

PACHULSKI STANG ZIEHL YOUNG JONES & WEINTRAUB LLP  
ATTORNEYS AT LAW  
LOS ANGELES, CALIFORNIA

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Jeremy V. Richards (CA Bar No. 102300)  
Jeffrey W. Dulberg (CA Bar No. 181200)  
J. Rudy Freeman (CA Bar No. 188032)  
PACHULSKI STANG ZIEHL YOUNG  
JONES & WEINTRAUB LLP  
10100 Santa Monica Blvd., 11th Floor  
Los Angeles, California 90067-4100  
Telephone: 310/277-6910  
Facsimile: 310/201-0760

Attorneys for Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SANTA ANA DIVISION

In re:

**PEOPLE'S CHOICE HOME LOAN,  
INC., et al.,<sup>1</sup>**

Debtors.

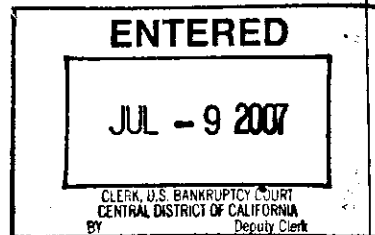
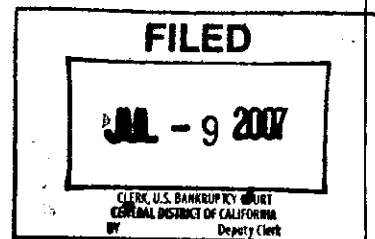
Case No.: SA 07-10765-RK

Chapter 11

(Jointly Administered with Case Nos. SA 07-10767-RK  
and SA 07-10772-RK)

**~~PROPOSED~~ ORDER (A) AUTHORIZING  
SALE OF CERTAIN ASSETS FREE AND  
CLEAR OF LIENS, CLAIMS,  
ENCUMBRANCES AND INTERESTS, (B)  
AUTHORIZING ASSUMPTION, ASSIGNMENT  
AND REJECTION OF EXECUTORY  
CONTRACTS; AND (C) GRANTING RELATED  
RELIEF**

Date: July 9, 2007  
Time: 11:00 a.m.  
Place: Courtroom 5D  
411 West Fourth Street  
Santa Ana, California 92701  
Judge: Honorable Robert N. Kwan



<sup>1</sup> The Debtors are People's Choice Home Loan, Inc., a Wyoming corporation, Fed. Tax I.D. No.: 94-3348277; People's Choice Funding, Inc., a Delaware corporation, Fed. Tax I.D. No.: 20-1156865; and People's Choice Financial Corporation, a Maryland corporation, Fed. Tax I.D. No.: 20-1157100.



1           Upon the motion, dated July 3, 2007 (the "Motion"), of People's Choice Home Loan, Inc.  
2 ("People's Choice") and its affiliated debtors and debtors-in-possession (collectively, the "Debtors"),  
3 pursuant to sections 105, 363, 365 and 1146 of title 11 of the United States Code (the "Bankruptcy  
4 Code") and rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the  
5 "Bankruptcy Rules") for approval of (i) the sale of the assets constituting the platforms for People's  
6 Choice's business of originating single family residential mortgage loans (the "Origination  
7 Platform") and People's Choice's business of servicing single family residential mortgage loans (the  
8 "Servicing Platform," together with the Origination Platform, the "Assets") to UBS AG (Tampa  
9 Branch) ("UBS"), as more fully described in and subject to the terms of an Asset Sale Agreement,  
10 dated as of July \_\_, 2007 between People's Choice and People's Choice Financial Corporation  
11 (collectively, "Seller"), and UBS, as Buyer (the "Sale Agreement"), and (ii) the assumption and  
12 assignment of certain executory contracts and unexpired leases of the Debtors (the "Assumed  
13 Contracts") to UBS under the terms of the Sale Agreement; and it appearing that notice of the  
14 Motion was good and sufficient under the circumstances and that no other or further notice need be  
15 given; and the Court having reviewed the Motion and all objections, if any, thereto, and having  
16 heard the statements in support of the relief requested therein at a hearing held on July 9, 2007 to  
17 consider approval of the sale of the Assets (the "Hearing"); and it appearing that entry of this Order  
18 is in the best interests of the Debtors, their bankruptcy estates, and all parties in interest; and upon  
19 the Motion and the record of the Hearing and all other proceedings had before the Court; and after  
20 due deliberation and good cause appearing therefor,

21           IT IS HEREBY FOUND AND DETERMINED THAT:

22           A.       The Court has jurisdiction to consider the Motion and the relief requested therein  
23 pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2),  
24 and venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

25           B.       Time is of the essence in consummating the transactions contemplated by the Sale  
26 Agreement and a sale of the Assets within the time constraints set forth in the Motion is in the best  
27 interests of the Debtors and their bankruptcy estates. The terms of the Sale Agreement are the best  
28 terms that have been offered for the sale of the Assets.

