

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

WOODBRIIDGE GROUP OF COMPANIES, LLC, *et al.*,<sup>2</sup>

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

**Hearing Date:**

**May 1, 2018 at 11:00 a.m. (ET)**

**Objection Deadline:**

**April 24, 2018 at 4:00 p.m. (ET)**

**DEBTORS' MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING PAYMENT OF  
THIRD-PARTY SECURED DEBT AND (II) GRANTING RELATED RELIEF**

Woodbridge Group of Companies, LLC and its affiliated debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”) hereby move the Court (this “Motion”) for entry of an order, substantially in the form attached hereto as Exhibit A (the “Proposed Order”), pursuant to sections 105(a) and 363 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”) and Rule 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), (i) authorizing, but not directing, the Debtors to pay in full third-party indebtedness secured by real property owned by the Debtors, including, but not limited to, (a) that certain Secured Promissory Note, dated January 20, 2017, in the original principal amount of \$4,000,000 (the “Ashley Ridge Note”), (b) that certain Promissory Note, dated January 30, 2017, in the original principal amount of \$26,000,000 (the “Stradella Road Note”), and (c) that certain Promissory Note, dated May 31,

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<sup>2</sup> The last four digits of Woodbridge Group of Companies, LLC’s federal tax identification number are 3603. The mailing address for Woodbridge Group of Companies, LLC is 14140 Ventura Boulevard #302, Sherman Oaks, California 91423. Due to the large number of debtors in these cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors, the last four digits of their federal tax identification numbers, and their addresses are not provided herein. A complete list of this information may be obtained on the website of the Debtors’ noticing and claims agent at [www.gardencitygroup.com/cases/WGC](http://www.gardencitygroup.com/cases/WGC), or by contacting the undersigned counsel for the Debtors.

2017, in the original principal amount of \$20,000,000 (as amended, the “Nimes Place Note”)<sup>3</sup> and (ii) granting certain related relief. In support of the Motion, the Debtors rely on the *Declaration of Bradley D. Sharp in Support of Debtors’ Motion for Entry of an Order (i) Authorizing Payment of Third-Party Secured Debt and (ii) Granting Related Relief* filed on the date hereof (the “Sharp Declaration”) and respectfully represent as follows:

### **JURISDICTION AND VENUE**

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b) and, pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution. Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory and legal predicates for the relief requested herein are sections 105(a) and 363 of the Bankruptcy Code and Bankruptcy Rule 6004.

### **CASE BACKGROUND**

2. On December 4, 2017, 279 of the Debtors commenced voluntary cases under chapter 11 of the Bankruptcy Code. Thereafter, on February 9, 2018, March 9, 2018, March 23, 2018, and March 27, 2018, additional affiliated Debtors (27 in total) commenced voluntary cases under chapter 11 of the Bankruptcy Code (collectively, the “Petition Dates”). Pursuant to

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<sup>3</sup> The Nimes Place Note was amended by that certain First Amendment to Promissory Note and Other Loan Documents, dated August 10, 2017 (the “Nimes Place First Amendment”), and by that certain Second Amendment to Promissory Note and Other Loan Documents, dated November 2, 2017 (the “Nimes Place Second Amendment”).

sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors are continuing to manage their financial affairs as debtors in possession.

3. The Chapter 11 Cases are being jointly administered pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1. As of the date hereof, no trustee has been appointed in the Chapter 11 Cases. An official committee of unsecured creditors (the “Committee”) was appointed in the Chapter 11 Cases on December 14, 2017 [D.I. 79]. On January 23, 2018, the Court approved a settlement providing for the formation of an ad hoc noteholder group (the “Noteholder Group”) and an ad hoc unitholder group (the “Unitholder Group”) [D.I. 357].

