Change in Terms Agreement”) which, among other things, (i) extended the maturity
13 date of the Line of Credit to June 1, 2009, and (ii) provided for the assignment of assumption of
14 the Line of Credit by Dan Harkey.

15 G. Pursuant to the Second Change in Terms Agreement, the Debtor, Harkey and
16 PMB entered into a loan assumption agreement and reaffirmation of security agreement dated
17 June 16, 2008 (“Loan Assumption Agreement”), wherein Harkey assumed the Line of Credit and
18 became the new borrower, and also reaffirmed the original security interest granted in favor of
19 PMB pursuant to the LOC Security Agreement.

20 H. Pursuant to the Second Change in Terms Agreement, the Debtor executed a
21 Commercial Guaranty dated June 16, 2008 (“PCF Guaranty”), in favor of PMB, wherein the
22 Debtor guaranteed the Line of Credit.

23 I. On June 23, 2009, PMB and Harkey entered into a change in terms agreement
24 which, among other things, extended the maturity date of the Line of Credit to September 1,
25 2009. On October 29, 2009, PMB and Harkey entered into a further change in terms agreement
26 which, among other things, extended the maturity date of the Line of Credit to October 5, 2011,
27 and converted the Line of Credit into a term loan. On November 28, 2011, PMB and Harkey
28 entered into a further change in terms agreement which, among other things, extended the

1 maturity date of the loan to May 5, 2012. On July 25, 2012, PMB and Harkey entered into a
2 further change in terms agreement which, among other things, extended the maturity date of the
3 Line of Credit to August 5, 2013.

4 J. As of the Petition Date, the outstanding principal balance due under the Line of
5 Credit (Loan No. 600103754) was approximately \$4,810,597.31, excluding accrued interest,
6 fees, costs and expenses, including without limitation, the legal fees incurred by PMB. The
7 monthly payment is \$27,087.86.

8 K. On December 27, 2006, the Debtor entered into a business loan agreement with
9 PMB ("Term Loan Agreement") evidencing a loan (the "Term Loan") (Loan No. 600604017), in
10 the original amount of Two Million Dollars (\$2,000,000.00).

11 L. On December 27, 2006, the Debtor in connection with the Term Loan Agreement,
12 executed and delivered a promissory note in favor of PMB in the original principal amount of
13 Two Million Dollars (\$2,000,000.00) ("Promissory Note").

14 M. The Term Loan was secured by, among other things, a commercial security
15 agreements dated June 26, 2006 executed by the Debtor for the benefit of PMB (the "Term Loan
16 Security Agreement"). The Term Loan Security Agreement gave PMB a blanket security interest
17 in all of the Debtor's collateral including the following (the "Pre-Petition Collateral"):

18 All inventory, equipment, accounts (including but not limited to all health-
19 care-insurance receivables), chattel paper, instruments (including but not
20 limited to all promissory notes), letter-of-credit rights, letters of credit,
21 documents, deposit accounts, investment property, money, other rights to
22 payment and performance, and general intangibles (including but not
23 limited to all software and all payment intangibles); all oil, gas and other
24 minerals before extraction; all oil, gas, other minerals and accounts
25 constituting as-extracted collateral; all fixtures; all timber to be cut; all
26 attachments, accessions, accessories, fittings, increases, tools, parts,
27 repairs, supplies, and commingled goods relating to the foregoing
28 property, and all additions, replacements of and substitutions for all or any
part of the foregoing property; all insurance refunds relating to the
foregoing property; all good will relating to the foregoing property; all
records and data and embedded software relating to the foregoing
property, and all equipment, inventory and software to utilize, create,
maintain and process any such records and data on electronic media; and
all supporting obligations relating to the foregoing property; all whether
now existing or hereafter arising, whether now owned or hereafter
acquired or whether now or hereafter subject to any rights in the foregoing

1 property; and all products and proceeds (including but not limited to all
2 insurance payments) of or relating to the foregoing property.