1 C. Proper, timely and reasonable notice of the Motion and the Hearing—as is  
2 appropriate under the particular circumstances—has been provided in accordance with Bankruptcy  
3 Rules 2002, 6004, 6006, 9007, 9008 and 9014. The Debtors also provided due and proper notice of  
4 the schedule of Assumed Contracts and the amount, if any, necessary to cure any defaults required to  
5 be cured under the Bankruptcy Code (the “Cure Amounts”) under each Assumed Contract (the  
6 “Schedule of Assumed Contracts”), which was filed and served [concurrently with the Motion]. No  
7 other or further notice of the Motion, the Hearing, the assumption or assignment of the Assumed  
8 Contracts or the entry of this Order is necessary.

9 D. A fair and reasonable opportunity to object and/or otherwise be heard regarding the  
10 relief requested in the Motion has been afforded to all interested persons and entities, including, but  
11 not limited to: (i) the United States Trustee for the Central District of California, (ii) the attorneys for  
12 UBS, (iii) the attorneys for the official committee of the unsecured creditors (the “Committee”), (iv)  
13 all parties who are known to possess or assert a lien upon the Assets, (v) the Internal Revenue  
14 Service, (vi) all applicable state and local taxing authorities, and (vii) all other parties who have  
15 timely filed requests for notice under Bankruptcy Rule 2002.

16 E. The Assets are property of the Debtors’ bankruptcy estates and are subject to sale  
17 and/or assignment by the Debtors in accordance with and subject to the provisions of sections 363  
18 and 365 of the Bankruptcy Code.

19 F. The Sale Agreement constitutes a valid and binding contract of the Debtors and is  
20 enforceable according to its terms.

21 G. No consents or approvals are required for the Debtors to consummate the sale of the  
22 Assets and the assignment of the Assumed Contracts other than the consent and approval of this  
23 Court and those set forth in the Sale Agreement. The execution of the Sale Agreement will not  
24 constitute a violation of any provision of the organizational documents of any Debtor or any other  
25 instrument, law, regulation or ordinance by which any Debtor is bound.

26 H. Upon entry of this Order, the Debtors shall have full power and authority to  
27 consummate the sale contemplated by the Sale Agreement. The transactions contemplated by the  
28 Sale Agreement have been duly and validly authorized by all necessary action of the Debtors and no

1 shareholder vote, board resolution or other corporate action is required of the Debtors for the  
2 Debtors to consummate such sale or the other transactions contemplated in the Sale Agreement.

3 I. The Debtors' decision to sell and assign the Assets pursuant to the terms set forth in  
4 the Sale Agreement represent the exercise of sound business judgment, and the sale and assignment  
5 of the Assets pursuant hereto is in the best interests of the Debtors' bankruptcy estates and their  
6 creditors.

7 J. The sale or liquidation of the Assets is necessary to the consummation of any chapter  
8 11 plan of reorganization or liquidation that may be proposed by the Debtors and confirmed by the  
9 Court. The sale of Debtors' Assets to UBS pursuant to the Sale Agreement would result in a  
10 significantly greater benefit to the Debtors' estates and their respective creditors than would the  
11 piecemeal liquidation of the Assets.

12 K. UBS is a good faith purchaser under section 363(m) of the Bankruptcy Code and, as  
13 such, is entitled to all of the protections afforded thereby, and otherwise has proceeded in good faith  
14 in all respects in connection with this proceeding in that: (i) UBS recognized that the Debtors were  
15 free to deal with any other party interested in acquiring the Assets; (ii) UBS in no way induced or  
16 caused the chapter 11 filing of the Debtors; (iii) all payments to be made by UBS and other  
17 agreements or arrangements entered into by UBS in connection with the transactions have been  
18 disclosed; and (iv) the negotiation and execution of the Sale Agreement and any other agreements or  
19 instruments related thereto was in good faith and an arm's-length transaction between UBS and the  
20 Debtors, and the Transferred Employees or other parties, as applicable.

21 L. UBS will be acting in good faith within the meaning of section 363(m) of the  
22 Bankruptcy Code in closing the transaction contemplated by the Sale Agreement. Upon  
23 consummation of the proposed sale pursuant to the Sale Agreement, UBS will have purchased  
24 Debtors' right, title and interest in the Assets in good faith within the meaning of section 363(m) of  
25 the Bankruptcy Code.

