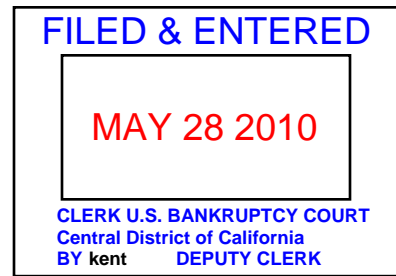


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CHANGES MADE BY COURT

11 Attorneys for Debtors and Debtors-in Possession

12  
13 **UNITED STATES BANKRUPTCY COURT**  
14 **CENTRAL DISTRICT OF CALIFORNIA**  
15 **SANTA ANA DIVISION**

16 In re  
17 JAMES C. GIANULIAS AND CAMEO  
HOMES, a California corporation,  
18  
19 Debtors and Debtors-in-Possession.

Case No. 8:08-bk-13150-RK  
Substantively Consolidated with:  
Case No. 8:08-bk-13151-RK  
Chapter 11

**ORDER: (1) APPROVING DISCLOSURE  
STATEMENT; (2) APPROVING NOTICE  
PROCEDURES; (3) ESTABLISHING  
CONFIRMATION PROCEDURES AND  
DEADLINES; AND (4) ESTABLISHING  
CERTAIN BAR DATES**

Disclosure Statement Hearing  
Date: May 28, 2010  
Time: 11:45 a.m.  
Place: Courtroom 5D  
411 West Fourth Street  
Santa Ana, CA 92701

1 The “Second Amended and Restated Motion for Order: (1) Approving Disclosure  
2 Statement; (2) Approving Notice Procedures; (3) Establishing Cure Procedures; (4) Establishing  
3 Confirmation Procedures and Deadlines; and (5) Establishing Certain Bar Dates” filed on  
4 February 22, 2010 [Docket No. 614] (as amended, the “Motion”)<sup>1</sup> by James C. Gianulias  
5 (“Gianulias”) and Cameo Homes (“Cameo”), the debtors and debtors-in-possession in these  
6 substantively-consolidated cases (together, the “Debtors”), was considered by the Court on May  
7 28, 2010 at 11:45 a.m. Appearances made at the hearing are reflected on the record of the  
8 hearing. Among other things, the Motion sought approval of the “Fourth Amended Disclosure  
9 Statement Regarding Debtors’ Fourth Amended Plan of Reorganization (Dated May 27, 2010)”  
10 (the “Disclosure Statement”), and approval of procedures and deadlines related to confirmation of  
11 the “Debtors’ Fourth Amended Plan of Reorganization (Dated May 27, 2010)” (the “Plan”).

12 Unless defined differently herein, capitalized terms in this Order have the meanings  
13 ascribed to them in the Motion.

14 After consideration of the Motion, the Disclosure Statement, any objections to the  
15 Disclosure Statement that were filed with the Court, the records and files in these chapter 11 cases,  
16 and the arguments of counsel, and the Court having determined that notice of this core proceeding  
17 was appropriate under the circumstances, and good cause appearing therefor, it is hereby

18 **ORDERED THAT:**

- 19 1. The Motion is granted as modified by this Order.
- 20 2. The Disclosure Statement is approved as containing adequate information in  
21 accordance with section 1125 of the Bankruptcy Code, 11 U.S.C.
- 22 3. The Debtors have provided adequate notice of the time fixed for filing objections  
23 and the hearing to consider approval of the Disclosure Statement in accordance with Federal Rules  
24 of Bankruptcy Procedure (“Bankruptcy Rules”) 2002 and 3017.

25  
26  
27 <sup>1</sup> As amended by the “Supplement to Second Amended and Restated Motion for Order: (1)  
28 Approving Disclosure Statement; (2) Approving Notice Procedures; (3) Establishing Cure  
Procedures; (4) Establishing Confirmation Procedures and Deadlines; and (5) Establishing Certain  
Bar Dates” filed on May 12, 2010 and May 27, 2010 [Docket No. 669 and Docket No. 678].

