

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA

Miami Division

www.flsb.uscourts.gov

In re:

Case No. 15-14807-BKC-RAM

K.M. VILLAS LLC.,

Chapter 11

Debtor.

SECOND AMENDED PLAN OF REORGANIZATION OF K.M. VILLAS LLC.

Submitted on October 18, 2018 by:

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Florida Bar No. 0122548

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ARTICLE I **SUMMARY**

This Second Amended Plan of Reorganization (the “Plan”) under Chapter 11 of the Bankruptcy Code (the “Code”) proposes to pay creditors of K.M. Villas LLC. (the “Debtor”) from cash flow from operations of the Debtor’s business, as well as infusions of capital from the Debtor’s principal, Lonnie Kevin Hinds.

This Plan provides for 3 classes of secured claims, 1 class of general unsecured and undersecured claims, 2 classes of priority unsecured claims and 1 class of equity security holders. General unsecured creditors holding allowed claims will receive a distribution, which the proponent of this Plan has valued at approximately 0.8047 cents on the dollar. This Plan also provides for the payment of administrative claims in full on the Effective Date of this Plan, or upon such other terms as agreed to between the Debtor and the administrative claimant(s).

All creditors and equity security holders should refer to Articles III through VI of this Plan for information regarding the precise treatment of their claim. A Second Amended Disclosure Statement (the “Disclosure Statement”) that provides more detailed information regarding this Plan and the rights of creditors and equity security holders has been circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

ARTICLE II **CLASSIFICATION OF CLAIMS AND INTERESTS**

- | | | |
|------|-----------------|---|
| 2.01 | <u>Class 1.</u> | The secured claim of the Los Angeles County Tax Collector (unimpaired) |
| 2.02 | <u>Class 2.</u> | Any and all other allowed claims entitled to priority under 11 U.S.C. § 507 (except administrative expense claims under 11 U.S.C. § 507(a)(2) and priority tax claims under 11 U.S.C. § 507(a)(8)) (unimpaired) |
| 2.03 | <u>Class 3.</u> | The secured claim of HSBC Bank, N.A. (impaired) |
| 2.04 | <u>Class 4.</u> | Allowed General Unsecured and General Undersecured Claims (impaired) |
| 2.05 | <u>Class 5.</u> | The secured claim of Jonathan Cole (unimpaired) |
| 2.06 | <u>Class 6.</u> | The priority unsecured claims of Real Property Tenants who are owed security deposits (unimpaired). |
| 2.07 | <u>Class 7.</u> | Equity Security Holders of the Debtor (impaired) |

ARTICLE III
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS,
U.S. TRUSTEE FEES AND PRIORITY TAX CLAIMS

3.01 Unclassified Claims. Under 11 U.S.C. § 1123(a)(1), administrative expense claims and priority tax claims (other than 11 U.S.C. § 507(a)(8) claims) are not in classes.

3.02 Administrative Expense Claims. Each holder of an allowed administrative expense claim allowed under 11 U.S.C. § 503 will be paid in full on the Effective Date of this Plan, in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor. The Debtor requests that the Court set an administrative claims bar date of fifteen (15) days after the date of confirmation of this Plan, unless an earlier date has been set by the Court.

3.03 Priority Tax Claims. Each holder of a priority tax claim will be paid either in full on the Effective Date of this Plan, or over a term of sixty (60) months, as further set forth below.

3.04 United States Trustee Fees. All fees required to be paid by 28 U.S.C. §1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the Effective Date of this Plan will be paid on the Effective Date.

The Debtor shall pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6), through the date of confirmation of this Plan, within fourteen (14) business days of entry of Order confirming this Plan. The Reorganized Debtor will file with the Bankruptcy Court post-confirmation Quarterly Operating Reports and pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6) for post-confirmation periods within the time period set forth in 28 U.S.C. § 1930(a)(6), based upon all post-confirmation disbursements, until the earlier of the closing of this case by the issuance of a Final Decree by the Bankruptcy Court, or upon the entry of an Order by the Bankruptcy Court dismissing this case or converting this case to another chapter under the United States Bankruptcy Code.

