

Exhibit 1

1 Thomas H. Casey - Bar No. 138264
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9 Chapter 11 Bankruptcy Trustee

10 UNITED STATES BANKRUPTCY COURT

11 CENTRAL DISTRICT OF CALIFORNIA / SANTA ANA DIVISION

| | | |
|----|--|---|
| 12 | In re |) Chapter 11 |
| 13 | PPA HOLDINGS, LLC, a California limited liability company, |) Case No. 8:09-bk-16353-ES |
| 14 | |) (Jointly administered with Case 8:09-16355- |
| 15 | |) ES, 8:09-16358-ES, 8:09-16361-ES, 8:09- |
| 16 | |) 16363-ES, 8:09-16367-ES, 8:09-16369-ES, |
| 17 | <input checked="" type="checkbox"/> Affects PPA Holdings, LLC, a California limited liability company, |) 8:09-16371-ES, 8:09-16372-ES, 8:09-16378- |
| 18 | |) ES, 8:09-16380-ES, 8:09-16385-ES, 8:09- |
| 19 | <input checked="" type="checkbox"/> Affects Pacific Property Assets, LLC, a California limited liability company, |) 16383-ES, 8:09-16386-ES, 8:09-16388-ES, |
| 20 | |) 8:09-16390-ES, 8:09-16393-ES, 8:09-16395- |
| 21 | PPA Riverside Apartments, a California limited liability company, |) ES; 8:09-16396-ES; 8:09-16402-ES; 8:09- |
| 22 | |) 16399-ES; 8:09-16404-ES) |
| 23 | <input checked="" type="checkbox"/> Affects Pacific Property Assets II, LLC, a California limited liability company, |) REPORT OF CHAPTER 11 TRUSTEE |
| 24 | |) THOMAS H. CASEY |
| 25 | Bell Cove, LLC, a California limited liability company, |) |
| 26 | |) |
| 27 | Country Club Greens, LLC, a California limited liability company, |) |
| 28 | |) |
| | <input checked="" type="checkbox"/> Affects Sycamore Shadows, LLC, a California limited liability company, |) Date: June 2, 2010 |
| | |) Time: 2:00 p.m. |
| | |) Ctrm: 5A |
| | <input checked="" type="checkbox"/> Affects PPA Arizona I, LLC, a Delaware limited liability company, |) |
| | |) |
| | <input checked="" type="checkbox"/> Affects PPA Arizona II, LLC, a Delaware limited liability company, |) |
| | |) |
| | PPA Vista Village, LLC, an Arizona limited liability company, |) |
| | |) |

- 1 Affects PPA Towne Center, LLC, a)
California limited liability company,)
- 2)
- 3 Sundancer Apartments, LLC, a California)
limited liability company,)
- 4 Affects Dobson Springs, LLC, an Arizona)
limited liability company,)
- 5)
- 6 Affects Villa Rose Avenue, LLC, a)
California limited liability company,)
- 7)
- 8 Harbor View Condominiums, LLC, a)
California limited liability company,)
- 9)
- 10 PPA Opportunity Fund, LLC, a California)
limited liability company,)
- 11)
- 12 PPA Equities, LLC, a California limited)
liability company,)
- 13)
- 14 PPA Desert View, LLC, a California limited)
liability company,)
- 15)
- 16 Affects Ridgemont Condominiums, LLC, a)
California limited liability company,)
- 17)
- 18 Villa Las Brisas Condominiums, LLC, a)
California limited liability company,)
- 19)
- 20 2130 Group Partnership, LLC, an Arizona)
limited liability company,)
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- 22 AAA Investment Properties, LLC, an Arizona)
limited liability company,)
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Debtors.

**TO THE HONORABLE ERITHE A. SMITH, UNITED STATES BANKRUPTCY JUDGE;
THE DEBTORS AND THEIR COUNSEL OF RECORD; THE OFFICE OF UNITED
STATES TRUSTEE, AND PARTIES IN INTEREST:**

Thomas H. Casey (the "Trustee"), the Chapter 11 Trustee for the jointly administered estates of the following ten debtors: PPA Holdings, LLC, Pacific Property Assets, LLC, Pacific Property Assets II, LLC, Sycamore Shadows, LLC, PPA Arizona I, LLC, PPA Arizona II, LLC, PPA Towne Center, LLC, Dobson Springs, LLC, Villa Rose Avenue, LLC, and Ridgemont Condominiums, LLC

1 (each a "Debtor" and collectively, the "Debtors"), submits his Report as follows:

2 1. On April 2, 2010, the Court entered its Order Granting, In Part, Stipulation Directing
3 U.S. Trustee to Appoint Chapter 11 Trustee, Establishing Continued Hearing Date and Related
4 Briefing Schedule ("Chapter 11 Trustee Order"). The Chapter 11 Trustee Order is attached hereto
5 as **Exhibit "1"** and is incorporated herein by this reference.

6 2. On April 6, 2010, the Court entered its Order approving the U.S. Trustee Amended
7 Application For Appointment of Thomas H. Casey as Chapter 11 Trustee ("Chapter 11 Trustee
8 Appointment Order"). A copy of the Chapter 11 Trustee Appointment Order is attached hereto as
9 **Exhibit "2"** and is incorporated herein by this reference.

10 3. The Chapter 11 Trustee Order provides, in pertinent part "The Chapter 11 Trustee
11 appointed in the above cases shall file on or before May 5, 2010, a report providing, among other
12 things, an analysis of the viability of the reorganization(s) of the referenced Debtor entities." This
13 Report is submitted pursuant to the Chapter 11 Trustee Order.

14 4. The ten Debtors hold title to 41 properties (each a "Property" and collectively, the
15 "Properties"), including the commercial property serving as the Debtors' headquarters located at
16 3626 Pacific Coast Highway, Long Beach, CA. A list of all of the Properties is attached hereto as
17 **Exhibit "3"** and is incorporated herein by this reference.

18 **Summary Of Steps Taken by the Trustee And His Professionals to Investigate and**
19 **Assess the Viability of Plans of Reorganization and To Analyze Assets of the Estates.**

20 5. On Monday, April 5, 2010, the Trustee met the Debtors' principals Michael Stewart
21 and John Packard and Debtors' counsel, Todd Ringstad of Ringstad & Sanders, on the Debtors'
22 premises located at 3626 Pacific Coast Highway, Long Beach, CA. Mr. Ringstad, Mr. Packard, and
23 Mr. Stewart provided their candid assessment of the cases and a general status report on the business
24 operations. The same day, the Trustee spent a great deal of time with the Debtors' on site
25 comptroller, Tony Boychenko, reviewing the Debtors' business operations and cash management
26 systems. The Trustee also met individually with most of the Debtors' employees on site at the
27 Debtors' headquarters.

28 6. Immediately after his appointment, the Trustee reviewed the Debtors' schedules and

1 statement of affairs and various pleadings filed in this case. The Trustee commenced his review and
2 analysis of numerous financial records of the Debtors from a variety of sources, including but not
3 limited to, the books and records of the Debtors' and the Joint Committee of Creditors Holding
4 Unsecured Claims (the "Committee"). As discussed further below, the Trustee has focused his
5 analysis on assessing the viability of plans of reorganization for these Debtors.

6 7. On Tuesday, April 6, 2010, the Trustee met with Richard Esterkin and Bruce Fisher
7 of Morgan Lewis & Bockius, LLP, counsel for the Committee, who provided the Trustee with a
8 status report on the cases and all pending issues. Later in the day, and while in Mr. Esterkin's office,
9 the Trustee participated in a conference call with members of the Committee who provided their
10 opinions on a number of issues and the Trustee responded to questions from members of the
11 Committee. During the conference call the Trustee was introduced to Kamal Rajkanan ("Kamal"),
12 the Chairman of the Committee. The Trustee has communicated extensively with Kamal on various
13 issues in these cases.

14 8. On Wednesday, April 7, 2010, the Trustee confirmed with the Debtors' depository
15 banks that the Trustee was the sole signatory on all accounts. On Thursday, April 8, 2010, the
16 Trustee employed David Hahn CPA, of Hahn Fife & Company, LLP ("HFC"), as his accountants
17 and Weiland, Golden, Smiley, Wang Ekvall & Strok, LLP ("Weiland Golden") as his general
18 bankruptcy counsel.

19 9. On Friday, April 9, 2010, the Trustee contacted Property Manager Robert Warren of
20 Investor Property Services ("IPS") to employ him as property manager in these cases. Mr. Warren
21 immediately commenced his investigation of the cases and transition to property manager. As
22 discussed further below, he has provided invaluable insight regarding a) the cost to improve each
23 Property to reach a stabilized rental income level, b) the estimated time needed to reach a stabilized
24 rental income level, and c) the actual projected income level for the Properties.

25 10. The Trustee and his staff verified the Debtors were in compliance with the
26 requirements of the U.S. Trustee, including but not limited to, verifying the appropriate insurance
27 was in place on all of the Properties, that the U.S. Trustee reports were current and certified copies
28 of bankruptcy petitions were ordered for recording in various counties.

1 11. The Trustee and his professionals immediately began to gather and analyze
2 information regarding the Properties under the Trustee's control including not limited to the
3 following:

4 a. Information regarding the current outstanding balances of all debt secured by
5 the Properties compiled by the Debtors' accounting staff.

6 b. Information regarding the rental income and expenses of the Properties since
7 the filing of the Chapter 11 petitions eight months earlier.

8 c. Information regarding the terms of the orders authorizing the use of cash
9 collateral and the payments made to secured lenders pursuant to those orders.

10 d. The operating budgets for each Property.

11 e. Chapter 11 Monthly Operating Reports filed by the Debtors.

12 f. Information compiled on behalf of the Committee by Western
13 National Group, a property management consultant, regarding the projected operating income and
14 expenses of the Properties.

15 g. Occupancy data compiled by the Debtors' financial advisor.

16 h. Data and analysis compiled by members of the Committee regarding the
17 financial condition, operations, status of legal proceedings, and other data regarding the Properties.

18 i. Relevant pleadings and other documents filed in the Chapter 11 cases.

19 j. The Trustee obtained access to the accounting and property management
20 system utilized by the Debtors' staff.

21 k. The Trustee and his professionals conducted discussions with the principals
22 of the Debtors, the accounting and property management staff of the Debtors, the financial advisors
23 retained by the Debtors, Committee members and counsel, and Debtors' Counsel regarding
24 background information, the characteristics and operations of the Properties, and other matters
25 relevant to the Trustee's investigation.

26 12. After listening to the recording of the hearing on the Motion To Appoint A Chapter
27 11 Trustee, the Trustee respectfully disagrees with the representations made at that hearing that all
28 of the information needed by the Trustee existed for the Trustee's review and analysis. Much of the

1 information required to assess the “nuts and bolts” of the feasibility of a plan of reorganization did
2 not exist. The Trustee and his professionals were required to prepare the financial documents
3 attached hereto as exhibits and discussed further below.

4 13. Weiland Golden immediately took steps to familiarize itself with the Debtors’ cases
5 and the immediate legal issues facing the Trustee. Specifically, Weiland Golden reviewed and
6 analyzed numerous pleadings, including but not limited to, the stipulation requesting the Trustee’s
7 appointment, the Debtors’ emergency motion related thereto, the docket for the lead case of PPA
8 Holdings, LLC, and the pending motions to appoint an additional creditors’ committee and/or an
9 equity security holders’ committee, to compel the production of a disclosure statement, and to
10 convert the Debtors’ cases. Weiland Golden also reviewed and analyzed the Debtors’ motion for
11 substantive consolidation of their estates and the pleadings filed in response thereto.

12 **Status of the Case Upon The Trustee’s Appointment.**

13 14. Within the first week of his appointment, the Trustee’s research and investigation
14 indicated the status of the cases was as follows:

15 15. The Debtors had approximately \$300,000 of unencumbered cash on hand. The
16 Chapter 11 professionals in the case are owed over \$1.6 Million in fees, which does not include
17 retainers of \$624,660.93 and \$112,552.52 paid to the Debtors’ counsel and the Debtors’ financial
18 consultants, Development Specialists, Inc. (“DSI”), respectively. A copy of a chart itemizing the
19 \$1.6 Million in accrued, unpaid chapter 11 fees at the time of the Trustee’s appointment prepared
20 by the Trustee is attached hereto as **Exhibit “4”** and is incorporated herein by this reference.