26 M. At this time, it appears that the Debtors and UBS have not engaged in any conduct  
27 with each other or with others that would cause or permit the Sale Agreement to be avoided under  
28 section 363(n) of the Bankruptcy Code, subject to the terms thereof.

1 N. The consideration to be provided by UBS pursuant to the Sale Agreement: (i) is fair  
2 and reasonable; (ii) is the highest or otherwise best offer for the Assets; (iii) will provide greater  
3 recovery for the Debtors' creditors than any other known offer; and (iv) constitutes reasonably  
4 equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United  
5 States, any state, territory, possession, or the District of Columbia, including, but not limited to, the  
6 Uniform Fraudulent Conveyance Act (7A part II, U.L.A. 2 (1999)) and the Uniform Fraudulent  
7 Transfer Act (7A part II, U.L.A. 66 (1999)), if applicable to the contemplated transaction.

8 O. The approval of the Sale Agreement and the contemplated transaction is fair and  
9 reasonable.

10 P. The Sale Agreement was not entered into for the purpose of hindering, delaying or  
11 defrauding creditors under the Bankruptcy Code or under the laws of the United States, any state,  
12 territory, possession, or the District of Columbia.

13 Q. *Except with respect to the contracts referenced in the objections*  
*(as defined in paragraph 2 herein),* The consummation of the transactions contemplated by the Sale Agreement: (i) will  
14 be a legal, valid, and effective sale of the Assets and assignment of the Assumed Contract to UBS;  
15 and (ii) will vest UBS with all right, title and interest in and to the Assets and Assumed Contracts  
16 free and clear of all liens, claims, interests and/or encumbrances to the maximum extent permitted  
17 under section 363(f) of the Bankruptcy Code. *Except with respect to the contracts referenced*  
*in the objections,* The Debtors may transfer and assign the Assets and  
18 Assumed Contracts free and clear of all liens, claims, interests and/or encumbrances because, in each  
19 case, one or more of the standards set forth in sections 363(f)(1) through (5) of the Bankruptcy Code  
20 has been satisfied. *Except with respect to the contracts referenced in the*  
*objections,* All parties with liens, claims, interests and/or encumbrances as to the Assets  
21 and/or Assumed Contracts, if any, who did not object, or who withdrew their objections, to the  
22 Motion are deemed to have consented to the sale of the Assets and assignment of the Assumed  
23 Contracts pursuant to the Sale Agreement for the purposes of sections 363(f)(2) and 365 of the  
24 Bankruptcy Code. *Except with respect to the contracts referenced*  
*in the objections,* All parties with liens, claims, interests and/or encumbrances as to the Assets  
25 and/or Assumed Contracts, if any, are adequately protected by having their liens, claims, interests  
26 and/or encumbrances attach to the net proceeds from the transactions contemplated in the Sale  
27 Agreement (after deduction of all costs of sale including, without limitation, the payment of all Cure  
28 Amounts) and ultimately attributable to such proceeds in the order of their priority, with the same

1 validity, force and effect which they now have against the Assets and/or Assumed Contracts. All  
2 <sup>the objections,</sup> nondebtor parties with interests in the Assets and/or Assumed Contracts have consented to the  
3 transfers and assignments contemplated by the Motion to the extent required by applicable law. All  
4 <sup>parties who filed the objections,</sup> nondebtor parties with interests in the Assets and/or Assumed Contracts shall be deemed to have  
5 consented to the transfers and assignments contemplated by the Motion by reason of their having  
6 failed to object in a timely manner.

7 R. None of the Assets to be purchased or Assumed Contracts assigned to UBS pursuant  
8 to the Sale Agreement constitute an interest in a consumer credit transaction that is subject to the  
9 Truth in Lending Act or any interest in a consumer credit contract defined in section 433.1 of title 16  
10 of the Code of Federal Regulations within the meaning of section 363(o) of the Bankruptcy Code  
11 and upon closing the transactions contemplated by the Sale Agreement, UBS will not be subject to  
12 claims and defenses described in section 363(o) of the Bankruptcy Code.

13 S. Each of the Assumed Contracts is presumed to be subject to assumption and  
14 assignment under sections 363(f) and 365 of the Bankruptcy Code to the extent no objections were  
15 <sup>other than Fidelity National Information Services, \*</sup> received. Each nondebtor party to each of the Assumed Contract whose consent is required (i) has  
16 <sup>^</sup> consented to the assumption and assignment of such Assumed Contracts to UBS, either expressly or  
17 by virtue of receiving notice of the proposed assumption and assignment and not objecting thereto at  
18 the Hearing, (ii) has withdrawn its objection, or (iii) had its objection to the assumption and  
19 assignment of such party's Assumed Contract overruled.

