

STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL



BILL SCHUETTE
ATTORNEY GENERAL

P.O. Box 30755
LANSING, MICHIGAN 48909

September 6, 2012

Clerk of the Court
Ingham County Circuit Court
Mason Courthouse
341 S. Jefferson
Mason, MI 48854

Via Hand Delivery

**Re: *Ken Ross, Commissioner of the Office of Financial and Insurance Regulation v
American Community Mutual Insurance Company***
Case No. 10-397-CR

Dear Clerk of the Court:

Enclosed for filing in the above-referenced case are the **Petition for Approval of the Rehabilitator's Plan to Sell Real Property Owned by American Community Mutual Insurance Company with Exhibits A-B** and the **Notice of Hearing** along with Proof of Service. This filing is being submitted via hand delivery directly to the Court.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Kerr", written over a circular stamp or mark.

Christopher L. Kerr (P57131)
Assistant Attorney General
Corporate Oversight Division
(517) 373-1160

Enc

c Vik Ghei and Misha Zaitzeff, HoldCo Advisors, LP
Carolyn R. Thagard, Trapeza Capital Management, LLC

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

KEN ROSS, COMMISSIONER OF THE OFFICE
OF FINANCIAL AND INSURANCE
REGULATION,

Petitioner,

No. 10-397-CR

v

HON. WILLIAM E. COLLETTE

AMERICAN COMMUNITY MUTUAL
INSURANCE COMPANY,

Respondent.

Christopher L. Kerr (P57131)
Jason R. Evans (P61567)
Assistant Attorneys General
Attorneys for Petitioner
Corporate Oversight Division
P. O. Box 30755
Lansing, MI 48909
(517) 373-1160

NOTICE OF HEARING

To: Clerk of the Court
Vik Ghei and Misha Zaitzeff, HoldCo Advisors, LP
Carolyn R. Thagard, Trapeza Capital Management, LLC
Other Interested Parties

PLEASE TAKE NOTICE that the Petition for Approval of the Rehabilitator's Plan to Sell Real Property Owned by American Community Mutual Insurance Company, which was filed by the Petitioner, R. Kevin Clinton, Commissioner of the Office of Financial and Insurance Regulation and duly appointed Rehabilitator of American Community Mutual Insurance Company, will be heard by the Honorable William E. Collette in the Mason Courthouse, 341 S.

Jefferson, Mason, Michigan 48854 on Wednesday, September 19, 2012 at 10:00 a.m.

Respectfully submitted

Bill Schuette
Attorney General

A handwritten signature in black ink, appearing to read "Chris Kerr", written over a horizontal line.

Christopher L. Kerr (P57131)
Jason R. Evans (P61567)
Assistant Attorneys General
Michigan Department of Attorney General
Corporate Oversight Division
Attorneys for Petitioner
P.O. Box 30755
Lansing, Michigan 48909
(517) 373-1160

Dated: September 6, 2012

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**PETITION FOR APPROVAL OF THE REHABILITATOR'S PLAN TO
SELL REAL PROPERTY OWNED BY
AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY**

R. Kevin Clinton, Commissioner of the Michigan Office of Financial and Insurance Regulation, as Rehabilitator of American Community Mutual Insurance Company (the "Rehabilitator"), by and through his attorneys, Bill Schuette, Attorney General, and Christopher L. Kerr and Jason R. Evans, Assistant Attorneys General, petitions this Court pursuant to MCL 500.8114(4) to approve the Rehabilitator's plan to sell the real property, including the land and building, owned by American Community located at 39201 Seven Mile Road, Livonia, Michigan (the "Property"). In support of this Petition, the Rehabilitator states as follows:

1. On April 8, 2010, this Court entered a Stipulated Order Placing American Community into Rehabilitation, Approving Appointment and Compensation of Special Deputy Rehabilitators, and Providing Injunctive Relief (the “Rehabilitation Order”). Pursuant to MCL 500.8113(1), the Rehabilitation Order appointed the Commissioner as the Rehabilitator of American Community.

2. As required by MCL 500.8113(1), the Rehabilitation Order directed the Rehabilitator to “take immediate possession of all the assets of American Community and administer those assets under the Court's general supervision.” Rehabilitation Order, p 4, ¶ 3.

3. According to MCL 500.8113(1), as incorporated by the Rehabilitation Order, the Rehabilitation Order “by operation of law vest[ed] title to all assets of [American Community] in the rehabilitator.” Rehabilitation Order, p 4, ¶ 4. The assets to which the Rehabilitator gained lawful title upon entry of the Rehabilitation Order include, but are not limited to, the Property.

4. Under the Rehabilitation Order and MCL 500.8114(2), the Rehabilitator “shall have and exercise the full and complete power” of American Community's directors, officers, and managers, whose authority was suspended upon entry of the Rehabilitation Order. Rehabilitation Order, p 5, ¶ 7.