3 N. The Term Loan Security Agreement was executed by the Debtor in connection
4 with another loan made by PMB to the Debtor (Loan No. 600503755), which loan was paid off
5 with Loan No. 22004787.

6 O. On January 29, 2007, the Debtor and PMB entered into a change in terms
7 agreement which, among other things, modified the payment schedule. On June 10, 2008, the
8 Debtor and PMB entered into a change in terms agreement which, among other things, extended
9 the maturity date of the Term Loan to June 1, 2009. On June 23, 2009, the Debtor and PMB
10 entered into a change in terms agreement which, among other things, extended the maturity date
11 of the Term Loan to September 1, 2009. On November 16, 2009, the Debtor and PMB entered
12 into a change in terms agreement which, among other things, extended the maturity date of the
13 Term Loan to October 5, 2011. On or about November 30, 2011, the Debtor and PMB entered
14 into a further change in terms agreement which, among other things, extended the maturity date
15 of the Term Loan to May 5, 2012. On July 25, 2012, PMB and the Debtor entered into a further
16 change in terms agreement which, among other things, extended the maturity date of the Term
17 Loan to August 5, 2013.

18 P. As of the Petition Date, the outstanding principal balance due under the Term
19 Loan (Loan No. 600604017) was approximately \$1,028,258.58, excluding accrued interest, fees,
20 costs and expenses, including without limitation, the legal fees incurred by PMB. The monthly
21 payment is \$14,250.00.

22 Q. The Debtor is also the guarantor of a loan in the original principal amount of \$5
23 million dated June 16, 2008, with Dan J. Harkey as the borrower (loan no. 22004787) (the "PCF
24 Guaranty #2). The original maturity date of this loan was June 1, 2009, but has been extended to
25 August 5, 2013, pursuant to a change in terms agreement dated July 25, 2012. The PCF
26 Guaranty #2 is secured by a deed of trust which encumbers a 75.98% undivided interest in
27 certain vacant land located in Silver Lakes, California. The monthly payment due under this
28 loan is currently \$18,808.16.

1 R. The Line of Credit, Term Loan, PCF Guaranty, and PCF Guaranty #2 shall
2 hereinafter be collectively referred to as the "Loans." The LOC Loan Agreement, Line of Credit,
3 LOC Promissory Note, Loan Assumption Agreement, PCF Guaranty, PCF Guaranty #2, Term
4 Loan Agreement, Term Loan, Promissory Note, all change in terms agreements, and the other
5 documents executed in connection with the Loans shall be hereinafter collectively referred to as
6 the "Loan Documents."

7 S. The collective outstanding principal balance due under the Loans as of January
8 17, 2013 Date was approximately \$9,215,831.11 (the "Pre-Petition Obligations"), excluding
9 legal fees and costs.

10 **PURPOSE OF THE STIPULATION:**

11 T. The Debtor requires the use of "Cash Collateral" (as defined below) for the
12 purpose of funding reasonable and necessary operating expenses. Debtor believes that PMB has
13 a duly perfected security interest in the Cash Collateral. As a result, the Debtor has requested
14 that PMB consent to the Debtor's use of the Cash Collateral pursuant to the terms and subject to
15 the conditions set forth herein.

16 U. The Debtor's use of Cash Collateral may result in a reduction in the value of the
17 Pre-Petition Collateral, without a corresponding reduction in the Debtor's Pre-Petition
18 Obligations to PMB.

19 V. Based upon the various acknowledgments, representations, warranties and
20 covenants contained herein, PMB is willing to consent to the Debtor's use of Cash Collateral
21 commencing upon the date this Stipulation is approved by the Court for the purposes and for the
22 term set forth herein and otherwise in accordance with the terms and subject to the conditions
23 contained herein.

24 **AGREEMENT**

25 NOW, THEREFORE, in consideration of the foregoing, the Debtor and PMB hereby
26 agree as follows:

27 1. The foregoing Recitals, paragraph A through S, are as between PMB and Debtor
28 only agreed to be true and correct and are incorporated by this reference.

