

EXHIBIT “1”

SETTLEMENT AND RELEASE AGREEMENT

THIS SETTLEMENT AND RELEASE AGREEMENT (the "**Agreement**") is made as of March [], 2014, by and among Oceanside Mile LLC, d/b/a Seabonay Beach Resort, a Florida limited liability company, Debtor and Debtor in Possession (the "**Debtor**"), Mayo Group, LLC, a Florida limited liability company (the "**Mayo Group**") and First-Citizens Bank & Trust Company ("**First-Citizens**") and, collectively with the Debtor and the Mayo Group, the "**Parties**") with reference to the following facts.

RECITALS

A. On October 17, 2013 (the "**Petition Date**"), the Debtor commenced a chapter 11 case (the "**Case**") in the United States Bankruptcy Court for the Central District of California (the "**Bankruptcy Court**"). The Case remains pending and the Debtor is a debtor in possession with full control of its business and assets.

B. First-Citizens contends that, immediately prior to the Petition Date, it was owed no less than \$6,177,803.13 (the "**Prepetition Amount**") by the Debtor on account of certain loans (the "**Loans**") that had been made to the Debtor by Sun American Bank, a predecessor in interest. First-Citizens also contends that the Loans, and all other amounts owed to it by the Debtor, including interest and fees accrued since the Petition Date, are secured by a lien and security interest in substantially all of the Debtor's assets (the "**Property**"), including certain real property known as the Seabonay Hotel (the "**Hotel**").

C. Since the Petition Date, First-Citizens has asserted that it should be entitled to immediately exercise its rights and remedies as a secured creditor with respect to the Property, including by foreclosing upon the Hotel. The Debtor has contended that it is entitled to confirm a plan of reorganization that would extend the maturity of the Loans until 2017.

D. On or about December 30, 2013, First-Citizens filed a motion for relief from the automatic stay to exercise its rights and remedies under applicable law (the "**Relief from Stay Motion**"). The Debtor has opposed the Relief from Stay Motion, which remains pending before the Bankruptcy Court.

E. On or about January 1, 2014, First-Citizens filed proof of claim number 7-1 (the "**Proof of Claim**") against the Debtor asserting a secured claim in the amount equal to the Prepetition Amount, plus interest and fees, and attaching certain loan documents (the "**Loan Documents**") as the basis therefore, including various promissory notes, a mortgage and a UCC-1 financing statement.

F. On January 7, 2014, the Debtor filed a disclosure statement ("**Disclosure Statement**") and plan of reorganization ("**Plan**"). The Plan would, among other things, extend the maturity of the Loans until 2017.

G. The Mayo Group asserts a claim against the Debtor for \$2,000,000 (the "**Mayo Group Secured Claim**") secured by a lien and security interest in the Property junior in priority only to First-Citizens' claims and liens and any allowed and secured lien(s) senior in priority to First-Citizens (the "**Mayo Group Junior Lien**").

H. The Parties acknowledge that litigation would be costly and is unlikely to maximize the value of the Property or the Hotel. In order to avoid such costs and loss of value,

the Parties wish to settle all of their disputes concerning the Motion for Relief from Stay, the Proof of Claim, the Disclosure Statement and the Plan, and to reach a consensual resolution to the Case that will allow the Debtor to maximize value while protecting First-Citizens' rights as a secured creditor.

SETTLEMENT

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants, promises, and the consideration set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, with the intent to be legally bound, the Debtor, the Mayo Group, and First-Citizens hereby stipulate and agree as follows:

1. **Acknowledgment and Incorporation of Recitals.** The Recitals set forth above are true and correct and are incorporated herein by reference as if fully restated.

2. **Definitions; Construction.**

2.1 For purposes of this Agreement, and addition to the terms defined elsewhere in this Agreement, the following capitalized terms shall have the following meanings:

"Agreement" shall mean this Agreement.

"Allowed Claim" shall have meaning set forth in Section 3.

"Approval Motion" shall have the meaning set forth in Section 13.1.

"Approval Order" shall mean an order of the Bankruptcy Court in form and substance substantially similar to the order attached hereto as Exhibit A.

"Auction" means the auction described in Section 11.2 to occur on the Final Maturity Date.

"Bankruptcy Code" shall mean title 11 of the United States Code, Section 101 et seq., including all amendments thereto, to the extent such amendments are applicable to the Case.

"Bankruptcy Court" shall have the meaning set forth in the Recitals.

"Bankruptcy Rule(s)" means the Federal Rules of Bankruptcy Procedure as now or hereafter amended and applicable to the Case.

"Business Day" means any day other than a Saturday, a Sunday, or a day on which commercial banks in Los Angeles, California or Miami, Florida are authorized to close

"Case" shall have the meaning set forth in the Recitals.

"Cash Collateral" shall have the meaning ascribed to such term in section 363(a) of the Bankruptcy Code.

“Credit Bid Amount” shall mean an amount equal to the sum of (a) the Allowed Claim, plus (b) all unpaid interest accrued on the Allowed Claim, plus (c) (i) \$325,000 or (ii), if the Bankruptcy Court has entered a Fee Order, the amount of attorneys’ fees and costs set forth in such Fee Order.

“Credit Bid Hearing” has the meaning set forth in Section 11.2.

“Credit Bid Sale” has the meaning set forth in Section 11.1.

“Debtor” shall have the meaning set forth in the first paragraph of this Agreement.

“Debtor Releasing Parties” has the meaning set forth in Section 20.1

“Default Judgment Motion” shall mean the motion filed by First-Citizens against Guarantors in the Florida Action seeking a default judgment.

“Dismissal Notice” has the meaning set forth in Section 16.

“Dismissal Order” shall mean an order of the Bankruptcy Court, substantially in the form of Exhibit B, dismissing the Case upon the filing of a Dismissal Notice pursuant to the terms of Section 16.

“Effective Date” shall have the meaning set forth in Section 12.

“Escrow Account” means an escrow account to be established by the Debtor and First-Citizens at a mutually agreeable financial institution for the purpose of depositing Net Proceeds from Permitted Refinancing or Permitted Sale.

“Escrow Agent” shall mean the escrow agent (which shall be reasonably satisfactory to First-Citizens and the Debtor) for the Escrow Account.

“Existing Cash Collateral Orders” means, collectively, the Interim Stipulation by and among the Debtor, First-Citizens and the Mayo Group Concerning the Use of Cash Collateral and any orders approving such Interim Stipulation, the First Order Approving Extension of Interim Stipulation by and among the Debtor, First-Citizens Bank & Trust Company and Mayo Group Concerning the Use of Cash Collateral and the Second Order Approving Extension of Interim Stipulation by and among the Debtor, First-Citizens Bank & Trust Company and Mayo Group Concerning the Use of Cash Collateral.

“Fee Order” has the meaning set forth in Section 10.4.

“Final Maturity Date” means October 31, 2014.

“Final Order” shall mean an order of the Bankruptcy Court, the operation or effect of which has not been reversed, stayed, modified or amended and as to which order, (or any revision, modification or amendment thereof), the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing has been taken or is

pending. A Final Order shall also consist of an order as to which an appeal, notice of appeal, motion to amend or make additional findings of fact, motion to alter or amend judgment, motion for rehearing or motion for new trial has been filed, or the time to do any of the foregoing has not yet expired, but as to which the Parties, in their sole and absolute discretion, elect to proceed with the Effective Date (as defined in Section 12). Each of the Parties hereby waive any right, pursuant to Federal Rules of Civil Procedure 59 and/or 60(b), as incorporated in Bankruptcy Rules 9023 and 9024, respectively, or under Section 502 (j) of the Bankruptcy Code, or otherwise, to seek reconsideration of the Approval Order.

