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7
8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN JOSE DIVISION

11 In re
12 BLOSSOM VALLEY INVESTORS, INC.,
13 Debtor.

Case No. 09-57669 RLE

Chapter 11

**DEBTOR'S CHAPTER 11 PLAN OF
REORGANIZATION (DATED
JANUARY 8, 2010)**

Plan Confirmation Hearing

**[See Disclosure Statement for Voting and
Objecting Procedures]**

Date:
Time:
Ctrm:

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1 Debtor and debtor in possession BLOSSOM VALLEY INVESTORS, INC. ("Blossom" or
2 the "Debtor"), proposes the following Plan of Reorganization pursuant to chapter 11 of title 11 of the
3 United States Code. YOU ARE URGED TO READ WITH CARE THE DEBTOR'S
4 DISCLOSURE STATEMENT IN EVALUATING HOW THE PLAN WILL IMPACT YOUR
5 CLAIM.

6 I.

7 **DEFINITIONS AND RULES OF CONSTRUCTION**

8 **A. Definitions**

9 The definitions contained in title 11 of the United States Code are incorporated herein by
10 reference. To the extent such definitions are inconsistent with the definitions set forth in the Plan
11 (defined below), the definitions in the Plan shall govern. Unless otherwise noted, all statutory
12 references are to title 11 of the United States Code. The following terms, as used in the Plan, shall
13 have the following meanings:

14 "Administrative Expense" means a cost or expense of administering the Debtor's Case
15 entitled to priority in payment pursuant to Bankruptcy Code sections 503(b), 507(a)(2), 507(b),
16 and/or 1114(e)(2).

17 "Allowed" means, when used with respect to a Claim, to the extent that:

18 (a) (1) either (i) a proof of Claim was timely Filed, or (ii) a proof of Claim is deemed
19 timely Filed either under Bankruptcy Rule 3003(b)(1)-(2) or by a Final Order; and
20 (2) either (i) the Claim is not a Disputed Claim or a Disallowed Claim, or (ii) the
21 Claim is allowed by a Final Order or under this Plan; or

22
23 (b) the Claim is listed on the Debtor's Schedules, is not Scheduled as disputed,
24 contingent, or unliquidated, no party in interest has Filed an objection to such Claim,
25 and the Bankruptcy Court has not entered a Final Order Disallowing such Claim.

26 Unless otherwise specified in this Plan, an Allowed Claim does not include interest on the Claim
27 accruing after the Petition Date nor any portion of a Claim that is satisfied or released during the
28 Case.

1 "Allowed Administrative Expense" means an Administrative Expense that is or becomes
2 Allowed as set forth in this Plan.

3 "Avoidance Action" means any claim, cause of action or right under chapter 5 of the
4 Bankruptcy Code, all fraudulent conveyance and fraudulent transfer laws, all non-bankruptcy laws
5 vesting in creditors rights to avoid, rescind, or recover on account of transfers, all preferential
6 transfer laws, the Uniform Fraudulent Transfer Act, California Civil Code sections 3440 and 3439
7 *et seq.*, and similar statutes, and the proceeds thereof.

8 "Ballot" means the ballot to vote to accept or reject this Plan.

9 "Ballot Deadline" means the deadline established by the Bankruptcy Court for the delivery of
10 executed Ballots to Debtor's Counsel.

11 "Bankruptcy Code" or "Code" means title 11 of the United States Code, 11 U.S.C. §§ 101
12 *et seq.*, as applicable in the Case.

13 "Bankruptcy Court" or "Court" means the United States Bankruptcy Court for the Northern
14 District of California, San Jose Division, or any other court that properly exercises jurisdiction over
15 the Case.

16 "Bankruptcy Rules" mean, collectively, the Federal Rules of Bankruptcy Procedure, as
17 applicable in the Case.

18 "Bar Date" means January 5, 2010, the deadline for the Filing of all proofs of Claims
19 required to be Filed in accordance with Bankruptcy Rule 3003(c)(3).

20 "Business Day" means a day that is not a Saturday, Sunday or legal holiday.

21 "Bylaws" mean the Bylaws of Blossom Valley Investors, Inc., dated December 14, 1995.

22 "Case" means the Debtor's case under chapter 11 of the Bankruptcy Code, Case No. 09-
23 57669 RLE.

24 "Cash" means cash and cash equivalents, including, but not limited to, bank deposits, wire
25 transfers, checks, and readily marketable securities, instruments, and legal tender of the United
26 States of America or instrumentalities thereof.

27 "Claim" means a claim as defined in Bankruptcy Code section 101(5) as against the Debtor's
28 Estate or property of the Debtor's Estate, whether asserted or unasserted.

1 “Claim Objection” means any right to object to, obtain the disallowance of, obtain
2 subordination of, or object to the priority of a Claim pursuant to the Bankruptcy Code or applicable
3 law.

4 “Claim Objection Deadline” means, unless extended by Final Order of the Bankruptcy Court,
5 the later of: (a) 90 days after the Effective Date, and (b) 30 days after the date on which the subject
6 proof of Claim was Filed.

7 “Class” means a group of Claims or Interests as classified in Section III.C of this Plan.

8 “Collateral” means property of the Estate that is encumbered by a Lien to secure payment or
9 performance of a Claim.

10 “Confirmation Date” means the date of entry of the Confirmation Order by the Bankruptcy
11 Court.

12 “Confirmation Hearing” means the hearing held by the Bankruptcy Court pursuant to
13 Bankruptcy Code section 1128(a) regarding confirmation of this Plan.

14 “Confirmation Order” means the order entered by the Bankruptcy Court confirming this Plan
15 pursuant to Bankruptcy Code section 1129.

16 “Creditor” means any holder of a Claim against the Debtor’s Estate that arose on or prior to
17 the Petition Date.

18 “Debtor” means debtor and debtor in possession Blossom Valley Investors, Inc.

19 “Debtor’s Counsel” means Mintz Levin Cohn Ferris Glovsky and Popeo, PC, 3580 Carmel
20 Mountain Road, Suite 300, San Diego, California 92130, Facsimile: (858) 314-1501, Attn: Jeffrey A.
21 Davis.

22 “Debtor’s Professionals” means Debtor’s Counsel and other professionals employed by the
23 Debtor pursuant to an order of the Bankruptcy Court.

24 “Disallowed” means, with respect to a Claim or Interest, or any portion thereof, that: (a) is
25 not listed on the Schedules, or is listed as contingent, disputed, unliquidated or in an amount equal to
26 zero, and whose holder has failed to timely File a proof of Claim or proof of Interest; or (b) has been
27 disallowed pursuant to an order of the Bankruptcy Court.

28

1 “Disclosure Statement” means that certain *Disclosure Statement in Support of Debtor’s*
2 *Chapter 11 Plan (Dated January 8, 2010)*, as it may be subsequently amended or modified, Filed in
3 connection with this Plan.

4 “Disputed” means, with respect to a Claim or Interest, a Claim or Interest as to which: (a) a
5 proof of Claim or proof of Interest is Filed or is deemed Filed under Bankruptcy Rule 3003(b)(1);
6 and (b) either (i) an objection has been timely Filed and has not been denied by a Final Order or
7 withdrawn; or (ii) the Claim or Interest is listed in the Schedules as disputed, contingent, or
8 unliquidated and the Claim Objection Deadline has not occurred.

