

Live Oak No. 2 Community Development District's Motion for Allowance and Immediate Payment of Administrative Expense Claims (the "Administrative Claim Motion") and Live Oak No. 2 Community Development District's Motion for Relief from the Automatic Stay (the "Lift Stay Motion" and collectively, the "Live Oak Motions").

By the Live Oak Motions, Live Oak No. 2 Community Development District ("Live Oak") seeks (i) payment of semi-annual interest allegedly due under a special assessment bond and (ii) relief from the automatic stay to foreclose on the Debtor's lots (the "Lots"), which are allegedly encumbered by a lien in favor of Live Oak.

Live Oak is a community development district (a "CDD"), an entity authorized by Florida law to, among other things, issue bonds and assess property in the district to raise funds for development and management. According to the Live Oak Motions, special assessments levied by CDDs constitute a lien on property equal in priority with tax liens. In connection with Live Oak's financing of the infrastructure costs for the Live Oaks Preserve community in Hillsborough County, Florida, the CDD issued a special assessment bond (the "Bond") in the principal amount of \$18,080,000 in May of 2005 and levied a special assessment on the lots within Live Oak.

According to Live Oak, on May 1, 2009, the Debtor failed to make a semi-annual interest payment on the Bond in the amount of \$344,625. However, the Debtor did pay \$5,679.39, which Live Oak believes to be the portion of the interest payment related to Lots on which there is vertical construction. Live Oak alleges that the Debtor failed to pay or refused to pay the remaining \$338,945.61.

Live Oak alleges that the improvements funded by the Bond have benefitted the Debtors' estates postpetition. Specifically, Live Oak alleges that the Debtor continued to market and sell lots after the petition date and the improvements funded by the Bond were necessary to support such efforts. Therefore, Live Oak seeks entry of an order (a) compelling the Debtor to pay (i) the remaining \$338,945.61 and (ii) a 1% per month penalty on the past due amount and (b) deeming such payment final and not subject to disgorgement in the event that the Debtor is deemed to be administratively insolvent.

Live Oak concurrently seeks relief from the automatic stay to foreclose on the Lots. Live Oak argues that its interest in the Lots—its lien arising from the assessment—is not adequately protected. In addition, Live Oak argues that because the Debtor has only one home listed for sale within Live Oaks, the Lots are not necessary to the Debtor's reorganization.

A hearing on the Live Oaks Motions has been scheduled for September 9, 2009 with an objection deadline set for September 4, 2009.