1 2. The Debtor requested PMB consent to use of Cash Collateral which the Debtor
2 represents is necessary to fund the expenses necessary to operate its business and maintain the
3 Collateral. For the purposes of this Stipulation, "Cash Collateral" shall have the meaning
4 ascribed to such term in 11 U.S.C. § 363(a), and shall include the proceeds, products, rents and
5 profits of and from all Pre-Petition Collateral.

6 3. The Budget attached hereto as **Exhibit A** was prepared by the Debtor and
7 enumerates the projected monthly expenses for the months of February, March, April and May
8 2013 (the "Approved Expenses"). Any increase of the monthly Approved Expenses as set forth
9 in the Budget attached hereto as Exhibit A will require a further order of this Court approving
10 such increase or prior written consent from PMB.

11 Subject to the terms and conditions set forth herein (and contingent upon the Debtor's
12 compliance herewith), and on the condition precedent that this Stipulation is approved by the
13 Bankruptcy Court, PMB consents to the Debtor's use of Cash Collateral to pay only the
14 Approved Expenses set forth in the Budget from the date this Stipulation is approved and entered
15 as an order of this Court until the "Termination Date" which shall be the earlier of (a) 5:00 p.m.
16 Pacific Time on May 31, 2013; (b) the date of entry of an order of this Court terminating the
17 Debtor's authorization to use the Cash Collateral; or (c) the date upon which an Event of Default
18 (as hereinafter defined) occurs.

19 4. Nothing herein shall be deemed to prevent PMB from seeking an order of this
20 Court terminating the Debtor's use of Cash Collateral at any time, or to prevent the Debtor from
21 seeking a further order approving the use of Cash Collateral.

22 5. As a condition to PMB's consent to the use of Cash Collateral:

23 (a) The Debtor shall pay to PMB an amount equal to \$60,146.02 (the
24 "Monthly Payments to PMB"), for each calendar month from the date of this Stipulation until the
25 Termination Date. The Monthly Payments to PMB shall be due and payable on the tenth (10th)
26 calendar day of each month until the Termination Date, unless the tenth calendar day falls on a
27 Saturday, Sunday or banking holiday, in which case the payment shall be due and payable on the
28 first business day thereafter.

1 (b) The Debtor shall deposit any funds derived from the operation of its
2 business in excess of the amounts used to pay the Approved Expenses and the Monthly
3 Payments to PMB (the "Excess Revenue") into a segregated debtor-in-possession account
4 established according to all applicable rules, guidelines and other requirements (the "DIP
5 Account").

6 (c) Pursuant to Section 364(c)(2) of the Bankruptcy Code and solely to the
7 extent of any diminution in value of PMB's Pre-Petition Collateral, including the Cash
8 Collateral, the Debtor hereby grants to PMB replacement liens upon and security interests in all
9 of the Debtor's hereinafter acquired assets, including without limitation the DIP Account,
10 accounts receivable, contracts, contract rights, claims, chattel paper, notes, instruments, tax
11 refunds, insurance proceeds, files, records, securities, general intangibles, patents and other
12 intellectual property, deposits, cash, all proceeds, property or monies recovered in actions
13 instituted against any person or entity that is or becomes obligated to the Debtor (whether such
14 action is commenced in this Court or any other Court) and all cash and non-cash proceeds
15 thereof, but only to the same extent PMB already has liens against those same asset types
16 existing pre-petition. Such liens against Debtor's after acquired assets exclude any avoidance
17 actions brought under the Bankruptcy Code or recoveries therefrom (collectively, the "Post-
18 Petition Collateral") and shall be deemed to be effective from the Petition Date. PMB's liens on
19 such post-petition assets will have only the same validity and priority as PMB's liens held on the
20 Petition Date. The foregoing shall not waive any of PMB's rights to assert any defenses, or of
21 any other party to assert challenges to PMB's liens.

22 (d) The Debtor's grant to PMB hereunder of monthly payments and liens on
23 the Post-Petition Collateral shall not be subject to any rights or claims of the Debtor or any of its
24 account debtors, if any, including but not limited to any rights of setoff or counterclaims,
25 provided, however, that they shall be subject to all rights and claims of Brewer Corporation
26 ("Brewer"), Brady Company/San Diego, Inc. ("Brady"), Dynalectric Company ("Dynalectric"),
27 and Division 8, Inc. ("Div.8").

