

Law Offices Chris Gautschi  
177 Riverside Ave F1170  
Newport Beach, CA 92663  
949-2945497 fax 714-2426718

Robert Forouzandeh  
Reicker, Pfau, Pyle & McRoy LLP  
1421 State St.  
Santa Barbara, CA 93101

March 19, 2012

Re: William Bookout Ch 13, SBBT

Dear Mr. Forouzandeh:

In reply to your query as to the landscape rocks and pots remaining on the property, it is Mr. Bookout's understanding that the SBBT entity has claimed a perfected security interest in the materials. Attached is a letter dated May 24, 2007 referring to the materials. Therefore he believed that SBBT would liquidate its security and apply proceeds to his loan balance. The wholesale value of the rocks is \$0.65 and there is approximately \$21,000.00 worth of rocks there at the wholesale price. If the bank does not claim a security interest in the materials, then that property would be property of the bankruptcy estate and I would have to ask the trustee what she wants done with the materials. I suppose in the event the SBBT entity does not claim a security interest, it might be possible for Mr. Bookout to sell the materials, and I don't know, in that case, if SBBT would permit him to sell the materials off the current location, provided his business insurance covers that activity. All parties would like the current loan to be out of any default, and that might be a way to do it.

In reviewing your latest effort to settle the matters globally, I need clarification regarding the prior mortgage payments made. To that purpose, I am enclosing a 3 page SBA lender's transcript of account, which I think is what SBBT did August 29, 2011, and I need to know whether this accurately states SBBT's records of what loan

payments were made, and what the applicable interest rates were at each period as indicated.

Very truly yours,

/s/ Chris Gautschi



**PACIFIC CAPITAL  
BANK**



May 24, 2007

William A. Bookout  
Oceano Nursery  
1341 Paso Robles Street  
Oceano, CA. 93445

FACSMILE (805) 773-0017

Re: First Bank of San Luis Obispo Loan #100983501

Dear Mr. Bookout:

This letter concerns your loan with Pacific Capital Bank.

First of all, we understand that you are in the process of liquidating all of your businesses. As you know, the Bank has a blanket security interest in all of your personal property, including the business assets. The Bank is therefore entitled to the proceeds of the liquidation, particularly as it appears that these proceeds will not be used to acquire replacement inventory.

Your use of the collateral proceeds for your personal use would be, in the Bank's view and under the applicable law, conversion of those proceeds. This letter is to request that the going out of business sale proceeds be placed into a bank account, separate from your personal account, so that there is no dispute over the disposition of those proceeds. Please let us know how you will be handling the proceeds so that we can resolve this matter.

In addition, as you know, the Bank is in the process of foreclosing on its real property collateral. As part of its foreclosure process, the Bank requires both an appraisal of the property as well as an environmental review. Under the terms of the applicable deeds of trust, the Bank has the right to enter on and inspect the collateral. Pursuant to this right, Pacific Capital Bank is requesting that you arrange for a convenient date and time, no later than May 30, 2007, when the Bank's appraiser and environmental consultant can enter the properties. Please call (619) 260-4483 to arrange the time.

We hope that these matters can be resolved quickly and with a minimum of effort, as the Bank wants to avoid having to involve legal counsel. On the other hand, given the extended period your loans have been in default, we have to move quickly.

Sincerely,

  
Sandra Sheffield  
Vice President

OMB NO: 3245-0132  
Expiration Date: 3/31/2005

**U.S. SMALL BUSINESS ADMINISTRATION  
Lender's Transcript of Account**

Name of Borrower: <b>William A Bookout DBA Oceano Nursery</b>		Loan Number: <b>664-196-4009</b>
Name of Lender: <b>Pacific Capital Bank, N.A.</b>		Amount of Loan: <b>\$450,000.00</b>
		Int. Day Basis: <b>ACT/365</b>

**Repayment Terms as Stated in the Note:**  
 Note dated October 6, 2003; Maturity date is 18 years from date of Note (October 6, 2021); Initial interest rate is 6.00% per year, adjusted monthly (the "change period"); Prime Rate plus 2.00%; Principal and interest payments of \$3,411.73 every month, beginning one month from the month this Note is dated; A change in Terms Agreement dated February 5, 2005; 3 interest only payments beginning February 6, 2005; Principal and interest payment to resume on May 6, 2005; Per Forbearance and Workout Agreement dated June 30, 2007; Principal and interest payments due October 2006 through July 2007 are Deferred. Next payment of Principal and interest is due August 6, 2007. Effective July 6, 2007 the interest rate is changed to 6.00% fixed  
 Payments must be made on the same day as the date of this Note in the months they are due