### **FACTUAL BACKGROUND**

4. The Ashley Ridge Note. As further detailed in the Sharp Declaration, on or about January 26, 2017, Debtor Craven Investments, LLC (“Craven Investments”) purchased real property located at 25085 Ashley Ridge Road, Hidden Hills, California (the “Ashley Ridge Property”) for a purchase price of \$8,725,000. Sharp Decl. ¶ 3. To finance the acquisition, Craven Investments, as borrower, entered into the Ashley Ridge Note in favor of Ashley Land, LLC (f/k/a Bird Street Estate, LLC), as lender (the “Ashley Ridge Lender”). *Id.* A true and correct copy of the Ashley Ridge Note is attached as Exhibit 1 to the Sharp Declaration. *Id.* The Ashley Ridge Note is secured by the Ashley Ridge Property pursuant to a deed of trust, dated January 20, 2017, in favor of the Ashley Ridge Lender, as beneficiary. *See* Ashley Ridge Note § 2. The maturity date for the Ashley Ridge Note was January 26, 2018. *Id.* § 1. The Ashley Ridge Note accrues interest at a non-default rate of 6.5% per annum and a default rate of 10% per annum. *Id.* at Preamble and § 8.

5. The Stradella Road Note. As further detailed in the Sharp Declaration, on or about January 25, 2017, Debtor Grand Midway Investments, LLC (“GMI”) purchased real

property located at 800 Stradella Road, Los Angeles, California (the “Stradella Road Property”) for a purchase price of \$36,010,651. Sharp Decl. ¶ 4. To finance the acquisition, GMI, as borrower, entered into the Stradella Road Note in favor of Tintarella, LLC, as lender (the “Stradella Road Lender”).<sup>4</sup> *Id.* A true and correct copy of the Stradella Road Note is attached as Exhibit 2 to the Sharp Declaration. *Id.* The Stradella Road Note is secured by the Stradella Road Property pursuant to a deed of trust, dated January 30, 2017, in favor of the Stradella Road Lender, as beneficiary. *See* Stradella Road Note § 2. The maturity date for the Stradella Road Note was January 30, 2018. *Id.* § 1. The Stradella Road Note accrues interest at a non-default rate of 8% per annum and a default rate of 12% per annum. *Id.* §§ 3 and 6.

6. The Nimes Place Note. As further detailed in the Sharp Declaration, on or about May 31, 2017, Debtor Bishop White Investments, LLC (“BWI”) purchased real property located at 805 Nimes Place, Los Angeles, California (the “Nimes Place Property”) for a purchase price of \$35,000,000. Sharp Decl. ¶ 5. To finance the acquisition, BWI, as borrower, entered into the Nimes Place Note in favor of 805 Nimes Place, LLC, as lender (the “Nimes Place Lender”). *Id.* A true and correct copy of the Nimes Place Note is attached as Exhibit 3 to the Sharp Declaration. *Id.* The Nimes Place Note is secured by the Nimes Place Property pursuant to a deed of trust, dated May 31, 2017, in favor of the Nimes Place Lender, as beneficiary. *See* Nimes Place Note § 4(d). The maturity date for the Nimes Place Note was December 31, 2017. *Id.* §§ 1(b) and 1(e); Nimes Place Second Amendment, Ex. A. The Nimes Place Note accrues

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<sup>4</sup> On February 8, 2018, the Stradella Road Lender filed *Tintarella LLC’s Motion for Relief from the Automatic Stay and/or for Adequate Protection* [D.I. 529] (the “Stay Relief Motion”). On March 9, 2018, the Court entered a *Consent Order Approving Stipulation Between Debtor Grand Midway Investments, LLC and Tintarella LLC Regarding (i) Adequate Protection to Tintarella LLC, (ii) Scheduling Final Hearing on Motion for Relief From Automatic Stay and/or for Adequate Protection, (iii) Consent to Certain Construction Work on Property, and (iv) Related Agreements* [D.I. 732] (the “Consent Order”). Pursuant to the Consent Order, a final hearing on the Stay Relief Motion is scheduled for July 10, 2018. As set forth in the stipulation annexed to the Consent Order, the Debtors agreed to make certain adequate protection payments to the Stradella Road Lender and the Stradella Road Lender consented to the Debtors commencing and performing certain grading work on the Stradella Road Property.

interest at a non-default rate of 7.5% per annum and a default rate of 12.5% per annum. Nimes Place First Amendment, § 2; Nimes Place Note, § 4(b).

