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Attorneys for Secured Creditor
BSI FINANCIAL SERVICES, INC., servicing agent for
NSP LA TRUST c/o HMC ASSETS, LLC as Administrator
of the Trust, successor in interest to Bayview Loan Servicing, LLC

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA - LAS VEGAS DIVISION

In re

DON HOLBROOK and
LAURIE HOLBROOK,

Debtor(s).

BK No.: 11-27072-led

Chapter 11

**STIPULATION RE: TREATMENT OF
BSI FINANCIAL SERVICES, INC.'s
CLASS 1-A CLAIM UNDER DEBTORS'
EIGHTH MODIFIED CHAPTER 11
PLAN OF REORGANIZATION; AND
VACATING AUTOMATIC STAY**

Continued Confirmation Hearing-
Date: January 8, 2014
Time: 2:00 p.m.
Place: Courtroom 1

HONORABLE LAUREL E. DAVIS

This Stipulation is entered into by and between Secured Creditor, BSI FINANCIAL SERVICES, INC., servicing agent for NSP LA TRUST c/o HMC ASSETS, LLC as Administrator of the Trust, successor in interest to Bayview Loan Servicing, LLC ("Secured Creditor"), its assignees and/or successors in interest, by and through its attorneys of record Gregory L. Wilde of Tiffany & Bosco P.A., and Don Holbrook and Laurie Holbrook, the Debtors and Debtors-In-Possession herein ("Debtors"), by and through their attorneys of record Thomas E. Crowe.

1 The property which is the subject of this matter is commonly known as 2230 N. Palo
2 Verde Blvd., Lake Havasu City, Arizona, 86404 (hereinafter the " Subject Property").

3 On or about October 3, 2002, Debtor Don Holbrook, for valuable consideration, made,
4 executed, and delivered to First Arizona Savings, FSB ("FAS") an Adjustable Rate Note in the
5 principal sum of \$173,000.00 (the "Note"). The original maturity pursuant to the Note is
6 November 1, 2032.
7

8 On or about October 3, 2002, Debtor Don Holbrook made, executed and delivered to
9 FAS a Deed of Trust (the "Deed of Trust") granting FAS a security interest in the Property. The
10 Deed of Trust was recorded on October 8, 2002, in the Official Records of Mohave County,
11 State of Arizona, as instrument no. 2002068417.
12

13 On or about October 31, 2011, Debtors filed the instant bankruptcy case, Case No. 11-
14 27072-lbr, a voluntary petition under Chapter 11 of the United States Bankruptcy Code.

15 Subsequently, FAS transferred their beneficial interest in the Note and Deed of Trust by
16 Assignment to Secured Creditor's predecessor in interest, Bayview Loan Servicing, LLC
17 ("Bayview") recorded on March 12, 2012. Bayview subsequently transferred its beneficial
18 interest in the Note and Deed of Trust to BOF II, 2011-2NPL, LLC by assignment recorded
19 October 16, 2013. Secured Creditor received its beneficial interest in the subject deed of trust by
20 Assignment recorded on October 16, 2013.
21

22 On January 6, 2014, a transfer of Bayview's proof of claim was filed with the Court. On
23 January 6, 2014, BSI filed a *Second Amended* Proof of Claim with the Court. Said *Second*
24 *Amended* Proof of Claim provided that the Unpaid Principal Balance due under the Note was
25 \$144,069.79, and the total amount necessary to cure the default as of December 23, 2013 was
26 \$28,270.46. Said *Second Amended* Proof of Claim did not include post-petition attorneys' fees
27 incurred.
28

As of February 5, 2014, the unpaid principal balance due on the Note was \$144,069.79, the arrearages due on the Note were \$38,555.46, and there was \$3,644.46 *in suspense*. As of February 5, 2014, the total amount due and owing on Secured Creditor's loan was **\$170,745.93**.