"First-Citizens" shall have the meaning set forth in the first paragraph of this Agreement.

"First-Citizens Released Parties" has the meaning set forth in Section 20.1

"Florida Action" means the case styled *First-Citizens Bank & Trust Company v. Sharona Yehuda, Yoram Yehuda and the Keshet Intervivos Trust*, pending in the Circuit Court for the 17th Judicial Circuit in and for Broward, County, Florida, Case No. CACE-13-024202 (18).

"Guarantors" means, collectively, Sharona Yehuda, Yoram Yehuda and the Keshet Intervivos Trust.

"Hotel" has the meaning set forth in the Recitals to this Agreement.

"Interest Rate" shall mean an annual rate of interest equal to the non-default contract rate set forth in the Loan Documents.

"Lien" shall have the meaning set forth in Section 3.

"Mayo Group" shall have the meaning set forth in the first paragraph of this Agreement.

"Mayo Group Secured Claim" has the meaning set forth in the Recitals to this Agreement.

"Mayo Group Junior Lien" has the meaning set forth in the Recitals to this Agreement.

"Minimum Amount" shall mean an amount equal to the sum of (a) any liens upon the Property senior to the Lien (if any), plus (b) the Allowed Claim, plus (c) all unpaid interest accrued on the Allowed Claim plus (d) (i) \$325,000 or (ii), if the Bankruptcy Court has entered a Fee Order, the amount of attorneys' fees and costs set forth in such Fee Order.

"Net Proceeds" means, in connection with any refinance or sale of the Property, the proceeds remaining after the payment of reasonable commissions and other transactions costs to third parties.

"Person" means any individual, general partnership, limited partnership, corporation or limited liability company.

"Permitted Refinance" means a refinancing of the Property resulting in the Debtor actually receiving Net Proceeds in an amount equal to or greater than the Minimum Amount.

"Permitted Sale" means a sale of the Property resulting in the Debtor actually receiving Net Proceeds in an amount equal to or greater than the Minimum Amount.

"Petition Date" shall have the meaning set forth in the Recitals.

"Prepayment Date" means any date prior to the Final Maturity Date on which the Debtor receives Net Proceeds from a Permitted Refinancing or a Permitted Sale.

"Prepetition Amount" shall have the meaning set forth in the Recitals to this Agreement.

"Qualified Bid" means a bid for the Property that is (a) is in cash; (b) at least \$50,000 over the Credit Bid Amount; and (c) made by a Qualified Bidder.

"Qualified Bidder" means any Person that makes a bid for the Property at or before the Auction and establishes, to the reasonable satisfaction of First-Citizens, that it has the ability to close such bid within seven (7) Business Days of the Final Maturity Date.

"Sale Notice" means, with respect to a potential Permitted Sale, a notice (a) attaching a fully executed purchase agreement with respect to such potential Permitted Sale, (b) identifying, with specificity, any liens or other interests upon the Property subject to such potential Permitted Sale, and (c) expressly stating that the potential Permitted Sale shall be free and clear of such liens.

"Subordination Agreement" means the Subordination Agreement dated as of October 20, 2012 by and among the Debtor, First-Citizens and the Mayo Group currently in effect between the Parties.

"Upfront Payment" shall mean a payment by the Debtor to First-Citizens in respect of the Allowed Claim in the amount of \$1,000,000 United States Dollars.

2.2. For purposes of this Agreement, except to the extent the context otherwise requires: (a) any reference to an Article, a Section, a Schedule or an Exhibit is a reference to an article or section of this Agreement, and any reference to a subsection or a clause is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears; (b) the words "hereof," "herein," "hereto," "hereunder" and the like mean and refer to this Agreement as a whole and not merely to the specific Article, Section, subsection, paragraph or clause in which the respective word appears; (c) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; (d) the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation;" (e) references to agreements and other contractual instruments shall be deemed to

include all subsequent amendments and other modifications thereto; (f) references to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation referred to; and (g) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding"; and the word "through" means "to and including."

3. Allowance of Claims.

3.1 On the Effective Date, First-Citizens shall receive an allowed secured claim (the "**Allowed Claim**") against the Debtor in the amount of [\$6,221,431.02]. Of that amount, \$6,149,999.99 shall constitute the principal amount of the Loans; [\$56,442.53] shall constitute accrued but unpaid interest as of the Effective Date; \$12,300 shall constitute appraisal fees payable to First-Citizens pursuant to the Loan Documents; and \$2,688.59 shall constitute hazard insurance fees paid by First-Citizens. The Allowed Claim shall be allowed in all respects and shall not be subject to reconsideration or other modification, whether under section 502(j) of the Bankruptcy Code or otherwise. In addition, the Allowed Claim, any interest accrued thereon under Section 6 and any fees allowed by the Bankruptcy Court or agreement of the Parties pursuant to Section 4 and Section 10.3 shall be secured by a lien and security interest (the "**Lien**") in all of the Debtor's assets, including the Property and the Hotel pursuant to the Loan Documents, and the Lien shall be conclusively deemed to be fully enforceable, valid and unavoidable, subject to the terms of this Agreement. Notwithstanding any provision(s) of the Loan Documents, including the Subordination Agreement, to the contrary, absent an Event of Default, First-Citizens shall not be allowed (nor shall it seek) any claim against the Parties other than the Allowed Claim, plus interest (as set forth in Section 6 below), plus reimbursement for attorneys' fees and costs (as set forth in Sections 4 and 10.3 below).

3.2 The Mayo Group Secured Claim shall constitute an allowed claim against the Debtor in all respects and shall not be subject to reconsideration or other modification, whether under section 502(j) of the Bankruptcy Code or otherwise. The Mayo Group Secured Claim shall be secured by the Mayo Group Junior Lien. The Mayo Group Junior Lien shall be conclusively deemed to be fully enforceable, valid and unavoidable, subject to the terms of this Agreement and the Subordination Agreement. In the interest of clarity, the Lien shall be senior to the Mayo Group Junior Lien in all respects and the Mayo Group Secured Claim shall not be payable until the Allowed Claim, any interest accrued thereon under Section 6 and any fees allowed by the Bankruptcy Court or agreement of the Parties pursuant to Section 4 and Section 10.3 have been paid in full as provided by this Agreement, including pursuant to a Permitted Refinance, a Permitted Sale or a Credit Bid Sale.

4. Allowance of Attorneys' Fees and Costs. In addition to the Allowed Claim, First-Citizens may be entitled to be reimbursed for any reasonable legal fees and costs as allowed by the Bankruptcy Court in accordance with applicable law, and subject to section 506(b) of the Bankruptcy Code. The procedure for awarding such fees and costs is set forth in Section 10.3 below.

5. Upfront Payment. On the Effective Date, the Debtor shall pay to First-Citizens the Upfront Payment in immediately available funds. The Upfront Payment shall be (a) fully earned upon receipt, (b) not subject to setoff or counterclaim, (c) nonavoidable, and (d) non-

refundable. Upon receipt, First-Citizens shall apply the Upfront Payment to the Allowed Claim and the Allowed Claim shall be reduced to [\$5,221,431.02].