DATE	AMOUNT DISBURSED	AMOUNT REPAID	APPLICATION OF PAYMENT		INT RATE	INTEREST PAID		PRINCIPAL BALANCE
			PRINCIPAL	INTEREST		FROM	TO	
10/10/03	\$385,246.89	\$0.00	\$0.00	\$0.00	6.0000%			\$385,246.89
10/14/03	\$65,753.11	\$0.00	\$0.00	\$0.00	6.0000%			\$450,000.00
11/06/03	\$0.00	\$3,411.73	\$1,457.06	\$1,954.67	6.0000%	10/10/03	11/06/03	\$448,542.94
12/12/03	\$0.00	\$3,412.99	\$769.60	\$2,654.39	6.0000%	11/06/03	12/12/03	\$447,784.34
01/12/04	\$0.00	\$3,412.99	\$1,131.14	\$2,281.85	6.0000%	12/12/03	01/12/04	\$446,653.20
02/09/04	\$0.00	\$3,412.99	\$1,357.17	\$2,055.82	6.0000%	01/12/04	02/09/04	\$445,298.03
03/10/04	\$0.00	\$3,412.99	\$1,217.01	\$2,195.98	6.0000%	02/09/04	03/10/04	\$444,079.02
04/06/04	\$0.00	\$3,412.99	\$1,442.01	\$1,970.98	6.0000%	03/10/04	04/06/04	\$442,637.01
05/10/04	\$0.00	\$3,412.99	\$939.08	\$2,473.91	6.0000%	04/06/04	05/10/04	\$441,697.93
06/07/04	\$0.00	\$3,412.99	\$1,379.97	\$2,033.02	6.0000%	05/10/04	06/07/04	\$440,317.96
07/01/04	\$0.00	\$0.00	\$0.00	\$0.00	6.2500%			\$440,317.96
07/12/04	\$0.00	\$3,409.43	\$842.92	\$2,566.51	6.2500%	06/07/04	07/12/04	\$439,476.04
08/18/04	\$0.00	\$3,409.43	\$625.10	\$2,784.33	6.2500%	07/12/04	08/18/04	\$438,849.94
09/01/04	\$0.00	\$0.00	\$0.00	\$0.00	6.5000%			\$438,849.94
09/08/04	\$0.00	\$3,470.85	\$1,871.77	\$1,599.08	6.5000%	08/18/04	09/08/04	\$436,978.17
10/01/04	\$0.00	\$0.00	\$0.00	\$0.00	6.7500%			\$436,978.17
11/23/04	\$0.00	\$7,129.11	\$1,056.32	\$6,072.79	6.7500%	09/08/04	11/23/04	\$435,921.85
12/01/04	\$0.00	\$0.00	\$0.00	\$0.00	7.0000%			\$435,921.85
01/01/05	\$0.00	\$0.00	\$0.00	\$0.00	7.2500%			\$435,921.85
01/18/05	\$0.00	\$7,129.11	\$2,420.57	\$4,708.54	7.2500%	11/23/04	01/18/05	\$433,501.28
01/25/05	\$0.00	\$124.12	\$0.00	\$124.12	7.2500%	01/18/05	01/19/05	\$433,501.28
02/15/05	\$0.00	\$1,511.90	\$0.00	\$1,511.90	7.2500%	01/19/05	02/01/05	\$433,501.28
03/01/05	\$0.00	\$0.00	\$0.00	\$0.00	7.5000%			\$433,501.28
03/08/05	\$0.00	\$2,410.97	\$0.00	\$2,410.97	7.5000%	02/01/05	03/04/05	\$433,501.28
04/01/05	\$0.00	\$0.00	\$0.00	\$0.00	7.7500%			\$433,501.28
05/06/05	\$0.00	\$2,776.17	\$0.00	\$2,776.17	7.7500%	03/04/05	04/03/05	\$433,501.28
06/01/05	\$0.00	\$0.00	\$0.00	\$0.00	8.0000%			\$433,501.28
07/01/05	\$0.00	\$0.00	\$0.00	\$0.00	8.2500%			\$433,501.28
07/22/05	\$0.00	\$11,474.59	\$1,397.19	\$10,077.40	8.2500%	04/03/05	07/22/05	\$432,104.09
07/25/05	\$0.00	\$3,768.59	\$3,465.59	\$293.00	8.2500%	07/22/05	07/25/05	\$428,638.50
08/23/05	\$0.00	\$266.98	\$0.00	\$266.98	8.2500%	07/25/05	07/27/05	\$428,638.50
09/01/05	\$0.00	\$0.00	\$0.00	\$0.00	8.5000%			\$428,638.50
10/01/05	\$0.00	\$0.00	\$0.00	\$0.00	8.7500%			\$428,638.50
11/01/05	\$0.00	\$0.00	\$0.00	\$0.00	9.0000%			\$428,638.50

Duplicate of SBA Form 1149 (3-00)  
 REP 809 5050  
 Previous Editions Obsolete  
 (This form is a necessary part of the  
 SBA GUARANTEE purchase package.)