1           4.       To the extent that any objections to the adequacy of the information contained in  
2 the Disclosure Statement have not been otherwise resolved, such objections are overruled.

3           5.       The procedures set forth in the Motion concerning the transmittal of the Solicitation  
4 Packages<sup>2</sup> and the Confirmation Hearing Notice are approved.

5           6.       June 4, 2010 shall be the last day for the Debtors to mail the Solicitation Packages  
6 and the Confirmation Hearing Notice to those entities entitled to receive them.

7           7.       The Confirmation Hearing Notice, substantially in the form attached hereto as  
8 Exhibit 1, complies with the requirements of Bankruptcy Rules 2002(b), 2002(c)(3), and 2002(d),  
9 and is hereby approved.

10          8.       The following procedures for the solicitation and tabulation of votes on the Plan are  
11 approved:

- 12               a.     The date hereof shall be the Voting Record Date for determining Creditors and  
13                      Interest Holders that are entitled to receive the Solicitation Packages.
- 14               b.     The amount of a Claim for voting purposes should be the Claim amount as  
15                      listed in the Debtors' Schedules if such Claim is listed therein as not contingent,  
16                      not unliquidated, and not disputed, and no proof of Claim has been timely filed  
17                      (see Bankruptcy Rule 3003(b)(1)). If a proof of Claim in a specified liquidated  
18                      amount has been timely filed and is neither the subject of an objection to Claim  
19                      filed before the confirmation hearing (the "Confirmation Hearing"), nor has  
20                      been disallowed prior to the Confirmation Hearing (see section 502(a) of the  
21                      Bankruptcy Code and Bankruptcy Rule 3002), nor designated as a Disputed  
22                      Claim in the Plan or the Disclosure Statement, the amount of the Claim for  
23                      voting purposes shall be such specified liquidated amount, unless a different  
24                      amount has been temporarily allowed by the Court for voting purposes after  
25                      notice and a hearing in accordance with Bankruptcy Rule 3018(a), in which  
26                      event the Claim should be in such amount for voting purposes;

27 \_\_\_\_\_  
28           <sup>2</sup> The Solicitation Packages shall be comprised of the Plan, the Disclosure Statement, the  
Confirmation Hearing Notice, a ballot (for those parties entitled to vote) and this Order.

- c. If a creditor submits a ballot for a Claim for which a proof of Claim has not been filed timely, or which is listed on the Debtors' Schedules as contingent, unliquidated, or disputed, or against which an objection has been timely filed and is not resolved or which is designated in the Plan or the Disclosure Statement as a Disputed Claim, then such ballot will not be counted in accordance with Bankruptcy Rule 3018, unless the Court temporarily allows the Claim for voting purposes in accordance with such Rule;
- d. If a creditor submits a ballot for a Claim for which a proof of Claim which is either (a) not listed on the Debtors' Schedules or (b) listed as disputed, contingent and/or unliquidated on the Debtors' Schedules, but who timely filed a proof of claim in unliquidated or unknown amounts that is not the subject of an objection filed by the Debtors, such ballot will be counted towards satisfying the numerosity requirement of section 1126(c) of the Bankruptcy Code, but will not be counted toward satisfying the aggregate Claim amount requirements of that section;
- e. If a creditor casts more than one ballot voting the same Claim before the last day for submitting ballots, the last ballot received prior to the deadline for submitting ballots shall supersede any prior ballot(s), even if the dollar amount of the earlier Claim was greater;
- f. Votes cast by a creditor pursuant to a ballot that is not signed or is not timely received shall not be counted; and
- g. Signed ballots that are timely received but which do not indicate any vote on the Plan shall be treated as a vote to accept the Plan.

9. The Debtors' bankruptcy counsel is designated as the entity that will tabulate the ballots and prepare and file the Ballot Summary.