5. The Rehabilitation Order further provides that “[p]ursuant to MCL 500.8114(2) and (4), the Rehabilitator may take such action as he considers necessary or appropriate to reform or revitalize American Community, and is empowered to pursue all avenues of reorganization, consolidation, conversion, reinsurance, merger, or other transformation of American Community to effectuate rehabilitation and maintain, to the greatest extent possible, a continuity of health care services.” Rehabilitation Order, p 6, ¶ 10.

6. The Rehabilitation Order additionally provides that “[p]ursuant to MCL 500.8114(4), if the Rehabilitator determines that reorganization, consolidation, conversion, reinsurance, merger, or other transformation of American Community is appropriate, he shall prepare a plan to effect those changes and shall apply to the Court for approval of such plan.” Rehabilitation Order, p 6, ¶ 11.

7. The Rehabilitator's assumption of all powers of American Community's former directors, officers, and managers, together with his broad powers with respect to reforming and revitalizing American Community, authorize and enable him—with the Court's approval—to take any action in connection with the Property that he deems necessary and appropriate for the effective and efficient administration of this rehabilitation proceeding and to maximize the protection of American Community's creditors, policyholders, and the public.

8. On August 3, 2010, this Court entered an Order approving the compensation to be paid to Summit Commercial, LLC (“Summit”) as the exclusive real estate broker for the sale or lease of the Property.

9. In its role as exclusive real estate broker, Summit previously negotiated a sale of the Property to Agree Development, LLC (“Agree”) for the purchase price of \$4,600,000, which this Court approved after hearing by Order dated December 22, 2010. The sale of the Property to Agree was never consummated, however, because Agree exercised its right to rescind the purchase agreement on August 12, 2011, during an extended inspection period.

10. Thereafter, Summit negotiated a sale of the Property to Gary Tadian (on behalf of a to-be-formed entity) for the purchase price of \$4,300,000, which this Court approved after hearing by Order dated March 21, 2012. The sale of the Property to Mr. Tadian again was not

consummated, however, because he exercised his right to rescind the purchase agreement on July 31, 2012, during an extended inspection period.

11. After the purchase agreement with Mr. Tadian terminated on July 31, 2012, Summit continued its marketing efforts and has now negotiated an agreement to sell the Property to Lormax Stern Development Company LLC (“Lormax Stern”) for the purchase price of \$4,000,000. The agreement to sell the Property to Lormax Stern is evidenced by the fully-executed Real Estate Purchase Agreement (“Purchase Agreement”) between American Community and Lormax Stern attached as Exhibit A.

12. The Purchase Agreement provides, *inter alia*, for the following:

- a. Lormax Stern will pay American Community Four Million and 00/100 Dollars (\$4,000,000.00) as the Purchase Price for the Property.
- b. Lormax Stern will deposit \$100,000 with the Title Company within five (5) business days after the Acceptance Date of the Purchase Agreement as an Earnest Money Deposit toward the Purchase Price. The Purchase Agreement’s Acceptance Date is August 17, 2012, and Lormax Stern has made this deposit.
- c. Lormax Stern is afforded a period of ninety (90) days to investigate the Property and determine whether the Property is satisfactory for Lormax Stern’s intended use (the “Feasibility Period”).
- d. Lormax Stern may extend the Feasibility Period for three (3) additional 30-day periods, for a total Feasibility Period of 180 days, in exchange for which portions of the Earnest Money Deposit will become non-refundable. Specifically, if Lormax Stern extends the Feasibility Period by 30 days (120 days total), \$15,000 of the Earnest Money Deposit becomes non-refundable. If Lormax Stern extends the Feasibility Period by another 30 days (150 days total), an additional \$20,000 of the Earnest Money Deposit becomes non-refundable. If Lormax Stern exercises the final 30-day extension (180 days total), an additional \$25,000 of the Earnest Money Deposit becomes non-refundable. Any non-refundable extension payments will be credited toward the Purchase Price if Lormax Stern completes the purchase.
- e. If Lormax Stern is not satisfied with the Property, it may terminate the Purchase Agreement for any reason by providing written notice on or before the expiration of the Feasibility Period, as extended. Upon termination, Lormax Stern is entitled to return of the Earnest Money Deposit less any non-

refundable portions attributable to extensions of the Feasibility Period. Lormax Stern's failure to terminate the Purchase Agreement on or before the expiration of the Feasibility Period, as extended, will result in the entire Earnest Money Deposit becoming non-refundable.

- f. Barring termination allowed by the Purchase Agreement, closing will occur within fifteen (15) days after expiration of the Feasibility Period, as extended. On or before the Closing Date, Lormax Stern shall pay the balance of the Purchase Price, less the Earnest Money Deposit.
- g. The Purchase Agreement is contingent upon and subject to the approval of this Court. Evidence of the Court's approval of the Purchase Agreement must be provided to Lormax Stern as soon as possible.

