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

16 In re)
17 JAMES C. GIANULIAS, and CAMEO)
18 HOMES, a California corporation,)
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

) **NOTICE OF REDLINED PAGES RE:**
) **DEBTORS' FOURTH AMENDED PLAN**
) **OF REORGANIZATION (DATED MAY 27,**
) **2010), AS MODIFIED**

) **Confirmation Hearing:**

) Date: July 9, 2010

) Time: 11:45 a.m.

) Place: Courtroom 5D

) 411 West Fourth Street

) Santa Ana, CA 92701

26
27 **PLEASE TAKE NOTICE** that on July 7, 2010, James C. Gianulias ("Gianulias") and
28 Cameo Homes, a California corporation ("Cameo"), the substantively consolidated debtors and

1 debtors-in-possession (the "Debtors") filed their Fourth Amended Plan of Reorganization (Dated
2 May 27, 2010), as Modified (the "Plan") [Docket No. 713].

3 **PLEASE TAKE FURTHER NOTICE** that since the filing of the Plan, the Debtors have
4 determined that two additional changes to the Plan are required to clarify the treatment of Marilyn
5 Gianulias. These changes were made to address an inconsistency raised by the Committee and
6 have been approved by counsel to Marilyn Gianulias. Attached hereto as Exhibit "1" are redlined
7 pages showing the additional changes to the Plan. Specifically, such changes are set forth on page
8 33, lines 4-5 and page 42, line 21.

9 **PLEASE TAKE FURTHER NOTICE** that since the filing of the Plan, the Debtors
10 discovered an incorrect cross-reference in the Secured Promissory Note (attached to the Plan as
11 Exhibit C). Attached hereto as Exhibit "2" is a redlined page showing the change to the Secured
12 Promissory Note. Specifically, such change is set forth on page 6, Section 2(jj).

13 **PLEASE TAKE FURTHER NOTICE** that since the filing of the Plan, the Debtors have
14 determined that a change to the Security Agreement (attached to the Plan as Exhibit E) is required
15 to clarify the rights and remedies of the Creditors' Trust. This change was made at the request of
16 the Committee. Attached hereto as Exhibit "3" is a redlined page showing the change to the
17 Security Agreement. Specifically, such change is set forth on page 17, Section 8(a).

18 Dated: July 8, 2010

IRELL & MANELLA LLP

19
20 By: Kerri A. Lyman
Alan J. Friedman
Kerri A. Lyman
IRELL & MANELLA LLP

21
22
23 Attorneys for Debtors and
Debtors-in-Possessions

24 -and-

25 William N. Lobel
26 Mike D. Neue
THE LOBEL FIRM, LLP

27 Attorneys for Debtors and
28 Debtors-in-Possession

1 extent that the amount paid for such month is insufficient to pay the accrued interest for such
2 month, the unpaid accrued interest shall be added to the principal amount owed to Marilyn
3 Gianulias, and (b) any shortfall in the payment for such month shall be paid from Gross Available
4 Cash Flows for the following month(s) before any payment is made to the Reorganized Debtors
5 under the first sentence of Section VII.D.1.

6 4. Maturity. The maturity date of the Marilyn Gianulias obligation shall be the last
7 Business Day of the 60th calendar month after the Effective Date.

8 5. Pre-Payment. At any time after the Effective Date, without penalty or premium,
9 the Marilyn Gianulias Allowed Secured Claim may be prepaid, in whole or in part, in the sole
10 discretion of the Reorganized Debtors.

11 6. Retention of Collateral. Any and all liens currently held by Marilyn Gianulias with
12 respect to Debtors shall be released as of the Effective Date, and Marilyn Gianulias shall not take
13 any action to enforce or otherwise to exercise any rights or remedies with respect to any such
14 liens. As of the Effective Date, Marilyn Gianulias shall be granted a first priority security interest
15 in the Collateral. Marilyn Gianulias shall retain this first priority security interest in the Collateral
16 until such time as the Allowed Class 1D Claim has been paid in full. Marilyn Gianulias' security
17 interest in the Collateral shall, at all times until paid in full, be senior to the Creditors' Trust Lien.

