

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

EXHIBIT 3

I propose to pay my professionals their fees and costs on a monthly basis pursuant to the Ninth Circuit guidelines set forth in *United States Trustee v. Knudsen Corp. (In re Knudsen Corp.)*, 84 B.R. 668 (B.A.P. 9th Cir. 1988), subject to final review by the Court. If approved, the terms of the interim procedure shall be structured as follows:

a. On or before the 12th day of each month following the month for which compensation is sought, I will file with the Court and serve a monthly statement for each professional seeking compensation (the "Monthly Statement") on the Limited Service List (collectively the "Recipient"). Failure to timely file and serve the Monthly Statement shall be deemed waiver of the right to receive monthly compensation that month, although I may seek monthly payment of such fees and expenses the following month.

b. Each Monthly Statement for each professional for which I seek reimbursement must include the following information: (i) the total amount of compensation and reimbursement of expenses requested for the month, (ii) the names, hourly rates, total number of hours billed, and total amount of fees incurred by each individual during the month, (iii) a summary list of the expenses, separated by category, for which reimbursement is sought, and (iv) detailed statements of the time entries for all individuals who performed services during the month. The First Monthly Statement, if the Court approves this procedure, may include all fees and expenses incurred through the time of the filing of that First Monthly Statement. The Recipients shall consider the detailed statements of time entries to be confidential information and shall not disseminate such statements to third parties.

c. Each of the Recipients shall have ten (10) days after service of a Monthly Statement (the "Objection Deadline") to raise any objection thereto. Any objection to a Monthly Statement (an "Objection") must (i) be in writing, (ii) set

1 forth the precise nature of the Objection, the grounds therefore, the amount of fees
2 and/or expenses to which the Objection applies, and any and all evidence in support
3 of the Objection, and (iii) be filed with the Court and served, on or before the
4 Objection Deadline, on the Receiver and each of the Recipients. A “blanket” or
5 general objection to a Monthly Statement will be deemed to be a nullity and shall not
6 trigger the provisions of paragraph e. below. “Joinders” to objections will also be
7 deemed a nullity if such “joinders” are not filed and served on or before the
8 Objection Date.

9 d. If no timely Objection is filed and served with respect to a Monthly
10 Statement, then, without further order of the Court, the Receiver may pay the
11 professionals identified in the Monthly Statement the fees and the out-of-pocket
12 expenses requested in the Monthly Statement. Any and all such payments shall be
13 on an interim basis and subject to the filing of interim and final fee applications
14 pursuant to the terms of the Omnibus Order.

15 e. If a timely Objection is filed and served with respect to a Monthly
16 Statement, then the objecting party and the professional whose fees have been
17 objected to must attempt to resolve the Objection on a consensual basis. If the
18 parties are unable to reach a consensual resolution of the Objection, the professionals
19 may either: (i) set the matter for hearing with the Court, on not less than ten (10)
20 days notice to each of the Recipients; or (ii) forego payment of the disputed amount
21 until the next interim or final fee application hearing, at which time the Court will
22 consider and resolve the Objection.

23 f. Pending resolution of any timely Objection, the Receiver may pay the
24 professionals 80% of: (i) the fees and expenses requested in the Monthly Statement
25 to which the Objection applies; and (ii) 85% of the aggregate amount of fees and
26 expenses in such Monthly Statement as to which no timely Objection was raised.

27 g. In accordance with the Omnibus Order, an application for Court
28 approval of interim compensation and reimbursement of expenses (including any

1 amounts held back from the payment of Monthly Statements), for the period dating
2 back to the last application for Court approval of interim compensation and
3 reimbursement of expenses and not less frequently than every 120 days.

4 h. The pendency of an Objection to payment of compensation or
5 reimbursement of expense requested by the professionals in a particular Monthly
6 Statement or Interim Fee Application shall not prevent the professionals from
7 receiving payment of fees and expenses pursuant to future Monthly Statements
8 served in accordance with the procedures set forth above, except as otherwise
9 ordered by the Court.

10 i. Neither the payment of, nor the failure of any Recipient to serve a
11 Notice of Objection to Fee Statement, in whole or in part, shall in any way act as a
12 waiver of the right to later object or otherwise bind any party-in-interest or the Court
13 with respect to the subsequent consideration of the interim or final allowance of fees
14 and expenses of any professional.

15 j. The procedures set forth above are optional and need only be followed if
16 I am seeking to pay the professionals monthly compensation.

17
18
19
20
21
22
23
24
25
26
27
28