

1 BENJAMIN WAGNER
United States Attorney

2 ADAIR F. BOROUGHS
3 G. PATRICK JENNINGS
Trial Attorneys, Tax Division
4 U.S. Department of Justice
P.O. Box 683, Ben Franklin Station
5 Washington, D.C. 20044-0683
Telephone: (202)305-7546
6 (202) 307-6648
E-mail: adair.f.boroughts@usdoj.gov
7 guy.p.jennings@usdoj.gov

8 Attorneys for the United States of America

9
10 IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF CALIFORNIA

11 UNITED STATES OF AMERICA,

12 Plaintiff,

13 v.

14 FRANK A. VACANTE, UTE VACANTE aka
UTE BELEW, CENTRAL VALLEY
15 INSURANCE SERVICES, INC., INSTANT
SERVICES, INC., PACIFIC BELL
16 DIRECTORY, STANISLAUS COUNTY TAX
COLLECTOR, EVERETT J. RODRIGUES
17 AS TRUSTEE OF THE RODRIGUES FAMILY
1996 TRUST, WILLIE JEAN RODRIGUES AS
18 TRUSTEE OF THE RODRIGUES FAMILY
1996 TRUST, WASHINGTON MUTUAL
19 BANK, AS ASSIGNEE OF AMERICAN
SAVINGS BANK, BENEFICIAL CALIFORNIA,
20 INC., NEW CENTURY MORTGAGE CORP.,
STATE OF CALIFORNIA FRANCHISE TAX
21 BOARD, UNION BANK OF CALIFORNIA,
NORTHERN CALIFORNIA COLLECTION
22 SERVICE, INC., TURLOCK IRRIGATION
DISTRICT, MERCED COUNTY TAX
23 COLLECTOR, TERRY L. BLAKE DBA BLAKE
ELECTRIC, DEUTSCHE BANK NATIONAL
24 BANK TRUST COMPANY FKA BANKERS
TRUST,

25 Defendants.
26
27

Civil No. 08-CV-01349-OWW-DLB

**STIPULATION AND REQUEST FOR
ORDER REGARDING TO LIEN
PRIORITY**

1 The United States of America, the County of Stanislaus, the County of Merced,
2 the California Franchise Tax Board ("FTB"), Everett and Willie Rodrigues as trustees of
3 the Rodrigues Family 1996 Trust ("Rodrigues Trust"), Union Bank of California ("Union
4 Bank"), and Pacific Bell Directory ("Pacific Bell"), through their respective attorneys, and
5 Terry Blake, appearing pro se, hereby stipulate and agree as follows:

6 **The Property**

7 1. The parcel of real property located at 500 & 510 Lander Avenue, Turlock,
8 California (herein referred to as the "Lander Avenue Property"), in the County of
9 Stanislaus, State of California, is more particularly described as follows:

10 All of Lot 6 in Block 524 of the City of Turlock, according to the Official
11 Map thereof, filed in the office of the Recorder of Stanislaus County,
California on February 6, 1920, in Vol. 9 of Maps, Page 25.

12 Excepting therefrom that portion conveyed to the City of Turlock, by deed
13 recorded April 25, 1950, Instrument No. 9219, and more particularly
described as follows:

14 Beginning at the most northerly corner of Lot 6 in said Block 524; thence
15 south along the west line of said Lot, a distance of 8.87 feet to a point;
16 thence north 71° 33' east, 6.5 feet to the northeasterly line of said Lot 6;
thence north 42° 21' west 9.80 feet to the point of beginning.

17 APN: 043-046-001.

18 2. The Lander Avenue Property is the separate property of Ute Vacante (aka
19 Ute Belew).

20 3. The parcel of real property located at 835 S. Minaret Avenue, Turlock,
21 California (herein referred to as the "Minaret Avenue Property"), in the County of
Stanislaus, State of California, is more particularly described as follows:

22 Lot 21 and the southeast 5 feet of Lot 22 in Block 5 of the Sunnyview
23 Tract as per map filed on June 24, 1944, in Volume 14 of Maps, at Page
26, Stanislaus County Records.