20 T. Either there are no defaults presently existing under the Assumed Contracts or, under  
21 procedures set forth the Sale Agreement, the Debtors (up to the Cure Cap) and UBS will provide  
22 sufficient funds to: (i) cure any and all defaults set forth on in the amounts set forth on *Schedule*  
23 *1.1.1* of the Sale Agreement, other than those defaults described in section 365(b)(2) of the  
24 Bankruptcy Code, existing or occurring prior to closing; and (ii) compensate the nondebtor parties to  
25 the Assumed Contracts for any actual pecuniary loss suffered as a result of any and all defaults on  
26 the part of the Debtors, other than those defaults described in section 365(b)(2) of the Bankruptcy  
27 Code, existing or occurring prior to closing.

28 U. As set forth in the Motion and prior to assumption of the Assumed Contracts, UBS

~~\* Sun Guard Availability Services and Quest  
Communications Corp~~

1 has provided adequate assurance of its future performance under the Assumed Contracts for  
2 purposes of section 365(b)(1)(C) of the Bankruptcy Code.

3 V. By virtue of the Sale Agreement or otherwise, UBS is obligated to pay the Cure  
4 Amounts in excess of the Cure Cap in the amounts set forth on *Schedule 1.1.1* of the Sale  
5 Agreement at Closing and provide adequate assurance of future performance under 11 U.S.C. §  
6 365(b), but UBS will not acquire any liabilities of the Debtors, other than the liabilities identified as  
7 Assumed Liabilities in the Sale Agreement.

8 W. The Debtors desire and intend to close on the assignment of the Assumed Contracts  
9 and transfer of the Assets as soon as practicable. The avoidance of delay in such closing is in the  
10 best interests of the Debtors' bankruptcy estates and their respective creditors. Accordingly,  
11 notwithstanding the ten-day stay otherwise applicable under Bankruptcy Rules 6004(h) and 6006(d),  
12 there is good and sufficient cause to make the relief granted herein effective and enforceable  
13 immediately upon entry. The Debtors have full authority to execute the Sale Agreement and all  
14 other documents contemplated thereby.

15 X. Without limiting the generality of the foregoing, UBS would not have entered into the  
16 Sale Agreement and would not consummate the transactions contemplated thereby, if the sale of the  
17 Assets to UBS and the assignment of the Assumed Contracts to UBS were not, except the Assumed  
18 Liabilities, free and clear of all claims, liens, interests and/or encumbrances of any kind or nature  
19 whatsoever, or if UBS would, or in the future could, be liable for any of claims, liens, interests  
20 and/or encumbrances including, but not limited to: (i) any employment or labor agreements, except  
21 for accrued vacation of Transferred Employees; (ii) any pension, welfare, compensation, or other  
22 employee benefit plans, agreements, practices, and programs, including, without limitation, any  
23 pension plan of any Debtor, except as provided in the Sale Agreement; (iii) any other employee,  
24 worker's compensation, occupational disease, or unemployment or temporary disability related  
25 claim; (iv) any products liability, consumer claims, mortgagor claims or similar claims, whether  
26 pursuant to any state or federal laws or otherwise, including without limitation, asbestos claims; (v)  
27 environmental claims or liens arising from conditions first existing on or prior to the closing  
28 (including, without limitation, the presence of hazardous, toxic, polluting, or contaminating

PACHULSKI STANG ZIEHL YOUNG JONES & WEINTRAUB LLP  
ATTORNEYS AT LAW  
LOS ANGELES, CALIFORNIA

substances or waste) that may be asserted on any basis; (vi) any bulk sales or similar law; and (vii) any Tax, tax statutes or ordinances, except as set forth in the Sale Agreement. It is necessary and appropriate for the Court to retain jurisdiction to interpret and enforce the terms of this Order and to adjudicate, if necessary, any and all disputes concerning any provision hereof or under the Sale Agreement.

*With respect to each of the objections and the Assumed Contracts referenced therein, such objections shall be*

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED

THAT:

*deemed withdrawn at such time as the Debtors, UBS and the non-Debtor party to such Assumed Contract*

1. The Motion is granted in its entirety. The transactions contemplated by the Motion are hereby approved in all respects.

*have entered into a written agreement evidencing the resolution of the objection.*

2. All objections and oppositions, if any, to the Motion and/or any of the relief requested

therein that have not been withdrawn, waived or settled, are overruled on the merits. Any party having the right to consent to the assumption or assignment of the Assumed Contracts that failed to

object to such assumption or assignment is deemed to have consented to such assumption and assignment as required by section 365(c) of the Bankruptcy Code.