ARTICLE IV
TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

4.01 Claims and interests shall be treated as follows under this Plan:

Class	Impairment	Treatment
Class 1 – Secured Claim of the Los Angeles County Tax Collector (unpaid real estate taxes on real property) (Claim # 1) Total claim amount: \$25,860.20 (secured = \$25,860.20; unsecured = \$0.00)	Unimpaired	Class 1, the Secured Claim of the Los Angeles County Tax Collector (unpaid real estate taxes on real property), is unimpaired by this Plan. This claim is secured by the real property located at 930 - 934 N Harper Ave, West Hollywood, CA 90046 (Assessor's ID # 5529-011-032-14-000) (the "Real Property") and is comprised of any and all outstanding real estate taxes through 2015 - 2016. Upon information and belief, this secured claim has been paid in full during the pendency of this bankruptcy proceeding. The claimant shall receive no further payments on account of real estate taxes through 2015 – 2016, and the

		Debtor will be filing an Objection to Claim, based solely on the fact that this claimant has been paid. The Debtor agrees to remain current with any and all real estate taxes owing to the Claimant after the Effective Date.
Class 2 – Other Priority Claims	Unimpaired	Other than set forth herein, no other priority claims have been scheduled by the Debtor and the Debtor does not believe that any other priority claims exist. However, in the event that it is determined by the Court that any additional priority claims do exist, then each holder of a Class 2 Priority Claim will be paid in full, over 60 months from the Effective Date, in 20 equal quarterly payments, which will begin on the first day of the month following the Effective Date of this Plan, and continue on the first day of every quarter thereafter.
Class 3 – Secured Claim of HSBC Bank, N.A. (first deed of trust on real property) (Claim # 2) Total claim amount: \$2,115,335.04 (secured = \$1,400,000.00; unsecured = \$715,335.04)	Impaired	<p>Class 3, the Secured Claim of HSBC Bank USA, N.A., as Trustee for BCAP Trust LLC 2006-AA2, Mortgage Pass-Through Certificates, Series 2006-AA2 (“HSBC Bank”) (first deed of trust on real property), is impaired by this Plan. This claim is secured by the Real Property located at 930 - 934 N Harper Ave, West Hollywood, CA 90046 (the “Property”).</p> <p>The Debtor and HSBC Bank entered into a Mediated Stipulation for Settlement (the “Stipulation”), which is attached hereto as Exhibit “A” and incorporated herein by reference in its entirety. Pursuant to the Stipulation, HSBC Bank shall be entitled to an allowed secured claim in the amount of \$1,400,000.00 and an allowed general unsecured claim in the amount of \$715,335.04.</p> <p>HSBC Bank shall not be entitled to any other claim, of any type, in this bankruptcy proceeding, other than as set forth herein. HSBC Bank’s “Claim” shall be defined as its Secured Claim plus its Unsecured Claim.</p> <p>HSBC Bank’s Secured Claim shall be paid at the rate of 4.25%, over 10 years (120 months), starting on the seventh (7th) day of the month following the entry of a Confirmation Order, and continuing on the seventh (7th) day of the month thereafter, with the payment stream comprised of \$1,100,000.00, with a forty (40) year amortization, with a balloon payment for any and all remaining principal balance of the Secured Claim due at the conclusion of 120 monthly payments. There shall be no prepayment penalty.</p> <p>HSBC Bank has waived any right to an election under 11 U.S.C. § 1111(b). The Debtor shall continue to make adequate protection payments [see ECF No. 71] through the date of the entry of a Confirmation Order. The Debtor shall not receive any credit(s) for any adequate protection payments made during the pendency of this bankruptcy proceeding.</p> <p>Starting on the seventh (7th) day of the month following the entry of a Confirmation Order, and continuing on the seventh (7th) day of the month thereafter, the Debtor shall make post-confirmation escrow payments to HSBC Bank, in an amount sufficient to pay real estate taxes and hazard insurance on the Property. No other escrow (or other) payments shall be required, and there shall be no other additional insurance or</p>