See Reverse Side for Instructions

OMB NO: 3245-0132  
Expiration Date: 3/31/2005

**U.S. SMALL BUSINESS ADMINISTRATION**  
**Lender's Transcript of Account**

Name of Borrower: William A Bookout DBA Oceano Nursery		Loan Number: 654-198-4009
Name of Lender: Pacific Capital Bank, N.A.	Amount of Loan: \$450,000.00	Int. Day Basis: ACT/365

**Repayment Terms as Stated in the Note:**

Note dated October 6, 2003; Maturity date is 18 years from date of Note (October 6, 2021); Initial interest rate is 6.00% per year, adjusted monthly (the "change period"); Prime Rate plus 2.00%; Principal and interest payments of \$3,411.73 every month, beginning one month from the month this Note is dated; A change in Terms Agreement dated February 5, 2005; 3 interest only payments beginning February 6, 2005. Principal and interest payment to resume on May 6, 2005; Per Forebearance and Workout Agreement dated June 30, 2007; Principal and interest payments due October 2006 through July 2007 are Deferred. Next payment of Principal and Interest is due August 6, 2007. Effective July 6, 2007 the interest rate is changed to 6.00% fixed. Payments must be made on the same day as the date of this Note in the months they are due.

DATE	AMOUNT DISBURSED	AMOUNT REPAID	APPLICATION OF PAYMENT		INT RATE	INTEREST PAID		PRINCIPAL BALANCE
			PRINCIPAL	INTEREST		FROM	TO	
11/28/05	\$0.00	\$4,100.00	\$0.00	\$4,100.00	8.0000%	07/27/05	08/07/05	\$428,638.50
01/01/06	\$0.00	\$0.00	\$0.00	\$0.00	9.2800%			\$428,638.50
01/17/06	\$0.00	\$4,209.14	\$0.00	\$4,209.14	9.2500%	08/07/05	10/18/05	\$428,638.50
02/01/06	\$0.00	\$0.00	\$0.00	\$0.00	9.5000%			\$428,638.50
02/24/06	\$0.00	\$12,562.00	\$0.00	\$12,562.00	9.5000%	10/18/05	02/12/06	\$428,638.50
03/23/06	\$0.00	\$12,740.46	\$8,614.20	\$4,126.26	9.5000%	02/12/06	03/23/06	\$420,024.30
04/01/06	\$0.00	\$0.00	\$0.00	\$0.00	9.7500%			\$420,024.30
06/01/06	\$0.00	\$0.00	\$0.00	\$0.00	10.0000%			\$420,024.30
07/01/06	\$0.00	\$0.00	\$0.00	\$0.00	10.2500%			\$420,024.30
07/06/07	\$0.00	\$22,274.46	\$0.00	\$22,274.46	6.0000%	03/23/06	10/02/06	\$420,024.30
07/12/07	\$0.00	\$5,000.00	\$0.00	\$5,000.00	6.0000%	10/02/06	11/15/06	\$420,024.30
07/17/07	\$0.00	\$5,000.00	\$0.00	\$5,000.00	6.0000%	11/15/06	12/27/06	\$420,024.30
07/20/07	\$0.00	\$4,660.00	\$0.00	\$4,660.00	6.0000%	12/27/06	02/03/07	\$420,024.30
07/30/07	Deferral - 10 months P & I (October 2006 to July 2007)							
08/16/07	\$0.00	\$4,121.06	\$0.00	\$4,121.06	6.0000%	02/03/07	03/08/07	\$420,024.30
10/04/07	\$0.00	\$4,121.06	\$0.00	\$4,121.06	6.0000%	03/08/07	04/12/07	\$420,024.30
12/03/07	\$0.00	\$4,121.06	\$0.00	\$4,121.06	6.0000%	04/12/07	05/16/07	\$420,024.30
12/12/07	\$0.00	\$4,121.06	\$0.00	\$4,121.06	6.0000%	05/16/07	05/19/07	\$420,024.30
02/29/08	\$0.00	\$4,121.06	\$0.00	\$4,121.06	6.0000%	06/19/07	08/12/07	\$420,024.30
03/28/08	\$0.00	\$4,200.00	\$0.00	\$4,200.00	6.0000%	08/12/07	10/10/07	\$420,024.30
05/01/08	\$0.00	\$4,200.00	\$0.00	\$4,200.00	6.0000%	10/10/07	12/10/07	\$420,024.30
05/20/08	\$0.00	\$5,200.00	\$0.00	\$5,200.00	6.0000%	12/10/07	02/25/08	\$420,024.30
06/23/08	\$0.00	\$4,200.00	\$0.00	\$4,200.00	6.0000%	02/25/08	04/28/08	\$420,024.30
07/30/08	\$0.00	\$4,200.00	\$0.00	\$4,200.00	6.0000%	04/28/08	06/28/08	\$420,024.30
08/02/08	\$0.00	\$4,200.00	\$0.00	\$4,200.00	6.0000%	06/28/08	08/25/08	\$420,024.30
09/30/08	\$0.00	\$4,200.00	\$1,689.86	\$2,510.04	6.0000%	08/25/08	10/01/08	\$418,384.34
11/03/08	\$0.00	\$4,121.06	\$1,881.80	\$2,239.26	6.0000%	10/01/08	11/03/08	\$416,482.54
12/03/08	\$0.00	\$4,121.06	\$2,087.12	\$2,033.94	6.0000%	11/03/08	12/03/08	\$414,425.42
01/12/09	\$0.00	\$4,121.06	\$1,396.07	\$2,724.99	6.0000%	12/03/08	01/12/09	\$413,029.35
03/09/09	\$0.00	\$4,121.06	\$318.93	\$3,802.13	6.0000%	01/12/09	03/09/09	\$412,710.42
04/08/09	\$0.00	\$4,121.06	\$2,085.78	\$2,035.28	6.0000%	03/09/09	04/08/09	\$410,624.84
04/21/09	\$0.00	\$4,121.06	\$3,243.56	\$877.50	6.0000%	04/08/09	04/21/09	\$407,381.08
05/11/09	\$0.00	\$4,121.06	\$2,781.72	\$1,339.34	6.0000%	04/21/09	05/11/09	\$404,589.36
06/10/09	\$0.00	\$4,121.06	\$2,125.78	\$1,995.28	6.0000%	05/11/09	06/10/09	\$402,473.58