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1 (e) At PMB's request, the Debtor shall execute and deliver or cause to be
2 delivered to PMB and/or file with the appropriate offices, such documents, pleadings,
3 instruments, agreements, financing statements, amendments and/or other things deemed
4 necessary by PMB, in its sole discretion, to implement the substance and intent of this
5 Stipulation.

6 (f) The Debtor shall not use any cash or other proceeds from the Debtor's
7 business to pay any personal expenses of any employee, partner, officer or director of the Debtor,
8 or any expenses of any nature whatsoever of any affiliated entity or person, except as provided in
9 the Budget.

10 (g) On or before three (3) business days after execution by the Debtor, the
11 Debtor shall provide PMB with a copy of any agreement of sale regarding all or a portion of the
12 Debtor's assets other than in the ordinary course of its business, or any financing or equity
13 commitment or agreement regarding the refinancing of indebtedness owed to PMB and any other
14 documents that materially affect such commitment or agreement (collectively a "Financing");
15 provided that the foregoing shall only apply if such Financing will not be sufficient to fully pay
16 the Pre-Petition Obligations upon consummation thereof. Nothing herein shall permit the Debtor
17 to consummate such Financing without notice and a hearing as required by the Bankruptcy Code.

18 (h) Upon three (3) business days' notice, the Debtor shall provide PMB with
19 full and complete access to its facilities and all financial books, records and files (whether such
20 information is stored on any computer or disk) to, among other things, verify cash receipts,
21 collateral levels, and results of operations and such access may not unduly interfere with the day-
22 to-day operations of the Debtor. In the event of a dispute between PMB and the Debtor
23 regarding PMB's verification of any information as provided in this paragraph, PMB shall
24 provide the Debtor a written statement outlining the basis for such dispute.

25 (i) The Debtor shall maintain all of their deposit and disbursement accounts
26 relating to the Collateral in the DIP Account.

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1 (j) The Debtor shall not make any payment, repayments, distributions, or
2 other forms of consideration to, or for the benefit of any affiliated entity or person prior to
3 repayment in full of the obligations owed to PMB, except as authorized by Court Order.

4 (k) Within ten (10) calendar days after the end of each calendar month until
5 the Termination Date, the Debtor shall provide to PMB a cash flow statement, as certified by the
6 Debtor, updating the expense projections in the Budget and comparing actual to budgeted results
7 of Approved Expenses for prior periods.

8 6. PMB may, but shall not be required to, file any Uniform Commercial Code
9 financing statements and record any additional documents in any jurisdiction or take any other or
10 further action to validate or perfect the security interests and liens granted to it pursuant to and in
11 accordance with this Stipulation. If PMB deems it necessary or convenient, the Debtor shall
12 execute and deliver to PMB, or shall have executed and delivered to PMB, all in form and
13 substance satisfactory to PMB, any other documents, instruments or writings to evidence the
14 terms of this Stipulation, the use of Cash Collateral and/or PMB's liens and security interests, and
15 PMB may request from time to time the execution and delivery of Uniform Commercial Code
16 financing statements, continuation statements, amendments to financing statements, and any
17 other instruments and/or documents relating to the use of Cash Collateral and/or the security
18 interests and liens granted hereunder. The Debtor shall execute all financing statements,
19 amendments and other documents desired by PMB for the perfection of the security interests and
20 liens granted hereunder and the Debtor agrees to a lifting of the automatic stay for the limited
21 purpose of carrying out the purposes of this Section. Furthermore, the Debtor irrevocably
22 authorizes the filing of a carbon, photographic or other reproduction of this Stipulation as a
23 financing statement, and agrees that such filing is sufficient as a financing statement subject to
24 applicable state law.

