

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

In re: ) Chapter 11 Proceeding  
)  
SUNSET VILLAGE LIMITED )  
PARTNERSHIP, an Illinois limited ) Case No. 10-45772  
Partnership )  
)  
Debtor. ) Hon. A. Benjamin Goldgar  
)

**AGREED ORDER AUTHORIZING CONTINUED USE OF CASH COLLATERAL FOR  
THE PERIOD FEBRUARY 1, 2011 THROUGH MARCH 1, 2011, PROVIDING  
PROTECTION AND PROVIDING OTHER RELIEF**

This matter coming to be heard on the continued Motion for Authority to Use Cash Collateral and for Related Relief filed by Sunset Village Limited Partnership, the debtor and debtor in possession herein (the "Debtor"), for the entry of an order authorizing the Debtor's use of cash collateral on an interim basis, to provide protection and for other relief (the "Motion"); given the circumstances, due and adequate notice of the Motion having been served on all parties entitled thereto; the Court finding that (i) it has jurisdiction over the Debtor's bankruptcy case pursuant to 28 U.S.C. §§157(b)(1) and 1334; (ii) this is a core proceeding pursuant to 28 U.S.C. §157(b); and (iii) venue is proper pursuant to 28 U.S.C. §§1408 and 1409; the Court having entered an Agreed Order Authorizing Interim Use of Cash Collateral, Providing Protection, and Providing Other Relief (Docket No. 18), an Agreed Order Authorizing Continued Use of Cash Collateral For The Period November 1, 2010 Through November 15, 2010, Providing Protection and Providing Other Relief (Docket No. 30), an Agreed Order Authorizing Continued Use of Cash Collateral For The Period November 16, 2010 Through December 31, 2010, Providing Protection and Providing Other Relief (Docket No. 48), and Agreed Order Authorizing Continued Use of Cash Collateral For The Period January 4, 2011 Through January 31, 2011, Providing Protection and Providing Other Relief (Docket No. 70); the Court having heard the

statements of counsel and having considered said statements and the stipulations herein, there being no objection to the entry of this order (the "Order"), and the Court being fully advised in the premises; and

**THE PARTIES HAVING REPRESENTED AS FOLLOWS:**

A. The Debtor is an Illinois limited partnership that is the owner of a manufactured home community, situated on approximately 30 acres located at 2450 Waukegan Road, Glenview, Illinois (the "Property"). The Debtor has a fee simple interest in approximately 20 acres of the Property ("Fee Simple Area") and a leasehold interest in approximately 10.0 acres of the Property ("Leasehold Area").

B. On November 1, 2010, Jefferson-Pilot Investments, Inc. ("Jefferson-Pilot"), as successor and assignee of The Lincoln National Life Insurance Company, filed a proof of claim (Claim No. 4) (the "Claim") against the Debtor asserting a secured claim in an amount in excess of \$27 million, plus accrued and accruing interest, costs and expenses, including attorneys' fees. Jefferson-Pilot alleges that the Claim is secured by a valid, perfected first priority mortgage lien and security interest on the entire Property, including the Fee Simple Area and the Leasehold Area (the "Mortgage"), and a valid, perfected first priority lien on the rents and other proceeds generated from the Property (the "Cash Collateral", and together with the Mortgage, the "Pre-petition Collateral"). As was provided in the Agreed Order Authorizing Continued Use of Cash Collateral For The Period November 1, 2010 Through November 15, 2010, Providing Protection and Providing Other Relief (Docket No. 30) and the Agreed Order Authorizing Continued Use of Cash Collateral For The Period November 16, 2010 Through December 31, 2010, Providing Protection and Providing Other Relief (Docket No. 48), the Debtor was to be deemed to have admitted the validity and perfection of the Jefferson-Pilot Mortgage lien and security interests,

subject only to mechanics' liens which are found by the Court to be valid, perfected, enforceable and which are found to prime the Mortgage, unless the Debtor filed a complaint ("Complaint") to determine the nature, extent and priority of the Mortgage lien and security interests by November 30, 2010. Debtor did not file a Complaint.

C. The rents and other proceeds generated from the Property, constitute cash collateral as defined in §363(a) of the Bankruptcy Code.

D. The Debtor requires the continued use of Cash Collateral for the maintenance and preservation of the Property through the payment of ordinary and necessary expenses of operation. Jefferson-Pilot has agreed to such use, but only upon the terms and conditions of this Order.