21 16. Since the commencement of the chapter 11 cases, vacancy rates on the Properties
22 have increased dramatically. A copy of a graph demonstrating the increase in vacancy rates since
23 the commencement of the Debtors’ cases is attached hereto as **Exhibit “5”** and is incorporated
24 herein by this reference.

25 17. A Disclosure Statement was not filed. The Committee provided their unfiled, draft
26 Disclosure Statement to the Trustee but it lacked very important information such as a liquidation
27 analysis and financial projections. DSI, the Debtors’ employed financial consultants, had not
28 prepared financial projections for a plan of reorganization. The financial documents provided by the

1 Committee Chair were very helpful but were mostly internal documents prepared by the Committee
2 without the assistance of an accountant experienced in bankruptcy matters.

3 18. A Joint Plan was filed by the Debtors and the Committee, but it is of limited
4 usefulness because it provides for all of the Debtors' cases and the Trustee was appointed in only
5 ten cases. Further, the plan presents certain feasibility issues such as, among other issues, the high
6 costs of the potential annual SEC reports that may be required by the reorganized entity.

7 19. The Debtors' two principals have different opinions on issues that are key to a
8 reorganization. The Committee appears to lack a clear consensus on most issues. Debtors' counsel,
9 the Debtors' principals and the Debtors' staff promptly complied with requests for information by
10 the Trustee. The Debtors' prior comptroller left in December of 2009. The Debtors' new
11 comptroller, who is not a CPA, lacks background knowledge on certain, important aspects of the
12 Debtors' finances and lacks comptroller experience. Committee counsel complied with requests for
13 information and the Committee Chair Kamal, an engineer by profession, provided a great deal of
14 financial information to the Trustee. The Trustee encountered issues attempting to obtain copies of
15 the appraisals purchased by the Committee and in fact, did not obtain copies of the appraisals on the
16 Properties from the Committee. On April 30, 2010, the Committee approved the Trustee's use of
17 the "as is" values as stated in the appraisals

18 20. Shortly after the Trustee's appointment, counsel for the Committee advised the
19 Trustee he was filing a motion to withdraw as counsel for the Committee.

20 21. At the time of the Trustee's appointment the Court had taken under submission two
21 Wells Fargo Bank motions for relief from the automatic stay filed against the Debtors' two largest
22 properties owned by PPA Arizona I, LLC, and PPA Arizona II, LLC, consisting of a total of 558
23 units.

24 **Administration of Assets By The Trustee.**

25 22. Upon his appointment, the Trustee and his professionals recognized the need to
26 continue to use cash collateral to operate and preserve the value of the Debtors' properties. To this
27 end, Weiland Golden analyzed the Debtors' Fifth Interim Order on Debtors' Motion for an Order
28 Authorizing the Use of Cash Collateral (the "Cash Collateral Order") to determine the status of the

1 Debtors authorization to use cash collateral. Weiland Golden also engaged in correspondence with
2 the Debtors' counsel regarding the same. Weiland Golden learned that the Debtors' authorization
3 to use cash collateral was to expire on May 7, 2010, or possibly sooner, upon the transition of
4 property management functions to a third party. As a result, Weiland Golden requested that the
5 Debtors' financial consultant, DSI, prepare revised budgets, with the assistance of IPS, to reflect the
6 transition of property management duties to IPS. Weiland Golden prepared a motion for order
7 authorizing the continued use of cash collateral, and an application to hear the cash collateral motion
8 on shortened time concurrently with the Trustee's application to retain IPS as the new property
9 manager.

10 23. On April 6, 2010, the Trustee was informed of an offer to purchase the real property
11 located at 3626 East Pacific Coast Highway, Long Beach, CA (the "Long Beach Property") at the
12 full listing price. The Trustee immediately reviewed and analyzed the offer, and began negotiations
13 with the prospective purchaser regarding the preparation of an agreement to purchase the Long
14 Beach Property. Trustee's counsel, Weiland Golden, prepared the purchase agreement, and
15 negotiations continue.

16 24. At the time of the filing of this Report the Trustee is in the process of employing a
17 real estate broker to list 612-622 Nebraska, Long Beach, CA ("Ridgemont Property") for sale which
18 is owned free and clear.

19 **Confirming a Contested, Chapter 11 Plan Involving All Properties Is Very Likely Not**
20 **a Viable Option.**

21 25. **Prohibitively High Professional Fees.** The litigation history of these cases indicates
22 the Debtors have incurred high legal fees litigating with secured creditors since the inception of these
23 cases, and the litigation with the secured creditors is ongoing. As discussed above, 24 motions for
24 relief from stay have been filed in these cases, the cash collateral hearings appear to have been
25 contested, and presently two motions for relief from stay have been taken under submission by the
26 Court. Confirmation of any plan will likely be opposed by many secured creditors. The Trustee
27 would also continue to face objections to the use of cash collateral, and may face additional stay
28 relief motions. Continuing the present course of action and attempting to confirm plans of

1 reorganization involving all of the Properties would substantially increase the likelihood of
2 administrative insolvency.

3 26. In order to confirm a contested plan of reorganization involving all of the Properties
4 over the objections of the secured creditors, the Trustee's counsel estimates the Trustee would incur
5 at least \$1 Million in chapter 11 administrative fees which would increase the total amount of unpaid
6 chapter 11 fees to approximately \$2.6 Million. At plan confirmation these cases would very likely
7 lack the cash to pay approximately \$2.6 Million in Chapter 11 professional fees. Absent a
8 consensual arrangement to the contrary, this sum would have to be paid in full on the effective date
9 of any plan and before any payments could be made to general unsecured creditors.

10 27. **The Debtors' Financials Are Weak.** The rents generated from the Properties are
11 the Debtors' sole source of revenue and, thus, the Debtors' prospects for reorganization depend
12 entirely on the ability of the Properties to produce positive cash flow. Since the commencement of
13 the Debtors' cases, occupancy levels at the Properties and, thus rents, have declined.

14 28. Generally speaking, the Properties require cash for repairs and refurbishing to reverse
15 the existing trend of declining occupancy rates and to reach a stabilized level of rental income. The
16 amount of cash needed for each Property to ready vacant units for tenants varies by Property and
17 ranges from approximately \$12,000 to \$240,000. Any plan to operate all of the Properties for any
18 length of time will require completion of the refurbishing. Completing the refurbishing on all of the
19 Properties will require either a cash investment or applying a significantly increased percentage of
20 gross rental income for approximately six months. The Debtors lack the cash to refurbish all of the
21 Properties and devoting a significantly increased percentage of gross rental income for approximately
22 six months may be problematic.

23 29. **The Court Could Deny Plan Confirmation.** Continuing the present course of action
24 and attempting to confirm a plan of reorganization involving all of the Properties would also run the
25 risk of an order denying plan confirmation. All litigation is inherently uncertain. A contested plan
26 confirmation hearing could result in an order denying the plan, which would likely leave the Debtors'
27 estates with substantial administrative expense claims that they will be unable to satisfy.

28 ///

1 30. **Short Term Market Projections Indicate a Further Decline.** Existing market
2 conditions for apartment complexes must also be considered. PriceWaterhouseCoopers, a well
3 known national accounting and consulting firm publishes quarterly its “Korpacz Real Estate Investor
4 Survey.” This survey is widely used in the real estate industry and frequently cited as a source of
5 data used in the appraisal of income producing properties. The survey is broken down into numerous
6 categories reflecting different property types including apartment complexes such as those owned
7 by the Debtors. According to the report for the first quarter of 2010:

8 a. Nationally, apartment vacancy rates remain perched at record levels
9 exceeding the previous high experienced in 1986.

10 b. Many investors believe that the apartment market will “bump along the
11 bottom” through 2010, showing little improvement in its fundamentals.

12 c. With a smaller pool of renters, competition among landlords has resulted in
13 declining rental rates and liberal concession packages to entice tenants.

14 d. In the near term, average expected rental rates are expected to decline while
15 average expenses are expected to increase.

16 e. According to Real Capital Analytics, annual sales of apartment
17 complexes dropped 63% in 2009. While the sales velocity increased during the fourth quarter, it was
18 partially due to an increase in distressed ownership and forced sales.

19 f. The average marketing time for apartment properties in the Pacific Region is
20 currently 7.7 months.

21 g. On average, market values of apartment properties in the Pacific Region are
22 expected to fall another 3.5% during the next 12 months.

23 31. The apartment complexes owned by the Debtors are concentrated in three markets,
24 Long Beach, Riverside, and Arizona, with the majority of the units in Arizona. According to a
25 March 30, 2010 article in The Arizona Republic entitled “*‘Perfect Storm’ raising apartment vacancy*
26 *rates*”, apartment vacancy rates are climbing in Chandler and across the Southeast Valley, a
27 phenomenon that experts blame on a “perfect storm” of overbuilding, the recession, declining
28 property values, competition from rental houses and the states tougher immigration laws.”

1 32. **Exhibit "5"** summarizing the vacancy rates of all of the Properties demonstrates that
2 the collective vacancy rate for all of the Properties increased from 16% for July 2009 to 19% for
3 November 2009. From November 2009 to March 2010 vacancy increased more severely from 19%
4 to 29% for a vacancy rate of 29% across a total of 1,525 apartment units. According to the Korpacz
5 Report, as of the end of 2009, apartment vacancies averaged 8% nationally and this represented an
6 all time high. This demonstrates the severe degree of distress of the subject properties, a 29%
7 vacancy rate is 3.6 times the national average of 8%.

8 33. Accordingly, due to, among other things, the increased risk of administrative
9 insolvency, the uncertainty inherent in all litigation, the lack of cash needed to repair and refurbish
10 all of the Properties, the Debtors' financials, and market conditions, continuing on the present course
11 of action and attempting to confirm a chapter plan involving all of the Properties does not appear to
12 be a viable option.

13 **All Options Must Be Compared to a Chapter 7 Liquidation Analysis.**

14 34. Under a liquidation analysis, the following Properties would be operated and sold
15 resulting in approximately \$1,925,292 in net proceeds. A copy of the Trustee's Liquidation Analysis
16 is attached hereto as **Exhibit "6"** and is incorporated herein by this reference. Including the
17 approximately \$300,000 cash on hand, after a chapter 7 liquidation the estate could hold
18 approximately \$2,225,292.

19 35. After conversion, legal fees would be minimized and the legal fees attempting to
20 confirm a contested chapter 11 plan would be avoided.

21 **To Realize The Highest Value for the Assets of The Debtors' Ten Bankruptcy Estates, The**
22 **Trustee Is Pursuing a Combined Approach of Reorganizing Certain Chapter 11 Debtors,**
23 **Operating and Selling Certain Properties, Negotiating Settlement Agreements with Certain**
24 **Secured Creditors, and Abandoning Most of the Properties.**

25 36. The Trustee has analyzed the Properties on a property-by-property basis to determine
26 how to maximize the value of each Property for the benefit of creditors. With respect to each
27 Property, the Trustee has identified essentially three alternatives: 1) sell the Property; 2) abandon the
28 Property or stipulate to relief from the automatic stay with the secured lender; or 3) utilize the cash

1 flow from the Property to fund a Chapter 11 Plan of Reorganization. The Trustee has conducted a
2 preliminary analysis to assess the optimal alternative for each Property from the perspective of the
3 bankruptcy estates given the current economic realities. The results of the Trustee's preliminary
4 analysis are discussed below. However, the Trustee continues to receive a steady stream of new data
5 on the Properties on a daily basis and he anticipates receiving valuable new data after his property
6 manager has assumed full control of all of the Properties. Depending on the new data received by
7 the Trustee from his property manager and other sources, and the outcome of ongoing settlement
8 discussions with secured creditors, the Trustee may pursue alternative remedies for certain Properties
9 other than those recommended or discussed herein. The Trustee retains all options to administer
10 the Properties, subject to Court approval.