Duplicate of SBA Form 1149 (2-00)  
REF SOP 5050  
Previous Editions Obsolete  
(This form is a necessary part of the  
SBA GUARANTEE purchase package.)

See Reverse Side for Instructions

OMB NO: 3245-0132  
Expiration Date: 3/31/2005

**U.S. SMALL BUSINESS ADMINISTRATION  
Lender's Transcript of Account**

Name of Borrower: William A Bockout OBA Oceano Nursery		Loan Number: 654-198-4009
Name of Lender: Pacific Capital Bank, N.A.	Amount of Loan: \$450,000.00	Int. Day Basis: ACT/365

**Repayment Terms as Stated in the Note:**

Note dated October 6, 2005; Maturity date is 18 years from date of Note (October 6, 2021); Initial interest rate is 6.00% per year, adjusted monthly (the "change period"); Prime Rate plus 2.00%; Principal and Interest payments of \$3,411.73 every month, beginning one month from the month this Note is dated; A change in Terms Agreement dated February 5, 2005; 3 interest only payments beginning February 6, 2005; Principal and Interest payment to resume on May 6, 2005; Per Forebearance and Workout Agreement dated June 30, 2007; Principal and interest payments due October 2006 through July 2007 are Deferred. Next payment of Principal and Interest is due August 6, 2007. Effective July 6, 2007 the interest rate is changed to 6.00% fixed  
Payments must be made on the same day as the date of this Note in the months they are due

DATE	AMOUNT DISBURSED	AMOUNT REPAID	APPLICATION OF PAYMENT		INT RATE	INTEREST PAID		PRINCIPAL BALANCE
			PRINCIPAL	INTEREST		FROM	TO	
06/30/09	\$0.00	\$4,121.06	\$2,787.86	\$1,323.20	6.0000%	06/10/09	06/30/09	\$399,675.72
07/02/09	\$0.00	\$4,121.06	\$3,989.66	\$131.40	6.0000%	06/30/09	07/02/09	\$395,686.06
08/01/09	\$0.00	\$4,121.06	\$153.35	\$3,967.71	0.0000%	07/02/09	08/01/09	\$395,532.71
10/05/09	\$0.00	\$4,121.06	\$1,910.42	\$2,210.64	0.0000%	08/01/09	10/05/09	\$393,622.29
11/13/09	\$0.00	\$4,121.06	\$1,597.56	\$2,523.50	0.0000%	10/05/09	11/13/09	\$392,024.73
12/31/09	\$0.00	\$4,121.06	\$1,027.82	\$3,093.24	0.0000%	11/13/09	12/31/09	\$390,996.91
01/28/10	Loan Defaulted							

I Certify this to be a True Copy of Transcript of Account		Date
Signature <i>Sandra Sheffield</i>	Vice President	August 28, 2011
Sandra Sheffield	Title	

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**Subject:** RE: 3202012Bookout  
**From:** Robert Forouzandeh (rforouzandeh@rppmh.com)  
**To:** sanschromo@yahoo.com;  
**Cc:** poole@rossilegal.com; kgrant@silcom.com;  
**Date:** Tuesday, March 20, 2012 12:00 PM

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Chris,

There were no attachments to your letter. Please resend the attachment.

As to the landscape rock issue: your position and Mr. Bookout's assumption are without merit, not supported by law and are outright rejected. Simply because the bank may have held a lien on the rocks does not mean that title to the rocks passed to the bank when it foreclosed upon the Oceano property. The landscape rock was not foreclosed upon. The bank does not want the landscape rock and it is not in the business of selling landscape rock. The bank simply foreclosed upon the Oceano property and the landscape rock was left at the Oceano property by Mr. Bookout. Nobody asked him or told him to do so. If Mr. Bookout wants the rock or to sell the rock himself he must go to the Oceano property and remove it no later than 5 p.m. on March 23, 2012. Otherwise the landscape rock remaining at the Oceano property will be deemed as being abandoned and will be disposed of accordingly. **I want to be EXPLICITLY clear that Mr. Bookout will not be given any credit towards his default for the landscape rock under any circumstance.**

If the bankruptcy trustee asserts any ownership rights to the rock, the trustee can pay to have it removed from the property. The initial bid obtained by the bank was that it would cost the bank \$5,000 for someone to come and remove the rock from the Oceano property. If it is your position that the bankruptcy estate owns the rocks then it is your duty as debtor's counsel to notify the bankruptcy court of such. Failure to do so by 5 p.m. on March 23, 2012, will result in the bank assuming that Mr. Bookout's position is that the landscape rocks are not part of his bankruptcy estate and that the rocks have been abandoned. The bank will dispose of the rocks thereafter and again, **Mr. Bookout will not be given any credit towards his default for the landscape rock under any circumstance.**

Please communicate your position to me immediately.

