

**Miscellaneous:**8:09-bk-16353-ES PPA Holdings LLC

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Chapter: 11 v

Office: 8 (Santa Ana)

Assets: y

Judge: ES

Case Flag: LEAD, JNTADMN,  
DsclsDue**U.S. Bankruptcy Court****Central District Of California**

## Notice of Electronic Filing

The following transaction was received from Thomas H Casey entered on 5/5/2010 at 3:07 PM PDT and filed on 5/5/2010

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Status report - *Report of Chapter 11 Trustee Thomas H. Casey, with Exhibits and with Proof of Service* Filed by Trustee Thomas H Casey (RE: related document(s)[708] Order (Generic)). (Casey, Thomas)

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b3c0a059ab241ce38e11a3db0764c0e9add18571f7734fc8b6ef16acaf5c5]]

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5  
6 Chapter 11 Bankruptcy Trustee

7  
8 UNITED STATES BANKRUPTCY COURT

9 CENTRAL DISTRICT OF CALIFORNIA / SANTA ANA DIVISION

10	In re	)	Chapter 11
11	PPA HOLDINGS, LLC, a California limited liability company,	)	Case No. <b>8:09-bk-16353-ES</b>
12		)	(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)
13	<u>X</u> Affects PPA Holdings, LLC, a California limited liability company,	)	
14	<u>X</u> Affects Pacific Property Assets, LLC, a California limited liability company,	)	
15		)	
16	PPA Riverside Apartments, a California limited liability company,	)	
17		)	<b>REPORT OF CHAPTER 11 TRUSTEE</b>
18	<u>X</u> Affects Pacific Property Assets II, LLC, a California limited liability company,	)	<b>THOMAS H. CASEY</b>
19	Bell Cove, LLC, a California limited liability company,	)	
20		)	
21	Country Club Greens, LLC, a California limited liability company,	)	
22	<u>X</u> Affects Sycamore Shadows, LLC, a California limited liability company,	)	Date: June 2, 2010
23		)	Time: 2:00 p.m.
24	<u>X</u> Affects PPA Arizona I, LLC, a Delaware limited liability company,	)	Ctrl: 5A
25	<u>X</u> Affects PPA Arizona II, LLC, a Delaware limited liability company,	)	
26		)	
27	PPA Vista Village, LLC, an Arizona limited liability company,	)	
28		)	

- 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 Harbor View Condominiums, LLC, a )  
California limited liability company, )
- 8 )
- 9 PPA Opportunity Fund, LLC, a California )  
limited liability company, )
- 10 PPA Equities, LLC, a California limited )  
liability company, )
- 11 PPA Desert View, LLC, a California limited )  
liability company, )
- 12 )
- 13  Affects Ridgemont Condominiums, LLC, a )  
California limited liability company, )
- 14 )
- 15 Villa Las Brisas Condominiums, LLC, a )  
California limited liability company, )
- 16 2130 Group Partnership, LLC, an Arizona )  
limited liability company, )
- 17 AAA Investment Properties, LLC, an Arizona )  
limited liability company, )
- 18 )
- 19 )
- 20 Debtors. )
- 21 )

**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 Ridgmont 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 7<sup>th</sup>, 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 7<sup>th</sup>, 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.

13  
14 **Summary**

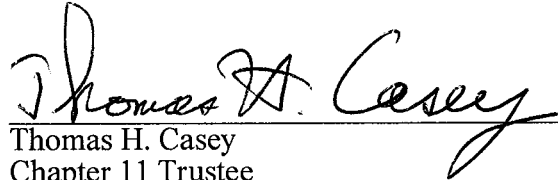
15 Proceeding with a chapter 11 plan of reorganization including all of the Debtors' properties  
16 does not appear to be a viable option. Rather the Debtors' cases must be analyzed on a property-by-  
17 property basis to determine how to maximize the value of each Property for creditors. As discussed  
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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3 Date: May 5, 2010

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Thomas H. Casey  
Chapter 11 Trustee

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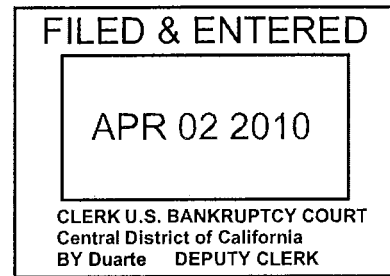
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**Exhibit 1**

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, 12<sup>th</sup> Floor  
5. Irvine, CA 92614  
Telephone: 949-851-7450  
6. Facsimile: 949-851-6926  
7. General Insolvency Counsel for  
Debtors and Debtors-in-Possession



