

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF ARIZONA**

In re

THE BOND RANCH AT DEL RIO SPRINGS,
LLC

Debtor.

In Proceedings Under Chapter 11

Case No. 10-10174-RTB

DISCLOSURE STATEMENT CONCERNING THE DEBTOR'S PLAN OF REORGANIZATION

IMPORTANT DATES:

Date by which objections to Confirmation of the Plan must _____, **2010**
be filed and served:

Date by which Ballots must be received: _____, **2010**

Hearing on Confirmation of the Plan: _____, **2010**, __:__ .m. M.S.T.

SQUIRE, SANDERS & DEMPSEY L.L.P.

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Dated: July 7, 2010

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Appendix 1 -- The Plan

I. INTRODUCTION AND SUMMARY

A. Overview

The Bond Ranch at Del Rio Springs, LLC, the debtor-in-possession in the above-captioned, chapter 11 case (the “Debtor”), submits this disclosure statement (the “Disclosure Statement”) pursuant to Section 1125 of Title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the “Bankruptcy Code”) for use in the solicitation of votes on the Debtor’s Plan of Reorganization (the “Plan”) proposed by the Debtor. The Plan was filed with the United States Bankruptcy Court for the District of Arizona (the “Bankruptcy Court”), on July 7, 2010. The following introduction and summary is a general overview only and is qualified in its entirety by, and should be read in conjunction with, the more detailed discussions, information and financial statements and notes thereto appearing elsewhere in this Disclosure Statement and the Plan. All capitalized terms not defined in this Disclosure Statement have the meanings given to them in the Plan. A copy of the Plan, separately filed in this Chapter 11 Case, is Appendix 1 to this Disclosure Statement.

This Disclosure Statement sets forth certain information regarding the Debtor’s prepetition operating and financial history, the need to seek chapter 11 protection, significant events that have occurred during the Chapter 11 Case, and the anticipated organization and operations of Reorganized Bond Ranch. This Disclosure Statement also describes terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of confirmation of the Plan, certain risk factors associated with securities to be issued under the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims in Impaired Classes must follow for their votes to be counted. Certain provisions of the Plan, and thus the descriptions and summaries contained herein, may be the subject of continuing negotiations among the Debtor and various parties, may not have been finally agreed upon, and may be modified. Such modifications, however, will not have a material effect on the distributions contemplated by the Plan.

The Debtor is a proponent of the Plan within the meaning of Section 1129 of the Bankruptcy Code. The Plan contains separate Classes and proposes recoveries for holders of Claims against and Equity Interests in the Debtor. After careful review of the Debtor’s current business operations, estimated recoveries in a liquidation scenario, and the prospects of ongoing business, the Debtor has concluded that the recovery to the Debtor’s Creditors will be maximized by a reorganization of the Debtor as contemplated by the Plan.

Specifically, the Debtor believes that their assets have significant going concern value that would not be realized in a liquidation. According to the liquidation analysis prepared by management, and the other analyses prepared by the Debtor, the Debtor believes that the value of the Estate of the Debtor is significantly greater in the proposed reorganization than in a liquidation.

B. Notice to Holders of Claims and Equity Interests

This Disclosure Statement is being transmitted to certain holders of Claims for the purpose of soliciting votes on the Plan, and to others for informational purposes. The purpose of this Disclosure Statement is to provide adequate information to enable the holder of a Claim against the Debtor to make a reasonably informed decision with respect to the Plan prior to exercising the right to vote to accept or reject the Plan.

By order entered on _____, 2010, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind and in sufficient and adequate detail to enable holders of Claims that

are entitled to vote on the Plan to make an informed judgment with respect to acceptance or rejection of the Plan. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS APPENDICES CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR TO REJECT THE PLAN. This Disclosure Statement contains important information about the Plan, considerations pertinent to acceptance or rejection of the Plan, and developments concerning the Chapter 11 Case.

THIS DISCLOSURE STATEMENT AND THE OTHER MATERIALS INCLUDED IN THE SOLICITATION PACKAGE ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. No solicitation of votes may be made except after distribution of this Disclosure Statement, and no person has been authorized to distribute any information concerning the Debtor or the Plan other than the information contained herein.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD-LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL OR FUTURE RESULTS. Except with respect to the projections set forth in Appendix 2 and Appendix 3 attached hereto (collectively, the "Projections"), and except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Disclosure Statement. Neither the Debtor nor Reorganized Bond Ranch intend to update the Projections for the purposes hereof; thus, the Projections will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Projections. Further, the Debtor does not anticipate that any amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences. Accordingly, the delivery of this Disclosure Statement does not under any circumstance imply that the information herein is correct or complete as of any time subsequent to the date hereof.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND MAY NOT HAVE BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN OF REORGANIZATION OF THE ABOVE-CAPTIONED DEBTOR, AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CREDITORS AND HOLDERS OF EQUITY INTERESTS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR

ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ANNEXED TO THE PLAN AND APPENDICES ANNEXED TO THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF. IN THE EVENT OF ANY CONFLICT BETWEEN THE DESCRIPTIONS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, THE TERMS OF THE PLAN WILL GOVERN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016(b) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OF THE DEBTOR AND AFFILIATES SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATED TO THE PLAN, CERTAIN EVENTS IN THE CHAPTER 11 CASE, AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTOR BELIEVES THAT SUCH SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTOR’S MANAGEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT WILL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT WILL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR WILL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR CHAPTER 11 INTERESTS IN, THE DEBTOR.

C. Summary of Treatment of Claims and Equity Interests under the Plan

The Plan contains separate classes for holders of Claims against, and Equity Interests in, the Debtor. As required by the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified.

The table below summarizes the classification and treatment of the principal pre-petition Claims and Equity Interests under the Plan. The classification and treatment for all Classes are described in more detail in Article IV of the Plan. The table below also sets forth the Debtor’s estimates of the amount of Claims that will ultimately become allowed in each Class based upon review by the Debtor of all Claims

scheduled by the Debtor, consideration of the provisions of the Plan that affect the allowance of certain Claims, and a general estimate of the amount by which Allowed Claims may ultimately exceed the amount of the Claims scheduled by the Debtor. As set forth in the table below, the Plan provides for the transfer of certain real property owned by the Debtor, the issuance of new notes to the holders of certain Allowed secured and unsecured Claims, if there are New Equity Contributions, Preferred Equity Interests to the holders of Allowed Equity Interests, and, if there are any electing Creditors, General Unsecured Equity Interests.

In addition, for certain Classes of Claims, the actual amounts of Allowed Claims could materially exceed or could be materially less than the estimated amounts shown in the table that follows. Accordingly, for these reasons, no representation can be or is being made with respect to whether the estimated percentage recoveries set forth in the table below will actually be realized by the holders of Allowed Claims in any particular Class. **For purposes of calculating estimated recoveries, the following table does not give effect to the subordination rights of various parties.**

FOR A DESCRIPTION OF THE PLAN AND VARIOUS RISK AND OTHER FACTORS PERTAINING TO THE PLAN AS IT RELATES TO HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR, PLEASE SEE THE “DESCRIPTION OF THE REORGANIZATION PLAN” AND “CERTAIN FACTORS TO BE CONSIDERED,” SECTIONS OF THIS DISCLOSURE STATEMENT.

<u>Class</u>	<u>Class Description</u>	<u>Treatment Under Plan</u>
1	Other Priority Claims (Unimpaired; deemed to accept.) Estimated Amount of Claims: [TO COME] Percentage Recovery: 100%	Upon the occurrence of the Effective Date, each holder of an Allowed Other Priority Claim shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Priority Claim: (a) Cash in an amount equal to the amount of such Allowed Other Priority Claim; or (b) such other treatment as to which the Debtor and/or Reorganized Bond Ranch and such Claimholder shall have agreed upon in writing, provided that such treatment is not more favorable than the treatment in clause (a) above.
2	Secured Real Property Tax Claims (Unimpaired; deemed to accept.) Estimated Amount of Claims: [TO COME] Percentage Recovery: 100%	Each Allowed Real Property Secured Tax Claim shall be paid in full in Cash by the Debtor and/or Reorganized Bond Ranch as such Claims become due in accordance with applicable law.