E. On October 13, 2010 (the "Petition Date"), the Debtor commenced the above-captioned bankruptcy case (the "Case") by filing a voluntary petition seeking relief under Chapter 11 of the Bankruptcy Code. The Debtor is in possession of its assets and operating its business as Debtor in Possession pursuant to §§1107 and 1108 of the Bankruptcy Code.

F. Debtor's exclusive period within which to file a plan of reorganization ("Plan") will expire on February 14, 2011, absent a court approved extension following a motion and a hearing.

G. The terms and conditions which the Debtor proposes for its use of Cash Collateral, as reflected in this Order, are fair and reasonable under the circumstances. There is good cause, and it is in the best interests of the Debtor that the Debtor is authorized to use Cash Collateral pursuant to the terms and conditions of this Order. The terms for use of Cash Collateral and the grant of security interests, liens, rights, and priorities to Jefferson-Pilot are fair and appropriate under the circumstances. The Debtor has alleged that it will suffer immediate

and irreparable harm if it is not authorized to continue to use Cash Collateral according to the terms and conditions in this Order.

H. The Debtor has agreed to use its best efforts to comply with document and other requests for information made by Jefferson-Pilot.

**NOW, THEREFORE, IT IS HEREBY ORDERED:**

1. The Debtor is authorized to use Cash Collateral on an interim basis for the period February 1, 2011 through March 1, 2011, pursuant to the terms of this Order and §363(c)(2) of the Bankruptcy Code.

2. The Debtor's right to use Cash Collateral under this Order is to be governed by the following provisions:

a. The Debtor shall not use any Cash Collateral, except as authorized and permitted by this Order or by a subsequent order of the Court or by written agreement of Jefferson-Pilot.

b. On or before the close of business on March 7, 2011, Debtor shall provide to Jefferson-Pilot a reconciliation of actual to budgeted income and expenditures from February 1, 2011 through February 28, 2011. The reconciliation shall include: (i) a copy of the Debtor's bank statements for the month of February, 2011; (ii) a copy of the Debtor's rent roll marked to indicate the status of each tenant's February, 2011 rent obligation, whether or not each tenant has renewed their lease and the expiration date for each lease.

c. For the period from February 1, 2011 through March 1, 2011 (the "Budget Period"), the Debtor has furnished a statement of revenues, both received and projected, and anticipated expenses ("Budgeted Expenses"), a copy of which is attached to this

Order as Exhibit A ("Budget"), and the Debtor may pay the Budgeted Expenses under the terms of this Order. To the extent that receipts received by the Debtor for the Budget Period exceed the amounts paid for Budgeted Expenses ("Net Income"), the Debtor is hereby directed to hold such Net Income pending further order of the Court.

d. During the Budget Period, the Debtor shall not be authorized to expend any funds for an item or expenditure not included in the Budget plus a ten percent (10%) variance for any individual expense on the Budget, not to exceed a total variance of five percent (5%) of the total operating expenses for the Budget Period; however, the Debtor may not exceed the amount specified on the Budget for "miscellaneous" expenses.

e. The Debtor is prohibited from paying any "Management Fees" to Capital First Realty or any other entity during the Budget Period absent an order from this Court permitting it to pay a Management Fee.

f. The Budget includes an expense labeled "Interest Expense"; this payment represents an interest payment to Jefferson-Pilot made pursuant to 11 U.S.C. §362(d)(3). Jefferson-Pilot has not reviewed the assumptions or method used for calculating this interest payment and, therefore, reserves its right to object to either the amount of the interest payment or the assumptions and method used for calculating the same.

g. On or before February 14, 2011, the Debtor shall file (i) a plan and a corresponding disclosure statement, and (ii) a motion to set a hearing for approval of the disclosure statement, so as to schedule such hearing (subject to this Court's calendar) on or before March 1, 2011 or the first date permitted under Bankruptcy Rule 2002(b). There will be a status hearing on the plan and corresponding disclosure statement on February 23, 2011 at 10:00 a.m.