7. The Debtors' Property Sales. The Debtors own over one hundred desirable high-end properties, primarily in California and Colorado.<sup>5</sup> During the pendency of the Chapter 11 Cases, the Debtors have, to date, obtained Court orders approving the sales of four properties, located at 8692 Franklin Avenue, 11541 Blucher Avenue, 180 Saddleback Lane, and 24025 Hidden Ridge Road [D.I. 574, 844, 893 and 894] (collectively, the "Sale Orders").

8. Proceeds of Property Sales. All net proceeds of the Debtors' property sales are to be paid to the Debtors and disbursed and otherwise treated by the Debtors in accordance with the *Final Order on Debtors' Motion for Entry of Interim and Final Orders (i) Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 507, and 552 Authorizing Debtors to (a) Obtain Postpetition Secured Financing, (b) Use Cash Collateral, (c) Grant Adequate Protection to Prepetition Secured Parties; (ii) Modifying the Automatic Stay; (iii) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and 4001(c); and (iv) Granting Related Relief* [D.I. 724] (the "Final DIP Order"). However, with respect to certain properties, in accordance with the specific orders approving the sales of such properties, the portion of net proceeds that is not required to be reserved by the Debtors pursuant to the Final DIP Order, may be used by the Debtors to retire third-party debt secured by real properties owned by Debtor entities. *See* Final DIP Order ¶ 3.1.2.4; Sale Orders [D.I. 844, 893 and 894]. By this Motion, the Debtors seek authority, but not direction, to use those funds (in addition to cash on hand *not* from sale proceeds) to pay the third-party debt secured by real properties owned by Debtor entities, including the Ashley Ridge Note, the Stradella Road Note, and the Nimes Place Note.

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<sup>5</sup> Approximately 63% of the Debtors' properties are located in Colorado, 36% in California, and 1% in New York.

9. The Committee, the Noteholder Group, and the Unitholder Group have consented to the relief requested herein. Sharp Decl. ¶ 6.

**RELIEF REQUESTED**

10. Pursuant to sections 105(a) and 363 of the Bankruptcy Code, the Debtors request entry of the Proposed Order substantially in the form attached as Exhibit A hereto (i) authorizing, but not directing, the Debtors to pay in full third-party indebtedness secured by real property owned by the Debtors, including, but not limited to, the Ashley Ridge Note, the Stradella Road Note, and the Nimes Place Note, from the non-reserved portion of the proceeds of sales of the Debtors' properties and/or the Debtors' cash on hand and (ii) granting related relief.

**BASIS FOR RELIEF REQUESTED**

11. Bankruptcy Code section 363(b)(1) authorizes the use of property of the estate other than in the ordinary course of business, after notice and a hearing. 11 U.S.C. § 363(b)(1). "In determining whether to authorize the use, sale or lease of property of the estate under [section 363(b)], courts require the debtor to show that a sound business purpose justifies such actions." *Dai-Ichi Kangyo Bank, Ltd. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.)*, 242 B.R. 147, 153 (D. Del. 1999). The Debtors submit that it is appropriate for the Court to authorize the Debtors to pay in full third-party indebtedness secured by real property owned by the Debtors under section 363(b)(1) because the Debtors have a sound business justification for retiring such secured indebtedness. *See, e.g., Myers v. Martin (In re Martin)*, 91 F.3d 389, 395 (3d Cir. 1996) (noting that under normal circumstances, courts defer to a trustee's judgment concerning use of property under section 363(b) when there is a legitimate business justification); *In re Lionel Corp.*, 722 F.2d 1063, 1069 (2d Cir. 1983) ("Section 363(b) of the Code seems on its face to confer upon the bankruptcy judge virtually

unfettered discretion to authorize the use, sale or lease, other than in the ordinary course of business, of property of the estate.”); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (stating that section 363(b) gives the court “broad flexibility” to make payments outside of ordinary course of business as long as the debtor articulates a business justification).

