

1 RON BENDER (SBN 143364)  
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9 Counsel for Chapter 11 Debtor and Debtor in Possession

10 **UNITED STATES BANKRUPTCY COURT**  
11 **Southern District of California**

12 In re:

13 CITIZENS DEVELOPMENT CORP.,

14 Debtor.

15 LSM HOTEL, LLC,

16 Member Case No. 10-13024-LT11

17 LSM COUNTRY CLUB, LLC,

18 (No Member Case Number)

) Case No. 10-15142-LT11

) Chapter 11

) (Substantively Consolidated)

19 **NOTICE OF STIPULATION AND**  
20 **STIPULATION:**

- 21 **1. AUTHORIZING USE OF CASH**  
22 **COLLATERAL PURSUANT TO**  
23 **SECTION 363 OF THE**  
24 **BANKRUPTCY CODE;**  
25 **2. AUTHORIZING ADEQUATE**  
26 **PROTECTION PAYMENTS TO**  
27 **LSM LENDER LLC; AND**  
28 **3. PROHIBITING FORECLOSURE**  
**OF DEBTOR'S PROPERTY**  
**THROUGH AND INCLUDING**  
**MARCH 31, 2014**

Citizens Development Corp., the debtor and debtor in possession in the above-entitled Chapter 11 bankruptcy case (the "Debtor"), and LSM Lender LLC ("LSM Lender")<sup>1</sup> hereby stipulate to the foregoing, and provide notice of such stipulation:

#### RECITALS AND NOTICE

A. On August 1, 2013, the Court entered the *Order On Debtor's Motion For Use Of Cash Collateral And Related Relief* [Docket No. 748] (the "Order"), a true and correct copy of which is attached as Exhibit 1 to this Stipulation.

B. The Order authorized the Debtor to use cash collateral pursuant to the terms of the Order, authorized the Debtor to make payments of \$20,562.50 per month to LSM Lender only from cash collateral in which LSM Lender has an interest, and approved the contractual agreement between the Debtor and LSM Lender prohibiting LSM Lender from taking any action whatsoever in furtherance of foreclosure of LSM Lender's collateral, though and including September 30, 2013.

C. The Order authorized the Debtor to extend the terms of this arrangement in the future via stipulation with LSM Lender, subject to the Debtor filing a notice of extension of the terms of this arrangement with a proposed budget attached to the Notice. The Debtor and LSM Lender have extended the terms of this arrangement through and including December 31, 2013.

D. The Debtor and LSM Lender have stipulated to further extend the terms of this arrangement through and including March 31, 2014. A proposed budget is attached hereto as Exhibit 2. **Parties in interest shall have ten calendar days from filing and service of the notice to object to the proposed budget attached hereto as Exhibit 2. If no objection is filed, the budget and the extended terms of the arrangement shall be deemed to be approved without further Court order.**

#### STIPULATION

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<sup>1</sup> Pursuant to the Debtor's settlement agreement with Pacific West TD Fund II, L.P. ("Pac West") which has been approved by the Bankruptcy Court, Pac West has waived its claims against the Debtor, and therefore, is not a party to this Stipulation.

1           1.       The Debtor is authorized to use cash collateral pursuant to section 363 of the  
2 Bankruptcy Code, pursuant to the terms of the proposed budget attached as Exhibit 2, with a 10%  
3 variance allowance on a line item basis;

4           2.       The Debtor is authorized to make payments of \$20,562.50 per month to LSM  
5 Lender only from cash collateral in which LSM Lender has an interest;

6           3.       LSM Lender agrees that it will not take any action whatsoever in furtherance of a  
7 foreclosure of LSM Lender's collateral, through and including March 31, 2014; and

8           4.       This stipulation is without prejudice to the Debtor's right to file a motion seeking  
9 Court authorization to use cash collateral for purposes other than as designated in the Budget.

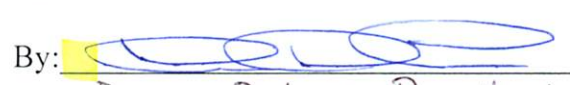
10  
11 Dated: January 3, 2014

CITIZENS DEVELOPMENT CORP.

12 By:   
13 Pino Vitti, President

14 Dated: January 3, 2014

LSM LENDER LLC

15 By:   
16 Dario DeLuca, President

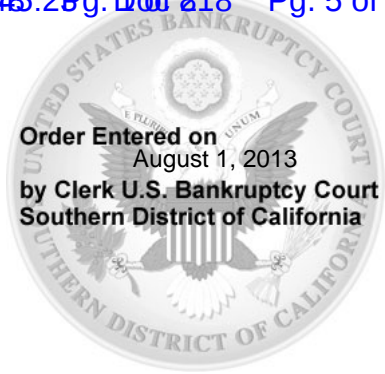
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18 \_\_\_\_\_  
19 \_\_\_\_\_

**EXHIBIT “1”**

CSD 1001A [11/15/04]

Name, Address, Telephone No. &amp; I.D. No.