6. Interest. The Allowed Claim shall bear interest from and after the Effective Date at the Interest Rate. Interest shall be payable in arrears on the 20th day of each calendar month; provided, that, upon the payment of the Upfront Payment by the Debtor to First-Citizens, the Debtor may elect to defer interest payments until the earlier to occur of (a) a Prepayment Date and (b) the Final Maturity Date. If, the Upfront Payment has been made and no Event of Default exists, and the Debtor shall fail to make an interest payment as required by this Agreement, the Debtor shall be automatically deemed to have deferred such interest payment as permitted by this Section 6. Notwithstanding any provisions of the Loan Documents to the contrary, as long as no Event of Default exists, First Citizens waives any and all rights and claims to (x) a penalty or fee for early payment, and (y) default interest in the event the Debtor elects not to pay Interest until the Prepayment Date or Final Maturity Date.

7. Final Maturity Date. On the Effective Date, the maturity date of the Loans shall be extended from October 20, 2013 through the Final Maturity Date. The Debtor, the Guarantors and Mayo Group expressly acknowledge that the Final Maturity Date shall not be subject to any further extensions and that the entire amount of the Allowed Claim, plus any interest accrued and unpaid thereon from the Effective Date through the Final Maturity Date, shall be due and payable on the Final Maturity Date as more particularly set forth herein. In addition to the payment of its Allowed Claim on the Final Maturity Date, First-Citizens shall be entitled to the payment of legal fees and costs as set forth in section 10.3 hereof. The Allowed Claim shall bear interest at the default rate set forth in the Loan Documents if the Final Maturity Date has occurred and a Permitted Sale or Credit Bid Sale has not closed when and as required by Section 11. Any such interest shall be due and payable upon demand.

8. Forbearance and Stay of Litigation.

8.1 From the Effective Date through the Final Maturity Date, First-Citizens shall, absent an Event of Default, forbear from taking any actions to enforce its rights under or in connection with the Loan Documents, any other agreements relating to the Loans, the Allowed Claim or applicable law, including any such actions against the Debtor, the Guarantors, the Mayo Group or any Property, provided, that, First-Citizens shall be entitled to take such actions consistent with this Agreement as may be reasonably necessary (as determined by First-Citizens in its own discretion) to preserve (a) the perfection and priority of the Lien on the Property, (b) the condition of the Property and (c) the amount, allowance, enforceability or priority of the Allowed Claim and any amounts owed in connection therewith.

8.2 From the Effective Date through the Final Maturity Date, the Parties agree that, absent an Event of Default, all litigation between or among First-Citizens, the Debtor, the Guarantors, and the Mayo Group shall be stayed in all respects. Without limiting the generality of the foregoing, (a) First-Citizens shall take no action to (i) foreclose or enforce any rights that it may have against the Debtor, the Guarantors, the Mayo Group or the Property (except as permitted by Section 8.1), and (ii) prosecute the Motion for Relief from Stay or the Florida Action, including the Default Judgment Motion (which shall be adjourned until after the Final Maturity Date), (b) the Debtor shall take no action to obtain approval of the Disclosure Statement or confirmation of the Plan, (c) Mayo Group shall take no action to foreclose or enforce any rights that it may have against the Debtor, the Property the Guarantors or First-Citizens, and (d)

upon the occurrence of the Effective Date, First-Citizens shall withdraw the Motion for Relief from Stay and the Debtor shall withdraw the Plan and Disclosure Statement.

9. Cash Collateral; Exclusivity.

9.1 On the Effective Date, First-Citizens and Mayo Group shall consent to the use of Cash Collateral from the Effective Date through the Final Maturity Date on the same terms and conditions that currently exist under the Existing Cash Collateral Orders, provided, that (a), after the payment of the Upfront Payment, the Debtor may defer interest payments to First-Citizens as permitted by Section 6 and (b) no Cash Collateral shall be used on and after the Effective Date to assert any claim of any kind or nature against First-Citizens, including any claim to reduce or subordinate the Allowed Claim or avoid the Lien. First-Citizens' consent to the use of Cash Collateral shall be evidenced by an order of the Bankruptcy Court in a form satisfactory to the Debtor and First-Citizens.

9.2 First-Citizens and Mayo Group each expressly consent to the Debtor's use Cash Collateral to pay the allowed professional fees and costs incurred by the Debtor to Creim Macias Koenig & Frey LLP before and after the Effective Date, so long as any such fees and costs incurred after the Effective Date were not incurred for any of the purposes set forth in clause (b) of Section 9.1 above; provided, that, Creim, Macias, Koenig & Frey LLP may represent the Debtor in objecting to any application filed by First-Citizens pursuant to Section 10.3 for reimbursement of legal fees and costs and may be compensated from Cash Collateral for any such representation.

9.3 Nothing in this Section 9 shall excuse any professional from any requirement to file a fee application consistent with the Bankruptcy Code, the Bankruptcy Rules or any applicable local rules, or impair, modify or waive the rights of any Party to object to any such professional fees and costs.

9.4 First-Citizens and the Mayo Group each consent to and shall support the Debtor in seeking (a) an extension through December 31, 2014 of the Debtor's exclusive period to file a plan of reorganization under section 1121(c)(2) of the Bankruptcy Code and (b) an extension through February 28, 2015 of the Debtor's exclusive period to obtain acceptance of a plan of reorganization under section 1121(c)(3) of the Bankruptcy Code.

10. Authorization to Refinance or Sell the Property; Certain Covenants.

10.1 On and after the Effective Date, the Debtor shall be authorized pursuant to section 363 of the Bankruptcy Code to enter into a Permitted Refinance or a Permitted Sale without further order of the Bankruptcy Court. In the interest of clarity, the Parties acknowledge that, so long as a sale is a Permitted Sale, it may be consummated as a private sale without the need for an auction process.

10.2 In the event that the Debtor agrees to a Permitted Sale, the Debtor shall file a Sale Notice with the Bankruptcy Court at least thirty (30) days prior to the closing of such Permitted Sale. The Sale Notice shall be served on all Persons holding liens or security interests in the Property. Property sold pursuant to a Permitted Sale shall be free and clear of any and all claims, liens, encumbrances and interests on such Property held by any Person properly served with the Sale Notice to the fullest extent permitted by section 363(f) of the Bankruptcy Code. Any such claims and interests shall attach to the Net Proceeds in the same priority and to the same extent as any such claims and interests had attached to the Property

immediately prior to such Permitted Sale.

10.3 On the closing date of any Permitted Refinance or Permitted Sale, Net Proceeds in an amount equal to (a) the Allowed Claim plus (b) any unpaid interest thereon shall be paid to First-Citizens directly from the closing escrow of such Permitted Refinance or Permitted Sale. In addition, the Debtor shall deposit \$325,000 into the Escrow Account from Net Proceeds and shall provide First-Citizens with notice of the deposit of such funds. First-Citizens may file an application with the Bankruptcy Court within thirty (30) days of the service of such notice seeking reimbursement for its reasonable legal fees and costs pursuant to section 506(b) of the Bankruptcy Code. The Debtor may oppose such application, including on the grounds that such legal fees and costs are not reasonable. Absent agreement of the Parties, the Bankruptcy Court shall determine the amount of legal fees and costs to be allowed under section 506(b) of the Bankruptcy Code and shall enter an order (the "**Fee Order**") allowing fees and costs in such amount. Within three (3) Business Days of the entry of the Fee Order, the Escrow Agent shall release funds from the Escrow Account to First-Citizens in an amount equal to the fees and costs allowed pursuant to the Fee Order and shall return any remaining funds to the Mayo Group up to the amount of the Mayo Group Secured Claim, and any remaining funds thereafter to the Debtor. The Fee Order shall be final in all respects, and each of First-Citizens, the Debtor, the Guarantors and the Mayo Group expressly waive any and all of their rights (if any) to appeal the Fee Order. Nothing herein shall prevent the Parties from resolving any disputes with respect to legal fees by agreement and without the need for an escrow or an order of the Bankruptcy Court. First-Citizens shall not be entitled to reimbursement for any legal fees and costs if it fails to file a timely application with the Bankruptcy Court when and as required by this Section 10.3.