<u>Class</u>	<u>Class Description</u>	<u>Treatment Under Plan</u>
3	<p>Senior Secured Insider Claims</p> <p>(Impaired; entitled to vote.)</p> <p>Estimated Amount of Claims: [TO COME]</p> <p>Percentage Recovery: 100%</p>	<p>Holders of Allowed Senior Secured Insider Claims shall receive as final treatment on account of their Claims, in full and final satisfaction of such Claims:</p> <p>(i) <u>Transferred Property</u>. The Bankruptcy Court shall determine the Court Adjudicated Property Value of the Property, including the Transferred Property, as of the Effective Date of this Plan. On the Effective Date, Reorganized Bond Ranch shall provide the holders of the Allowed Senior Secured Insider Claims a deed in lieu to transfer the Transferred Property.</p> <p>(ii) <u>New Note</u>. On the Effective Date, Reorganized Bond Ranch shall issue a New Note to the holders of the Allowed Senior Secured Insider Claims in a principal amount equal to 100% of such holders' Base Claim Amount subject to subsection (iv) below.</p> <p>(ii) <u>New Deed of Trust</u>. The New Note shall be secured by a New Deed of Trust granting a perfected first priority security interest in the Retained Property securing Allowed Senior Secured Insider Claims as of the Effective Date, provided, however, that any and all Liens granted under the New Deed of Trust on a Parcel shall be immediately and fully released by the holder of Allowed Senior Secured Insider Claims upon the payment of the Release Price by Reorganized Bond Ranch to such holders.</p> <p>(iii) <u>Release Price</u>. Release Price for the holders of Allowed Senior Secured Insider Claims shall be \$7,000/acre.</p> <p>(iv) <u>Interest and Term</u>. The New Note shall bear interest at the Court Adjudicated Interest Rate, which shall be due and payable monthly. The New Note shall have a term of 48 months. If the Court Adjudicated Property Value of the Transferred Property is equal to the first 24 months of the interest payments due under the New Note, then the Transferred Property shall constitute the first 24 months of interest due under the New Note, and Reorganized Bond Ranch shall not make any interest payments for the first 24 months. If the Court Adjudicated Property Value of the Transferred Property is less than the first 24 months of the interest payments, then the Reorganized Debtor shall use Exit Financing or New Equity Contributions to satisfy the difference. If the Court Adjudicated Property Value of the Transferred Property is more than the first 24 months of the interest payments due under the New Note, then such excess value of the Transferred Property shall reduce, dollar-for-dollar, the Base Claim Amount of such New Note.</p>

<u>Class</u>	<u>Class Description</u>	<u>Treatment Under Plan</u>
4	<p>Guaranty Secured Claims</p> <p>(Impaired; entitled to vote.)</p> <p>Estimated Amount of Claims: [TO COME]</p> <p>Percentage Recovery: 100%</p>	<p>Holders of Allowed Guaranty Secured Claims shall receive the final treatment on account of their Claims, in full and final satisfaction of such Claims:</p> <p>(i) <u>New Note</u>. On the Effective Date, Reorganized Bond Ranch shall issue a New Note to each holder of an Allowed Guaranty Secured Claims in a principal amount equal to 100% of such holder's Base Claim Amount.</p> <p>(ii) <u>New Deed of Trust</u>. The New Note shall be secured by a New Deed of Trust granting a perfected second priority security interest in the Retained Property securing Allowed Guaranty Secured Claims as of the Effective Date.</p> <p>(iii) <u>Interest and Term</u>. The New Note shall bear interest at the Court Adjudicated Interest Rate per annum, which shall be due and payable on maturity. The New Note shall have a term of 48 months.</p>
5	<p>Base Capital Secured Claims</p> <p>(Impaired; entitled to vote.)</p> <p>Estimated Amount of Claims: [TO COME]</p> <p>Percentage Recovery: 100%</p>	<p>Holders of Allowed Base Capital Secured Claims shall receive the final treatment on account of their Claims, in full and final satisfaction of such Claims:</p> <p>(i) <u>New Note</u>. On the Effective Date, Reorganized Bond Ranch shall issue a New Note to each holder of an Allowed Base Capital Secured Claim in a principal amount equal to 100% of such holder's Base Claim Amount.</p> <p>(ii) <u>New Deed of Trust</u>. The New Note shall be secured by a New Deed of Trust granting a perfected third priority security interest in the Retained Property securing Allowed Base Capital Secured Claims as of the Effective Date.</p> <p>(iii) <u>Interest and Term</u>. The New Note shall bear interest at 3% per annum, which shall be due and payable on maturity. The New Note shall have a term of 48 months.</p>

<u>Class</u>	<u>Class Description</u>	<u>Treatment Under Plan</u>
6	<p>Other Secured Claims</p> <p>(Impaired; entitled to vote.)</p> <p>Estimated Amount of Claims: [TO COME]</p> <p>Percentage Recovery: 100%</p>	<p>Holders of Allowed Other Secured Claims shall receive the final treatment on account of their Claims, in full and final satisfaction of such Claims:</p> <p>(i) <u>New Note</u>. On the Effective Date, Reorganized Bond Ranch shall issue a New Note to each holder of an Allowed Other Secured Claim in a principal amount equal to 100% of such holder's Base Claim Amount.</p> <p>(ii) <u>New Deed of Trust</u>. The New Note shall be secured by a New Deed of Trust granting a perfected fourth priority security interest in the Retained Property securing Allowed Other Secured Claims as of the Effective Date.</p> <p>(iii) <u>Interest and Term</u>. The New Note shall bear interest at the Court Adjudicated Interest Rate per annum, which shall be due and payable on maturity. The New Note shall have a term of 48 months.</p>
7	<p>General Unsecured Claims</p> <p>(Impaired; entitled to vote.)</p> <p>Estimated Amount of Claims: [TO COME]</p> <p>Percentage Recovery: 100%</p>	<p>Holders of Allowed General Unsecured Secured Claims shall receive the final treatment on account of their Claims, in full and final satisfaction of such Claims:</p> <p>(i) <u>New Note</u>. On the Effective Date, Reorganized Bond Ranch shall issue a New Note to each holder of an Allowed General Unsecured Claim in a principal amount equal to 100% of such holder's Allowed General Unsecured Claim.</p> <p>(ii) <u>Interest and Term</u>. The New Note shall bear interest at 5% per annum, which shall be due and payable on maturity. The New Note shall have a term of 48 months.</p> <p>(iii) <u>Equity Option</u>. Each holder of an Allowed General Unsecured Claim may, at its discretion, elect to have issued on account of its Allowed General Unsecured Claim a General Unsecured Equity Interest in Reorganized Bond Ranch, which will be treated as, and have the same rights as, Equity Interests under Class 8 of this Plan. Each holder of an Allowed General Unsecured Claim must elect all -- and not a portion -- of its Allowed General Unsecured Claim to be treated in this regard. The number of General Unsecured Equity Interests issued is expected to correspond with the amount of the Allowed General Unsecured Claim so elected (i.e., one General Unsecured Equity Interest for each dollar)</p>

<u>Class</u>	<u>Class Description</u>	<u>Treatment Under Plan</u>
8	Equity Interests and Equity Related Claims (Impaired; entitled to vote.) Estimated Amount of Claims: N/A Percentage Recovery: 0 - 100%	All holders of Allowed Equity Interests shall retain their interests, but shall not receive any distribution unless and until each of the Classes of Creditors are satisfied in full. Holders of Allowed Equity Related Claims will be paid <i>pari passu</i> with Allowed Equity Interests. In the event of a New Equity Contribution, the holders of Allowed Equity Interests and Allowed Equity Related Claims will be subordinated to the holders of Preferred Equity Interests issued in connection with the New Equity Contribution
9	Convenience Claims (Unimpaired; deemed to accept.) Estimated Amount of Claims: [TO COME] Percentage Recovery: 100%	On the Effective Date, each holder of an Allowed Convenience Claim shall receive Cash in an amount equal to the lesser of: (a) the amount of such Allowed Convenience Claim; or (b) \$500.00.