3. The automatic stay of section 362 of the Bankruptcy Code shall not apply to and otherwise shall not prevent the exercise or performance by any party of its rights or obligations under the Sale Agreement.

*Notwithstanding anything herein to the contrary, the objections filed by Fidelity National Information Services Inc., SunGard Availability Services and Qwest Communications Corp. with respect to the assumption and assignment of their respective contracts, is hereby preserved.*

*(collectively, the "objections")*

4. The Debtors are hereby authorized, directed and empowered to enter into, perform, close and otherwise consummate the Sale Agreement and the transactions contemplated thereby, including the assignment of Assumed Contracts and the transfer of the Assets to UBS, and to take all further actions to effectuate such transactions in accordance with the terms of the Motion and the Sale Agreement. UBS is directed to perform its obligations under the Sale Agreement subject to the terms thereof, including paying the Closing Purchase Price on Closing.

5. Pursuant to sections 105(a), 363(b) and (f), 365 and 1146(a) of the Bankruptcy Code, the assignment of Assumed Contracts and the transfer of the Assets to UBS pursuant to the Sale Agreement and hereto constitute a legal, valid and effective assignment and transfer, and vest UBS with all right, title and interest in the Assumed Contracts and Assets free and clear of all liens, claims, interests and/or encumbrances of any and every kind or nature whatsoever, including without



1 limitation any liens, claims, interest and/or encumbrances of the Debtors' creditors, the United  
2 States, any state, municipality or other governmental unit (including Taxes of any kind accrued for,  
3 applicable to, or arising from any period or portion thereof ending on or before closing, except as set  
4 forth in the Sale Agreement), and also including without limitation any environmental, warranty,  
5 tort, negligence, tax, product liability, consumer claim, mortgagor claim and breach of contract  
6 claim, with all such liens, claims, interests and/or encumbrances of any kind whatsoever to attach to  
7 the proceeds generated by the assignment and transfer in the order of their priority, with the same  
8 validity, force and effect which they now have. Without limiting the generality of the foregoing,  
9 except as provided in the Sale Agreement, UBS shall not be liable or responsible, as successor or  
10 otherwise, for the Debtors' liabilities, debts, commitments or obligations, whether calculable by  
11 reference to the Debtors, arising on or prior to the Closing and under or in connection with any  
12 liabilities, debts, commitments or obligations for any Taxes relating to the business of the Debtors or  
13 the Assets for or applicable to the pre-Closing tax period, including any property taxes, use tax or  
14 transfer taxes. UBS is obligated to pay the Cure Amounts in excess of the Cure Cap in the amounts  
15 set forth on *Schedule 1.1.1* of the Sale Agreement at Closing and provide adequate assurance of  
16 future performance under 11 U.S.C. § 365(b), but UBS shall not be liable for any costs or expenses  
17 or other obligations under the Assumed Contracts for services performed or to be performed by the  
18 other party to the contract relating to events occurring or assets owned by Debtors prior to closing.  
19 All nondebtor parties with interests in the Assets and/or Assumed Contracts shall be deemed to have  
20 consented to the transfers and assignments contemplated by the Motion by reason of their having  
21 failed to object in a timely manner.

22           6.       Upon completing the purchase of the Assets and receipt of the Assumed Contracts,  
23 UBS will not be subject to any claim described in section 363(o) of the Bankruptcy Code.

24           7.       UBS is a good faith purchaser entitled to the full protections of section 363(m) of the  
25 Bankruptcy Code.

26           8.       The consideration provided by UBS for the transfer of the Assets and the assignment  
27 of the Assumed Contracts pursuant to the Sale Agreement is fair and reasonable and the transactions  
28 may not be avoided under section 363(n) of the Bankruptcy Code.

1           9.       The Debtors, as well as their officers, employees and agents, are authorized to  
2 perform all of their obligations, take whatever actions necessary, and issue, execute and deliver  
3 whatever documents, leases, deeds and bills of sale as may be necessary or appropriate to implement  
4 and effectuate the Sale Agreement in accordance with the terms of this Order.

5           10.       In accordance with the provisions of sections 105(a) and 365 of the Bankruptcy Code,  
6 the Assumed Contracts assigned to UBS pursuant hereto shall remain in full force and effect for the  
7 benefit of UBS in accordance with their current terms and conditions, notwithstanding any provision  
8 in any of the Assumed Contracts, including those of the type described in section 365(b)(2) and (f)  
9 of the Bankruptcy Code, that prohibits, restricts or conditions such transfer and assignment and  
10 notwithstanding any actual or alleged past failure on the part of the Debtors to enforce or otherwise  
11 invoke one or more of said terms and/or conditions. The assumption of the Assumed Contracts shall  
12 be made free and clear of all claims against the Debtors or defaults by the Debtors under the Assumed  
13 Contracts.

