

1 JEROME S. COHEN (SBN 143727)  
2 3731 Wilshire Blvd., Suite 514  
3 Los Angeles, CA 90010  
4 TEL: (213) 388-8188  
5 FAX: (213) 388-6188  
6 Email: jsc@jscbklaw.com

7 Attorney for Debtor and Debtor in Possession  
8 ORANGE GROVE SERVICE, INC.

9 **UNITED STATES BANKRUPTCY COURT**  
10 **CENTRAL DISTRICT OF CALIFORNIA**  
11 **LOS ANGELES DIVISION**

12  
13 In re: ) Case No. 2:10-bk-21336-EC  
14 ) Chapter 11  
15 ORANGE GROVE SERVICE, INC., ) **SECOND AMENDED DISCLOSURE**  
16 ) **STATEMENT AND PLAN OF**  
17 Debtor. ) **REORGANIZATION FOR ORANGE**  
18 ) **GROVE SERVICE, INC.**  
19 ) **Disclosure Statement Hearing**  
20 ) **Date:** July 6, 2011  
21 ) **Time:** 1:30 p.m.  
22 ) **Ctrm:** 1639  
23 ) 255 E. Temple St.  
24 ) Los Angeles, CA 90012  
25 ) **Plan Confirmation Hearing**  
26 ) **Date:** November 15, 2011  
27 ) **Time:** 3:00 p.m.  
28 ) **Ctrm:** 1639  
29 ) 255 E. Temple St.  
30 ) Los Angeles, CA 90012

**SECOND AMENDED DISCLOSURE STATEMENT AND PLAN OF  
REORGANIZATION FOR ORANGE GROVE SERVICE, INC.**

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1           **I. INTRODUCTION**

2           On March 25, 2010, Orange Grove Service, Inc. ("Debtor" or "Proponent") filed a  
3 bankruptcy petition under Chapter 11 of the Bankruptcy Code ("Code"). The document you are  
4 reading is **both** the Second Amended Plan of Reorganization ("Plan") and the Second Amended  
5 Disclosure Statement<sup>1</sup>. Debtor has proposed the Plan to treat the claims of the Debtor's creditors  
6 and, if applicable, the interests of shareholders or partners and to reorganize the Debtor's  
7 business affairs. A disclosure statement describes the assumptions that underlie the Plan and  
8 how the Plan will be executed. The Bankruptcy Court ("Court") has approved the form of this  
9 document as an adequate disclosure statement, containing enough information to enable parties  
10 affected by the Plan to make an informed judgment about the Plan. The Court has not yet  
11 confirmed the Plan, which means the terms of the Plan are not now binding on anyone.

12           The Proponent has reserved **November 15, 2011 at 3:00 p.m.** in Courtroom 1639 for a  
13 hearing to determine whether the Court will confirm the Plan.

14           Any interested party desiring further information should contact the Debtor's attorney,  
15 Jerome S. Cohen, 3731 Wilshire Blvd., Suite 514, Los Angeles, CA 90010, Telephone (213)  
16 388-8188.

17 //

18 //

19 //

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20 <sup>1</sup> Initially the Debtor's Bankruptcy Case was assigned to the Honorable Alan M. Ahart. Pursuant to Administrative  
21 Order 11-04 dated 4/15/2011, the Debtor's Bankruptcy Case was reassigned from Judge Alan M. Ahart to Judge  
22 Ellen Carroll. This Disclosure Statement and Plan was drafted pursuant to Judge Ahart's mandatory format. Please  
23 note that the format prescribed by Judge Ahart is different from the Chapter 11 Disclosure Statement and Plan  
24 format adopted by the Central District of California.

25 On July 6, 2011, Judge Carroll approved the First Amended Disclosure Statement and First Amended Plan. On  
26 September 27, 2011, Judge Carroll ordered Debtor to file and serve by October 4, 2011, a Second Amended  
27 Disclosure Statement and Second Amended Plan incorporating modifications stipulated between Debtor and the  
28 Class 2 and Class 3 creditors.

1           **II.     GENERAL DISCLAIMER AND VOTING PROCEDURE**

2           PLEASE READ THIS DOCUMENT, INCLUDING THE ATTACHED EXHIBITS,  
3 CAREFULLY. IT EXPLAINS WHO MAY OBJECT TO CONFIRMATION OF THE PLAN.  
4 IT EXPLAINS WHO IS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN. IT  
5 ALSO TELLS ALL CREDITORS WHAT TREATMENT THEY CAN EXPECT TO RECEIVE  
6 UNDER THE PLAN, SHOULD THE PLAN BE CONFIRMED BY THE COURT.  
7 THE SOURCES OF FINANCIAL DATA RELIED UPON IN FORMULATING THIS  
8 DOCUMENT ARE SET FORTH IN THE DECLARATION OF ARTURO FLORES BELOW.  
9 ALL REPRESENTATIONS ARE TRUE TO THE PROPONENT'S BEST KNOWLEDGE.

10           NO REPRESENTATIONS CONCERNING THE DEBTOR THAT ARE  
11 INCONSISTENT WITH ANYTHING CONTAINED HEREIN ARE AUTHORIZED EXCEPT  
12 TO THE EXTENT, IF AT ALL, THAT THE COURT ORDERS OTHERWISE.

13           After carefully reviewing this document and the attached exhibits, please vote on the  
14 enclosed ballot and return it in the enclosed envelope.

15           If, after return of the ballots, it appears that the Proponent has the requisite number of  
16 votes required by the Code, the Proponent will file a motion for an order confirming the Plan (the  
17 “Confirmation Motion”).  
18

19           The Confirmation Motion shall at least be served on all impaired creditors and partners  
20 and shareholders who reject the Plan and on the Office of the United States Trustee. Any  
21 opposition to the Confirmation Motion shall be filed and served on the Proponent no later than  
22 fourteen days prior to the hearing date. Failure to oppose confirmation of the Plan may be  
23 deemed consent to the Plan's confirmation.  
24

25 //

26 //

27 //

1       **III.    WHO MAY OBJECT TO CONFIRMATION OF THE PLAN**

2           Any party in interest may object to confirmation of the Plan, but, as explained below, not  
3 everyone is entitled to vote to accept or reject the Plan.

4  
5       **IV.    WHO MAY VOTE TO ACCEPT OR REJECT THE PLAN**

6           It requires both an allowed and impaired claim or interest in order to vote either to accept  
7 or reject the Plan. A claim is defined by the Code to include a right to payment from the Debtor.  
8 An interest represents an ownership stake in the Debtor.

9  
10          In order to vote, a creditor or interest-holder must first have an allowed claim or interest.  
11 With the exceptions explained below, a claim is allowed if proof of the claim or interest is  
12 properly filed before any bar date and no party in interest has objected, or if the court has entered  
13 an order allowing the claim or interest. Please refer to Section VI below for specific information  
14 regarding bar dates in this case.

15  
16          Under certain circumstances a creditor may have an allowed claim even if a proof of  
17 claim was not filed and the bar date for filing a proof of claim has passed. A claim is deemed  
18 allowed if the claim is listed on the Debtor's schedules and is not scheduled as disputed,  
19 contingent, or unliquidated.

20  
21          Similarly, an interest is deemed allowed if it is shown on the list of equity security  
22 holders filed by the Debtor with the court and is not scheduled as disputed.

23  
24          In order to vote, an allowed claim or interest must also be impaired by the Plan.

25  
26  
27          Impaired creditors include those whose legal, equitable, and contractual rights are altered  
28 by the Plan, even if the alteration is beneficial to the creditor. A contract provision that entitles a

1 creditor to accelerated payment upon default does not, however, necessarily render the claimant  
2 impaired, even if the Debtor defaulted and the Plan does not provide the creditor with accelerated  
3 payment. The creditor is deemed unimpaired so long as the Plan cures the default, reinstates the  
4 maturity of such claim as it existed before default, compensates for any damages incurred as a  
5 result of reasonable reliance upon the acceleration clause, and (except for a default arising from  
6 failure to operate a nonresidential lease subject to 11 U.S.C.A. § 365 (b)(1)(A) (West Supp.  
7 2006) compensates for any actual pecuniary loss incurred as a result of any failure to perform a  
8 non-monetary obligation.  
9

10  
11 Impaired interest-holders include those whose legal, equitable, and contractual rights are  
12 altered by the Plan, even if the alteration is beneficial to the interest-holder.

13 There are also some types of claims that the Code requires be treated a certain way. For  
14 that reason they are considered unimpaired and therefore holders of these claims cannot vote.

15  
16 To summarize, there are two prerequisites to voting: a claim or interest must be both  
17 allowed and impaired under the Plan.

18 If a creditor or interest-holder has an allowed and impaired claim or interest, then he or  
19 she may vote either to accept or reject the Plan (unimpaired claimants or interest-holders are  
20 deemed to have accepted the Plan). Impaired claims or interests are placed in classes and it is  
21 the class that must accept the Plan. Members of unimpaired classes do not vote, although as  
22 stated above, they may object to confirmation of the Plan. Even if all classes do not vote in favor  
23 of the Plan, the Plan may nonetheless be confirmed if the dissenting classes are treated in a  
24 manner prescribed by the Code. Please refer to Section VI below for information regarding  
25 impaired and unimpaired classes in this case.  
26  
27  
28

1 Section X sets forth which claims are in which class. Secured claims are placed in  
2 separate classes from unsecured claims. Fed. R. Bankr. P. 3018(d) provides: "A creditor whose  
3 claim has been allowed in part as a secured claim and in part as an unsecured claim shall be  
4 entitled to accept or reject a plan in both capacities."  
5

6 **V. VOTES NECESSARY TO CONFIRM THE PLAN**  
7

8 The Court may confirm the Plan if at least one non-insider impaired class of claims has  
9 accepted and certain statutory requirements are met as to both non-consenting members within a  
10 consenting class and as to dissenting classes. A class of claims has accepted the Plan when more  
11 than one-half in number and at least two-thirds in amount of the allowed claims actually voting,  
12 vote in favor of the Plan. A class of interests has accepted the Plan when at least two-thirds in  
13 amount of the allowed interests of such class actually voting have accepted it. It is important to  
14 remember that even if the requisite number of votes to confirm the Plan is obtained, the Plan will  
15 not bind the parties unless and until the Court makes an independent determination that  
16 confirmation is appropriate. That is the subject of any upcoming confirmation hearing.  
17  
18

19 **VI. INFORMATION REGARDING VOTING IN THIS CASE**  
20

21 The bar date (deadline) for filing a proof of claim in this case was **August 20, 2010**.

22 The bar date (deadline) for objecting to claims in this case was **September 20, 2010**.

23 In this case, the Proponent believes that **Classes 1-4, 6-7, and 9** are impaired and are  
24 therefore entitled to vote. A party that disputes the Proponent's characterization of its claim or  
25 interest as unimpaired may request a finding of impairment from the Court in order to obtain the  
26 right to vote.  
27  
28

1 By **November 1, 2011** ballots and any objections to confirmation must be received by the  
2 Proponent, addressed to: Jerome S. Cohen, 3731 Wilshire Blvd., Suite 514, Los Angeles, CA  
3 90010.  
4

5 **VII. DESCRIPTION OF DEBTOR'S PAST AND FUTURE BUSINESS AND**  
6 **EVENTS PRECIPITATING BANKRUPTCY FILING**  
7

8 The Debtor is a California corporation formed in 1979, wholly owned by Arturo Flores.  
9 Arturo Flores serves as the Debtor's President and Diana Flores serves as the Secretary. What  
10 follows is a brief description of the Debtor's business and future business plans. For twenty-  
11 seven (27) years, the Debtor owned and operated gas stations. In 2006, Debtor sold its last gas  
12 station(s) and purchased two commercial properties: (1) 308-388 Lemon Ave., Walnut, CA  
13 91789 ("Lemon Creek Center") and (2) 2120-2150 South Fremont Avenue, Alhambra, CA  
14 91803 ("Fremont Center"). Currently, Debtor is in the business of operating Lemon Creek  
15 Center and Fremont Center, which are "strip" shopping centers (collectively, the "Centers"). The  
16 rental income from the commercial tenants provides all of Debtor's income.  
17  
18

19 **A. Lemon Creek Center**

20 In 2006, Debtor purchased Lemon Creek Center from Signal Walnut Partnership, LP  
21 ("SWP") for \$11,800,000.00. Debtor made a 40% down payment of \$4,800,000.00 in cash at  
22 closing, and financed the balance of the purchase price with a promissory note in the amount of  
23 \$7,080,000.00 from the seller of the property, SWP (the "SWP Note"). The SWP Note is an  
24 interest only note with a variable interest rate.  
25

26 //

27 //

28 //



1                   1.       SWP Litigation

2                   In 2009, SWP filed a complaint seeking the appointment of a receiver, in the Superior  
3 Court of Pomona captioned as *Signal Walnut Partnership, LP v. Orange Grove Service, Inc.*  
4 Case No.: KC057439 (the “SWP Litigation”). Pre-petition, the Court declined to appoint a  
5 receiver and pre-petition the Debtor filed a cross complaint against SWP alleging fraud,  
6 intentional interference with contract and prospective business advantage, abuse of the  
7 foreclosure process, breach of fiduciary duty, etc. Subsequently, the Debtor contacted Michael  
8 Brown (“Brown”) to represent Debtor in the SWP Litigation, to amend the cross-complaint  
9 against SWP, and to add certain parties that were involved in the sale of the Lemon Creek Center  
10 such as Phoebe Chen Huang (“Huang”) of Coldwell Banker.  
11

12                   On February 15, 2011, the Bankruptcy Court entered an order approving Brown’s  
13 employment as special litigation counsel (Docket #258). Brown intends to file the amended  
14 cross complaint shortly. Trial is currently set for April 9, 2012.  
15

16                   The misrepresentations, interference, and wrongful foreclosure actions of Joseph Kung  
17 (“Kung”) the principal of SWP, precipitated the Debtor’s bankruptcy filing. After purchasing  
18 the Lemon Creek Center, the Debtor began to discover discrepancies in what Kung had  
19 represented, and unresolved issues in existing tenant leases. Further, though Debtor cured all  
20 defaults outstanding with SWP (with the exception of certain disputed amounts) SWP  
21 commenced and pressed forward a non-judicial foreclosure. At the time of the scheduled sale,  
22 and after Debtor had met with Kung to temporarily restructure the loan payments to SWP, the  
23 Debtor was only one month behind in its loan payments to SWP. Tenants also informed the  
24 Debtor that Kung, the previous owner of the Lemon Creek Center, had informed the tenants not  
25 to pay rents to the Debtor because Kung was going to re-take the Lemon Creek Center. The  
26  
27  
28

1 decrease in tenant income, the withholding of rental income from certain tenants, and the SWP  
2 Litigation caused the Debtor to seek relief under Chapter 11 of the Bankruptcy Code with all of  
3 Chapter 11's additional expenses. SWP disagrees with Debtor's allegations, characterizations,  
4 and conclusions in this Section VII.A.1 of the Second Amended Disclosure Statement and Plan.  
5

6 **2. Current Cash Flow and Fair Market Value**

7 The Lemon Creek Center has twenty-six (26) units or 31,793 square feet of leasable  
8 space and a cell phone tower. Currently, twenty-one (21) units are rented and generate  
9 \$64,112.00 per month in gross rental income. On October 8, 2010, Lunetta Appraisal Company  
10 appraised Lemon Creek and valued Lemon Creek at \$7,500,000.00.  
11

12 **B. Fremont Center**

13 In 2007, Debtor purchased the Fremont Center for the purchase price of \$5,400,000.00.  
14 The Debtor made a down payment of \$1,917,011.37 and paid an additional \$163,500.00 to  
15 Golden Escrow, Inc. for closing costs. The Debtor financed the rest of the purchase price  
16 through a loan from American Continental Bank ("ACB") in the amount of \$3,475,000.00, as  
17 evidenced by a promissory note ("ACB Note") dated November 23, 2007.  
18

19 In 2008, Phoebe Chen Huang ("Huang") lent the Debtor \$250,000.00 in exchange for the  
20 exclusive right to market the Fremont Center and Lemon Creek Center. Huang was the agent  
21 who had sold the Debtor both the Fremont Center and Lemon Creek. The understanding was  
22 that Huang would be paid back from the sale of the Fremont Center. Huang was unable to sell  
23 the Fremont Center, and on October 19, 2009 recorded a deed of trust in the amount of  
24 \$275,000.00 encumbering the Fremont Center (the "Junior Lien").  
25

26 In 2009, the Debtor invested \$250,000.00 in capital improvements to the Fremont Center.  
27  
28

1                   1.       Current Cash Flow and Fair Market Value

2                   The Fremont Center has 14,160 sq. ft. of leasable space divided into nine (9) units.  
3  
4                   Currently, 7,910 sq. ft. in seven (7) units are rented, generating \$23,152.00 per month in gross  
5                   rental income.