D. General Voting Procedures, Ballots, and Voting Deadline

Accompanying this Disclosure Statement are, among other things, copies of (1) the Plan (Appendix 1 hereto, separately filed in this Chapter 11 Case); (2) the notice of, among other things, the time for submitting Ballots to accept or reject the Plan; the date, time and place of the hearing to consider the confirmation of the Plan and related matters, and the time for filing objections to the confirmation of the Plan (the “Confirmation Hearing Notice”); and (3) if you are entitled to vote, one or more Ballots (and return envelopes) to be used by you in voting to accept or to reject the Plan.

After carefully reviewing the Plan, this Disclosure Statement, and (if you are entitled to vote) the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by checking the appropriate box on the enclosed Ballot. Please complete and sign your original Ballot (copies will not be accepted) and return it in the envelope provided. You must provide all of the information requested by the appropriate Ballot. Failure to do so may result in the disqualification of your vote on such Ballot. Each Ballot has been coded to reflect the Class of Claims it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded Ballot or Ballots sent to you with this Disclosure Statement.

In order for your vote to be counted, your Ballot must be properly completed as set forth above and in accordance with the voting instructions on the Ballot and **ACTUALLY RECEIVED** no later than _____, 2010 at 4:00 p.m. (prevailing Mountain time) (the “Voting Deadline”) by counsel for the Debtor, Squire, Sanders & Dempsey L.L.P. Your Ballot contains the contact information for Squire, Sanders & Dempsey L.L.P. which is:

SQUIRE, SANDERS & DEMPSEY L.L.P.
Attention: Karen Graves, Bond Ranch Balloting
1 East Washington, Suite 2700
Phoenix, Arizona 85004

(602) 528-4000

Ballots received after the voting deadline will not be counted. Ballots should not be delivered directly to the Debtor, the Bankruptcy Court, the Committee, or the Office of the United States Trustee.

Questions About Voting Procedures

If: (1) you have any questions about (a) the procedure for voting your Claim or Equity Interest, (b) the packet of materials that you have received, or (c) the amount of your Claim or Equity Interest holdings; or (2) you wish to obtain an additional copy of the Plan, this Disclosure Statement, or any exhibits to such documents please contact:

SQUIRE, SANDERS & DEMPSEY L.L.P.

Attention: Karen Graves

1 East Washington, Suite 2700

Phoenix, Arizona 85004

(602) 528-4000

For further information and instructions on voting to accept or reject the Plan, see Article IX -- ACCEPTANCE AND CONFIRMATION OF THE PLAN.

E. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to Section 1128 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 3017(c), the Bankruptcy Court has scheduled the Confirmation Hearing to begin on _____, 2010, at ____:____ __.m. (prevailing Mountain Standard Time) before the Honorable Redfield T. Baum, United States Bankruptcy Judge, at the United States Bankruptcy Court, 230 North First Avenue, 7th Floor Room 702, Phoenix, Arizona 85003. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed with the Clerk of the Bankruptcy Court and served so that they are **ACTUALLY RECEIVED** on or before _____, 2010, at ____:____ __.m. (prevailing Mountain Standard Time) by: (i) Squire, Sanders & Dempsey L.L.P., 1 East Washington, Suite 2700, Phoenix, Arizona 85004, (602) 528-4000, Attn: Thomas J. Salerno, Esq., Kelly Singer, Esq., and Bradley A. Cosman, Esq., counsel for the Debtor, (ii) the Office of the United States Trustee for the District of Arizona, 230 North First Avenue, Suite 204, Phoenix, Arizona 85003, Attn: Larry Watson, Esq., and (iii) [_____,], counsel to the Official Committee of Unsecured Creditors.

II. BACKGROUND REGARDING THE DEBTOR

A. Overview of Business Operations

The Debtor is the owner of approximately 3,000 acres (as defined in the Plan, the "Property") of a planned area development ("Del Rio Springs") located in the Town of Chino Valley in Northern Arizona ("Chino Valley"). There is a development agreement in place with Chino Valley under which Del Rio Springs will be developed into a master planned community that will include up to 3,863 units of single-family detached homes, higher density attached housing, one to two 18-hole golf courses, 395 acres of

supporting commercial and attached housing uses, miles of pedestrian and equestrian trails, and 419 acres of dedicated open space.

The Debtor is not a homebuilder and does not intend to build homes for Del Rio Springs. The Debtor instead obtains land entitlements and facilitates the development of Del Rio Springs for the sale to developers, builders, and investors looking to hold land for current or future development. Prior to the Petition Date, the Property has secured water rights from Chino Valley and was in the process of negotiating a water agreement to obtain a certificate of convenience and necessity for the water company at Del Rio Springs. In addition to securing water rights, Del Rio Springs has a completed wastewater treatment facility to service all of Del Rio Springs, including the Property, and Chino Valley has provided preliminary approval of a sewer agreement for Del Rio Springs. In addition, as of the Petition Date, the Debtor was in the process of performing entitlement work and finalizing the first preliminary plat of 795 single-family residential homes on the east side of the Property.

B. Prepetition Debt

In July 2004, the Debtor obtained a \$16,000,000 loan (the “Senior Secured Loan”) from Citicorp USA, Inc. (“Citicorp”), which, in April 2007, was subsequently increased to \$18,000,000 under that certain Amended and Restated Term Note (the “Note”). The Note is secured by a senior deed of trust on the Property.

In accordance with certain guaranties executed in favor of Citicorp by James Brown, Robert O’Rear, and Joseph Galando -- each of whom are equity holders of the Debtor -- Brown, O’Rear, and Galando jointly and severally guaranteed the Debtor’s obligations under the Senior Secured Loan (collectively, the “Guaranty Agreements”). Citicorp is no longer a creditor of the Debtor. When the Senior Secured Loan matured on December 30, 2008, it is believed that Brown and O’Rear, through their company Del Rio Springs Loan Partners, LLC (“Del Rio Partners”), paid off Citicorp and stepped into Citicorp’s position under the Senior Secured Loan. As such, Brown and O’Rear -- insider equity holders of the Debtor -- are believed to now hold the senior lien against the Property through Del Rio Partners.

In addition, under that certain Inter-Guarantor Agreement and First Amendment To Inter-Guarantor Agreement (collectively, the “Inter-Guarantor Agreement”), the Debtor executed with Brown, O’Rear, and Galando, the Debtor agreed to pay such parties certain fees in consideration for their execution of the Guaranty Agreements. Brown, O’Rear, and Galando also agreed what each guarantor’s exposure and contribution rights under the Guaranty Agreements would be vis-à-vis each other. In accordance with the Inter-Guarantor Agreement, Brown, O’Rear, and Galando may hold a second-position lien and security interest against the Property on account of their guaranty exposure under their respective Guaranty Agreements. However, when Brown and O’Rear paid off Citicorp in accordance with their Guaranty Agreements (through Del Rio Partners), this portion of the second-position debt stepped into the Citicorp’s Senior Secured Loan.

Base Capital holds a third-position deed of trust against the Property on account of certain payments made to Citicorp under the Senior Secured Loan. The outstanding amount of the third-position debt is approximately \$2,000,000 plus accrued interest and fees.

C. Other Prepetition Debt

In addition to the obligations related to the loans discussed above, the Debtor executed a deed of trust against the Property to secure a \$150,000 loan it obtained shortly before the Petition Date. There are certain secured tax obligations against the Property, and the Debtor believes it has approximately

\$550,000 in general unsecured debt claims comprising approximately professionals and other parties contracted to develop Del Rio Springs.