14           11.       Upon closing, UBS shall have sole responsibility for satisfying those amounts, if any,  
15 necessary under sections 365(b)(1)(A) and (B) to cure and/or otherwise compensate the nondebtor  
16 parties to the Assumed Contracts for any Cure Amounts in excess of the Cure Cap in the amounts set  
17 forth on *Schedule 1.1.1* to the Sale Agreement. The Cure Amounts are those amounts set forth on  
18 *Schedule 1.1.1* to the Sale Agreement ~~unless a party has objected and a further hearing has been~~  
19 ~~scheduled thereon.~~ <sup>except with respect to the parties that</sup> <sup>filed the Objections.</sup> UBS shall satisfy these Cure Amounts, in excess of the Cure Cap, promptly  
20 following closing, or, to the extent the Cure Amounts are in dispute, as soon thereafter as any  
21 legitimate dispute with respect to the required Cure Amounts has been resolved. The conditions of  
22 section 365(f)(2) of the Bankruptcy Code with respect to the assignment of an unexpired lease or  
23 executory contract have been satisfied in connection with the assignment of the Assumed Contracts.  
24 In particular, UBS has provided adequate assurance of future performance of the Assumed Contracts  
25 pursuant to section 365(f)(2)(B) of the Bankruptcy Code.

26           12.       UBS's obligations with respect to the Cure Amounts as set forth on *Schedule 1.1.1*  
27 to the Sale Agreement shall and are hereby deemed to fully satisfy and discharge any and all defaults  
28 and/or other obligations arising or otherwise accruing under the Assumed Contracts prior to closing.

1           13.     Upon closing, each nondebtor party to the Assumed Contracts shall be and hereby is  
2 forever barred, estopped and permanently enjoined from refusing to perform under the terms of said  
3 Assumed Contracts, as appropriate – or otherwise asserting against UBS any remedy, claim,  
4 counterclaim, defense, setoff or right of recoupment – on the basis of any actual or alleged default  
5 that arose or otherwise accrued under the Assumed Contracts prior to closing or as a result of the  
6 assignment thereof to UBS. Pursuant to sections 105 and 363 of the Bankruptcy Code, any and all  
7 creditors of the Debtors shall be barred, estopped and enjoined from taking any action of any kind  
8 against UBS or the Assets or Assumed Contracts on account of any claim against the Debtors or any  
9 of the Assets or Assumed Contracts.

10           14.     Upon satisfaction of the Cure Amounts, and after the assumption and assignment of  
11 said Assumed Contracts pursuant hereto, the Debtors and the Debtors' bankruptcy estates shall be  
12 relieved from any liability with respect to the Assumed Contracts in accordance with section 365(k)  
13 of the Bankruptcy Code.

14           15.     ~~The Industrial Lease dated June 30, 2003, as amended, between The Irvine Company,~~  
15 ~~as Landlord, and People's Choice, as Tenant, relating to space in buildings located on Irvine Center~~  
16 ~~Drive, Irvine, California, is hereby rejected in its entirety. As a result of and upon entry into a new~~  
17 ~~lease between Landlord and UBS, amounts the Landlord receives and is entitled to receive from~~  
18 ~~UBS under such new lease shall mitigate any pre-petition rejection damages claim made by the~~  
19 ~~Landlord pursuant to section 502(g) of the Bankruptcy Code.~~

20           16.     UBS shall assume the Assumed Liabilities in accordance with the terms of the Sale  
21 Agreement.

22           17.     To the extent that any of the Debtors' employees are offered employment with UBS,  
23 solely for purposes of the Worker Adjustment and Retraining Notification ("WARN") Act, such  
24 employees' employment with the Debtors shall not be deemed to have been terminated  
25 notwithstanding any WARN Act notice(s) provided by the Debtors or pursuant to any severance or  
26 other benefit plan presently offered by the Debtors.