6                   The “end cap” of the Fremont Center (2120-2126 Fremont Avenue) is approximately  
7                   6,250 sq. ft. and has been vacant since November 2008. The “end cap” alone constitutes  
8                   approximately 40% of the Fremont Center. On February 23, 2011, in connection with its motion  
9                   for stay relief, ACB submitted an appraisal by Babcock & Macsoud valuing the Fremont Center  
10                  at \$4,000,000.00 as of December 23, 2010.  
11

12                  On the Petition Date, the Debtor was current on its loan obligations to ACB. However,  
13                  due to the vacancy of the “end cap”, ACB asserts that Debtor is in non-monetary default of the  
14                  ACB Note by breaching the ACB Note’s leasing requirements. Originally, Debtor had reserved  
15                  the “end cap” for the tenancy of ACE Hardware. However, Debtor had no unencumbered cash  
16                  to finance the tenant improvements ACE Hardware required as a condition of its tenancy.  
17

18                  Since commencement of the case, the Debtor has divided the “end cap” into three units.  
19                  In March 2011, a national credit tenant with a strong brand name expressed interest in leasing  
20                  1,600 square feet of the “end cap” and on April 28, 2011, this national credit tenant submitted its  
21                  letter of intent to occupy the space. While this national credit tenant has submitted a letter of  
22                  intent to the Debtor, it has requested that the Debtor not disclose its interest until the lease has  
23                  been finalized. This prospective tenant did not sign a lease.  
24

25                  In addition, commencing September 1, 2011, the Debtor anticipated a local florist to  
26                  occupy an additional 960 square feet., leaving only 3,690 square feet of the original “end cap”  
27                  vacant. These tenancies will cure Debtor’s non-monetary breach of the ACB Note and generate  
28

1 additional cash to fund Debtor's Plan. These prospective leases would make productive a sizable  
2 space that Debtor has historically had difficulty leasing. Further, the national credit tenant would  
3 revitalize and increase traffic to the Fremont Center, making the remaining vacant space easier to  
4 lease. Details regarding these new tenants are explained further detail in Section IX below.  
5

6 Since commencing its bankruptcy case, Debtor has retained new bankruptcy counsel,  
7 retained an experienced chapter 11 accountant to sort Debtor's financial affairs, and found  
8 several new tenants to increase the Debtor's cash flow. The Debtor intends to use rental income  
9 collected from the Fremont Center and Lemon Creek Centers to fund the Plan.  
10

11 Further details relating to the Debtor's financial condition and post-confirmation  
12 operation of the Debtor are found in sections IX, XI, XII, XV, and XVI.  
13

#### 14 **VIII. SIGNIFICANT EVENTS DURING THE BANKRUPTCY CASE**

15 The following is a summary of significant events in the Bankruptcy Case.

##### 16 **A. Substitution of Bankruptcy Counsel**

17 On April 22, 2010, the Court entered its order authorizing Debtor's employment of Ori S.  
18 Blumenfeld of Wilson & Associates LLP ("Former Counsel") as general bankruptcy counsel.  
19 On December 30, 2010, Debtor filed a combined Disclosure Statement and Plan. On February 9,  
20 2011, the Court denied approval of Debtor's Disclosure Statement.  
21

22 On February 10, 2011, Debtor substituted Jerome S. Cohen as general bankruptcy  
23 counsel and filed an employment application with the Court. Creditors SWP and ACB filed  
24 limited objections to Cohen's employment, limiting their objections to Cohen's post-petition  
25 retainer. On April 6, 2011, the Court entered an Order approving Cohen's employment as  
26 bankruptcy counsel and approving the post-petition retainer.  
27  
28

**B. Employment of Professionals**

The following professionals have been employed during the pendency of this case:

Name of Professional	Description	Date of Employment Application	Date of Order Granting Application
Ori S. Blumenfeld, Esq.	Former Bankruptcy Counsel	04/07/2010	04/22/2010 <i>(Terminated)</i>
STC Management	Property Manager	05/20/2010	07/01/2010
Paul T. Gough, Esq.	State Court Counsel ( <i>AIMS Litigation</i> )	08/03/2010	08/19/2010
James F. Lunetta and Bradley J. Lunetta	Appraisers	08/03/2010	08/19/2010
Neil Wachsberger	Marketing Broker	10/22/2010	<i>(Terminated 4/2011)</i>
Michael R. Brown, Esq.	Special Litigation Counsel ( <i>SWP Litigation</i> )	01/10/2011	02/15/2011
Jerome S. Cohen, Esq.	Bankruptcy Counsel	02/10/2011	04/19/2011
Hahn Fife & Company, LLP	Chapter 11 Accountants	03/07/2011	04/04/2011

**C. Cash Collateral Stipulations and Orders**

Debtor and creditors SWP and ACB have entered into several Cash Collateral stipulations during the pendency of this case. On January 27, 2011, through Former Counsel, Debtor filed motions for the use of cash collateral of SWP and ACB. The Court has entered orders approving both cash collateral motions. Currently, the Debtor submits monthly cash collateral budgets to ACB and SWP for approval.

**D. Motion For Relief From the Automatic Stay – Vehicles**

1. Class 5 DCFS USA, LLC

On June 1, 2010, the Class 5 secured creditor filed its Motion For Relief From the Automatic Stay with regard to Debtor’s 2005 Mercedes vehicle (“Mercedes”). In August 2010, the Debtor and this creditor entered into a stipulation for adequate protection and plan treatment.

1 On August 11, 2010, the Court entered its order approving the stipulation, lifting the automatic  
2 stay as to the Mercedes.

3 2. Class 6 Ally Financial Inc., fka GMAC, Inc.

4  
5 On June 22, 2010, the Class 6 secured creditor filed its Motion for Relief From the  
6 Automatic Stay with regard to Debtor's 2006 Chevrolet C1500. In July 2010, Debtor and this  
7 creditor entered into a stipulation for adequate protection and plan treatment. On July 22, 2010  
8 the Court entered its order approving the stipulation and lifted the automatic stay as to the  
9 Chevrolet.  
10

11 **E. Motion For Relief From the Automatic Stay -- Real Property**

12 1. Lemon Creek Center

13 On February 23, 2011, SWP filed its motion for relief from the automatic stay. On  
14 March 28, 2011, the Court granted relief from the automatic stay should the Debtor fail to (1) file  
15 an Amended Disclosure Statement and Plan by April 30, 2011<sup>2</sup>; (2) obtain an entry of an order  
16 approving the amended Disclosure Statement by June 17, 2011; and (3) obtain entry of an order  
17 confirming the amended Plan of Reorganization by July 15, 2011.<sup>3</sup>  
18

19 2. Fremont Center

20 On February 23, 2011, ACB filed its motion for relief from the automatic stay. On  
21 March 28, 2011 the Court entered its order denying relief from the automatic stay and set  
22 adequate protection payments in the amount of \$13,864.61.  
23

24 //

25 //

26  
27 <sup>2</sup> On April 12, 2011, the Court entered an order approving a stipulation between Debtor and SWP extending this  
28 deadline to May 6, 2011. *See* Docket #301.

<sup>3</sup> Judge Ahart set this timetable before the Court transferred this case to Judge Carroll, and if Judge Carroll's  
calendar should require delays, the Debtor will seek appropriate adjustments.

1           **F.      Unison Deal**

2           On January 20, 2011, the Debtor filed a motion for an order approving the sale of certain  
3 cell phone tower leases to Unison (the “Unison Deal”). On February 22, 2011, the Court denied  
4 the sale without prejudice.  
5

6           **IX.     CRITICAL PLAN PROVISIONS**

7           Listed below are the sources of money earmarked to pay creditors and interest-holders.  
8  
9           The Debtor will commit all or such portion of earnings from rental income and personal services  
10 after the commencement of the case or other future income of the Debtor as is necessary for the  
11 execution of the Plan. *See* 11 U.S.C. § 1123(a)(8).  
12

13           **A.      Rental Income -- Lemon Creek Center**

14           Currently, the Debtor receives monthly gross income in the amount of \$64,112.00 from  
15 the Lemon Creek Center. The monthly gross income consists of (1) rents and (2) common area  
16 maintenance (“CAM”) charges<sup>4</sup>. Effective July 1, 2011, due to a reduction in CAM charges, the  
17 Debtor will receive a monthly gross income in the amount of **\$62,052.00**.  
18

19           **B.      Rental Income – Fremont Center**

20           Currently, the Debtor receives monthly gross income in the amount of **\$23,152.00** for the  
21 Fremont Center. The monthly gross income consists of (1) rents and (2) CAM charges.  
22

23           **C.      New Leases -- Lemon Creek Center**

24           1. Carmen’s Mexican Restaurant. Beginning November 2011, Debtor expects to  
25 receive **\$3,744.00** per month in additional rental income under this new lease. Attached hereto  
26 as **Exhibit A** is a letter from Vons, a subsidiary of Safeway Inc. (“Vons”) approving the tenancy.  
27

28 <sup>4</sup> Debtor generally receives rent and CAM contribution (a pass-through) in one check. Debtor pays the  
maintenance expenses and shows the payments as expenses. It is important to note that Debtor’s monthly income  
varies slightly due to fluctuations in CAM charges.

1 Vons, an owner of adjoining land and a major occupant of the total retail center, exercises rights  
2 to approve or disapprove Debtor's leases to restaurants.

3 2. Carmen's Takeout Express: Beginning November 2011, Debtor expects to  
4 receive **\$1,872.00** per month in additional rental income under this new lease.

5 3. Hong Kong Express: Beginning September 2011, Debtor expects to receive  
6 **\$2,233.00** per month in additional rental income from this new lease.

7 4. Verizon Wireless: Beginning November 2011, Debtor expects to receive  
8 **\$2,132.00** per month in additional rental income under this new lease.

9 5. U.S. Black Belt: This tenant currently occupies Unit 366 and pays \$3,189.38  
10 in monthly rent. On June 1, 2011, tenant is moving into bigger unit (Unit 352) and has agreed to  
11 pay an additional amount for a total of **\$5,460.00**.

12  
13  
14 **D. New Leases—Fremont Center**

15 1. National Credit Tenant: On April 28, 2011, Debtor received a letter of intent  
16 from a national credit tenant that requested anonymity until lease terms are finalized. The  
17 national credit tenant proposes to lease 1,600 sq ft. (Unit 2120-30) for a ten (10) year term at a  
18 monthly rent of **\$4,800.00** per month. This prospective lease would make productive a sizable  
19 space that Debtor has historically had difficulty leasing. Further this particular national credit  
20 tenant will revitalize and increase traffic to the Fremont Center making the remaining vacant unit  
21 easier to lease. This tenant did not sign a lease.

22 2. Florist: The Debtor is in negotiations with a florist to rent 960 sq. ft. (Unit  
23 2120-26) for **\$1,920.00** per month commencing September 1, 2011.

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1           **E.     2010 CAM Reimbursements**

2           In 2010, Debtor advanced CAM charges payable by adjoining parcel owners (Chevron,  
3 Vons, Blockbuster, Wells Fargo). This month, the Debtor anticipates sending the 2010 CAM  
4 bills to the adjacent parcel owners and receiving, by June 2011, reimbursement of Debtor's 2010  
5 advances for CAM from parcel owners in the total amount of \$45,000.

6           The Debtor will begin billing these parcel owners quarterly for 2011 CAM Reimbursements.

7           **F.     State Court Litigation**

8           1.    AIMS Litigation: On March 2, 2010, the Debtor filed a complaint to recover  
9 unpaid rents, Common Area Maintenance charges, commissions, and damages arising from  
10 defendant Aims Academy's breach of a lease agreement ("AIMS Lawsuit"). The AIMS Lawsuit  
11 is currently pending in Los Angeles Superior Court East District, Pomona as *Orange Grove*  
12 *Service, Inc. v. Cheng, et al*, Case No. KC058118. The trial is currently scheduled for May 23,  
13 2011. In the Aims Lawsuit, the Debtor requests \$104,598 in damages. The Debtor anticipates  
14 prevailing in the AIMS Lawsuit and estimates receiving **\$101,250.00** by November 2011 and has  
15 provided for this amount in Debtor's Cash Flow (*See Exhibit B*).

16           2.    Chiang Litigation: In February 2011, Debtor entered into a stipulated  
17 judgment with a tenant of the Lemon Creek Center, Steve Chiang ("Chiang"). According to the  
18 Stipulated Judgment, in February 2011, Chiang was to pay \$34,500.00. Chiang has made this  
19 payment. Further, commencing April 1, 2011 Chiang was to pay the total sum of \$11,000.00 in  
20 monthly installment payments of \$2,000.00 per month. The Debtor has agreed to allow Chiang  
21 to begin the \$2,000.00 payments in May 2011.