9 “Effective Date” has the meaning ascribed to it in Section VIII.B of this Plan.

10 “Equity Interests” means all outstanding membership interests in the Debtor.

11 “Estate” means the Debtor’s chapter 11 estate, as defined in Bankruptcy Code section 541.

12 “File,” “Filed,” and “Filing” means duly and properly filed with the Bankruptcy Court and
13 reflected on the Bankruptcy Court’s official docket for the Case.

14 “Final Order” means an order or judgment of the Bankruptcy Court entered on the
15 Bankruptcy Court’s official docket for the Case:

16 (a) that has not been reversed, rescinded, stayed, modified, or amended;

17 (b) that is in full force and effect; and

18 (c) with respect to which: (1) the time to appeal or to seek review, remand, rehearing,
19 or a writ of certiorari has expired and as to which no timely filed appeal or petition for review,
20 rehearing, remand, or writ of certiorari is pending; or (2) any such appeal or petition has been
21 dismissed or resolved by the highest court to which the order or judgment was timely appealed or
22 from which review, rehearing, remand, or a writ of certiorari was timely sought.

23 “General Unsecured Claim” means a Claim that is not an Administrative Expense, a Priority
24 Tax Claim, a Secured Claim, or a Subordinated Claim.

25 “Governmental Unit” has the meaning ascribed to it in Bankruptcy Code section 101(27).

26 “Grandview” means the real property and improvements thereon located at 698 North Capital
27 Avenue, San Jose, CA 95133.

28 “Holder” means the beneficial owner of any Claim or Interest.

1 “Initial Distribution Date” means the date, which will be within ninety (90) days of the
2 Effective Date, on which the Reorganized Debtor shall cause payments to be made to Holders of
3 Allowed Expenses and Claims.

4 “Interest” means any equity security as defined in Bankruptcy Code section 101(16), whether
5 asserted or unasserted, of any Holder of any Equity Security of the Debtor, as defined in Bankruptcy
6 Code section 101(17).

7 “Lien” means a lien as defined in Bankruptcy Code section 101(37), except a lien that has
8 been avoided under chapter 5 of the Bankruptcy Code or other applicable non-bankruptcy law, or is
9 invalid or unenforceable under the Bankruptcy Code or other applicable law.

10 “Litigation Rights” mean the interest of the Debtor and/or the Estate in any and all claims,
11 rights and causes of action that may exist under bankruptcy or non-bankruptcy law, whether arising
12 prior to or after the Petition Date, for which a court or administrative action has been or may be
13 commenced by the Debtor or other authorized Estate representative, whether asserted or unasserted,
14 and the proceeds thereof, including, but not limited to, all Avoidance Actions and Claim Objections.

15 “Local Rules” mean, collectively, the Local Rules of the United States Bankruptcy Court for
16 the Northern District of California, as applicable in the Case.

17 “Messina Gardens” means the real property and improvements thereon located at 590
18 Cedarville Lane, San Jose, CA 95133.

19 “Net Proceeds” means all proceeds received upon closing on real property net of
20 commissions, taxes, home owner association fees, management fees and closing costs.


21 “Non-Ordinary Course Administrative Expenses” means any Administrative Expenses other
22 than Ordinary Course Administrative Expenses, Professional Fee Expenses, or U.S. Trustee Fees.

23 “Oak Knoll” means the real property and improvements thereon located at 4969 San Felipe
24 Road, San Jose, California 95135.

25 “Ordinary Course Administrative Expenses” means any Administrative Expenses based upon
26 liabilities that the Debtor incurs in the ordinary course of its business for goods and services and that
27 are unpaid as of the Effective Date. Ordinary Course Administrative Expenses do not include
28 Professional Fee Expenses or U.S. Trustee Fees.

1 "Petition Date" means September 10, 2009.

2 "Plan" means this *Chapter 11 Plan of Reorganization (Dated January 8, 2010)*, as it may be
3 subsequently amended or modified, and including the Plan Supplement.

4 "Plan Objection Deadline" means .

5 "Plan Supplement" means any pleadings or papers identified in this Plan or in the Disclosure
6 Statement Filed with the Bankruptcy Court prior to the Confirmation Hearing for the purpose of
7 explaining, modifying, supplementing or supporting this Plan or the Disclosure Statement.

8 "Priority Claim" means a Claim entitled to priority under Bankruptcy Code
9 sections 507(a)(4), 507(a)(5), 507(a)(7), or 507(a)(9). Priority Claims do not include any Claims
10 incurred after the Petition Date.

11 "Priority Tax Claim" means a Claim entitled to priority under Bankruptcy Code
12 section 507(a)(8). Priority Tax Claims do not include any Claims incurred after the Petition Date,
13 except to the extent provided under Bankruptcy Code section 502(i).

14 "Pro Rata" means proportionately so that the ratio of (a) the amount of consideration
15 distributed on account of an Allowed Claim to (b) such Allowed Claim, is the same as the ratio of
16 (x) the amount of consideration available for distribution on account of all Allowed Claims in the
17 Class of such Allowed Claim or all Classes entitled to share in such distribution to (y) the amount of
18 all Allowed Claims of that Class or all Classes entitled to share in such distribution.

19 "Professional Fee Expenses" means compensation for professional services rendered or
20 expenses incurred on behalf of the Estate by one of the Debtor's Professionals on or before the
21 Effective Date and allowable under Bankruptcy Code sections 327, 328, 330, 331, 503, or 1103.

22 "Rejection Damage Claim" means a claim arising under Bankruptcy Code section 365 from
23 the rejection by the Debtor of an unexpired lease or executory contract.

24 "Reorganized Debtor" means the Debtor after the Effective Date.

25 "Schedules" means the schedules of assets and liabilities Filed by the Debtor on or about
26 September 25, 2009, as they may be amended or modified from time to time.

27 "Secured Claim" means a Claim that was secured by a Lien on Collateral as of the Petition
28 Date. A Claim is a Secured Claim only to the extent of the value of the claimholder's interest in the

1 Collateral or to the extent of the amount subject to setoff, whichever is applicable, and as determined
2 under Bankruptcy Code section 506(a).

3 "Secured Tax Claim" means the Secured Claim of a Governmental Unit for unpaid taxes
4 arising before the Petition Date.

5 "Subordinated Claims" means all Claims subordinated pursuant to Bankruptcy Code
6 section 510.

7 "U.S. Trustee" means the United States Trustee for the Northern District of California,
8 San Jose Division.

9 "U.S. Trustee Fees" means fees or charges assessed against the Estate pursuant to 28 U.S.C.
10 § 1930.

11 **B. Rules of Construction**

12 1. The rules of construction in Bankruptcy Code section 102 apply to this Plan.

13 2. Bankruptcy Rule 9006(a) applies when computing any time period under this Plan.

14 3. A term that is used in this Plan, but is not defined in this Plan, has the meaning, if
15 any, attributed to it in the Bankruptcy Code or Bankruptcy Rules.