D. Events Precipitating the Chapter 11 Case

The Debtor's business is susceptible to a downturn in the real estate market. The real estate market suffered a serious decline in 2007, as the market for new home construction and real estate development opportunities experienced a substantial decline in demand.

To stabilize its operations and preserve the asset value for the benefit of creditors and equity holders, the Debtor implemented a series of aggressive restructuring measures. Prior to the Petition Date, the Debtor attempted to negotiate a forbearance agreement with its senior secured lenders. In addition, the Debtor explored possible restructuring alternatives, including a possible capital investment and sales of part or all of the Debtor's assets to third parties. Unfortunately, the Debtor was unable to reach an agreement with its senior secured lenders, and it was not able to effectuate sales of its assets prior to a trustee's sale scheduled with respect to the Property. To preserve the equity value in the Property for the benefit of creditors and equity holders, the Debtor had no option but to seek chapter 11 protection and prevent a trustee's sale of the Property.

III. SIGNIFICANT EVENTS IN THE CHAPTER 11 CASE

A. Continuation of Business, Automatic Stay

The Chapter 11 Case have been assigned to the Honorable Redfield T. Baum, United States Bankruptcy Judge for the District of Arizona. Since the Petition Date, the Debtor has continued to operate their businesses and manage its properties as a debtor-in-possession under Sections 1107(a) and 1108 of the Bankruptcy Code. No trustee has been appointed in the Chapter 11 Case. On [____], 2010, the Office of the United States Trustee appointed an Official Committee of Unsecured Creditors (the "Committee"). The Committee consists of [____]. On [____], 2010, the Bankruptcy Court approved the retention of [____] as restructuring counsel to the Committee.

An immediate effect of the filing of the Debtor's bankruptcy petition was the imposition of the automatic stay under the Bankruptcy Code that, with limited exceptions, enjoined the commencement or continuation of all collection efforts by creditors, the enforcement of liens against property of the Debtor, and the commencement or continuation of litigation against the Debtor. This relief provided the Debtor with the "breathing room" necessary to assess and reorganize their business. The automatic stay remains in effect, unless modified by the Bankruptcy Court, until consummation of a plan of reorganization.

B. Other Significant Events During the Chapter 11 Case

On April 9, 2010, the Bankruptcy Court authorized the retention of Squire, Sanders & Dempsey L.L.P., as restructuring counsel. Since the Petition Date, the Debtor has continued negotiating with Del Rio Partners on terms for a plan of reorganization. On June 30, 2010, the Bankruptcy Court entered its order determining this Chapter 11 Case is a Single Asset Real Estate case, as that term is defined in the Bankruptcy Code. To that end, the Debtor has concentrated its efforts on formulating, preparing, and filing the Plan within the statutory ninety day deadline, and proceeding towards confirmation of the Plan.

IV. DESCRIPTION OF THE REORGANIZATION PLAN

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE, CLASSIFICATION, TREATMENT AND IMPLEMENTATION OF THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT, AND TO THE APPENDICES ATTACHED THERETO.

ALTHOUGH THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN, THIS DISCLOSURE STATEMENT DOES NOT PURPORT TO BE A PRECISE OR COMPLETE STATEMENT OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS IT REFERS TO WILL CONTROL THE TREATMENT OF CREDITORS AND EQUITY INTEREST HOLDERS UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON HOLDERS OF CLAIMS AGAINST, AND EQUITY INTERESTS IN, THE DEBTOR, THE ESTATES, REORGANIZED BOND RANCH, AND OTHER PARTIES IN INTEREST.

A. Overall Structure of the Plan

The Debtor has focused on the formulation of a plan of reorganization that would allow them to emerge quickly from chapter 11 and preserve its value as a going concern. The terms of the Plan are based on, among other things, the Debtor's assessment of its ability to successfully restructure its capitalization, make the distributions contemplated under the Plan, and pay its continuing obligations in the ordinary course of Reorganized Bond Ranch's business.

If the Plan is confirmed by the Bankruptcy Court and consummated: (1) the holders of Equity Interests and Equity Related Claims arising from ownership interests in the Debtor will retain their interests, but shall not receive any distribution unless and until each of the Classes of Creditors are satisfied in full; and (2) the holders of Allowed Claims will be issued new notes in a principal amount equal to 100% of their Base Claim Amount. At certain times after the Effective Date, Reorganized Bond Ranch will distribute Cash, securities and other property in respect of certain Classes of Claims as provided in the Plan. The Classes of Claims against the Debtor created under the Plan, the treatment of those Classes under the Plan, and the securities and other property to be distributed under the Plan are described below.

B. Summary of Claims Process, Bar Date and Professional Fees

Claims Bar Date

On May 26, 2010, the Bankruptcy Court entered an order (the "Bar Date Order") establishing the general deadline for filing proofs of claim against the Debtor (the "Bar Date"). The deadline established by the Bankruptcy Court was July 10, 2010, for Claims, including Claims of governmental units, but excluding certain other Claims, including Claims based on the rejection of executory contracts and unexpired leases, as to which the bar date is the earlier of: (a) the 30th Business Day following the entry of the order of the Bankruptcy Court approving such rejection, provided the effectiveness of such order has not been stayed; and (b) the 30th Business Day following the Effective Date of the Plan. The Debtor provided notice of the Bar Date by mailing to each person listed in the Schedules, among other things, a

notice of the Bar Date and a proof of claim form. The notice of the Bar Date also advised each creditor and party in interest that it must file a proof of claim on or before the Bar Date if: (a) such creditor's claim is listed as contingent, unliquidated, or disputed on the Schedules; (b) the creditor disagrees with the amount of the claim or the priority of the claim; or (c) the creditor's claim is not listed in the Schedules. The notice of the Bar Date also advised creditors that if a creditor agrees with its claim as stated in the Schedules, that creditor need not file a proof of claim.

C. Classification of Claims and Equity Interests

Section 1122 of the Bankruptcy Code requires that a plan of reorganization classify the claims of a debtor's creditors and the interest of its equity holders. The Bankruptcy Code also provides that, except for certain claims classified for administrative convenience, a plan of reorganization may place a claim of a creditor or an interest of an equity holder in a particular class only if such claim or interest is substantially similar to the other claims of such class. The Bankruptcy Code also requires that a plan of reorganization provide the same treatment for each claim or interest of a particular class unless the holder of a particular claim or interest agrees to a less favorable treatment of its claim or interest.

The Debtor believes that they have classified all Claims and Equity Interests in compliance with the requirements of the Bankruptcy Code. If a Creditor or holder of an Equity Interest challenges such classification of Claims or Equity Interests and the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, the Debtor, to the extent permitted by the Bankruptcy Court, intends to make such reasonable modifications of the classifications of Claims or Equity Interests under the Plan to provide for whatever classification might be required by the Bankruptcy Court for confirmation.

EXCEPT TO THE EXTENT THAT SUCH MODIFICATION OF CLASSIFICATION ADVERSELY AFFECTS THE TREATMENT OF A HOLDER OF A CLAIM OR EQUITY INTEREST AND REQUIRES RESOLICITATION, ACCEPTANCE OF THE PLAN BY ANY HOLDER OF A CLAIM PURSUANT TO THIS SOLICITATION WILL BE DEEMED TO BE A CONSENT TO THE PLAN'S TREATMENT OF SUCH HOLDER OF A CLAIM REGARDLESS OF THE CLASS AS TO WHICH SUCH HOLDER ULTIMATELY IS DEEMED TO BE A MEMBER.

D. Treatment of Unclassified Claims

Administrative Claims

An Administrative Claim is a Claim for any cost or expense of administration of the Chapter 11 Case Allowed under Bankruptcy Code §§ 503(b), 507(b) or 546(c)(2) and entitled to priority under Bankruptcy Code § 507(a)(2), including: (a) fees payable under 28 U.S.C. § 1930; (b) actual and necessary costs and expenses incurred in the ordinary course of a Debtor's business; (c) actual and necessary costs and expenses of preserving an Estate or administering the Chapter 11 Case; and (d) all Professional Claims to the extent Allowed by Final Order under Bankruptcy Code §§ 330, 331, or 503.