10. The following procedures permitting parties to the Assumed Contracts and Leases to challenge the Debtors' calculation of the required cure amounts are approved:

- a. The Debtors will serve upon each of the parties to the Assumed Contracts and Leases a notice of cure amount (the "Cure Notice"), which specifies the dollar amount of the proposed cure payment to be paid upon assumption of the contract or lease (the "Cure Amount"), and describes the deadline and procedure for objecting to the Cure Amount, if disputed;
- b. June 4, 2010 shall be the last day to mail the Cure Notices, and July 2, 2010 shall be the deadline to file and serve any objections to the Cure Amount;
- c. Objections to the Cure Amount must be in writing and must set forth in detail the specific objection and the grounds for the objection, and what Cure Amount the objecting party believes is required. Any objection to the Cure Amount must be accompanied by appropriate supporting documentation and evidence demonstrating the calculation of the Cure Amount as claimed;
- d. If parties to the Assumed Contracts and Leases fail to timely object to the Cure Amounts, such parties shall be deemed to have consented to the assumption of the Assumed Contracts and Leases and shall be irrevocably bound to the assumption of the Assumed Contracts and Leases and to the Cure Amount set forth in the Cure Notice, and will be barred and permanently enjoined from asserting any amounts in excess of the Cure Amounts as a condition to assumption of the Assumed Contracts and Leases;
- e. If a timely objection to a Cure Amount is filed, the Court shall determine the appropriate Cure Amount at a hearing to be set by the Court prior to or at the time of the Confirmation Hearing; and
- f. The Debtors reserve the right to modify the Plan at any time prior to the Effective Date to reject any of the Assumed Contracts and Leases in the event that the Court increases the Cure Amount for a particular contract or lease above that specified in the Cure Notice, or the Debtors believe, in their discretion, that assumption is undesirable, in which case, the parties to the rejected Assumed Contracts and Leases may file a rejection claim.

1           11.     July 2, 2010 shall be the last day for all creditors in Voting Classes to deliver  
2 ballots to the Debtors' bankruptcy counsel to accept or reject the Plan. Ballots shall be completed  
3 and returned to, and actually received by, the Debtors' bankruptcy counsel on or before July 2,  
4 2010, at 4:00 p.m. (PDT), to be valid and counted.

5           12.     July 2, 2010 at 4:00 p.m. (PDT), is the last day and time to file with the Court and  
6 serve on the Debtors' bankruptcy counsel, counsel for the Committee, and the Office of the United  
7 States Trustee (the "OUST"), any objections to confirmation of the Plan. Any such objections  
8 shall be served on the above-specified parties at the addresses set forth in the Confirmation  
9 Hearing Notice. The following procedures shall apply to the admissibility of any objection to  
10 confirmation of the Plan:

- 11               a. An objection to confirmation of the Plan must be in writing and accompanied  
12               by a memorandum of points and authorities and specify in detail: (i) the name  
13               and address of the entity filing the objection; (ii) the grounds of such objection;  
14               (iii) the evidentiary support for the objection in the form of affidavits under  
15               oath or declarations submitted under penalty of perjury; and (iv) the amount of  
16               the objector's claims or such other grounds that give the objector standing to  
17               assert any objection to the Plan;
- 18               b. Any objection not timely filed and served shall be deemed to be waived and to  
19               be a consent to the Court's entry of an order confirming the Plan;
- 20               c. Any evidence that is not timely filed and served as provided above will be  
21               stricken from the record and will not be considered in determining contested  
22               matters at the Confirmation Hearing; and
- 23               d. All declarants or affiants must appear and be available, without need for  
24               subpoena, for cross-examination at the Confirmation Hearing (except for  
25               declarants making declarations of service and the ballot tabulation, unless such  
26               testimony is put in issue). The testimony of any declarant or affiant who is not  
27               present himself or herself for cross-examination at the Confirmation Hearing  
28               will be stricken from the record and will not be considered in determining

1 contested matters at the Confirmation Hearing, unless such party's appearance  
2 has been excused by order of the Bankruptcy Court.