25 7. The occurrence of any of the following shall, except as otherwise permitted
26 herein, constitute an event of default hereunder (an "Event of Default"):

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1 (a) The Debtor shall be in breach of their agreements or undertakings
2 hereunder including, but not limited to, all payment requirements and reporting provisions
3 contained herein;

4 (b) The Debtor shall knowingly furnish or knowingly make any false,
5 inaccurate or incomplete representation, warranty, certificate, report or summary in connection
6 with or under this Stipulation;

7 (c) The Debtor shall contest any lien or security interest of PMB, or shall seek
8 to have the Bankruptcy Court annul, modify or amend any part of this Stipulation without notice
9 and a hearing;

10 (d) The Debtor shall suffer the appointment of a trustee or examiner;

11 (e) The Debtor's chapter 11 case is converted to a case under chapter 7 of the
12 Bankruptcy Code; or

13 (f) The Debtor shall sell any of its assets which are subject to PMB's Liens
14 outside of the ordinary course of business without order of the Bankruptcy Court.

15 8. Upon the occurrence of an Event of Default, this Stipulation shall immediately
16 terminate; and

17 (a) All Indebtedness, whether created prior to or after the commencement of
18 the Debtor's chapter 11 case, shall immediately become due and payable notwithstanding the
19 terms stated in any agreement, note, contract or other instrument; and

20 (b) PMB shall have the right to provide notice to the Debtor as set forth below
21 that an Event of Default has occurred. The Debtor shall have five (5) business days from (i) the
22 date that the notice is sent by facsimile or (ii) the date after the notice is sent if the sent by
23 overnight delivery service to (a) cure the Event of Default to PMB's satisfaction or (b) contest
24 that an Event of Default has occurred. If the Debtor disputes that an Event of Default has
25 occurred and the Parties cannot resolve the dispute informally within the cure period, the Debtor
26 shall have the right to file a motion on shortened notice and submit the matter to the Court for
27 determination of whether an Event of Default has occurred. In addition, at the conclusion of the
28 cure period, unless the dispute is resolved, the Debtor shall be permitted to continue to use the

1 Cash Collateral for an additional period of only five (5) business days, without prejudice to the
2 Debtor's right to seek a court order on shortened notice for the continued use of Cash Collateral
3 and without prejudice to PMB's right to seek a court order on shortened notice to immediately
4 cease or enjoin Debtor's use of Cash Collateral notwithstanding the above five day period of
5 continued use. Upon the occurrence of an Event of Default that remains uncured after the cure
6 period, PMB may seek relief from stay to enforce its rights and remedies upon not fewer than
7 five (5) business days prior written notice to the Debtor, the Office of the United States Trustee,
8 the Debtor's 20 largest unsecured creditors, and all parties requesting special notice.

9 9. The Debtor's representations and warranties, acknowledgments and waivers set
10 forth in this Stipulation shall survive the termination hereof but shall only be binding to the
11 extent set forth in paragraph 13 below.

12 10. The rights, powers and remedies of PMB provided in this Stipulation and the
13 Loan Documents are cumulative and not exclusive of any right, power or remedy provided by
14 law or equity. No failure or delay on the part of PMB in the exercise of any other right, power or
15 remedy or shall constitute a waiver of such right or remedy.

16 11. This Stipulation constitutes the sole agreement of PMB and the Debtor with
17 respect to the subject matter hereof and supersedes all oral negotiations and prior writings with
18 respect to the subject matter hereof.

19 12. No amendment or extension of this Stipulation, and no waiver of any one or more
20 of the provisions hereof shall be effective unless set forth in writing and signed by PMB and the
21 Debtor.

22 13. This Stipulation: (i) shall be binding upon the Debtor and PMB and, where
23 applicable, their respective predecessors, successors, agents and permitted assigns (but
24 specifically excluding any trustee appointed or elected in this case or in a case under chapter 7);
25 and (ii) shall inure to the benefit of the Debtor and PMB and, where applicable, their respective
26 predecessors, successors, agents and permitted assigns; provided, however, that the Debtor may
27 not assign its rights hereunder without the written consent of PMB and order of the Bankruptcy
28

1 Court after notice and a hearing, and any such assignment or attempted assignment by the Debtor
2 shall be void and of no effect with respect to PMB.