Each Allowed Administrative Claim (other than a Preserved Ordinary Course Administrative Claim or Professional Claim) shall be paid in full in Cash (or otherwise satisfied in accordance with its terms) on the latest of: (a) the Effective Date, or as soon after that date as practicable; (b) any date the Bankruptcy Court may fix, or as soon after that date as practicable; (c) 30 days after the Claim is Allowed; and (d) any date on which the holder of the Claim and the Debtor or Reorganized Bond Ranch may agree.

Preserved Ordinary Course Administrative Claims

A Preserved Ordinary Course Administrative Claim is a any Administrative Claim based on liabilities incurred by the Debtor in the purchase, lease, or use of goods and services in the ordinary course of its business including Administrative Claims on account of services provided after the Petition Date to a Debtor by its employees, and Claims for unpaid rent or contract payments arising under a rejected executory contract or unexpired lease of nonresidential real property after the Petition Date and before the effective date of the rejection of that contract or lease, but excluding Professional Claims.

Each Allowed Preserved Ordinary Course Administrative Claim shall be paid in full in Cash at Reorganized Bond Ranch's election either: (a) in accordance with the terms and conditions under which the Claim arose; or (b) on such date on which the holder of the Claim and Reorganized Bond Ranch may agree. Payments shall be made without further action by the holder of the Preserved Ordinary Course Administrative Claim.

Priority Tax Claims

A Priority Tax Claim is any Claim of a governmental unit entitled to priority under Bankruptcy Code § 507(a)(8).

Any Allowed Priority Tax Claim shall be paid in full in Cash on the later of the Effective Date (or as soon after that date as practicable) and 30 days after the Claim is Allowed, but the Debtor or Reorganized Bond Ranch, as applicable, may elect to pay any Allowed Priority Tax Claim through regular installment payments in Cash of a total value, as of the Effective Date, equal to the Allowed amount of the Claim, over a period ending not later than five years after the Petition Date, and in a manner not less favorable than the most favored General Unsecured Claim provided for by this Plan. If the Debtor or Reorganized Bond Ranch so elect, the installment payments shall be made in equal quarterly installments of principal plus simple interest on the unpaid portion of the Allowed Priority Tax Claim accruing from the Effective Date at the rate of six percent per year. The first payment shall be made on the latest of: (a) the Effective Date, or as soon after that date as practicable; (b) 30 days after the Claim is Allowed, or as soon after than date as practicable; and (c) another date on which the holder of the Claim and the Debtor or Reorganized Bond Ranch may agree. Reorganized Bond Ranch retains the right to prepay any Allowed Priority Tax Claim, or any remaining balance of such a Claim, in full or in part, at any time on or after the Effective Date without premium or penalty.

Professional Claims

A Professional Claim is an Administrative Claim for compensation and reimbursement of expenses of a Professional rendered or incurred before the Effective Date submitted in accordance with Bankruptcy Code §§ 328, 330, 331, or 503(b).

Each Person seeking an award by the Bankruptcy Court of Professional Fees must file with the Bankruptcy Court and serve on Reorganized Bond Ranch its final application for allowance of compensation for services rendered and reimbursement of expenses incurred through the Confirmation Date within 60 days after the Effective Date.

Each Allowed Professional Claim shall be paid in full in Cash: (a) no later than three days after the Professional Claim is Allowed; (b) on any other terms the holder of an Allowed Professional Claim and the Debtor and/or Reorganized Bond Ranch may agree; or (c) in accordance with the terms of any applicable administrative procedures order entered by the Bankruptcy Court.

E. Treatment of Classified Claims and Equity Interests

Pursuant to Section 1122 of the Bankruptcy Code, set forth below is a designation of classes of Claims against and Equity Interests in the Debtor. A Claim or Equity Interest is placed in a particular Class for the purposes of voting on the Plan and of receiving distributions pursuant to the Plan only to the extent that such Claim or Equity Interest is an Allowed Claim or an Allowed Equity Interest in that Class and such Claim or Equity Interest has not been paid, released, or otherwise settled prior to the Effective Date. In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Preserved Ordinary Course Administrative Claims, Priority Tax Claims, and Professional Claims of the kinds specified in Sections 507(a)(2) and 507(a)(8) of the Bankruptcy Code have not been classified and their treatment is set forth above.

Classes of Claims that are Unimpaired

Class 1 -- Other Priority Claims

Upon the occurrence of the Effective Date, each holder of an Allowed Other Priority Claim shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Priority Claim: (a) Cash in an amount equal to the amount of such Allowed Other Priority Claim; or (b) such other treatment as to which the Debtor and/or Reorganized Bond Ranch and such Claimholder shall have agreed upon in writing, provided that such treatment is not more favorable than the treatment in clause (a) above.

Class 2 -- Secured Real Property Tax Claims

Each Allowed Real Property Secured Tax Claim shall be paid in full in Cash by the Debtor and/or Reorganized Bond Ranch as such Claims become due in accordance with applicable law.

Class 9 -- Convenience Claims

On the Effective Date, each holder of an Allowed Convenience Claim shall receive Cash in an amount equal to the lesser of: (a) the amount of such Allowed Convenience Claim; or (b) \$500.00

Classes of Claims that are Impaired

Class 3 -- Senior Secured Insider Claims

Holders of Allowed Senior Secured Insider Claims shall receive as final treatment on account of their Claims, in full and final satisfaction of such Claims:

(i) Transferred Property. The Bankruptcy Court shall determine the Court Adjudicated Property Value of the Property, including the Transferred Property, as of the Effective Date of this Plan. On the Effective Date, Reorganized Bond Ranch shall provide the holders of the Allowed Senior Secured Insider Claims a deed in lieu to transfer the Transferred Property.

(ii) New Note. On the Effective Date, Reorganized Bond Ranch shall issue a New Note to the holders of the Allowed Senior Secured Insider Claims in a principal amount equal to 100% of such holders' Base Claim Amount subject to subsection (iv) below.

(iii) New Deed of Trust. The New Note shall be secured by a New Deed of Trust granting a perfected first priority security interest in the Retained Property securing Allowed Senior Secured

Insider Claims as of the Effective Date, provided, however, that any and all Liens granted under the New Deed of Trust on a Parcel shall be immediately and fully released by the holder of Allowed Senior Secured Insider Claims upon the payment of the Release Price by Reorganized Bond Ranch to such holders.

(iv) Release Price. Release Price for the holders of Allowed Senior Secured Insider Claims shall be \$7,000/acre.

(v) Interest and Term. The New Note shall bear interest at the Court Adjudicated Interest Rate, which shall be due and payable monthly. The New Note shall have a term of 48 months. If the Court Adjudicated Property Value of the Transferred Property is equal to the first 24 months of the interest payments due under the New Note, then the Transferred Property shall constitute the first 24 months of interest due under the New Note, and Reorganized Bond Ranch shall not make any interest payments for the first 24 months. If the Court Adjudicated Property Value of the Transferred Property is less than the first 24 months of the interest payments, then the Reorganized Debtor shall use Exit Financing or New Equity Contributions to satisfy the difference. If the Court Adjudicated Property Value of the Transferred Property is more than the first 24 months of the interest payments due under the New Note, then such excess value of the Transferred Property shall reduce, dollar-for-dollar, the Base Claim Amount of such New Note.

Class 4 -- Guaranty Secured Claims

Holders of Allowed Guaranty Secured Claims shall receive the final treatment on account of their Claims, in full and final satisfaction of such Claims:

(i) New Note. On the Effective Date, Reorganized Bond Ranch shall issue a New Note to each holder of an Allowed Guaranty Secured Claims in a principal amount equal to 100% of such holder's Base Claim Amount.