18 To the extent that a Creditor in Class 1D does not hold an Allowed Secured Claim, such
19 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

20 **Class 1D is impaired under the Plan.**

21 **E. Class 1E – Secured Claims of Gus Gianulias**

22 Class 1E consists of all Secured Claims of Gus Gianulias.

23 Except to the extent that the holder of an Allowed Secured Claim in Class 1E agrees to a
24 different treatment, the holder of the Allowed Secured Claim in Class 1E shall, at the sole election
25 of the Debtors (made prior to the Effective Date), receive one of the following treatments: (i) the
26 legal, equitable and contractual rights to which the holder of such Allowed Secured Claim is
27 entitled shall remain unaltered; or (ii) the Debtors shall surrender to the holder of the Allowed
28

1 **D. Management of the Reorganized Debtors**

2 Following the Effective Date, Reorganized Debtor Gianulias will operate and manage his
3 interest in Reorganized Debtor Cameo, and the business operations of Reorganized Debtor Cameo
4 and its subsidiaries.

5 1. Funding of the Reorganized Debtors. Subject to the terms and conditions of the
6 Plan Documents, during the first two years following the Effective Date, the Reorganized Debtors
7 shall receive \$1.8 million annually from the Cash distributed as Gross Available Cash Flow, from
8 which they will fund post-Effective Date expenses and operations. The remaining funds
9 representing Gross Available Cash Flows will be used first to pay other Priority Payments. The
10 Priority Payments will be made in the following order of priority: (1) the following payments to
11 Marilyn Gianulias on account of, and in full satisfaction of her secured claim with respect to
12 Debtors – (i) \$1,000,000 in the first year following the Effective Date (\$83,333.33 per month), (ii)
13 \$1,200,000 in the second year following the Effective Date (\$100,000 per month), (iii) \$1,200,000
14 in the third year following the Effective Date (\$100,000 per month), (iv) \$1,200,000 in the fourth
15 year following the Effective Date (\$100,000 per month), and (v) approximately \$1,593,563 in the
16 fifth year following the Effective Date, representing the remaining balance owing to Marilyn
17 Gianulias in connection with her claim in the Cases (approximately \$132,796.93 per month);
18 provided, however, in the event that the remaining funds representing Gross Available Cash Flows
19 for any month are not sufficient to pay the amount owed to Marilyn Gianulias for that month, any
20 such shortfall shall be paid to Marilyn Gianulias from Gross Available Cash Flows for the
21 following month(s) before any payment is made to the Reorganized Debtors pursuant to the first
22 sentence of this Section VII.D.1; (2) the payment of all Adjusted Income Taxes; and (3) payment
23 of all Allowed Administrative Claims, Allowed Gap Claims, Allowed Priority Claims, and
24 Allowed Priority Tax Claims incurred in the Cases. To the extent any Gross Available Cash Flow
25 remains following the foregoing payments, such Cash will be paid to the Creditors' Trust for the
26 benefit of Allowed General Unsecured Claims.

27 Commencing in the third year following the Effective Date and continuing until such time
28 as the Cash Flow Note is paid in full, and subject to the terms and conditions of the Plan

(j) "Maturity Date" shall have the meaning as set forth in Section 5(g) below.

Deleted: f

(kk) "Mesa Management" shall mean Mesa Management, Inc., and shall include (1) its successors and assigns with respect to ownership and/or control, (2) any Affiliate of any Debtor who succeeds Mesa Management as the entity that provides management services or functions to any of the Portfolio Entities and/or the Intermediate Entities, and (3) any Person appointed as successor manager by Debtors.

(ll) "Other Owner" shall mean any Person that holds or owns a Venture Interest and is not an Affiliate of Debtors.