3 14. The performance of PMB's and the Debtor's obligations under this Stipulation is
4 expressly conditioned upon the approval by the Bankruptcy Court of this Stipulation.

5 15. No rights are intended to be created hereunder for the benefit of any third party,
6 donee, creditor or incidental beneficiary. No rights are intended to be created hereunder as
7 against any third party who is not a signatory to this stipulation, including but not limited to,
8 Brewer, Brady, Dynalectric and Div. 8.

9 16. Except as expressly provided herein, the Parties' execution of this Stipulation
10 shall not be deemed to constitute a waiver of any of PMB's or the Debtor's rights or remedies
11 under the Bankruptcy Code or other applicable law, including the right of the Debtor to cure and
12 reinstate the Loans or any of them. By way of explanation, but not limitation, PMB is not
13 waiving any of its rights and remedies with respect to any of its claims, rights, security interests
14 or remedies under or contained in the Loan Documents. Neither is the Debtor waiving any of its
15 claims, rights or remedies under the Loan Documents, subject to the timing restrictions of this
16 Stipulation. In addition, PMB does not waive any right to seek adequate protection or to object
17 to, or refuse any request of the Debtor or any trustee appointed in the bankruptcy case, for
18 consent to, the use, sale or other disposition of the Collateral or other estate assets. The Debtor
19 further acknowledges and agrees that PMB does not waive any right it may have to claim that all
20 Pre-Petition Obligations made by it to the Debtor shall continue to accrue interest at the default
21 rate set forth in the Loan Documents. Neither does the Debtor waive its right to oppose any
22 adequate protection sought by PMB or any claims made by PMB regarding default interest.

23 17. Reports and notices required hereunder shall be delivered by hand or Federal
24 Express or other overnight courier or by fax transmission to:

25 To PMB at the following address:
26 Gail Jansen
27 Vice President, Special Assets
28 949 South Coast Drive
Costa Mesa, CA 92626
Telephone: (714) 438-2636

and its counsel at:

1 Mark Bradshaw.
2 SHULMAN HODGES & BASTIAN LLP
3 8105 Irvine Centre Drive, Suite 600
4 Irvine, California 92618
5 Telephone: 949-340-3400
6 Facsimile: 949-340-3000
7 mbradshaw@shbllp.com

8 To the Debtor at the following address:

9 Dan J. Harkey, President
10 7 Argonaut
11 Aliso Viejo, CA 92656
12 Phone: (949) 661-7070
13 Fax: (949) 276-6201
14 dharkey@pointcenter.com

15 and its counsel at:

16 Robert P. Goe, Esq.
17 GOE & FORSYTHE, LLP
18 18101 Von Karman
19 Suite 510
20 Irvine, CA 92612
21 Phone: (949) 798-2460
22 Fax: (949) 955-9437
23 rgoe@goeforlaw.com

24 The Debtor shall give notice to PMB of all future filings of any nature by the Debtor with
25 any governmental agency or with any court other than this Court and shall serve copies thereof
26 upon PMB in accordance with the immediately preceding paragraph hereof.

27 18. This Stipulation shall be governed by and construed in accordance with the
28 internal laws of the State of California and the parties agree that the Bankruptcy Court shall have
jurisdiction to interpret and enforce this Stipulation.

19 19. This Stipulation may be executed in any number of counterparts and by the
20 different parties on separate counterparts. Each such counterpart shall be deemed an original, but
21 all such counterparts together shall constitute one and the same Stipulation.

22 20. The undersigned are authorized to enter into this stipulation on behalf of their
23 respective clients, such that this Stipulation is duly and validly executed and constitutes a valid
24 and binding obligation upon only the respective Parties hereto, subject only to the approval of
25 this Court.

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IT IS SO STIPULATED.