Secured Creditor is the holder of **Class 1-A oversecured** claim pursuant to Debtors' proposed *Eighth Modified* chapter 11 Plan. Debtors had proposed in their Chapter 11 Plan to pay regular monthly payments, and escrow components commencing March 2013. However, Debtors fell behind in their monthly payments to Secured Creditor, as had been proposed in their Plan. Subsequent to the commencement of this bankruptcy case, and at the time of the January 8, 2014 confirmation hearing, the Debtors had fallen behind on their regular monthly mortgage payments to Secured Creditor, as set forth in the pleadings entitled Fifteen Day Notice of Declaration RE Breach of Debtors' Eighth Modified Chapter 11 Plan of Reorganization and Objection to Confirmation of Debtors' Eighth Modified Plan of Reorganization, each filed by Secured Creditor at the time of the January 8, 2014 confirmation hearing.

Debtors have now requested that Secured Creditor add delinquent monthly plan payments to the loan balance as well as Secured Creditor's attorneys' fees, and adjust the scheduled amortization of the Note to permit Debtors to meet their obligations in full and in a timely manner, which has resulted in *this* Stipulation between Secured Creditor and Debtors.

On February 20, 2014, Secured Creditor filed a *Third Amended* Proof of Claim, which provides that Debtor was due and owing for **\$38,555.46** in *pre-petition* and *post-petition* arrears and a total claim of **\$170,745.93** as of February 5, 2014.

THE PARTIES STIPULATE AS FOLLOWS:

1. Debtors agree that the current unpaid principal balance of \$144,069.79 due on the Note of as February 5, 2014, shall be increased by \$26,676.14, which includes the current amount of unpaid installments, interest, late charges, fees and costs, and, if applicable, any advances for unpaid property taxes and/or insurance premiums totaling \$30,320.60, *less* 3,644.46

1 currently *in suspense*, for a total unpaid secured claim of **\$170,745.93**. Said amount of
2 \$30,320.60 includes the past due interest owed in the amount of \$10,118.15, late charges in the
3 amount of \$115.05, post petition attorneys' fees of \$9,799.00, property inspection fees of \$64.15,
4 and escrow shortage in the amount of \$10,224.25. Since Debtors currently have \$3,644.46 *in*
5 *suspense*, Secured Creditor shall have a secured claim in the amount of \$170,745.93
6 $(\$174,390.39 - \$3,644.46 = \$170,745.93)$ (the "Secured Claim").

7
8 2. Effective February 1, 2014 to October 31, 2014, Debtors' rate of interest will
9 be 2.875%. The interest rate may change on November 1, 2014 and every twelve (12) months
10 thereafter (the "Change Date"). During the remainder of the term, the lowest interest rate will
11 not fall below 2.75% and the highest rate will not exceed 11.875%. Debtors will pay the amount
12 of the new monthly payment beginning on the first monthly payment date after the Change Date
13 until the amount of the monthly payment changes again.

14 3. The new maturity date will be **February 1, 2039**, on which date any unpaid
15 interest and all other sums due shall be paid in full.

16
17 4. Debtors shall tender regular monthly principal interest, and escrow payments to
18 Secured Creditor pursuant to the Secured Claim. Effective with Debtors' payment due **February**
19 **1, 2014**, Debtors' monthly *principal and interest* payment component only will *initially* be
20 **\$798.64**. This payment amount may change in accordance with the terms of the subject Note and
21 Deed of Trust and in accordance with Paragraph 2 above. Said monthly payments commencing
22 February 1, 2014 shall be made payable and delivered directly to Creditor, BSI Financial
23 Services, Inc. located at P.O. Box 660605, Dallas, TX 75266.

24
25 5. Effective February 1, 2014, Debtors will be responsible for making direct
26 payments for ongoing property taxes and property insurance for the subject property. Debtors
27 must remain current on property insurance and property taxes for the subject property.
28

6. Except as otherwise expressly provided herein, all remaining terms of the Note and Deed of Trust shall govern the treatment of Secured Creditor's Secured Claim.