3 13. The hearing on the confirmation of the Plan shall take place before the Court on  
4 July 9, 2010, at 11:45 a.m. The hearing may be adjourned or continued from time to time  
5 thereafter by announcement at the hearing, without any further written notice.

6 14. On or before July 7, 2010, the Debtors shall file any memorandum of points and  
7 authorities or other papers in support of confirmation of the Plan (the "Confirmation  
8 Memorandum"), including a ballot summary and any response to any timely filed and served  
9 objection to confirmation of the Plan, and shall serve a copy of the Confirmation Memorandum on  
10 the Committee, the OUST, and each party, if any, who has objected to confirmation of the Plan.  
11 The Confirmation Memorandum shall include evidence in support of the requirements of 11  
12 U.S.C. § 1129.

13 15. The deadline to file applications for compensation of Professionals for services  
14 rendered and for reimbursement of expenses incurred on or before the Confirmation Date, and any  
15 other request for compensation by any Entity for making a substantial contribution in the cases,  
16 and all other requests for payment of Administrative Claims incurred before the Confirmation  
17 Date under sections 507(a)(2) or 503(b) of the Code (except only for Claims under 28 U.S.C. §  
18 1930) shall be thirty (30) days after the Effective Date. Any such Claim not filed within this  
19 deadline shall be forever barred and the Debtors and the Reorganized Debtors shall be discharged  
20 of any obligation on such Claim; and any Creditor who is required to file a request for payment of  
21 such Claim and who does not file such request by the applicable bar date shall be forever barred  
22 from asserting such Claim against the Estates, the Reorganized Debtors, or

23 //

24 //

1 any of their respective properties. Any objections to Administrative Claims must be filed within  
2 thirty (30) days after the deadline for filing an Administrative Claim. If an objection to an  
3 Administrative Claim is not timely filed in accordance with this paragraph, such Administrative  
4 Claim shall be deemed to be an Allowed Claim.

5 **APPROVED BY:**

6 IRELL & MANELLA LLP

7 By: /s/ Alan J. Friedman  
8 Alan J. Friedman  
9 Attorneys for the Debtors and Debtors-in-Possession

10 SULMEYERKUPETZ

11 By: See Docket #681- page 10  
12 Victor A. Sahn  
13 Attorneys for Official Joint Committee of  
14 Unsecured Creditors

15 OFFICE OF THE UNITED STATES TRUSTEE

16 By: See Docket #681- page 11  
17 Michael Hauser  
18 Attorney for the United States Trustee

19 //

20 //

21 //



1 **APPROVED BY: (continued)**

2 WEILAND, GOLDEN  
3 SMILEY, WANG EKVALL & STROK, LLP

4 By: See Docket #681- page 12  
5 Lei Lei Wang Ekvall  
6 Attorneys for M. and C. Immell Revocable Trust,  
7 Dated March 30, 1992; Hamilton Family Trust  
8 Est. July 11, 1990; and Hester Development Co.

9 GOE & FORSYTHE, LLP

10 By: See Docket #681- page 13  
11 Robert P. Goe  
12 Attorneys for the Lucas Entities

13 WILSON ELSEER MOSKOWITZ EDELMAN & DICKER LLP

14 By: See Docket #681- page 14  
15 John Immordino  
16 Attorneys for Arch Insurance

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28 DATED: May 28, 2010

  
United States Bankruptcy Judge

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**EXHIBIT 1**

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Telephone: (949) 760-0991  
8 Facsimile: (949) 760-5200

9 Attorneys for Debtors and Debtors-in-Possession

10 **UNITED STATES BANKRUPTCY COURT**  
11 **CENTRAL DISTRICT OF CALIFORNIA - SANTA ANA DIVISION**

12 In re  
13 JAMES C. GIANULIAS, and CAMEO HOMES, a  
California corporation,

) Case No. 8:08-bk-13150-RK  
) [Substantively Consolidated With:  
) Case No. 8:08-bk-13151-RK]  
) Chapter 11