12. Moreover, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) (citation omitted). Indeed, the Third Circuit has explained that “[o]vercoming the presumptions of the business judgment rule on the merits is a near-Herculean task.” *Stanziale v. Nachtomi (In re Tower Air, Inc.)*, 416 F.3d 229, 238 (3d Cir. 2005).

13. The proposed payment of third-party indebtedness secured by real property owned by the Debtors satisfies the business judgment standard. First, the Debtors anticipate having sufficient liquidity to pay much or all of their third-party secured indebtedness (from sale proceeds that the Debtors have agreed to use for this purpose). Sharp Decl. ¶ 7. The Debtors submit that using these funds to pay such secured indebtedness will save the estates significant amounts in interest payments (including possible default interest), legal fees, late fees, or other charges that are being incurred in connection with such obligations, thereby preserving value for the estates and creditors. *Id.* In fact, the lenders to each of the notes referenced *supra* have already asserted that they believe they are entitled to postpetition interest (including default interest) and fees under Bankruptcy Code section 506(b). *Id.* Second, payment of such secured indebtedness will enable the Debtors to proceed more expeditiously with the development and/or sale of the Debtors’ properties that are subject to such obligations. *Id.* For example, paying off

the third-party debt will free the Debtors from any restrictions on the development or use of the properties that may be imposed under the relevant secured notes.<sup>6</sup> *Id.* Third, payment of such secured indebtedness will not prejudice other creditors or parties in interest because, as senior secured creditors, the respective lenders are entitled to payment in full from the proceeds of any sales of their respective properties ahead of other creditors. *See, e.g.*, 11 U.S.C. § 506(b). Finally, for the avoidance of doubt, the respective lenders holding the third-party secured indebtedness are not related to or affiliates of the Debtors. Sharp Decl. ¶ 8. Accordingly, the Debtors have demonstrated that sound business purposes justify the relief requested herein.

14. In addition, section 105(a) of the Bankruptcy Code empowers a court to issue “any order, process, or judgment that is necessary or appropriate to carry out the provisions of the Bankruptcy Code.” The purpose of section 105(a) of the Bankruptcy Code is to ensure a bankruptcy court’s “power to take whatever action is appropriate or necessary in aid of the exercise of [its] jurisdiction.” Collier on Bankruptcy ¶ 2-105.01 (16th rev. ed. 2017); *see also Casse v. Key Bank Nat’l Ass’n (In re Casse)*, 198 F.3d 327, 336 (2d Cir. 1999) (same). Further, under the “necessity of payment rule” or the “doctrine of necessity,”<sup>7</sup> courts often allow the immediate payment of prepetition claims. *See, e.g., In re Just for Feet, Inc.*, 242 B.R. 821, 824, 826 (Bankr. D. Del. 1999) (allowing payment of pre-petition vendor claims because such claims were “essential to the survival of the debtor during the chapter 11 reorganization”); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) (applying the necessity of payment doctrine in evaluating payment of prepetition obligations). Indeed, courts in this

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<sup>6</sup> Indeed, as the Court may recall, the Debtors previously incurred significant costs in connection with a dispute over whether the Debtors could perform grading work at the Stradella Road Property, which was only resolved pursuant to a heavily negotiated stipulation. [D.I. 732].

<sup>7</sup> This doctrine, first articulated by the United States Supreme Court in *Miltenberger v. Logansport, C&S W. R. Co.*, 106 U.S. 286, 311-12 (1882), recognizes the existence of judicial power to authorize a debtor to pay pre-petition claims in certain situations.