22           In tabular form, the following summarizes the Debtor's sources of money to fund its  
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<b>LEMON CREEK CENTER Current Monthly Rental Income (each tenant's monthly payment includes a reduced contribution to Common Area Maintenance to take effect July 1, 2011):</b>		
356	Fantastic Hair (Pete Urquijo)	\$2,000.00
332-34	Nail Galleria (Phong Van)	\$4,067.00
364	New York Pizza (Joe Babazadeh)	\$6,701.00
360	Lemon Cleaners (Charles Kim)	\$3,481.00
388	Donut Trees (Sandy Chhor)	\$3,682.00
314	Family Medicine (Dr. Iskander)	\$2,880.00
316	Ninja Sushi (Tomoichi Terashima)	\$2,664.00
378	Farmer's Insurance (Frank Argumosa)	\$1,699.00
386	Walnut Shoe Repair (Miguel Rivera)	\$1,727.00
382	Postal Box Plus (Dave Hemangini)	\$1,848.00
366	U.S. Black Belt (Yeon Kyu Han)	\$3,052.00
330	Dentist (Dr. Diep)	\$3,299.00
308 (b)	Ku Insurance (Elien Ku and Ivy Chang)	\$1,485.00
	Recycling Center (Tomra)	\$1,700.00
	Crown Castle (Tower 1)	\$1,541.00
	T-Mobile (Tower 2)	\$1,292.00
	AT&T (Tower 3)	\$1,795.00
380	Hawaiian Barbeque (Hyun Sook Yang)	\$3,068.00
370	Stress Buster (Claudia Lara)	\$1,500.00
372-74	Bangkok BBQ (Sriutai Chada)	\$3,258.00
376	Boba Café (Kittitod)	\$1,233.00
336-346	Aims Academy (Steve Chiang)	\$8,080.00
310	Vacant (new tenant moving in)	
312	Vacant (new tenant moving in)	
318	Vacant (new tenant moving in)	
352	Vacant (new tenant moving in)	
358	Vacant (new tenant moving in)	
<b>Total Current Monthly Rental Income</b>		<b>\$62,052.00</b>
<b>NEW LEASES-- Lemon Creek Center</b>		
318	Hong Kong Express	\$2,233.00
310	Carmen's Mexican Restaurant	\$3,744.00
312	Carmen's Express Takeout	\$1,872.00
352	US Black Belt *** Tenant currently occupies Unit 366. On June 1, 2011, tenant is moving into a larger unit (Unit 352) and will pay a monthly rent of \$5,460.00. Only the rent increment is reflected here.	\$2,408.00
358	Verizon	\$2,132.00
<b>Total New Leases</b>		<b>\$12,389.00</b>
<b>Total Lemon Creek Center Current Plus Projected Monthly Income</b>		<b>\$74,441.00</b>

<b>FREMONT CENTER Current Monthly Rental Income (each tenant's monthly payment includes its monthly contribution for Common Area Maintenance):</b>		
	Pacific Bell	\$1,957.00
	Kinh Ngo	\$2,500.00
	Dr. Morse	\$2,700.00
	David Ma	\$2,100.00
	7-Eleven	\$8,900.00
	Paul Baskaran	\$3,037.00
	Subway	\$1,958.00
	<i>Vacancy (3690 sq. ft.)</i>	
<b>Total Current Monthly Rental Income</b>		<b>\$23,152.00</b>
<b>NEW LEASES-- Fremont Center</b>		
<b>2120-30</b>	A National Credit Tenant (1,600 sq. ft.)	\$4,800.00
<b>2120-26</b>	Flower Shop (960 sq. ft.)	\$1,920.00
<b>Total New Leases</b>		<b>\$6,720.00</b>
<b>Total Fremont Center Current Plus Projected Monthly Income</b>		<b>\$29,872.00</b>

**TOTAL CURRENT PLUS PROJECTED MONTHLY INCOME FOR BOTH CENTERS:**  
**\$104,313.00**

<b>STATE COURT LITIGATION</b>	
AIMS Litigation	\$101,250.00
Chiang Settlement	\$2,000.00
SWP Litigation	unknown
2010 CAM Reimbursement	\$45,000.00
<b>Total Litigation</b>	<b>\$92,000.00</b>

**X. DESCRIPTION AND TREATMENT OF CLAIMS**

**A. Overview of Plan Payments**

Below is a summary of who gets paid what and when and from what source. The identity of members within a particular class is explained beginning on the next page. The second column lists the amount of each payment, or if only one is to be made, then that amount. The Proponent is usually not required by law to pay an unsecured creditor or interest holder everything it would otherwise be entitled to, had a bankruptcy case not commenced. The

"Payment Due Date" column states the frequency with which payments will be made and the starting and ending dates. Look at the starting date to figure out who will be paid before and after you and in what amount. The "Source of Payment" column describes the expected source of payment. Further details regarding the source of payment are found in Section XI.

The timing of payments to many creditors is determined by the "Effective Date." Administrative claims, unless otherwise stated, must be paid by the Effective Date. The timing of payments to impaired creditors is measured from the Effective Date. **The Plan anticipates an Effective Date of December 1, 2011.**

<b><u>Payment Recipient</u></b>	<b><u>Plan Payment</u></b>	<b><u>Payment Due Date</u></b>
<b>Jerome S. Cohen</b> Bankruptcy Counsel	\$30,000.00 estimated outstanding balance <sup>5</sup>  Monthly Payment: \$2,500.00	Begin Date: Effective Date  End Date: 12 Months after the Effective Date
<b>Hahn &amp; Fife</b> Chapter 11 Accountant	\$35,000.00 (estimated)  Monthly Payment: \$2,917.00	Begin Date: Effective Date  End Date: 12 Months after the Effective Date
<b>U.S. Trustee Quarterly Fees</b>	Monthly Payment: \$1,950.00 per Quarter	Every Quarter
<b>Clerk's Office Fees</b>	\$1,000.00 (estimated)	Effective Date
<b>Los Angeles County Treasurer &amp; Tax Collector</b>	Monthly Payment: \$978.04	Begin Date: April 25, 2011 End Date: March 25, 2015
<b><u>Class 1 – Secured claim of Los Angeles County Treasurer &amp; Tax Collector</u></b>	Monthly Payment: \$4,865.92	Begin Date: April 25, 2011  End Date: March 25, 2015

<sup>5</sup> Upon retaining Jerome S. Cohen as counsel, and from time thereafter, Debtor has deposited money with Cohen. At May 6, 2011, Cohen is holding in trust, for payment of fees for services and reimbursement of costs advanced the sum of \$67,044.00. Cohen has issued monthly invoices to the Debtor which should detail a balance due at March 31, 2011 of \$63,079.25. Cohen intends to file applications for orders approving fee requests and, if the Court approves, to draw down funds in trust to pay allowed fees and costs. Debtor estimates that after continued deposits and Cohen invoices, the estimated unpaid fees and costs at Effective Date will equal \$30,000.00 and it is this unpaid balance that Cohen has agreed to receive in deferred payments over 12 months.

<p>1 <b><u>Class 2 – Secured claim of Signal Walnut Partnership, LP</u></b></p>	<p><b>Debt Service:</b> \$35,400.00 monthly for 60 months</p> <p>Balloon Payment in 60 months</p> <p><b>Arrears:</b> \$30,000.00 on Effective Date \$6,500.00 monthly for 60 months</p>	<p>Begin Date: Effective Date</p> <p>End Date: 60 months from the Effective Date</p>
<p>2 3 4 5 <b><u>Class 3 – Secured claim of American Continental Bank</u></b></p>	<p><b>Debt Service:</b> For four (4) months beginning September 1, 2011, Debtor will make interest-only payments estimated at \$9,950.00 each to ACB. Beginning January 1, 2012, Debtor will make estimated principal and interest payments of \$16,932.00, each based on a 25 year amortization, these payments shall continue until the maturity date. This amount is subject to change depending on the interest rate.</p> <p>Balloon Payment on maturity date (November 26, 2014)</p> <p><b>Arrears:</b> \$30,000.00 on Effective Date Remaining balance (estimated at \$10,000.00) in monthly installment payments of \$833.33 for 12 months.</p>	<p>Begin Date: September 1, 2011</p> <p>End Date: Maturity date (November 26, 2014)</p>
<p>6 7 8 9 10 11 12 13 <b><u>Class 4 – Secured claim of Nelson Huang and Phoebe Chen Huang</u></b></p>	<p>Monthly Payment: \$0.00</p>	
<p>14 15 16 17 <b><u>Class 5 – Secured claim of DCFS USA, LLC</u></b></p>	<p>Monthly Payment: \$0.00</p>	<p>Begin Date: Effective Date</p> <p>End Date: 48 months from Effective Date</p>
<p>18 19 20 21 <b><u>Class 6 – Secured claim of GMAC, Inc.</u></b></p>	<p>Monthly Payment: \$507.78</p>	<p>Begin Date: Effective Date</p> <p>End Date: 5 months from Effective Date</p>
<p>22 23 <b><u>Class 7—Secured claim of GMAC, Inc.</u></b></p>	<p>Monthly Payment: \$500.00</p>	<p>Begin Date: August 3, 2010</p> <p>End Date: September 3, 2012</p>
<p>24 25 <b>Class 8 Non-Priority Unsecured Claims—Non Insiders</b></p>	<p>Monthly Payment: \$0.00</p>	
<p>26 27 <b>Class 9 Non-Priority Unsecured Claims—Insiders</b></p>	<p>Monthly Payment: \$366.66</p>	<p>Begin Date: Effective Date</p> <p>End Date: 60 months from the Effective Date</p>

28 Below is a detailed description and treatment of administrative expenses, claims and interests

**B. Administrative Expenses**

Administrative expenses are claims for costs or expenses of administering the Debtor’s Chapter 11 case which are allowed under Code section 507(a)(2). These include the “actual, necessary costs and expenses of preserving the estate” as determined by the Court after notice to creditors of a request for payment and after a hearing thereon. The Code requires that each allowed administrative claim be paid in cash, in full, on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists all of the Debtor’s § 507(a)(2) administrative claims and their treatment under the Plan:

<u>Name</u>	<u>Amount Owed</u>	<u>Treatment</u>
Jerome S. Cohen, Esq. Bankruptcy Counsel	\$30,000.00 (est.)	This claimant is entitled to payment in full from cash on hand on the Plan’s Effective Date but has agreed to accept monthly payments of <b>\$2,500.00</b> for 12 months starting on the Effective Date.
Hahn &Fife Chapter 11 Accountant	\$35,000.00 (est.)	This claimant is entitled to payment in full from cash on hand on the Plan’s Effective Date but has agreed to accept monthly payments of <b>\$2,917.00</b> for 12 months starting on the Effective Date.
Paul T. Gough, Esq. Counsel for AIMS Litigation	\$13,000.00 (est.)	Paid in full on Effective Date
Los Angeles County Treasurer & Tax Collector (Claim for real property taxes accruing post-petition POC #10)	\$43,316.36 Per Stipulation, Docket # 298	This claimant is entitled to payment in full from cash on hand on the Effective Date, but claimant has stipulated to Plan treatment as follows:  Beginning April 25, 2011, the claim shall be amortized over forty-eight (48) months at the interest rate of 4% per annum, resulting in monthly payments of \$978.04.
Clerk’s Office Fees	\$1,000.00 (est.)	Paid in full on Effective Date
Office of the U.S. Trustee Fees	\$1,950.00	Paid in full on Effective Date
<b>TOTAL: \$124,266.36 (\$22,345.04 to be paid at Effective Date)</b>		

1           **C.     Priority Unsecured Tax Claims**

2           Priority tax claims are certain unsecured income, employment and other taxes described  
3 by Code Section 507(a)(8).

4           The Code requires that the holders of such claims receive regular installment payments in  
5 cash over a period ending not later than five years after the date of the order for relief, unless  
6 agreed otherwise. The claimant has not agreed otherwise. The total cash payments must have a  
7 present value equal to the amount of the allowed claim. The treatment of this claim is in a  
8 manner not less favorable than the most favored nonpriority unsecured claim provided in this  
9 Plan (other than any cash payments to an administratively convenient class).

10           The Debtor has no priority tax claims under Section 507(a)(8).

11           **D.     Secured Claims**

12           Secured claims are those claims secured by liens on property of the estate.

13           The following charts list all classes containing Debtor's secured pre-petition claims and  
14 their respective treatments under this Plan:  
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<u>CLASS#</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
1	<p><b>Secured claim of:</b> L.A. County Treasurer and Tax Collector</p> <p><b>Collateral description:</b> Lemon Creek Center Fremont Center</p> <p><b>Collateral value:</b> \$11,500,000.00</p> <p><b><u>Total Claim for 2008-2009 unpaid real property taxes:</u></b>  <b>\$215,505.76</b></p> <p>(Per Proof of Claim #8 and Stipulation, Docket # 297)</p>	N	Y  Creditor in this class is impaired and entitled to vote on the Plan	<p><b>Payment amt/interval:</b> \$4,865.92 monthly</p> <p><b>Begin date:</b> April 25, 2011</p> <p><b>End date:</b> March 25, 2015</p> <p><b>Interest rate:</b> 4%</p> <p><b>Total Payout: \$233,564.16</b></p> <p>L.A. County's claim for <u>pre-petition</u> property taxes will receive this treatment.</p> <p>L.A. County's claim for <u>post-petition</u> property taxes will receive different treatment. This claim (quantified in Proof of Claim #10) seeks \$12,752.83 for the Fremont Center and \$30,563.53 for the Lemon Creek Center. Debtor's stipulation with L.A. County (Document #298 on the Court's docket) resolved this claim. To satisfy the Alhambra component of this claim, Debtor has made, and will continue to make, monthly payments under the stipulation. To satisfy the Walnut component of this claim, Debtor has made, and will continue to make, monthly payments under the stipulation, and will make a lump sum payment at the Effective Date to remove the tax entirely as a lien on the Lemon Creek Center. Debtor estimates that the lump sum required if the Effective Date is December 1, 2011, will be approximately \$25,000.00. Debtor is prepared for this Effective Date lump sum payment on the basis of collections from tenants for this purpose.</p>
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<u>CLASS</u> <u>#</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> (Y/N)	<u>IMPAIR</u> <u>ED</u> (Y/N)	<u>TREATMENT</u>
2	<p><b>Secured claim of:</b> Signal Walnut Partnership, LP ("SWP")</p> <p><b>Collateral description:</b> Lemon Creek Center</p> <p><b>Collateral value:</b> \$7,500,000.00</p> <p><b>Priority of security interest:</b> 1<sup>st</sup></p> <p><b><u>Original Principal Balance:</u></b> <b>\$7,080,000.00</b></p> <p><b><u>Pre-petition Arrearage Amt:</u></b> Late Charges: \$12,095.00 Attorney Fees: \$31,966.64 Foreclosure Fees: \$16,245.64 Consulting Fees: \$39,755.00 Advances: \$1,537.22 Accrued Interest: \$90,318.33</p> <p><b><u>Post-petition Arrearage Amt:</u></b> Attorney Fees: \$210,238.93 Accrued Interest through Aug. 1, 2011: \$566,817.43</p> <p><b><u>LESS Adequate Protection Payments through Aug. 2011:</u></b> \$493,364.24</p> <p><b>Total Amount of Pre and Post Petition Arrears:</b> \$475,609.95</p> <p><b><u>Total Amount of Claim:</u></b> \$7,555,609.95</p> <p><b><u>Total Amount of Allowed Secured Claim:</u></b> <b>\$7,500,000.00</b></p> <p>The claim is capped at the value of the collateral (\$7,500,000.00) because the claim of an oversecured creditor is entitled to postpetition interest on its claim only to the extent the interest, when added to the principal amount of the claim, does not exceed the value of the collateral securing the claim.</p> <p><b>Unsecured Portion of Claim:</b> None</p>	N	Y  Creditor in this class is impaired and entitled to vote on the Plan	<p>Prior to the Effective Date, the Reorganized Debtor shall execute and deliver to SWP the Allonge to Note (a copy of which is attached hereto as <b>Exhibit NN</b>), amending the existing note (the existing note, as amended by the Allonge to Note is referred to herein as the "New Note"):</p> <p><b>Payment Amount:</b> \$35,400.00 per month (original monthly payment)</p> <p><b>Principal Balance:</b> \$7,080,000.00</p> <p><b>Begin Date:</b> Effective Date</p> <p><b>End Date:</b> The New Note shall mature and all unpaid principal and accrued but unpaid interest shall be fully due and payable on the sixtieth (60th) month following the Effective Date (the "New Maturity Date").</p> <p><b>Interest Rate:</b> 6% per annum as set forth in the Original Note but on and after January 1, 2014 7% per annum.</p> <p style="text-align: center;"><b><u>ARREARS</u></b></p> <p><b>Total Amount of Pre and Post Petition Arrears:</b> \$420,000.00 (Amount capped to fair market value of collateral)</p> <p><b>Payment Amount:</b> \$36,500.00 on the Effective Date and \$6,500.00 monthly thereafter</p> <p><b>Begin Date:</b> Effective Date</p> <p><b>End Date:</b> 60 months after Effective Date</p> <p><b>Treatment of Lien:</b> Claimant shall retain its first priority lien and accrue interest pending payment of its claim in full. Prior to the Effective Date, the Reorganized Debtor shall execute and deliver to SWP the Amendment to Deed of Trust (a copy of which is attached hereto as <b>Exhibit MM</b>), amending the existing deed of trust (collectively, hereinafter referred to as the "Deed of Trust").</p> <p>Debtor further agrees to items (i) – (v) below, each of which is hereby incorporated by reference into the New Note:</p> <ol style="list-style-type: none"> <li>(1) The Reorganized Debtor shall provide SWP with a quarterly balance sheet;</li> <li>(2) The Reorganized Debtor shall provide SWP with a quarterly rent roll, including lease expiration information, rent, CAM, and payment status information for each</li> </ol>