(mm) "Ownership Interest" shall mean, subject to the terms and conditions (including any adjustments) of Section 4(b) below: (1) any Equity Interest as of the date hereof, (2) any and all replacement, exchange or substitution with respect thereto, and/or (3) any and all distributions of any Equity Interest (of whatsoever kind and nature) issued and/or distributed on account of any Ownership Interests; provided, however, that the term "Ownership Interest" shall not include an Equity Interest (of whatsoever kind and nature) sold, transferred or assigned (but not encumbered) by Grantors to any Person, including, without limitation, in connection with the dilution of any Equity Interest owned or held by a Grantor. Notwithstanding the foregoing, if (A) an Ownership Interest in a Portfolio Entity or Intermediate Entity is reduced by means of dilution resulting from a Capital Call Transaction, subject to the terms and conditions under any Governing Document, and (B) Debtors subsequently acquire a Venture Interest pursuant to Section 4(b)(3) of this Note by means of Debtors' making a loan to, or otherwise acquiring a Venture Interest in and to, such Portfolio Entity or Intermediate Entity, the term "Ownership Interest" in such Portfolio Entity or Intermediate Entity shall include the Venture Interest so reacquired in an amount not to exceed the Equity Interest lost to dilution. Anything to the contrary contained herein notwithstanding, the parties acknowledge and agree that Grantors may not use Collateral to purchase or acquire any Ownership Interests, including, without limitation, any rights in and to Ownership Interests or Venture Interests of whatsoever kind and nature, without the prior written consent of Holder in its sole and absolute discretion.

(nn) "Payee" or "Holder" shall have the meaning as set forth in the initial paragraph of this Note, and include, without limitation, any successors and assigns thereof.

(oo) "Person(s)" shall mean any individual, corporation, limited liability company, joint venture, association, organization, estate, trust or other entity or any Governmental Authority.

(pp) "Petition Date" shall have the meaning as set forth in Section 1(a) above.

(qq) "Plan" means Debtors' Fourth Amended Plan of Reorganization dated May ___, 2010, as such may be amended, and as confirmed by the Bankruptcy Court in a final, non-appealable confirming order entered by the Bankruptcy Court, a copy of which is attached hereto as Exhibit A.

(rr) "Term Sheet Agreement" shall have the meaning as set forth in Section 1(d) above.

(ss) "Portfolio Entities" shall have the meaning as set forth in Section 1(f) above, and shall include all successors and assigns thereof.

pay the amount of the Designated Secured Party Payment to Secured Party as set forth in the Monthly Activity Statement by the date set forth herein, pursuant to the terms and conditions of the Cash Flow Note and this Agreement.

8. RIGHTS AND REMEDIES

From and after, and during the pendency of an Event of Default, to the extent applicable, Secured Party shall have the following rights and powers and may, without further notice of its election to any Grantor and/or Grantor Disbursing Agent, and without demand, do any one or more of the following, if permitted hereunder as applicable, all of which are authorized by Grantors and Grantor Disbursing Agent:

(a) **Acceleration.** Upon the occurrence of an Acceleration Default, Secured Party may accelerate the payment obligations due under the Notes and declare the entire amount of the Obligations and the amount due under the Second Note immediately due and owing. Without limiting the generality of the foregoing, from and after the occurrence of an Acceleration Default or the failure of the Debtors to pay all amounts owing under the Cash Flow Note by the Maturity Date (as defined in the Cash Flow Note), Secured Party may exercise any and all rights and remedies available to Secured Party under the Notes, this Agreement, the other Security Documents, the Plan, and/or available at law or in equity, including, without limitation, taking such actions (including, without limitation, the rights and remedies under Sections 8(b) and 8(d) below), and enforcing such rights and remedies as reasonable and appropriate to prevent, retain and/or recover any and all Collateral of whatsoever kind and nature that might otherwise be paid, payable or distributed to Grantors, including, without limitation, seeking the appointment of a receiver for Grantors for the Collateral; provided Secured Party complies with Applicable Laws regarding the appointment of a receiver, if any. The parties expressly acknowledge and agree that the provisions hereof shall not be deemed a limitation, waiver or prohibition of whatsoever kind and nature with respect to each parties' rights and remedies available under contract, in equity and/or under Applicable Law, all of which are expressly reserved.