(ii) New Deed of Trust. The New Note shall be secured by a New Deed of Trust granting a perfected second priority security interest in the Retained Property securing Allowed Guaranty Secured Claims as of the Effective Date.

(iii) Interest and Term. The New Note shall bear interest at the Court Adjudicated Interest Rate per annum, which shall be due and payable on maturity. The New Note shall have a term of 48 months.

Holders of Allowed Base Capital Secured Claims shall receive the final treatment on account of their Claims, in full and final satisfaction of such Claims:

Class 5 -- Base Capital Secured Claims

(i) New Note. On the Effective Date, Reorganized Bond Ranch shall issue a New Note to each holder of an Allowed Base Capital Secured Claim in a principal amount equal to 100% of such holder's Base Claim Amount.

(ii) New Deed of Trust. The New Note shall be secured by a New Deed of Trust granting a perfected third priority security interest in the Retained Property securing Allowed Base Capital Secured Claims as of the Effective Date.

(iii) Interest and Term. The New Note shall bear interest at 3% per annum, which shall be

due and payable on maturity. The New Note shall have a term of 48 months.

Class 6 -- Other Secured Claims

Holders of Allowed Other Secured Claims shall receive the final treatment on account of their Claims, in full and final satisfaction of such Claims:

(iv) New Note. On the Effective Date, Reorganized Bond Ranch shall issue a New Note to each holder of an Allowed Other Secured Claim in a principal amount equal to 100% of such holder's Base Claim Amount.

(v) New Deed of Trust. The New Note shall be secured by a New Deed of Trust granting a perfected fourth priority security interest in the Retained Property securing Allowed Other Secured Claims as of the Effective Date.

(vi) Interest and Term. The New Note shall bear interest at the Court Adjudicated Interest Rate per annum, which shall be due and payable on maturity. The New Note shall have a term of 48 months.

Class 7 -- General Unsecured Claims

Holders of Allowed General Unsecured Claims shall receive the final treatment on account of their Claims, in full and final satisfaction of such Claims:

(i) New Note. On the Effective Date, Reorganized Bond Ranch shall issue a New Note to each holder of an Allowed General Unsecured Claim in a principal amount equal to 100% of such holder's Allowed General Unsecured Claim.

(ii) Interest and Term. The New Note shall bear interest at 5% per annum, which shall be due and payable on maturity. The New Note shall have a term of 48 months.

(iii) Equity Option. Each holder of an Allowed General Unsecured Claim may, at its discretion, elect to have issued on account of its Allowed General Unsecured Claim a General Unsecured Equity Interest in Reorganized Bond Ranch, which will be treated as, and have the same rights as, Equity Interests under Class 8 of this Plan. Each holder of an Allowed General Unsecured Claim must elect all -- and not a portion -- of its Allowed General Unsecured Claim to be treated in this regard. The number of General Unsecured Equity Interests issued is expected to correspond with the amount of the Allowed General Unsecured Claim so elected (i.e., one General Unsecured Equity Interest for each dollar).

Class 8 -- Equity Interests and Equity Related Claims

All holders of Allowed Equity Interests shall retain their interests, but shall not receive any distribution unless and until each of the Classes of Creditors are satisfied in full. Holders of Allowed Equity Related Claims will be paid pari passu with Allowed Equity Interests. In the event of a New Equity Contribution, the holders of Allowed Equity Interests and Allowed Equity Related Claims will be subordinated to the holders of Preferred Equity Interests issued in connection with the New Equity Contribution

V. IMPLEMENTATION OF THE REORGANIZATION PLAN

A. Plan Funding

Funds to be used to meet obligations under this Plan shall derive from three primary sources:

- (i) **Exit Financing.** Reorganized Bond Ranch may obtain Exit Financing to be secured by the Retained Property junior in priority all other Allowed Secured Claims against the Property.
- (ii) **New Equity Contributions.** The Debtor and/or Reorganized Bond Ranch may obtain New Equity Contributions from existing holders of Equity Interests or third parties.
- (iii) **Sale of Retained Property.** The Debtor and/or Reorganized Bond Ranch will sell all or portions of the Retained Property.

B. Continued Corporate Existence

- (i) **Reorganized Bond Ranch.** From and after the Effective Date, Reorganized Bond Ranch shall continue to exist as a separate corporate entity, with all the powers of a limited liability company under Arizona law pursuant to its articles of organization and operating agreement or other organizational documents in effect prior to the Effective Date, except to the extent such articles of organization and operating agreement or other organizational documents are amended by the Plan, without prejudice to any right to terminate such existence (whether by merger or otherwise) under applicable law after the Effective Date.

C. Amended and Restated Articles of Organization and Operating Agreement

As of the Effective Date and without any further action by the members of the Debtor or Reorganized Bond Ranch, Bond Ranch's articles of organization and operating agreement shall be amended and restated substantially in the forms of the Amended Articles of Organization and Amended Operating Agreement. The Amended Articles of Organization and Amended Operating Agreement shall also prohibit (to the extent required by Bankruptcy Code § 1123(a) and (b)) the issuance of non-voting equity securities. After the Effective Date, Reorganized Bond Ranch may amend its Amended Articles of Organization, Amended Operating Agreement, or any similar documents and agreements as permitted by applicable law.

D. Managing Members

The managing members of Reorganized Bond Ranch shall be identified in Exhibit J to the Plan Supplement, which shall be filed on or before the Plan Supplement Filing Date. Such managing members of Reorganized Bond Ranch shall manage the day-to-day operations of Reorganized Bond Ranch after the Effective Date, subject to the authority of any member committee of Reorganized Bond Ranch.

E. Effectiveness of Securities, Instruments, Agreements and Documents

On the Effective Date, all securities, instruments, agreements, and documents issued, entered into, delivered, or filed under the Plan, including, without limitation, any Preferred Equity Interests, General Unsecured Equity Interests, New Notes, the Plan Documents, and any security, instrument, agreement or document entered into, delivered, or filed in connection with any of the foregoing, shall be deemed to become effective, binding, and enforceable in accordance with its respective terms and conditions.

F. No Corporate Action Required

As of the Effective Date: (a) the adoption, execution, delivery, and implementation of all contracts, leases, instruments, releases, and other agreements related to or contemplated by the Plan; and (b) the other matters provided for under, or in furtherance of, the Plan involving corporate action required of the Debtor, shall be deemed to have occurred and become effective as provided in the Plan, and shall be deemed authorized and approved in all respects without further order of the Bankruptcy Court or any further action by the stockholders or directors of the Debtor.

G. Operation Pending Effective Date

Until the Effective Date, the Debtor shall continue to operate its businesses, subject to all applicable requirements of the Bankruptcy Code and the Bankruptcy Rules.

H. Exemption From Certain Transfer Taxes And Recording Fees

In accordance with Bankruptcy Code § 1146(a): (a) the issuance, distribution, transfer, and exchange of assets or property of the Estates; (b) the execution, assignment, modification, or recording of any lease or sublease; and (c) the execution, delivery, or recording of a deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, the Confirmation Order, or any transaction contemplated by the Plan, or any transactions arising out of, contemplated by, or in any way related to, the foregoing are not subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, or real estate transfer tax, or other similar tax or governmental assessment and the appropriate state or local government officials or agents are directed to forego the collection of any such tax or assessment and to accept for filing or recordation any of the foregoing instruments or other documents without the payment of any such tax or assessment.

I. Securities To Be Issued In Connection With The Plan

Preferred Equity Interests In Reorganized Bond Ranch

Principal provisions of the Preferred Equity Interests if there are New Equity Contributions:

(i) Authorization. The Amended Operating Agreement authorizes the issuance of Preferred Equity Interests. On the Effective Date, or as soon thereafter as practicable, Reorganized Bond Ranch shall issue Preferred Equity Interests in connection with the New Equity Contributions.