16 4. The definition given to any term or provision in this Plan supersedes and controls any
17 different meaning that may be given to that term or provision in the Disclosure Statement.

18 5. Wherever it is appropriate from the context, each term in this Plan, whether stated in
19 the singular or the plural, includes both the singular and the plural.

20 6. Any reference to a document or instrument being in a particular form or on particular
21 terms means that the documents or instrument will be substantially in that form or on those terms.

22 No material change to the form or terms may be made after the Confirmation Date without the
23 consent of any party materially and negatively affected by the change.

24 7. Any reference to an existing document means the document as it has been, or may be,
25 amended or supplemented.

26 8. Unless otherwise indicated, any reference to a person or entity includes the successors
27 and assigns of such person or entity.

1 9. Unless otherwise indicated, the phrase “under the Plan” or “under this Plan” and
2 similar words or phrases refer to this Plan in its entirety rather than to only a portion of this Plan.

3 10. Unless otherwise indicated, all references to Sections and Exhibits are references to
4 the Sections and Exhibits to this Plan.

5 11. The words “herein,” “hereto,” “hereunder,” and other words of similar import refer to
6 this Plan in its entirety rather than to only a particular portion.

7 II.

8 CERTAIN GENERAL TERMS AND CONDITIONS

9 Time for Filing Claims: All Creditors, other than Creditors having Claims arising from the
10 rejection of executory contracts, whose Claims were not correctly listed in the Debtor’s Schedules,
11 or whose Claims were listed in the Debtor’s Schedules as disputed, contingent, or unliquidated, must
12 have Filed Proofs of Claim on or before the Bar Date. Claims arising from the rejection of
13 executory contracts not Filed by the Bar Date must be Filed within thirty (30) days after the earlier
14 of (i) the deemed or ordered rejection of such executory contract, or (ii) the Confirmation Order.
15 Claims for Administrative Expenses pursuant to Bankruptcy Code section 507(a)(2), other than
16 Professional Fee Expenses and Ordinary Course Administrative Expenses, must be Filed on or prior
17 to the Plan Objection Deadline or within such shorter period as may be ordered by the Bankruptcy
18 Court.

19 General Amendments Prior to Confirmation: The Debtor may propose any number of
20 amendments or modifications of the Plan or may rescind and withdraw the Plan in its entirety (with
21 or without substitution of a replacement plan) at any time prior to the Confirmation Order without
22 prior written notice to any party by filing such amendments, modifications or notice of withdrawal
23 with the Bankruptcy Court and concurrently serving a written notice thereby to all parties that have
24 previously been served with copies of the Plan.

25 Technical and Curative Amendments: The Debtor may propose or consent to any
26 amendment or modification to any provision of the Plan without prior notice to any party in interest
27 to the extent that such amendments are proposed for the claimed defect in the Plan asserted by the
28 Bankruptcy Court or any party in interest, or to respond to or neutralize any objection to the Plan

1 advanced by any party in interest so long as the nature and extent of such modifications are disclosed
2 on the record during the Confirmation Hearing.

3 Post-Confirmation Modification: After the Confirmation Order, the Reorganized Debtor
4 may, with the approval of the Bankruptcy Court, and so long as it does not materially or adversely
5 affect the interest of creditors, remedy any defect or omission, or reconcile any inconsistencies in the
6 Plan, or in the Confirmation Order, in such manner as may be necessary to carry out the purpose and
7 intent of the Plan. Additionally, the Reorganized Debtor expressly reserves the right to modify the
8 Plan after the Confirmation Order, to the fullest extent provided or permitted by the provisions of
9 Bankruptcy Code section 1127(b).

10 Cramdown: If any Class fails to accept the Plan by the requisite majorities in number and
11 amount required by Bankruptcy Code section 1126, the Debtor may invoke the provisions of
12 Bankruptcy Code section 1129(b) allowing for confirmation of the Plan notwithstanding such vote.

13 III.

14 CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

15 A. General Overview

16 This Section classifies Claims and Interests, except for Administrative Expenses and Priority
17 Tax Claims, which are not classified, for all purposes, including voting, confirmation and
18 distributions under this Plan. A Claim or Interest is classified in a particular Class only to the extent
19 that the Claim or Interest falls within the Class description. To the extent that part of the Claim or
20 Interest falls within a different Class description, that part of the Claim or Interest is classified in that
21 different Class. The following table summarizes unclassified Claims and the Classes of Claims and
22 Interests under this Plan:

23 <u>Class/Unclassified Claims and Interests</u>	<u>Description</u>	<u>Impaired/Unimpaired</u>	<u>Voting Status</u>
24 Unclassified Claims	Administrative Expenses and Priority Tax Claims	Unimpaired	Not Entitled to Vote
26 Class 1A	Secured Tax Claims on Messina Gardens	Impaired	Entitled to Vote

1	Class 1B	Secured Tax Claims on Oak Knoll	Impaired	Entitled to Vote
2	Class 1C	Secured Tax Claims on Grandview	Unimpaired	Not Entitled to Vote
3	Class 2A	Secured Claim Held by Bank of the West on Messina Gardens	Impaired	Entitled to Vote
4	Class 2B	Mechanics' Liens on Messina Gardens	Impaired	Entitled to Vote
5	Class 3A	Secured Claim Held by U.S. Bank on Oak Knoll	Impaired	Entitled to Vote
6	Class 3B	Mechanics' Liens on Oak Knoll	Impaired	Entitled to Vote
7	Class 4A	Secured Claim Held by U.S. Bank on Grandview	Unimpaired	Not Entitled to Vote
8	Class 4B	Mechanics' Liens on Grandview	Unimpaired	Not Entitled to Vote
9	Class 5	Priority Unsecured Claims	Unimpaired	Not Entitled to Vote
10	Class 6	General Unsecured Claims Not Otherwise Classified, Including Any Secured Debts Exceeding the Value of the Collateral	Impaired	Entitled to Vote
11	Class 7	Unsecured Claims Held by Insiders	Impaired	Entitled to Vote
12	Class 8	Existing Equity Interests	Unimpaired	Not Entitled to Vote

28

1 **NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS PLAN, NO**
2 **DISTRIBUTION WILL BE MADE AND NO RIGHTS WILL BE RETAINED ON**
3 **ACCOUNT OF ANY CLAIM OR INTEREST THAT IS NOT ALLOWED.**

4 The treatment provided under this Plan is in full and complete satisfaction of the legal,
5 contractual, and equitable rights (including any Liens) that each Holder of an Allowed Claim may
6 have in or against the Debtor, the Estate, or their respective property. This treatment supersedes and
7 replaces any agreements or rights those entities may have had against the Debtor, the Estate or their
8 respective property prior to the Effective Date. All distributions in respect of Allowed Claims will
9 be allocated first to the principal amount of such Allowed Claim, as determined for federal income
10 tax purposes, and thereafter, to the remaining portion of such Allowed Claim, if any. No
11 distributions shall be made in respect of any unpaid dividends with respect to which any Allowed
12 Interest may be entitled.