14 Debtors and Debtors-in-Possession.

) **NOTICE OF:**

) **(1) ORDER: (1) APPROVING DISCLOSURE**  
) **STATEMENT; (2) APPROVING NOTICE**  
) **PROCEDURES; (3) ESTABLISHING**  
) **CONFIRMATION PROCEDURES AND**  
) **DEADLINES; AND (4) ESTABLISHING**  
) **CERTAIN BAR DATES**

) **(2) HEARING ON CONFIRMATION OF THE**  
) **DEBTORS' FOURTH AMENDED PLAN OF**  
) **REORGANIZATION (DATED MAY 27, 2010)**

) **(3) LAST DAY TO CAST BALLOTS**  
) **ACCEPTING OR REJECTING THE DEBTORS'**  
) **FOURTH AMENDED PLAN OF**  
) **REORGANIZATION (DATED MAY 27, 2010)**

) **(4) LAST DATE FOR FILING WRITTEN**  
) **OBJECTIONS TO THE DEBTORS' FOURTH**  
) **AMENDED PLAN OF REORGANIZATION**  
) **(DATED MAY 27, 2010)**

) **(5) LAST DATE FOR DEBTORS TO FILE**  
) **DECLARATION WITH RESPECT TO BALLOT**  
) **TALLY**

) Plan Confirmation Hearing

) Date: July 9, 2010

) Time: 11:45 a.m..

) Place: Courtroom 5D

) 411 West Fourth Street  
) Santa Ana, CA 92701

1 **TO THE OFFICE OF THE UNITED STATES TRUSTEE, ALL CREDITORS AND PARTIES-IN-**  
2 **INTEREST:**

3 **PLEASE TAKE NOTICE** that on or about May 28, 2010, the Bankruptcy Court entered an order approving  
4 the Debtors' Fourth Amended Disclosure Statement Regarding Debtors' Fourth Amended Plan of Reorganization  
5 (Dated May 27, 2010), (the "Disclosure Statement") filed by James C. Gianulias ("Gianulias") and Cameo Homes  
6 ("Cameo"), the debtors and debtors-in-possession in these substantively-consolidated cases (together, the "Debtors").  
7 The Disclosure Statement relates to the Debtors' Fourth Amended Plan of Reorganization (Dated May 27, 2010), (the  
8 "Plan").<sup>3</sup>

9 Transmitted herewith are copies of the following:

- 10 (1) The Plan;  
11 (2) The Disclosure Statement; and  
12 (3) Order Approving the Disclosure Statement.

13 If you are entitled to vote to accept or reject the Plan, also included herewith is:

- 14 (4) A ballot for the acceptance or rejection of the Plan.

15 You may request copies of the Plan, Disclosure Statement, the Order approving the Disclosure Statement,  
16 and other materials by contacting the Debtors' counsel in writing at Irell & Manella LLP, Attn: Lori Gauthier,  
17 Paralegal, 840 Newport Center Drive, Suite 400, Newport Beach, CA 92660-6324, Facsimile: (949) 760-5200, Email:  
18 lgauthier@irell.com. Requests for copies of the Plan and the Disclosure Statement shall be honored only if made in  
19 writing and mailed, delivered, or transmitted via fax, or e-mailed to the addresses set forth in this paragraph.