		<p>escrow requirements.</p> <p>Upon any default and expiration of any applicable cure period(s) under the terms of the Note and Deed of Trust, HSBC Bank shall be entitled to the entire amount of its Claim. Upon Confirmation, HSBC Bank shall send the Debtor monthly statements, indicating the correct amount of the Allowed Secured Claim, in the amount of \$1,400,000.00.</p> <p>Unless otherwise modified by the terms of the Stipulation and this Plan, all of the provisions of the underlying Note and Deed of Trust shall apply. ¶ 4.02 below shall not apply to HSBC Bank. The Property shall remain in name of the Debtor and the Debtor shall be the responsible party for payments under the Plan.</p> <p>HSBC Bank will retain its lien on the Property during the time that payments are made. Payments shall be made to the address listed on HSBC Bank's Proof of Claim, or such other address provided by HSBC Bank to the Debtor. The allowed general unsecured claim in the amount of \$715,335.04 shall be classified in Class 4 below. However, the Debtor shall not be obligated to and shall not make any payments to HSBC Bank on account of its Class 4 general unsecured claim.</p>
<p>Class 4 – General Unsecured and Undersecured Claims</p> <p>Total amount of claims in Class 4: \$621,327.11</p> <p>(excluding general unsecured claim of HSBC Bank)</p>	Impaired	<p>Class 4 consists of all allowed general unsecured and undersecured claims. The Class 4 Creditors shall share <i>pro rata</i> in a total distribution in the amount of \$5,000.00, which shall be paid in one lump sum on the Effective Date of this Plan. This payment will be made by Lonnie Kevin Hinds.</p> <p>The specific creditors to be paid under this Plan (as well as the amount to be distributed) are set forth in the attached Exhibit "B". The Class 4 Creditors will be receiving a distribution of approximately 0.8047% of their allowed general unsecured and undersecured claim(s).</p> <p>Upon the payment referenced herein to Class 4 General Undersecured Creditors, as to the Property (specifically the undersecured claims of Countrywide Home Loans, Inc., Atwood Grandberry and Infinity East, LLC), such secured claims/liens against the Property shall be deemed void and shall be extinguished upon entry of the Final Decree in this bankruptcy proceeding.</p> <p>As stated above, although HSBC Bank is entitled to a general unsecured claim in the amount of \$715,335.04, pursuant to the Stipulation, the Debtor shall not make any payments to HSBC Bank on account of its Class 4 general unsecured claim.</p>
<p>Class 5 – Secured Claim of Jonathan Cole (lien on vehicle)</p> <p>Total secured claim amount: \$3,100.00</p>	Unimpaired	<p>Class 5, the Secured Claim of Jonathan Cole, is unimpaired by this Plan. This claim was secured by a 1998 Ford F 150 (VIN # 1FTZF0728WKB93119). This secured claim has been paid in full during the pendency of this bankruptcy proceeding. The claimant shall receive no further payments and shall issue a satisfaction of his security interest, if not already completed.</p>
Class 6 – Priority	Unimpaired	Class 6 consists of all allowed priority unsecured claims of