10.4 Upon the payment of the Allowed Claim, plus the outstanding and unpaid interest due thereon, plus the amounts set forth in the Fee Order (or such attorneys' fees and costs as may be agreed to by the Parties), the Debtor's obligations to First-Citizens shall be deemed satisfied in full and the Debtor, the Guarantors and Mayo Group shall have no further obligation to First-Citizens in respect of, in connection with, or related to the Allowed Claim, the Loans, the Loan Documents or the Property. Without limiting the generality of the foregoing, the Mayo Group shall be released from any obligations under the Subordination Agreement and any Net Proceeds remaining after the payment of the amounts set forth in this Section 10.4 shall be free and clear of the Lien or any other interest of First-Citizens, but not free and clear of the Mayo Group Junior Lien until and unless the Mayo Group Secured Claim is satisfied in full.

10.5 The Debtor shall pay and discharge all taxes, fees, assessments and governmental charges or levies imposed upon it with respect to the Property prior to the date on which penalties attach thereto, except that the Debtor may continue to prosecute the property tax dispute with Broward County in respect of the Property being prosecuted by the Debtor as of the Effective Date so long as such dispute is prosecuted in good faith. The Debtor shall not be required to pay the taxes subject to such dispute while such dispute is pending to the extent payment is excused by applicable law.

11. Satisfaction of Claims on the Final Maturity Date.

11.1 If the Debtor's obligations to First-Citizens have not been satisfied by September 1, 2014, First-Citizens shall be deemed to have made a binding offer to purchase the

Property on the Final Maturity Date in exchange for a credit bid equal to the Credit Bid Amount. For purposes of this Agreement, a sale of the Property to First-Citizens pursuant to this Section 11.1 shall be referred to as a “**Credit Bid Sale**.” The Credit Bid Sale shall be free and clear of all claims and interests to the fullest extent permitted by section 363(f) of the Bankruptcy Code, and shall be on an “as is,” “where is” basis with all faults.

11.2 If an offer to purchase the Property at a Credit Bid Sale pursuant to Section 11.1 has been deemed made by First-Citizens, the Debtor shall send, no later than September 1, 2014, a notice of sale, in form substance reasonably satisfactory to First-Citizens, to all parties in interest in the Case. Further, the Bankruptcy Court shall hold a hearing (the “**Credit Bid Hearing**”) on or about the Final Maturity Date for the purpose of approving the Credit Bid Sale. At or before the Credit Bid Hearing, any Qualified Bidder may make a Qualified Bid for the Property. If a Qualified Bidder makes a Qualified Bid, the Bankruptcy Court shall hold an auction and, at the conclusion of such auction, shall designate the prevailing bidder. If the prevailing bidder is not First-Citizens, then (a) the prevailing bidder shall have seven (7) Business Days to close its purchase of the Property, (b) such purchase shall be deemed a Permitted Sale for purposes of this Agreement and (c) any Net Proceeds shall be subject to Section 10.3. The Parties expressly agree that if the Mayo Group (or its assignee, if any) makes a Qualified Bid at or before the Credit Bid Hearing, the Mayo Group (or its assignee, if any) shall have the right (in its sole and absolute discretion) to include a credit bid in the amount of the Mayo Group Secured Claim as part of such Qualified Bid; provided that such Qualified Bid shall include a cash component in an amount equal to the Credit Bid Amount plus \$50,000; provided, further, that such cash component shall constitute Net Proceeds and shall be subject to Section 10.3.

11.3 If there are no Qualified Bids made at or before the Credit Bid Hearing, if First-Citizens is the prevailing bidder at the auction, or if a Qualified Bid does not close within seven (7) Business Days of the Credit Bid Hearing, First-Citizens shall be automatically deemed to have purchased the Property on the Final Maturity Date pursuant to a Credit Bid Sale and all of the Debtor’s right, title and interest in and to the Property shall be deemed to have been transferred to First-Citizens on the Final Maturity Date. Further, any liens of Mayo Group shall be immediately released and removed from the Property as of the Final Maturity Date without further order of the Bankruptcy Court.

11.4 If First-Citizens purchases the Property pursuant to a Credit Bid Sale, the Debtor and Mayo Group shall execute such deeds, releases, reconveyances, agreements and instruments as First-Citizens may reasonably request to evidence the transfer of the Property to First-Citizens pursuant to the terms of this Agreement. Upon the closing of a Credit Bid Sale, including the transfer of title of the Property to First-Citizens, the Guarantors shall be fully released from any further liability to First-Citizens under the terms of their guarantees and the Mayo Group and the Debtor shall be fully released from any and all claims or liability to First-Citizens, including under the Subordination Agreement, in each case, as set forth in Section 20.2 below.

12. Effective Date. This Agreement shall become effective on the first Business Day (the “**Effective Date**”) after each of the following shall have occurred:

12.1 The Approval Order shall have been entered by the Bankruptcy Court substantially in the form of Exhibit A and shall be a Final Order;

12.2 Each Party shall have executed and delivered a signed counterpart to this Agreement to each other Party; and

12.3 Each of the Guarantors shall have acknowledged and consented to this Agreement.

13. Agreement to Seek Court Approval; Termination.

13.1 Upon the execution of this Agreement, the Debtor shall promptly file a motion seeking entry of the Approval Order and the entry of the Dismissal Order (the "Approval Motion") and shall use best efforts to have the motion heard and approved by no later than March 31, 2014. First-Citizens, the Guarantors and Mayo Group shall provide commercially reasonable cooperation to the Debtor in respect of the filing and prosecution of such motion and shall support such motion before the Bankruptcy Court.

13.2 This Agreement shall automatically terminate if the Bankruptcy Court shall, at any time, enter an order denying the entry of the Approval Order, or if the Approval Order has not been entered by April 30, 2014. First-Citizens may terminate this Agreement in its sole and absolute discretion if the Approval Order has not been entered by April 15, 2014, as a result of the Debtor's failure to prosecute the Approval Motion. If this Agreement is terminated as set forth in Section 13.2, this Agreement shall become null and void and be of no force of effect and the Parties shall be returned to the exact same legal position that they would have been in had this Agreement not been executed. This Agreement may not be terminated as a result of the Bankruptcy Court's failure to enter the Dismissal Order.

14. Events of Default.

14.1 Each of the following shall constitute an "Event of Default" under the terms of this Agreement:

(a) The Debtor shall fail to make the Upfront Payment within three (3) Business Days of the Effective Date.

(b) The Debtor shall fail to comply with Section 10.5 within thirty (30) days of receiving a notice of non-compliance from First-Citizens.

(c) The Debtor, the Guarantors, the Mayo Group or any of their respective agents, officers or directors shall sign any binding agreement or file any motion, plan of reorganization or other pleading with the Bankruptcy Court seeking to refinance or sell the Property, except pursuant to a Permitted Refinancing or a Permitted Sale.