13. Based on the terms of the Purchase Agreement with Lormax Stern and other considerations, the Rehabilitator has determined that entering into the Purchase Agreement and consummating the sale of the Property to Lormax Stern is necessary and appropriate for the effective and efficient administration of this rehabilitation proceeding and will assist in providing the maximum protection to American Community's creditors, policyholders, and the public.

14. Specifically, the Purchase Agreement and sale of the Property to Lormax Stern will bring significant funds totaling \$4 million into the American Community rehabilitation estate for the benefit of the company's policyholders and creditors. Moreover, Lormax Stern's seriousness about purchasing the Property is evidenced by its Earnest Money Deposit totaling \$100,000, which Lormax Stern has paid. Finally, the relatively short Feasibility Period and prompt Closing on the sale of the Property ensures that the Property will either be sold to Lormax Stern or, if the sale does not close, the Rehabilitator can move on to seek other buyers without undue delay.

15. Since Gary Tadian rescinded his agreement to purchase the Property on July 31, 2012, Summit has actively marketed the Property for sale to another buyer. During that

timeframe, Summit received only one other written offer to purchase the Property, an August 14, 2012 offer for the purchase price of \$3,000,000.

16. The Rehabilitator rejected this alternative offer—and Lormax Stern’s offer to purchase the Property is superior—given Rehabilitator’s goals of efficiently administering this rehabilitation proceeding and providing maximum protection to American Community’s creditors, policyholders, and the public. As compared to the rejected offer for \$3 million, Lormax Stern’s agreed-to Purchase Price of \$4 million provides an additional \$1 million to the rehabilitation estate for the payment of policyholder and creditor claims. Moreover, Lormax Stern’s Earnest Money Deposit of \$100,000 is double the \$50,000 deposit proposed by the rejected offer. Finally, Lormax Stern has earned a national reputation for developing shopping centers through the strategic acquisition of premium locations, including the development of a shopping center at another location in Livonia. See <http://lormaxstern.com/> (accessed September 5, 2012). Lormax Stern’s prior, successful experience in the City of Livonia suggests that it will complete the purchase of the Property and achieve similar, positive results here.

17. Prior to the Rehabilitation, American Community issued surplus notes totaling \$30 million, which remain outstanding. As the attached Proof of Service reflects, a copy of this Petition, the proposed Order approving the sale of the Property to Lormax Stern (attached as Exhibit B), and a Notice of Hearing on this Petition have been served via regular mail on the holders of the surplus notes: (1) Vik Ghei and Misha Zaitzeff, founding partners and representatives of HoldCo Advisors, L.P. on behalf of surplus note holder Financial Restructuring Partners, Ltd.; and (2) Carolyn Thagard of Trapeza Capital Management, LLC on behalf of surplus note holders Trapeza CDO IX, Ltd. and CDO X, Ltd. The Rehabilitator has identified these individuals as the parties with the strongest potential interest in this transaction.

18. Beyond the surplus note holders, providing personalized notice of this Petition and any resulting Order to all other parties that have a general interest in American Community's rehabilitation is impractical at this time because there has been no claims submission or other process to identify such interested parties. Moreover, attempting to identify and personally notify every party having a general interest would be time-intensive and costly to American Community's rehabilitation estate. For these reasons, the Rehabilitator requests that the Court authorize and ratify service of this Petition, the Notice of Hearing, and any resulting Order on any potentially interested parties (other than the two surplus note holders) by posting electronic copies on the OFIR website, www.michigan.gov/ofir, under the section "Who We Regulate," and the subsection "American Community." Service in this manner is reasonably calculated to give these other potentially interested parties actual notice of these proceedings and is otherwise reasonable under the circumstances.

WHEREFORE, the Commissioner, as Rehabilitator of American Community, respectfully requests this Court to approve the Rehabilitator's plan to sell the Property to Lormax Stern Development Company LLC, according to the terms contained in the attached Purchase Agreement. In addition, the Rehabilitator requests this Court to authorize and ratify service of this Petition, together with the attached Exhibits (including the proposed Order), the Notice of Hearing, and any resulting Order: (a) via regular mail on the two surplus note holders only; and (b) on other potentially interested parties (beyond the two surplus note holders) by posting electronic copies on the "American Community" section of OFIR's website.

Respectfully submitted

Bill Schuette
Attorney General

A handwritten signature in black ink, appearing to read "Christopher L. Kerr", written over a horizontal line.