11 37. **Some Properties Should be Operated For a Certain Term Of Years Under A**
12 **Confirmed Plan of Reorganization.** As discussed above, the Trustee and his professionals have
13 extensively analyzed all of the Properties to identify the Properties that could be reorganized. As
14 discussed in further detail below, the Trustee's analysis has revealed that certain of the Properties
15 may support a plan of reorganization. These Properties have the ability to generate a meaningful
16 amount of net cash after debt service, and some need only a relatively minimal amount of cash to
17 make units ready to re-rent and to achieve a level of stabilized rental income. The Trustee expects
18 to know more about the conditions of the Properties once IPS is employed and takes over property
19 management duties. For the time being, the Trustee intends to move forward with the reorganization
20 of the Properties so demarcated on **Exhibit "8"**. Notwithstanding any of the foregoing, the Trustee
21 reserves the right to seek abandonment of any of the Properties and/or negotiate agreements with the
22 secured lenders that does not involve a plan of reorganization.

23 38. Utilizing the sources of information noted above, the Trustee and his professionals
24 have compiled an analysis which is summarized on **Exhibits "7", and "8"**.

25 39. **Exhibit "7"** is a detailed schedule listing each of the 41 Properties under the
26 Trustee's control setting forth the number of apartment units, the appraised value of the Property,
27 the current balance of both senior claims and junior claims secured by each Property, the estates'
28 estimated net equity in the Property, and the junior trust deed's equity in the Properties. The final

1 two columns indicate the estimated amount of net proceeds that could be generated for the estate
2 through the sale of selected properties.

3 40. **Exhibit "8"** is a detailed schedule listing each of the 41 Properties under the
4 Trustee's control setting forth the current and projected cash flow before debt service, the interest
5 only debt service assuming various interest rates, and the net cash flow after debt service for each
6 interest rate.

7 41. Assuming the Trustee operates and sells 4 of the Properties as noted below, 37
8 Properties remain requiring an assessment of the viability of a plan of reorganization. The Trustee
9 evaluated whether each of these 37 Properties were likely to generate sufficient positive cash flow
10 to fund a Chapter 11 plan of reorganization. The Trustee and his professionals have obtained and
11 analyzed the information regarding the income and expenses of the Properties from the following
12 sources:

13 a. Detailed historical cash receipts and disbursements data obtained from the
14 Debtors' accounting and property management system.

15 b. Preliminary cash flow projections compiled by the Trustee's proposed
16 property manager for selected Properties, incorporating the Properties current status and industry
17 norms for the local area.

18 c. Projected achievable cash flow information for each Property compiled by
19 Western National Group, a property management consultant, previously working with the
20 Committee.

21 d. Operating budgets for each Property pursuant to stipulations for the use of
22 cash collateral with the applicable secured lender.

23 The above information was used to develop the Trustee's estimate of projected, annual net
24 cash flow assuming that occupancy is brought up to reasonably achievable levels and expense levels
25 are normalized.

26 42. In order to assess the viability of a plan of reorganization funded by the projected cash
27 flow to be generated by some or all of these properties, debt service was computed under three
28 different scenarios and subtracted from the achievable net cash flow before debt service to estimate

1 the net cash flow after debt service by property that would be available to fund a plan of
2 reorganization. Three interest rate levels were chosen for analysis purposes, 3%, 5%, and 8%. On
3 **Exhibit "8"**, annual debt service is computed on an interest only basis and subtracted from
4 achievable net cash flow to determine the cash flow available to fund a plan. Given the uncertainty
5 surrounding the real estate markets in general and in particular the market for apartment buildings
6 in Arizona, Riverside and Long Beach, only the Properties capable of generating in excess of
7 \$50,000 annually were considered for inclusion in a future reorganization. Properties generating less
8 than that amount were deemed to be too susceptible to adverse circumstances causing the Properties
9 to be unable to cover the senior secured debt service and causing a drag on the remaining Properties
10 ability to fund a plan.

11 43. It should also be noted that the structure of this analysis presumes that the second trust
12 deed holders consent to the treatment proposed in a plan, if any Properties serving as collateral for
13 second trust deeds are included. Debt service is computed based on the lower of the property value
14 or the senior debt balance only, and the junior debt is not included as any recoveries to those
15 creditors would be derived from the cash flow available after debt service on the senior debt only.

16 44. Interest at the rate of 3% with no amortization of principal over the plan term would
17 likely be confirmable only if the senior lender involved were to consent to that treatment. Based on
18 the Trustee's early communications with the senior lenders, that appears to be highly unlikely.
19 Interest at the rate of 5% with no amortization of principal would be more likely on a consensual
20 basis and potentially confirmable on a cram down basis. Interest at the rate of 8% was chosen for
21 analytical purposes because none of the Properties generated more than \$50,000 in net cash flow at
22 this rate so the evaluation of higher rates would not be useful.

23 45. Referring to **Exhibit "8"**, if achieving a consensual plan at 3% interest per year is
24 highly unlikely, and none of the Properties generate sufficient cash flow at 8% interest, then the
25 focus is on plan terms calling for debt service at or near 5% interest. Based on the Trustee's
26 preliminary analysis, six (6) properties are capable of generating at least \$50,000 on an annual basis
27 after paying interest only debt service to the senior lender at a rate of 5% . These properties are 1491
28 Massachusetts Avenue, Riverside, CA, 65 East Olive Avenue, Gilbert, AZ, 1120 South Sycamore

1 Mesa, AZ, 1325 Guadalupe Road, Mesa, AZ, 151 East First Street, Mesa, AZ, and 1415 North
2 Country Club Drive, Mesa, AZ. On a cumulative basis, these properties generate net cash flow after
3 debt service, of over \$557,000 annually. Accordingly, as noted on **Exhibit "8"**, the Trustee
4 recommends moving forward with chapter 11 plans of reorganization in the cases of PPA Towne
5 Center, LLC, Sycamore Shadows, LLC, Dobson Springs, LLC, PPA Arizona I, LLC, PPA Arizona
6 II, LLC, and PPA Holdings, LLC.

7 46. **Additional Properties Should Be Operated And Sold.** To raise desperately needed
8 cash, the Trustee is completing the sale of the Long Beach Property (*i.e.*, the real property located
9 at 3626 Pacific Coast Highway, Long Beach, CA), and intends to operate and market for sale the
10 Ridgemont Property. Each of these properties are either unencumbered or contain equity above the
11 first deed of trust and the sale of these properties should result in unencumbered cash to the estates.
12 *See* the Trustee's Liquidation Analysis attached hereto as **Exhibit "6"** and incorporated herein by
13 this reference.

14 47. **Two Properties Should Be Operated And Sold Pursuant To Certain Agreements**
15 **With the First and Second Trust Deed Holders.** The Trustee has extensively negotiated potential
16 settlement agreements with counsel for certain of the second trust deed holders on the real property
17 located at 1121-1170 Daisy Avenue, Long Beach, CA (the "Daisy Avenue Apartments") and the
18 real property located at 1525 Pine Street, Long Beach, CA (the "Pine Property"). The terms of the
19 potential settlement agreements provide that, subject to Bankruptcy Court approval, the Trustee will
20 operate, market and sell the properties, and after payment of the first trust deed, costs of sale and
21 commissions, and attorney's fees for the second trust deed holder, Trustee's fees, and fees of the
22 Trustee's professionals relating to the Property, the remaining sales proceeds encumbered by the
23 second trust deed will be split 55% to the second trust deed holders and 45% to the subject Debtors'
24 bankruptcy estate. Thus, while the Daisy Avenue Apartments and the Pine Property are fully
25 encumbered, the proposed settlement should result in unencumbered cash to the estates.

26 48. The second trust deed on the Daisy Avenue Apartments has 66 beneficiaries and the
27 second trust deed on the Pine Property has 38 beneficiaries. In the event counsel for certain of the
28 second trust deed holders cannot expeditiously obtain the consent of at least fifty percent (50%) of

1 the amount of beneficiaries of a second trust deed to the proposed settlement agreement in order to
2 bind all of the beneficiaries under applicable state law, the Trustee may request the U.S. Trustee to
3 appoint a committee for each second trust deed holder to assist in completion of the settlement
4 agreement.

5 49. The Trustee is in the process of documenting a settlement agreement with counsel for
6 Universal Bank, the holder of the first trust deed on the Pine Property providing for monthly payments
7 to Universal Bank while the Trustee markets and sells the Pine Property. The holder of the first trust
8 deed on the Daisy Avenue Apartments, Wells Fargo Bank, is protected by an equity cushion of
9 approximately \$2 Million and the Trustee anticipates reaching a similar agreement with Wells Fargo
10 Bank.

11 50. Accordingly, the Trustee intends to maintain the cases of Pacific Property Assets II,
12 LLC, and PPA Holdings, LLC, the owners of the Daisy Avenue Apartments and the Pine Property,
13 respectively, as chapter 11 cases.

14 51. **Negotiating Cash Settlements with First Trust Deed Holders.** The Trustee, through
15 his counsel, has engaged in preliminary discussions with counsel for many of the Debtors' senior
16 secured creditors. A number of such creditors have expressed a willingness to forego a claim to any
17 accumulated rents in exchange for stay relief to proceed against the Debtors' real property. Such
18 negotiations are ongoing. The outcome of those negotiations will directly impact the properties that
19 will be subject to reorganization.

20 52. **Abandonment.** The Trustee intends to abandon, or stipulate to relief from stay, on the
21 following properties:

- 22 a. 709 East 3rd, Long Beach, CA;
- 23 b. 1349 Ohio, Long Beach, CA;
- 24 c. 1959 Chestnut, Long Beach, CA;
- 25 d. 630 Nebraska, Long Beach, CA;
- 26 e. 638 Nebraska, Long Beach, CA;
- 27 f. 761 Rose, Long Beach, CA;
- 28 g. 924 Gaviota, Long Beach, CA;

- 1 h. 1352 Molino, Long Beach, CA;
- 2 i. 1365 Ohio, Long Beach, CA;
- 3 j. 1610 Cherry, Long Beach, CA;
- 4 k. 1725 Sherman Place, Long Beach, CA;
- 5 l. 1742 Cherry, Long Beach, CA;
- 6 m. 1436 7th, Riverside, CA;
- 7 n. 1740 Loma Visa, Riverside, CA;
- 8 o. 1754-76 Loma Vista, Riverside, CA;
- 9 p. 1856 Loma Vista, Riverside, CA;
- 10 q. 2005 W. Linden, Riverside, CA;
- 11 r. 2045 W. Linden, Riverside, CA;
- 12 s. 2065 W. Linden, Riverside, CA;
- 13 t. 2095 7th, Riverside, CA;
- 14 u. 2225-2233 Pine, Long Beach, CA;
- 15 v. 3439 Anderson, Riverside, CA;
- 16 w. 3460-3472 Anderson, Riverside, CA;
- 17 x. 3486 Anderson, Riverside, CA;
- 18 y. 3552 Lou Ella, Riverside, CA;
- 19 z. 3660 Kansas, Riverside, CA;
- 20 aa. 3735 Kansas, Riverside, CA;
- 21 bb. 2211 E. Camelback Road, Phoenix, AZ;
- 22 cc. 758 Rose Long Beach;
- 23 dd. 1765 Cedar, Long Beach, CA; and
- 24 ee. 709 Elm Street, Long Beach, CA.

25 53. **Potential avoidance actions.** The Committee's motion for appointment of an examiner
26 referencing potential causes of action requires further investigation. Certain creditors have made
27 other allegations including that the Debtors operated a ponzi scheme. The Trustee takes no position
28 on these allegations at this time because he needs additional time to complete his analysis of the

1 potential avoidance actions.