13 **B. Unclassified Claims**

14 Certain types of obligations owed by the Debtor are not placed into voting classes; instead
15 they are unclassified. They are not considered impaired and they do not vote on the Plan because
16 they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As
17 such, the Debtor has not placed the following debts in a class. The treatment of these debts is
18 provided below.

19 1. Administrative Expenses

20 Administrative Expenses are the costs or expenses of administering the Debtor's Chapter 11
21 Case which are allowed under Code Section 507(a)(2). The Code requires that all Allowed
22 Administrative Expenses be paid on the Effective Date of the Plan, unless a particular claimant
23 agrees to a different treatment.

24 a. U.S. Trustee Fees

25 U.S. Trustee Fees shall be allowed in accordance with 28 U.S.C. § 1930. The Reorganized
26 Debtor will pay to the U.S. Trustee all U.S. Trustee Fees due and owing under 28 U.S.C. § 1930 in
27 Cash on the Effective Date.

28

1 b. Professional Fee Expenses

2 Unless otherwise expressly provided in the Plan, Professional Fee Expenses will be Allowed
3 only if (i) on or before ninety (90) days after the Effective Date, the entity seeking payment of such
4 Professional Fee Expense both Files with the Court a fee application or a motion requesting
5 Allowance of the Professional Fee Expense and serves the application or motion on the Reorganized
6 Debtor and the U.S. Trustee; and (ii) the Bankruptcy Court determines such Professional Fee
7 Expense should be Allowed. Any party in interest may File an objection to such application or
8 motion within the time provided by the Bankruptcy Rules, the Local Rules, or within any other
9 period that the Bankruptcy Court may establish. Unless otherwise agreed, the Reorganized Debtor
10 will pay or cause to be paid an Allowed Professional Fee Expense, in Cash, within three (3) business
11 days after the date on which the Bankruptcy Court order Allowing such Expense becomes a Final
12 Order.

13 c. Ordinary Course Administrative Expenses

14 Any entity seeking payment of an Ordinary Course Administrative Expense may, but need
15 not, File a motion or request for payment of such Administrative Expense. The Debtor or any other
16 party in interest may File an objection to an Ordinary Course Administrative Expense in its
17 discretion. Unless a party in interest objects to an Ordinary Course Administrative Expense, such
18 Administrative Expense will be Allowed and paid by the Reorganized Debtor in accordance with the
19 terms and conditions of the particular transaction that gave rise to the Administrative Expense.

20 d. Non-Ordinary Course Administrative Expenses

21 Unless otherwise expressly provided in the Plan, a Non-Ordinary Course Administrative
22 Expense will be Allowed only if: (i) on or before the Plan Objection Deadline or such earlier date as
23 may be ordered by the Bankruptcy Court, the entity asserting such Non-Ordinary Course
24 Administrative Expense both Files with the Court a motion requesting Allowance of the Non-
25 Ordinary Course Administrative Expense and serves the motion on Debtor's Counsel and the
26 U.S. Trustee, and (ii) the Bankruptcy Court determines such Administrative Expense should be
27 Allowed. The Debtor or any other party in interest may File an objection to such motion within the
28

1 time provided by the Bankruptcy Rules, the Local Rules, or within any other period that the
2 Bankruptcy Court may establish.

3 Any entity seeking payment of a Non-Ordinary Course Administrative Expense that does not
4 timely File and serve a request for payment will be barred forever from asserting such
5 Administrative Expense against the Debtor, the Reorganized Debtor, the Estate or their property.
6 Unless the entity holding an Allowed Non-Ordinary Course Administrative Expense agrees to
7 different treatment, the Reorganized Debtor will pay such entity Cash in the full amount of such
8 Allowed Administrative Expense, on or before the Effective Date, or, if not Allowed by the
9 Effective Date, not later than ten (10) Business Days after such Administrative Expense is Allowed
10 by a Final Order.

11 2. Priority Tax Claims

12 As of the date of this Plan, the Debtor is not aware of any Priority Tax Claims. To the extent
13 any such Priority Tax Claims exist, these claims are unimpaired under this Plan. Allowed Priority
14 Tax Claims that have not been satisfied or extinguished as of the Effective Date shall be paid by the
15 Reorganized Debtor in accordance with the terms of the agreement between such Holder and the
16 Debtor.

17 **C. Classified Claims and Interests**

18 1. Class 1A

19 Class 1A consists of all Secured Tax Claims on Messina Gardens. Class 1A is impaired
20 under this Plan. Unless the entity holding an Allowed Secured Tax Claim agrees to different
21 treatment, the Reorganized Debtor will pay such entity in cash (i) in twelve equal quarterly
22 installments with interest at the rate of five percent per annum starting on the first day of the
23 calendar quarter following the Effective Date or (ii) on a pro rata basis as homes at Messina Gardens
24 are sold to buyers.

25 2. Class 1B

26 Class 1B consists of all Secured Tax Claims on Oak Knoll. Class 1B is impaired under this
27 Plan. Unless the entity holding an Allowed Secured Tax Claim agrees to different treatment, the
28 Reorganized Debtor will pay such entity in cash (i) in twelve equal quarterly installments with

1 interest at the rate of five percent per annum starting on the first day of the calendar quarter
2 following the Effective Date or (ii) on a pro rata basis as homes at Oak Knoll are sold to buyers.

3 3. Class 1C

4 Class 1C consists of all Secured Tax Claims on Grandview. The Holder of the Class 1C
5 Claim shall, as of the Effective Date, be authorized to take such actions as required by law to initiate
6 and prosecute a tax sale at Grandview.

7 4. Class 2A (Secured Claim Held by Bank of the West on Messina Gardens)

8 Class 2A consists of the Secured Claim presently held by Bank of the West on Messina
9 Gardens. Class 2A is impaired under this Plan because the Holder of the Allowed Class 2A Claim
10 will be paid over time pursuant to the provisions of this Plan to the extent funds are available. The
11 Reorganized Debtor will pay the Holder of the Allowed Class 2A Secured Claim according to the
12 following terms: (a) to the extent the Allowed Class 2A Claim is senior in priority to Allowed Class
13 2B Claims, the Holder of the Allowed Class 2A Claim will receive the Net Proceeds as closings
14 occur on properties in Messina Gardens prior to all junior secured claims, up to the Allowed Amount
15 of its Secured Claim plus interest from the Effective Date as provided herein; (b) to the extent the
16 Allowed Class 2A Claim is junior in priority to Allowed Class 2B Claims, the Allowed Class 2A
17 Claim will be paid from Net Proceeds on the sale of properties in Messina Gardens remaining after
18 payment of the senior Allowed Class 2B Claims up to the Allowed Amount of its Secured Claim
19 plus interest from the Effective Date as provided herein; and (c) to the extent the Allowed Class 2A
20 Claim is unsecured, it will be paid according to the terms governing payment of Allowed Class 6
21 Claims.

22 Interest will accrue at the non-default rate in the Deed of Trust, Assignment of Leases and
23 Rents, Security Agreement and Fixture Filing entered into between Bank of the West and Blossom
24 Valley on July 10, 2006 on the secured portion of the Allowed Class 2A Claim.