27           18.     Upon closing, each of the Debtors' creditors is authorized and directed to execute  
28 such documents and take all other actions as may be necessary to release their liens, claims, interests

1 and/or encumbrances in the Assets or Assumed Contracts, if any, as such liens, claims, interests  
2 and/or encumbrances may have been recorded or may otherwise exist, as such liens, claims, interest  
3 and/or encumbrances shall thereafter be transferred to proceeds. This Order (a) shall be and is  
4 hereby deemed to constitute a determination that, as of closing, all liens, claims, interests and/or  
5 encumbrances of any kind or nature whatsoever existing with respect to the Assets or Assumed  
6 Contracts prior to closing have been unconditionally released, discharged and terminated, attaching  
7 instead to the proceeds of the sale authorized herein and (b) shall be binding upon and shall govern  
8 the acts of all persons or entities including without limitation, all filing agents, filing officers, title  
9 agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds,  
10 administrative agencies, governmental departments, secretaries of state, federal, state, and local  
11 officials, and all other persons and entities who may be required by operation of law, the duties of  
12 their office, or contract, to accept, file, register, or otherwise record or release any documents or  
13 instruments, or who may be required to report or insure any title or state of title in or to any of the  
14 Assets of Assumed Contracts. In the event of appointment of any trustee, receiver or examiner for  
15 the Debtors under any chapter of the Bankruptcy Code, such trustee, receiver or examiner shall be  
16 bound by the terms and provisions of this Order.

17 19. The Buyer is acquiring the Assets and the Assumed Contracts without incurring  
18 successor Tax liability including, without limitation, under Regulation 1702(a) of the California  
19 State Board of Equalization or otherwise on the basis that the sale is by debtors in possession and not  
20 a trustee, and the Buyer is hereby exonerated of any successor Tax liability.

21 20. For the purpose of section 1146(a), the transactions contemplated in the Sale  
22 Agreement and approved and authorized by this Order shall be deemed to be in contemplation or  
23 anticipation of a plan and may not be taxed under any law imposing a stamp tax, transfer tax or  
24 similar tax. No bulk sale law or any similar law of any state or other jurisdiction shall apply in any  
25 way to the transaction contemplated by the Sale Agreement.

26 21. This Order shall and is hereby deemed to constitute a determination that, as of the  
27 closing, each and every federal, state and local government agency or department is hereby directed  
28 to accept any and all documents and instruments necessary or appropriate to consummate the

1 assignment of the Debtors' Assumed Contracts to UBS and the transfer of Debtors' Assets to UBS,  
2 all without imposition and payment of any stamp tax, transfer tax or similar tax, pursuant to section  
3 1146(a) of the Bankruptcy Code. The register or recorder of deeds (or other similar recording  
4 agency) is hereby directed to accept and include a certified copy of this Order along with any other  
5 appropriate conveyance documents used to record and index the assignment in the appropriate public  
6 records.

7 22. If any person or entity that has filed financing statements, mortgages, mechanic's  
8 liens, lis pendens or other documents or agreements evidencing liens, claims, interests and/or  
9 encumbrances with respect to the Assets and/or Assumed Contracts shall not have delivered to the  
10 Debtors upon closing, in proper form for filing and executed by the appropriate parties, termination  
11 statements, releases of all liens, claims, interests and/or encumbrances which the person or entity has  
12 with respect to the Assets and/or Assumed Contracts or otherwise, then (a) UBS is hereby  
13 authorized, without further order from this Court, to execute and file such statements, instruments,  
14 releases and other documents on behalf of the person or entity with respect to the Assets; and (b)  
15 UBS is hereby authorized to file, register or otherwise record, and each and every federal, State and  
16 local government agency or department is hereby directed to accept, a certified copy of this Order,  
17 which, once filed, registered or otherwise recorded shall constitute conclusive evidence of the  
18 release of all liens, claims, interests and/or encumbrances in the Assets and/or Assumed Contracts of  
19 any kind or nature whatsoever.

20 23. Nothing contained in any plan of reorganization or liquidation confirmed in these  
21 cases, or in any order confirming any plan of reorganization or liquidation, or in any order  
22 dismissing these cases or converting any of them to Chapter 7, shall conflict with or derogate from  
23 the provisions of this Order.

24 24. The terms and provisions of this Order shall inure to the benefit of the Debtors, their  
25 estates, their creditors and the Committee, UBS and its respective affiliates, successors and assigns.

26 25. Pursuant to Bankruptcy Rules 6004(h) and 6006(d) or otherwise, this Order shall and  
27 is hereby deemed to be effective and enforceable immediately upon entry and no stay shall apply.

28 26. The Assets are being sold and conveyed on an "AS IS, WHERE IS" basis, and

1 therefore, following the closing, UBS shall not be entitled to assert against the Debtors any claims  
2 for breach of the terms of any representation or warranty to the contrary contained in the Agreement,  
3 except to the extent provided for in the Sale Agreement, and only up to the Indemnification  
4 Holdback Amount, including section 9 thereof.

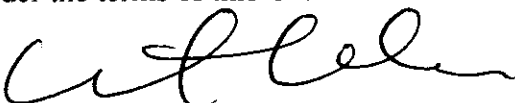
5 27. The failure specifically to include any particular provisions of the Sale Agreement in  
6 this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the  
7 Court that the Sale Agreement be authorized and approved in its entirety.