Dated: March 5 2013

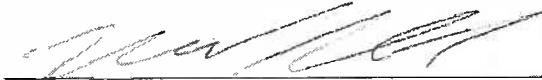
GOE & FORSYTHE, LLP

By 

Robert P. Goe
Proposed Attorneys for Debtor

Dated: March 5, 2013

SHULMAN HODGES & BASTIAN, LLP

By 

Mark Bradshaw
Attorneys for
Secured Creditor Pacific Mercantile Bank

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EXHIBIT "A"



Point Center Financial, Inc. - Monthly Cash Flow Budget

Prepared 2/20/13

Category	Estimated thru 2/28/13	Estimated for March 2013	Estimated for April 2013	Estimated for May 2013
Advertising/Marketing		\$1,500.00	\$1,500.00	\$1,500.00
Automobiles		\$300.00	\$300.00	\$300.00
Bank Charges		\$1,200.00	\$1,200.00	\$1,200.00
Credit Reports		\$75.00	\$75.00	\$75.00
Dues, Licenses, Permits		\$330.00	\$330.00	\$330.00
Computer, Software & Printers - Maintenance	\$4,325.00	\$4,325.00	\$4,325.00	\$4,325.00
Education Expense		\$125.00	\$125.00	\$125.00
Equipment & Vehicle Lease	\$780.00	\$780.00	\$780.00	\$780.00
General Interest Expense		\$580.00	\$580.00	\$580.00
Nex Press Lease/Maintenance Payment	\$3,260.82	\$3,260.82	\$3,260.82	\$3,260.82
Oce Copier/Printers Maintenance		\$1,650.00	\$1,650.00	\$1,650.00
Dell Business Credit Liability Payment		\$837.00	\$837.00	\$837.00
Mileage/Toll/Parking		\$1,500.00	\$1,500.00	\$1,500.00
Medical/Dental/Vision/Life Insurance - Net of Employee Paid Contributions	\$7,350.00	\$7,350.00	\$7,350.00	\$7,350.00
Workers Comp Insurance		\$670.00	\$670.00	\$670.00
Business Office Insurance		\$905.00	\$905.00	\$905.00
Commercial Umbrella Insurance		\$105.00	\$105.00	\$105.00
Non-Owned Vehicle Insurance		\$31.00	\$31.00	\$31.00
Legal Fees - BK Attorney's Fees		\$20,000.00	\$20,000.00	\$20,000.00
Legal Fees - Est. Excludes BK Att Fees	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00
PMB Loan #600604017 (P & I Pmt.)		\$14,250.00	\$14,250.00	\$14,250.00
PMB Loan #600103754 (P&I Pmt.)		\$27,087.86	\$27,087.86	\$27,087.86
PMB Loan #22004787 (P & I Pmt.)		\$18,808.16	\$18,808.16	\$18,808.16
Triple Net Tenant - Argonaut Expenses				
Landscaping	\$512.00	\$1,225.00	\$1,225.00	\$1,225.00
Trash Collection	\$545.00	\$546.00	\$546.00	\$546.00
Utilities (Gas, Electric, Water)		\$4,200.00	\$4,200.00	\$4,200.00
General Maintenance		\$1,250.00	\$1,250.00	\$1,250.00
HOA		\$438.00	\$438.00	\$438.00

Point Center Financial, Inc. - Monthly Cash Flow Budget

Prepared 2/20/13

Category	Estimated thru 2/28/13	Estimated for March 2013	Estimated for April 2013	Estimated for May 2013
Property Taxes - Semi-Annual			\$30,000.00	
Office Supplies	\$400.00	\$3,500.00	\$3,500.00	\$3,500.00
Overnite Delivery Services		\$700.00	\$700.00	\$700.00
Postage	\$1,000.00	\$3,500.00	\$3,500.00	\$3,500.00
Professional Fees (CPA & Payroll Service)		\$1,000.00	\$1,000.00	\$1,000.00
401K Plan Fees		\$200.00	\$200.00	\$200.00
Rent		\$26,755.75	\$26,755.75	\$26,755.75
Salaries	\$62,500.00	\$125,000.00	\$125,000.00	\$125,000.00
Officer's Salary	\$12,500.00	\$25,000.00	\$25,000.00	\$25,000.00
Payroll Taxes	\$6,000.00	\$10,555.00	\$10,555.00	\$10,555.00
Unsecured Property Taxes		\$2,000.00	\$2,000.00	\$2,000.00
Minimum California FTB Tax for Corp.		\$67.00	\$67.00	\$67.00
Telephone, Cable, Internet		\$3,200.00	\$3,200.00	\$3,200.00
Maintenance Contract for Phone System		\$1,205.00	\$1,205.00	\$1,205.00
Overnight Travel	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
TOTAL	\$107,672.82	\$324,511.59	\$354,511.59	\$324,511.59