24 APN: 043-024-042.

25 4. The Minaret Property is the separate property of Ute Vacante (aka Ute
26 Belew).

1 5. The parcel of real property that is the subject of this action located at 6837
2 Snedigar Road, Riverbank, California (herein referred to as the "Snedigar Road
3 Property"), in the County of Stanislaus, State of California, is more particularly
4 described as follows:

5 Lot 259, of Riverbank Irrigated Farms, as per map filed January 15, 1913,
6 in Volume 7 of Maps, at Page 23, Stanislaus County Records.

7 APN: 062-019-40.

8 6. The Snedigar Road Property is community property of Frank Vacante and
9 Ute Vacante (aka Ute Belew). The County of Stanislaus agrees this property has
10 belonged to Frank Vacante and Ute Vacante (aka Ute Belew) and does not take a
11 position as to whether the current ownership is community or separate property.

12 7. The parcel of real property located at 1909 Lupin Lane, Ceres, California
13 (herein referred to as the "Lupin Lane Property"), in the County of Stanislaus, State of
14 California, is more particularly described as follows:

15 Lot 19 in Block 575 of Astro Terrace as per map filed June 13, 1972, in
16 Volume 23 of Maps at page 82, Stanislaus County Records.

17 Excepting there from a life estate which is reserved unto the Grantors of
18 the survivor of them.

19 APN 069-007-023.

20 8. The Lupin Lane Property is the separate property of Frank Vacante. The
21 Lupin Lane property was deeded to Frank Vacante, with a life estate for Andrew and
22 Catherine Vacante, but both Andrew and Catherine are deceased.

23 9. The parcel of real property located at 24413 & 24425 August Avenue,
24 Hilmar, California (herein referred to as the "August Avenue Property"), in the County of
25 Merced, State of California, is more particularly described as follows:

26 The West half of the Northwest quarter of the Northeast quarter of Section
27 13, Township 6 South, Range 9 East, M.D.B. & M., in the County of
 Merced, State of California, according to the Official Plat thereof.

 APN: 045-020-019.

1 10. The August Avenue Property is the community property of Frank Vacante
2 and Ute Vacante (aka Ute Belew).

3 **Claims of Stanislaus County**

4 11. The County of Stanislaus has real property tax liens on the Lander
5 Avenue Property, Minaret Avenue Property, Snedigar Road Property, and Lupin Lane
6 Property.

7 **Claims of Merced County**

8 12. The County of Merced has real property tax liens on the August Avenue
9 Property.

10 **Claims of Rodrigues Family 1996 Trust**

11 13. On or about April 3, 1989, Ticor Title Insurance Company of California,
12 Everett J. Rodrigues and Willie Jean Rodrigues recorded a Short Form Deed of Trust
13 and Assignment of Rents against the Lander Avenue Property with Stanislaus County
14 Recorder to secure a \$75,000 promissory note. This deed of trust was assigned to the
15 Rodrigues Family 1996 Trust on November 7, 1996.

16 **Claims of Union Bank**

17 14. On or about January 31, 1990, Union Bank recorded a Deed of Trust
18 against the Lupin Lane Property with the Stanislaus County Recorder to secure a
19 promissory note of \$42,000.

20 **Claims of Terry L Blake**

21 15. On or about May 22, 2001, Terry Blake recorded an Abstract of Judgment
22 against Frank Vacante and Central Valley Insurance Services, Inc. (CVIS) with the
23 Stanislaus County Recorder. This judgment lien attaches to the Snedigar Road
24 Property and Lupin Lane Property.

25 16. If the Court determines that the debts of CVIS are collectable from Ute
26 Vacante, Terry Blake's judgment lien also attaches to the Lander Avenue Property and

Minaret Avenue Property.

Claims of Pacific Bell Directory

17. On or about September 6, 2005, Pacific Bell Directory recorded an Abstract of Judgment in the amount of \$30,459.45 against Frank and Ute Vacante with the Stanislaus County Recorder. This judgment lien attaches to the Lander Avenue Property, Minaret Avenue Property, Snedigar Road Property, and Lupin Lane Property.