20 **THE HEARING FOR CONSIDERATION OF THE PLAN AND ANY OBJECTIONS THAT MAY**  
21 **BE MADE TO THE CONFIRMATION OF THE PLAN WILL BE HELD ON JULY 9, 2010, AT 11:45 A.M.**  
22 **(PDT), BEFORE THE HONORABLE ROBERT KWAN, UNITED STATES BANKRUPTCY JUDGE, IN**  
23 **COURTROOM 5D OF THE ABOVE-ENTITLED COURT, LOCATED AT THE RONALD REAGAN**  
24 **FEDERAL BUILDING, AT 411 WEST FOURTH STREET, SANTA ANA, CA 92701.**

25 **BY ORDER OF THE COURT, WRITTEN BALLOTS ACCEPTING OR REJECTING THE PLAN**  
26 **MUST BE ACTUALLY RECEIVED BY THE DEBTORS' BANKRUPTCY COUNSEL ON OR BEFORE**  
27 **JULY 2, 2010, AT 4:00 P.M. (PDT).**

28 **PLEASE TAKE FURTHER NOTICE** that, July 2, 2010 at 4:00 p.m. (PDT), is the last date and time for  
filing and serving, pursuant to Rule 3020(b)(1) of the Federal Rules of Bankruptcy Procedure, written objections to  
confirmation of the Plan. Any creditor or interested party who wishes to object to the Plan must file a written  
objection with the Clerk of the Bankruptcy Court, located at 411 West Fourth Street, Suite 2030, Santa Ana, CA  
92701. Such objection must also be served, such that any objection is received by no later than 4:00 p.m. (PDT), on  
July 2, 2010, upon counsel for the Debtors at the addresses located in the upper left-hand corner of this Notice,  
counsel for the Official Committee of Unsecured Creditors, Victor A. Sahn, Esq. and Elissa Miller, Esq.,  
SulmeyerKupetz, 333 South Hope Street, 35th Floor, Los Angeles, CA 90071-1406, and the Office of the United  
States Trustee, Attn: Michael Hauser, located at 411 West Fourth Street, Suite 9041, Santa Ana, CA 92701-8000.  
Any objections to the Plan not filed and served as set forth herein may be deemed waived.

**PLEASE TAKE FURTHER NOTICE** that, **July 7, 2010**, is fixed as the last day on which the Debtors  
shall file their ballot tally with this Court.

**PLEASE TAKE FURTHER NOTICE** that the Debtors will incorporate the following findings into the  
confirmation order and will ask the Bankruptcy Court to make the following findings in connection with confirmation

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<sup>3</sup> Capitalized terms not defined herein shall have the meaning set forth in the Plan or the related Plan Documents.

1 of the Plan (these findings are not exclusive and other customary findings of fact and conclusions of law will also be  
2 requested of the Court should the Plan be confirmed):

3 (1) The Collateral is the sole and separate property of each of the Grantors, and Grantors have  
4 all right, title and interest in and to, and subject to the provisions of Section 4(e) of the Security Agreement, Grantors  
are the legal and beneficial owner of, the Collateral, free from any Liens of any kind, other than the security interest  
created in the Security Agreement and the Priority Claims.

5 (2) The Security Agreement and the other Security Documents, including, without limitation,  
6 any instrument, document or agreement required in connection therewith, when delivered, will constitute, legal, valid  
and binding obligations of each Grantor and Grantors, taken as a whole, enforceable against it and them in accordance  
7 with their respective express written terms except as enforceability may be limited by applicable bankruptcy,  
insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by  
general equitable principles (whether enforcement is sought by proceedings in equity or at law).

8 (3) No additional consent or approval is required in connection with the Security Agreement,  
9 the Notes, the other Security Documents, and the transactions contemplated therein.

10 (4) The Security Documents do not provide for the grant of a security interest in the  
Ownership Interests in the Portfolio and/or Intermediate Entities or real estate held by the Portfolio Entities.

11 (i) Pursuant to the Plan, Debtors are issuing to the Secured Party two promissory  
notes: (1) the Cash Flow Note, which is secured as described in the Security Agreement, and (2) the Secondary Note,  
12 which is unsecured.

13 (ii) The Cash Flow Note is secured by means of a grant of a security interest in certain  
Collateral, which Collateral consists of all distributions received by Debtors in connection with the Ownership  
Interests held by Debtors in the Portfolio Entities and the Intermediate Entities, as well as certain claims, deposits,  
14 prepayments, refunds, rebates, causes of action, rights of recovery, rights of setoff and rights of recoupment relating to  
such distributions, and all substitutions, replacements, products derived or attributable with respect to any of the  
above-mentioned, and proceeds from any and all of the foregoing.