(b) **Disgorgement and Offset of Proceeds.** Without limiting the application of Section 8(a) above, upon the occurrence of (i) a Payment Default, including, without limitation, a Sale Transaction in which the Proceeds payable as a result thereof have not been deposited in the Control Account within three (3) Business Days of consummation of such Sale Transaction or (ii) an Event of Default under Section 7(a)(4), and the amount of Proceeds received by Secured Party is reduced due to the attachment of such involuntary Lien as provided in Section 7(a)(4) above, the Secured Party may exercise any and all of its rights or remedies (1) to recover from Grantors any such Proceeds received by Grantors or attached or received by any holder of an involuntary Lien for the benefit of Grantors in the case of the attachment of an involuntary Lien, (2) restrict any distributions to Grantors from the Control Account from and after such occurrence, and (3) require Disbursing Agent to distribute to Secured Party any and all amounts to which Grantors are otherwise entitled under the Cash Flow Note and the Security Documents, until in all cases Secured Party has recovered all such Proceeds, costs and expenses as to which it would otherwise be entitled under the Cash Flow Note and the Security Documents. Without limiting the generality of the foregoing, in the event that Grantor Disbursing Agent fails to comply with the terms hereof, and without waiving any rights or remedies Secured Party may have against Grantors and/or Grantor Disbursing Agent in connection therewith, Secured Party may seek the appointment of a receiver with respect to the Collateral, including, without limitation, the Control Account; provided Secured Party complies with Applicable Laws regarding the appointment of a receiver, if any.

(c) **Other Events of Default.** Except as otherwise provided herein, upon the occurrence of an Event of Default, upon written direction from Secured Party to the Disbursing Agent, Disbursing

1 **PROOF OF SERVICE OF DOCUMENT**

2 I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business
address is:
3 840 Newport Center Drive, Suite 400, Newport Beach, CA 92660-6324

4 The foregoing document described as **NOTICE OF REDLINED PAGES RE: DEBTORS'**
FOURTH AMENDED PLAN OF REORGANIZATION (DATED MAY 27, 2010), AS
5 **MODIFIED** will be served or was served **(a)** on the judge in chambers in the form and manner
required by LBR 5005-2(d); and **(b)** in the manner indicated below:
6

7 **I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")** – Pursuant to
controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served
8 by the court via NEF and hyperlink to the document. On July 8, 2010, I checked the CM/ECF docket for this
bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic
Mail Notice List to receive NEF transmission at the email address(es) indicated below:
9 Service information continued on
attached page
10

11 **II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL**(indicate method for each person or entity served):
On _____, I served the following person(s) and/or entity(ies) at the last known address(es) in this
12 bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope
in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as
follows. *Listing the judge here constitutes a declaration that mailing to the judge will be completed no later*
13 *than 24 hours after the document is filed.*
14 Service information continued on
attached page
15

16 **III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL** (indicate method for
each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on July 8, 2010, I served
17 the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to
such service method), by facsimile transmission and/or email as follows. *Listing the judge here constitutes*
18 *a declaration that personal delivery on the judge will be completed no later than 24 hours after the*
document is filed.

19 **CAUSED TO BE SERVED VIA PERSONAL DELIVERY/MESSENGER**

20 Chambers of Honorable Robert W. Kwan
United States Bankruptcy Court
411 W. Fourth Street
21 Santa Ana, CA 92701

22 Office of the United States Trustee
Attn: Michael Hauser, Esq.
23 411 W. Fourth Street, # 9041
Santa Ana, CA 92701-4593
24

Service information continued on
attached page
25

26 I declare under penalty of perjury under the laws of the United States of America that the foregoing is true
and correct.
27

28 7/8/2010 Lori Gauthier /s/ Lori Gauthier
Date *Type Name* *Signature*

1
2 **SERVED VIA NOTICE OF ELECTRONIC FILING ("NEF")**

- 3 • John B Acierno efcacb@piteduncan.com
4 • Jess R Bressi jbressi@luce.com
5 • Frank Cadigan frank.cadigan@usdoj.gov
6 • Jon M Chatalian efile@pbgc.gov, chatalian.jon@pbgc.gov
7 • Sean T Cork scork@ssd.com
8 • Paul J Couchot pcouchot@winthropcouchot.com,
9 pj@winthropcouchot.com;sconnor@winthropcouchot.com
10 • Melissa Davis mdavis@shbllp.com
11 • Susan S Davis sdavis@coxcastle.com
12 • Daniel Denny ddenny@gibsondunn.com
13 • Lei Lei Wang Ekvall lekvall@wgllp.com
14 • David K Eldan malvarado@pmcos.com, rpinal@pmcos.com;calendar@pmcos.com
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