25 5. Class 2B (Mechanics' Liens on Messina Gardens)

26 Class 2B consists of all mechanics' liens on Messina Gardens. Class 2B is impaired because
27 Holders of Allowed Class 2B Claims will be paid over time pursuant to the provisions of the Plan to
28 the extent funds are available. The Reorganized Debtor will pay Allowed Class 2B Claims

1 according to the following terms: (a) to the extent Allowed Class 2B Claims are senior in priority to
2 the Allowed Class 2A Claim, Holders of Allowed Class 2B Claims will receive the Net Proceeds as
3 closings occur on properties in Messina Gardens prior to all junior secured claims, up to the Allowed
4 Amount of their Secured Claims; (b) to the extent Allowed Class 2B Claims are junior in priority to
5 the Allowed Class 2A Claim, Allowed Class 2B Claims will be paid from the Net Proceeds on the
6 sale of properties in Messina Gardens remaining after payment of the Allowed Class 2A Claim up to
7 the Allowed Amount of their Secured Claims; and (c) to the extent Allowed Class 2B Claims are
8 unsecured, they will be paid according to the terms governing payment of Allowed Class 6 Claims.

9 6. Class 3A (Secured Claim Held by U.S. Bank on Oak Knoll)

10 Class 3A consists of the Secured Claim presently held by U.S. Bank as successor in interest
11 to Pacific National Bank on Oak Knoll. Class 3A is impaired under this Plan because the Holder of
12 the Allowed Class 3A Claim will be paid over time pursuant to the provisions of this Plan to the
13 extent funds are available. The Reorganized Debtor will pay the Holder of the Allowed Class 3A
14 Secured Claim according to the following terms: (a) to the extent the Allowed Class 3A Claim is
15 senior in priority to Allowed Class 3B Claims, the Holder of the Allowed Class 3A Claim will
16 receive the Net Proceeds as closings occur on properties in Oak Knoll prior to all junior secured
17 claims, up to the Allowed Amount of its Secured Claim plus interest from the Effective Date as
18 provided herein; (b) to the extent the Allowed Class 3A Claim is junior in priority to Allowed Class
19 3B Claims, the Allowed Class 3A Claim will be paid from Net Proceeds on the sale of properties in
20 Oak Knoll remaining after payment of the senior Allowed Class 3B Claims up to the Allowed
21 Amount of its Secured Claim plus interest from the Effective Date as provided herein; and (c) to the
22 extent the Allowed Class 3A Claim is unsecured, it will be paid according to the terms governing
23 payment of Allowed Class 6 Claims.

24 Interest will accrue at the non-default rate in the Promissory Note entered into between
25 Pacific National Bank and Blossom Valley on April 26, 2006 on the secured portion of the Allowed
26 Class 3A Claim.

1 7. Class 3B (Mechanics' Liens on Oak Knoll)

2 Class 3B consists of all mechanics' liens on Oak Knoll. Class 3B is impaired because
3 Holders of Allowed Class 3B Claims will be paid over time pursuant to the provisions of the Plan to
4 the extent funds are available. The Reorganized Debtor will pay Allowed Class 3B Claims
5 according to the following terms: (a) to the extent Allowed Class 3B Claims are senior in priority to
6 the Allowed Class 3A Claim, Holders of Allowed Class 3B Claims will receive the Net Proceeds as
7 closings occur on properties in Oak Knoll prior to all junior secured claims, up to the Allowed
8 Amount of their Secured Claim; (b) to the extent Allowed Class 3B Claims are junior in priority to
9 the Allowed Class 3A Claim, Allowed Class 3B Claims will be paid from Net Proceeds on the sale
10 of properties in Oak Knoll remaining after payment of the Allowed Class 3A Claim up to the
11 Allowed Amount of their Secured Claims; and (c) to the extent Allowed Class 3B Claims are
12 unsecured, they will be paid according to the terms governing payment of Allowed Class 6 Claims.

13 8. Class 4A

14 Class 4A consists of the Secured Claim presently held by U.S. Bank as successor in interest
15 to Pacific National Bank on Grandview. Class 4A is unimpaired under this Plan. The Reorganized
16 Debtor will stipulate that relief from stay will be granted and anticipates that the Holder of the
17 Allowed Class 4A Claim will foreclose on Grandview.

18 9. Class 4B (Mechanics' Liens on Grandview)

19 Class 4B consists of all mechanics' liens on Grandview. Class 4B is unimpaired under the
20 Plan. The Reorganized Debtor will stipulate that relief from stay will be granted and that the
21 Holders of Allowed Class 4B Claims may foreclose their liens on Grandview.

22 10. Class 5

23 Class 5 consists of Priority Unsecured Claims. As of the date of this Plan, the Debtor is not
24 aware of any Priority Unsecured Claims. To the extent that any such Priority Unsecured Claims
25 exist, Allowed Class 5 Claims shall be paid by the Reorganized Debtor in full on the Initial
26 Distribution Date. Class 5 Claims are unimpaired.

1 11. Class 6

2 Class 6 consists of General Unsecured Claims Not Otherwise Classified, including any
3 secured debt exceeding the value of the collateral for such debt. Class 6 is impaired under the Plan
4 because Holders of Allowed Class 6 Claims will be paid from Net Proceeds of Messina Gardens and
5 Oak Knoll as such Net Proceeds come available, but only after Class 1, 2, 3, 4 and 5 Claims have
6 been paid in full. Each Holder of an Allowed Class 6 Claim shall be paid its Allowed Class 6 Claim
7 up to such amount as is Allowed to the extent any funds remain after payment in full to Holders of
8 Allowed Class 2A, 2B, 3A and 3B Claims.

9 12. Class 7 (Unsecured Claims Held by Insiders)

10 Class 7 consists of Unsecured Claims Held by Insiders. Class 7 is impaired under the Plan
11 because Holders of Allowed Class 7 Claims are subordinated to all other Classes and will be paid
12 from Net Proceeds of Messina Gardens and Oak Knoll as such Net Proceeds come available, but
13 only after Class 1, 2, 3, 4, 5 and 6 Claims have been paid in full. Each holder of an Allowed Class 7
14 Claim shall be paid up to its Allowed Class 7 Claim in such amount as is Allowed, commencing
15 after all other Allowed Claims have been paid in full.

16 13. Class 8 (Existing Equity Securities)

17 Class 8 consists of all Existing Equity Security Interests. Class 8 is not impaired under this
18 Plan and is not entitled to vote. All Interests of Holders of Existing Equity Security Interests shall
19 remain Interests in the Reorganized Debtor as of the Effective Date.

20 **IV.**

21 **TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

22 **A. Assumption**

23 Unless previously rejected by the Debtor, the Reorganized Debtor shall assume all unexpired
24 leases and executory contracts as of the Effective Date. All monetary defaults under the executory
25 contracts and unexpired leases assumed by the Reorganized Debtor hereunder shall be cured within
26 ninety (90) days after the Effective Date. The Confirmation Order shall constitute an order
27 approving the assumption of each lease and contract. Any party to an executory contract or
28

1 unexpired lease to be assumed hereunder who objects to the assumption of such contract or lease
2 must file and serve an objection to assumption not later than the Plan Objection Deadline.