RON BENDER (SBN 143364)  
 KRIKOR J. MESHEFEJIAN (SBN 255030)  
 LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.  
 10250 Constellation Boulevard, Suite 1700  
 Los Angeles, California 90067  
 Telephone: (310) 229-1234  
 Facsimile: (310) 229-1244



## UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF CALIFORNIA

325 West "F" Street, San Diego, California 92101-6991

In Re

CITIZENS DEVELOPMENT CORP.

Debtor.

BANKRUPTCY NO. 10-15142-LT11

Date of Hearing: July 31, 2013

Time of Hearing: 11:00 a.m.

Name of Judge: Hon. Laura S. Taylor

### ORDER ON DEBTOR'S MOTION FOR USE OF CASH COLLATERAL AND RELATED RELIEF

IT IS ORDERED THAT the relief sought as set forth on the continuation pages attached and numbered two (2) through 2 with exhibits, if any, for a total of 2 pages, is granted. Motion/Application Docket Entry No. 734

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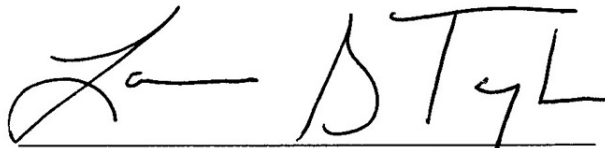
DATED: August 1, 2013

Signature by the attorney constitutes a certification under Fed. R. of Bankr. P. 9011 that the relief in the order is the relief granted by the court.

Submitted by:

Levene, Neale, Bender, Yoo & Brill L.L.P.  
 (Firm name)

By: /s/ Krikor J. Meshefejian  
 Attorney for ☒ Movant ☐ Respondent

  
 Judge, United States Bankruptcy Court

CSD 1001A [11/15/04] (Page 2)

ORDER ON DEBTOR'S MOTION FOR USE OF CASH COLLATERAL AND  
DEBTOR: CITIZENS DEVELOPMENT CORP.

CASE NO: 10-15142-LT11

The Court, having read and considered the "Debtor's Motion For An Order: (1) Authorizing Use Of Cash Collateral Pursuant To Section 363 Of The Bankruptcy Code; (2) Authorizing Adequate Protection Payments To LSM Lender LLC; And (3) Reimposing Automatic Stay AS To LSM Lender LLC's Collateral" (the "Cash Collateral Motion"), hereby orders as follows (with capitalized terms bearing the same meanings set forth in the Cash Collateral Motion):

1. The Cash Collateral Motion is granted pursuant to the terms of this Order.
2. The Debtor is authorized to use cash collateral pursuant to section 363 of the Bankruptcy Code, pursuant to the terms of the Budget attached as Exhibit "1" to the Declaration of Pino Vitti (the "Declaration") which is annexed to the Cash Collateral Motion, with a 10% variance allowance on a line item basis;
3. The Debtor is authorized to make payments of \$20,562.50 per month to LSM Lender LLC ("LSM Lender") only from cash collateral in which LSM Lender has an interest.
4. The Court approves the contractual agreement between the Debtor and LSM Lender prohibiting LSM Lender from taking any action whatsoever in furtherance of foreclosure of LSM Lender's collateral, through and including September 30, 2013.
5. The Debtor is authorized to extend the terms of this arrangement in the future via stipulation with LSM Lender and Pacific West TD Fund II, L.P. ("Pac West") (which also claims an interest in the Debtor's cash collateral), subject to the Debtor filing with the Court a notice of extension of the terms of this arrangement with a proposed budget attached to the notice. Creditors shall have ten calendar days from filing and service of the notice to object to the Debtor's proposed budget. If no objection is filed, the budget and the extended terms of the arrangement shall be deemed to be approved without further order. If an objection is timely filed, the Court shall set a hearing on the matter.
6. This Order shall not in any manner affect the priority, validity or amount of Pac West's claims to the Debtor's cash collateral.
7. This order is without prejudice to LSM Lender and/or Pac West and without waiver of any kind or nature, except as otherwise set forth in this Order.
8. This order is without prejudice to the Debtor's right to file a motion seeking Court authorization to use cash collateral for purposes other than as designated in the Budget.
9. Neither LSM Lender's nor Pac West's consent to the Debtor's use of cash collateral, nor this Order, shall constitute an admission by LSM Lender or Pac West, or a determination by this Court, including, but not necessarily limited to, the cash collateral rights of the other.