Claims of FTB

18. On November 27, 2009, the FTB made tax assessments against Ute Vacante (aka Ute Belew) for tax year 2006, creating a state tax lien. This state tax lien attaches to the Lander Avenue Property, Minaret Avenue Property, Snedigar Road Property, and August Avenue Property.

19. On the following dates, the FTB made tax assessments against CVIS for the tax years listed below, creating state tax liens:

Tax Year	Assessment Date
1994	10-21-99
1995	10-26-99
1996	10-26-99
1997	09-27-99
1998	09-21-99

20. If the Court determines that debts of CVIS are collectable from Ute Vacante, the liens described in Paragraph 19 attach to the Lander Avenue Property, Minaret Avenue Property, Snedigar Road Property, and August Avenue Property.

21. If the Court determines that the debts of CVIS are collectable from Frank Vacante, the liens described in Paragraph 19 attach to the Snedigar Road Property, Lupin Lane Property and August Avenue Property.

22. On May 30, 2001, the FTB filed a Certificate of Tax Due and Delinquency No. 01139-63478 against CVIS with respect to the assessments described in

Paragraph 19 with the Stanislaus County Recorder.

Claims of the United States

23. On the following dates, the IRS made assessments against Frank and Ute Vacante for federal income taxes, penalties and other statutory additions for the tax years listed below, creating federal tax liens:

Tax Year	Assessment Date
2000	12-25-06
2004	07-30-07

These liens attach to the Lander Avenue Property, Minaret Avenue Property, Snedigar Road Property, Lupin Lane Property, and August Avenue Property.

24. The IRS recorded Notices of Federal Tax Lien against Frank & Ute Vacante with respect to the Vacante's federal income tax liabilities for tax year 2000 with the Stanislaus County Recorder on February 26, 2007, and with the Merced County Recorder on February 16, 2007.

25. The IRS recorded Notices of Federal Tax Lien against Frank and Ute Vacante with respect to their federal income tax liabilities for tax year 2004 with the Stanislaus County Recorder on October 16, 2007, and with the Merced County Recorder on October 15, 2007.

26. On June 22, 1992, the IRS made assessments against Frank Vacante for federal employment taxes, penalties and other statutory additions for the tax period ending December 31, 1990, creating a federal tax lien. On March 7, 2003, this Court reduced these assessments to judgment. United States v. Frank Vacante, No. CIV-F-02-5565 OWW DLB (E.D. Cal. Mar. 7, 2003). These liens attach to the Snedigar Road Property, Lupin Lane Property, and August Avenue Property.

27. The IRS recorded Notices of Federal Tax Liens against Frank Vacante with respect to his federal employment tax liabilities for the tax period ending December

1 31, 1990, with the Stanislaus County Recorder on September 21, 1992, and with the
2 Merced County Recorder on September 24, 1992. Both of these Notices of Federal
3 Tax Liens were timely refiled on June 5, 2002.

4 28. On May 29, 2003, the IRS made federal tax assessments against Frank
5 Vacante for federal employment taxes, penalties, and other statutory additions for the
6 tax periods (quarters) ending June 30, 1993, September 30, 1993, December 31, 1993,
7 March 31, 1994, June 30, 1994, September 30, 1994, and December 31, 1994,
8 creating federal tax liens. These liens attach to the Snedigar Road Property, Lupin
9 Lane Property, and August Avenue Property.

10 29. The IRS recorded Notices of Federal Tax Liens against Frank Vacante
11 with respect to his federal employment tax liabilities for tax periods (quarters) ending
12 June 30, 1993, September 30, 1993, December 31, 1993, March 31, 1994, June 30,
13 1994, September 30, 1994, and December 31, 1994, with the Stanislaus County
14 Recorder on June 30, 2003, and with the Merced County Recorder on July 25, 2003.

15 30. On May 29, 2003, the IRS made federal tax assessments against Frank
16 Vacante for federal unemployment taxes, penalties, and other statutory additions for tax
17 years 1993 and 1994, creating federal tax liens. These liens attach to the Snedigar
18 Road Property, Lupin Lane Property, and August Avenue Property.