Christopher L. Kerr (P57131)
Jason R. Evans (P61567)
Assistant Attorneys General
Michigan Department of Attorney General
Corporate Oversight Division
Attorneys for Petitioner
P.O. Box 30755
Lansing, Michigan 48909
(517) 373-1160

Dated: September 6, 2012

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REAL ESTATE PURCHASE AGREEMENT

This "Agreement" made and effective as of the Acceptance Date by and between **American Community Insurance Company**, whose address is 39201 Seven Mile Road, Livonia, Michigan (the "Seller") and **Lormax Stern Development Company LLC**, a Michigan limited liability company whose address is 6755 Daly Road, West Bloomfield, MI 48322, on behalf of an entity to be formed prior to closing (the "Buyer"), for the purchase of the real estate described below and under the terms and conditions hereinafter set forth. For purposes of this Agreement, the "Acceptance Date" shall be that day upon which this Agreement has been both (a) fully executed by Buyer and Seller, and (b) a copy of which has been delivered to Buyer.

W I T N E S S E T H:

WHEREAS, Seller currently owns an approximately 110,150 square foot office building situated on approximately 9.41 acres of land together as shown on the ATTACHED drawing with all improvements located thereon and all rights and appurtenances thereunto being Tax Parcel ID No. 026-99-0001-000(the "Premises").

WHEREAS, Seller wishes to sell and Buyer desires to purchase the Premises on the terms and conditions herein.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. **PURCHASE PRICE**: The purchase price ("Purchase Price") for the Premises shall be Four Million Dollars (\$4,000,000) payable at Closing by wire transfer.

2. **EARNEST MONEY**: Within five (5) business days after the Acceptance Date, Buyer shall deposit into escrow with First American Title Insurance Company located at 1650 West Big Beaver Road, Suite 248, Troy, MI 48084 (the "Title Company") the sum of One Hundred Thousand Dollars (\$100,000.00) as an earnest money deposit (the "Earnest Money Deposit") which shall be held by the Title Company in a federally insured bank account and applied against the Purchase Price at Closing.

3. **TITLE**: Within ten (10) business days after the Acceptance Date, Seller shall furnish to Buyer a commitment for title insurance issued by the Title Company in the amount of the purchase price. Buyer shall accept, and not object to any condition of title if it only includes (i) taxes, mortgages or other liens for the payment of money that can be satisfied by Seller at Closing and (ii) such other matters as will not preclude or interfere with Buyer's intended use for the Premises (the "Permitted Exceptions").

If within five business (5) days after the receipt of the title commitment Seller receives a written opinion from Buyer objecting to specific title defects, Seller shall have thirty (30) days from the date of receiving such notification to remedy or agree to remedy such defects on or at closing. If the Seller is willing and able to remedy such defects Buyer agrees to complete the sale subject to any other rights that Buyer may have under this Agreement. If the Seller is unwilling or unable to remedy, the Earnest Money Deposit shall be refunded to Buyer forthwith in full termination of this Agreement.

4. **DELIVERY OF SELLER DOCUMENTS:** Within five (5) business days after the Acceptance Date, Seller shall deliver to Buyer copies of the following documents in its possession or control ("Seller Documents"): An accurate legal description of the Premises; Existing title insurance policies; Existing surveys and topographic surveys of the Premises; Environmental reports regarding the Premises and studies including asbestos reports; Soil test reports; All leases including their latest amendments affecting the Premises; Contracts affecting the Premises that will survive closing; and, as soon as possible after the Acceptance Date, Seller will deliver evidence of the Court Approval referenced in Paragraph 6 below.

5. **FEASIBILITY PERIOD:** The "Feasibility Period" shall mean the period commencing on the delivery of the last of the Seller Documents and ending on the ninetieth (90th) day thereafter. Buyer and its agents shall be permitted to enter upon the Premises at any reasonable time and from time to time during the Feasibility Period (and continuing through Closing) to examine, inspect and investigate the Premises. Buyer may perform any and all other analysis and investigations Buyer desires in connection with determining the feasibility of acquiring the Premises including, without limitation, examination of title and survey conditions, soil evaluation, site engineering, environmental review, zoning and redevelopment of the Premises for retail use, at Buyer's sole cost and expense. ("Feasibility Study").

Should the Buyer desire to extend the Feasibility Period beyond the 90th day, \$15,000.00 of the Earnest Money Deposit shall become non-refundable and Buyer shall be granted an additional 30 day extension of the Feasibility Period. Should the Buyer desire to extend the Feasibility Period beyond the 120th day, an additional \$20,000.00 of the Earnest Money Deposit shall become non-refundable and Buyer shall be granted an additional 30 day extension of the Feasibility Period. Should the Buyer desire to extend the Feasibility Period beyond the 150th day, an additional \$25,000.00 of the Earnest Money Deposit shall become non-refundable and Buyer shall be granted a final 30 day extension of the Feasibility Period. If the Buyer does not terminate the Purchase Agreement on or before the expiration of the Feasibility Period as extended, the remaining Earnest Money Deposit will also become non-refundable upon the expiration of the Feasibility Period, All non-refundable extension payments shall be credited toward the Purchase Price should Buyer complete the transaction. The extensions will only be available if Buyer is actively in the process of obtaining zoning approvals and can provide proof of such.