<p>Unsecured Claims of Real Property Tenants</p> <p>Total priority unsecured claims: \$5,200.00</p>		<p>Real Property Tenants who are owed security deposits. Upon the expiration of the unexpired leases described herein, the Debtor may become obligated to repay its tenants their security deposits, pursuant to applicable law. The security deposits are: (a) Unit 930 (\$900.00); (b) Unit 930 ½ (\$600.00); and (c) Unit 932 (\$3,700.00). Upon such time that the Debtor becomes obligated to pay its tenants these security deposits, such security deposits will be repaid in full. The Debtor shall set aside a reserve for Class 6 Creditors, so that these amounts can be paid on a timely basis upon such expiration of the leases described above.</p>
<p>Class 7 - Equity Security Holders of the Debtor</p>	<p>Impaired</p>	<p>Class 7 consists of all allowed equity interests in the Debtor, which includes membership interest(s) in the Debtor, belonging to Lonnie Kevin Hinds (1/3 interest), Marcelo Meirelles (1/3 interest) and Jodie Rasure (1/3 interest). The Debtor is canceling any and all stock and/or membership interests in the Debtor, and reissuing such stock and/or membership interest(s) as follows: Lonnie Kevin Hinds (1/3 interest), Marcelo Meirelles (1/3 interest) and Jodie Rasure (1/3 interest), in the Reorganized Debtor.</p> <p>Lonnie Kevin Hinds, on behalf of himself, as well as on behalf of Marcelo Meirelles and Jodie Rasure, shall, in exchange, provide the following new value: (a) a new value payment in the amount of \$5,000.00, to pay the Class 4 General Unsecured and Undersecured Creditors referenced above; (b) providing any and all capital infusions that are necessary to meet cash flow needs; (c) providing any and all capital infusions that are necessary to complete necessary repairs of the Property; and (d) other good and valuable consideration. Other than receiving a new Equity Interest in the Reorganized Debtor, the Equity Security Holders of the Debtor shall not be entitled to receive any distribution under this Plan on account of such Equity Interest(s).</p>

4.02 Default of Plan Payment(s). Unless otherwise specifically set forth above, in the event of any default by the Debtor of any payment required by ¶ 4.01 above, the Claimant shall provide the Debtor with notice of such default, by electronic mail to the Debtor's counsel, Zach B. Shelomith, Esq. (at zbs@lsaslaw.com) (the "Default Notice"). The Debtor shall be afforded ten (10) days from the date of receipt by the Debtor's counsel of such Default Notice to cure such default. The Claimant shall not take any further action(s) against the Debtor, including without limitation, proceeding against the Debtor in a court of competent jurisdiction, seeking *in rem* remedies against any of the subject properties described above or alleging a "material" default of this Plan by the Debtor, unless the cure period referenced herein has expired.

ARTICLE V

ALLOWANCE AND DISALLOWANCE OF CLAIMS

5.01 Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed by a final non-appealable order, and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

5.02 Delay of Distribution on a Disputed Claim. No distribution will be made on account of a disputed claim unless such claim is allowed [by a final non-appealable order].

5.03 Settlement of Disputed Claims. The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Fed. R. Bankr. P. 9019.

ARTICLE VI

PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.01 Assumption of Executory Contracts and Unexpired Leases. The Debtor assumes the following executory contracts and/or unexpired leases effective upon the Effective Date of this Plan:

Name of Lessee	Address	Monthly Payment	Date Lease Expires
John Finnigan	930 N Harper Ave, West Hollywood, CA 90046	\$995.00	Month to Month
Richard Dent	930 ½ N Harper Ave, West Hollywood, CA 90046	\$695.00	Month to Month
Stuart T. Marks	932 N Harper Ave, West Hollywood, CA 90046	\$3,700.00	Month to Month

6.02 Rejection of Executory Contracts and Unexpired Leases. The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed above, or before the date of the order confirming this Plan, upon the Effective Date of this Plan. A proof of a claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than thirty (30) days after the date of the order confirming this Plan.

ARTICLE VII

MEANS FOR IMPLEMENTATION OF THE PLAN

The Plan will be funded primarily from cash flow from the operation of the Debtor's real estate business, specifically, the rental income as referenced above. The Debtor will be able to generate sufficient net income on a monthly basis to pay all of the obligations set forth in this Plan. Furthermore, the Plan will also be partially funded through infusions of capital from the Debtor's principal, Lonnie Kevin Hinds, as more specifically set forth above.

The Debtor shall, and believes it can, generate sufficient income to the amount necessary to enable it to make all payments due under the Plan. Attached to the Disclosure Statement is a 5 year cash flow projection, demonstrating that the plan payments are feasible.