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- tenant, within twenty-five (25) days after the expiration of each respective quarter;
- (3) The Reorganized Debtor shall provide SWP with month-to-date and year-to-date operating statements within twenty-five (25) days after the end of each respective month;
  - (4) The Reorganized Debtor shall provide SWP with tax returns and/or extensions within forty-five (45) days of filing; and
  - (5) Except as set forth in this Second Amended Plan with respect to post-petition taxes, the Reorganized Debtor shall remain current with Los Angeles County on the property tax agreements set forth in the two Stipulations for Treatment of Claim of the Los Angeles County Treasurer and Tax Collector [Docket #297 and Docket #298]

Upon entry of an order approving this Second Amended Plan, the automatic stay is immediately terminated and vacated as to SWP, its assignees and/or successors in interest, such that SWP may enforce its rights under the New Note and the Deed of Trust and applicable state law without having to obtain further court order granting relief from the automatic stay, and said relief is binding and effective despite any conversion of this bankruptcy case to a case under any other chapter of the Bankruptcy Code and in any future bankruptcy cases filed by or against the Reorganized Debtor, its assignees, successors in interest, or transferees of any portion of the Lemon Creek Center.

Upon entry of an order approving this Second Amended Plan, the provisions hereof shall be immediately binding upon and inure to the benefit of SWP, the Reorganized Debtor and their respective successors and assigns, including any trustee or other fiduciary hereafter appointed in this Chapter 11 case or in any superseding Chapter 7 case as a legal representative of Debtor or Debtor's estate.

**Total Plan Payment:**

**Effective Date: \$71,900.00** (\$35,400 + \$36,500) then  
**\$41,900.00** monthly thereafter (\$35,400.00 + \$6,500.00) through December 31, 2013; but on and after January 1, 2014, **\$47,800.00** (\$41,300.00 + \$6,500.00)

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<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
3	<p><b>Secured claim of:</b> American Continental Bank</p> <p><b>Collateral description:</b> Fremont Center</p> <p><b>Collateral value:</b> \$4,000,000.00 (per ACB's appraisal filed with the Court as Docket # 266)</p> <p><b>Priority of security interest:</b> 1st</p> <p><u>Principal Balance as of April 15, 2010 per POC #2:</u> \$3,387,637.83</p> <p><u>Post-petition accrued interest:</u> ACB's stay relief motion filed on February 23, 2011 asserts \$13,480.72 in post-petition accrued interest. Debtor disputes this calculation and believes there is \$0.00 in owed in post-petition accrued interest.</p> <p>Further, as of April 14, 2011, Debtor has made \$134,750.61 in adequate protection payments to ACB and calculates the total unpaid principal balance in the amount of <b><u>\$3,366,358.41</u></b></p> <p><u>Attorney Fees and Costs</u> \$32,202.61 (estimated per Stay Relief Motion, Docket #266 )</p> <p><b><u>Total Amount of Allowed Secured Claim:</u></b> <b><u>\$3,398,561.02</u></b></p> <p><b>Unsecured Portion of Claim:</b> None</p>	N	Y  Creditor in this class is impaired and entitled to vote on the Plan	<p>Prior to the Effective Date the Reorganized Debtor shall deliver to ACB a new note (the "New Note") pursuant to the terms and conditions generally described herein.</p> <p><b>Principal Balance:</b> \$3,364,629.58</p> <p><b>Payment Amount:</b> For four (4) months beginning September 1, 2011, Debtor will make interest-only payments estimated at \$9,950.00 each to ACB. Beginning January 1, 2012, Debtor will make estimated principal and interest payments of \$16,932.00, each based on a 25 year amortization, these payments shall continue until the maturity date. This amount is subject to change depending on the interest rate.</p> <p><b>Begin Date:</b> September 1, 2011</p> <p><b>End Date:</b> The maturity date of the Note shall remain November 26, 2014, at which time all unpaid principal and accrued but unpaid interest shall be fully due and payable.</p> <p><b>Interest Rate:</b> Interest shall accrue in accordance with the terms of the New Note. The interest rate is based on the Prime Rate as published in the Wall Street Journal (currently 3.25%), plus 0.250 percentage points, resulting in an initial interest rate on the Effective Date of 3.5%.</p> <p><b>Treatment of Lien:</b> Claimant shall retain its lien and accrue interest pending payment of its claim in full. The treatment of the Class 3 allowed claim as described in the Plan shall be in full settlement and satisfaction of the entire claim including all arrears.</p> <p>Debtor and ACB will modify the terms of their Note as set forth above and herein ("Loan Modification"), and:</p> <ol style="list-style-type: none"> <li>ACB shall continue to hold first priority liens and security interests in the Fremont Center, and all proceeds, products, and rents generated by the Fremont Center (the "Cash Collateral" and together with the Fremont Center, the "Collateral");</li> <li>Payments to ACB shall be made payable to: American Continental Bank, 17700 Castleton Street, Suite 100, City of Industry, CA 91748.</li> </ol> <p>The terms of the Loan Modification will be embodied in a new set of loan documents, comprising: (1) Business Loan Agreement; (2) Notice of Final Agreement; (3) Disbursement Request and Authorization; (4) Corporate Resolution to Borrow / Grant Collateral; (5) Promissory Note; (6) Agreement</p>

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to Provide Insurance; (7) Hazard Insurance Disclosure; (8) Notice of Insurance Requirements; (9) Commercial Guaranty (Diana Flores); and (10) Commercial Guaranty (Arturo Flores). These new loan documents shall be fully executed and delivered to ACB prior to the Effective Date.

Debtor and ACB further agree that the Loan Modification is subject to the following conditions (“Loan Conditions”):

1. Debtor shall provide ACB with a quarterly balance sheet;
2. Debtor shall provide ACB with a quarterly rent roll, including lease expiration information, rent, CAM, and payment status information for each tenant, within twenty-five (25) days after the expiration of each respective quarter;
3. Debtor shall provide ACB with month-to-date and year-to-date operating statements within twenty-five (25) days after the end of each respective month;
4. Debtor shall provide ACB with tax returns and/or extensions within 45 days of filing;
5. Debtor shall maintain a 1.0:1 Debt Service Coverage Ratio (“DSC”) through December 2012. DSC will be calculated on the following dates: 1) December 31, 2011; 2) June 30, 2012; and 3) December 31, 2012;
6. Debtor shall maintain a 1.1:1 DSC beginning January 2013, continuing through the maturity date taking calculations as of: 1) June 30, 2013; 2) December 31, 2013; and 3) June 30, 2014;
7. Debtor shall remain current with Los Angeles County on the property tax agreements set forth in the two Stipulations for Treatment of Claim of the Los Angeles County Treasurer and Tax Collector [Docket #297 and Docket #298]
8. Arturo Flores and Diana Flores (collectively “Guarantors”), guarantors of the Note, shall provide ACB with an annual financial statement;
9. Guarantors shall provide ACB with a copy of their federal tax returns and/or extensions within 45 days of filing;
10. Debtor shall maintain a loan to value ratio of 85% and shall not encumber the remainder. Value to be determined by a new appraisal to be provided in conjunction with this agreement;
11. ACB shall order, and Debtor shall pay for, a new appraisal of the Fremont Center that yields a loan to value ratio of no greater than 85%

Given the amount of ACB’s claim and in order to comply with Loan Condition 10, Debtor shall not maintain any payments on any junior lien on the Fremont Center, prior to the maturity date of ACB’s

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loan on November 26, 2014.

The Debtor's unmodified Chapter 11 Plan provides for payment of the junior lien of Phoebe Chen Huang ("Huang Lien") as Class 4. No claim has been filed regarding the Huang Lien. The bar date for filing a proof of claim was August 20, 2010. Debtor is not authorized to pay the Huang Lien using ACB's Cash Collateral and shall not make any payments on the Huang Lien obligation prior to the November 26, 2014 maturity date of ACB's loan.

Except as otherwise set forth herein or in the Stipulation re: Modification of Chapter 11 Plan ("Stipulation"), ACB and Debtor reserve all rights that each may have with respect to the Collateral in this Chapter 11 proceeding. ACB expressly reserves all right to seek, and Debtor expressly reserves all rights to object to, relief from or modification of the automatic stay, appointment of a trustee, dismissal or conversion of the case, or any other remedies that it may have.

The provisions of this Second Amended Plan and the Stipulation and any actions taken pursuant thereto shall survive entry of any order converting the Chapter 11 case to Chapter 7 or an order dismissing the Chapter 11 case, and ACB's claims, liens to the extent of allowed claims and security interests granted and payments made pursuant to this Second Amended Plan, the Stipulation, and the loan documents shall continue in full force and effect and shall not be disgorged to or recaptured by the bankruptcy estate or the Debtor notwithstanding the entry of any such order.

Upon entry of an order approving this Second Amended Plan, the automatic stay is immediately terminated and vacated as to ACB, its assignees and/or successors in interest, such that ACB may enforce its rights under the loan documents and applicable state law without having to obtain a further court order granting relief from the automatic stay, and said relief is binding and effective despite any conversion of this bankruptcy case to a case under any other chapter of the Bankruptcy Code and in any future bankruptcy cases filed by or against the Debtor, its assignees, successors in interest, or transferees of any portion of the Fremont Center.

Upon entry of an order approving this Second Amended Plan, the provisions hereof shall be immediately binding upon and inure to the benefit of ACB, Debtor and their respective successors and assigns, including any trustee or other fiduciary hereafter appointed in the Chapter 11 Case or in any superseding Chapter 7 case as a legal representative of Debtor or Debtor's estate.

The Bankruptcy Court shall retain exclusive jurisdiction over the subject matter of this Second Amended Plan in order to resolve any dispute in connection with the rights and duties specified hereunder.

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			<p>Except as otherwise expressly provided in this Second Amended Plan or the Stipulation, the terms and conditions of the loan documents shall remain in full force and effect and ACB shall have all of its rights and remedies thereunder, subject to the provisions of Bankruptcy Code and any orders of this Court.</p> <p style="text-align: center;"><b><u>ARREARS</u></b></p> <p><u>Attorney Fees and Cost</u>: \$32,202.61 (per ACB's Stay Relief Motion, Docket #266 )</p> <p>On the Effective Date the Reorganized Debtor shall deliver to ACB a lump sum of <b>\$30,000.00</b> as payment toward post-petition legal fees and costs.</p> <p>The remaining balance, if any, shall be paid in monthly installment payments for twelve (12) months until such sums are paid in full. The Debtor estimates a remaining balance of \$10,000.00. If so, the Plan will disburse monthly payments of \$833.33 for 12 months.</p> <p><b>Total Plan Payment:</b> <b>Effective Date:</b> \$40,783.33 (\$9,950.00+\$30,833.33) then <b>Payment Amount (described above)</b> plus \$833.33 for 11 months then Payment Amount (described above).</p>
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<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDERS (Y/N)</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
4	<p><b>Secured claim of:</b> Nelson L. Huang and Phoebe Chen Huang (“Huangs”)</p> <p><b>Collateral description:</b> Fremont Center</p> <p><b>Collateral value:</b> \$4,000,000 (per ACB’s appraisal filed with the Court as Docket # 266)</p> <p><b>Priority of security interest:</b> 2<sup>nd</sup></p> <p><b>Principal Balance:</b> <b>\$275,000.00</b></p> <p><b>Secured Portion of Claim:</b> \$275,000.00</p>	N	Y	<p>Currently, there is pending litigation in the Superior Court of Pomona between the Debtor and SWP captioned as: Signal Walnut Partnership, LP v. Orange Grove Service, Inc. Case No.: KC057439 (the “SWP Litigation”)</p> <p>The Bankruptcy Court authorized the Debtor to hire Michael Brown to defend Debtor against the SWP Litigation and to file an amended cross-complaint against the Huangs and others involved in the sale of the Fremont Center and Lemon Creek Center. On February 15, 2011, the Court entered an order approving Michael Brown’s employment as special litigation counsel (Docket #258).</p> <p>Trial is currently set for April 9, 2012.</p> <p>The Debtor’s Plan proposes to pay the Class 4 claim \$0 prior to November 26, 2014. The Debtor will offset any recovery from the SWP Litigation against the Class 4 claim.</p> <p><b>Payment amt/interval:</b> \$0.00</p> <p><b>Begin date:</b> N/A</p> <p><b>End date:</b> N/A</p> <p><b>Interest Rate:</b> N/A</p> <p><b>Total Payout:</b> N/A</p>