2 **Joint Administration Versus Substantive Consolidation Of the Debtors' Ten Instant Cases**
3 **And The Administration of the Debtors' Related Cases.**

4 54. As discussed above, the Trustee and his counsel have reviewed and analyzed the
5 Debtors' motion to substantively consolidate their estates and the pleadings filed in response thereto.
6 Whether the Trustee will move the Court to substantively consolidate the Debtors' cases requires
7 further analysis. Concerning the administration of the instant ten cases plus the Debtors' other, related
8 cases, it appears appropriate that one Trustee be appointed in all of the cases and that all of the
9 Debtors' cases should continue to be jointly administered for at least three reasons. First, to ensure
10 that one Trustee has standing to pursue potential avoidance actions. The Trustee's preliminary
11 analysis indicates that pre-petition all of the Debtors commingled all of the Debtors' loan proceeds
12 and operating income. One trustee is needed in all cases to ensure he has standing to pursue all the
13 Debtors' potential avoidance actions based on transfers from the Debtors' commingled, pre-petition
14 cash.

15 55. Secondly, the Trustee was very recently informed by the Debtors that a related case
16 where the Trustee has not been appointed Trustee, PPA Riverside, LLC, holds title to 2032-2052
17 Linden Avenue, Riverside, CA ("Linden Property"). Further investigation is required but the Linden
18 Property may have equity that could be realized for creditors if settlement agreements are reached
19 with the second trust deed holders on that property. If the intent in appointing the Trustee in the ten
20 instant cases was to appoint the Trustee in cases that could be reorganized or had value, it may be
21 appropriate to include in his administration at least PPA Riverside, LLC which holds title to 2032-
22 2052 Linden Avenue.

23 56. Thirdly, the Trustee's employment of Investor Property Services as his property manger
24 will likely result in a great reduction of the Debtor's management, which in turn, will make it difficult
25 for the Debtors to the manage the other properties pending a receiver taking possession of most of
26 those properties. Appointing one trustee in all cases will facilitate the management of the properties
27 held by the related Debtors.

28 57. The Trustee anticipates discussions with the Office of the U.S. Trustee and of course

1 defers to the Office of the U.S. Trustee in the ultimate decision in appointing a trustee in the related
2 cases. The Trustee also anticipates further discussions with Debtors' counsel regarding a potential
3 stipulation to resolve the above stated issues.

4 Conversion To Chapter 7.

5 58. At this time, the Trustee does not anticipate filing a motion to convert any of the
6 Debtors' cases to Chapter 7. While the Trustee intends to liquidate certain Properties, further analysis
7 is necessary to determine whether certain cases should be converted and/or whether the resulting
8 proceeds should be distributed as part of one or more chapter 11 plans. While the Trustee's analysis
9 continues regarding the best means to administer assets and to make a distribution to creditors, a joint
10 plan of reorganization may be a viable option. At this early stage of his analysis the Trustee will seek
11 to maintain the cases in chapter 11 but the Trustee retains the right to file one or more motions to
12 convert at any time.

14 Summary

15 Proceeding with a chapter 11 plan of reorganization including all of the Debtors' properties
16 does not appear to be a viable option. Rather the Debtors' cases must be analyzed on a property-by-
17 property basis to determine how to maximize the value of each Property for creditors. As discussed
18 herein, the Trustee has analyzed whether to abandon, sell, or reorganize each of the Properties. Six
19 Debtors, PPA Towne Center, LLC, Sycamore Shadows, LLC, Dobson Springs, LLC, PPA Arizona
20 I, LLC, PPA Arizona II, LLC, and PPA Holdings, LLC, own properties that have the potential to
21 generate cash flow sufficient to fund a plan of reorganization and, therefore, the Trustee intends to
22 proceed with plans in each of these debtors' cases. The Daisy Avenue Apartments owed by Pacific
23 Property Assets II, LLC, and the Pine Property ("1525 Pine") owned by PPA Holdings, LLC, will be
24 marketed and sold pursuant to certain agreements with the first and second trust deed holders. The
25 Ridgemont Property owned by Ridgemont Condominiums, LLC, and the Long Beach Property (3626
26 Pacific Coast Highway) will be liquidated. A total of 31 properties will be abandoned or the Trustee
27 will stipulate to relief from the automatic stay. The Trustee will continue to analyze his potential
28 causes of action as alleged by the Committee and other creditors. Depending on new information he

1 receives, the Trustee reserves all rights to change his above stated course of action.

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Date: May 5, 2010

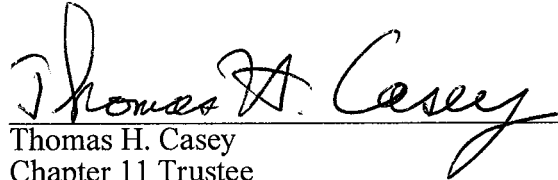

Thomas H. Casey
Chapter 11 Trustee

Exhibit 1

1. Todd C. Ringstad (State Bar No. 97345)
todd@ringstadlaw.com
2. Nanette D. Sanders (State Bar No. 120169)
nanette@ringstadlaw.com
3. Christopher A. Minier (State Bar No. 190705)
cminier@ringstadlaw.com
4. RINGSTAD & SANDERS, LLP
2030 Main Street, 12th Floor
5. Irvine, CA 92614
Telephone: 949-851-7450
6. Facsimile: 949-851-6926

7. General Insolvency Counsel for
Debtors and Debtors-in-Possession

FILED & ENTERED

APR 02 2010

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY Duarte DEPUTY CLERK

9. UNITED STATES BANKRUPTCY COURT
10. CENTRAL DISTRICT OF CALIFORNIA – SANTA ANA DIVISION

11. In re
12. PPA HOLDINGS, LLC, a California
13. limited liability company,

14. Debtor and Debtor-in-
15. possession.

CASE NO. 8:09-16353 ES

Chapter 11 Proceeding

(Jointly Administered with Case Nos. 8:09-16355 ES; 8:09-16358 ES; 8:09-16361 ES; 8:09-16363 ES; 8:09-16367 ES; 8:09-16369 ES; 8:09-16371 ES; 8:09-16372 ES; 8:09-16378 ES; 8:09-16380 ES; 8:09-16385 ES; 8:09-16383 ES; 8:09-16386 ES; 8:09-16388 ES; 8:09-16390 ES; 8:09-16393 ES; 8:09-16395 ES; 8:09-16396 ES; 8:09-16402 ES; 8:09-16399 ES; 8:09-16404 ES)

- 17. Affects All Debtors
- 18.
- 19. Affects PPA HOLDINGS, LLC, a California limited liability company
- 20.
- 21. Affects PACIFIC PROPERTY ASSETS, LLC, a California limited liability company
- 22.
- 23. Affects PPA RIVERSIDE APARTMENTS, a California limited liability company
- 24.
- 25. Affects PACIFIC PROPERTY ASSETS II, LLC, a California limited liability company
- 26.
- 27. Affects BELL COVE, LLC, a California limited liability company
- 28.

ORDER GRANTING, IN PART, STIPULATION DIRECTING U.S. TRUSTEE TO APPOINT CHAPTER 11 TRUSTEE, ESTABLISHING CONTINUED HEARING DATE AND RELATED BRIEFING SCHEDULE

Date: April 1, 2010
Time: 10:30 a.m. (Trailed to 2:00 p.m.)
Place: Courtroom 5A
411 West Fourth Street
Santa Ana, California

- 1
- 2 ___ Affects COUNTRY CLUB
- 3 GREENS, LLC, a California limited
- 4 liability company
- 5 ___ Affects SYCAMORE SHADOWS,
- 6 LLC, a California limited liability
- 7 company
- 8 ___ Affects PPA ARIZONA I, LLC, a
- 9 Delaware limited liability company
- 10 ___ Affects PPA ARIZONA II, LLC, a
- 11 Delaware limited liability company
- 12 ___ Affects PPA VISTA VILLAGE,
- 13 LLC, an Arizona limited liability
- 14 ___ Affects SUNDANCER
- 15 APARTMENTS, LLC, a California
- 16 limited liability company
- 17 ___ Affects DOBSON SPRINGS, LLC,
- 18 an Arizona limited liability company
- 19 ___ Affects VILLA ROSE AVENUE,
- 20 LLC, a California limited liability
- 21 company
- 22 ___ Affects HARBOR VIEW
- 23 CONDOMINIUMS, LLC, a
- 24 California limited liability company
- 25 ___ Affects PPA OPPORTUNITY
- 26 FUND, LLC, a California limited
- 27 liability company Only
- 28 ___ Affects PPA EQUITIES, LLC, a
- California limited liability company
- Only

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- Affects RIDGEMONT
CONDOMINIUMS, LLC, a
California limited liability company
- Affects VILLA LAS BRISAS
CONDOMINIUMS, LLC, a
California limited liability company
- Affects 2130 GROUP
PARTNERSHIP, LLC, an Arizona
limited liability company
- Affects AAA INVESTMENT
PROPERTIES, LLC, an Arizona
limited liability company.

The Stipulation Directing U.S. Trustee to Appoint Chapter 11 Trustee (the “Stipulation”) entered into by and between PPA Holdings, LLC and the above-referenced related debtor entities (jointly the “Debtors” or the “PPA Entities”), by and through their counsel of record, and the Office of the United States Trustee for Region 16 (the “U.S. Trustee”), came on for hearing before the Honorable Erithe A. Smith, United States Bankruptcy Judge, on April 1, 2010 at 2:00 p.m.. Todd C. Ringstad, Esq., of Ringstad & Sanders, LLP, appeared on behalf of the Debtors. Nancy S. Goldenberg, Esq., appeared on behalf of the Office of the United States Trustee. Other appearances were made as reflected in the Court’s record.

The Court having considered the Stipulation, the oppositions filed thereto, the Debtors’ reply, and the arguments of counsel, and the Court finding that notice of the Stipulation was adequate and proper, and it appearing to the satisfaction of the Court that good cause exists therefor, it is hereby

ORDERED that:

- (1) The Stipulation is approved and granted, in part, on the terms and conditions set forth herein;

1 (2) The U.S. Trustee is hereby directed to appoint one trustee to serve as the Chapter 11
2 Trustee for the following estates:

- 3 (i) PPA Holdings, LLC (Case No. 8:09-16353 ES);
- 4 (ii) Pacific Property Assets, LLC (Case No. 8:09-16355 ES);
- 5 (iii) Villa Rose Avenue Condominiums, LLC (Case No. 8:09-16388 ES);
- 6 (iv) Dobson Springs, LLC (Case No. 09-16386 ES);
- 7 (v) PPA Towne Center, LLC (Case No. 8:09-16385 ES);
- 8 (vi) Ridgmont Condominiums, LLC (Case No. 8:09-16402 ES);
- 9 (vii) Pacific Property Assets II (Case No. 09-16363 ES);
- 10 (viii) Sycamore Shadows, LLC (Case No. 8:09-16371 ES);
- 11 (ix) PPA Arizona I (Case No. 8:09-16372 ES); and,
- 12 (x) PPA Arizona II (Case No. 8:09-16378 ES).

13 (3) As to the remaining Chapter 11 Debtors, a continued hearing on the Stipulation
14 will be held on June 2, 2010 at 2:00 p.m. before this Court. The Chapter 11 Trustee appointed in
15 the above cases shall file on or before May 5, 2010 a report providing, among other things, an
16 analysis of the viability of the reorganization(s) of the referenced Debtor entities. Any responses
17 to the Chapter 11 Trustee's report shall be filed and served on or before May 19, 2010, with any
18 replies or responses thereto filed and served on or before May 26, 2010.