(d) The Bankruptcy Court shall enter an order (i) converting the Case to a case under chapter 7 of the Bankruptcy Code, (ii) appointing a trustee or examiner with expanded powers with authority over the affairs of the Debtor or the Property, or (iii) dismissing the Case, except as permitted by the Dismissal Order.

(e) The Approval Order shall be vacated, modified or stayed or otherwise cease to be in full force and effect.

(f) The Mayo Group shall receive any payments from the Debtor or the Property prior to the payment in full of First-Citizens as required by this Agreement.

(g) The Debtor shall fail to (i) pay any amounts due on any Prepayment Date, (ii) close the Credit Bid Sale as required by Section 11, or (iii) fund the escrow required by Section 10.3.

14.2 Upon the occurrence of an Event of Default, each of the following shall occur:

(a) The Allowed Claim, any interest due thereon and all other fees and expenses due to First-Citizens under the Loan Documents (including legal fees and costs) shall immediately become due and payable without presentment, demand, protest or further notice of any kind.

(b) Any obligation of First-Citizens hereunder or otherwise to forebear from exercising its rights and remedies under the Loan Documents or applicable law against the Debtor, the Guarantors, the Mayo Group or any other Person shall immediately terminate and First-Citizens shall be entitled to exercise any and all such remedies at its sole and absolute discretion, including any remedies it may have as a secured creditor under the Uniform Commercial Code and other applicable law. In addition, none of the Parties shall have any further duty to forebear from commencing, continuing or prosecuting any litigation.

(c) The automatic stay set forth in section 362(a) of the Bankruptcy Code shall be immediately lifted without further order of the Bankruptcy Court to permit First-Citizens to exercise any and all of its rights and remedies under the Loan Documents and applicable law, including its right to foreclose upon the Property and the Hotel.

(d) The Debtor's authority to use Cash Collateral shall immediately cease and the Debtor shall have no further right to use such Cash Collateral absent consent or further order of the Court.

15 The Mayo Group's Consent. As of the Effective Date, the Mayo Group shall and hereby does consent to any Permitted Refinance, Permitted Sale and Credit Bid Sale and agrees that any such sale shall be free and clear of its liens; provided, that such liens shall attach to the Net Proceeds to the extent permitted by this Agreement and the Subordination Agreement. The Mayo Group irrevocably waives any and all objections it may have to any Permitted Refinance, Permitted Sale and Credit Bid Sale and agrees to cooperate with the Debtor and First-Citizens to consummate any such sale. Notwithstanding the foregoing language in this Section 15, the Mayo Group preserves and retains any and all rights (a) to assert and protect its lien rights and claims in the Net Proceeds above the Minimum Amount, and (b) to participate in the Auction as a Qualified Bidder should the Mayo Group qualify as such under the terms of this Agreement. Subject to the release of the Mayo Group pursuant to Section 20.2, the Mayo Group acknowledges and agrees that nothing herein is intended to or shall affect the Subordination Agreement and that the Subordination Agreement remains in full force and effect and is fully enforceable against the Mayo Group in accordance with its terms.

16 Dismissal Order. The Approval Motion shall request that the Bankruptcy Court

enter the Dismissal Order. If the Dismissal Order is entered, the Case shall be dismissed upon the filing of a "**Dismissal Notice**" without further order of the Bankruptcy Court. A Dismissal Notice shall be signed by the Debtor, First-Citizens and the Mayo Group and may be filed by the Debtor at any time after the first Business Day following the earlier to occur of any of the following: (a) the payment in full of the Debtor's obligations to First-Citizens pursuant to a Permitted Refinance or Permitted Sale, including the payment of legal fees and costs by agreement or pursuant to a Fee Order, and (b) the transfer to First-Citizens of the Property pursuant to a Credit Bid Sale. Until the Dismissal Notice has been filed with the Bankruptcy Court, the Bankruptcy Court shall have full jurisdiction of all matters set forth therein, including the jurisdiction to enforce this Agreement by any appropriate orders. The failure of the Bankruptcy Court to enter the Dismissal Order shall not constitute an Event of Default hereunder or cause for termination of this Agreement. If no Dismissal Order is entered, this Section 16 shall be deemed null and void, but the remainder of this Agreement shall, after the Effective Date, remain in full force and effect.

17 Representations and Warranties of First-Citizens. First-Citizens has all requisite power and authority to execute, deliver and perform its obligations under this Agreement. The execution, delivery and performance by First-Citizens have been duly authorized by all necessary action of First-Citizens and do not and will not violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree or the like binding on or affecting First-Citizens.

18 Representations and Warranties of the Debtor. The Parties acknowledge that the terms of this Agreement, and the Debtor's duties and obligations, are subject to the occurrence of the Effective Date. As of the Effective Date, the Debtor has all requisite power and authority to execute, deliver and perform its obligations under this Agreement. The execution, delivery and performance by Debtor of this Agreement have been duly authorized by all necessary action of the Debtor and do not and will not violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree or the like binding on or affecting the Debtor.

19 Representation and Warranties of Mayo Group. Mayo Group has all requisite power and authority to execute, deliver and perform its obligations under this Agreement. The execution, delivery and performance by Mayo Group of this Agreement have been duly authorized by all necessary action of Mayo Group and do not and will not violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree or the like binding on or affecting Mayo Group.

20 Release by the Debtor, the Guarantors, the Mayo Group and First-Citizens.

20.1 Other than the obligations detailed in this Agreement, as of the Effective Date, the Debtor, the Guarantors, the Mayo Group and each of their present and former partners, directors, officers, employees, agents, representatives, attorneys shareholders, members, associates, personal representatives, successors, and/or assigns (the "**Debtor Releasing Parties**") hereby fully release, acquit, satisfy and forever discharge First-Citizens and all of its present and former affiliates, subsidiaries, parent or sister entities, and all of their present and former partners, directors, officers, employees, agents, representatives, attorneys, shareholders, members, associates, personal representatives, successors, and/or assigns (the "**First-Citizens Released Parties**"), from and against all manner of action and actions, cause and causes of action, suits, debts, sums of money, accounts, reckonings, bonds, bills, specialties, covenants,

contracts, addenda, assignments, controversies, agreements, promises, variances, torts, trespasses, damages, judgments, executions, claims, demands, strict liability, breach of duties, negligence, personal injuries, representations, product liability, deceptive trade practices, violations of state and federal law, claims and demands whatsoever, in law or in equity, including any of the foregoing claims or actions in respect of the Loan Documents, the Loans and the Allowed Claim or any matter asserted (or that could have been asserted) relating thereto that any of the Debtor Released Parties ever had, now have, or may subsequently have, against any or all of the First-Citizens Released Parties.

20.2 On the earlier to occur of (a) the date upon which First-Citizens receives, in cash, payment of the Allowed Claim, plus any unpaid interest accrued thereon plus the reimbursement of attorneys' fees and costs as permitted by this Agreement (either under a Fee Order or by agreement of the Parties) and (b) the closing of the Credit Bid Sale, the First-Citizens Released Parties hereby fully release, acquit, satisfy and forever discharge the Debtor Releasing Parties, from and against all manner of action and actions, cause and causes of action, suits, debts, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, addenda, assignments, controversies, agreements, including subordination agreements, promises, variances, torts, trespasses, damages, judgments, executions, claims, demands, strict liability, breach of duties, negligence, personal injuries, representations, product liability, deceptive trade practices, violations of state and federal law, claims and demands whatsoever, in law or in equity, including any of the foregoing claims or actions in respect of the Loan Documents, the Loans, the Subordination Agreement and the Allowed Claim or any matter asserted (or that could have been asserted) relating thereto that any of the First-Citizens Released Parties ever had, now have, or may subsequently have, against any or all of the Debtor Released Parties.