19 31. The IRS recorded Notices of Federal Tax Liens against Frank Vacante
20 with respect to his federal unemployment tax liabilities for tax years 1993 and 1994 with
21 the Stanislaus County Recorder on June 30, 2003, and with the Merced County
22 Recorder on July 25, 2003.

23 32. On June 6, 2006, the IRS made assessments against Frank Vacante for
24 federal trust fund penalties (26 U.S.C. § 6672), interest, and other statutory additions
25 for the tax periods (quarters) ending March 31, 1999, September 30, 1999, December
26 31, 1999, March 31, 2000, June 30, 2000, September 30, 2000, December 31, 2000,
27 and March 31, 2001, creating federal tax liens. These federal tax liens attach to the

1 Snedigar Road Property, Lupin Lane Property, and August Avenue Property.

2 33. The IRS recorded Notices of Federal Tax Liens against Frank Vacante
3 with respect to his federal trust fund liabilities for the tax periods tax periods (quarters)
4 ending March 31, 1999, September 30, 1999, December 31, 1999, March 31, 2000,
5 June 30, 2000, September 30, 2000, December 31, 2000, and March 31, 2001, with the
6 Stanislaus County Recorder on September 7, 2006, and with the Merced County
7 Recorder on August 21, 2006.

8 34. On June 6, 2006, the IRS made assessments against Ute Vacante for
9 federal trust fund penalties (26 U.S.C. § 6672), interest, and other statutory additions
10 for the tax periods (quarters) ending March 31, 1999, September 30, 1999, December
11 31, 1999, March 31, 2000, June 30, 2000, September 30, 2000, December 31, 2000,
12 and March 31, 2001, creating federal tax liens. These federal tax liens attach to the
13 Lander Avenue Property, Minaret Avenue Property, Snedigar Road Property, and
14 August Avenue Property.

15 35. The IRS recorded Notices of Federal Tax Lien against Ute Vacante with
16 respect to her unpaid federal tax liabilities civil penalties for the tax periods (quarters)
17 ending December 31, 1999, March 31, 2000, June 30, 2000, September 30, 2000,
18 December 31, 2000, and March 31, 2001, with the Stanislaus County Recorder on
19 September 18, 2006, and with the Merced County Recorder on September 7, 2006.

20 36. The IRS recorded Notices of Federal Tax Lien against Ute Vacante with
21 respect to her unpaid federal tax liabilities civil penalties for the tax periods (quarters)
22 ending March 31, 1999, and September 30, 1999, with the Stanislaus County Recorder
23 on November 2, 2006, and with the Merced County Record on October 30, 2006.

24 37. On the following dates, the IRS made assessments against CVIS for
25 federal employment taxes, penalties, interest, and other statutory additions for the tax
26 periods listed below, creating federal tax liens:

Tax Period Ending	Assessment Date
03-31-95	05-29-03
06-30-95	05-29-03
09-30-95	05-29-03
12-31-95	05-29-03
03-31-96	05-29-03
06-30-96	05-29-03
09-30-96	05-29-03
12-31-96	05-29-03
03-31-97	05-29-03
06-30-97	05-29-03
12-31-98	03-22-99
03-31-99	05-20-02
09-30-99	12-20-99
12-31-99	03-13-00
03-31-00	05-29-00
06-30-00	09-04-00
09-30-00	12-18-00
12-31-00	04-30-01
03-31-01	05-28-01

38. On March 19, 2001, a duly authorized delegate of the Secretary of the Treasury made assessments against CVIS for federal unemployment taxes, penalties, interest, and other statutory additions for the 2000 tax year, creating federal tax liens.

39. On December 3, 2001, duly authorized delegate of the Secretary of the Treasury made assessments against CVIS for failing to file informational returns pursuant to 26 U.S.C. § 6721 for tax year 1998, creating federal tax liens.

40. If the Court determines that debts of CVIS are collectable from Ute

Vacante, the liens described in Paragraphs 37-39 attach to the Lander Avenue Property, Minaret Avenue Property, Snedigar Road Property, and August Avenue Property.