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25 United States Bankruptcy Judge

26 DATED: April 2, 2010

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| In re: PPA Holdings, LLC, a California limited liability company, Debtor(s). | CHAPTER 11 CASE NUMBER 8:09-16353 ES |
|---|---|

NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I.
Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

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: 2030 Main Street, Suite 1200, Irvine, CA 92614

The foregoing document described **ORDER GRANTING, IN PART, STIPULATION DIRECTING U.S. TRUSTEE TO APPOINT CHAPTER 11 TRUSTEE, ESTABLISHING CONTINUED HEARING DATE AND RELATED BRIEFING SCHEDULE** 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 _____ 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:

Service information continued on attached page

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 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 than 24 hours after the document is filed.*

Service information continued on attached page

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 April 2, 2010 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.*

Personal Delivery: Honorable Erithe A. Smith, U.S. Bankruptcy Court, Ronald Reagan Federal Building, 411 W. Fourth St., Bin Outside Room 5097, Santa Ana, CA 92701-4593

Service Via Email:

| | |
|--|-------------------------|
| Stanley O. Epstein | stanleyoepstein@aol.com |
| Rick Brizendine, Esq. | Reps999647@aol.com |
| Evelyn Stearn (on behalf of Vera Richards) | rcb@ebslaw.net |
| Kamal Rajkanan | Stern123@earthlink.net |
| | krajkanan@hotmail.com |

| | | |
|----|--|---|
| 1 | Melvin T. Kingsbury | PREAMEL@aol.com |
| | Richard Mathias | richmathias@msn.com |
| 2 | L. Bruce Fischer, Esq. | bfischer@morganlewis.com |
| | Christopher M. McNichol, Esq. | mcnichol@gustlaw.com |
| 3 | Sandra Kailes Biller | sandrakb18@comcast.net |
| | Albert Kailes | akailesa@cs.com |
| 4 | Geoffrey Berman | gberman@dsi.biz |
| | Beverly Ross | beverlyross@dc.rr.com |
| 5 | Barbara Ross | gr8lady11@yahoo.com |
| | Jay and Fiona Stiehl | jstiehl@sbcglobal.net |
| 6 | Jan Janesin | JanJ40ish@aol.com |
| | Chuck Schultz | chuck.schultz@cox.net |
| 7 | Michael Stewart | mstewart@pparealestate.com |
| | B. James Fischer | bjamesfischer@msn.com |
| 8 | Robert Cambell | robert77cambell@peoplepc.com |
| | Robert P. Harris on behalf of Trustee WELLS FARGO BANK, N.A./Bank of America/GEMSA | rharris@quarles.com; Robert.Harris@quarles.com |
| 9 | | |
| 10 | Brendt C Butler on behalf of Creditor Vineyard Bank, N.A. | BButler@rutan.com |
| 11 | Penelope Parmes on behalf of Creditor Vineyard Bank, N.A. | pparmes@rutan.com |
| 12 | Robert J Campo on behalf of Interested Party Courtesy NEF | rcampo@robertcampolaw.com |
| 13 | Richard W Esterkin on behalf of Creditors CommitteeNEF | resterkin@morganlewis.com |
| 14 | Nancy S Goldenberg on behalf of U.S. Trustee United States Trustee (SA) | nancy.goldenberg@usdoj.gov |
| 15 | Russell H Rapoport on behalf of Interested Party Courtesy NEF | rrapoport@prllplaw.com, lgillis@prllplaw.com |
| 16 | Anthony J Rothman on behalf of Creditor Universal Bank | anthony@arothmanlaw.com |
| 17 | Kenneth N Russak on behalf of Creditor Affinity Bank | krussak@frandzel.com, efileing@frandzel.com; |
| 18 | Scott A Schiff on behalf of Creditor Allied Federal Credit Union | banderson@frandzel.com sas@soukup-schiff.com |
| 19 | Douglas G Tennant on behalf of Creditor JPMorgan Chase Bank, N.A. | dtennant@frankel-tennant.com |
| 20 | Wayne R Terry on behalf of Creditor Cathay Bank | wterry@hemar-rousso.com |
| 21 | Madeleine C Wanslee on behalf of Interested Party Courtesy NEF | mwanslee@gustlaw.com, rstein@gustlaw.com |
| 22 | Sharon Z Weiss on behalf of Creditor Fannie Mae-Wachovia | sweiss@richardsonpatel.com |
| 23 | Brian Sirower on behalf of Creditor Fannie Mae-Wachovia | Brian.Sirower@quarles.com |
| 24 | Lori L. Winkelman on behalf of Creditor Fannie Mae-Wachovia | Lori.Winkelman@quarles.com |
| 25 | Timothy J. Thomason on behalf of Wamu | tim.thomason@mwmf.com |
| | Aron M. Oliner on behalf Wells Fargo Bank, NA | roliner@duanemorris.com |
| 26 | | |
| 27 | Kelly L Kress on behalf of Interested Party Courtesy NEF | kkress@nixonpeabody.com |
| 28 | Michael A. Cisneros on behalf of Creditor Imperial Capital Bank | mcisneros@mac.com |

- 1 William Malcolm on behalf of Creditor East West Bank bill@mclaw.org
- 2 Randall P. Mroczynski on behalf of Creditor CAB WEST LLC randym@cookseylaw.com
- 3 Catherine M Guastello on behalf of Interested Party Courtesy NEF cguastel@quarles.com
- 4 John A. Boyd on behalf of Creditor Provident Savings Bank fednotice@tclaw.net
- 5 Curtis Jung curtis@jyllp.com
- 6 Kent VanDerSchuit ca2nvlaw@yahoo.com, drln@ymail.com, kentv@vanderschuitlawgroup.com, taylorg@vanderschuitlawgroup.com
- 7 Katherine M. Windler on behalf of Creditor Sterling Savings Bank katherine.windler@bryancave.com
- 8 Linda Ramos on behalf of Los Angeles County Treasurer and Tax Collector lramos@ttc.lacounty.gov
- 9 Mary Faber mary@bubblesofjoy.com
- 10 Lynsey M. Eaton on behalf of Plaintiff Ace Asphalt of Arizona, Inc. leaton@gglt.com
- 11 Victor A. Vilaplana on behalf of Sterling Savings Bank vavilaplana@foley.com
- 12 Eric S Pezold epezold@swlaw.com, dwlewis@swlaw.com
- 13 Diane Stanfield on behalf of Orion Pacific Note Investors, LLC Diane.Stanfield@alston.com
- 14 Paul T Johnson on behalf of Creditor La Jolla Bank, FSB ptj@paultjohnson.com
- 15 Leib M Lerner on behalf of Creditor Orion Pacific Note Investors, LLC leib.lerner@alston.com
- 16 Michael D Good on behalf of Creditor Michael Duffy, M.D. mgood@southbaylawfirm.com
- 17 Clifford P Jung on behalf of Creditor Chinatrust Bank (U.S.A.) clifford@jyllp.com
- 18 Duane Carter on behalf of Creditor La Aisha Burson, Joslyn Burson dcarter714@peoplepc.com

Service information continued on attached page

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

| | | |
|---------------|----------------|-----------|
| April 2, 2010 | Arlene Tavares | /s/ |
| Date | Type Name | Signature |

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| In re: PPA Holdings, LLC, a California limited liability company, | CHAPTER 11 |
| Debtor(s). | CASE NUMBER 8:09-16353 ES |

NOTE TO USERS OF THIS FORM:

- 1) Attach this form to the last page of a proposed Order or Judgment. Do not file as a separate document.
- 2) The title of the judgment or order and all service information must be filled in by the party lodging the order.
- 3) **Category I.** below: The United States trustee and case trustee (if any) will always be in this category.
- 4) **Category II.** below: List ONLY addresses for debtor (and attorney), movant (or attorney) and person/entity (or attorney) who filed an opposition to the requested relief. DO NOT list an address if person/entity is listed in category I.

NOTICE OF ENTERED ORDER AND SERVICE LIST

Notice is given by the court that a judgment or order entitled (*specify*) **ORDER GRANTING, IN PART, STIPULATION DIRECTING U.S. TRUSTEE TO APPOINT CHAPTER 11 TRUSTEE, ESTABLISHING CONTINUED HEARING DATE AND RELATED BRIEFING SCHEDULE** was entered on the date indicated as "Entered" on the first page of this judgment or order and will be served in the manner indicated below:

I. SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") - Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s), the foregoing document was served on the following person(s) by the court via NEF and hyperlink to the judgment or order. As of April 2, 2010, the following person(s) are currently on the Electronic Mail Notice List for this bankruptcy case or adversary proceeding to receive NEF transmission at the email address(es) indicated below.

- John A Boyd fednotice@tclaw.net
- Brendt C Butler BButler@rutan.com
- Robert J Campo rcampo@robertcampolaw.com
- Michael A Cisneros mcisneros@mac.com
- Lynsey M Eaton leaton@gglts.com
- Richard W Esterkin resterkin@morganlewis.com
- Jeffrey K Garfinkle bkgroup@buchalter.com, jgarfinkle@buchalter.com
- Nancy S Goldenberg nancy.goldenberg@usdoj.gov
- Michael D Good mgood@southbaylawfirm.com
- Catherine M Guastello cguastel@quarles.com
- Robert P Harris robert.harris@quarles.com
- Paul T Johnson ptj@paultjohnson.com
- Clifford P Jung clifford@jyllp.com, info@jyllp.com
- Kelly L Kress kkress@nixonpeabody.com
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- Randall P Mroczynski randym@cookseylaw.com
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- Kenneth N Russak krussak@frandzel.com, banderson@frandzel.com;efiling@frandzel.com
- Nanette D Sanders becky@ringstadlaw.com
- Scott A Schiff sas@soukup-schiff.com

- 1 • Douglas G Tennant dtennant@frankel-tennant.com
- 2 • Wayne R Terry wterry@hemar-rousso.com
- 3 • United States Trustee (SA) ustpregion16.sa.ecf@usdoj.gov
- 4 • Kent VanDerSchuit kentv@vanderschuitlawgroup.com,
taylor@vanderschuitlawgroup.com
- 5 • Victor A Vilaplana vavilaplana@foley.com
- 6 • Madeleine C Wanslee mwanslee@gustlaw.com, rstein@gustlaw.com
- 7 • Sharon Z Weiss sweiss@richardsonpatel.com, bkdeptnef@richardsonpatel.com
- 8 • Katherine M Windler katherine.windler@bryancave.com

9 Service information continued on attached page

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

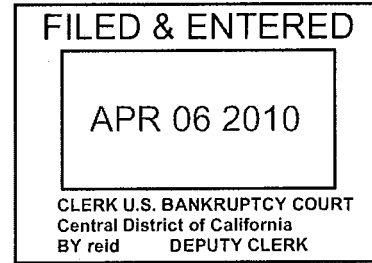
13 Service information continued on attached page

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

19 Service information continued on attached page

Exhibit 2

1 PETER C. ANDERSON
2 United States Trustee
3 Frank M. Cadigan (Bar No. 95666)
4 Assistant U.S. Trustee
5 Ronald Reagan Federal Building &
6 United States Courthouse
7 411 West Fourth Street, Suite 9041
8 Santa Ana, CA 92701-8000
9 Telephone: (714) 338-3400
10 Facsimile: (714) 338-3421
11 Email: frank.cadigan@usdoj.gov



8 UNITED STATES BANKRUPTCY COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10 SANTA ANA DIVISION

11 In re:

12 **PPA HOLDINGS, LLC, a**
13 **California limited liability**
14 **company**

15 X Affects PPA Holdings, LLC

16 X Affects Pacific Property
17 Assets, LLC

18 PPA Riverside Apartments

19 X Affects Pacific Property Assets
20 II, LLC

21 Bell Cove, LLC

22 Country Club Greens, LLC

23 X Affects Sycamore Shadows, LLC

24 X Affects PPA Arizona I, LLC

25 X Affects PPA Arizona II, LLC

26 PPA Vista Village, LLC

27 X Affects PPA Towne Center, LLC,

28 Sundancer Apartments, LLC

X Affects Dobson Springs, LLC,

CASE NUMBER: 8:09-bk-16353-ES

Jointly Administered with Case

8:09-16355-ES, 8:09-16358-ES,

8:09-16361-ES, 8:09-16363-ES

8:09-16367-ES, 8:09-16369-ES

8:09-16371-ES, 8:09-16372-ES,

8:09-16378-ES, 8:09-16380-ES,

8:09-16385-ES, 8:09-16383-ES

8:09-16386-ES, 8:09-16388-ES,

8:09-16390-ES, 8:09-16393-ES,

8:09-16395-ES, 8:09-16396-ES

8:09-16402-ES, 8:09-16399-ES

8:09-16404-ES

CHAPTER 11

ORDER APPROVING AMENDED
APPLICATION FOR THE APPOINTMENT OF
CHAPTER 11 TRUSTEE

1 X Affects Villa Rose Avenue, LLC
2 Harbor View Condominiums, LLC
3 PPA Opportunity Fund, LLC
4 PPA Equities, LLC,
5 PPA Desert View, LLC
6 X Affects Ridgemont
7 Condominiums, LLC
8 Villa Las Brisas
9 Condominiums, LLC
10 2139 Group Partnership LLC
11 AAA Investment Properties, LLC
12 Debtors.