3
4 **V.**

5 **MEANS OF EXECUTION OF THE PLAN**

6 **A. Funding of this Plan**

7 Prior to the Plan Confirmation, the Debtor will seek bankruptcy court approval for debtor in
8 possession financing to complete development and construction of the homes at Oak Knoll and
9 Messina Gardens. The Debtor will seek to obtain such loans on a senior basis with priority over and
10 above existing liens against each project. The Debtor and the Reorganized Debtor then intend to
11 build out such projects and sell completed homes at retail. Sales of the finished homes at retail will
12 result in payment of a substantial portion of the loan owing to Bank of the West on the Messina
13 Gardens project, leaving a deficiency of approximately \$2,000,000, but much less than the
14 deficiency would be in the event of foreclosure or liquidation. However, the Debtor estimates that
15 the building and sale of the Oak Knoll project will result in proceeds in excess of \$4,000,000 after
16 payment of ongoing project costs, the U.S. Bank debt in full and liens against the Oak Knoll project,
17 including liens for the debtor in possession financing. The net proceeds from the build out of the
18 Oak Knoll project will then be used to satisfy unpaid administrative expenses and Class 5 and 6
19 Claims.

20 The Debtor does not intend to complete the Grandview project and has stipulated to relief
21 from stay to allow U.S. Bank to foreclose on its deeds of trust on that project. U.S. Bank has
22 indicated its intention to foreclose judicially on the Grandview project, thereby seeking to preserve a
23 claim to a deficiency, if any. In the event that US Bank is determined to have a deficiency claim as a
24 result of the foreclosure of its lien on Grandview, such deficiency claim shall be treated as an
25 Unsecured Class 6 Claim.

26 **B. Authority to Effectuate Plan**

27 Upon entry of the Confirmation Order by the Bankruptcy Court, all matters provided under
28 this Plan shall be deemed to be authorized and approved without further approval from the

1 Bankruptcy Court. The Confirmation Order shall act as an order modifying the Debtor's Bylaws, if
2 necessary, such that the provisions of this Plan can be effectuated. The Debtor shall be authorized,
3 without further application to or order of the Bankruptcy Court, to take whatever action is necessary
4 to consummate and carry out this Plan and to effectuate the distributions provided for hereunder.

5 **C. Distribution of Property Under this Plan**

6 The following procedures set forth in this Plan apply to distributions made pursuant to this
7 Plan by the Reorganized Debtor:

8 1. Disputed Claims

9 The Debtor shall implement the following additional procedures with respect to the
10 allocation and distribution of Cash in accordance with this Plan to the Holders of Disputed Claims
11 that become Allowed Claims:

12 a. Cash on account of the disputed portion of Disputed Claims shall not be
13 distributed, but shall be withheld by the Reorganized Debtor in an amount equal to the distributions
14 that would have otherwise been made to the Holders of such Claims if such Claims had been
15 Allowed Claims, based on such disputed portion (the "Disputed Reserve Amount").

16 b. The Bankruptcy Court may estimate the amount of any Disputed Claim
17 pursuant to Bankruptcy Code section 502(c), in which event the amounts so fixed or liquidated shall
18 be deemed to be Allowed Claims pursuant to Bankruptcy Code section 502(c) for purposes of
19 distribution under this Plan. In lieu of estimating the amount of any Disputed Claim, the Bankruptcy
20 Court or the Debtor may determine the amount to be reserved for such Disputed Claim, or such
21 amount may be fixed by agreement in writing by and between the Debtor and the Holder thereof.

22 c. When a Disputed Claim becomes an Allowed Claim, there shall be distributed
23 to the Holder of such Allowed Claim, in accordance with the provisions of this Plan, Cash equal to
24 what the Holder would have received on account of the disputed portion of the Claim which has
25 been Allowed through such a date.

26 d. No Holder of a Disputed Claim shall have any Claim against the Cash
27 reserved with respect to such Claim until such Disputed Claim shall become an Allowed Claim. In
28 no event shall any Holder of any Disputed Claim be entitled to receive (under this Plan or otherwise)

1 any payment which is greater than the amount reserved for such Claim pursuant to this Plan or,
2 except as otherwise permitted under this Plan, of interest or other compensation for delays in
3 distribution. In no event shall the Reorganized Debtor have any responsibility or liability for any
4 loss to or of any amount reserved under this Plan.

5 e. To the extent a Disputed Claim ultimately becomes an Allowed Claim in an
6 amount less than the Disputed Amount or Disputed Reserve Amount reserved for such Disputed
7 Claim (as applicable), then the resulting surplus of Cash shall be distributed among the Holders of
8 Allowed Claims until such time as each Holder of an Allowed Claim has been paid the Allowed
9 Amount of its Claim.

10 2. Objections to Claims

11 Unless another date is established by order of the Bankruptcy Court, any objection to a Claim
12 shall be filed with the Bankruptcy Court and served on the Creditor holding such Claim on or before
13 the Claim Objection Deadline. The Reorganized Debtor shall have the right to request that the
14 Bankruptcy Court extend the Claim Objection Deadline.

15 3. Disallowance of Claims Held by Avoidance Action Defendant

16 All Claims held by persons against whom an Avoidance Action has been asserted shall be
17 deemed disallowed pursuant to Bankruptcy Code section 502(d), and Holders of such Claims may
18 not vote to accept or reject this Plan, both consequences to be in effect until such time as such
19 Avoidance Action against the Holder has been settled or resolved by a Final Order and all sums due
20 to the Reorganized Debtor by the Holder are turned over to the Reorganized Debtor.

21 4. Time When Distributions Deemed Made

22 All distributions by check shall be deemed made at the time such check is duly deposited in
23 the United States mail, postage prepaid. All distributions by wire transfer shall be deemed made as
24 of the date the Federal Reserve Bank deems the wire transfer is made.

25 5. Delivery of Distributions and Undeliverable/Unclaimed Distributions

26 a) Delivery of Distributions in General

27 The Reorganized Debtor shall make distributions to each Holder of an Allowed Claim by
28 mail as follows: (a) at the address set forth on the proof of Claim Filed by such Holder of an

1 Allowed Claim; or (b) at the address reflected in the Schedules if no proof of Claim is Filed,
2 provided, however, to the extent a Holder of an Allowed Claim notifies the Reorganized Debtor of a
3 new address, the Distribution shall be sent to that new address.

4 The Reorganized Debtor may withhold the entire distribution due to any Holder of an
5 Allowed Claim until such time as the Holder provides the Reorganized Debtor with the information
6 necessary to make a distribution to such Holder in accordance with this Plan and applicable law, and
7 Holders of Allowed Claims who do not provide such information shall be barred from participating
8 in distributions under the Plan.

9 b) Undeliverable and Unclaimed Distributions

10 If the distribution to the Holder of any Allowed Claim is returned as undeliverable, the
11 Reorganized Debtor shall make reasonable efforts to locate the Holder's current address and shall
12 send distributions to that address. If, after these efforts, the Reorganized Debtor is unable to locate
13 the Holder, no further distribution will be made to the Holder unless and until the Reorganized
14 Debtor is notified in writing of the Holder's then current address. Subject to the other provisions of
15 this Plan, undeliverable distributions shall remain in the possession of the Reorganized Debtor
16 pursuant to this Section until the earlier of: (i) such time as a distribution becomes deliverable; or (ii)
17 ninety (90) days following the payment in full of all Allowed Claims for which distributions were
18 deliverable. Any undeliverable distributions that are not claimed within ninety (90) days following
19 the payment in full of Allowed Claims for which distributions were deliverable will be transferred to
20 the Reorganized Debtor.