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<u>CLASS</u> #	<u>DESCRIPTION</u>	<u>INSIDERS</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
5	<p><b>Secured claim of:</b> DCFS USA, LLC</p> <p><b>Collateral description:</b> 2005 Mercedes Benz S55AMG</p> <p><b>Collateral value:</b> \$31,600.00 (per DCFS stay relief motion, Docket #95)</p> <p><b>Priority of security interest:</b> 1<sup>st</sup></p> <p><b>Amount of Claim:</b> \$40,691.00 (per Stipulated Order, Docket #150)</p> <p><b>Secured Portion of Claim:</b> \$31,600.00</p> <p><b>Unsecured Portion of Claim:</b> \$9,091.00</p>	N	N	<p><b><i>Principal and Interest</i></b></p> <p><b>Payment amt/interval:</b> \$0.00</p> <p><b>Begin date:</b> Effective Date</p> <p><b>End date:</b> 48 months from Effective Date</p> <p><b>Interest rate:</b> N/A</p> <p><b>Total Payout:</b> \$ 0.00</p> <p><b>Treatment of Lien:</b> Debtor satisfies the lien by surrendering the collateral</p> <p>The treatment of the Class 5 allowed claim described in the Plan shall be in full settlement and satisfaction of the entire claim including all arrears.</p>

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<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDERS (Y/N)</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
7	<p><b>Secured claim of:</b> Ally Financial Inc., fka GMAC, Inc.</p> <p><b>Collateral description:</b> 2006 Chevrolet C1500</p> <p><b>Collateral value:</b> \$10,300.00 (per kbb.com)</p> <p><b>Priority of security interest:</b>1<sup>st</sup></p> <p><b>Amount of Claim:</b> \$7,423.00 as of April 2011</p> <p><b>Secured Portion of Claim:</b> \$7,423.00</p> <p><b>Unsecured Portion of Claim:</b> None</p>	N	Y  Creditor in this class is impaired and entitled to vote on the Plan	<p><b><u>Plan Treatment Pursuant to Stipulated Order Entered 7/22/2010, Docket # 141</u></b></p> <p><b>Payment amt/interval:</b> \$500.00 per month until total balance of claim is paid in full.</p> <p><b>Begin date:</b> August 3, 2010</p> <p><b>End date:</b> September 3, 2012</p> <p><b>Total Payout:</b> \$13,025.00</p> <p><b>Treatment of Lien:</b> Claimant shall continue to retain its lien and accrue interest pending payment of its claim in full</p> <p>The treatment of the Class 7 allowed claim described in the Plan shall be in full settlement and satisfaction of the entire claim including all arrears.</p>

The Debtor does not seek to bifurcate the claim of the creditor in Class 7, but will pay this claim in full. Thus, the election under 11 U.S.C. §1111(b) is not available for Class 7.

**E. Classes of Priority Unsecured Claims**

Certain priority claims that are referred to in Code Sections 507(a)(3), (4), (5), (6), and (7) are required to be placed in classes. These types of claims are entitled to priority treatment as follows: the Code requires that each holder of such a claim receive cash on the Effective Date equal to the allowed amount of such claim. However, a class of priority unsecured claim holders may vote to accept deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such claims.

The Debtor does not have any claims that would qualify as Sections 507(a)(3), (a)(4), (a)(5), (a)(6), and (a)(7) priority unsecured claims under the Plan.

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**F. Class of General Unsecured Claims**

General unsecured claims are unsecured claims not entitled to priority under Code Section 507(a). The following chart identifies this Plan’s treatment of the class containing Debtor’s general unsecured claims.

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDERS (Y/N)</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
8	All General Non-Priority Unsecured Claims— <b>Non-Insiders</b>  Hamid Habib Agahi \$100,000.00 Manijeh Habib Agahi \$100,000.00 Hossein Hedjazi \$150,000.00 Paul Gough, Esq. \$1,677.00 <b>Total Amount of Claims: \$351,677.00</b>	N	N	This Second Amended Plan recognizes that the Class 8 creditors have claims, if any, only against Arturo and Diana Flores individually, and no claim against the Debtor. Accordingly, this Second Amended Plan amends the First Amended Plan to provide no distribution to any creditor in Class 8.

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDERS (Y/N)</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
9	All General Non-Priority Unsecured Claims-- - <b>Insiders</b>  Nelly Rabadi (Art Flores’ Sister in law) <b>Total Amount of Claim:</b> \$22,000.00	Y	Y Creditor in this class is impaired and entitled to vote on the Plan	<b>Payment amt/interval:</b> \$366.67  <b>Begin date:</b> Effective Date  <b>End date:</b> 60 months from Effective Date  <b>Interest rate:</b> 0%  <b>Total Payout:</b> \$22,000.00

**G. Classes of Interest Holders**

Interest holders are entities that hold an ownership interest (i.e. equity interest) in the Debtor. The following chart describes the Plan’s treatment of the classes of interests:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
10	Equity Interests in the Debtor-- Arturo Flores	N	On the Effective Date all Class 10 interests will retain their interest under the Plan

**XI. SOURCE OF MONEY TO PAY CLAIMS AND INTEREST-HOLDERS**

The Plan cannot be confirmed unless the Court finds that it is "feasible," which means that there is evidence establishing that the Debtor will have sufficient funds available to satisfy all expenses, including the scheduled creditor payments discussed above. There are at least two important aspects of a feasibility analysis.

The first aspect considers whether the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses entitled to payment. The Debtor maintains that this aspect of feasibility is satisfied as illustrated here:

<b>CASH ON HAND ON THE EFFECTIVE DATE (est. August 10, 2011 (Amount of funds Debtor Expects to Have in all DIP Accounts )</b>	<b>\$266,741.00</b>
<b>MONTHLY INCOME—Effective Date</b>	
Lemon Creek Center	\$65,460.00
Fremont Center Rents	\$22,744.00
Chiang Settlement (\$2,000.00 per month through September 2011)	\$2,000.00
2011 First Quarter CAM Reimbursement From Adjoining Parcel Owners	\$11,250.00
(LESS 5% For Bad Debt)	(\$4,510.00)
<b>Total Gross Income</b>	<b>\$96,944.00</b>
<b>LESS MONTHLY OPERATING EXPENSES</b>	
Monthly Operating Expenses (excluding debt service)	(\$12,077.00)
<b>Total Operating Expenses</b>	<b>(\$12,077.00)</b>
<b>Net Income Available for Effective Date Payments</b>	<b>\$351,608.00</b>
<b>EFFECTIVE DATE PAYMENTS</b>	
Jerome S. Cohen ( <i>paid in full 12 months from Effective Date assuming outstanding balance of \$30,000.00</i> )	(\$2,500.00)
Hahn & Fife ( <i>paid in full 12 months from Effective Date assuming outstanding balance of \$35,000.00</i> )	(\$2,917.00)
Paul Gough, Esq. ( <i>estimated \$13,000.00</i> )	(\$13,000.00)
US Trustee Fees ( <i>quarterly</i> )	
L.A. County Treasurer and Tax Collector POC #10	(\$978.04)

1	Class 1: L.A. County Treasurer and Tax Collector <i>POC #8</i>	(\$4,865.92)
2	Class 2: Signal Walnut Partnership <b>Debt Service</b>	(\$35,400.00)
3	Class 2: Signal Walnut Partnership <b>Arrears</b>	(\$36,500.00)
4	Class 3: American Continental Bank <b>Debt Service</b>	(\$9,950.00)
5	Class 3: American Continental Bank <b>Arrears</b>	(\$30,833.00)
6	Class 4: Nelson L. Huang and Phoebe Chen Huang	(\$0.00)
7	Class 5: DCFS USA, LLC ( <i>paid in full 48 months from Effective Date</i> )	(\$949.14)
8	Class 6: Ally Financial Inc., fka GMAC Inc. ( <i>paid in full 5 months from Effective Date</i> )	(\$507.78)
9	Class 7: Ally Financial Inc., fka GMAC Inc. ( <i>paid in full 13 months from Effective Date</i> )	(\$500.00)
10	Class 8: Non-Priority Unsecured Claims--Non Insiders	(\$5,861.28)
11	Class 9: Non- Priority Unsecured Claims- Insiders	(\$366.67)
12	<b>Total Effective Date Payments</b>	<b>(\$145,128.83)</b>
13		
14	<b>MONTHLY CASH BALANCE</b>	<b>\$197,374.56</b>

11 The second aspect considers whether the Debtors will have enough cash over the life of  
12 the Plan to make the required Plan payments. Attached hereto as **Exhibit B** is a detailed cash  
13 flow for the duration of the Plan. The focus is on projected cash receipts and cash  
14 disbursements. All non-cash items such as depreciation, amortization, gains and losses are  
15 omitted. A positive number reflects a source of cash; a (negative number) reflects a use of cash.

16 The Debtor submits that the Plan is feasible. The Debtor currently collects approximately  
17 \$85,204.00 in monthly gross income from both the Lemon Creek Center and the Fremont Center  
18 and anticipates an additional \$18,972.00 in additional income from new leases to come into  
19 effect within the next six months for an average of \$104,176.00 in monthly gross income. After  
20 operating expenses of approximately \$12,077.00 per month, there is a remaining \$92,099.00  
21 available for Plan disbursements. The Plan proposes to disburse an average of \$81,233.44 in  
22 Plan Payments each month for the first 12 months. After the first 12 months of the Plan, The  
23 Debtor's monthly Plan Payments will decrease to \$76,475.66 when Debtor retires ACB  
24 arrearages, vehicle claims, and administrative claims of Chapter 11 counsel and accountant.  
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1 Further, the gross income of **\$104,176.00** does not take into account (1) the additional  
2 **\$101,250.00** from the AIMS Litigation, (2) the Debtor's cash balance of **\$197,374.56** after  
3 Effective Date payments, (3) and the potential **\$7,380.00** in rental income from the 3,690 square  
4 foot. vacant unit at the Fremont Center.  
5

6 Section XV states the assumptions and details surrounding the statement of projected  
7 cash flow.

8 The Debtor has provided projected financial information. Please refer to Debtor's  
9 Monthly Operating Reports on file with the Court and the United States Trustee for the Debtor's  
10 historical information. A copy can also be obtained by written request to Debtor's bankruptcy  
11 counsel. YOU ARE ADVISED TO CONSULT WITH YOUR ACCOUNTANT OR  
12 FINANCIAL ADVISOR IF YOU HAVE ANY QUESTIONS PERTAINING TO THESE  
13 FINANCIAL STATEMENTS.  
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## 16 **XII. ASSETS AND LIABILITIES OF THE ESTATE**

### 17 **A. Assets**

18 The identity and fair market value of the estate's assets are listed in **Exhibit C** so that the  
19 reader can assess what assets are at least theoretically available to satisfy claims and to evaluate  
20 the overall worth of the bankruptcy estate.  
21

### 22 **B. Liabilities**

23 Section X of this Plan specifies which claims are allowed against the estate and their  
24 treatment.  
25

### 26 **C. Summary**

27 The fair market value of all assets equals **\$11,910,255.63**. Total liabilities **\$11,934,566.20**.  
28

1           **XIII. TREATMENT OF NONCONSENTING CLASSES**

2           As stated above, even if all classes do not consent to the proposed treatment of their  
3 claims under the Plan, the Plan may nonetheless be confirmed if the dissenting classes are treated  
4 in a manner prescribed by the Code. The process by which dissenting classes are forced to abide  
5 by the terms of a plan is commonly referred to as "cramdown." The Code allows dissenting  
6 classes to be crammed down if the Plan does not "discriminate unfairly" and is "fair and  
7 equitable." The Code does not define discrimination, but it does provide a minimum definition  
8 of "fair and equitable." The term can mean that secured claimants retain their liens and receive  
9 cash payments whose present value equals the value of their security interest. For example, if a  
10 creditor lends the Debtor \$100,000 and obtains a security interest in property that is worth only  
11 \$80,000, the "fair and equitable" requirement means that the claimant is entitled to cash  
12 payments whose present value equals \$80,000 and not \$100,000. The term means that unsecured  
13 claimants whose claims are not fully satisfied at least know that no claim or interest that is junior  
14 to theirs will receive anything under the Plan, except where the Debtor is an individual, has  
15 elected to retain property included in the Estate under 11 U.S.C.A. § 1115 (West Supp. 2006)  
16 and has satisfied 11 U.S.C.A. § 1129(b)(2)(B)(ii) (West Supp. 2006). "Fair and equitable"  
17 means that each holder of an interest must receive the value of such interest or else no junior  
18 interest is entitled to receive anything.

19           Therefore, if a class of general unsecured claims votes against the Plan, the Plan cannot  
20 be confirmed where the Debtor or a class of interest holders (e.g. shareholders or partners) will  
21 receive or retain any property under the Plan, unless the Plan provides that the class of general  
22 unsecured claims shall be paid in full with interest

1 The Plan provides that the Debtor will retain all assets listed in **Exhibit C**. These are  
2 complex statutory provisions and the preceding paragraphs do not purport to state or explain all  
3 of them.  
4

5 **XIV. TREATMENT OF NONCONSENTING MEMBERS OF CONSENTING**  
6 **CLASS (CHAPTER 7 LIQUIDATION ANALYSIS)**  
7

8 The Plan must provide that a nonconsenting impaired claimant or interest holder of a  
9 consenting class receive at least as much as would be available had the Debtor filed a Chapter 7  
10 petition instead.

11 In a Chapter 7 case the general rule is that the Debtor's assets are sold by a trustee.  
12 Unsecured creditors generally share in the proceeds of sale only after secured creditors and  
13 administrative claimants are paid. Certain unsecured creditors get paid before other unsecured  
14 creditors do. Unsecured creditors with the same priority share in proportion to the amount of  
15 their allowed claim in relationship to the total amount of allowed claims.  
16

17 A creditor would recover from the assets of the bankruptcy estate less under Chapter 7  
18 than under Chapter 11 for the following reasons:  
19

20 First, for those assets with equity, the liquidation value is less than the fair market value  
21 because of the costs associated with liquidation. In formulating the chart below, the Debtor  
22 reduced the fair market value by 8% to account for the estimated cost of sale.  
23

24 Second, in a Chapter 7 case, a trustee is appointed and is entitled to compensation from  
25 the bankruptcy estate in an amount no more than 25% of the first \$5,000.00 of all moneys  
26 distributed, 10% on any amounts over \$5,000.00 of all moneys disbursed, 10% on any amounts  
27 over \$5,000.00 and up to \$50,000.00, 5% on all amounts over \$50,000.00 and up to  
28



1 \$1,000,000.00, and such reasonable compensation no more than 3% of moneys over

2 \$1,000,000.00.