(ii) Rights. The Preferred Equity Interests shall have such rights with respect to Distributions, liquidation, voting, and other matters as are set forth in the Amended Operating Agreement, and as provided under applicable law.

General Unsecured Equity Interests In Reorganized Bond Ranch

Principal provisions of the General Unsecured Equity Interests if holders of Allowed General Unsecured Claims elect such treatment:

(i) Authorization. The Amended Operating Agreement authorizes the issuance of General Unsecured Equity Interests. On the Effective Date, or as soon thereafter as practicable, Reorganized Bond Ranch shall issue General Unsecured Equity Interests if the holder of an Allowed General Unsecured Claim so elects.

(ii) Rights. The General Unsecured Equity Interests shall have the same rights as holders of Equity Interests with respect to Distributions, liquidation, voting, and other matters, which such rights are set forth in the Amended Operating Agreement, and as provided under applicable law.

New Notes

On the Effective Date, Reorganized Bond Ranch shall issue the New Notes to holders of Allowed Claims in Classes 3, 4, 5, 6, and 7. Principal provisions of the New Notes are summarized as follows:

(i) Security. Each New Note shall, if applicable, as proscribed in each respective holder's Class treatment.

(ii) Maturity. Each New Note shall mature on the date that is 48 months after the Effective Date, as specifically set forth in the applicable Class treatment.

(iii) Interest Rate. Each New Note shall accrue interest at the rate proscribed in each respective holder's Class treatment, which interest shall be calculated daily on the basis of actual days elapsed over a 365-day year, based upon the then-outstanding face amount of such New Note. Reorganized Bond Ranch shall make interest payments to the holders of each New Note as proscribed in each respective holder's Class treatment.

(iv) Mandatory Prepayment and Release of Parcels. At any time prior to the maturity date of any New Note, Reorganized Bond Ranch may sell some or all of the Retained Property securing such New Note; provided, however, that in connection with any such sale of the Retained Property: (i) Reorganized Bond Ranch shall pay to the holders of an Allowed Senior Secured Insider Claim the Release Price; and (ii) all relevant terms and conditions required by the New Note for such holders have been satisfied. Upon satisfaction of such payment and conditions, the holder of an Allowed Senior Secured Insider Claim shall release said Parcel free and clear of any and all liens and encumbrances granted under the New Note and/or New Deed of Trust.

Section 1145 Exemption

In accordance with Section 1145 of the Bankruptcy Code, the issuance of the Preferred Equity Interests, General Unsecured Equity Interests and the New Notes in accordance with the Plan is exempt from the registration requirements of Section 5 of the Securities Act, and any state or local law requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, or broker dealer in such securities and is deemed to be a public offer of such securities.

J. Disputed Claims Reserve

If necessary after the Effective Date, Reorganized Bond Ranch shall estimate the amount of, and the appropriate Pro Rata amount of Cash to be distributed on account of, each Disputed Claim in Class 7 at the Maximum Amount of the Claim. Notwithstanding anything to the contrary contained in this Plan, the Maximum Amount of a Disputed Claim shall constitute the maximum amount at which the Disputed Claim may be Allowed.

VI. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption or Rejection of Executory Contracts and Unexpired Leases.

The executory contracts and unexpired leases between the Debtor and any Person are dealt with as follows:

(i) Assumption of Executory Contracts and Unexpired Leases. All executory contracts and unexpired leases set forth on the schedule of assumed executory contracts and unexpired leases filed with the Bankruptcy Court as part of Exhibit K to the Plan Supplement shall be deemed assumed by Reorganized Bond Ranch or assumed and assigned (as indicated on Exhibit K to the Plan Supplement) as of the Effective Date, except for any executory contract or unexpired lease: (i) that has been rejected in accordance with a Final Order entered before the Confirmation Date; or (ii) as to which a motion to reject has been filed with the Bankruptcy Court before the Confirmation Date.

(ii) Rejection of Executory Contracts and Unexpired Leases. All executory contracts and unexpired leases either (i) set forth on the schedule of rejected executory contracts and unexpired leases filed with the Bankruptcy Court as part of Exhibit K to the Plan Supplement or (ii) existing but not listed on Exhibit K to the Plan Supplement shall be deemed rejected as of the Effective Date, except for any executory contract or unexpired lease that has been assumed or rejected in accordance with a Final Order entered on or before the Confirmation Date.

B. Approval of Assumption or Rejection

Entry of the Confirmation Order constitutes: (a) the approval under Bankruptcy Code § 365 of the assumption or assumption and assignment of the executory contracts and unexpired leases assumed or assumed and assigned under this Plan or otherwise during the Chapter 11 Case; and (b) the approval under Bankruptcy Code § 365 of the rejection of the executory contracts and unexpired leases rejected under this Plan or otherwise during the Chapter 11 Case. Notwithstanding anything contained in this Section 7.2 to the contrary, the Debtor retains the right to add or change the treatment (assumed or rejected) of any executory contract or unexpired lease on Exhibit K to the Plan Supplement, thus changing the treatment of the contract or lease under this Plan, at any time within 30 days after the Effective Date.

C. Cure of Defaults

On the Effective Date or as soon after that date as practicable, Reorganized Bond Ranch shall Cure any defaults under any executory contract or unexpired lease assumed or assumed and assigned under this Plan in accordance with Bankruptcy Code § 365(b)(1). Reorganized Bond Ranch shall not, and need not as a condition to assuming or assuming and assigning any executory contract or unexpired lease under this Plan, Cure any default relating to the Debtor's failure to perform a nonmonetary obligation under any executory contract or unexpired lease.

D. Rejection Damages Bar Date.

All Rejection Claims arising from the rejection of any executory contract or unexpired lease under this Plan are required to be filed with the Bankruptcy Court no later than the Rejection Claims Bar Date. Any such Claim not filed within that time shall be forever barred. With respect to any executory contract or unexpired lease rejected by the Debtor before the Confirmation Date, the deadline for filing a Rejection Claim remains the deadline set forth in the order of the Bankruptcy Court authorizing that

rejection. If such an order did not contain such a deadline, the deadline for filing a Rejection Claim arising from that rejection is the Rejection Claims Bar Date.

VII. DESCRIPTION OF OTHER PROVISIONS OF THE PLAN

A. Post-Effective Date Fees; Final Decree

Reorganized Bond Ranch will be responsible for paying any post-Effective Date fees under 28 U.S.C. 1930(a)(6) and filing post-confirmation reports until the Bankruptcy Court enters a final decree, which will be as soon as practicable after distributions under the Plan have commenced. Notice of application for a final decree will only be provided to those holders of Claims and Equity Interests who specifically request such notice.

B. Vesting of Assets

Except as provided in the Plan, the Confirmation Order, or the Plan Documents, all property of the Estate shall vest in Reorganized Bond Ranch on the Effective Date free and clear of all Liens and Claims of all kinds existing before the Effective Date. From and after the Effective Date, Reorganized Bond Ranch may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code, including the employment of, and payment to, Professionals except as otherwise provided in the Plan or the Confirmation Order. Any cause of action owned by the Debtor against any Person, shall vest in Reorganized Bond Ranch on the Effective Date to the extent of available insurance coverage.

C. Discharge

Except as provided in this Plan or the Confirmation Order, the rights granted under this Plan and the treatment of Claims and Equity Interests under this Plan are in exchange for and in complete satisfaction, discharge, and release of, all Claims and Equity Interests, including any interest accrued on General Unsecured Claims from the Petition Date. Except as provided in this Plan or the Confirmation Order, confirmation of this Plan discharges the Bond Ranch and Reorganized Bond Ranch from all Claims or other debts that arose before the Confirmation Date, and all debts of the kind specified in Bankruptcy Code §§ 502(g), 502(h) or 502(i), whether or not: (i) a proof of claim based on such debt is filed or deemed filed under Bankruptcy Code § 501; (ii) a Claim based on such debt is Allowed under Bankruptcy Code § 502; or (iii) the holder of a Claim based on such debt has accepted this Plan. Without limiting the foregoing, the discharge granted under this Plan is granted to the fullest extent allowed under Bankruptcy Code §§ 1141(a), 1141(b), 1141(c), and 1141(d)(1).