8 28. To the extent of any conflict between the Sale Agreement and this Order, the terms of  
9 the Order shall control.

10 29. In the event and solely in the event that (a) the transfers contemplated in the Sale  
11 Agreement do not close, (b) the Assets are purchased by another entity not affiliated with UBS, and  
12 (c) the Debtors have received cash proceeds from any such alternative sale, UBS shall be entitled to  
13 an administrative expense claim in the Debtors' bankruptcy cases pursuant to section 503(b) of the  
14 Bankruptcy Code, with priority under section 507(a)(2) of the Bankruptcy Code, for the substantial  
15 contribution to Debtors' bankruptcy cases made by UBS in conducting due diligence and negotiating  
16 the transactions contemplated by the Sale Agreement (the "UBS Administrative Expense Claim")  
17 that led to such greater and better offer. If the conditions to payment are satisfied, the UBS  
18 Administrative Expense Claim shall equal one hundred fifty thousand dollars (\$150,000.00).

19 30. This Court retains exclusive jurisdiction, even after the closing of these chapter 11  
20 cases, to enforce and implement the terms and provisions of this Order, the Sale Agreements and all  
21 other agreements executed in connection therewith in all respects, including, but not limited to,  
22 retaining jurisdiction to (a) compel delivery of the Assets to UBS or the Purchase Price to the  
23 Debtors; (b) resolve any disputes arising under or related to the Motion; (c) interpret, implement and  
24 enforce the provisions of this Order; and (d) protect the Debtors, UBS and/or the Assets against the  
25 assertion of any liens, claims, interests and/or encumbrances from which Debtors, UBS and/or the  
26 Assets are expressly relieved and released under the terms of this Order.

27 DATED: 7/9/07

28   
\_\_\_\_\_  
ROBERT N. KWAN  
UNITED STATES BANKRUPTCY JUDGE

1 Dated:  
2

3 THE HONORABLE ROBERT N. KWAN  
4 UNITED STATES BANKRUPTCY JUDGE  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**NOTE TO USERS OF THIS FORM:**

Physically attach this form as the last page of the proposed Order or Judgment.  
Do **not** file this form as a separate document.

In re PEOPLE'S CHOICE HOME LOAN, INC.,	CHAPTER <u>11</u>
Debtor.	CASE NUMBER: 07-10765

**NOTICE OF ENTRY OF JUDGMENT OR ORDER  
AND CERTIFICATE OF MAILING**

TO ALL PARTIES IN INTEREST ON THE ATTACHED SERVICE LIST:

1. You are hereby notified, pursuant to Local Bankruptcy Rule 9021-1(a)(1)(E), that a judgment or order entitled *(specify)*:  
ORDER (A) AUTHORIZING SALE OF CERTAIN ASSETS FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS, (B)  
AUTHORIZING ASSUMPTION, ASSIGNMENT AND REJECTION OF EXECUTORY CONTRACTS

was entered on *(specify date)*: 7-9-07

2. I hereby certify that I mailed a copy of this notice and a true copy of the order or judgment to the persons and entities on the attached service list on *(specify date)*: 7-10-07

Dated: 7-9-07 <sup>907</sup>

JON D. CERETTO  
Clerk of the Bankruptcy Court

By: Elizabeth Steinberg  
Deputy Clerk



**SERVICE LIST RE NOTICE OF ENTRY OF ORDER  
RE ORDER (A) AUTHORIZING SALE OF CERTAIN ASSETS FREE AND CLEAR OF LIENS,  
CLAIMS, ENCUMBRANCES AND INTERESTS, (B) AUTHORIZING ASSUMPTION, ASSIGNMENT  
AND REJECTION OF EXECUTORY CONTRACTS**

***U.S. Trustee's Office***

Peter C. Anderson, United States Trustee  
Frank Cardigan, Assistant United States Trustee  
Office of the U.S. Trustee  
411 W. Fourth Street, Suite 9041  
Santa Ana, CA 92701

***Attorneys for Debtors***

Jeffrey W. Dulberg  
J. Rudy Freeman  
Pachulski Stang Ziehl Young Jones & Weintraub LLP  
10100 Santa Monica Boulevard  
Suite 1100  
Los Angeles, CA 90067

***Counsel for Committee of Unsecured Creditors***

Eric E. Sagerman  
Justin e. Rawlins  
Winston & Strawn LLP  
333 South Grand Avenue, 38th Floor  
Los Angeles, CA 90071

Keith A. McDaniels  
Winston & Strawn LLP  
101 California Street, 39th Floor  
San Francisco, CA 94111-5802