7. In the event of any future default on any of the above-described provisions of this Stipulation pending entry of an Order confirming the Chapter 11 plan, Secured Creditor shall provide written notice via certified mail to Debtor at 9200 Dalmahoy Place, Las Vegas, NV 89145, and to Debtor's attorney of record, Thomas E. Crowe, at 2830 S. Jones Blvd. #3, Las Vegas, NV 89146, indicating the nature of default. If Debtors fail to cure the default with certified funds after passage of fifteen (15) calendar days from the date said written notice is placed in the mail, Secured Creditor may proceed to foreclose its security interest in the Subject Property under the terms of the Note and the Deed of Trust, and pursuant to applicable state law. Secured Creditor may thereafter commence any action necessary to obtain complete possession of the Subject Property without further notice, order, or proceeding of this Court.

8. Pending entry of an Order confirming Debtors' Chapter 11 Plan, in the event the Debtors default under this Stipulation and Secured Creditor forwards a 15-day letter to Debtors, Debtors shall also be required to tender \$100.00 for each default letter submitted in order to cure the default.

9. Neither the entry of an order approving this Stipulation nor the acceptance of the payments shall constitute, or be deemed to be, a waiver of any of Secured Creditor's rights or claims under the Note and Deed of Trust or applicable law, or a cure of any default by Debtors under the Note and Deed of Trust. Except as expressly adjusted by this Stipulation, all of the covenants, agreements, stipulations, and conditions in the Note and Deed of Trust remain unmodified and in full force and effect.

11. At the request of the Secured Creditor, its assignees and/or successors in interest, the Debtors shall execute such documents and instruments as are necessary to reflect the Debtor

Don Holbrook as the borrower of the Secured Claim, and to modify the terms of the obligation to conform with the provisions of the this Stipulation.

12. The terms of this Stipulation may not be modified, altered, or changed by the Debtors' Chapter 11 Plan, any confirmation order thereon, any subsequently filed Amended Chapter 11 Plan of Reorganization and confirmation order thereon without the express written consent of the Secured Creditor. The terms of this Stipulation shall be incorporated into the Debtors' Chapter 11 Plan and/or any subsequently filed Amended Chapter 11 Plan of Reorganization.

13. In the event the Debtors' case is dismissed or converted to any other chapter under Title 11 of the United States Bankruptcy Code, Secured Creditor shall retain its lien in the full amount due under the Note and Deed of Trust, and the automatic stay shall be terminated without further notice, order, or proceeding of the court.

14. In the event the Debtors sell the Subject Property prior to confirming their Chapter 11 Plan, Secured Creditor shall be entitled to proceeds from the sale in an amount not less than the outstanding balance owing under the terms of the Note and Deed of Trust and must provide written consent to a proposed sale for less than the outstanding balance under the Note.

15. Upon entry of an Order approving this Stipulation or an Order confirming Debtors' Chapter 11 Plan, *whichever occurs first*, the automatic stay shall be vacated and extinguished and the (15) day notice described in paragraphs 7 and 8 hereinabove shall no longer apply.

16. The Bankruptcy Court shall retain exclusive jurisdiction over the subject matter of this Stipulation in order to resolve any dispute in connection with the rights and duties specified hereunder.

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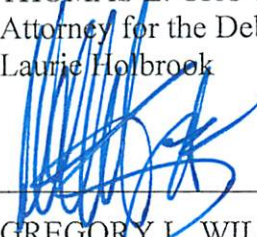
17. In exchange for the foregoing, Secured Creditor shall vote for acceptance in favor of the Debtors' Chapter 11 Plan.

Dated: March 10, 2014



THOMAS E. CROWE, ESQ.
Attorney for the Debtors Don Holbrook and
Laurie Holbrook

Dated: March 10, 2014



GREGORY L. WILDE, ESQ.
Attorney for Secured Creditor BSI Financial
Servicing, Inc., its assignees and/or successors in
interest

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