District and elsewhere have invoked the equitable powers available under section 105(a) and the doctrine of necessity to authorize the postpetition payment of prepetition claims where payment is necessary to preserve the going concern value of a debtor's business.

15. The Debtors submit that obtaining authorization, but not direction, to pay third-party indebtedness secured by real property owned by the Debtors is essential to preserving value for the estates by using funds the Debtors currently have available to retire costly obligations that, if left unpaid, will continue to incur significant amounts in interest payments (including possible default interest), legal fees, late fees, and other charges, to the detriment of other creditors and parties in interest. In addition, paying these obligations will permit the Debtors to move forward with the development and/or sale of the Debtors' properties that are subject to such secured indebtedness in an expeditious manner. Avoiding the accrual of incremental costs associated with secured indebtedness and freeing the Debtors from use restrictions imposed in connection with such obligations will maximize value in these Chapter 11 Cases. As such, the Court should authorize the relief requested herein.

**REQUEST FOR WAIVER OF STAY**

16. Any delay in granting the relief requested herein could result in the Ashley Ridge Lender, the Stradella Road Lender, and the Nimes Place Lender asserting additional expenses associated with their secured indebtedness and could delay the development and/or sale of the Debtors' properties that are subject to third-party secured indebtedness. Accordingly, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay of any order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

**NOTICE**

17. The Debtors have provided notice of this Motion to: (i) the Office of the United States Trustee for the District of Delaware; (ii) counsel to the DIP Lender; (iii) counsel for the Committee; (iv) counsel for the Noteholder Group, (v) counsel for the Unitholder Group, (vi) the lenders holding third-party indebtedness secured by real property owned by the Debtors (including, but not limited to, the Ashley Ridge Lender, the Stradella Road Lender, and the Nimes Place Lender), (vii) all Noteholders known by the Debtors to have interests in any loan documents associated with the Debtors' properties that are subject to such secured third-party indebtedness; and (viii) all parties that have requested notice in these Chapter 11 Cases pursuant to Local Rule 2002-1. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

*[Remainder of page intentionally left blank]*

**CONCLUSION**

WHEREFORE, the Debtors respectfully request that the Court enter an order substantially in the form filed herewith, granting the relief requested herein and such other and further relief as may be just and proper under the circumstances.

Dated: April 10, 2018  
Wilmington, Delaware

*/s/ Allison S. Mielke*

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YOUNG CONAWAY STARGATT & TAYLOR, LLP  
Sean M. Beach (No. 4070)  
Edmon L. Morton (No. 3856)  
Ian J. Bambrick (No. 5455)  
Allison S. Mielke (No. 5934)  
Rodney Square  
1000 North King Street  
Wilmington, Delaware 19801  
Tel: (302) 571-6600  
Fax: (302) 571-1253

-and-

KLEE, TUCHIN, BOGDANOFF & STERN LLP  
Kenneth N. Klee (admitted *pro hac vice*)  
Michael L. Tuchin (admitted *pro hac vice*)  
David A. Fidler (admitted *pro hac vice*)  
Jonathan M. Weiss (admitted *pro hac vice*)  
1999 Avenue of the Stars  
39th Floor  
Los Angeles, California 90067  
Tel: (310) 407-4000  
Fax: (310) 407-9090

*Counsel for the Debtors and Debtors in Possession*

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

WOODBRIIDGE GROUP OF COMPANIES, LLC,  
*et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 17-12560 (KJC)  
(Jointly Administered)