3 Debtor believes that unsecured creditors will receive nothing under a hypothetical  
4 Chapter 7 liquidation. In contrast, the Plan proposes to pay general unsecured creditors a **100%**  
5 distribution of their total claim. Unsecured creditors will undoubtedly receive more under the  
6 Plan than in a Chapter 7 liquidation.  
7

8 Below is a demonstration, in spread sheet format, that all creditors and interest holders  
9 will receive at least as much under the Plan as they would receive under a Chapter 7 liquidation:  
10

Asset	Fair Market Value	Liquidation Value (Reduced by 8% for Cost of Sale)	Exemption	Value of Claimed Exemption	Value of Asset after Deducting Value of Claimed Exemption
Cash on Hand (on Effective Date)	\$ 197,312.00				\$197,312.00
308-388 Lemon Ave., Walnut, CA 91789 ("Lemon Creek Center")	\$7,500,000.00 (per Debtor's appraisal)	\$6,900,000.00			\$6,900,000.00
2120-2150 South Fremont Avenue, Alhambra, CA 91803 ("Fremont Center")	\$4,000,000.00 (per Lender's appraisal)	\$3,680,000.00			\$3,680,000.00
2005 Mercedes 555 AMG	\$23,425.00 (per Kelley Blue Book value)	\$21,551.00			\$21,551.00
2006 Chevrolet Suburban	\$10,300.00 (per Kelley Blue Book value)	\$ 9,476.00			\$9,476.00
2005 STS Cadillac	\$8,540.00 (per Kelly Blue Book value)	\$7,856.80			\$7,856.80
AIMS Litigation	\$101,250.00				\$101,250.00
<b>TOTAL ASSETS AT LIQUIDATION VALUE</b>					<b>\$10,917,445.80</b>
Less secured claim (Lemon Creek)					\$ (7,500,000.00)
Less secured claim (Fremont Center)					\$ (3,366,358.41)
Less secured claim (Mercedes)					\$ (40,691.00)
Less Real Property Taxes					\$ (258,822.12)
Less secured claim (Chevrolet)					\$ (7,423.00)
Less secured claim (Cadillac)					\$ (2,392.06)
Less Chapter 7 Trustee Fees (3%)					\$ (324,485.87)
Less Chapter 11 Administrative Expenses					\$ (65,000.00)
<b>AMOUNT AVAILABLE TO NON-PRIORITY UNSECURED CREDITORS</b>					<b>\$ (647,726.66)</b>

1 PERCENTAGE OF THEIR CLAIMS WHICH UNSECURED CREDITORS AND SECOND  
2 LENDER WOULD RECEIVE OR RETAIN IN A CHAPTER 7 LIQUIDATION = **0%**

3 PERCENTAGE OF THEIR CLAIMS WHICH UNSECURED CREDITORS AND SECOND  
4 LENDER WILL RECEIVE OR RETAIN UNDER THIS PLAN: **100%**  
5

6 **XV. FUTURE DEBTOR**

7 **A. Post-Confirmation Management**

8 The Debtor alone will provide post-confirmation management.

9 **B. Disbursing Agent**

10 The Debtor will act as its own disbursing agent for the purpose of making all  
11 distributions provided for under the Plan. The Debtor shall serve without bond and without  
12 compensation.  
13

14 **C. Future Financial Outlook**

15 The Debtor believes that the Debtor's economic health will improve from its pre-  
16 bankruptcy condition for the following reasons:

- 17 i. Stipulation with the L.A. County Treasurer and Taxing Authority to pay  
18 real property tax claims over time without incurring additional fees and  
19 penalties;
- 20 ii. Success in securing new tenants such as the National Credit Tenant,  
21 Verizon, Carmen's Mexican Restaurant, Carmen's Express Takeout, and  
22 the Florist. Previously, Vons withheld approval of certain tenant leases.  
23 In April 2011, Debtor was finally able to obtain Vons approval.
- 24 iii. Settlement of the Chiang Litigation. Chiang is the largest tenant at the  
25 Lemon Creek Center with a monthly rent of \$8,080.00. In February when  
26 the Chiang Litigation settled, Chiang paid a lump sum of \$34,000.00 to  
27 the Debtor and commenced making monthly rent payments of \$8,080.00  
28 to the Debtor. In addition, pursuant to the Stipulated Judgment Chiang

1 will pay an additional \$11,000.00 in monthly installments of \$2,000.00 per  
2 month.

3 As Debtor's financial projections demonstrate, Debtor will have an annual cash flow,  
4 after paying operating expenses and post-confirmation taxes, of **\$202,291.00** by the end of 2011,  
5 **\$107,300.00** at the end of 2012, **\$123,750** at the end of 2013, **\$169,854.00** at the end of 2014,  
6 and **\$276,146.00** at the end of 2015. *See Exhibit B. Debtor's cash flow projections assume*  
7 **bad debt of 5% per month.**  
8

9  
10 **XVI. SALE OR TRANSFER OF PROPERTY; ASSUMPTION OF CONTRACTS**  
11 **AND LEASES; OTHER PROVISIONS**

12 The Plan provides for the following:

13 **A. Executory Contracts and Unexpired Leases**

14 **i. Assumptions**

15 On the Effective Date, Debtor will assume the executory contracts and unexpired leases  
16 identified in **Exhibit D**. The Confirmation Order, upon the arrival of the Effective Date, will  
17 constitute a Court order approving the assumption, on the Effective Date, of the executory  
18 contracts and unexpired leases identified in **Exhibit D** and any other leases with tenants of any of  
19 the Debtor's real properties that may hereafter be entered into in the ordinary course.  
20

21 **ii. Rejections**

22 To the extent that an executory contract or unexpired lease is not assumed, as specified in  
23 **Exhibit D** on the Effective Date, all such executory contracts and unexpired leases shall be  
24 deemed rejected. The Confirmation Order, subject to the occurrence of the Effective Date, shall  
25 constitute an Order approving the Debtor's rejection of all such executory contracts and  
26 unexpired leases.  
27  
28

1 THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM  
2 ARISING FROM THE REJECTION OF AN EXECUTORY CONTRACT OR UNEXPIRED  
3 LEASE WILL BE 30 DAYS AFTER ENTRY OF THE CONFIRMATION ORDER.  
4

5 Any claim based on the rejection of an executory contract or unexpired lease will be  
6 barred if the proof of claim is not timely filed, unless the Court orders otherwise.

7 **B. Changes in Rates Subject to Regulatory Commission Approval**

8 Debtor is not subject to governmental regulatory commission approval of its rates.

9 **C. Retention of Jurisdiction.**

10 The Court will retain jurisdiction to the extent provided by law.  
11

12 **XVII. TAX CONSEQUENCES OF PLAN**

13 CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN  
14 MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN  
15 ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following disclosure of possible  
16 tax consequences is intended solely for the purpose of alerting readers about possible tax issues  
17 this Plan may present to the Debtor.  
18

19 The Debtor CANNOT and DOES NOT represent that the tax consequences contained  
20 below are the only tax consequences of the Plan because the Internal Revenue Code embodies  
21 many complicated rules which make it difficult to state completely and accurately all the tax  
22 implications of any action. The Debtor has accounted for taxes in its cash flows as reflected in  
23 **Exhibit B.** The Debtor does not anticipate that this Plan will have a significant or material effect  
24 on their tax liability. The Debtor makes no representations regarding the potential tax  
25 consequences to creditors.  
26  
27  
28

1 **XVIII. EFFECT OF CONFIRMATION OF PLAN**

2 **A. General Comments**

3 The provisions of a confirmed Plan bind the Debtor, any entity acquiring property under  
4 the Plan, and any creditor, interest holder, or general partner of the Debtor, even those who do  
5 not vote to accept the Plan.

6 The confirmation of the Plan vests all property of the estate in the Debtor.

7 The automatic stay is lifted upon confirmation as to property of the estate. However, the  
8 stay continues to prohibit collection or enforcement of pre-petition claims against the Debtor or  
9 the Debtor's property until the date the Debtor receives a discharge, if any. If the Debtor does  
10 not seek a discharge, the discharge is deemed denied, and the stay as to the Debtor and the  
11 Debtor's property terminates upon entry of the order confirming the Plan.

12  
13 **B. Discharge of liability for payment of debts; status of liens; equity**  
14 **security holders**

15 Unless the Debtor is not entitled to receive a discharge pursuant to 11 U.S.C.A.  
16 1141(d)(3) (West 2004), the debtor may obtain a discharge only upon specific order of the Court.

17 The confirmation of the Plan does not discharge the Debtor from any debt of a kind  
18 specified in 11 U.S.C.A. § 523(a)(2)(A)-(B) (West 2004 & Supp. 2006) that is owed to a  
19 domestic governmental unit, or owed to a person as the result of an action filed under subchapter  
20 III of chapter 37 of title 31 or any similar State statute, or for a tax or customs duty with respect  
21 to which the debtor made a fraudulent tax return or willfully attempted in any manner to evade or  
22 to defeat such tax or such customs duty.” See 11 U.S.C.A. § 1141(d)(5)-(6) (West Supp. 2006).  
23  
24

25  
26 **C. Modification of the Plan**

27 The Debtor may modify the Plan pursuant to 11 U.S.C.A. § 1127 (West 2004 & Supp.  
28 2006).

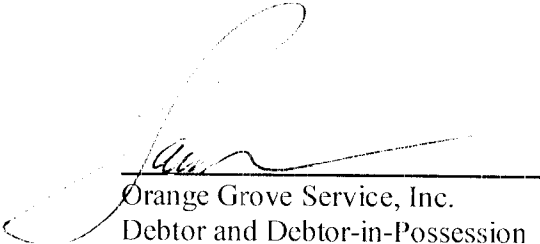
1  
2 **D. Post-Confirmation Causes of Action**

3 The Debtor is designated as representative of the estate under 11 U.S.C.A. § 1123(b)(3)  
4 (West 2004) and shall have the right to assert any or all causes of action post-confirmation in  
5 accordance with applicable law.  
6

7  
8 **E. Final Decree**

9 Once the Plan has been consummated, a final decree may be entered upon motion of the  
10 Proponent. The effect of the final decree is to close the bankruptcy case. After such closure, a  
11 party seeking any type of relief relating to a Plan provision can seek such relief in a state court of  
12 general jurisdiction.  
13

14  
15 Dated: October 4, 2011

16  
17   
18 Orange Grove Service, Inc.  
Debtor and Debtor-in-Possession

19 Presented By:

20 /s/ Jerome S. Cohen

21 Jerome S. Cohen

22 Attorney for Debtor and Debtor-in-Possession and Plan Proponent  
23  
24  
25  
26  
27  
28







**EXHIBIT A**



April 13, 2011

**BY EMAIL ONLY (FloresOrn@aol.com)**

Orange Grove Service, Inc.  
3762 Henderson Place  
Claremont, CA 91711  
Attn: Art Flores, President

Re: Lemon Creek Village, Walnut, CA (Vons Store #2167)

Dear Mr. Flores:

This is in reference to that certain Declaration of Establishment of Protective Covenants, Conditions and Restrictions and Grants of Easements, dated as of December 28, 1982, recorded on February 25, 1983, as Instrument No. 83-214233, in the Official Records of Los Angeles County, as amended (collectively, the "Declaration").

More specifically, this is in response to your email dated February 28, 2011, requesting that The Vons Companies, Inc. ("Vons") consent to the lease by Orange Grove Service, Inc. ("OGSI") of certain space within the Lemon Creek Village Shopping Center for the operation of a Mexican restaurant, with a combined floor area of approximately 2,880 square feet and a maximum customer seating capacity of 60 persons ("Proposed Restaurant Uses"). The Proposed Restaurant Uses would be located within the building identified as "Shops No. 3" on the site plan attached hereto as Exhibit A ("Site Plan"). Vons understands that the Proposed Restaurant Uses will be reliant upon a shared kitchen.

Section 9.1 of the Declaration prohibits the operation of a restaurant (defined as a food service facility with a seating capacity of more than 15 persons) within any portion of "Shops No. 1", "Shops No. 2" and "Shops No. 3" with a limited exception for restaurants not exceeding 2,000 square feet provided that no such restaurant is located within 50 linear feet of any side of the Vons Store building. Because the Proposed Restaurant Uses are interdependent, Vons agrees that its consent is required under the Declaration.

Vons hereby approves the Proposed Restaurant Uses subject to the following terms and conditions:

1. That the Proposed Restaurant Uses are operated out of Units 310 and/or 312, which are identified by hatch marks on the Site Plan (collectively, the "Premises").
2. That the Premises do not contain more than approximately 2,900 square feet and, together, do not have a seating capacity in excess of 60 persons.

---

Safeway Inc.  
Vons Division  
618 Michillinda Ave.  
Arcadia, CA 91007-6300

P.O. Box 513338  
Los Angeles, CA 90051-1338

3. That this consent is personal to Jose J. Hernandez and/or Vanessa Aispuro, and his and/or her legal successors and assigns subject to the understanding that the Premises will continue to be operated as a restaurant (or restaurants) primarily offering fully prepared ethnic food for on-site consumption and/or take out.
4. The Premises shall initially be operated under the trade names "Carmen's Mexican Restaurant" and "Carmen's Express Take Out".
5. If beer and/or wine are sold on the Premises, they must be sold solely with the portion of the Premises devoted to on-site consumption and must only be consumed on-site.
6. That the effect of this consent is not considered an amendment to the Declaration and the terms and conditions of the Declaration remain unmodified, including the need for OGSi to obtain Vons' prior written approval to any other restaurant uses prohibited by the Declaration.

If the conditions set forth above are satisfactory, please acknowledge your agreement by signing and dating this letter and returning a fully executed counterpart to me. Executed counterparts of this letter may be delivered by email ([dana.waller@safeway.com](mailto:dana.waller@safeway.com)) and such delivery will have the same effect as delivery of original executed documents.