3. In order to (a) provide protection to Jefferson-Pilot for the Debtor's use of Cash Collateral and (b) provide Jefferson-Pilot with protection against any decrease in the value of its interest in the Property and in the Pre-petition Collateral resulting from the stay imposed under §362 of the Bankruptcy Code, or the use of such property by the Debtor, Jefferson-Pilot is hereby granted (i) to the extent not heretofore granted, a lien against and security interest in all presently owned and hereafter-acquired property, assets, and rights, of any kind or nature, of the Debtor respecting the Property (but not including causes of action, if any, of the estate arising under §§544, 545, 546, 547, 548, 549, 550, or 552 of the Bankruptcy Code), wherever located (the "Post-Petition Liens"), subject only to valid and enforceable liens and security interests existing on said property, assets, or rights of the Debtor at the time of the commencement of the Case or, in the case of property, assets or rights acquired after the Petition Date, at the time the Debtor's estate acquires the property, assets or rights and (ii) to the extent of any diminution in value of the Property or the Pre-Petition Collateral, a superpriority administrative expense claim in accordance with §364(c)(1) of the Bankruptcy Code, having priority in right of payment over any and all other obligations, liabilities, and indebtedness of the Debtor, now in existence or hereafter incurred by Debtor, and over any and all administrative expenses and priority claims of the kind specified in, or ordered pursuant to Bankruptcy Code §§105, 326, 330, 331, 503(b), 507(b) or 552 and over all rights of set-off.

4. As further protection for Jefferson-Pilot's interest in the Pre-petition Collateral, and consistent with §552 of the Bankruptcy Code, Jefferson-Pilot is hereby granted replacement liens and security interests in the Debtor's post-petition assets including the proceeds, products, rents and profits, and all property and assets of the Debtor respecting the Property which are of the same type or nature as the Pre-petition Collateral, coming into existence or acquired by the

Debtor on or after the Petition Date (including, without limitation, all accounts receivable generated at the Property after the Petition Date) to the same extent and priority as existed with respect to the Pre-petition Collateral (the "Post-petition Collateral").

5. As additional protection for Jefferson-Pilot's interests, the Debtor shall maintain insurance naming Jefferson-Pilot as mortgagee and loss payee for any and all insurance issued in connection with the Property or the Debtor's operations.

6. The Post-Petition Liens granted to Jefferson-Pilot pursuant to the terms of this Order shall be valid and perfected, as of the date of this Order, without the need for the execution or filing of any further document or instrument otherwise required to be executed or filed under applicable non-bankruptcy law. Notwithstanding such automatic perfection, the Debtor, including its principals, officers and agents acting on its behalf, shall execute and deliver such further documents as Jefferson-Pilot may reasonably request to evidence and give notice of the Post-Petition Liens granted by this Order.

7. The terms and provisions of the Order shall be binding upon the Debtor and its successors and assigns, excluding any trustee appointed in the Case.

8. The authority of the Debtor to use Cash Collateral shall terminate on the earlier of (a) the date of entry by the Court of an order modifying or otherwise altering the effective date of this Order, (ii) an Event of Default (as hereinafter defined) or (c) the expiration of the Budget Period.

9. Each of the following events shall constitute an Event of Default:

a. Entry of an order converting this Case to a case under Chapter 7 of the Bankruptcy Code;

b. Entry of an order dismissing this Case;

c. Failure of the Debtor to comply with any provision of this Order; or

d. Entry of an order (i) surcharging Jefferson-Pilot's collateral pursuant to 11 U.S.C. §506(c); or (ii) granting liens or priority administrative expense claims pursuant to § 364 of the Bankruptcy Code to any party other than Jefferson-Pilot.

10. Upon Debtor's receipt from Jefferson-Pilot of written notice that an Event of Default has occurred (the "Default Notice"), (i) the Debtor shall immediately cease using Cash Collateral and shall hold all Cash Collateral pending further order of the Court; and (ii) Jefferson-Pilot shall be entitled to seek modification of the automatic stay in order to pursue all of its rights and remedies against the Debtor and/or its collateral, or request any other relief it deems appropriate, by a hearing held on three (3) business days notice following the delivery of the Default Notice. The Default Notice shall be provided by Jefferson-Pilot or its counsel Faye B. Feinstein, Quarles & Brady LLP, 300 N. LaSalle Street, Suite 4000, Chicago, Illinois 60654 at faye.feinstein@quarles.com, via e-mail or facsimile, to Debtor's counsel Scott R. Clar, Crane, Heyman, Simon, Welch & Clar, 135 South LaSalle Street, Suite 3705, Chicago, Illinois 60603-4297 at sclar@craneheyman.com, and to the Office of the United States Trustee, 219 S. Dearborn St., Room 873, Chicago, IL 60604 in care of Roman Sukley at Roman.L.Sukley@usdoj.gov (the "Default Notice").