**Hearing Date:**

**May 1, 2018 at 11:00 a.m. (ET)**

**Objection Deadline:**

**April 24, 2018 at 4:00 p.m. (ET)**

**NOTICE OF MOTION**

TO: (I) THE OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE; (II) COUNSEL TO THE DIP LENDER; (III) COUNSEL FOR THE COMMITTEE; (IV) COUNSEL FOR THE NOTEHOLDER GROUP, (V) COUNSEL FOR THE UNITHOLDER GROUP, (VI) LENDERS HOLDING THIRD-PARTY INDEBTEDNESS SECURED BY REAL PROPERTY OWNED BY THE DEBTORS (INCLUDING, BUT NOT LIMITED TO, THE ASHLEY RIDGE LENDER, THE STRADELLA ROAD LENDER, AND THE NIMES PLACE LENDER), (VII) ALL NOTEHOLDERS KNOWN BY THE DEBTORS TO HAVE INTERESTS IN ANY LOAN DOCUMENTS ASSOCIATED WITH THE DEBTORS' PROPERTIES THAT ARE SUBJECT TO SUCH SECURED THIRD-PARTY INDEBTEDNESS; AND (VIII) ALL PARTIES THAT HAVE REQUESTED NOTICE IN THESE CHAPTER 11 CASES PURSUANT TO LOCAL RULE 2002-1.

**PLEASE TAKE NOTICE** that Woodbridge Group of Companies, LLC and its affiliated debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors") have filed the attached *Debtors' Motion for Entry of an Order (I) Authorizing Payment of Third-Party Secured Debt and (II) Granting Related Relief* (the "Motion").

**PLEASE TAKE FURTHER NOTICE** that responses or objections to the Motion must be filed on or before **April 24, 2018 at 4:00 p.m. (ET)** (the "Objection Deadline") with the United States Bankruptcy Court for the District of Delaware, 3rd Floor, 824 North Market Street, Wilmington, Delaware 19801. At the same time, you must serve a copy of any response or

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<sup>1</sup> The last four digits of Woodbridge Group of Companies, LLC's federal tax identification number are 3603. The mailing address for Woodbridge Group of Companies, LLC is 14140 Ventura Boulevard #302, Sherman Oaks, California 91423. Due to the large number of debtors in these cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors, the last four digits of their federal tax identification numbers, and their addresses are not provided herein. A complete list of this information may be obtained on the website of the Debtors' noticing and claims agent at [www.gardencitygroup.com/cases/WGC](http://www.gardencitygroup.com/cases/WGC), or by contacting the undersigned counsel for the Debtors.

objection upon the undersigned counsel to the Debtors so as to be received on or before the Objection Deadline.

**PLEASE TAKE FURTHER NOTICE THAT A HEARING ON THE MOTION BE HELD ON MAY 1, 2018 AT 11:00 A.M. (ET) BEFORE THE HONORABLE KEVIN J. CAREY IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 NORTH MARKET STREET, 5TH FLOOR, COURTROOM NO. 5, WILMINGTON, DELAWARE 19801.**

**PLEASE TAKE FURTHER NOTICE THAT, IF NO OBJECTIONS TO THE MOTION ARE TIMELY FILED, SERVED, AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THEN THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR A HEARING.**

Dated: April 10, 2018  
Wilmington, Delaware

/s/ Allison S. Mielke

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YOUNG CONAWAY STARGATT & TAYLOR, LLP  
Sean M. Beach (No. 4070)  
Edmon L. Morton (No. 3856)  
Ian J. Bambrick (No. 5455)  
Allison S. Mielke (No. 5934)  
Rodney Square  
1000 North King Street  
Wilmington, Delaware 19801  
Tel: (302) 571-6600  
Fax: (302) 571-1253

-and-

KLEE, TUCHIN, BOGDANOFF & STERN LLP  
Kenneth N. Klee (admitted *pro hac vice*)  
Michael L. Tuchin (admitted *pro hac vice*)  
David A. Fidler (admitted *pro hac vice*)  
Jonathan M. Weiss (admitted *pro hac vice*)  
1999 Avenue of the Stars  
39th Floor  
Los Angeles, California 90067  
Tel: (310) 407-4000  
Fax: (310) 407-9090

*Counsel for the Debtors and Debtors in Possession*

**EXHIBIT A**

**PROPOSED ORDER**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

WOODBRIIDGE GROUP OF COMPANIES,  
LLC, et al.,<sup>1</sup>

Debtors.