13
14 Upon Consideration of the Amended Application for the Appointment of a Chapter 11
15 Trustee (See Amended Application at docket entry #713) by the United States Trustee for
16 Region 16 ("U.S. Trustee") and good cause appearing therefore:

17 **IT IS HEREBY ORDERED THAT** the U.S. Trustee's Amended Application for the
18 Appointment of a Chapter 11 Trustee is approved and Thomas H. Casey, Esq. is
19 appointed as the Chapter 11 Trustee in the above captioned case.

20 ###

21
22
23
24
25 DATED: April 6, 2010


Eric A. Smith
United States Bankruptcy Judge

| | | |
|--------------------------|--------|---|
| In re: PPA HOLDINGS, LLC | Debtor | CHAPTER 11 CASE NUMBER: 8:09-bk-16353-ES |
|--------------------------|--------|---|

NOTICE OF ENTERED ORDER AND SERVICE LIST

Notice is given by the court that a judgment or order entitled (*specify*) **ORDER APPROVING AMENDED APPLICATION FOR THE APPOINTMENT OF CHAPTER 11 TRUSTEE** was entered on the date indicated as "Entered" on the first page of this judgment or order and will be served in the manner indicated below:

I. SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") - Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s), the foregoing document was served on the following person(s) by the court via NEF and hyperlink to the judgment or order. As of **APRIL 6, 2010** the following person(s) are currently on the Electronic Mail Notice List for this bankruptcy case or adversary proceeding to receive NEF transmission at the email address(es) indicated below.

Service information continued on attached page

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

PPA Holdings LLC, 3626 E Pacific Coast Hwy, Long Beach, CA 90804

Service information continued on attached page

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

Service information continued on attached page

| | |
|--|---|
| In re: PPA HOLDINGS, LLC Debtor | CHAPTER 11 CASE NUMBER: 8:09-bk-16353-ES |
|--|---|

I. SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")

- John A Boyd fednotice@tclaw.net
- Brendt C Butler BButler@rutan.com
- Frank Cadigan frank.cadigan@usdoj.gov
- Robert J Campo rcampo@robertcampolaw.com
- Michael A Cisneros mcisneros@mac.com
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- Scott A Schiff sas@soukup-schiff.com
- Douglas G Tennant dtennant@frankel-tennant.com
- Wayne R Terry wterry@hemar-rousso.com
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- Victor A Vilaplana vavilaplana@foley.com
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- Sharon Z Weiss sweiss@richardsonpatel.com, bkdeptnef@richardsonpatel.com
- Katherine M Windler katherine.windler@bryancave.com

Exhibit 3

Trustee Properties

| |
|--|
| <u>Pacific Property Assets, LLC - 09-16358-ES:</u> |
| 709 East Third Street, Long Beach, CA |
| 1349 Ohio Avenue, Long Beach, CA |
| 1959 Chestnut Avenue, Long Beach, CA |
| |
| <u>Pacific Property Assets II, LLC - 09-16363-ES:</u> |
| 1121/1164/1170 Daisy Avenue, Long Beach, CA |
| |
| <u>PPA Holdings, LLC - 09-16353-ES:</u> |
| 3626 East Pacific Coast Hwy, Long Beach, CA |
| 630 Nebraska, Long Beach, CA |
| 638 Nebraska Avenue, Long Beach, CA |
| 709 Elm Avenue, Long Beach, CA |
| 761 Rose Avenue, Long Beach, CA |
| 924 Gaviota, Long Beach, CA |
| 1352 Molino Avenue, Long Beach, CA |
| 1365 Ohio Avenue, Long Beach, CA |
| 1525 Pine Avenue, Long Beach, CA |
| 1610 Cherry, Long Beach, CA |
| 1725 Sherman Place, Long Beach, CA |
| 1742 Cherry, Long Beach, CA |
| 1765 Cedar, Long Beach, CA |
| 1436 7th Street, Riverside, CA |
| 2095 7 TH Street, Riverside, CA |
| 1491 Massachusetts, Riverside, CA |
| 1740 Loma Vista, Riverside, CA |

| |
|---|
| 1754 - 1766 Loma Vista, Riverside, CA |
| 1856 Loma Vista, Riverside, CA |
| 2005 West Linden Street, Riverside, CA |
| 2045 West Linden Street, Riverside, CA |
| 2065 West Linden Street, Riverside, CA |
| 3439 Anderson Ave, Riverside CA |
| 3460-3472 Anderson Ave, Riverside CA |
| 3486 Anderson Street, Riverside, CA |
| 3552 - 3574 Lou Ella Lane, Riverside, CA |
| 3660-3672 Kansas Avenue, Riverside, CA |
| 3735 Kansas, Riverside, CA |
| 2225 & 2233 Pine Avenue, Long Beach |
| 2211 Camelback Road, Phoenix, AZ (company condo) |
| |
| <u>PPA Towne Center, LLC - 09-16385-ES:</u> |
| 65 East Olive Avenue, Gilbert, AZ |
| |
| <u>Sycamore Shadows, LLC - 09-16371-ES:</u> |
| 1120 South Sycamore Street, Mesa, AZ |
| |
| <u>Villa Rose Ave Condominiums, LLC - 09-16388-ES:</u> |
| 758 Rose Avenue, Long Beach, CA |
| |
| <u>Dobson Springs, LLC - 09-16386-ES:</u> |
| 1325 West Guadalupe Road, Mesa AZ |
| |
| <u>PPA Arizona I, LLC - 09-16372-ES:</u> |
| 151 East 1st Street, Mesa, AZ |

| |
|---|
| PPA Arizona II, LLC - 09-16378-ES: |
| 1415 North Country Club Drive, Mesa, AZ (Country Club Verandas) |
| |
| Ridgemont Condominiums, LLC - 09-16402-ES: |
| 612 & 622 Nebraska Avenue, Long Beach, CA |
| |

Exhibit 4

**PPA Holdings, LLC et al.
 Professional Fees and Expenses**

| Professional | Fees/Costs | Expenses | Total Fees/Costs | Comments |
|---|-----------------------|--------------------|-------------------------|--|
| Jackson, Demarco, Tidus & Peckenpaugh | \$0.00 | \$0.00 | \$0.00 | 4/9/10 - per Phyllis Gavitt - are not owed anything; there was money in a trust account that paid them |
| Evan Brizendine & Silver (Richard Brizendine) | \$0.00 | \$0.00 | \$0.00 | Per Richard Brizendine, no post petition fees or exps are due |
| Ringstad & Sanders | \$393,702.78 | \$0.00 | \$393,702.78 | *thru 2/28/10 - estimated \$10k for 3/2010 |
| Morgan Lewis & Bockius, LLP (Richard Esterkin) | \$809,858.50 | \$11,037.42 | \$820,895.92 | *thru 3/15/10 - estimated \$5k for 3/16/10 thru 3/31/10 |
| Development Specialists, Inc. (Geoffrey Berman) | \$219,365.70 | \$0.00 | \$219,365.70 | thru 3/31/10 |
| PGP Valuations Inc. | \$110,500.00 | \$0.00 | \$110,500.00 | thru 3/31/10 |
| Crowe Horwath, LLP | \$55,896.00 | \$0.00 | \$55,896.00 | thru 3/31/10 |
| Singer Lewak (employed 3/31/10) | \$0.00 | \$0.00 | \$0.00 | Per T. Wendler 4/13/10 - no fees incurred to date (no work done yet) |
| TOTAL | \$1,589,322.98 | \$11,037.42 | \$1,600,360.40 | |

S:\Wordperfect\Trustee\PPA Holdings\Worksheets\Professionals.wpd

Exhibit 5

**Pacific Property Assets - Vacancy Rate
Chapter 11 Trustee Properties Combined**

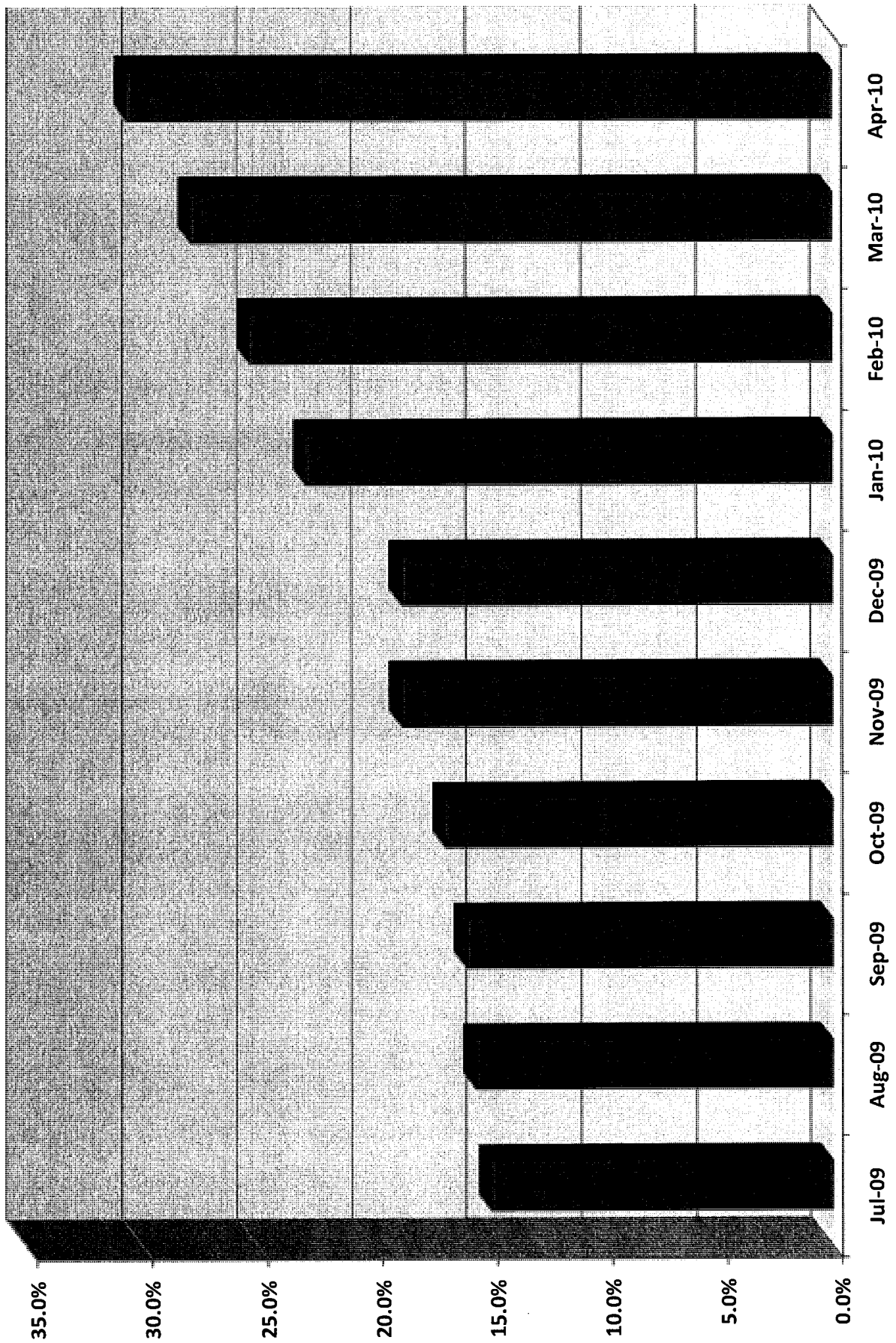


Exhibit 6

| LLC/Property | # of Units | "As Is" Appraised Value | Secured Debt | | | Estimated Net Equity | 7.00% Cost of Sale | Estimated Net Sale Proceeds |
|--------------------------|------------|-------------------------|----------------|----------|----------------|----------------------|--------------------|-----------------------------|
| | | | 1st TD | 2nd TDs | Total | | | |
| 3626 E PCH, Long Bch, CA | office | 1,350,000 | 827,508 | - | 827,508 | 522,492 | 94,500 | 427,992 |
| 612-622 Nebraska LB | 20 | 1,610,000 | - | - | - | 1,610,000 | 112,700 | 1,497,300 |
| Total | | 2,960,000 | 827,508 | - | 827,508 | 2,132,492 | 207,200 | 1,925,292 |