20.3 In connection with this Agreement, the Parties waive all rights they may have under section 1542 of the California Civil Code, which provides that

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN TO HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

By executing this Agreement, the Parties expressly and forever waive the benefits, protection and rights of California Civil Code section 1542, or any other similar provision of the law of any other jurisdiction, with respect to matters released by the Agreement.

20.4 Each Debtor Releasing Party hereby agrees that he, she or it (as applicable) shall not institute or prosecute (or, except to the extent required by law, in any way aid, assist, or cooperate with the institution or prosecution of) any action, suit, hearing or other proceeding of any kind, nature or character at law or in equity against any of the First-Citizens Released Parties in order to collect, enforce, declare, assert, establish or defend against any claim released pursuant to this Agreement. This Agreement shall provide each First-Citizens Released Party with a complete defense to any such claim.

20.5 Each First-Citizens Released Party hereby agrees that it (as applicable) shall not institute or prosecute (or, except to the extent required by law, in any way aid, assist, or cooperate with the institution or prosecution of) any action, suit, hearing or other proceeding of any kind, nature or character at law or in equity against any of the Debtor Releasing Parties in

order to collect, enforce, declare, assert, establish or defend against any claim released pursuant to this Agreement. This Agreement shall provide each Debtor Releasing Party with a complete defense to any such claim.

20.6 Nothing in this Section 20 shall release the obligations of any Party under this Agreement.

21 Miscellaneous Provisions.

21.1 The Parties acknowledge and agree that this Agreement is fully and adequately supported by consideration and is fair and reasonable. The Parties further acknowledge and agree that each party (a) has carefully read this Agreement and knows and understands its contents completely; (b) has consulted with attorneys of its choice in determining whether or not to enter into this Agreement; (c) is executing this Agreement of its own free will, act and deed; (d) in making this Agreement, it has not relied upon any statement or representation made by the person, firms, organizations or corporation who are hereby released from claims other than those provided for herein, or by any person or person representing them, other than as expressly stated herein; and (e) this Agreement is the result of negotiations between the Parties to this Agreement, each of which has participated in the drafting of this Agreement. No Party shall be deemed the drafter of this Agreement; accordingly, this Agreement shall not be more strictly construed against any Party.

21.2 Except as provided in Section 10.3 above, each of the Parties shall be responsible for its own attorneys' fees and any other costs incurred and/or accrued by it in connection with the matters related hereto and this Agreement and specifically waive any and all claim(s) against any other party hereto for the recovery of the same. In the event of any action or proceeding brought by any Parties against another party to enforce or for the interpretation of this Agreement, the prevailing party shall be entitled to recover all reasonable costs and expenses including its attorneys' fees and experts' fees and costs in such action or proceeding. The prevailing party shall be determined by the court based upon an assessment of which party's major arguments made or positions taken in the proceedings could fairly be said to have prevailed on major disputed issues in the court's decision. If the party which shall have commenced or instituted the action, suit or proceeding shall dismiss or discontinue it without the concurrence of such other party, then such other party shall be deemed the prevailing party.

21.3 Except as expressly modified this Agreement, nothing herein shall affect the validity, enforceability or binding nature of the Loan Documents and all such Loan Documents shall remain in full force and effect. Subject to the Bankruptcy Code, the Loan Documents are and shall be fully enforceable according to their respective terms. Except as expressly set forth herein, nothing in this Agreement shall waive, modify or cure any defaults or events of default under any of the Loan Documents.

21.4 This Agreement shall be construed and governed in all respects, including validity, interpretation and effect, by the Bankruptcy Code and accordance with the laws of the State of California, without regard to conflicts of laws principles.

21.5 This Agreement and the Loan Documents constitute the full and entire agreement and understanding between the Parties with respect to the subject matter hereof and thereof, and there are no agreements, representations or warranties except as specifically set forth herein or therein. It is the intention of the Parties that this Agreement and the Loan Documents

shall serve as the sole and entire expression of their agreement and understanding.

21.6 This Agreement may not be amended or modified except by an instrument in writing signed by the party against whom enforcement of such amendment or modification is sought. This Agreement may be signed in counterparts, and facsimile and digitally transmitted original signatures shall be deemed originals.

21.7 The rights, powers and remedies of Lender under this Agreement shall be in addition to all rights, powers and remedies given by the Loan Documents and applicable law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided herein shall not be construed as a waiver of or election of remedies with respect to any other rights, powers and remedies of First-Citizens.

21.8 The Bankruptcy Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Agreement.

21.9 Headings contained in this Agreement are for reference purposes only and shall be given no weight in the construction of this Agreement.

21.10 Each of the Parties shall take such additional reasonable and necessary acts as necessary to accomplish the purposes of this Agreement. Each of the Parties hereto agrees that, from and after the Effective Date, upon the reasonable request of the other Party hereto and without further consideration, such Party will execute and deliver to such other Party such documents and further assurances and will take such other actions (without cost to such party) as such other Party may reasonably request in order to carry out the purpose and intention of this Agreement, and the correction of errors and defects in any such documents.

IN WITNESS WHEREOF, the Parties by their duly authorized agents have executed this Agreement as of the date first written above.

OCEANSIDE MILE, LLC

By: Fab Rock Investments, its Manager

By: _____
Name:
Title:

MAYO GROUP, LLC

By: _____, its Manager

By: _____
Name:
Title:

FIRST-CITIZENS BANK & TRUST COMPANY

By: _____
Name:
Title:

ACKNOWLEDGED AND AGREED:

THE GUARANTORS:

Sharona Yehuda, as Guarantor and
as trustee for the Keshet Intervivos Trust

Yoram Yehuda, as Guarantor

EXHIBIT "A"

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

Case No. 02:13-bk-35286-BR

Chapter 11

In re

OCEANSIDE MILE LLC,
d/b/a Seabonay Beach Resort,

Debtor.

**ORDER GRANTING MOTION TO
APPROVE: (1) SETTLEMENT OF SECURED
CLAIM AND SETTLEMENT AGREEMENT
BETWEEN DEBTOR AND FIRST CITIZENS
BANK & TRUST COMPANY PURSUANT TO
F.R.B.P. 9019 AND (2) PROCEDURES FOR
SALE OF SEABONEY BEACH RESORT**

Hr'g. Date:

Hr'g. Time:

Hr'g. Place: Courtroom 1668
255 East Temple Street
Los Angeles, CA 90012

On March __, 2014, the above-captioned court (the "**Court**") held a hearing (the "**Hearing**") in respect of the *Motion to Approve: (1) Settlement of Secured Claim and Settlement Agreement Between Debtor and First Citizens Bank & Trust Company Pursuant to F.R.B.P. 9019; (2) Procedures for Sale of Seaboney Beach Resort; and (3) Conditional Dismissal of Bankruptcy Case [D.I. ____]* (the "**Motion**"), filed by Oceanside Mile LLC (the "**Debtor**") for entry of an order, among other things, approving (i) a settlement agreement among the Debtor, First-Citizens National Bank & Trust Company ("**First-Citizens**") and Mayo Group, LLC ("**Mayo Group**"); (ii) authorizing the sale of the Debtor's property free and clear of liens to the fullest extent permitted by section 363(f) of the Bankruptcy Code, (iii) authorizing the use of cash collateral and (iv) granting certain other relief ancillary thereto; and it appearing that the Court

1 has jurisdiction over this matter; and it appearing that notice of the Motion as set forth
2 therein is sufficient, and that no other or further notice need be provided; and it further
3 appearing that the relief requested in the Motion is in the best interests of the Debtor and its
4 estate and creditors; and upon all of the proceedings had before the Court; and after due
5 deliberation and sufficient cause appearing therefor the Court hereby ORDERS as follows:

6 ORDER

7 1. The Motion¹ is granted as set forth herein and in the Order Dismissing
8 Bankruptcy Case upon Filing of Dismissal Notice. All objections to the Motion are
9 overruled.