It is agreed by and between the parties that Buyer shall have until the expiration of the Feasibility Period to determine whether the Premises are acceptable to Buyer for Buyer's intended

redevelopment of the Premises. Buyer may for any reason, or no reason, terminate this Agreement by giving written notice of termination to Seller on or before the expiration of the Feasibility Period, as extended. In the event of such termination, the Title Company shall disburse the Earnest Money Deposit, less any non-refundable portions thereof as described above, to Buyer immediately upon receipt of notice from the Buyer and Seller. Thereafter neither party shall have any further rights, obligations or liabilities hereunder, except to the extent that any right, obligation or liability set forth herein expressly survives termination of this Agreement.

Buyer shall pay all costs related to its Feasibility Study. In the event of any physical damage to the Premises arising from the conduct of Buyer's agents and consultants, Buyer shall, at Buyer's expense, promptly restore the Premises to its condition immediately prior to such damage, which obligation shall survive the termination of this Agreement.

Provided that Seller incurs no liability in connection therewith, Seller will join in the execution of any entitlement applications required by Buyer in order for Buyer to secure entitlement approvals for the redevelopment of the Premises for retail use and hereby appoints Buyer as its authorized representative, subject to prior written notice to Seller for each such Seller consent, to execute any Seller consents required to file any such applications.

In the event of a termination of this Agreement, for any reason, Buyer shall, within five (5) days after the termination, return to Seller all of the Seller Documents, together with copies of all written reports, surveys, investigations and audits related to the Premises that Buyer obtained during its Feasibility Period.

6. **COURT APPROVAL:** As Seller is in rehabilitation, the parties acknowledge that this Agreement is contingent upon receipt of approval from the Ingham County Circuit Court, State of Michigan. Within fifteen (15) business days following the Acceptance Date, Seller shall file a petition seeking final approval of this transaction from the Ingham County Circuit Court (the "Court Approval") and shall provide evidence of such Court Approval if and when obtained to Buyer as soon as possible thereafter.

7. **REPRESENTATIONS AND WARRANTIES:** Seller represents and warrants to Buyer that: (a) Seller is the sole fee title owner of the Premises and, subject to the Court Approval, has the full right, title, power and authority to enter into this Agreement and to consummate the sale of the Premises; (b) To the best of Seller's knowledge and belief, there is no litigation or other proceeding pending or threatened with respect to the Premises; (c) To the best of Seller's knowledge and belief, the Premises do not violate the provisions of any currently applicable law, code, ordinance, regulation, order, decree or other governmental requirement; (d) To the best of Seller's knowledge and belief, there are no actions, lawsuits or proceedings of any kind pending or threatened, against the Seller or the Premises (including any proposed condemnation or rezoning) which would hinder or prevent Buyer's ability to use the Premises; (e) To the best of Seller's knowledge and belief, there is no other violation of any law or regulation or building code affecting the Premises (f) To the best of Seller's knowledge and

belief, the Premises are free from any environmental problems and hazardous waste, pollutants and contaminants and toxic substances; (g) The Premises have full physical access to adjacent public roads and highways; (i) To the best of Seller's knowledge and belief, Seller has no knowledge of any future improvements that are proposed to be the subject of a special assessment against the Premises; and (j) there are no leases affecting the premises which will expire subsequent to the closing date and/or which cannot be lawfully terminated by the Landlord upon 30 days notice; and Seller will vacate the Premises on or before Closing.

"To the best of Seller's knowledge and belief" shall mean the actual knowledge of Seller without any independent inquiry, verification or investigation.

Seller's representations and warranties hereunder shall be true and correct on the Acceptance Date and shall remain true and correct as to any material fact up to and including the Closing Date and shall survive the Closing and continue for a period of twelve (12) months thereafter.

8. **COVENANTS OF SELLER:**

(a) Seller, at its sole expense, shall deliver possession of the Premises to Buyer at Closing, free from all rights of possession by Seller or third parties.

(b) From and after the Acceptance Date, Seller shall not enter into any contracts or agreements pertaining to the Premises that cannot be terminated by Buyer immediately following closing without penalty, without Buyer's express written consent.

9. **DEED:** At Closing, Seller shall convey the Premises to Buyer by a good sufficient warranty deed in the customary form utilized by the Title Company to convey good, marketable and insurable title in fee simple, subject only to the Permitted Exceptions. All easements and other rights benefiting the Premises shall be assigned to Buyer by appropriately recording any other instruments required by the Title Company to issue the Title Policy.