Robert

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**From:** Chris Gautschi [mailto:sanschromo@yahoo.com]  
**Sent:** Tuesday, March 20, 2012 11:20 AM  
**To:** Robert Forouzandeh  
**Cc:** Chris Gautschi; Debbie Poole  
**Subject:** 3202012Bookout

Robert, here is the reply to the rocks question. Also, if I were to have assurance that the payments in the attachments corresponded to the actual payments received by SBBT and its predecessor (I presume the posting dates), as I am able to verify the interest rates by the prime rate history, then I am able to review each payment and see whether or not there are any errors. This in turn allows me to pursue the suggestions you made in the prior communication quickly. A minor point is that it appears there was a Change in Terms Agreement for 3 months, well before the modification agreement, by which the parties both agreed Bookout only need pay interest for those 3 months. Because the

modification agreement was deemed defaulted by SBBT, I am assuming it simply calculated all payments and loan balances as if there never was a modification agreement, but I do not know if the calculations honored the 3 month interest only agreement. I can calculate them both ways, but I would like to know what is the SBBT position on those 3 interest only requirements, so that maybe by the end of the week I can get that part calculated. CG



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**Subject:** RE: Attachements3202012  
**From:** Robert Forouzandeh (rforouzandeh@rppmh.com)  
**To:** sanschromo@yahoo.com;  
**Cc:** poole@rossilegal.com; mjarbeau@rppmh.com; kgrant@silcom.com;  
**Date:** Tuesday, March 20, 2012 12:06 PM

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Chris,

Please see my email to you under separate cover and respond immediately.

We do not agree that "getting the best value of the materials would benefit everyone" because the bank has no way of selling the rock to obtain any value for them. Since the bank will not be selling the rocks as it is not in that line of business, the bank will not be crediting Mr. Bookout for the rocks under any circumstance as the bank did not foreclose its security interest on the rocks and will not be getting paid for the rocks either. Instead, the bank is going to have to pay someone to come and haul the rocks away from the Oceano property in the event Mr. Bookout abandons the rocks.

Robert

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**From:** Chris Gautschi [mailto:sanschromo@yahoo.com]  
**Sent:** Tuesday, March 20, 2012 11:56 AM  
**To:** Robert Forouzandeh  
**Cc:** Chris Gautschi; Debbie Poole  
**Subject:** Attachements3202012

OK this is what I have as to what payments, etc. SBBT's records show. I just wanted to make sure that is correct before I start calculating things. The last page is a letter re: the security interest. I think at least everyone could agree that getting the best value of the materials would benefit everyone. There must be some mechanism to do that.

## Bill Bookout

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**From:** Chris Gautschi [sanschromo@yahoo.com]  
**Sent:** Tuesday, March 20, 2012 2:06 PM  
**To:** Bill Bookout  
**Cc:** Chris Gautschi; Debbie Poole  
**Subject:** 3202012RFEmails  
**Attachments:** BookoutPacketRFEmailsandPmts3202012.pdf

Here are 2 emails RF sent today, (I sent the corrected letter) and attachments I sent him. Do you have any explanation of why you paid \$3,412.99 for the 2nd payment on the loan in 10/4/03 when the first payment was per the note to be \$3,411.73 which you did pay? Did their loan statement say pay the higher amount, and if so did it state why? Absent that, there should have been a little lower principal balance for the 7 months. From there wse both need to recalculate everything from the start, as if there had never been a modification agreement, and a 2nd way using the Change in Terms that allowed interest only for 3 months in Feb-April 2005, then a 3rd time as if the mod agreement was in effect.

Ideally you would get a CPA to do this but this time of year its hard to do.

Regarding the rocks, on March 7 RF emailed me and wanted to know whether you were abandoning the rocks. From 2007, by letter, they accused you of about to commit conversion, which could be criminal, and certainly a non-dischargeable act, if you sold the rocks and didn't segregate the funds and pay them. There were some emails prior to the foreclosure about removing them. But I don't think you have a right to take their security which is on their property and which they possess and fo0r which they have threatened you in the past if you did take them, until right now when they clarified that you have 3 days to take the stuff. They don't even demand you pay them for what you might sell it for. They are wrong about the trustee, they have no right to dispose of trustee property without permission, and they have so far not informed the trustee they are abandoning their security interest in the materials. The trustee might well ask the court to give you time to remove and sell the materials, and so long as the SBBT owns the property, there isn't any reason except insurance which you can get, that you shouldn't be able to sell them off their current location over a reasonable time.

Anyway. we don't want to get into an email battle with these people. I suggest I prepare an amended plan which adds a provision that you SURRENDER the materials to them pursuant to their security interest and 2007 threat letter, and that you RECEIVE a value credit for the materials. This is exactly what would happen if you had a car or furniture loan in Chapter 13, you surrender it to the creditor for its value.