10 Authorization of Settlement

11 2. Pursuant to Bankruptcy Rule 9019, the Settlement Agreement, attached as
12 Exhibit A hereto, the settlement set forth therein (the "Settlement") and the transactions
13 contemplated thereby are approved as being fair, reasonable, and in the best interests of
14 the Debtor's estate.

15 3. The Debtor is hereby authorized to execute and deliver the Settlement
16 Agreement and to perform all of its obligations thereunder. The Settlement Agreement
17 shall be enforceable against the Parties according to its terms.

18 Allowance of Claim

19 4. On the effective date of the Settlement Agreement (the "Effective Date"),
20 First-Citizens shall be awarded an allowed secured claim (the "Allowed Claim") against the
21 Debtor in the amount of [\$6,221,431.02]. The Allowed Claim shall bear interest as set forth
22 in Section 6 of the Settlement Agreement. The Allowed Claim shall be and is secured by a
23 lien and security interest (the "Lien") in all of the Debtor's assets (the "Property"),
24 including the Seaboney Hotel. A legal description of the real property comprising the
25 Property is attached hereto as Exhibit B. Such Lien shall be and is conclusively deemed to
26 be fully enforceable, valid and unavoidable, subject to the terms of the Settlement

27 ¹ Where the context requires, capitalized terms not otherwise defined herein shall have the
28 meaning set forth in the Settlement Agreement.

1 Agreement. In addition to the Allowed Claim, First-Citizens shall be entitled to be
2 reimbursed for its reasonable legal fees and costs to the extent permissible pursuant to
3 Section 10.3 of the Settlement Agreement.

4 5. On the Effective Date, the Mayo Group shall be awarded an allowed secured
5 claim (the **"Mayo Group Secured Claim"**) against the Debtor in the amount of \$2,000,000.
6 The Mayo Group Secured Claim shall be and is secured by a lien and security interest (the
7 **"Mayo Group Junior Lien"**) in the Property. The Mayo Group Junior Lien shall be and is
8 conclusively deemed to be fully enforceable, valid and unavoidable, subject to the terms of
9 the Settlement Agreement and the Subordination Agreement dated as of October 20, 2012
10 by and among the Debtor, First-Citizens and the Mayo Group (the **"Subordination**
11 **Agreement"**). In the interest of clarity, the Lien shall be senior to the Mayo Group Junior
12 Lien in all respects and the Mayo Group Secured Claim shall not be payable until the
13 Allowed Claim, any interest accrued thereon under Section 6 of the Settlement Agreement
14 and any fees allowed by the Bankruptcy Court or agreement of the Parties pursuant to
15 Section 4 and Section 10.3 of the Settlement Agreement have been paid in full as provided
16 by the Settlement Agreement, including pursuant to a Permitted Refinance, a Permitted
17 Sale or a Credit Bid Sale.

18 6. Subject to the release of the Mayo Group pursuant to Section 20.2 of the
19 Settlement Agreement, nothing in the Settlement Agreement or this Order is intended to or
20 shall affect the Subordination Agreement and that the Subordination Agreement remains in
21 full force and effect and is fully enforceable against the Mayo Group in accordance with
22 its terms.

23 7. The Debtor is authorized to make the Upfront Payment, as required by the
24 Settlement Agreement. First-Citizens shall apply the Upfront Payment to the Allowed
25 Claim immediately upon receipt. In the interest of clarity, after such application, the amount
26 of the Allowed Claim shall be [\$5,221,431.02].

27 **Authorization to Sell Property**

28 8. On and after the Effective Date, the Debtor shall be authorized, pursuant to

1 section 363 of the Bankruptcy Code and without further order of the Court, to (a)
2 refinance the loans (the "Loans") that form the basis of the Allowed Claim pursuant to a
3 Permitted Refinancing, (b) sell the Property pursuant to a Permitted Sale or (c)
4 consummate a Credit Bid Sale, in each case as permitted by the Settlement Agreement.
5 The Net Proceeds of any such Permitted Refinancing or Permitted Sale shall be payable as
6 set forth in the Settlement Agreement. Among other things, the Debtor shall pay Net
7 Proceeds to First-Citizens in an amount equal to the Allowed Claim plus any interest
8 accrued thereon directly from the escrow related to the closing of a Permitted Refinance or
9 Permitted Sale. Further, upon the closing of a Permitted Refinancing or Permitted Sale,
10 the Debtor shall be authorized and directed to open the escrow account referred to in
11 Section 10.3 of the Settlement Agreement, and shall deposit no less than \$325,000 therein.
12 Any funds set forth in such escrow account shall be distributed as described in Section
13 10.3 of the Settlement Agreement.

14 9. The sale of the Property pursuant to a Permitted Sale or Credit Bid Sale,
15 including the real property specifically identified on Exhibit B, shall be free and clear of
16 (a) the Lien; provided that the Net Proceeds are applied as set forth in the Settlement
17 Agreement, (b) the claims and interests of Mayo Group, including the Mayo Group
18 Secured Claim or the Mayo Group Junior Lien; provided that the Net Proceeds are applied
19 as set forth in the Settlement Agreement, and (c) the claims and interests of any other
20 person served with notice of the Permitted Sale or Credit Bid Sale, as required by the
21 Settlement Agreement. All such Claims and liens shall attach to the Net Proceeds (if any)
22 in the same order and priority to which they attached to the Property immediately prior to
23 the sale of such Property.

24 **Cash Collateral Use**

25 10. The Debtor shall be authorized to use Cash Collateral from the date hereof
26 through October 31, 2014, on the terms and conditions set forth in the *Interim Stipulation by*
27 *and Among the Debtor, First-Citizens Bank & Trust Company and Mayo Group Concerning*
28 *the Use of Cash Collateral* [D.I. 33] (the "Stipulation").

11. Notwithstanding anything in the Stipulation, the "Term" of the Stipulation shall terminate on the earlier to occur of (a) October 31, 2014, (b) the date upon which a Termination Event shall occur, subject to the termination provisions of the Stipulation and (c) the occurrence of an Event of Default under the Settlement Agreement.

12. Unless the Debtor and First-Citizens agree otherwise, the "Budget" referred to in the Stipulation shall be the Budget attached hereto as Exhibit C.

13. The Debtor shall be authorized to use Cash Collateral to pay the allowed professional fees and costs incurred by the Debtor to Creim Macias Koenig & Frey LLP before and after the Effective Date as set forth in the Agreement, including, without limitation, the allowed fees and expenses of Creim, Macias, Koenig & Frey LLP incurred in representing the Debtor in objecting to any application filed by First-Citizens pursuant to Section 10.3 of the Settlement Agreement for reimbursement of legal fees and costs.