The Debtor, as reorganized, will retain and will be re-vested in all property of the Estate, excepting property which is to be sold or otherwise disposed of as provided herein, executory contracts which are rejected pursuant to this Plan and property transferred to Creditors of the Debtor pursuant to the expressed terms hereof. The retained property shall be used by the Debtor in the ordinary course of its business. (Further details concerning the nature and scope of the Debtor's financial affairs may be found in the Disclosure Statement which accompanies this Plan).

ARTICLE VIII
GENERAL PROVISIONS

8.01 Definitions and Rules of Construction. The definitions and rules of construction set forth in 11 U.S.C. §§ 101 and 102 shall apply when terms defined or construed in the Code are used in this Plan, and they are supplemented by the following definitions:

(a) *Allowed Secured Claim* - shall mean an Allowed Claim for which a Claimant asserts, or upon objection is determined by a Final Order to hold, a valid, perfected and enforceable lien, security interest or other interest or encumbrance in property in which the Debtor has an interest not subject to avoidance or subordination under the Bankruptcy Code or applicable non-bankruptcy law, or an Allowed Claim for which a Claimant asserts a setoff under 11 U.S.C. § 553, but in any event only to the extent of the value, determined in accordance with 11 U.S.C. § 506(a), of the Claimant's interest in the Debtor's interest in the property or to the extent of the amount subject to such setoff as the case may be.

(b) *Allowed Undersecured Claim* - shall mean the amount of a prepetition secured Claim that exceeds the value of the collateral securing that Claim and is therefore unsecured.

(c) *Allowed Unsecured Claim* - shall mean an Allowed Claim which arose or which is deemed to have arisen prior to the filing of the Petition commencing these Proceedings and as to which the Claimant has not asserted, or as to whom it is determined by Final Order does not hold, a valid, perfected and enforceable lien, security interest or other interest in or encumbrance against property of the Debtor or a right of setoff to secure the payment of such Claim, but excluding unsecured Claims previously paid in the Proceedings pursuant to agreements approved by the Bankruptcy Court, if any.

Amount of Allowed Unsecured Claims. The Debtor's scheduled undersecured and unsecured dischargeable claims are set forth in its Schedules D and F [ECF No. 1]. Attached hereto as Exhibit "B" is a list of all general unsecured claims to be paid under this Plan, including the proposed distribution and proposed first dividend. The aggregate amount of claims included in Class 4, which will receive payment, is \$621,327.11.

Holders of allowed general unsecured claims will receive a distribution of 0.8047%. This distribution is higher than what holders of allowed general unsecured claims would receive in a hypothetical Chapter 7, in which case the Debtor estimates that such claimants would receive a distribution of 0.00%.

Liquidation analysis. This estimated distribution in a hypothetical Chapter 7 was determined by analyzing the liquidation value of the Debtor's property. The Debtor's real property is undersecured and has no equity. The Debtor's personal property is also undersecured and has no equity. After deducting estimated Chapter 11 administrative expenses, as well as anticipated Chapter 7 administrative expenses, it was calculated that unsecured creditors would receive a total of \$0.00 if this case were converted to a Chapter 7 liquidation. A more detailed liquidation analysis is set forth in the Disclosure Statement that accompanies this Plan.

Accordingly, creditors are receiving more by virtue of this Plan, then they would if the Debtor's case was a Chapter 7 proceeding.

(d) *Causes of Action* - shall be used in its broadest sense and shall include all causes of action of the Debtor and all causes of action which a Trustee would have if the proceedings were converted on the confirmation date to a proceeding under Chapter 7 of the Code and a Trustee were appointed. Causes of action shall include all rights or causes of action, whether legal or equitable, whether they arise under the Code or under other federal or state laws or under judicial decisions, whether or not they are the subject of presently pending litigation and whether they arise before or after the confirmation date, as well as rights belonging to the Debtor pursuant to 11 U.S.C. §§ 506, 510, 544, 545, 547, 548, 549 or 550.