11. The Debtor is authorized and directed to perform all acts and execute and comply with the terms of such other documents, instruments and agreements necessary to effectuate the terms and conditions of this Order.

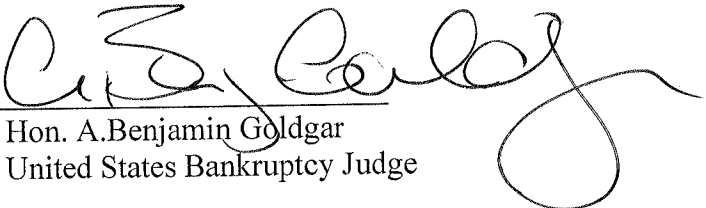
12. Any notices required to be sent to any party under the terms of this Order shall be sent to such party's counsel of record in the Case.



13. The Debtor is directed to give notice of a hearing to consider the continued use of Cash Collateral, along with a proposed budget (the "Continued Hearing"). The Continued Hearing will be held on February 28, 2011, at the hour of 10:00 a.m., and the same may be continued or adjourned by the Court. Any party wishing to object to the relief requested at the Continued Hearing must raise all such objections in writing and file the same with the Court prior to the Continued Hearing. Any such objections shall be served by e-mail or overnight mail service on counsel for (a) the Debtor, (b) Jefferson-Pilot and (c) the Office of the United States Trustee as set forth in paragraph 10 above. If no objection is timely filed and served, the Court may enter an order allowing the Debtor to continue to use Cash Collateral.

14. Nothing herein is intended, nor shall it be deemed, to constitute a waiver of the rights of Jefferson-Pilot to take any position herein, or request relief from the Court on any basis at any time, including, without limitation, to seek adequate protection, to modify the automatic stay, to dismiss or convert this case, or to object to the continued use of Cash Collateral.

15. This Order is effective immediately, and the stay provided for under Rule 6004 of the Federal Rules of Bankruptcy Procedure is waived. The Debtor shall serve a copy of this Order on all of its creditors.

Enter:   
Hon. A. Benjamin Goldgar  
United States Bankruptcy Judge

JAN 31 2011

Sunset Village Manufactured Home Community  
Monthly Cash Budget

Budget

Feb 1 to  
Feb 28

1	Cash Balance	\$220,983
	****Income****	
2	Rental Income (Includes Rent, NSF Fees, Late Chgs, Propane Sales Lodge Rental, Misc. Income)	\$210,000
3	Ground Lease Income	\$4,800
4	Total Net Rental Revenue	\$214,800
5	Total Income	\$214,800
	****Expenses****	
	Operating Expenses	
	Payroll Expenses (Reimburse to Capital First Realty)	
6	Salaries, Propane	\$660
7	Salaries, Manager	2,228
8	Salaries, Office	3,226
9	Sales Security	3,500
10	Salaries, Maintenance	9,400
11	Salaries, Sales/Leasing	2,770
12	ADP Processing Expense	54
13	Payroll Tax Expense	2,700
14	Insurance Expense	285
15	Total Payroll Expenses	\$24,823
	Other Operating Expenses	
16	Propane	\$1,800
17	R&M Expense	700
18	Snow Removal/Salting	1,200
19	Gasoline	500
20	Utilities - Gas	900
21	Utilities - Electric	4,600
22	Water Testing	75
23	Scavenger	4,600
24	Telephone	850
25	Office Expense	1,100
26	Postage	40
27	Ground Lease Expense	22,077
28	Advertising	5,000
29	Insurance (Reimburse to Capital First Realty)	3,245
30	Real Estate Tax	28,542
31	Misc. Taxes & Licenses	450
32	Tenant Relations	150
33	Bank Charges	500
34	Total Other Operating Expense	\$76,329
35	Total Operating Expense	\$101,152
36	Net Operating Income	\$113,648
	Other Expenses	
37	Landscaping & Other Land Improvements	\$5,000
38	Miscellaneous Expenses	\$1,500
39	Interest Payment	\$119,487
40	Sewer Emergencies	\$8,938
41	Management Fees (YTD 2010)*	\$63,164
42	Management Fees -January 2011 (\$225,000*.04) est.	\$9,000
43	Total Expenses	\$207,089
44	Net Cash Flow	(\$93,440)
45	Ending Cash Balance	\$127,543