10. **CLOSING:** Closing shall take place (the "Closing") not later than fifteen (15) days after the expiration of the Feasibility Period, as extended (the "Closing Date"). On or before the Closing Date, Seller shall deliver to the Title Company: (i) The deed; (ii) All necessary state, county and municipal real estate transfer declarations; (iii) the Ingham County Court order approving the sale; (iv) The customary seller's affidavit required by title insurance companies; (v) A "Non-Foreign Seller Affidavit" in compliance with Section 1445 of the Internal Revenue Code; and (vi) Any other documents reasonably requested by the Title Company or Buyer, including, without limitation, 1099-S, ALTA Statement, settlement and disbursement statement, creditors' rights affidavit, and lien waivers. On or before the Closing Date, Buyer shall deliver to the Title Company the Purchase Price, less the Earnest Money Deposit and any other deductions permitted by this Agreement, and such additional affidavits and other documents reasonably requested by the Title Company.

11. **ADJUSTMENTS AT CLOSING:** All current and past due real estate taxes due and payable shall be paid by Seller at closing. Current real estate taxes shall be prorated between Buyer and Seller on a due date basis at closing. The outstanding balance for all prior water usage shall be paid by Seller at closing. Any unpaid special assessments that were due and payable prior to Closing and that have become a lien upon the Premises shall be paid by Seller at closing. Seller shall pay the cost of the title policy in the amount of the Purchase Price and the amount of any state, county, and municipal stamp or transfer taxes. Any escrow and/or closing fees charged by the Title Company shall be divided equally between Seller and Buyer.

12. **RISK OF LOSS:** It shall be Seller's responsibility and loss if the Premises or any portion thereof are damaged by casualty, force majeure or other cause. In such case the Buyer may (a) proceed in accordance with the terms and conditions of this Agreement in which case the Purchase Price will be reduced by the amount of insurance proceeds received by Seller or absent insurance the reasonable cost of restoration or (b) terminate this Agreement by providing written notice to Seller and receive a refund of the Earnest Money Deposit. In the event that Buyer elects to terminate, the Title Company shall disburse the Earnest Money Deposit immediately upon receipt of notice from Buyer and Seller and neither party shall have any further obligations to the other party hereunder and the parties shall be released from further liability except to the extent that any right, obligation or liability set forth herein expressly survives termination of this Agreement.

13. **CONDEMNATION:** If prior to Closing, eminent domain proceedings are commenced for temporary or permanent taking of all or any part of the Premises, Buyer shall have the right to: (a) terminate this Agreement, and receive a refund of the Earnest Money Deposit, or (b) proceed to close and receive an assignment of all rights to the full condemnation award received subsequent to Closing. In the event that Buyer elects to cancel and terminate this Agreement, the Title Company shall disburse the Earnest Money Deposit immediately upon receipt of notice from Buyer and Seller and neither party shall have any further obligations to the other party hereunder and the parties shall be released from further liability except to the extent that any right, obligation or liability set forth herein expressly survives termination of this Agreement.

14. **DEFAULT:**

(a) If Seller defaults in any of its obligations under this Agreement, then provided Buyer is not in default hereunder, Buyer may either: (i) declare this Agreement terminated, in which event the Earnest Money Deposit (including all interest earned thereon) shall be returned to Buyer, all rights and obligations of the parties hereunder shall be terminated or (ii) enforce specific performance of Seller's obligations under this Agreement. In the event that Buyer elects to cancel and terminate this Agreement, the Title Company shall disburse the Earnest Money Deposit immediately upon receipt of notice from Buyer and Seller and neither party shall have any further obligations to the other party hereunder and the parties shall be released from further liability except to the extent that any right, obligation or liability expressly survives termination as set forth herein.

(b) If Buyer defaults in any of its obligations under this Agreement, Seller may declare this Agreement terminated, in which event the Earnest Money Deposit shall be forfeited to Seller as liquidated damages and as Seller's sole and exclusive remedy, and all other rights and obligations of the parties hereunder shall be terminated except to the extent that any right, obligation or liability set forth herein expressly survives termination of this Agreement.

15. **BROKERAGE COMMISSIONS**: Each party hereto represents to the other that it has not contacted, contracted with or entered into any Agreement with any real estate broker or agent in connection with the sale of the Premises, except for Ben Smith of Summit Commercial LLC acting as agent for Seller and that neither party has taken any action which might result in any other real estate brokers, finders fees or other commissions being due or payable in connection with this transaction. Seller agrees to be responsible pay Summit Commercial LLC a commission at closing under terms and conditions negotiated with Summit Commercial LLC.

16. **SURVIVAL**: All representations, warranties and covenants by Seller have been relied upon as material inducements for entering into this Agreement by Buyer and shall survive the Closing and continue for a period of twelve (12) months thereafter.