41. If the Court determines that debts of CVIS are collectable from Frank Vacante, the liens described in Paragraphs 37-39 attach to the Snedigar Road Property, Lupin Lane Property and August Avenue Property.

42. On September 8, 2005, the IRS filed Notices of Federal Tax Lien against Frank and Ute Vacante, as the alter egos, nominees and/or transferees of CVIS, with respect to CVIS's employment tax liabilities for tax periods listed in Paragraph 37 with the Stanislaus County Recorder and the Merced County Recorder.

43. On September 8, 2005, the IRS filed Notices of Federal Tax Lien against Frank and Ute Vacante, as the alter egos, nominees and/or transferees of CVIS, with respect to CVIS's unemployment tax liabilities for the tax period ending December 31, 2000, and with respect to CVIS' §6721 penalty for the tax period ending December 31, 1998, with the Stanislaus County Recorder and the Merced County Recorder.

44. On the following dates, the IRS made assessments against Instant Services, Inc. (ISI) for federal employment taxes, penalties, interest, and other statutory additions for the tax periods listed below, creating federal tax liens:

Tax Period	Assessment Date
09-30-01	05-09-05
12-31-01	05-09-05
03-31-02	06-12-02
12-31-02	06-23-03
03-31-03	08-11-03
09-30-03	05-24-04
06-30-04	10-11-04
09-30-04	04-25-05

12-31-04	04-11-05
03-31-05	07-04-05
09-30-05	06-26-06

45. On April 25, 2005, the IRS made assessments against ISI for federal unemployment taxes, penalties, interest, and other statutory additions for the 2001 tax year, creating federal tax liens.

46. If the Court determines that debts of ISI are collectable from Ute Vacante, the liens described in Paragraphs 44-45 attach to the Lander Avenue Property, Minaret Avenue Property, Snedigar Road Property, and August Avenue Property.

47. If the Court determines that debts of ISI are collectable from Frank Vacante, the liens described in Paragraphs 44-45 attach to the Snedigar Road Property, Lupin Lane Property and August Avenue Property.

48. On the dates listed below, the IRS filed Notices of Federal Tax Lien against Frank and Ute Vacante, as the alter egos, nominees and/or transferees of ISI, with respect to ISI's employment tax liabilities for the below listed tax periods with the Stanislaus County Recorder and Merced County Recorder:

Tax Period	Date Recorded with Stanislaus County Recorder	Date Recorded with Merced County Recorder
09-30-01	09-08-05	09-08-05
12-31-01	09-08-05	09-08-05
03-31-02	09-08-05	09-08-05
12-31-02	09-08-05	09-08-05
03-31-03	09-08-05	09-08-05
09-30-03	09-08-05	09-08-05
06-30-04	09-08-05	09-08-05
09-30-04	09-08-05	09-08-05
12-31-04	09-08-05	09-08-05

03-31-05	09-08-05	09-08-05
09-30-05	10-10-06	10-04-06

49. The IRS filed a Notices of Federal Tax Lien against Frank and Ute Vacante, as the alter egos, nominees and/or transferees of ISI, with respect to ISI's unemployment tax liabilities for the tax period ending December 31, 2001, with the Stanislaus County Recorder on May 5, 2006, and with the Merced County Record on May 8, 2006.

Lien Priority with Respect to the Lander Avenue Property

50. The United States, the FTB, the Rodrigues Trust, Pacific Bell, Terry Blake and Stanislaus County agree as follows:

- a. Stanislaus County's real property tax liens are senior to and have priority over the United States' federal tax liens, the FTB's state tax liens, the Rodrigues Trust's Deed of Trust, Pacific Bell's judgment lien, and Terry Blake's judgment lien;
- b. the Rodrigues Trust's Deed of Trust is senior to and has priority over United States' federal tax liens, the FTB's state tax liens, Pacific Bell's judgment lien, and Terry Blake's judgment lien;
- c. Pacific Bell's judgment lien is senior to and has priority over United States' federal tax liens, the FTB's state tax liens, and Terry Blake's judgment lien;
- d. The United States' federal tax liens against Ute Vacante described in Paragraphs 23 and 34, the United States' federal tax liens against CVIS described in Paragraphs 37-39, for which alter ego liens were filed against Ute Vacante, and the United States' federal tax liens against ISI described in Paragraphs 44-45, for which alter ego liens were filed against Ute Vacante, are senior to and have priority over Terry Blake's judgment lien and the FTB's state tax liens against CVIS;

1 e. Terry Blake's judgment lien against CVIS is senior to and has priority over the
2 FTB's state tax liens against CVIS.