Category	Estimated thru 2/28/13	Estimated for March 2013	Estimated for April 2013	Estimated for May 2013
Estimated Income Sources				
Print Jobs - Income	\$0.00	\$1,400.00	\$1,400.00	\$1,400.00
Performing Loan Servicing Fees	\$0.00	\$15,000.00	\$15,000.00	\$15,000.00
Estimated Asset Management Fees	\$110,000.00	\$310,000.00	\$340,000.00	\$310,000.00
TOTAL	\$110,000.00	\$326,400.00	\$356,400.00	\$326,400.00



1

PROOF OF SERVICE OF DOCUMENT

2 I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business
3 address is: 18101 Von Karman Avenue, Suite 510, Irvine, CA 92612

4 A true and correct copy of the foregoing document entitled (*specify*): **DEBTOR'S OPPOSITION TO**
LLOYD CHARTON ET AL.'S MOTION FOR RELIEF FROM STAY; DECLARATIONS OF DAN J.
5 **HARKEY AND ROBERT P. GOE IN SUPPORT THEREOF** will be served or was served (a) on the judge
in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

6 **1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to
controlling General Orders and LBR, the foregoing document will be served by the court via NEF and
7 hyperlink to the document. On (*date*) March 5, 2013, I checked the CM/ECF docket for this bankruptcy
case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice
8 List to receive NEF transmission at the email addresses stated below:

- 9 • Robert D Bass rbass@greenbass.com
- Mark Bradshaw mbradshaw@shbllp.com, sswartzell@shbllp.com
- 10 • Jeffrey W Broker jbroker@brokerlaw.biz
- Frank Cadigan frank.cadigan@usdoj.gov
- 11 • Catherine Convy glg@ggb-law.com
- William R Cumming cumming@cummingandassociateslaw.com
- 12 • Richard S Davis rdavis@fickeldavislaw.com, richard@richarddavislaw.com
- James R Felton jfelton@greenbass.com
- 13 • Robert P Goe kmurphy@goeforlaw.com, rgoe@goeforlaw.com; mforsthe@goeforlaw.com
- Murray M Helm mhelm@helm-law.com, psestak@helm-law.com
- 14 • John Mark Jennings jjennings@shbllp.com
- Yi S Kim ykim@greenbass.com
- 15 • David B Lally davidlallylaw@gmail.com
- Leonard M Shulman lshulman@shbllp.com
- 16 • United States Trustee (SA) ustpreion16.sa.ecf@usdoj.gov

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

On (*date*) March 5, 2013, I served the following persons and/or entities at the last known addresses in
18 this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed
envelope in the United States mail, first class, postage prepaid, and addressed as follows: Listing the
19 judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours
after the document is filed.

20 **3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR**
EMAIL:

21 (*state the method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on
22 (*date*) March 5, 2013, I served the following persons and/or entities by personal delivery, overnight mail
service, or (for those who consented in writing to such service method), by facsimile transmission and/or
23 email as follows: Listing the judge here constitutes a declaration that personal delivery on, or overnight
mail to, the judge will be completed no later than 24 hours after the document is filed.

- 24 • The Honorable Theodor C. Albert, USBC, 411 West Fourth Street, Santa Ana, CA 92701

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

26 March 5, 2013 Susan C. Stein /s/Susan C. Stein
27 *Date Printed* *Name* *Signature*

28