17. **NOTICES**: Any notice under this Agreement shall be in writing and shall be deemed to be duly given upon receipt or deposit in the United States Mail, return receipt requested with postage prepaid, or upon deposit with a reputable overnight courier service, addressed to the party to which notice is to be given at the address set forth below or at another address hereafter designated by notice:

SELLER:

American Community Mutual
Insurance Co
Attn: James Gerber
Deputy Rehabilitator
Office of Financial and
Insurance Regulation
P.O. Box 30220
Lansing, MI 48909-7720

BUYER:

Lormax Stern Development Company
Christopher G . Brochert
6755 Daly Road
West Bloomfield, MI 48233

With copies to:

Lucy R. Benham
Lucy R. Benham PLLC
210 East Third Street, Ste. 204
Royal Oak, MI 48067

Jason M. Horton, Esq.
6755 Daly Road
West Bloomfield, MI 48233

18. **CONDITION OF PREMISES:** Except as otherwise expressly provided in this agreement Seller shall deliver the Premises at closing in an "as-is" condition and Buyer is purchasing the Premises "AS IS," "WHERE IS" and without representation or warranty of any kind or nature whatsoever other than as may be specifically set forth in this Agreement.

Buyer hereby releases and discharges, waives and covenants not to sue or proceed against, Seller, with respect to any and all claims, demands, actions, suits, or causes of action, whether at law or in equity, and whether sounding in tort, contract, nuisance, trespass, negligence, strict liability, contract, or any other statutory, regulatory, administrative, or common law cause of action of any sort that relate to or arise from the presence of hazardous substances and/or waste materials at, under, or migrating from the Premises, including without limitation the presence of any hazardous substances and/or waste materials at, under, or migrating from the Premises prior to the execution of this Agreement, Closing and/or Buyer's possession of the Premises.

19. **MISCELLANEOUS:**

(a) This Agreement shall inure to the benefit of and bind the parties hereto and its successors, heirs, and assigns.

(b) This Agreement shall constitute the entire Agreement between the parties.

(c) This Agreement may be amended or supplemented only by a written instrument signed by both parties hereto.

(d) This Agreement may be executed in any number of identical counterparts, each of which shall be considered an original but together shall constitute one agreement.

(e) The captions or paragraph headings are for the convenience and ease of Reference only and shall not be construed to limit or alter the terms of this Agreement.

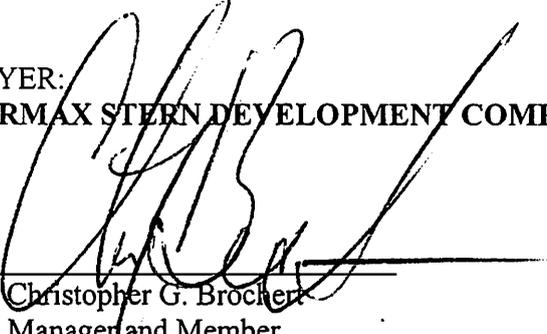
(f) This Agreement shall be governed by the laws of the State of Michigan and notwithstanding that the Premises is located in Wayne County, Michigan the parties expressly acknowledge and consent to the jurisdiction and venue of the Ingham County Circuit Court for all matters arising with respect to this Agreement and/or the Premises

(g) Seller reserves the right to continue to market the Premises "For Sale or For Lease" during Buyer's Feasibility Period.

(h) Seller may remove any or all of the items on the Seller's Discretion List attached as Exhibit A hereto, in Seller's sole discretion. Any items of personal property remaining in the Premises at Closing shall be deemed to be part of the Premises and included in the sale of the Premises to Buyer.

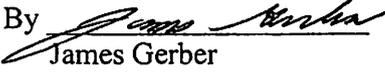
IN WITNESS WHEREOF, the parties have executed this Agreement.

BUYER:
LORMAX STERN DEVELOPMENT COMPANY LLC

By 
Christopher G. Brocher
Its: Manager and Member

Date: August 14, 2012

SELLER:
AMERICAN COMMUNITY INSURANCE COMPANY

By 
James Gerber
Its: Deputy Rehabilitator

Date: August 17, 2012

EXHIBIT A

SELLER'S DISCRETION LIST

1. All computer equipment, including hardware, software, servers, network switches, appliances, video/audio conferencing projection systems, telecommunication systems, etc.
2. All Server Room facilities equipment, including mini chiller, mini air handler, raised flooring, hanging cable track, etc.
3. All free standing cabinetry, including custom, storage, kitchen and bathroom.
4. Pathway (Steelcase) removable office walls, doors and tracks.
5. Cubicle walls.
6. All storage and shelving racks, including rolling systems and stationary.
7. Hydraulic lift in forms storage area.
8. Uninstalled ceiling tiles.
9. Uninstalled carpet tiles.
10. Ice machines.
11. Digital scrolling Spectrum wall boards.
12. Whiteboards, bulletin boards.
13. Coat racks.

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STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

KEN ROSS, COMMISSIONER OF THE OFFICE
OF FINANCIAL AND INSURANCE
REGULATION,

Petitioner,

No. 10-397-CR

v

HON. WILLIAM E. COLLETTE

AMERICAN COMMUNITY MUTUAL
INSURANCE COMPANY,

Respondent.