3 51. In the event that the Court permits the sale of the Lander Avenue
4 Property, the property will be sold free and clear of all liens of record, with the liens to
5 follow the proceeds of the sale in the same amount and with the same priority that they
6 had against the Lander Avenue Property. The Order of Judicial Sale shall provide that
7 the sale proceeds shall be distributed first to the United States to the extent of its costs
8 and expenses of the sale and then following the priority interests of Stanislaus County,
9 the Rodrigues Trust, Pacific Bell, the United States, Terry Blake, and the FTB
10 established in the preceding paragraph (including principal and interest to the date of
11 distribution, in an amount according to proof at that time). If the affected parties cannot
12 stipulate to the amounts of lien, the Court may hold an evidentiary hearing to determine
13 the amounts.

14 **Lien Priority with Respect to the Minaret Avenue Property**

15 52. The United States, the FTB, Pacific Bell, Terry Blake and Stanislaus
16 County agree as follows:

- 17 a. Stanislaus County's real property tax liens are senior to and have priority over
18 the United States' federal tax liens, the FTB's state tax liens, Pacific Bell's
19 judgment lien, and Terry Blake's judgment lien;
20 b. Pacific Bell's judgment lien is senior to and has priority over United States'
21 federal tax liens, the FTB's state tax liens, and Terry Blake's judgment lien;
22 c. the United States' federal tax liens against Ute Vacante described in
23 Paragraphs 23 and 34, the United States' federal tax liens against CVIS
24 described in Paragraphs 37-39, for which alter ego liens were filed against Ute
25 Vacante, and the United States' federal tax liens against ISI described in
26 Paragraphs 44-45, for which alter ego liens were filed against Ute Vacante, are
27 senior to and have priority over Terry Blake's judgment lien and the FTB's state

tax liens against CVIS;

d. Terry Blake's judgment lien against CVIS is senior to and has priority over the FTB's state tax liens against CVIS.

53. In the event that the Court permits the sale of the Minaret Avenue Property, the property will be sold free and clear of all liens of record, with the liens to follow the proceeds of the sale in the same amount and with the same priority that they had against the Minaret Avenue Property. The Order of Judicial Sale shall provide that the sale proceeds shall be distributed first to the United States to the extent of its costs and expenses of the sale and then following the priority interests of Stanislaus County, Pacific Bell, the United States, Terry Blake, and the FTB established in the preceding paragraph (including principal and interest to the date of distribution, in an amount according to proof at that time). If the affected parties cannot stipulate to the amounts of lien, the Court may hold an evidentiary hearing to determine the amounts.

Lien Priority with Respect to the Snedigar Road Property

54. The United States, the FTB, Pacific Bell, Terry Blake and Stanislaus County agree as follows:

a. Stanislaus County's real property tax liens are senior to and have priority over the United States' federal tax liens, the FTB's state tax liens, Pacific Bell Directory's judgment lien, and Terry Blake's judgment lien;

b. the United States' federal tax lien against Frank Vacante described in Paragraph 26, has priority over the FTB's state tax liens, Pacific Bell Directory's judgment lien, Terry Blake's judgment lien, and the remainder of the United States' federal tax liens;

c. Terry Blake's judgment lien has priority over Pacific Bell Directory's judgment lien, the FTB's state tax liens and the United States' remaining federal tax liens;

d. the United States' federal tax liens against Frank Vacante described in Paragraphs 28 and 30 have priority over Pacific Bell's judgment lien, the FTB's

state tax liens and the United States' remaining federal tax liens;

e. Pacific Bell's judgment lien has priority over the United States' remaining federal tax liens and the FTB's state tax liens;

f. the United States federal tax liens against Frank Vacante described in Paragraphs 23 and 32, the United States' federal tax liens against Ute Vacante described in Paragraphs 23 and 34, the United States' federal tax liens against CVIS described in Paragraphs 37-39, for which alter ego liens were filed against Frank and Ute Vacante, and the United States' federal tax liens against ISI described in Paragraphs 44-45, for which alter ego liens were filed against Frank and Ute Vacante, are senior to and have priority over the FTB's state tax liens.