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)

16.  Affects All Debtors

17.  Affects PPA HOLDINGS, LLC, a  
18. California limited liability company

19.  Affects PACIFIC PROPERTY  
20. ASSETS, LLC, a California limited  
21. liability company

22.  Affects PPA RIVERSIDE  
23. APARTMENTS, a California limited  
24. liability company

25.  Affects PACIFIC PROPERTY  
26. ASSETS II, LLC, a California  
27. limited liability company

28.  Affects BELL COVE, LLC, a  
California limited liability company

**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       company
- 15       — Affects PPA TOWNE CENTER,
- 16       LLC, a California limited liability
- 17       company
- 18       — Affects SUNDANCER
- 19       APARTMENTS, LLC, a California
- 20       limited liability company
- 21       — Affects DOBSON SPRINGS, LLC,
- 22       an Arizona limited liability company
- 23       — Affects VILLA ROSE AVENUE,
- 24       LLC, a California limited liability
- 25       company
- 26       — Affects HARBOR VIEW
- 27       CONDOMINIUMS, LLC, a
- 28       California limited liability company
- 29       — Affects PPA OPPORTUNITY
- 30       FUND, LLC, a California limited
- 31       liability company Only
- 32       — Affects PPA EQUITIES, LLC, a
- 33       California limited liability company
- 34       — Affects PPA DESERT VIEW, LLC, a
- 35       California limited liability company
- 36       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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United States Bankruptcy Judge

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
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**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  Rick Brizendine, Esq. Evelyn Stearn (on behalf of Vera Richards) Kamal Rajkanan	stanleyoepstein@aol.com Reps999647@aol.com rcb@ebslaw.net Stern123@earthlink.net krajkanan@hotmail.com
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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	rharris@quarles.com;
9	FARGO BANK, N.A./Bank of	Robert.Harris@quarles.com
	America/GEMSA	
10	Brendt C Butler on behalf of Creditor Vineyard	BButler@rutan.com
	Bank, N.A.	
11	Penelope Parmes on behalf of Creditor	pparmes@rutan.com
	Vineyard Bank, N.A.	
12	Robert J Campo on behalf of Interested Party	rcampo@robertcampolaw.com
	Courtesy NEF	
13	Richard W Esterkin on behalf of Creditors	resterkin@morganlewis.com
	CommitteeNEF	
14	Nancy S Goldenberg on behalf of U.S. Trustee	nancy.goldenberg@usdoj.gov
	United States Trustee (SA)	
15	Russell H Rapoport on behalf of Interested	rrapoport@prllplaw.com, lgillis@prllplaw.com
	Party Courtesy NEF	
16	Anthony J Rothman on behalf of Creditor	anthony@arothmanlaw.com
	Universal Bank	
17	Kenneth N Russak on behalf of Creditor	krussak@frandzel.com, efileing@frandzel.com;
	Affinity Bank	banderson@frandzel.com
18	Scott A Schiff on behalf of Creditor Allied	sas@soukup-schiff.com
	Federal Credit Union	
19	Douglas G Tennant on behalf of Creditor	dtennant@frankel-tennant.com
	JPMorgan Chase Bank, N.A.	
20	Wayne R Terry on behalf of Creditor Cathay	wterry@hemar-rousso.com
	Bank	
21	Madeleine C Wanslee on behalf of Interested	mwanslee@gustlaw.com, rstein@gustlaw.com
	Party Courtesy NEF	
22	Sharon Z Weiss on behalf of Creditor Fannie	sweiss@richardsonpatel.com
	Mae-Wachovia	
23	Brian Sirower on behalf of Creditor Fannie	Brian.Sirower@quarles.com
	Mae-Wachovia	
24	Lori L. Winkelman on behalf of Creditor	Lori.Winkelman@quarles.com
	Fannie Mae-Wachovia	
25	Timothy J. Thomason on behalf of Wamu	tim.thomason@mwmf.com
	Aron M. Oliner on behalf Wells Fargo Bank,	roliner@duanemorris.com
26	NA	
	Kelly L Kress on behalf of Interested Party	kkress@nixonpeabody.com
27	Courtesy NEF	
	Michael A. Cisneros on behalf of Creditor	mcisneros@mac.com
28	Imperial Capital Bank	