21 **D. Preservation of Litigation Rights**

22 Except as otherwise provided in this Plan, all Litigation Rights shall be retained, preserved
23 and vested with the Reorganized Debtor as of the Effective Date. From and after the Effective Date,
24 the Reorganized Debtor may enforce any and all Litigation Rights that the Debtor or the Estate may
25 hold or have against any person or entity, including (1) Avoidance Actions, (2) any legal or equitable
26 rights to subordinate and/or disallow Claims, (3) any causes of action that could be brought by the
27 Debtor, whether arising prior to or after the Petition Date, and (4) any and all other claims, rights, or
28 causes of action of any kind or nature of the Debtor or the Estate that may exist under applicable

1 bankruptcy or non-bankruptcy law. To the extent any Litigation Rights are already pending on the
2 Effective Date, the Reorganized Debtor may continue the prosecution of such Litigation Claim.
3 Upon the Effective Date, the Reorganized Debtor (and only the Reorganized Debtor), and its
4 successors and assigns, shall have standing to assert any and all Litigation Rights and/or defenses
5 vested in the Reorganized Debtor.

6 Except as otherwise provided in this Plan, any and all Litigation Claims shall be retained by
7 the Reorganized Debtor free and clear of all Claims and Interests, and the Reorganized Debtor may
8 pursue these rights of action in accordance with the Reorganized Debtor's best judgment.

9 **E. Management of the Reorganized Debtor**

10 After the Effective Date, BWS, an affiliate of the Debtor, shall manage the Reorganized
11 Debtor's operations including all administrative functions, construction management and sales for a
12 fee equal to 8% of the revenues.

13 **VI.**

14 **EFFECT OF CONFIRMATION OF PLAN**

15 **A. Discharge**

16 On the Effective Date, except as otherwise specifically provided in the Plan, the Debtor, the
17 Reorganized Debtor, and their property shall be discharged and released from any and all Claims,
18 Administrative Expense, and other debts, demands and liabilities of any Creditor for which the
19 Debtor is or is alleged to be liable, including those which are contingent, unliquidated or disputed,
20 that arose before entry of the Confirmation Order and any and all debts of every kind, character and
21 description specified in Bankruptcy Code sections 502(g), 502(h) or 502(i), whether or not (i) a
22 proof of Claim based on such debt has been filed under Bankruptcy Code section 501, (ii) such
23 Claim is an Allowed Claim under Bankruptcy Code section 502, (iii) such Claim has been listed in
24 the Schedules, or (iv) the Holder of such Claim has accepted the Plan, pursuant to Bankruptcy Code
25 section 1141. Pursuant to Bankruptcy Code section 524, this discharge shall, as of the Effective
26 Date: (1) void any judgment at any time obtained, to the extent that such judgment is a determination
27 of such person's liability with respect to any debt or Claim discharged, whether or not discharge of
28 such debt is waived; and (2) operate as an injunction against the commencement or continuance of

1 any action, the employment of any process, or an act, to collect, recover or offset any liability of
2 such person with respect to any debt discharged, whether or not discharge of such debt is waived.

3 **B. Revesting of Property in the Reorganized Debtor**

4 As of the Effective Date, the assets of the Debtor distributed under the Plan shall be free and
5 clear from any and all liens, encumbrances, debts, demands, liabilities or other claims of the Holders
6 of Claims and Interests except as otherwise provided under this Plan or the Confirmation Order. All
7 other property of the Estate shall revert in the Reorganized Debtor, including, but not limited to (i)
8 claims, causes of action, and other Litigation Rights, (ii) rights to pursue Claim Objections, (iii)
9 rights to pursue affirmative relief against Creditors, Interest Holders and others, including, but not
10 limited to, Avoidance Actions, (iv) claims, causes of action and litigation brought prior to the
11 Effective Date, and (v) any other rights the Debtor may have.

12 **VII.**

13 **OTHER PLAN PROVISIONS**

14 **A. Conditions Precedent to Effectiveness**

15 The Plan shall not become effective unless and until the following conditions shall have been
16 satisfied: (1) the Bankruptcy Court shall have entered an order approving the Disclosure Statement
17 with respect to the Plan as containing adequate information within the meaning of Bankruptcy Code
18 section 1125; (2) the Bankruptcy Court shall have entered the Confirmation Order and no stay or
19 injunction shall be in effect with respect thereto, and (3) the Bankruptcy Court shall enter findings of
20 fact and conclusions of law in connection with the confirmation of the Plan.

21 **B. The Effective Date**

22 The Plan will not become binding or effective until and unless the Effective Date occurs.
23 The Effective Date will be the fourth Business Day after the Confirmation Date.

24 **C. Stay of Confirmation Order Shortened**

25 The 10-day stay otherwise applicable to the Confirmation Order under Bankruptcy Rule
26 3020(e) shall be shortened from ten (10) days to three (3) business days following entry of the
27 Confirmation Order..
28

1 **D. Exemption from Certain Transfer Taxes**

2 Pursuant to Bankruptcy Code section 1146(c), the issuance, transfer or exchange of a security
3 or the making or delivery of an instrument of transfer under this Plan may not be taxed under any
4 law imposing a stamp tax or similar tax. Transfers under this Plan that are exempt from taxes under
5 Bankruptcy Code section 1146(c) include all transfers to and by the Reorganized Debtor. The taxes
6 from which such transfers are exempt include stamp taxes, recording taxes, sales and use taxes,
7 transfer taxes, and other similar taxes.

8 **E. Post-Effective Date Effect of Evidence of Claims**

9 Commencing on the Effective Date, notes, certificates, warrants, and other evidences of
10 Claims against the Debtor constitute only the right to receive the distributions, if any, to the extent
11 set forth under this Plan.

12 **F. Post-Effective Date Notices**

13 Following the Effective Date, all parties who wish to receive, or continue to receive, notices
14 of all pleadings Filed in the Case must File a new request for special notice and serve it on the
15 Reorganized Debtor and its counsel, and the U.S. Trustee. The Reorganized Debtor shall maintain
16 and keep current the post-Effective Date special notice list, and make it available to all parties in
17 interest upon written request. All pleadings, notices and other papers Filed in the Case following the
18 Effective Date (other than the notice of Effective Date) must be served on the parties on the post-
19 Effective Date special notice list maintained by the Reorganized Debtor.

20 **G. Successors and Assigns**

21 The rights, benefits, and obligations of any entity named or referred to in this Plan shall be
22 binding on, and shall inure to the benefit of, any heir, executor, administrator, successor, or assign of
23 such entity, whether or not such entity is impaired under this Plan and whether or not such entity has
24 voted to accept the Plan.