Very truly yours,

THE VONS COMPANIES, INC.,  
a Michigan corporation

By:   
Its: Assistant Vice President

By:   
Its: Assistant Secretary

FORM APPROVED: 

ACKNOWLEDGED AND AGREED THIS  
13 DAY OF APRIL, 2011:

ORANGE GROVE SERVICE, INC.,  
a California corporation

By:   
Its: President

**EXHIBIT B**

INCOME STATEMENT	2011			
	Oct	Nov	Dec	2011
Income:				
Rental Income	88,204	88,504	88,504	265,212
Other Income	60,000	11,250	0	127,500
Bad Debt - Vacancy	(4,410)	(4,425)	(4,425)	(40,248)
Total Income	143,794	95,329	84,079	352,464
Operating Expenses:				
Bank Service	25	25	25	75
Disposal	1,396	1,396	1,396	4,188
Insurance	1,072	1,072	1,072	3,216
Landscaping	1,400	1,400	1,400	4,200
Lighting	300	300	300	900
Management Fees	4,000	4,000	8,500	16,500
Pest Control	227	227	227	681
Postage	13	13	13	39
Repairs & Maint	400	400	400	1,200
Sewer	550	550	550	1,650
Sweeping	310	310	310	930
Taxes - Property	0	0	73,000	73,000
Utilities	1,934	1,934	1,934	5,802
Water	950	950	950	2,850
Commission	0	0	0	0
Other	0	0	0	0
Capital Improvements	0	41,000	0	41,000
Total Operating Expenses	12,577	53,577	90,077	156,231
Net Operating Cash	131,217	41,752	(5,998)	196,233
Mortgage - SWP	35,400	35,400	35,400	309,000
Mortgage - ACB	9,950	9,950	9,950	109,120
Net Cash After Mort. Payments	85,867	(3,598)	(51,348)	(221,887)

INCOME STATEMENT

	2011			
	Oct	Nov	Dec	2011
Plan Payments:				
Debtor Professionals	0	0	18,417	18,417
United States Trustee	1,950	0	0	5,850
Property Tax - Lemon Creek	2,636	2,636	2,636	23,726
Property Tax - Fremont	3,208	3,208	3,208	28,870
SWP Arrerage	0	0	36,500	36,500
Fremont Counsel	0	0	30,833	30,833
Car Payments	0	0	1,449	1,449
General Unsecureds	0	0	395	395
Total Plan Payments	7,794	5,844	93,438	146,039
Net Increase (Decrease) in Cash	78,073	(9,442)	(144,786)	(367,926)
Beginning Cash	250,000	328,073	318,631	250,000
Net Increase (Decrease) in Cash	78,073	(9,442)	(144,786)	(76,155)
Ending Cash	328,073	318,631	173,845	173,845

INCOME STATEMENT

	2012												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2012
<b>Income:</b>													
Rental Income	90,642	100,666	100,666	102,798	102,798	102,798	102,798	102,798	110,610	110,610	110,610	110,610	1,248,404
Other Income	0	11,250	0	0	11,250	0	0	11,250	0	0	11,250	0	45,000
Bad Debt - Vacancy	(4,532)	(5,033)	(5,033)	(5,140)	(5,140)	(5,140)	(5,140)	(5,140)	(5,531)	(5,531)	(5,531)	(5,531)	(62,420)
<b>Total Income</b>	<b>86,110</b>	<b>106,883</b>	<b>95,633</b>	<b>97,658</b>	<b>108,908</b>	<b>97,658</b>	<b>97,658</b>	<b>108,908</b>	<b>105,080</b>	<b>105,080</b>	<b>116,330</b>	<b>105,080</b>	<b>1,230,984</b>
<b>Operating Expenses:</b>													
Bank Service	25	25	25	25	25	25	25	25	25	25	25	25	300
Disposal	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	16,752
Insurance	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	12,864
Landscaping	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	16,800
Lighting	300	300	300	300	300	300	300	300	300	300	300	300	3,600
Management Fees	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	102,000
Pest Control	227	227	227	227	227	227	227	227	227	227	227	227	2,724
Postage	13	13	13	13	13	13	13	13	13	13	13	13	156
Repairs & Maint	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Sewer	550	550	550	550	550	550	550	550	550	550	550	550	6,600
Sweeping	310	310	310	310	310	310	310	310	310	310	310	310	3,720
Taxes - Property	0	0	0	73,000	0	0	0	0	0	0	0	73,000	146,000
Utilities	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	23,208
Water	950	950	950	950	950	950	950	950	950	950	950	950	11,400
Commission	120	721	721	849	849	849	849	849	1,318	1,318	1,318	1,318	11,082
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Improvements	0	0	0	0	0	0	11,000	11,000	0	0	0	0	22,000
<b>Total Operating Expenses</b>	<b>17,197</b>	<b>17,798</b>	<b>17,798</b>	<b>90,926</b>	<b>17,926</b>	<b>17,926</b>	<b>28,926</b>	<b>28,926</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>91,395</b>	<b>384,006</b>
<b>Net Operating Cash</b>	<b>68,913</b>	<b>89,084</b>	<b>77,834</b>	<b>6,732</b>	<b>90,982</b>	<b>79,732</b>	<b>68,732</b>	<b>79,982</b>	<b>86,684</b>	<b>86,684</b>	<b>97,934</b>	<b>13,684</b>	<b>846,978</b>
Mortgage - SWP	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	424,800
Mortgage - ACB	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	203,184
<b>Net Cash After Mort. Payments</b>	<b>16,581</b>	<b>36,752</b>	<b>25,502</b>	<b>(45,600)</b>	<b>38,650</b>	<b>27,400</b>	<b>16,400</b>	<b>27,650</b>	<b>34,352</b>	<b>34,352</b>	<b>45,602</b>	<b>(38,648)</b>	<b>218,994</b>

INCOME STATEMENT

	2012												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2012
Plan Payments:													
Debtor Professionals	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	0	59,583
United States Trustee	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Tax - Lemon Creek	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	31,635
Property Tax - Fremont	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	38,493
SWP Arrearage	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	78,000
Fremont Counsel	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Car Payments	1,449	1,449	1,449	1,449	1,449	1,449	1,449	1,449	1,449	1,449	1,449	1,449	17,388
General Unsecureds	395	395	395	395	395	395	395	395	395	395	395	395	4,735
Total Plan Payments	20,438	20,438	20,438	20,438	20,438	20,438	20,438	20,438	20,438	20,438	20,438	15,021	239,834
Net Increase (Decrease) in Cash	(3,857)	16,315	5,065	(66,038)	18,212	6,962	(4,038)	7,212	13,915	13,915	25,165	(53,668)	(20,840)
Beginning Cash	173,845	169,988	186,303	191,368	125,330	143,542	150,504	146,466	153,678	167,593	181,508	206,673	173,845
Net Increase (Decrease) in Cash	(3,857)	16,315	5,065	(66,038)	18,212	6,962	(4,038)	7,212	13,915	13,915	25,165	(53,668)	(20,840)
Ending Cash	169,988	186,303	191,368	125,330	143,542	150,504	146,466	153,678	167,593	181,508	206,673	153,005	153,005



INCOME STATEMENT

	2013												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2013
<b>Income:</b>													
Rental Income	110,610	110,610	110,610	110,610	110,610	110,610	110,610	110,610	110,610	110,610	110,610	110,610	1,327,320
Other Income	0	11,250	0	0	11,250	0	0	11,250	0	0	11,250	0	45,000
Bad Debt - Vacancy	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(66,366)
<b>Total Income</b>	<b>105,080</b>	<b>116,330</b>	<b>105,080</b>	<b>105,080</b>	<b>116,330</b>	<b>105,080</b>	<b>105,080</b>	<b>116,330</b>	<b>105,080</b>	<b>105,080</b>	<b>116,330</b>	<b>105,080</b>	<b>1,305,954</b>
<b>Operating Expenses:</b>													
Bank Service	25	25	25	25	25	25	25	25	25	25	25	25	300
Disposal	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	16,752
Insurance	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	12,864
Landscaping	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	16,800
Lighting	300	300	300	300	300	300	300	300	300	300	300	300	3,600
Management Fees	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	102,000
Pest Control	227	227	227	227	227	227	227	227	227	227	227	227	2,724
Postage	13	13	13	13	13	13	13	13	13	13	13	13	156
Repairs & Maint	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Sewer	550	550	550	550	550	550	550	550	550	550	550	550	6,600
Sweeping	310	310	310	310	310	310	310	310	310	310	310	310	3,720
Taxes - Property	0	0	0	73,000	0	0	0	0	0	0	0	73,000	146,000
Utilities	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	23,208
Water	950	950	950	950	950	950	950	950	950	950	950	950	11,400
Commission	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	15,817
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>91,395</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>91,395</b>	<b>366,741</b>
<b>Net Operating Cash</b>	<b>86,684</b>	<b>97,934</b>	<b>86,684</b>	<b>13,684</b>	<b>97,934</b>	<b>86,684</b>	<b>86,684</b>	<b>97,934</b>	<b>86,684</b>	<b>86,684</b>	<b>97,934</b>	<b>13,684</b>	<b>939,213</b>
Mortgage - SWP	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	424,800
Mortgage - ACB	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	203,184
<b>Net Cash After Mort. Payments</b>	<b>34,352</b>	<b>45,602</b>	<b>34,352</b>	<b>(38,648)</b>	<b>45,602</b>	<b>34,352</b>	<b>34,352</b>	<b>45,602</b>	<b>34,352</b>	<b>34,352</b>	<b>45,602</b>	<b>(38,648)</b>	<b>311,229</b>

INCOME STATEMENT

	2013												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2013
Plan Payments:													
Debtor Professionals	0	0	0	0	0	0	0	0	0	0	0	0	0
United States Trustee	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Tax - Lemon Creek	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	31,635
Property Tax - Fremont	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	38,493
SWP Arrearage	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	78,000
Fremont Counsel	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Car Payments	1,449	1,449	949	949	949	949	949	949	949	949	949	949	12,388
General Unsecureds	395	395	395	395	395	395	395	395	395	395	395	395	4,735
Total Plan Payments	15,021	15,021	14,521	14,521	14,521	14,521	14,521	14,521	14,521	14,521	14,521	14,521	175,251
Net Increase (Decrease) in Cash	19,332	30,582	19,832	(53,168)	31,082	19,832	19,832	31,082	19,832	19,832	31,082	(53,168)	135,978
Beginning Cash	153,005	172,336	202,918	222,749	169,581	200,662	220,494	240,325	271,407	291,238	311,070	342,151	153,005
Net Increase (Decrease) in Cash	19,332	30,582	19,832	(53,168)	31,082	19,832	19,832	31,082	19,832	19,832	31,082	(53,168)	135,978
Ending Cash	172,336	202,918	222,749	169,581	200,662	220,494	240,325	271,407	291,238	311,070	342,151	288,983	288,983

INCOME STATEMENT

	2014												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2014
<b>Income:</b>													
Rental Income	110,610	110,610	110,610	110,610	110,610	110,610	110,610	110,610	110,610	110,610	110,610	110,610	1,327,320
Other Income	0	11,250	0	0	11,250	0	0	11,250	0	0	11,250	0	45,000
Bad Debt - Vacancy	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(66,366)
<b>Total Income</b>	<b>105,080</b>	<b>116,330</b>	<b>105,080</b>	<b>105,080</b>	<b>116,330</b>	<b>105,080</b>	<b>105,080</b>	<b>116,330</b>	<b>105,080</b>	<b>105,080</b>	<b>116,330</b>	<b>105,080</b>	<b>1,305,954</b>
<b>Operating Expenses:</b>													
Bank Service	25	25	25	25	25	25	25	25	25	25	25	25	300
Disposal	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	16,752
Insurance	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	12,864
Landscaping	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	16,800
Lighting	300	300	300	300	300	300	300	300	300	300	300	300	3,600
Management Fees	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	102,000
Pest Control	227	227	227	227	227	227	227	227	227	227	227	227	2,724
Postage	13	13	13	13	13	13	13	13	13	13	13	13	156
Repairs & Maint	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Sewer	550	550	550	550	550	550	550	550	550	550	550	550	6,600
Sweeping	310	310	310	310	310	310	310	310	310	310	310	310	3,720
Taxes - Property	0	0	0	73,000	0	0	0	0	0	0	0	73,000	146,000
Utilities	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	23,208
Water	950	950	950	950	950	950	950	950	950	950	950	950	11,400
Commission	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	15,817
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>91,395</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>91,395</b>	<b>366,741</b>
<b>Net Operating Cash</b>	<b>86,684</b>	<b>97,934</b>	<b>86,684</b>	<b>13,684</b>	<b>97,934</b>	<b>86,684</b>	<b>86,684</b>	<b>97,934</b>	<b>86,684</b>	<b>86,684</b>	<b>97,934</b>	<b>13,684</b>	<b>939,213</b>
Mortgage - SWP	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	424,800
Mortgage - ACB	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	203,184
<b>Net Cash After Mort. Payments</b>	<b>34,352</b>	<b>45,602</b>	<b>34,352</b>	<b>(38,648)</b>	<b>45,602</b>	<b>34,352</b>	<b>34,352</b>	<b>45,602</b>	<b>34,352</b>	<b>34,352</b>	<b>45,602</b>	<b>(38,648)</b>	<b>311,229</b>

INCOME STATEMENT

	2014												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2014
Plan Payments:													
Debtor Professionals	0	0	0	0	0	0	0	0	0	0	0	0	0
United States Trustee	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Tax - Lemon Creek	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	2,636	31,635
Property Tax - Fremont	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	3,208	38,493
SWP Arrerage	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	78,000
Fremont Counsel	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Car Payments	949	949	949	949	949	949	949	949	949	949	949	949	11,388
General Unsecureds	395	395	395	395	395	395	395	395	395	395	395	395	4,735
Total Plan Payments	14,521	14,521	14,521	14,521	14,521	14,521	14,521	14,521	14,521	14,521	14,521	14,521	174,251
Net Increase (Decrease) in Cash	19,832	31,082	19,832	(53,168)	31,082	19,832	19,832	31,082	19,832	19,832	31,082	(53,168)	136,978
Beginning Cash	288,983	308,814	339,896	359,727	306,559	337,640	357,472	377,303	408,385	428,216	448,048	479,129	288,983
Net Increase (Decrease) in Cash	19,832	31,082	19,832	(53,168)	31,082	19,832	19,832	31,082	19,832	19,832	31,082	(53,168)	136,978
Ending Cash	308,814	339,896	359,727	306,559	337,640	357,472	377,303	408,385	428,216	448,048	479,129	425,961	425,961

INCOME STATEMENT

	2015												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2015
<b>Income:</b>													
Rental Income	110,610	110,610	110,610	110,610	110,610	110,610	110,610	110,610	110,610	110,610	110,610	110,610	1,327,320
Other Income	0	11,250	0	0	11,250	0	0	11,250	0	0	11,250	0	45,000
Bad Debt - Vacancy	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(5,531)	(66,366)
<b>Total Income</b>	<b>105,080</b>	<b>116,330</b>	<b>105,080</b>	<b>105,080</b>	<b>116,330</b>	<b>105,080</b>	<b>105,080</b>	<b>116,330</b>	<b>105,080</b>	<b>105,080</b>	<b>116,330</b>	<b>105,080</b>	<b>1,305,954</b>
<b>Operating Expenses:</b>													
Bank Service	25	25	25	25	25	25	25	25	25	25	25	25	300
Disposal	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	16,752
Insurance	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	12,864
Landscaping	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	16,800
Lighting	300	300	300	300	300	300	300	300	300	300	300	300	3,600
Management Fees	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	102,000
Pest Control	227	227	227	227	227	227	227	227	227	227	227	227	2,724
Postage	13	13	13	13	13	13	13	13	13	13	13	13	156
Repairs & Maint	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Sewer	550	550	550	550	550	550	550	550	550	550	550	550	6,600
Sweeping	310	310	310	310	310	310	310	310	310	310	310	310	3,720
Taxes - Property	0	0	0	73,000	0	0	0	0	0	0	0	73,000	146,000
Utilities	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	1,934	23,208
Water	950	950	950	950	950	950	950	950	950	950	950	950	11,400
Commission	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	15,817
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>91,395</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>18,395</b>	<b>91,395</b>	<b>366,741</b>
<b>Net Operating Cash</b>	<b>86,684</b>	<b>97,934</b>	<b>86,684</b>	<b>13,684</b>	<b>97,934</b>	<b>86,684</b>	<b>86,684</b>	<b>97,934</b>	<b>86,684</b>	<b>86,684</b>	<b>97,934</b>	<b>13,684</b>	<b>939,213</b>
Mortgage - SWP	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400	424,800
Mortgage - ACB	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	16,932	203,184
<b>Net Cash After Mort. Payments</b>	<b>34,352</b>	<b>45,602</b>	<b>34,352</b>	<b>(38,648)</b>	<b>45,602</b>	<b>34,352</b>	<b>34,352</b>	<b>45,602</b>	<b>34,352</b>	<b>34,352</b>	<b>45,602</b>	<b>(38,648)</b>	<b>311,229</b>