(e) *Claim* - shall mean any right to payment against the Debtor or right to an equitable remedy against the Debtor for breach of performance if such breach gives rise to a right to payment, whether or not such right to payment or right to an equitable remedy is reduced to judgment, or whether liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured.

(f) *Petition Date* – shall mean March 16, 2015.

8.02 Effective Date of Plan. The Effective Date of this Plan is the fifteenth (15th) business day following the date of the entry of the order of confirmation. However, if a stay of the confirmation order is in effect on that date, the Effective Date will be the first business day after that date on which no stay of the confirmation order is in effect, provided that the confirmation order has not been vacated.

8.03 Severability. If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

8.04 Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

8.05 Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

8.06 Controlling Effect. Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the State of Florida govern this Plan and any agreements, documents, and instruments executed in connection with this Plan, except as otherwise provided in this Plan.

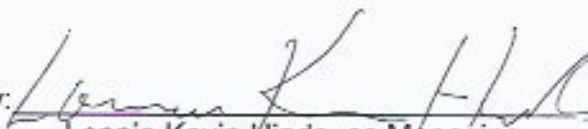
ARTICLE IX **DISCHARGE**

On the confirmation date of this Plan, the Debtor will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor will not be discharged of any debt: (i) imposed by this Plan; (ii) of a kind specified in § 1141(d)(6)(A) if

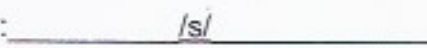
a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure; or (iii) of a kind specified in § 1141(d)(6)(B).

Dated: October 18, 2018

Respectfully submitted,

By: 
Lonnie Kevin Hinds, as Managing
Member of K.M. Villas LLC. (the Plan
Proponent)

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UNITED STATES BANKRUPTCY COURT
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In re: Case No. 15-14807-BKC-RAM
K.M. VILLAS LLC., Chapter 11
Debtor.

MEDIATED STIPULATION FOR SETTLEMENT

K.M. Villas LLC. (the "Debtor") and HSBC Bank USA, N.A., as Trustee for BCAP Trust LLC 2006-AA2, Mortgage Pass-Through Certificates, Series 2006-AA2 ("HSBC Bank") stipulate to the following:

1. HSBC Bank shall be entitled to an allowed secured claim (the "Secured Claim") in the amount of \$1,400,000.00, as to the real property located at 930 - 934 N Harper Ave, West Hollywood, CA 90046 (the "Property"), and an allowed general unsecured claim (the "Unsecured Claim") in the amount of \$715,335.04. HSBC Bank shall not be entitled to any other claim, of any type, in this bankruptcy proceeding, other than as set forth herein. HSBC Bank's "Claim" shall be defined as its Secured Claim plus its Unsecured Claim.

2. HSBC Bank's Secured Claim shall be paid at the rate of 4.25%, over 10 years (120 months), starting on the seventh (7th) day of the month following the entry of a Confirmation Order, and continuing on the seventh (7th) day of the month thereafter, with the payment stream comprised of \$1,100,000.00, with a forty (40) year amortization, with a balloon payment for any and all remaining principal balance of the Secured Claim due at the conclusion of 120 monthly payments.

3. There shall be no prepayment penalty.

4. By entering into this Settlement Stipulation, HSBC Bank agrees to waive any right to an election under 11 U.S.C. § 1111(b).

5. The Debtor shall file a Motion to Approve Settlement, a Renewed Motion to Value and a Second Amended Plan of Reorganization and Second Amended Disclosure Statement within fourteen (14) days from the date of this Settlement Stipulation.

6. The Debtor shall continue to make adequate protection payments from the date of this Settlement Stipulation through the date of the entry of a Confirmation Order. The Debtor shall not receive any credit(s) for any adequate protection payments made during the pendency of this bankruptcy proceeding.