Exhibit 7

Pacific Property Assets, Chapter 11 Cases
 Chapter 11 Trustee - Property Equity Analysis

| LLC/Property | # of Units | "As Is" Appraised Value | | Secured Debt | | Total | Estimated Net Equity | 7.00% Cost of Sale | Estimated Net Sale Proceeds | 2nd TD Secured Amount | Estate Net Proceeds | |
|--|--------------|-------------------------|-------------------|-------------------|--------------------|---------------------|----------------------|--------------------|-----------------------------|-----------------------|---------------------|--|
| | | 1st TD | 2nd TDs | Outright Sale | 2nd TD Agreement | | | | | | | |
| | | (a) | (b) | (c) | | (d) | (e) | (f) | (g) | | | |
| Pacific Property Assets, LLC | | | | | | | | | | | | |
| 709 E. 3rd LB | 16 | 1,580,000 | 1,499,688 | 543,673 | 2,043,361 | (463,361) | 110,600 | - | 80,312 | | | |
| 1349 Ohio LB | 18 | 1,900,000 | 1,897,036 | 804,187 | 2,701,223 | (801,223) | 133,000 | - | 2,964 | | | |
| 1959 Chestnut LB | 22 | 2,340,000 | 2,199,839 | 1,787,083 | 3,986,922 | (1,646,922) | 163,800 | - | 140,161 | | | |
| | | 5,820,000 | 5,596,563 | 3,134,943 | 8,731,506 | (2,911,506) | 407,400 | - | | | | |
| Pacific Property Assets II, LLC | | | | | | | | | | | | |
| Daisy Avenue Apartments | 36 | 3,230,000 | 1,192,066 | 2,639,290 | 3,851,356 | (601,356) | 226,100 | - | 2,037,934 | | 815,325 | |
| PPA Holdings, LLC | | | | | | | | | | | | |
| 630 Nebraska LB | 6 | 700,000 | 657,324 | | 657,324 | 42,676 | 49,000 | - | | | | |
| 638 Nebraska LB | 8 | 880,000 | 806,025 | 280,264 | 1,086,289 | (206,289) | 61,600 | - | 73,975 | | | |
| 709 Elm LB | 10 | 1,270,000 | 1,153,687 | | 1,153,687 | 1,116,313 | 88,900 | 27,413 | | | | |
| 761 Rose LB | 8 | 920,000 | 847,561 | | 847,561 | 72,439 | 64,400 | 8,039 | | | | |
| 924 Gaviota LB | 8 | 840,000 | 902,519 | | 902,519 | (62,519) | 58,800 | - | | | | |
| 1352 Molino LB | 8 | 970,000 | 956,419 | | 956,419 | 13,581 | 67,900 | - | | | | |
| 1365 Ohio LB | 8 | 970,000 | 828,154 | 300,000 | 1,128,154 | (158,154) | 67,900 | - | 141,846 | | | |
| 1525 Pine LB | 32 | 3,260,000 | 2,192,917 | 1,161,904 | 3,354,821 | (94,821) | 228,200 | - | 1,067,083 | | 377,497 | |
| 1610 Cherry LB | 12 | 1,170,000 | 1,064,740 | 584,343 | 1,649,083 | (479,083) | 81,900 | - | 105,260 | | | |
| 1725 Sherman Place LB | 12 | 1,200,000 | 1,180,530 | 485,967 | 1,666,497 | (466,497) | 84,000 | - | 19,470 | | | |
| 1742 Cherry LB | 12 | 1,160,000 | 1,075,562 | 580,770 | 1,656,332 | (496,332) | 81,200 | - | 84,438 | | | |
| 1765 Cedar LB | 12 | 1,130,000 | 1,009,608 | | 1,009,608 | 120,392 | 79,100 | 41,292 | | | | |
| 1436 7th RIV | 25 | 1,810,000 | 1,847,394 | 2,725,717 | 4,573,111 | (2,763,111) | 126,700 | - | | | | |
| 1491 Massachusetts RIV | 72 | 4,540,000 | 6,178,800 | 1,958,140 | 8,136,940 | (3,596,940) | 317,800 | - | | | | |
| 1740 Loma Vista RIV | 28 | 1,520,000 | 2,024,920 | | 2,024,920 | (504,920) | 106,400 | - | | | | |
| 1754-76 Loma Vista RIV | 12 | 530,000 | 639,112 | | 639,112 | (109,112) | 37,100 | - | | | | |
| 1856 Loma Vista RIV | 18 | 750,000 | 817,445 | | 817,445 | (67,445) | 52,500 | - | | | | |
| 2005 W. Linden RIV | 26 | 1,360,000 | 1,742,806 | 458,464 | 2,201,270 | (841,270) | 95,200 | - | | | | |
| 2045 W. Linden RIV | 16 | 870,000 | 1,279,823 | | 1,279,823 | (409,823) | 60,900 | - | | | | |
| 2065 W. Linden RIV | 24 | 1,220,000 | 1,533,473 | | 1,533,473 | (313,473) | 85,400 | - | | | | |
| 2095 7th RIV | SFR | | | | | | | | | | | |
| 2225-2233 Pine LB | 16 | 1,720,000 | 1,680,316 | 582,556 | 2,262,872 | (542,872) | 120,400 | - | 39,684 | | | |
| 3439 Anderson RIV | 17 | 1,000,000 | 1,235,434 | | 1,235,434 | (235,434) | 70,000 | - | | | | |
| 3460-3472 Anderson RIV | 16 | 940,000 | 1,298,318 | | 1,298,318 | (358,318) | 65,800 | - | | | | |
| 3486 Anderson RIV | 16 | 1,020,000 | 1,261,521 | | 1,261,521 | (241,521) | 71,400 | - | | | | |
| 3552 Lou Ella RIV | 16 | 720,000 | 967,550 | | 967,550 | (247,550) | 50,400 | - | | | | |
| 3626 E POH, Long Bch, CA | office | 1,350,000 | 827,508 | | 827,508 | 522,492 | 94,500 | 427,992 | | | 427,992 | |
| 3660 Kansas RIV | 1 | 370,000 | 392,348 | | 392,348 | (22,348) | 25,900 | - | | | | |
| 3725 Kansas RIV | 16 | 860,000 | 1,084,946 | | 1,084,946 | (224,946) | 60,200 | - | | | | |
| 2211 E. Camelback Rd. AZ | condo | 800,000 | 972,389 | | 972,389 | (172,389) | 56,000 | - | | | | |
| | | 35,850,000 | 38,459,149 | 9,098,125 | 47,557,274 | (11,707,274) | 2,509,500 | 504,736 | | | | |
| PPA Towne Center, LLC | | | | | | | | | | | | |
| 65 E. Olive Gilbert AZ | 120 | 4,000,000 | 8,076,416 | | 8,076,416 | (4,076,416) | 280,000 | - | | | | |
| Sycamor Shadows, LLC | | | | | | | | | | | | |
| 1120 S. Sycamore Mesa AZ | 120 | 3,800,000 | 8,470,387 | | 8,470,387 | (4,670,387) | 266,000 | - | | | | |
| Villa Rose Ave. Condos. LLC | | | | | | | | | | | | |
| 758 Rose LB | 26 | 3,430,000 | 3,151,772 | | 3,151,772 | 276,228 | 240,100 | 38,128 | | | | |
| Dobson Springs, LLC | | | | | | | | | | | | |
| 1325 Guadalupe Mesa AZ | 120 | 3,600,000 | 5,616,752 | | 5,616,752 | (2,016,752) | 252,000 | - | | | | |
| PPA Arizona I, LLC | | | | | | | | | | | | |
| 151 E. 1st Mesa AZ | 210 | 5,500,000 | 5,708,842 | | 5,708,842 | (208,842) | 385,000 | - | | | | |
| PPA Arizona II, LLC | | | | | | | | | | | | |
| 1415 N. Country Club Mesa AZ | 348 | 9,200,000 | 10,501,500 | | 10,501,500 | (1,301,500) | 644,000 | - | | | | |
| Ridgemount Condos, LLC | | | | | | | | | | | | |
| 612-622 Nebraska LB | 20 | 1,610,000 | | | | 1,610,000 | 112,700 | 1,497,300 | | | | |
| Total | 1,513 | 76,040,000 | 86,773,447 | 14,872,358 | 101,645,805 | (25,605,805) | 5,322,800 | 2,040,164 | 3,793,127 | 1,925,292 | 1,192,823 | |

See footnotes on following page

**Pacific Property Assets – Chapter 11 cases
Chapter 11 Trustee - Property Equity Analysis
Footnotes**

General: This data was provided by the Debtor and the Creditor's Committee and was reviewed and summarized by HFC. The data has not been audited or verified by HFC or the Trustee.

- (a.) "As Is" value according to appraisals obtained by the Creditor's Committee as of November or December 2009. The Committee provided the Trustee with the "As Is" and "Stabilized" values however the actual appraisals were not made available to the Trustee. Given that occupancy rates at most of these properties have declined since November of 2009, "as is" values may also have declined.
- (b.) Estimated current payoff amounts provided by the Debtor based on most recent statements received from the senior lenders.
- (c.) Balance of the Junior Debt outstanding as of June 30, 2009 as provided by the Debtors, no interest has been accrued since that date.
- (d.) Estimated net sale proceeds to the bankruptcy estate after reflecting the payoff of all secured debt and 7% for the costs of sale including broker commissions, for those properties that would generate positive net proceeds.
- (e.) Equity of the 2nd trust deed holders in the property over and above the senior debt. In certain cases the Trustee is negotiating with the 2nd trust deed holders regarding the sale of these properties by the Trustee and the retention of a portion of this value by the estate.
- (f.) Estimated net sale proceeds for the properties the trustee currently intends to sell.
- (g.) The bankruptcy estates' portion of the net sale proceeds pursuant to agreements with the second trust deed holders currently being negotiated. The agreements call for the bankruptcy estate to retain 45% of the net sale proceeds after deduction of transaction costs.