INCOME STATEMENT

	2015												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2015
Plan Payments:													
Debtor Professionals	0	0	0	0	0	0	0	0	0	0	0	0	0
United States Trustee	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Tax - Lemon Creek	2,636	2,636	2,636	0	0	0	0	0	0	0	0	0	7,909
Property Tax - Fremont	3,208	3,208	3,208	0	0	0	0	0	0	0	0	0	9,623
SWP Arrerage	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	78,000
Fremont Counsel	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Car Payments	949	949	949	949	949	949	949	949	0	0	0	0	7,592
General Unsecureds	395	395	395	395	395	395	395	395	395	395	395	395	4,735
Total Plan Payments	14,521	14,521	14,521	8,677	8,677	8,677	8,677	8,677	7,728	7,728	7,728	7,728	117,859
Net Increase (Decrease) in Cash	19,832	31,082	19,832	(47,325)	36,925	25,675	25,675	36,925	26,624	26,624	37,874	(46,376)	193,370
Beginning Cash	425,961	445,792	476,874	496,705	449,381	486,306	511,982	537,657	574,583	601,207	627,832	665,706	425,961
Net Increase (Decrease) in Cash	19,832	31,082	19,832	(47,325)	36,925	25,675	25,675	36,925	26,624	26,624	37,874	(46,376)	193,370
Ending Cash	445,792	476,874	496,705	449,381	486,306	511,982	537,657	574,583	601,207	627,832	665,706	619,331	619,331

**EXHIBIT C**

**EXHIBIT C**  
**LIST OF ASSETS AS OF EFFECTIVE DATE (est. August 10, 2011)**

DESCRIPTION OF ASSET	FAIR MARKET VALUE OF ASSET
308-388 Lemon Ave., Walnut, CA 91789 ("Lemon Creek Center")	\$7,500,000.00
2120-2150 South Fremont Avenue, Alhambra, CA 91803	\$4,000,000.00
Cash on Hand (est. as of 7/31/11) - General and Rental Accounts	\$266,740.63
Personal Property	\$45,575.00
<i>Orange Grove Service, Inc. v. Cheng, et al, Case No. KC058118.</i> The trial is currently scheduled for May 6, 2011. In the Aims Lawsuit, the Debtor requests \$104,598 in damages. The Debtor anticipates prevailing in the Aims Lawsuit and conservatively estimates receiving \$90,000.00 by November 2011.	\$90,000.00
<i>SWP Litigation</i>	Unknown
<b>TOTAL FAIR MARKET VALUE OF ASSETS</b>	<b>\$11,902,315.63</b>



**EXHIBIT D**

EXHIBIT D

<b>FREMONT CENTER</b>		
<b>Tenant</b>	<b>Expiration of Lease</b>	<b>Square Feet</b>
Pacific Bell	08/03/11	325
Kinh Ngo	11/30/12	840
Dr. Morse	Month to Month	1,080
David Ma	01/31/14	1,200
7-Eleven	07/31/17	2,400
Paul Baskaran	01/31/15	1,420
Subway	04/30/15	960
<b>LEMON CREEK</b>		
<b>Tenant</b>	<b>Expiration of Lease</b>	<b>Square Feet</b>
Pete Urquijo	Month to Month	1,300
Phing Van	12/31/16	1,520
Joe Babazadeh	12/31/21	2,500
Charles Kim	04/30/20	1,200
Sandy Chhor	01/01/22	1,200
Dr. Iskander	05/31/11	1,440
Tomoichi Terashima	05/31/12	1,140
Frank Argumosa	06/30/13	600
Miguel Rivera	07/31/13	600
Dave Hemangini	10/31/13	600
Yeon Kyu Han	09/30/13	1,450
Dr. Diep	02/05/11	1,180
Elien Ku	07/25/11	540
Tomra	Month to Month	n/a (recycling bin)
Crown Castle	06/30/15	n/a (antenna)
T-Mobile	12/05/05	n/a (antenna)
AT&T	10/31/05	n/a (antenna)
Hyun Sook Yang	11/30/14	1,200
Claudia Lara	Month to Month	1,625
Sriutai Chada	11/30/14	1,200
Kittitod	10/31/14	600
Steve Chiang	12/31/12	3,758

## **Exhibit MM**

RECORDING REQUESTED BY AND )  
WHEN RECORDED, MAIL TO: )  
 )  
Greenberg, Glusker, Fields, )  
Claman & Machtinger LLP )  
1900 Avenue of the Stars, #2100 )  
Los Angeles, CA 90067-4590 )  
Attn: Jeffrey A. Krieger, Esq. )

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A.P.N. 8720-001-018, 21, 31, 32

**AMENDMENT TO SHORT FORM DEED OF TRUST WITH ASSIGNMENT OF RENTS**

This Amendment to Short Deed of Trust With Assignment of Rents is executed as of \_\_\_\_\_, 2011 (this “**Amendment**”), between Orange Grove Service Inc., a California corporation, as Trustor, to Fidelity National Title Company, a California corporation, as Trustee, for the benefit of Signal Walnut Partnership LP, a California limited partnership, as Beneficiary, with reference to the following facts:

A. Trustor executed that certain Short Form Deed of Trust and Assignment of Rents dated December 5, 2006, and recorded in the Official Record of Los Angeles County as Instrument Number 20062878849 (the “**Deed of Trust**”). The Deed of Trust encumbers that certain improved real property located in the City of Walnut, County of Los Angeles, State of California and legally described in the Deed of Trust (the “**Property**”).

B. The Deed of Trust secures an Installment Note, dated December 5, 2006, in the original principal amount of Seven Million Eighty Thousand and 00/100 Dollars made by Trustor in favor of Beneficiary (“**Note**”).

C. Trustor has executed an Allonge to Note (the “**Allonge**”) dated on even date herewith which modifies and amends the Note pursuant to that certain Order Confirming the Second Amended Plan of Reorganization for Orange Grove Service, Inc. (Case No. 2:10-bk-21336-EC) issued by the United States Bankruptcy Court, Central District of California, Los Angeles Division.

D. Trustor desires that the Note, as amended by the Allonge, continue to be secured by the Deed of Trust.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Trustor agrees as follows:

1) The Deed of Trust shall continue to secure the Note as modified and amended by the Allonge; and

2) The following language shall be added to the Deed of Trust as paragraph 15:

“Should the Trustor or its successors in interest, without the consent in writing of the Beneficiary, sell, transfer, convey, encumber, mortgage or permit to be sold, transferred, encumbered or mortgaged, its interest in the Property, or any part thereof, then the Beneficiary may, at its option, declare all sums secured hereby immediately due and payable.”

Except as expressly modified by this Amendment, the Deed of Trust remains unchanged and continues in full force and effect.

IN WITNESS WHEREOF, the Trustor has executed this Amendment as of the day and year first set forth above.

ORANGE GROVE SERVICE, INC.

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Its: \_\_\_\_\_

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2011, before me,  
\_\_\_\_\_, Notary Public,  
*(here insert name and title of the officer)*

personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same  
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument  
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2011, before me,  
\_\_\_\_\_, Notary Public,  
*(here insert name and title of the officer)*

personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same  
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument  
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**Exhibit NN**

**ALLONGE TO NOTE**

\_\_\_\_\_, 2011

SIGNAL WALNUT PARTNERSHIP LP, a California limited partnership (“**Holder**”), is the owner and holder of that certain Installment Note in the original maximum principal amount of Seven Million Eighty Thousand and 00/100 Dollars \$7,080,000.00 dated December 5, 2006 (the “**Note**”), made by ORANGE GROVE SERVICE INC., a California corporation (“**Maker**”) in favor of Holder.

WHEREAS, this Note is secured by that certain Short Form Deed of Trust and Assignment of Rents dated December 5, 2006, and recorded in the Official Records Office of Los Angeles County as Instrument Number 20062878849 (as may be amended from time to time, the “**Deed of Trust**”).

WHEREAS, Maker has filed for Chapter 11 bankruptcy (Case No. 2:10-bk-21336-EC) in the United States Bankruptcy Court, Central District of California, Los Angeles Division (the “**Court**”);

WHEREAS, the Court issued that certain Order Confirming the Second Amended Plan of Reorganization for Orange Grove Service, Inc. (Case No. 2:10-bk-21336-EC) on \_\_\_\_\_, 2011 (the “**Order**”);

WHEREAS, the Court has determined that the total amount of the pre and post petition arrears under the Note (which includes attorneys’ fees incurred by Holder) is \$420,000.00 (the “**Arrears Amount**”); and

WHEREAS, the Order requires certain amendments and modifications to the terms and conditions of the Note.

NOW THEREFORE PURSUANT TO THE ORDER, Maker hereby agrees to amend and modify the Note as follows:

1. **Order Definitions.** All capitalized terms used herein and not otherwise defined shall have the same meaning as given to them in the Order.
2. **Effective Date.** The “Effective Date” shall mean \_\_\_\_\_, 2011.
3. **Interest Rate.** The “Interest Rate” shall be six percent (6%) per annum from the Effective Date until December 31, 2013, and seven percent (7%) per annum commencing on January 1, 2014 until the Maturity Date; provided, however, that if collection from Maker of interest at such rate would be contrary to applicable law, then the Interest Rate shall be the highest rate which may be collected from Maker under applicable law.
4. **Maturity Date.** The “Maturity Date” shall mean \_\_\_\_\_, 2016.



5. **Note Payment Terms and Conditions.** Notwithstanding anything in the Note the contrary, Maker shall pay to Holder interest and the principal amount of this Note, and accrued interest, as follows:
- A. On \_\_\_\_\_ 1, 2011, and on the first day of each month thereafter through December 31, 2013, Maker shall pay to Lender interest only payments of **\$41,900.00** (i.e., the accrued interest from the prior month on the outstanding principal amount of this Note plus 1/60<sup>th</sup> of the Arrears Amount). Any interest which may accrue for the period from the Effective Date to the end of the calendar month in which the Effective Date occurs shall be paid by Borrower to Lender on the Effective Date.
- B. On January 1, 2014, and on the first day of each month thereafter through the Maturity Date, Maker shall pay to Lender interest only payments of **\$47,800.00** (i.e., the accrued interest from the prior month on the outstanding principal amount of this Note plus 1/60<sup>th</sup> of the Arrears Amount); and
- C. On the Maturity Date, Maker shall pay to Holder the then-entire unpaid principal balance of the Note, together with all unpaid interest accrued thereon, and all other amounts payable by Borrower under the terms of this Note and the Deed of Trust. If the Maturity Date falls on a Saturday, Sunday or any nationally recognized holiday, payment of the outstanding amount due under the terms of this Note shall be made on the next succeeding business day and such extension of time shall be included in computing any interest in respect of such payment.
6. **Default.** If any payment under the Note is not made when due (including any payment of interest or principal) then Maker shall be in default. If such failure to pay continues for fifteen (15) days after written notice from Holder of such failure, then Holder may elect, without any further notice or demand to Maker, to immediately pursue all rights and remedies available to Holder under the Note, the Deed of Trust, at law or in equity, including, without limitation, the right to declare all principal and accrued but unpaid interest under the Note immediately due and payable.
7. **Governing Law.** The Note, as modified hereby, shall be governed by and construed in accordance with the laws of the State of California, without reference or giving effect to any conflicts of law principles or choice of law doctrine.
8. **Cost of Enforcement.** If Maker fails to pay any amounts due hereunder when due, or if Maker otherwise defaults under this Note or under the Deed of Trust or under any other agreement now or hereafter securing this Note, then Maker shall pay all costs of enforcement and collection, including without limitation reasonable attorneys' fees and costs, whether or not enforcement and collection includes the filing of a lawsuit, and whether or not that lawsuit is prosecuted to judgment.

9. **No Oral Waiver, Modification or Cancellation.** No provision of the Note, as modified hereby, may be waived, modified, discharged or canceled orally, but only in writing and signed by the party against whom enforcement of any waiver, modification, discharge or cancellation is sought.
10. **Notice.** All notices to be given under the Note shall be in writing and sent by:
- A. certified mail, return receipt requested, in which case notice shall be considered delivered upon actual receipt, as evidenced by the return receipt; or
- B. a nationally recognized overnight courier, in which case notice shall be considered delivered upon actual receipt, as evidenced by the delivery confirmation system of the courier.

The addresses and telephone numbers of Maker and Holder are as follows:

Maker: ORANGE GROVE SERVICE INC.  
P.O. Box 7398  
La Verne, CA 91750  
Attn: Arturo L. Flores  
Telephone: (909) 815-3524

with a copy to

Jerome S. Cohen, Esq.  
Attorney At Law  
3731 Wilshire Blvd. (Suite 514)  
Los Angeles, CA 90010  
Telephone: (213) 388-8188

Holder: SIGNAL WALNUT PARTNERSHIP LP  
20866 Quail Run Drive  
Walnut, CA 91789  
Attn: Joseph Kung  
Telephone: (909) 595-4898

with a copy to

Jeffrey A. Krieger, Esq.  
Greenberg Glusker  
1900 Avenue of the Stars  
Los Angeles, CA 90067  
Telephone: (310) 785-6869

These addresses, telephone numbers and facsimile numbers may be changed by written notice to the other party, provided that no notice of a change shall be effective until actual receipt of that notice.

11. **Interest Rate Limitation.** It is the intent of Maker and Holder in the execution of the Note and all other instruments securing the Note that the loan evidenced by the Note conform with the restrictions of the usury laws of the State of California. If, however, Holder collects monies which are deemed to constitute interest which would otherwise increase the effective interest rate on the Note, as modified hereby, to a rate in excess of the maximum rate permitted to be charged by the laws of the State of California, all such sums shall, at the option of Holder, be credited to the payment of the sums due under the Note or returned to Maker.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has executed and delivered this Allonge to Note as of the date and year first above written.

**“HOLDER”**

ORANGE GROVE SERVICE, INC.

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**THIS ALLONGE TO NOTE IS TO BE FIRMLY AFFIXED AND ATTACHED TO THE NOTE, AS A PART THEREOF.**