7. The Debtor shall not be obligated to and shall not make any payments to HSBC Bank on account of its Unsecured Claim.

8. Starting on the seventh (7th) day of the month following the entry of a Confirmation Order, and continuing on the seventh (7th) day of the month thereafter, the Debtor shall make post-confirmation escrow payments to HSBC Bank, in an amount sufficient to pay real estate taxes and hazard insurance on the Property. No other escrow (or other) payments shall be required, and there shall be no other additional insurance or escrow requirements.

9. Upon any default and expiration of any applicable cure period(s) under the terms of the Note and Deed of Trust, HSBC Bank shall be entitled to the entire amount of its Claim.

10. Upon Confirmation, HSBC Bank shall send the Debtor monthly statements, indicating the correct amount of the Allowed Secured Claim, in the amount of \$1,400,000.00.

11. As long as the Motion to Value contains these terms, HSBC Bank agrees to same.

12. As long as the Second Amended Plan contains these terms, HSBC Bank agrees to vote to accept such Second Amended Plan.

13. There shall be no additional requirements in the Second Amended Plan other than as set forth herein.

14. Unless otherwise modified by the terms of this Settlement Stipulation and the Second Amended Plan, all of the provisions of the Note and Deed of Trust shall apply.

15. The Property shall remain in name of the Debtor and the Debtor shall be the responsible party for payments under the Plan.

16. This Settlement Stipulation is subject to Bankruptcy Court approval and is contingent upon confirmation of a Chapter 11 Plan containing these terms.

Signed: <u>[Signature]</u> Print Name: <u>Kevin Hinds</u> Title: <u>Managing Member of Debtor</u> Date: <u>10-4-18</u>	Signed: <u>[Signature]</u> T:11P Print Name: <u>Counsel for the Debtor</u> Print Name: <u>Zach Shelomith</u> Title: <u>Zach Shelomith</u> Date: <u>10/4/18</u>
Signed: <u>[Signature]</u> Print Name: <u>Kirk W. Trause</u> Title: <u>Sec. Asst. Sec. of Litigation Support</u> <u>Nationalstar on behalf of HSBC as Trustee</u> Date: <u>10/4/18</u>	Signed: <u>[Signature]</u> Print Name: <u>Andrea Hartley</u> Title: <u>Counsel for HSBC as Trustee</u> Date: <u>10/4/18</u>
Signed: <u>[Signature]</u> Print Name: <u>PAUL L. ORSHAN</u> Title: <u>Mediator</u> Date: <u>10-4-18</u>	

K.M. Villas LLC. - List of General Unsecured Creditors to be Paid Pursuant to Plan				
Class	Claim #	Name of Creditor	Amount of Claim	Proposed Distribution
4	2	HSBC Bank, N.A.	\$715,335.04	\$0.00
4	SCH	Countrywide Home Loans, Inc.	\$239,700.00	\$1,928.94
4	SCH	Atwood Grandberry	\$72,000.00	\$579.40
4	SCH	Infinity East, LLC	\$300,000.00	\$2,414.19
4	SCH	City of West Hollywood	\$6,804.00	\$54.75
4	3	Department of Water and Power, City of Los Angeles	\$2,823.11	\$22.72
Total Undisputed Unsecured Claims			\$1,336,662.15	\$5,000.00
Distribution Percentage			0.8047%	
K.M. Villas LLC. - List of Secured Creditors to be Paid Pursuant to Plan				
Class	Claim #	Name of Creditor	Amount of Claim	Proposed Disposition
1	1	Los Angeles County Tax Collector	\$0.00	Class 1 Secured Creditor - Paid in Full During Pendency of Case (Debtor will Object to Claim)
3	2	HSBC Bank, N.A.	\$1,400,000.00	Class 3 Secured Creditor - First Deed of Trust for 930 - 934 N Harper Ave, West Hollywood, CA 90046
5	SCH	Jonathan Cole	\$3,100.00	Secured creditor treated in Class 8 - Security Interest in Vehicle
N/A	4	Internal Revenue Service	\$0.00	Amended Claim # 4-4 filed in the amount of \$0.00