Forbearance

14. On the Effective Date, the maturity date of the Loans shall be October 31, 2014 (the "**Final Maturity Date**"), subject to the terms and conditions of the Settlement Agreement. From the Effective Date through the Final Maturity Date, First-Citizens shall, absent an Event of Default, forbear from taking any actions to enforce its rights under or in connection with the Loan Documents, any other agreements relating to the Loans, the Allowed Claim or applicable law, including any such actions against the Debtor, the Guarantors, any Property or Mayo Group, provided, that, First-Citizens shall be entitled to take such actions consistent with the Settlement Agreement as may be reasonably necessary (as determined by First-Citizens in its own discretion) to preserve (a) the perfection and priority of the Lien on the Property, (b) the condition of the Property and (c) the amount, allowance, enforceability or priority of the Allowed Claim and any amounts owed in connection therewith.

15. From the Effective Date through the Final Maturity Date, the Parties agree that, absent an Event of Default, all litigation between or among First-Citizens, the Debtor, the Guarantors, and the Mayo Group shall be stayed in all respects. Without limiting the

1 generality of the foregoing, (a) First-Citizens shall take no action to (i) foreclose or enforce
2 any rights that it may have against the Debtor, the Guarantors, the Mayo Group or the
3 Property (except as permitted by Section 8.1 of the Settlement Agreement), and (ii)
4 prosecute the Motion for Relief from Stay or the Florida Action, including the Default
5 Judgment Motion (which shall be adjourned until after the Final Maturity Date), (b) the
6 Debtor shall take no action to obtain approval of the Disclosure Statement or confirmation
7 of the Plan, (c) Mayo Group shall take no action to foreclose or enforce any rights that it
8 may have against the Debtor, the Property, the Guarantors or First-Citizens, and (d) upon
9 the occurrence of the Effective Date, First-Citizens shall withdraw the Motion for Relief
10 from Stay and the Debtor shall withdraw the Plan and Disclosure Statement.

11 **Satisfaction of Claim**

12 16. Upon the payment to First-Citizens of its Allowed Claim, plus any interest
13 owed thereon plus any legal fees and costs allowed by the Court pursuant to Section 10.3 of
14 the Settlement Agreement, all of the obligations of the Debtor, the Guarantors and Mayo
15 Group to First-Citizens shall be satisfied in full, and the Debtor, the Guarantors and Mayo
16 Group shall have no further obligation to First-Citizens in respect of, in connection with, or
17 related to the Allowed Claim, the Loans, the Loan Documents or the Property. Without
18 limiting the generality of the foregoing, the Mayo Group shall be released from any
19 obligations under the Subordination Agreement and any Net Proceeds remaining after the
20 payment to First-Citizens of the amounts set forth in this paragraph shall be free and clear
21 of the Lien or any other interest of First-Citizens, but not free and clear of the Mayo Group
22 Junior Lien until and unless the Mayo Group Secured Claim is satisfied in full.

23 **Exclusivity**

24 17. The Debtor's exclusive period to file a plan of reorganization under section
25 1121(c)(2) of the Bankruptcy Code shall be extended through December 31, 2014. The
26 Debtor's exclusive period to obtain acceptance of a plan of reorganization under section
27 1121(c)(3) of the Bankruptcy Code shall be extended through February 28, 2015.

28 **Event of Default; Waiver of Automatic Stay**

18. Upon the occurrence of an "Event of Default" under the Settlement Agreement, the automatic stay set forth in section 362(a) of the Bankruptcy Code shall be immediately lifted without further order of the Bankruptcy Court to permitted First-Citizens to exercise any and all of its rights and remedies under the Settlement Agreement, the Loan Documents and applicable law, including its right to foreclose upon the Property.

Releases

19. The releases set forth in Sections 20.1 and 20.2 of the Settlement Agreement are, fair, equitable, reasonable and valid in all respects.

Hearing Date

20. The Court shall hold a hearing on _____, 2014 to confirm the Credit Bid Sale or hold the auction required by the Settlement Agreement. If a Permitted Refinance or Permitted Sale occurs prior to such date, the Debtor and First-Citizens shall advise the Court and such hearing shall be removed from the Court's calendar.

Miscellaneous

21. In the event of a conflict between the terms of this Order and the terms of the Settlement Agreement, the terms of the Settlement Agreement shall govern.

22. This Court shall, and hereby does, retain jurisdiction with respect to all matters arising from or in relation to the interpretation and implementation of the Settlement Agreement and this Order.

###

ORDER APPROVED AS TO FORM:

/s/ _____]
WHITE & CASE LLP
633 West Fifth Street, 19th Floor
Los Angeles, California 90071
Telephone: (213) 614-1944

1 Facsimile: (213) 614-1961
2 rkampfner@whitecase.com

3 *Counsel for First-Citizens*
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EXHIBIT "B"

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re

OCEANSIDE MILE LLC,
d/b/a Seabonay Beach Resort,

Debtor.

Case No. 02:13-bk-35286-BR

Chapter 11

**ORDER DISMISSING BANKRUPTCY CASE
UPON FILING OF DISMISSAL NOTICE**

Hr'g. Date:

Hr'g. Time:

Hr'g. Place: Courtroom 1668
255 East Temple Street
Los Angeles, CA 90012

On March __, 2014, the above-captioned court (the "**Court**") held a hearing (the "**Hearing**") in respect of the *Motion to Approve: (1) Settlement of Secured Claim and Settlement Agreement Between Debtor and First Citizens Bank & Trust Company Pursuant to F.R.B.P. 9019; (2) Procedures for Sale of Seaboney Beach Resort; and (3) Conditional Dismissal of Bankruptcy Case* [D.I. ____] (the "**Motion**"), filed by Oceanside Mile LLC (the "**Debtor**") for entry of an order, among other things, dismissing the above-captioned bankruptcy case (the "**Case**") upon the filing of the dismissal notice described below; and it appearing that the Court has jurisdiction over this matter; and it appearing that notice of the Motion as set forth therein is sufficient, and that no other or further notice need be provided; and it further appearing that the relief requested in the Motion is in the best interests of the Debtor and its estate and creditors; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor the Court hereby ORDERS as follows:

ORDER

1. The Motion is granted to the extent set forth herein and in the Order Granting Motion to Approve: (1) Settlement of Secured Claim and Settlement Agreement Between Debtor and First Citizens Bank & Trust Company Pursuant to F.R.B.P. 9019 and (2) Procedures for Sale of Seaboney Beach Resort (the "Approval Order"). All objections to the Motion are overruled.

2. The Case is hereby dismissed, subject to paragraph 3 below.

3. This Order shall be effective upon the filing with this Court by the Debtor of a notice (the "Dismissal Notice") signed by the Debtor, First-Citizens and the Mayo Group acknowledging that this Order is effective as of the filing of the Dismissal Notice and that the Case should be dismissed. The Debtor shall not file a Dismissal Notice, except as permitted by Section 16 of the Settlement Agreement attached as Exhibit A to the Approval Order. This Court shall retain jurisdiction over the Case and all matters herein until the filing of the Dismissal Notice.

4. If a Dismissal Notice has not been filed by November 30, 2014, this Order shall be vacated in all respects and the filing of a Dismissal Notice thereafter shall be of no force or effect.

5. This Court shall, and hereby does, retain jurisdiction with respect to all matters arising from or in relation to the interpretation and implementation of the Settlement Agreement and this Order.

###

ORDER APPROVED AS TO FORM:

/s/

WHITE & CASE LLP
633 West Fifth Street, 19th Floor
Los Angeles, California 90071

1 Telephone: (213) 614-1944
2 Facsimile: (213) 614-1961
rkampfner@whitecase.com

3
4 *Counsel for First-Citizens*