25 **H. Saturday, Sunday or Legal Holiday**

26 If any payment or act under this Plan is required to be made or performed on a day that is not
27 a Business Day, then the payment or act may be completed on the next day that is a Business Day, in
28 which event the payment or act will be deemed to have been completed on the required day.

1 **I. Headings**

2 The headings used in this Plan are inserted for convenience only and do not constitute a
3 portion of this Plan or in any manner affect the provisions of this Plan or their meaning.

4 **J. Severability of Plan Provisions**

5 If before confirmation the Bankruptcy Court determines that any Plan term or provision is
6 invalid, void, or unenforceable, the Bankruptcy Court may alter or interpret that term or provision so
7 that it is valid and enforceable to the maximum extent possible consistent with the original purpose
8 of that term or provision. That term or provision will then be applicable as altered or interpreted.
9 Notwithstanding any such holding, alteration, or interpretation, this Plan's remaining terms and
10 provisions will remain in full force and effect and will in no way be affected, impaired, or
11 invalidated. The Confirmation Order will constitute a judicial determination providing that each
12 Plan term and provision, as it may have been altered or interpreted in accordance with this Section,
13 is valid, enforceable, and, as of the Effective Date, binding under its terms.

14 **K. Governing Law**

15 Unless a rule of law or procedure is supplied by (a) federal law (including the Bankruptcy
16 Code and Bankruptcy Rules), or (b) an express choice of law provision in any agreement, contract,
17 instrument or document provided for, or executed in connection with, this Plan, the rights and
18 obligations arising under this Plan and any agreements, contracts, documents, and instruments
19 executed in connection with this Plan shall be governed by, and construed and enforced in
20 accordance with, the laws of the State of California without giving effect to the principles of conflict
21 of laws thereof.

22 **L. Good Faith**

23 Confirmation of this Plan shall constitute a finding that: (i) this Plan has been proposed in
24 good faith and in compliance with applicable provisions of the Bankruptcy Code; and (ii) the
25 solicitation of acceptances or rejections of this Plan by all entities has been in good faith and in
26 compliance with applicable provision of the Bankruptcy Code.

1 **M. Injunctions and Stays**

2 All injunctions or stays provided for in the Case under Bankruptcy Code section 105 or 362,
3 or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until
4 the later of the Effective Date or the day such injunction or stay expires according to its own terms
5 or applicable law.

6 **N. Retention of Jurisdiction and Objection to Claims and Interests.**

7 Notwithstanding the entry of the Confirmation Order or the occurrence of the Effective Date,
8 the Bankruptcy Court shall retain jurisdiction over the Case after the Effective Date to the fullest
9 extent provided by law, including the jurisdiction to:

10 1. Allow, disallow, determine, liquidate, classify, establish the priority or secured or
11 unsecured status of, estimate, or limit any Claim;

12 2. Grant or deny any and all applications for allowance of compensation or
13 reimbursement of expenses authorized pursuant to the Bankruptcy Code or this Plan, for periods
14 ending on or before the Effective Date, or such later date as the Court shall determine upon a
15 showing of good cause;

16 3. Ensure that distributions to Holders of Allowed Claims are accomplished pursuant to
17 the provisions of this Plan;

18 4. Resolve any and all applications, motions, adversary proceedings, and other matters
19 involving the Estate that may be pending on the Effective Date or that may be instituted thereafter in
20 accordance with the terms of this Plan, including, but not limited to, Claim Objection proceedings,
21 provided that the Reorganized Debtor shall reserve the right to prosecute claims and causes of action
22 in any proper jurisdiction;

23 5. Enter such orders as may be necessary or appropriate to implement and consummate
24 the provisions of this Plan and all contracts, instruments, releases, and other agreements or
25 documents entered into in connection with this Plan;

26 6. Resolve any and all controversies, suits, or issues that may arise in connection with
27 the consummation, interpretation, or enforcement of this Plan or any entity's rights or obligations in
28 connection with this Plan;

1 7. Modify this Plan before or after the Effective Date pursuant to Bankruptcy Code
2 section 1127, or modify the Disclosure Statement or any contract, instrument, release, or other
3 agreement or document created in connection with this Plan or Disclosure Statement; or remedy any
4 defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, this Plan,
5 the Disclosure Statement, or any contract, instrument, release, or other agreement or document
6 created in connection with this Plan or Disclosure Statement, in such manner as may be necessary or
7 appropriate to consummate this Plan, to the extent authorized by the Bankruptcy Code;

8 8. Issue injunctions, enter and implement other orders, or take such other actions as may
9 be necessary or appropriate to restrain interference by any entity with consummation or enforcement
10 of this Plan;

11 9. Enter and implement such orders as are necessary or appropriate if the Confirmation
12 Order is for any reason modified, stayed, reversed, revoked, or vacated;

13 10. Determine any other matters that may arise in connection with or related to this Plan,
14 the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other
15 agreement or document created in connection with this Plan or the Disclosure Statement; and

16 11. Enter a final decree and order closing the Case.

17 If the Bankruptcy Court abstains from exercising jurisdiction or is otherwise without
18 jurisdiction over any matter, this Section shall have no effect upon and shall not control, prohibit, or
19 limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to
20 such matter.

21 **O. Post-Confirmation Status Report**

22 Within thirty (30) days of any distribution under this Plan, the Reorganized Debtor shall
23 serve a status report detailing all distributions made under this Plan through the date of such
24 distribution on the U.S. Trustee and all other parties on the post-Effective Date special notice list.

25 **P. Post-Confirmation Operating Reports**

26 The Reorganized Debtor shall timely file quarterly post-confirmation operating reports in the
27 form prescribed by the U.S. Trustee and pay quarterly U.S. Trustee fees until the case is converted,
28 closed or dismissed. The Reorganized Debtor shall serve these reports on the U.S. Trustee.

1 **Q. Post-Confirmation Conversion/Dismissal**

2 A Creditor or party in interest may bring a motion to convert or dismiss the Case under
3 Bankruptcy Code section 1112(b), after the Plan is confirmed, if there is a default in performing the
4 Plan. If the Court orders the case converted to Chapter 7 after the Plan is confirmed, then all
5 property that had been property of the Chapter 11 Estate, and that has not been disbursed pursuant to
6 the Plan, will revert in the Chapter 7 estate, and the automatic stay will be reimposed upon the
7 revested property only to the extent that relief from stay was not previously granted by the Court
8 during this case.

9 **R. Final Decree**


10 Once the estate has been fully administered as referred to in Bankruptcy Rule 3022, the
11 Reorganized Debtor, or such other party as the Bankruptcy Court shall designate in the Confirmation
12 Order, shall file a motion with the Bankruptcy Court to obtain a final decree to close the case.

13 **S. Objections to Confirmation**

14 Objections to confirmation of this Plan are governed by Bankruptcy Rule 9014. Unless an
15 objection to confirmation is timely Filed and served, it will not be considered by the Bankruptcy
16 Court.

17 Date: January 8, 2010

BLOSSOM VALLEY INVESTORS, INC.
Debtor in Possession

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19 By: 
20 Alan R. Pinn
21 Manager
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EXHIBIT A
UNEXPIRED LEASES AND CONTRACTS TO BE ASSUMED