55. In the event that the Court permits the sale of the Snedigar Road Property, the property will be sold free and clear of all liens of record, with the liens to follow the proceeds of the sale in the same amount and with the same priority that they had against the Snedigar Road Property. The Order of Judicial Sale shall provide that the sale proceeds shall be distributed first to the United States to the extent of its costs and expenses of the sale and then following the priority interests of Stanislaus County, Pacific Bell, the United States, Terry Blake, and the FTB established in the preceding paragraph (including principal and interest to the date of distribution, in an amount according to proof at that time). If the affected parties cannot stipulate to the amounts of lien, the Court may hold an evidentiary hearing to determine the amounts.

Lien Priority with Respect to the Lupin Lane Property

56. The United States, the FTB, Pacific Bell, Terry Blake, Union Bank and Stanislaus County agree as follows:

a. Stanislaus County's real property tax liens are senior to and have priority over the United States' federal tax liens, the FTB's state tax liens, Pacific Bell Directory's judgment lien, Union Bank's deed of trust, and Terry Blake's judgment lien;

1 b. Union Bank's deed of trust has priority over the United States' federal tax
2 liens, the FTB's state tax liens, Pacific Bell Directory's judgment lien, and Terry
3 Blake's judgment lien;

4 c. The United States' federal tax lien against Frank Vacante described in
5 Paragraph 26, has priority over the FTB's state tax liens, Pacific Bell Directory's
6 judgment lien, Terry Blake's judgment lien, and the remainder of the United
7 States' federal tax liens;

8 d. Terry Blake's judgment lien has priority over Pacific Bell Directory's judgment
9 lien, the FTB's state tax liens and the United States' remaining federal tax liens;

10 e. the United States' federal tax liens against Frank Vacante described in
11 Paragraphs 28 and 30 have priority over Pacific Bell's judgment lien, the FTB's
12 state tax liens and the United States' remaining federal tax liens;

13 f. Pacific Bell's judgment lien has priority over the United States' remaining
14 federal tax liens and the FTB's state tax liens;

15 g. the United States federal tax liens against Frank Vacante described in
16 Paragraphs 23 and 32, the United States' federal tax liens against CVIS
17 described in Paragraphs 37-39, for which alter ego liens were filed against Frank
18 Vacante, and the United States' federal tax liens against ISI described in
19 Paragraphs 44-45, for which alter ego liens were filed against Frank Vacante,
20 are senior to and have priority over the FTB's state tax liens against CVIS.

21 57. In the event that the Court permits the sale of the Lupin Lane Property,
22 the property will be sold free and clear of all liens of record, with the liens to follow the
23 proceeds of the sale in the same amount and with the same priority that they had
24 against the Lupin Lane Property. The Order of Judicial Sale shall provide that the sale
25 proceeds shall be distributed first to the United States to the extent of its costs and
26 expenses of the sale and then following the priority interests of the Stanislaus County,
27 Union Bank, the United States, Terry Blake, Pacific Bell, and the FTB established in the

1 preceding paragraph (including principal and interest to the date of distribution, in an
2 amount according to proof at that time). If the affected parties cannot stipulate to the
3 amounts of lien, the Court may hold an evidentiary hearing to determine the amounts.