- 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
- Leib M Lerner leib.lerner@alston.com
- William Malcolm bill@mclaw.org
- Randall P Mroczynski randym@cookseylaw.com
- Aron M Oliner roliner@duanemorris.com
- Penelope Parmes pparmes@rutan.com
- Eric S Pezold epezold@swlaw.com, dwlewis@swlaw.com
- Russell H Rapoport rrapoport@prllplaw.com, lgillis@prllplaw.com
- Todd C Ringstad becky@ringstadlaw.com
- Anthony J Rothman anthony@arothmanlaw.com
- 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) ustpreion16.sa.ecf@usdoj.gov
- 4 • Kent VanDerSchuit kentv@vanderschuitlawgroup.com,  
5 taylor@vanderschuitlawgroup.com
- 6 • Victor A Vilaplana vavilaplana@foley.com
- 7 • Madeleine C Wanslee mwanslee@gustlaw.com, rstein@gustlaw.com
- 8 • Sharon Z Weiss sweiss@richardsonpatel.com, bkdeptnef@richardsonpatel.com
- 9 • Katherine M Windler katherine.windler@bryancave.com

7  Service information continued on attached page

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

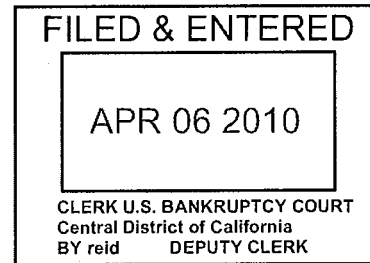
10  Service information continued on attached page

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

14  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

10 In re:

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

13 X Affects PPA Holdings, LLC

14 X Affects Pacific Property  
15 Assets, LLC

15 PPA Riverside Apartments

16 X Affects Pacific Property Assets  
17 II, LLC

18 Bell Cove, LLC

19 Country Club Greens, LLC

20 X Affects Sycamore Shadows, LLC

21 X Affects PPA Arizona I, LLC

22 X Affects PPA Arizona II, LLC

23 PPA Vista Village, LLC

24 X Affects PPA Towne Center, LLC,

25 Sundancer Apartments, LLC

26 X Affects Dobson Springs, LLC,  
27  
28

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

26  
27  
28  
  
Eric A. Smith  
United States Bankruptcy Judge

In re: PPA HOLDINGS, LLC	Debtor	CHAPTER 11 CASE NUMBER: 8:09-bk-16353-ES
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### 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
- 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
- Leib M Lerner leib.lerner@alston.com
- William Malcolm bill@mclaw.org
- Randall P Mroczynski randym@cookseylaw.com
- Aron M Oliner roliner@duanemorris.com
- Penelope Parmes pparmes@rutan.com
- Eric S Pezold epezold@swlaw.com, dwlewis@swlaw.com
- Russell H Rapoport rrapoport@prllplaw.com, lgillis@prllplaw.com
- Todd C. Ringstad becky@ringstadlaw.com
- Anthony J Rothman anthony@arothmanlaw.com
- 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
- Douglas G Tennant dtennant@frankel-tennant.com
- Wayne R Terry wterry@hemar-rousso.com
- United States Trustee (SA) ustpreion16.sa.ecf@usdoj.gov
- Kent VanDerSchuit kentv@vanderschuitlawgroup.com, taylorg@vanderschuitlawgroup.com
- Victor A Vilaplana vavilaplana@foley.com
- Madeleine C Wanslee mwanslee@gustlaw.com, rstein@gustlaw.com
- Sharon Z Weiss sweiss@richardsonpatel.com, bkdeptnef@richardsonpatel.com
- Katherine M Windler katherine.windler@bryancave.com

**Exhibit 3**



**Trustee Properties**

<b><u>Pacific Property Assets, LLC - 09-16358-ES:</u></b>
709 East Third Street, Long Beach, CA
1349 Ohio Avenue, Long Beach, CA
1959 Chestnut Avenue, Long Beach, CA
<b><u>Pacific Property Assets II, LLC - 09-16363-ES:</u></b>
1121/1164/1170 Daisy Avenue, Long Beach, CA
<b><u>PPA Holdings, LLC - 09-16353-ES:</u></b>
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 <sup>TH</sup> 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)
<b><u>PPA Towne Center, LLC - 09-16385-ES:</u></b>
65 East Olive Avenue, Gilbert, AZ
<b><u>Sycamore Shadows, LLC - 09-16371-ES:</u></b>
1120 South Sycamore Street, Mesa, AZ
<b><u>Villa Rose Ave Condominiums, LLC - 09-16388-ES:</u></b>
758 Rose Avenue, Long Beach, CA
<b><u>Dobson Springs, LLC - 09-16386-ES:</u></b>
1325 West Guadalupe Road, Mesa AZ
<b><u>PPA Arizona I, LLC - 09-16372-ES:</u></b>
151 East 1st Street, Mesa, AZ