IT IS SO ORDERED.

Agreed as to form and content

PROCOPIO, CORY, HARGREAVES & SAVITCH LLP

 8/1/13  
Philip J. Giacinti, Jr.

Attorneys for City of San Marcos, City of San Diego, Vallecitos Water District

CSD 1001A

**EXHIBIT “2”**



Recreation Center Cash Collateral Budget		Jan-14
<b>Beginning Cash</b>		1,212.50
<b>REVENUE</b>		
Assessments		62,000.00
Dock Rental		20,000.00
Escrow Transfer Fees		500.00
Event Revenue		2,000.00
DiNofia Settlement		5,000.00
Environmental Expense - Insurance Co Reimburse		-
<b>TOTAL REVENUE</b>		89,500.00
<b>EXPENSES</b>		
<b>Payroll Expenses</b>		
Wages - Maintenance		5,300.00
Wages - Meeting Room		2,100.00
Wages - Office		5,600.00
Payroll Costs		4,000.00
<b>Total Payroll Expenses</b>		17,000.00
<b>Operational Expenses</b>		
Advertising & Promotion		150.00
Auto & Gasoline Expense		150.00
Computer Expense		200.00
Docks (New Construction)		10,000.00
Gardening & Landscaping		2,000.00
Office Expense		500.00
Other Expenses		800.00
Repair & Maintenance - Boat/Dock/General/Pool		4,500.00
Supplies		1,000.00
Telephone		350.00
Utilities		5,500.00
<b>Total Operational Expenses</b>		25,150.00
<b>TOTAL EXPENSES</b>		42,150.00
<b>FIXED COSTS</b>		
Insurance - General & Auto		1,700.00



**PROOF OF SERVICE OF DOCUMENT**

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 10250 Constellation Blvd., Suite 1700, Los Angeles, CA 90067.

A true and correct copy of the foregoing document described as **NOTICE OF STIPULATION AND STIPULATION: (1) AUTHORIZING USE OF CASH COLLATERAL PURSUANT TO SECTION 363 OF THE BANKRUPTCY CODE; (2) AUTHORIZING ADEQUATE PROTECTION PAYMENTS TO LSM LENDER LLC; AND (3) PROHIBITING FORECLOSURE OF DEBTOR'S PROPERTY THROUGH AND INCLUDING MARCH 31, 2014** 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:

**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 by the court via NEF and hyperlink to the document. On **January 7, 2014**, 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:

- Susan Z. Ayers szamos@yahoo.com
- Ron Bender rb@lnbyb.com
- Judith A. Descalso jad@jdescalso.com
- Deborah Fletcher Deborah.Fletcher@doj.ca.gov, Tina.Houston@doj.ca.gov
- Philip J Giacinti pjg@procopio.com, phil.giacinti@procopio.com;linda.koller@procopio.com;calendaring@procopio.com
- James P. Hill Hill@sullivanhill.com, hawkins@sullivanhill.com;vidovich@sullivanhill.com;stein@sullivanhill.com;Gubba-Reiner@sullivanhill.com
- Katherine Kane kkane@kanelaw.com
- Raffi Khatchadourian raffi@hemar-rousso.com
- Dean T. Kirby dkirby@kirbymac.com, jwilson@kirbymac.com;rrobinson@kirbymac.com;Jacquelyn@ecf.inforuptcy.com;twright@kirbymac.com,hmar es@kirbymac.com
- Bernard Kornberg bjk@severson.com
- James M. McNair mcnairlaw@gmail.com
- Christina Melhouse cm@ldplaw.com
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- Wayne R. Terry wterry@hemar-rousso.com, mgranzow@hemar-rousso.com
- Kelly Ann Mai Khanh Tran ktran@mulvaneybarry.com, lbrayton@mulvaneybarry.com
- United States Trustee ustp.region15@usdoj.gov
- Victor A. Vilaplana vavilaplana@foley.com
- Dennis J. Wickham wickham@scmv.com, nazari@scmv.com
- Alan Steven Wolf wdk@wolffirm.com;faxes@wolffirm.com

**II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL:** On **January 7, 2014**, I served the following person(s) and/or entity(ies) at the last known address(es) in this 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 and/or by attorney service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

None.

**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 **January 7, 2014**, I served 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 a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

None.

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

January 7, 2014  
Date

Stephanie Reichert  
Type Name

/s/ Stephanie Reichert  
Signature