So, I suggest you take a competent witness over there and have him or her evaluate the materials and their value so that that person could qualify to give an expert opinion as to what they are worth in their current state. He should be competent by way of sufficient education, training and experience to render an opinion to a reasonable degree of certainty within the field of landscape materials valuations to give an opinion as to what they are worth.

RF did not reply to my request for verification of the payments in the documents, so we will wait on that.

We will not reply to him immediately. His client is bound by the law and their prior security interest AND after tomorrow they don't have a stay preventing them from repossessing the materials for example, if they were at Price St. I don't know the effect of their old UCC-1 on your other inventory, but since you don't have enough exemptions, all of it is property of the bankruptcy estate.

10/7/2012

## Bill Bookout

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**From:** Chris Gautschi [sanschromo@yahoo.com]  
**Sent:** Friday, March 23, 2012 3:37 PM  
**To:** Bill Bookout  
**Subject:** Re:

I will draw up a declaration for him to sign. I think you got the April statement from SBBT. I don't know why they are claiming those attorney fees but not adding them into the statement. All their communications from 2007 to just last week, including the NO Sale you sent, indicate they were selling the rocks also, and now all of a sudden they say the rocks weren't sold. I want to amend the plan to surrender the rocks and get credit for the value which is why I will send the declaration soon.

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**From:** Bill Bookout <Pismobeachdiveshop@charter.net>  
**To:** 'Chris Gautschi' <sanschromo@yahoo.com>  
**Sent:** Friday, March 23, 2012 12:41 PM  
**Subject:**

March 23, 2012

Chris, I had Joe Weis from Wet Pets come out to the Oceano Nursery property to give a value to the Aquarium Rock at the Oceano Nursery property. Attached above is his written evaluation, which he would be willing to put in typed form.

He could see 32 pallets of Mexican Bowl rock. 1 Pallet of Travertine, Two pallets of Rainbow Slate, The pallets are on average weight of 1500 to 2200 hundred pounds at 55 cents per pound to 65 cents per pound with two pallets of drift stone at 30cents per pound wholesale.

If you were to take the low number of 1500 hundred pounds, times 65 cents per pound 35 pallets, you come up with \$975.00 per pallet on 35 of the pallets at Oceano Nursery coming up to a retail value of \$34,125.00

I noticed that all of the pots have been removed along with Plant Stands, Nautical Rope etc. I have taken pictures.

Thanks

Bill

Law Offices Chris Gautschi  
177 Riverside Ave F1170  
Newport Beach, CA 92663  
949-2945497 fax 714-2426718

Robert Forouzandeh  
Reicker, Pfau, Pyle & McRoy LLP  
1421 State St.  
Santa Barbara, CA 93101

April 2, 2012

Re: William Bookout Ch 13, SBBT

Dear Mr. Forouzandeh:

The position of Mr. Bookout regarding the landscape rocks and pots he was unable to remove from the site is as follows:

1. In 2007 by bank letter Mr. Bookout was told that the bank considered itself having a secured interest in those materials and that his use or removal of them other than in the ordinary course of business would be considered as conversion of their property; the notice of sale on the Oceano property specified that the materials were part of the sale; the trustee sale deed did not reference the materials;
2. All SBBT's representations to the court and regarding the value of the Oceano property and the reasons the bank lowered the foreclosure sale bid to \$189,000.00 from their own value of the property as of the bankruptcy filing at a value of \$265,000.00 excluded mention of the materials;
3. The materials are worth in excess of \$20,000.00 based on the historical purchase rate by the local buyers of the rock at \$0.65 per pound, and Mr. Bookout has independent evidence of that value;

4. Until right before the first sale, Mr. Bookout was entitled to assume the 2007 threat of conversion and the bank's assertions of security interest in the materials meant he was not allowed to remove them in bulk, and even if he did the bank would still assert a security interest;

5. The materials have been in the actual possession of the bank since the foreclosure sale and in the constructive possession of the bank since March 21 when the stay expired as to the materials;

6. The value of the materials as of the December 27, 2011 petition date is the operative date;

7. Mr. Bookout is entitled to the full market value of the materials as it was on December 27, 2012 and that amount should be deducted from his loan, regardless of what the bank does with the materials;

8. Mr. Bookout is entitled to prosecute a motion to amend his plan to clarify that he has surrendered the materials to the creditor for full value.

9. Mr. Bookout has no objection to the bank selling the materials provided it yields full market value without any sales costs deductions, just as if the items were a vehicle being surrendered in Chapter 13 proceedings, the same rules apply. If the bank values the materials at substantially lower than Mr. Bookout's valuation, then that value should be stated in the bankruptcy claim, and he should have the opportunity to remove the materials over a reasonable time, and the bank should state that it has no interest above its valuation figure in the materials;

10. A provision in his plan allowing him to sell the materials and a payment of the value of the materials through the plan would require a further reduction in the current loan balance equal to that determined value because a confirmed Chapter 13 plan cures all defaults (i.e. it means the debtor is deemed to be current as of the bankruptcy petition date so the entire loan amortization would have to be adjusted otherwise he would be illegally be overcharged). Mr. Bookout has no bankruptcy exemptions which would allow him to remove the materials from the bankruptcy estate, therefore the bankruptcy estate currently owns the materials and the trustee has not yet abandoned her interest.