Exhibit 8

Pacific Property Assets, Chapter 11 Cases
 Chapter 11 Trustee - Property Cash Flow Analysis

| LLC/Property | # of Units | April Occ. % | As Is Net Cash Flow (a) | Estimated Annual Achievable Net Cash Flow | | | Debt Service at 3.00% | | Debt Service at 5.00% | | Debt Service at 8.00% | | Senior Lender | Trustee preliminary intent |
|---------------------------------|--------------|--------------|-------------------------|---|------------------|------------------|-----------------------|-------------------------|-----------------------|-------------------------|-----------------------|-------------------------|----------------|----------------------------|
| | | | | W/MG (b) | IPS (c) | Used (d) | Only Interest (e) | Available Cash Flow (f) | Only Interest (g) | Available Cash Flow (h) | Only Interest (i) | Available Cash Flow (j) | | |
| Pacific Property Assets, LLC | | | | | | | | | | | | | | |
| 709 E. 3rd LB | 16 | 56% | 54,000 | 59,930 | | 59,930 | 44,991 | - | 74,984 | - | 119,975 | - | CBT | Abandon |
| 1349 Ohio LB | 18 | 67% | 96,935 | 120,391 | | 120,391 | 56,911 | 63,480 | 94,852 | - | 151,763 | - | CBT | Abandon |
| 1959 Chestnut LB | 22 | 82% | 126,156 | 115,379 | | 115,379 | 65,995 | - | 109,992 | - | 175,987 | - | CBT | Abandon |
| Pacific Property Assets II, LLC | | | | | | | | | | | | | | |
| Daisy Avenue Apartments | 36 | 76% | | | | | | | | | | | GE/MSA | Sell |
| PPA Holdings, LLC | | | | | | | | | | | | | | |
| 630 Nebraska LB | 6 | 100% | 24,000 | 38,976 | | 38,976 | 19,720 | - | 32,866 | - | 52,586 | - | La Jolla Bank | Abandon |
| 638 Nebraska LB | 8 | 75% | 43,608 | 42,655 | | 42,655 | 24,181 | - | 40,301 | - | 64,482 | - | CBT | Abandon |
| 709 Elm LB | 10 | 60% | 48,000 | 59,930 | | 59,930 | 34,611 | - | 57,684 | - | 92,295 | - | CBT | Abandon |
| 761 Rose LB | 10 | 70% | 18,000 | 31,892 | | 31,892 | 25,427 | - | 42,378 | - | 67,805 | - | La Jolla Bank | Abandon |
| 924 Gaviota LB | 8 | 100% | 41,700 | 40,870 | | 40,870 | 25,200 | - | 42,000 | - | 67,200 | - | La Jolla Bank | Abandon |
| 1352 Molino LB | 8 | 89% | 60,000 | 72,959 | | 72,959 | 28,693 | - | 47,821 | - | 76,514 | - | La Jolla Bank | Abandon |
| 1365 Ohio LB | 8 | 100% | 66,000 | 72,715 | | 72,715 | 24,845 | - | 41,408 | - | 66,252 | - | CBT | Abandon |
| 1525 Pine LB | 32 | | | | | | | | | | | | Universal Bank | Sell |
| 1610 Cherry LB | 12 | 83% | 60,000 | 77,913 | | 77,913 | 31,942 | - | 53,237 | - | 85,179 | - | CBT | Abandon |
| 1725 Sherman Place LB | 12 | 75% | 43,320 | 49,868 | | 49,868 | 35,416 | - | 59,027 | - | 94,442 | - | CBT | Abandon |
| 1742 Cherry LB | 12 | 58% | 27,744 | 45,909 | | 45,909 | 32,267 | - | 53,778 | - | 86,045 | - | CBT | Abandon |
| 1765 Cedar LB | 12 | 92% | 76,992 | 84,148 | | 84,148 | 30,288 | 53,860 | 50,480 | - | 80,769 | - | La Jolla Bank | Abandon |
| 1436 7th RIV | 25 | 60% | 60,276 | 51,908 | | 51,908 | 54,300 | - | 90,500 | - | 144,800 | - | CBT | Abandon |
| 1491 Massachusetts RIV | 72 | 60% | 203,976 | 153,339 | | 153,339 | 136,200 | 147,727 | 227,000 | 56,927 | 363,200 | 54,000 | CBT | Reorganize |
| 1740 Loma Vista RIV | 28 | 61% | 98,064 | 89,297 | | 89,297 | 45,600 | - | 76,000 | - | 121,600 | - | La Jolla Bank | Abandon |
| 1754-76 Loma Vista RIV | 12 | 67% | 24,000 | 7,997 | | 7,997 | 15,900 | - | 26,500 | - | 42,400 | - | Cathay Bank | Abandon |
| 1856 Loma Vista RIV | 18 | 56% | 28,800 | 41,280 | | 41,280 | 22,500 | - | 37,500 | - | 60,000 | - | Affinity Bank | Abandon |
| 2005 W. Linden RIV | 26 | 62% | 48,000 | 42,217 | | 42,217 | 40,800 | - | 68,000 | - | 108,800 | - | CBT | Abandon |
| 2045 W. Linden RIV | 16 | 63% | 38,436 | 14,453 | | 14,453 | 36,100 | - | 43,500 | - | 69,600 | - | La Jolla Bank | Abandon |
| 2065 W. Linden RIV | 24 | 56% | 54,000 | 54,234 | | 54,234 | 26,000 | - | 61,000 | - | 97,600 | 20,400 | La Jolla Bank | Abandon |
| 2095 7th RIV | SFR | | | | | 68,467 | | | | | | | | |
| 2225-2233 Pine LB | 16 | 78% | 84,000 | 97,059 | | 97,059 | 50,409 | - | 84,016 | - | 134,425 | - | CBT | Abandon |
| 3438 Anderson RIV | 17 | 76% | 54,000 | 83,599 | | 83,599 | 30,000 | 53,599 | 50,000 | - | 80,000 | - | La Jolla Bank | Abandon |
| 3460-3472 Anderson RIV | 16 | 50% | 42,000 | 35,291 | | 35,291 | 28,200 | - | 47,000 | - | 75,200 | - | La Jolla Bank | Abandon |
| 3488 Anderson RIV | 16 | 75% | 64,800 | 70,560 | | 70,560 | 30,600 | - | 51,000 | - | 81,600 | - | La Jolla Bank | Abandon |
| 3552 Lou Ella RIV | 16 | 63% | 33,000 | 41,555 | | 41,555 | 21,600 | - | 36,000 | - | 57,600 | - | CBT | Abandon |
| 3626 E. PCH, Long Bch, CA | office | | | | | | | | | | | | Cathay Bank | Sell |
| 3660 Kansas RIV | 1 | 67% | (14,712) | 775 | | 775 | 11,100 | - | 18,500 | - | 29,600 | - | Cathay Bank | Abandon |
| 3735 Kansas RIV | 16 | 38% | 12,000 | (3,628) | | (3,628) | 25,800 | - | 43,000 | - | 88,800 | - | La Jolla Bank | Abandon |
| 2211 E. Camelback Rd. AZ | condo | | | | | | | | | | | | Chase | Abandon |
| PPA Towne Center, LLC | | | | | | | | | | | | | | |
| 65 E. Olive Gilbert AZ | 120 | 80% | 240,000 | 389,532 | | 304,216 | 120,000 | 184,216 | 200,000 | 104,216 | 320,000 | - | Orion | Reorganize |
| Sycamor Shadows, LLC | | | | | | | | | | | | | | |
| 1120 S. Sycamore Mesa AZ | 120 | 78% | 318,600 | 342,156 | | 317,633 | 114,000 | 203,633 | 190,000 | 127,633 | 304,000 | - | Orion | Reorganize |
| Villa Rose Ave. Condos. LLC | | | | | | | | | | | | | | |
| 758 Rose LB | 26 | 88% | 162,000 | 140,954 | | 140,954 | 94,553 | - | 157,589 | - | 252,142 | - | Orion | Abandon |
| Dobson Springs, LLC | | | | | | | | | | | | | | |
| 1325 Guadalupe Mesa AZ | 120 | 73% | 360,000 | 269,724 | | 315,818 | 108,000 | 207,818 | 180,000 | 135,818 | 288,000 | - | Key Bank | Reorganize |
| PPA Arizona I, LLC | | | | | | | | | | | | | | |
| 151 E. 1st Mesa AZ | 210 | 67% | 348,000 | 206,303 | | 340,228 | 165,000 | 175,228 | 275,000 | 65,228 | 440,000 | - | Wells Fargo | Reorganize |
| PPA Arizona II, LLC | | | | | | | | | | | | | | |
| 1415 N. Country Club Mesa AZ | 348 | 62% | 600,000 | 416,250 | | 527,542 | 276,000 | 251,542 | 460,000 | 67,542 | 736,000 | - | Wells Fargo | Reorganize |
| Ridgmont Condos. LLC | | | | | | | | | | | | | | |
| 612-622 Nebraska LB | 20 | | | | | | | | | | | | | Sell |
| Total | 1,513 | | 3,645,695 | 3,458,390 | 2,157,831 | 3,794,683 | 1,933,748 | 1,341,103 | 3,222,913 | 557,364 | 5,156,661 | 555,750 | | |

See footnotes on following page.

Pacific Property Assets – Chapter 11 cases
Chapter 11 Trustee – Property Cash Flow Analysis
Footnotes

General: This analysis is based on data provided to the Trustee by the Debtor and the Creditor's Committee and was reviewed and summarized by HFC. The data has not been audited or verified by HFC or the Trustee.

- (a.) Estimated annualized net cash flow generated by each property based on a review of the cash receipts and disbursements of each property for the most recent months as reflected in the accounting and property management system maintained by the Debtors'.
- (b.) Projected annual cash flow data estimated by Western National Group ("WNG") a property management consultant formerly working with the Creditors Committee, with some input from the Debtors' financial advisor, DSI.
- (c.) Preliminary projected cash flow data for selected properties estimated by Investor's Property Services ("IPS"), the Trustee's proposed property manager. This preliminary projection reflects an estimate of reasonably achievable rent levels and normalized expense levels, subject to revision once IPS assumes management and can review the properties in greater detail.
- (d.) Annual net cash flow used for analysis purposes. Reflects the IPS preliminary estimates where those were available and the WNG estimates for all other properties.
- (e.) Interest only annual debt service computed based on a 3% interest rate based on the lower of the amount owed on the senior debt or the "as is" value of the property.
- (f.) Estimated Annual Achievable Net Cash Flow less annual interest only debt service at 3%. Represents the remaining net cash flow by property after funding the indicated debt service which would potentially be available to fund a Chapter 11 Plan of Reorganization.
- (g.) Interest only annual debt service computed based on a 5% interest rate based on the lower of the amount owed on the senior debt or the "as is" value of the property.
- (h.) Estimated Annual Achievable Net Cash Flow less annual interest only debt service at 5%. Represents the remaining net cash flow by property after funding the indicated debt service which would potentially be available to fund a Chapter 11 Plan of Reorganization.
- (i.) Interest only annual debt service computed based on a 8% interest rate based on the lower of the amount owed on the senior debt or the "as is" value of the property.
- (j.) Estimated Annual Achievable Net Cash Flow less annual interest only debt service at 8%. Represents the remaining net cash flow by property after funding the indicated debt service which would potentially be available to fund a Chapter 11 Plan of Reorganization.
- (k.) Estimated costs required to bring selected properties up to occupancy levels deemed reasonably achievable as preliminarily estimated by IPS. These costs would include new carpet, painting, cleaning, and incidental repairs necessary to ready the units for new tenants.
- (l.) The Trustee's preliminary intent regarding each property, 1) abandon or stipulate to relief from stay with the senior lender, 2) operate and sell the property, 3) operate and use the net cash flow generated by the property to fund a Chapter 11 plan.

| | |
|--------------------------|---|
| In re: PPA HOLDINGS, LLC | CHAPTER 11 Debtor(s). CASE NUMBER 8:09-bk-16353-ES |
|--------------------------|---|

NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

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:

22342 Avenida Empresa, Ste. 260
Rancho Santa Margarita, CA 92688

A true and correct copy of the foregoing document described Report of Chapter 11 Trustee Thomas H. Casey 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 May 5, 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:

- John A Boyd fednotice@tclaw.net
- Brendt C Butler BButler@rutan.com
- Frank Cadigan frank.cadigan@usdoj.gov
- Robert J Campo rcampo@robertcampolaw.com
- Thomas H Casey msalustro@tomcaseylaw.com, tcasey@ecf.epiqsystems.com
- Michael A Cisneros mcisneros@mac.com
- Lynsey M Eaton leaton@gglts.com
- Richard W Esterkin resterkin@morganlewis.com
- Jeffrey K Garfinkle bkgroup@buchalter.com, jgarfinkle@buchalter.com
- Nancy S Goldenberg nancy.goldenberg@usdoj.gov

Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL(indicate method for each person or entity served):

On May 5, 2010 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~~ 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.

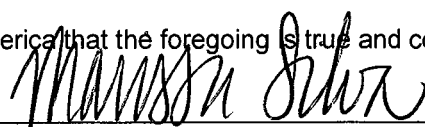
Service information continued on attached page

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 May 5, 2010 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.

Service information continued on attached page

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

May 5, 2010 Marissa Silva 

Date Type Name Signature

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

| | |
|--------------------------|------------------------------|
| In re: PPA HOLDINGS, LLC | CHAPTER 11 |
| Debtor(s). | CASE NUMBER 8:09-bk-16353-ES |

TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") (ADDITIONAL)

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