Christopher L. Kerr (P57131)
Jason R. Evans (P61567)
Assistant Attorneys General
Attorneys for Petitioner
Corporate Oversight Division
P. O. Box 30755
Lansing, MI 48909
(517) 373-1160

**ORDER APPROVING THE REHABILITATOR'S PLAN TO
SELL REAL PROPERTY OWNED BY
AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY**

At a session of said Court held in the
Circuit Courtrooms for the
County of Ingham, State of Michigan
on the ____ day of September, 2012

PRESENT: HONORABLE WILLIAM E. COLLETTE, CIRCUIT COURT JUDGE

WHEREAS, R. Kevin Clinton, the Commissioner of the Michigan Office of Financial
and Insurance Regulation and duly appointed Rehabilitator of American Community Mutual
Insurance Company (the "Rehabilitator") has filed a Petition for Approval of the Rehabilitator's

Plan to Sell Real Property Owned by American Community Mutual Insurance Company (the "Petition"); and

WHEREAS, the Rehabilitator has served the Petition, together with the attached Exhibits (which included a copy of this proposed Order) and a Notice of Hearing: (a) via regular mail on American Community's surplus note holders; and (b) on other potentially interested parties (beyond the surplus note holders) by posting electronic copies on the "American Community" section of OFIR's website; and

WHEREAS, MCL 500.8114(4) authorizes the Rehabilitator, upon making a determination that reorganization, consolidation, conversion, reinsurance, merger, or other transformation of American Community is appropriate, to prepare a plan to effect such changes and to apply for this Court's approval of the plan; and

WHEREAS, the Rehabilitator has determined that entering into a Purchase Agreement with Lormax Stern Development Company LLC for the sale of the real property, including the land and building, owned by American Community located at 39201 Seven Mile Road, Livonia, Michigan (the "Property") is necessary and appropriate for the effective and efficient administration of this rehabilitation proceeding and will assist in providing the maximum protection to American Community's creditors, policyholders, and the public; and

WHEREAS, the Court having reviewed the Petition and any objections or responses filed thereto, having heard oral arguments on September 19, 2012 at 10:00 a.m., and being otherwise fully advised;

NOW, THEREFORE, IT IS HEREBY ORDERED that the Court APPROVES the Rehabilitator's plan to sell the Property to Lormax Stern Development Company LLC, according

to the terms contained in the executed Real Estate Purchase Agreement attached as Exhibit A to the Petition;

IT IS FURTHER ORDERED that the Court authorizes, approves, and/or ratifies the Rehabilitator's service of the Petition, together with the attached Exhibits, the Notice of Hearing, and this Order, via regular mail on American Community's surplus note holders only;

IT IS FURTHER ORDERED that due to the difficulty and prohibitive cost associated with providing personalized notice of the Petition, Notice of Hearing, and this Order to all other parties having a general interest in the American Community rehabilitation, the Court authorizes, approves, and/or ratifies the Rehabilitator's service of these papers on other potentially interested parties (beyond the surplus note holders) by posting electronic copies on the OFIR website, www.michigan.gov/ofir, under the section "Who We Regulate," and the subsection "American Community." The Court finds that service in this manner is reasonably calculated to give these other potentially interested parties actual notice of these proceedings and is otherwise reasonable under the circumstances.

IT IS SO ORDERED.

Honorable William E. Collette
Circuit Court Judge

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

KEN ROSS, COMMISSIONER OF THE OFFICE
OF FINANCIAL AND INSURANCE
REGULATION,

Petitioner,

No. 10-397-CR

v

HON. WILLIAM E. COLLETE

AMERICAN COMMUNITY MUTUAL
INSURANCE COMPANY,

Respondent.

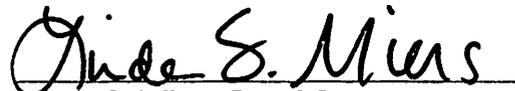
PROOF OF SERVICE

The undersigned certifies that a copy of the **Petition for Approval of the Rehabilitator's Plan to Sell Real Property Owned by American Community Mutual Insurance Company along with Exhibits A-B** and the **Notice of Hearing**, together with this Proof of Service, was served upon the parties listed below by mailing the same to them at their respective addresses with first class postage fully prepaid thereon, on the 6th day of September, 2012:

Vik Ghei
Misha Zaitzeff
HoldCo Advisors, LP
32 Broadway, Suite 1112
New York, NY 10004

Carolyn R. Thagard, CFA
Trapeza Capital Management, LLC
15 Alden Lane
Birmingham, AL 35213

And on all other parties in interest by posting electronic copies on the OFIR website, www.michigan.gov/ofir, under the section "Who We Regulate" and the subsection "American Community."


Linda S. Miers, Legal Secretary