Very truly yours,

/s/ Chris Gautschi

Schedule of Amounts Owning  
Loan # 100983501 - Bookout

Rate	Rate Change Date	Payment Due Date	Principal Balance	Amort payment	Amount paid	Late Fees
5.25%	12/01/09	01/06/10	\$400,962.89	\$3,743.71	\$0.00	\$187.19
5.25%	01/01/10	02/06/10	\$400,962.89	\$3,816.71	\$0.00	\$190.84
5.25%	02/01/10	03/06/10	\$400,962.89	\$3,816.71	\$0.00	\$190.84
5.25%	03/01/10	04/06/10	\$400,962.89	\$3,816.71	\$0.00	\$190.84
5.25%	04/01/10	05/06/10	\$400,962.89	\$3,816.71	\$0.00	\$190.84
5.25%	05/01/10	06/06/10	\$400,962.89	\$3,816.71	\$0.00	\$190.84
5.25%	06/01/10	07/06/10	\$400,962.89	\$3,816.71	\$0.00	\$190.84
5.25%	07/01/10	08/06/10	\$400,962.89	\$3,816.71	\$0.00	\$190.84
5.25%	08/01/10	09/06/10	\$400,962.89	\$3,816.71	\$0.00	\$190.84
5.25%	09/01/10	10/06/10	\$400,962.89	\$3,816.71	\$0.00	\$190.84
5.25%	10/01/10	11/06/10	\$400,962.89	\$3,816.71	\$0.00	\$190.84
5.25%	11/01/10	12/06/10	\$400,962.89	\$3,816.71	\$0.00	\$190.84
5.25%	12/01/10	01/06/11	\$400,962.89	\$3,816.71	\$0.00	\$190.84
5.25%	01/01/11	02/06/11	\$400,962.89	\$4,077.32	\$0.00	\$203.87
5.25%	02/01/11	03/06/11	\$400,962.89	\$4,077.32	\$0.00	\$203.87
5.25%	03/01/11	04/06/11	\$400,962.89	\$4,077.32	\$0.00	\$203.87
5.25%	04/01/11	05/06/11	\$400,962.89	\$4,077.32	\$0.00	\$203.87
5.25%	05/01/11	06/06/11	\$400,962.89	\$4,077.32	\$0.00	\$203.87
5.25%	06/01/11	07/06/11	\$400,962.89	\$4,077.32	\$0.00	\$203.87
5.25%	07/01/11	08/06/11	\$400,962.89	\$4,077.32	\$0.00	\$203.87
5.25%	08/01/11	09/06/11	\$400,962.89	\$4,077.32	\$0.00	\$203.87
5.25%	09/01/11	10/06/11	\$400,962.89	\$4,077.32	\$0.00	\$203.87
		10/11/11	Debtor Payment		(\$4,121.06)	
		11/04/11	Debtor Payment		(\$4,121.06)	
5.25%	10/01/11	11/06/11	\$400,962.89	\$4,077.32	\$0.00	\$203.87
5.25%	11/01/11	12/06/11	\$400,962.89	\$4,077.32	\$0.00	\$203.87

Regular payments past due \$86,152.63

Deferred and defaulted payments past due\* \$45,171.20

Total arrearage past due \$131,323.83

Total due at 12/27/11 \$434,589.19  
726 days @ \$57.67  
(1/1/10 - 12/27/11)  
Less PPP of \$8,242.12

\* Oct 2006 - July 2007 per  
Forbearance & Workout  
Agreement of July 2007

A-23

**Karen Grant**

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**From:** "Robert Forouzandeh" <rforouzandeh@rppmh.com>  
**To:** "Chris Gautschi" <sanschromo@yahoo.com>  
**Cc:** "Mary Jo Barbeau" <mjbarbeau@rppmh.com>; "Karen Grant" <kgrant@silcom.com>; "Diana Lee" <dlee@rppmh.com>  
**Sent:** Monday, February 27, 2012 6:44 PM  
**Subject:** Bookout

Chris,

The Oceano property sold at the trustee sale for \$189,000. Of that amount \$131,323.83 was applied to Mr. Bookout's past-due principal and interest on the loan (as specified in the Proof of Claim). That leaves \$57,676.17 of the trustee sale proceeds to be applied to pay off the attorneys fees and costs incurred by SBBT as a result of Mr. Bookout's default. As you mentioned, SBBT is entitled to credit its attorneys fees and costs incurred as a result of Mr. Bookout's default against the proceeds obtained from the trustee sale. My firm's fees and costs which have been incurred since early 2011 are in excess of \$58,700. This amount does not factor in the fees and costs incurred by Ms. Grant. Although our bill reflects a significant sum, it was driven exclusively by Mr. Bookout's own conduct. As you know Mr. Bookout has a propensity to drive up attorneys fees and costs through his repetitive email and telephone bombardment practices. Had Mr. Bookout not defaulted on the loan and then compounded the problem with his frivolous conduct the majority of these fees would not have been incurred.