Case No. 17-12560 (KJC)

(Jointly Administered)

Chapter 11

Ref. Docket No. \_\_\_\_\_

**ORDER (I) AUTHORIZING PAYMENT OF THIRD-PARTY SECURED DEBT  
AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> filed by the above-captioned debtors and debtors in possession (collectively, the “Debtors”) in these chapter 11 cases (the “Chapter 11 Cases”) for entry of an order (i) authorizing, but not directing, the Debtors to pay in full third-party indebtedness secured by real property owned by the Debtors, including, but not limited to, (a) that certain Secured Promissory Note, dated January 20, 2017, in the original principal amount of \$4,000,000 (the “Ashley Ridge Note”), (b) that certain Promissory Note, dated January 30, 2017, in the original principal amount of \$26,000,000 (the “Stradella Road Note”), and (c) that certain Promissory Note, dated May 31, 2017, in the original principal amount of \$20,000,000 (as amended, the “Nimes Place Note”) and (ii) granting certain related relief; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and the Court having found that good and sufficient cause exists for granting the Motion; and upon the record of these Chapter 11 Cases; and it

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<sup>1</sup> The last four digits of Woodbridge Group of Companies, LLC’s federal tax identification number are 3603. The mailing address for Woodbridge Group of Companies, LLC is 14140 Ventura Blvd #302, Sherman Oaks, California 91423. Due to the large number of debtors in these cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors, the last four digits of their federal tax identification numbers, and their addresses are not provided herein. A complete list of this information may be obtained on the website of the Debtors’ noticing and claims agent at [www.gardencitygroup.com/cases/WGC](http://www.gardencitygroup.com/cases/WGC), or by contacting the undersigned counsel for the Debtors.

<sup>2</sup> Capitalized terms used but not defined herein have the meaning assigned to such terms in the Motion.

appearing that the relief requested in the Motion is appropriate in the context of these Chapter 11 Cases and in the best interests of the Debtors and their respective estates, their creditors, and all other parties-in-interest; and it appearing that notice of the Motion was adequate and proper under the circumstances, and that no other or further notice need be given; and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED as set forth herein.
2. Pursuant to sections 105 and 363 of the Bankruptcy Code, the Debtors are authorized, but not directed, in their discretion and in the exercise of their business judgment, to pay in full any third-party indebtedness secured by real property owned by the Debtors, including, but not limited to, the Ashley Ridge Note, the Stradella Road Note, and the Nimes Place Note, from (i) the net proceeds received by the Debtors from the sales of the Debtors' properties that the Debtors are not otherwise required to reserve pursuant to the Final DIP Order and/or (ii) the Debtors' other cash on hand.
3. The Debtors shall be authorized and empowered to take any necessary actions to implement and effectuate the terms of this Order.
4. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry notwithstanding any applicability of Bankruptcy Rule 6004(h).
5. The terms and provisions of this Order and any actions taken pursuant hereto shall (i) survive entry of any order converting the Chapter 11 Cases to chapter 7 or dismissing the Chapter 11 Cases (or any of them), and (ii) continue in this or any superseding case under the Bankruptcy Code of any of the Debtors.

6. The provisions of this Order shall be binding upon the Debtors and their successors and assigns, including, without limitation, any trustee or other fiduciary hereafter appointed as legal representative of the Debtors or with respect to property of the estates of the Debtors, whether under chapter 11 of the Bankruptcy Code, any confirmed plan, or any subsequent chapter 7 case.

7. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and to have satisfied Bankruptcy Rule 6004(a).

8. This Court shall retain jurisdiction and power with respect to all matters arising from or related to the interpretation and implementation of this Order.

Dated: \_\_\_\_\_, 2018  
Wilmington, Delaware

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KEVIN J. CAREY  
UNITED STATES BANKRUPTCY JUDGE