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

**Exhibit 4**

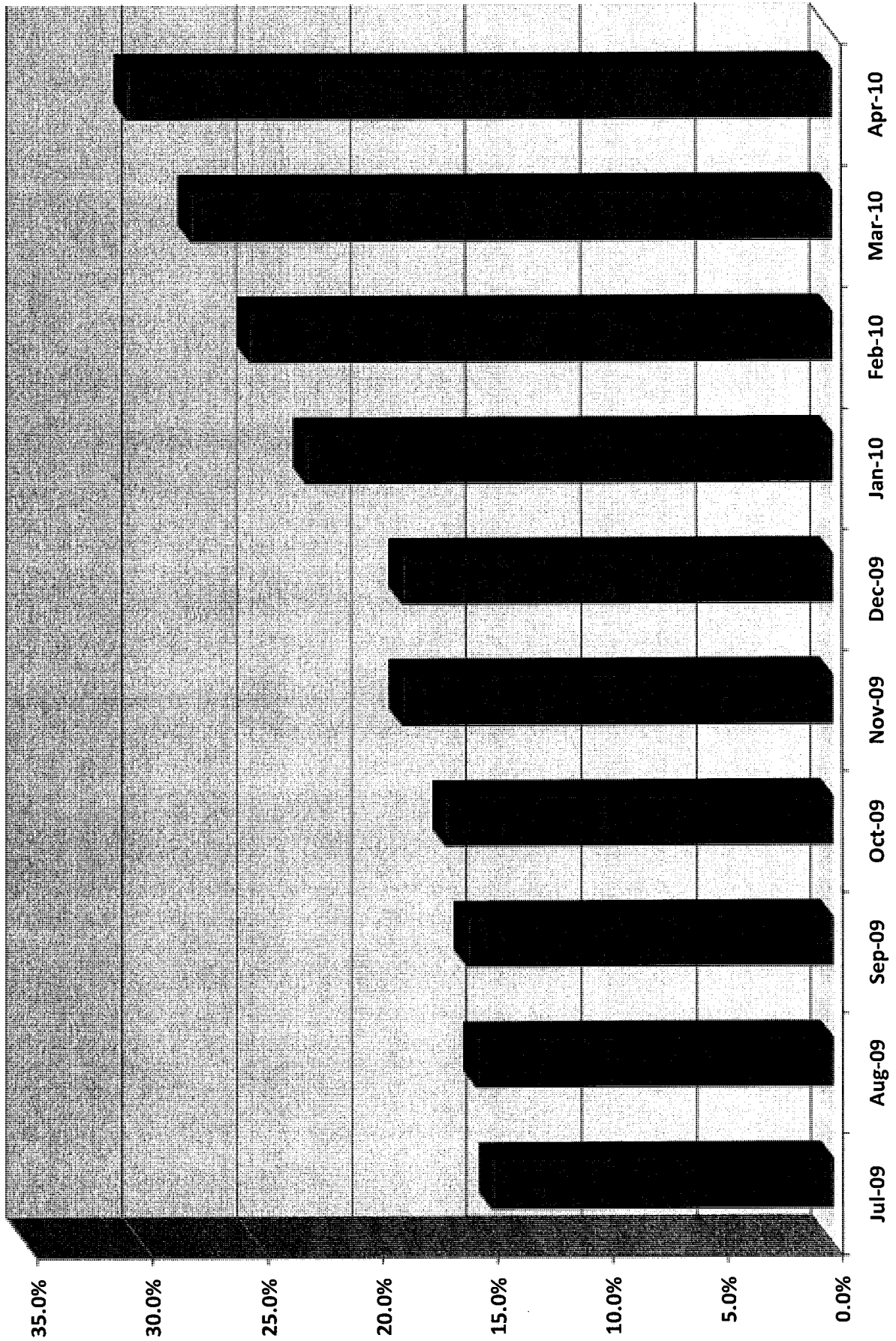
**PPA Holdings, LLC et al.  
Professional Fees and Expenses**

<b>Professional</b>	<b>Fees/Costs</b>	<b>Expenses</b>	<b>Total Fees/Costs</b>	<b>Comments</b>
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)
<b>TOTAL</b>	<b>\$1,589,322.98</b>	<b>\$11,037.42</b>	<b>\$1,600,360.40</b>	

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
<b>Total</b>		<b>2,960,000</b>	<b>827,508</b>	<b>-</b>	<b>827,508</b>	<b>2,132,492</b>	<b>207,200</b>	<b>1,925,292</b>