Both the full amount of my office's fees and costs along with Ms. Grant's fees and costs must be paid in order to cure the current and ongoing default by Mr. Bookout on the loan. Nonetheless, as a gesture of good faith, SBBT has decided to rescind the Notice of Default on the Pismo Beach property, while reserving the right to seek payment for the remainder of the attorneys fees and costs SBBT incurred as a result of the default. The rescission of the Notice of Default should be completed this week. Due to the fact that the attorneys fees and costs exceed the remaining amount of the trustee sale proceeds, there will be no additional principal pay down on Mr. Bookout's loan, other than the \$131,323.83 amount set forth above.

Accordingly, Mr. Bookout's loan will be re-calculated and re-amortized as follows, with SBBT reserving the right to add the remaining unpaid attorneys fees and costs it incurred pursuant to Mr. Bookout's default:

\$434,589.19 (this was the total amount of principal and interest due including deferred payments and past due amounts as reflected in SBBT's proof of claim)  
-  
\$5,642.49 (reduction of loan principal as a result of post bankruptcy petition payments made by Mr. Bookout)  
-  
\$131,323.83 (past due interest and principal amount credited from trustee sale proceeds)  
=  
\$297,622.87

With 116 payments remaining on the note (with the first being due on March 6, 2012) at an interest rate of 5.25%, this yields a monthly payment amount of \$3,277.21.

I will be providing you with a revised monthly statement for March which reflects these figures shortly.

Please let me know if you have any questions and when you anticipate that Mr. Bookout will be dismissing his bankruptcy petition as you previously indicated that he would be doing once the loan was re-calculated with a lower monthly payment.

**Robert B. Forouzandeh**  
Attorney at Law  
Reicker, Pfau, Pyle & McRoy LLP  
1421 State Street, Suite B  
Santa Barbara, CA 93101

**EXHIBIT B-23**

3/15/2012

Detailed Loan Billing Statement

This Statement is provided for information purposes only and does not constitute a demand for payment. All demands for Payment have been submitted as part of Santa Barbara Bank & Trust's Claim filed with the United States Bankruptcy Court.

Loan Number: 100983501

Bill Bookout - DBA Oceano Nursery  
470 Price St.  
Pismo Beach CA 93449

Jan 19, 2012

Page 1

If you have any questions regarding this billing statement, please contact Robert Forouzandeh at 805-966-2440.

Detailed Billing Statement

Previous Balance	400,962.89	Opening Period Date	12/27/2011
New Balance	400,962.89	Closing Period Date	01/19/2012
Current Interest Rate	5.2500	Advances	0.00
Post Petition Principal Amount	2,601.78	Payments	0.00
Post Petition Interest Amount	1,787.86	Credit Limit	0.00
Addl Principal	0.00	Total Hold Amount	0.00
Insurance	0.00	Available Balance	0.00
Escrow Due	0.00	Interest Paid YTD	0.00
Post Petition Past Due Amount	4,077.32	Late Charge YTD	0.00
Post Petition Late Charges Due	0.00		
Other Fees Due	0.00		
<b>TOTAL AMOUNT DUE</b>	<b>8,466.96</b>	Late Fee after 02/16/2012	219.49
<b>DUE DATE</b>	<b>02/06/2012</b>	Amt Due after 02/16/2012	<b>8,686.45</b>

ACCOUNT ACTIVITY

DATE	TRAN DESCRIPTION	PRINCIPAL/OTHER	INTEREST	BALANCE
12/27/11	Balance Forward			400,962.89
01/19/12	No Activity for period	0.00	0.00	400,962.89

Detailed Billing Statement

Bill Bookout  
Account Number 100983501

Payment Amt	4,389.64
Escrow Due	0.00
Past Due Amt	4,077.32
Late Charges	0.00
Fees Due	0.00

Santa Barbara Bank & Trust, NA  
PO Box 60839  
Santa Barbara, CA 93160-0839

Tot Amt Due	8,466.96
Due Date	02/06/2012



Date: 01/19/2012

Adjustable Rate Notice

This Statement is provided for information purposes only and does not constitute a demand for payment. All demands for Payment have been submitted as part of Santa Barbara Bank & Trust's Claim filed with the United States Bankruptcy Court.

Bill Bookout - DBA Oceano Nursery  
470 Price St.  
Pismo Beach, CA 93449

Account Number:

100983501

The following information is provided concerning changes to your Adjustable interest rate and Loan Payment in accordance with the terms of your loan. If you have questions regarding this information, please contact Robert Forouzandeh at 805-966-2440.

Previous Index Value:	3.2500
Previous Interest Rate:	5.2500
Previous Loan Payment:	4,077.32
Current Loan Balance:	400,962.89
Projected Balance:	400,962.89
New Interest Rate Effective Date:	01/01/2012
Current Index Value:	3.2500
Rate Margin:	2.0000
New Interest Rate:	5.2500
New Payment Effective Date:	02/06/2012
New Loan Payment:	4,389.64