15 (iii) Neither the Security Agreement nor any other Security Document (1) grants a  
security interest in or other lien upon all or any part of the Ownership Interests held by Debtors in the Portfolio  
Entities and/or Intermediate Entities, (2) assigns, transfers or creates by its terms any lien on all or any part of the  
16 Ownership Interests of Debtors in the Portfolio Entities and Intermediate Entities, or (3) grants the Secured Party any  
security interest or lien of whatsoever kind in any real property owned by any Portfolio Entity. The Official  
Committee of Unsecured Creditors ("Creditors' Committee") and the Debtors, for themselves and for their respective  
17 successors and assigns, including any trustees that may be appointed in either or both of the Cases, acknowledge that,  
to the extent the Term Sheet (the "Term Sheet") purported to provide for a grant of any collateral, beyond what is  
18 actually granted in the Security Documents, the Security Documents (as interpreted in the Security Agreement) shall  
control.

19 (5) Debtors and the Creditors' Trust are bound by the terms and conditions of the Plan and the  
20 Security Documents; the Debtors, and other partners, members and owners in the Portfolio Entities and Intermediate  
Entities (the "Other Owners") are bound by such entities' operative Governing Documents. The Security Documents  
21 do not bind the Other Owners because the Other Owners are not parties to the Security Documents; in a similar vein,  
the Governing Documents do not bind the Creditors' Trust because it is not a party to such documents. In particular,  
22 the Security Documents do not grant the Creditors' Trust any right to be admitted as an owner, partner or member of  
any Portfolio Entity or Intermediate Entity, or to participate in any manner in the decision-making process,  
23 management and/or operations, of any Portfolio Entity or Intermediate Entity, including, without limitation, any right  
to vote or otherwise participate in decisions regarding the assets of the Portfolio Entities or Intermediate Entities. The  
24 Creditors' Trust and the Debtors understand that the Other Owners are not waiving any right to object to any action  
taken by the Creditors' Trust in the future, including without limitation any effort to intervene in any way with  
25 partnership/company operations and decision making, and that the Other Owners are specifically reserving the right to  
challenge any such action and to prevent the same and/or have the same declared void, just as the Other Owners  
26 should recognize that the Creditors' Trust is not waiving any right to object to any action taken by Debtors and/or the  
Other Owners now or in the future relating to the terms and conditions of the Security Documents, including, without  
27 limitation, any effort to intervene in any way with the terms and conditions of the Security Documents and the  
obligations of the parties thereto, and that the Creditors' Trust is specifically reserving the right to challenge any such  
28 action and to prevent the same and/or have the same declared void.

1 (6) The Security Documents, in addition to providing for a lien on distributions paid to Debtors  
2 and/or deposited into the Control Account, do place certain obligations on Debtors with respect to any sale, transfer or  
3 assignment by Debtors of any interest in the Ownership Interests (but not interests of the Other Owners). These  
4 obligations are designed to, among other things, protect the rights and remedies granted to the Creditors' Trust under  
5 the Security Documents to receive payments under the Cash Flow Note from certain payments made to Debtors in  
6 connection with the ownership, sale, transfer, assignment or financing of the Ownership Interests. To be clear,  
7 however, the consent of the Creditors' Trust is not required under the Security Documents for any sale, transfer or  
8 refinance of any of the assets now or hereafter owned by the Portfolio Entities or Intermediate Entities, including,  
9 without limitation, any real property owned or held by any Portfolio Entity. Those obligations would also not prohibit  
10 any transfers of Ownership Interests that are required to be made by Debtors to Other Owners under the Governing  
11 Documents.