**Exhibit 7**

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

LLC/Property	# of Units	"As Is" Appraised Value (a)	1st TD (b)	Secured Debt 2nd TDs (c)	Total	Estimated Net Equity (d)	7.00% Cost of Sale (e)	Estimated Net Sale Proceeds (f)	2nd TD Secured Amount (g)	Estate Net Proceeds Outright Sale (h)	2nd TD Agreement (i)
<b>Pacific Property Assets, LLC</b>											
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	-	-	-	-
<b>Pacific Property Assets II, LLC</b>											
Daisy Avenue Apartments	36	3,230,000	1,192,066	2,639,290	3,831,356	(601,356)	226,100	-	2,037,934	-	815,325
<b>PPA Holdings, LLC</b>											
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	1,117,014	88,900	27,413		-	-
761 Rose LB	10	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			
<b>PPA Towne Center, LLC</b>											
65 E. Olive Gilbert AZ	120	4,000,000	8,076,416		8,076,416	(4,076,416)	280,000	-		-	-
<b>Sycamor Shadows, LLC</b>											
1120 S. Sycamore Mesa AZ	120	3,800,000	8,470,387		8,470,387	(4,670,387)	266,000	-		-	-
<b>Villa Rose Ave. Condos, LLC</b>											
758 Rose LB	26	3,430,000	3,151,772		3,151,772	278,228	240,100	38,128			
<b>Dobson Springs, LLC</b>											
1325 Guadalupe Mesa AZ	120	3,600,000	5,616,752		5,616,752	(2,016,752)	252,000	-		-	-
<b>PPA Arizona I, LLC</b>											
151 E. 1st Mesa AZ	210	5,500,000	5,708,842		5,708,842	(208,842)	385,000	-		-	-
<b>PPA Arizona II, LLC</b>											
1415 N. Country Club Mesa AZ	348	9,200,000	10,501,500		10,501,500	(1,301,500)	644,000	-		-	-
<b>Ridgemoor Condos, LLC</b>											
612-622 Nebraska LB	20	1,610,000				1,610,000	112,700	1,497,300			
<b>Total</b>	<b>1,513</b>	<b>76,040,000</b>	<b>86,773,447</b>	<b>14,872,358</b>	<b>101,645,805</b>	<b>(25,605,805)</b>	<b>5,322,800</b>	<b>2,040,164</b>	<b>3,793,127</b>	<b>1,497,300</b>	<b>1,192,823</b>

See footnotes on following page

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

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**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 2<sup>nd</sup> trust deed holders in the property over and above the senior debt. In certain cases the Trustee is negotiating with the 2<sup>nd</sup> 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%		Costs to Stabilize (k)	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	283,927	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	68,467	-	61,000	-	97,600	20,400	-	La Jolla Bank	Abandon
2095 7th RIV	SFR														
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	304,216	120,000	184,216	200,000	104,216	320,000	-	30,000	Orion	Reorganize
Sycamor Shadows, LLC															
1120 S. Sycamore Mesa AZ	120	78%	318,600	342,156	317,633	317,633	114,000	203,633	190,000	127,633	304,000	-	36,000	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	315,618	315,618	108,000	207,618	180,000	135,618	288,000	-	51,000	Key Bank	Reorganize
PPA Arizona I, LLC															
151 E. 1st Mesa AZ	210	67%	348,000	206,303	340,228	340,228	165,000	175,228	275,000	65,228	440,000	-	120,750	Wells Fargo	Reorganize
PPA Arizona II, LLC															
1415 N. Country Club Mesa AZ	348	62%	600,000	416,250	527,542	527,542	276,000	251,542	460,000	67,542	736,000	-	243,600	Wells Fargo	Reorganize
Ridgemoor Condos. LLC															
612-622 Nebraska LB	20														Sell
<b>Total</b>	<b>1,513</b>		<b>3,645,695</b>	<b>3,458,390</b>	<b>2,157,631</b>	<b>3,794,683</b>	<b>1,933,748</b>	<b>1,341,103</b>	<b>3,222,913</b>	<b>557,364</b>	<b>5,156,661</b>	<b>555,750</b>			

See footnotes on following page.

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

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**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
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**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
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- 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.

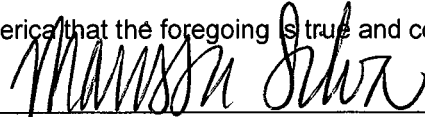
Service information continued on attached page

**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



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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**SERVED VIA US MAIL AND PERSONAL DELIVERY:**

United States Bankruptcy Court  
Attn: Honorable Erithe A. Smith  
411 West Fourth Street, Ste. 5041  
Santa Ana, CA 92701