4 **Lien Priority with Respect to the August Avenue Property**

5 58. The United States, the FTB, and Merced County agree as follows:

6 a. Merced County's real property tax liens are senior to and have priority over
7 the United States' federal tax liens, and the FTB's state tax liens;

8 b. the United States' federal tax liens against Frank Vacante described in
9 Paragraphs 26, 28, and 30 are senior to and have priority over the FTB's state
10 tax liens and the remainder of the United States' federal tax liens;

11 c. the United States federal tax liens against Frank Vacante described in
12 Paragraphs 23 and 32, the United States' federal tax liens against Ute Vacante
13 described in Paragraphs 23 and 34, the United States' federal tax liens against
14 CVIS described in Paragraphs 37-39, for which alter ego liens were filed against
15 Frank and Ute Vacante, and the United States' federal tax liens against ISI
16 described in Paragraphs 44-45, for which alter ego liens were filed against Frank
17 and Ute Vacante, are senior to and have priority over the FTB's state tax liens.

18 59. In the event that the Court permits the sale of the August Avenue
19 Property, the property will be sold free and clear of all liens of record, with the liens to
20 follow the proceeds of the sale in the same amount and with the same priority that they
21 had against the August Avenue Property. The Order of Judicial Sale shall provide that
22 the sale proceeds shall be distributed first to the United States to the extent of its costs
23 and expenses of the sale and then following the priority interests of Merced County, the
24 United States, and the FTB established in the preceding paragraph (including principal
25 and interest to the date of distribution, in an amount according to proof at that time). If
26 the affected parties cannot stipulate to the amounts of lien, the Court may hold an
27 evidentiary hearing to determine the amounts.

Defendant Lienholders

60. The United States, the FTB, the Rodrigues Trust, Pacific Bell, Union Bank, Terry Blake, Merced County and Stanislaus County agree to bear their respective costs related to this litigation, including any possible attorney's fees.

61 The FTB, the Rodrigues Trust, Pacific Bell, Union Bank, Terry Blake, Merced County and Stanislaus County have been named as defendants under 26 U.S.C. § 7403(b). The United States claims no monetary relief against these defendants in this action. Unless otherwise ordered by the Court, the FTB, the Rodrigues Trust, Pacific Bell, Union Bank, Terry Blake, Merced County and Stanislaus County are excused from further participation in this action, appearing in Court, or otherwise asserting their claim in this case. The FTB, the Rodrigues Trust, Pacific Bell, Union Bank, Terry Blake, Merced County and Stanislaus County agree to be bound by the judgment in this case, which shall incorporate the terms of this stipulation and order.

The parties so agree and request an order confirming the foregoing.

Dated: April, 12, 2010

By: /s/ Adair F. Boroughs
ADAIR F. BOROUGHS
Trial Attorney, Tax Division
U.S. Department of Justice

Attorney for the United States

Dated: April 8, 2010

By: /s/ Sheryl D. Noel (signature page attached)
SHERYL D. NOEL
Coleman & Horowitz, LLP

Attorney for Pacific Bell Directory

Dated: April 2, 2010

By: /s/ Deirdre McGrath (signature page attached)
DEIRDRE ELISE MCGRATH
Stanislaus Deputy County Counsel
Office County Counsel

Attorney for Stanislaus County

1 Dated: March 26, 2010

By: /s/ Ronald W. Hillberg (signature page attached)
RONALD W. HILLBERG
Law Office of Ronald W. Hillberg

2 Attorney for Everett and Willie Jean
3 Rodrigues

4 Dated: April 7, 2010

5 By: /s/ Jane O'Donnel (signature page attached)
JANE ANN O'DONNELL
6 Deputy Attorney General
California Department of Justice

7 Attorney for California Franchise Tax Board

8 Dated: April 5, 2010

9 By: /s/ Lisa M. Rockwell (signature page attached)
CLARISA M. ROCKWELL
10 Union Bank of California, Legal Division

11 Attorney for Union Bank of California

12 Dated: March 29, 2010

13 By: /s/ Roger S. Matzkind (signature page attached)
ROGER S. MATZKIND
14 Merced County Counsel

15 Attorney for Merced County

16 Dated: April 12, 2010

17 By: /s/Terry L. Blake (signature page attached)
TERRY L. BLAKE

18 IT IS SO ORDERED.

19 Dated: April 12, 2010

/s/ Oliver W. Wanger
UNITED STATES DISTRICT JUDGE