12 (7) Any Sale Transaction with respect to Ownership Interests shall require the prior written  
13 consent of the Trustee, which consent shall not be unreasonably withheld, except that the Trustee shall not have any  
14 right to consent to (a) the dilution or transfer of an Ownership Interest resulting from a Capital Call Transaction or (b)  
15 the sale, transfer and/or assignment (and not encumbrance) of an Ownership Interest to any Other Owner(s) in  
16 instances in which such sale, transfer and/or assignment is (i) solely initiated by an Other Owner(s) pursuant to any  
17 right of an Other Owner(s) to purchase the Ownership Interest of a Debtor under any Governing Document or (ii) not  
18 initiated by the Debtor but is required by the Governing Documents; provided such sale, transfer and/or assignment is  
19 effected pursuant to and in accordance with the terms and conditions of such Governing Document; provided, further  
20 that the exceptions set forth in subsections (a) and (b) above shall not apply to any Ownership Interest in River Knolls,  
21 LP, a California limited partnership, River Knolls, LLC, GVSC, LP, a California limited partnership, and Grass  
22 Valley Shopping Center, LLC.

23 (8) The consent of the Secured Party is not required to sell, transfer, assign, encumber, finance  
24 or refinance any asset or property (including, without limitation, real property) owned and/or held by any Portfolio  
25 Entity or Intermediate Entity. Secured Party will remove the Negative Pledge of record within seven (7) days of  
26 written request, if provided with evidence that a lender alleges the same is a default, or evidence that removal is  
27 required by a proposed lender in connection with refinance of a property owned by a Portfolio Entity or Intermediate  
28 Entity; provided, however, that Debtor and Secured Party hereby agree that the removal of the Negative Pledge of  
record shall not impair, amend, modify or otherwise affect the provisions set forth in the Negative Pledge.

29 Dated: June 1, 2010

THE LOBEL FIRM, LLP

-and-

IRELL & MANELLA LLP

By: \_\_\_\_\_

Alan J. Friedman

Kerri A. Lyman

Attorneys for Debtors and Debtors-in-Possession

**NOTICE OF ENTERED ORDER AND SERVICE LIST**

Notice is given by the court that a judgment or order entitled (*specify*) **ORDER: (1) APPROVING DISCLOSURE STATEMENT; (2) APPROVING NOTICE PROCEDURES; (3) ESTABLISHING CONFIRMATION PROCEDURES AND DEADLINES; AND (4) ESTABLISHING CERTAIN BAR DATES** was entered on the date indicated as "Entered" on the first page of this judgment or order and will be served in the manner indicated below:

**I. SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")** Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s), the foregoing document was served on the following person(s) by the court via NEF and hyperlink to the judgment or order. As of **May 28, 2010**, the following person(s) are currently on the Electronic Mail Notice List for this bankruptcy case or adversary proceeding to receive NEF transmission at the email address(es) indicated below.

☒ Service information continued on attached page

**II. SERVED BY THE COURT VIA U.S. MAIL:** A copy of this notice and a true copy of this judgment or order was sent by U.S. Mail , first class, postage prepaid, to the following person(s) and/or entity(ies) at the address(es) indicated below:

James C. Gianulias  
Cameo Homes  
1105 Quail St,  
Newport Beach, CA 92660

**III. TO BE SERVED BY THE LODGING PARTY:** Within 72 hours after receipt of a copy of this judgment or order which bears an "Entered" stamp, the party lodging the judgment or order will serve a complete copy bearing an "Entered" stamp by U.S. Mail, overnight mail, facsimile transmission or email and file a proof of service of the entered order on the following person(s) and/or entity(ies) at the address(es), facsimile transmission number(s) and/or email address(es) indicated below:

Securities Exchange Commission  
Attn: Authorized Agent  
5670 Wilshire Boulevard, 11th Floor  
Los Angeles, CA 90036

**SERVED VIA NOTICE OF ELECTRONIC FILING ("NEF")**

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- Jess R Bressi jbreffi@luce.com
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