D. Injunction

Except as provided in this Plan or the Confirmation Order, as of the Confirmation Date, all entities that have held, currently hold, or may hold a Claim or other debt or liability that is unclassified by this Plan or that is classified by Article III of this Plan or is subject to a distribution under this Plan, or an Equity Interest or other right of an equity security holder that is unclassified, canceled or terminated under this Plan are permanently enjoined from taking any of the following actions on account of any such Claims, debts, liabilities, Equity Related Claims, or terminated Equity Interests or rights: (a) commencing or continuing in any manner any action or other proceeding against the Debtor or Reorganized Bond Ranch (including any officer or director or other Person acting as a representative or otherwise on behalf of the Debtor or Reorganized Bond Ranch); (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree, or order against the Debtor, Reorganized Bond Ranch, or their respective property; (c) creating, perfecting, or enforcing any Lien or encumbrance against the Debtor, Reorganized Bond Ranch, or their respective property; (d) asserting a right of setoff, subrogation, or

recoupment of any kind against any debt, liability, or obligation due to the Debtor, Reorganized Bond Ranch, or their respective property; and (e) commencing or continuing any action, in any manner, in any place, that does not comply with or is inconsistent with the provisions of this Plan or the Bankruptcy Code. Nothing in this Section 12.3 or elsewhere in this Plan is to be construed or is to have the effect of extinguishing, prohibiting, or otherwise limiting, the right of any holder of a Claim to assert a right to setoff or recoupment arising in connection with that Claim as part of the resolution and treatment of that Claim under this Plan.

E. Releases, Exculpations and Related Matters.

Releases By the Debtor

Pursuant to Section 1123(b)(3) of the Bankruptcy Code, effective as of the Effective Date, the Debtor, in its individual capacity for and on behalf of its Estate, shall be deemed to forever release, waive, and discharge all Released Parties from all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to (i) the Debtor, (ii) the Chapter 11 Case and the conduct thereof, and (iii) the Plan. Reorganized Bond Ranch shall be bound, to the same extent the Debtor is bound, by all of the releases set forth in this Section 12.4(A) of this Plan.

Release By Holders of Certain Impaired Claims

As of the Effective Date, each holder of an Impaired Claim entitled to vote to accept or reject the Plan is also entitled to vote to accept or reject the provisions of Article 12.4.B of the Plan. Any holder of such Impaired Claim that affirmatively elects on the ballot for voting on this Plan to agree to the provisions of Article 12.4.B of the Plan, shall in consideration for the obligations of the Debtor and Reorganized Bond Ranch under this Plan and the securities, contracts, instruments, releases and other agreements or documents to be delivered in connection with this Plan, forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities (other than the rights to enforce the Debtor's or Reorganized Bond Ranch's obligations under this Plan and the securities, contracts, instruments, releases and other agreements and documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Chapter 11 Case or the conduct thereof, or this Plan against: (i) the Debtor; (ii) Reorganized Bond Ranch; and (iii) the Released Parties.

Exculpation and Limitation of Liability Regarding Conduct of Chapter 11 Case

The Debtor, Reorganized Bond Ranch and each such parties' respective professionals, agents, present or former members, officers and directors and any of such parties' successors and assigns, shall not have or incur, and are hereby forever released, waived, and discharged from any claims, obligations, suits, judgments, damages demands, debts, rights, Causes of Action, or liabilities to one another or to any Claimholder or Equity Interestholder, or any other party-in-interest, or any of their respective agents, employees, professionals, or any of their successors and assigns, for any act or omission, unless such act or omission is caused by such parties' gross negligence or willful misconduct, in connection with, relating to, or arising out of (i) the Chapter 11 Case, (ii) the negotiation and filing of this Plan, (iii) the filing of the Chapter 11 Case, (iv) the pursuit of confirmation of the Plan, including distributions made under the Plan,

and the consummation of this Plan, including distributions made under the Plan, or (v) the administration of this Plan or the property to be distributed under this Plan.

F. Preserved Litigation Claims and Disputed Claims Resolution

Preserved Litigation Claims

In accordance with Bankruptcy Code § 1123(b)(3), all Avoidance Actions and Preserved Litigation Claims are retained and reserved for Reorganized Bond Ranch, which is designated as the Estates' representative under Bankruptcy Code § 1123(b)(3)(B) for purposes of the Avoidance Actions and Preserved Litigation Claims. Reorganized Bond Ranch shall have the authority to prosecute, defend, compromise, settle, and otherwise deal with any Avoidance Actions and Preserved Litigation Claims, and shall do so in its capacity as a representative of the Estates in accordance with Bankruptcy Code § 1123(b)(3)(B). Reorganized Bond Ranch shall pay the fees and costs associated with litigating the Avoidance Actions and Preserved Litigation Claims. Reorganized Bond Ranch shall have sole discretion to determine in its business judgment which Avoidance Actions and Preserved Litigation Claims to pursue, which to settle, and the terms and conditions of those settlements.

Disputed Claims Resolution

Notwithstanding the occurrence of the Effective Date, and except as to any Claim that has been Allowed before the Effective Date, Reorganized Bond Ranch may object to the allowance of any Claim against the Debtor or seek estimation of any Claim on any grounds permitted by the Bankruptcy Code. All objections to Claims must be brought by filing the appropriate pleading in the Bankruptcy Court before the first Business Day that is 180 days after the Effective Date, but the Bankruptcy Court may approve a later date on Reorganized Bond Ranch's motion filed (but not necessarily heard) before the first Business Day that is 180 days after the Effective Date.

No distributions shall be made to any holder of a Claim unless and until the Claim becomes an Allowed Claim. If a Claim is not an Allowed Claim as of the Effective Date, distributions on account of that Claim shall commence only when the Claim becomes an Allowed Claim after the Effective Date or as otherwise specifically provided in the Plan. If a Disputed Claim becomes an Allowed Claim, Reorganized Bond Ranch shall make a distribution in accordance with the terms of the Plan applicable to Claims of the Class in which that Claim resides.

G. Preservation of Insurance

The discharge and release from Claims as provided in the Plan, except as necessary to be consistent with the Plan, do not diminish or impair the enforceability of any insurance policy that may cover Claims against a Debtor or any other Person.

H. Retention of Jurisdiction After the Effective Date.

Pursuant to Sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Case and the Plan, including, among others, the following matters:

- (a) to hear and determine motions for (i) the assumption or rejection or (ii) the assumption and assignment of executory contracts or unexpired leases to which the Debtor are a party or with respect to which any of the Debtor may be liable, and to hear and determine the allowance of Claims resulting therefrom including the amount of Cure, if any, required to be

paid;

(b) to adjudicate any and all adversary proceedings, applications and contested matters that may be commenced or maintained pursuant to the Chapter 11 Case or the Plan, proceedings to adjudicate the allowance of Disputed Claims and Disputed Interests and all controversies and issues arising from or relating to any of the foregoing;

(c) to ensure that distributions to Allowed Claimholders are accomplished as provided herein;

(d) to hear and determine any and all objections to the allowance or estimation of Claims and Equity Interests filed, both before and after the Confirmation Date, including any objections to the classification of any Claim or Equity Interest, and to allow or disallow any Claim or Equity Interest, in whole or in part;

(e) to hear and determine any requests by Reorganized Bond Ranch to appoint a successor as representative of the Estates under Section 1123 of the Bankruptcy Code;

(f) to enter and implement such orders as may be appropriate if the Confirmation Order is for any reason stayed, revoked, modified and/or vacated;

(g) to issue orders in aid of execution, implementation, or consummation of the Plan;

(h) to consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(i) to hear and determine all applications for allowance of compensation and reimbursement of Professional Claims under the Plan or under Sections 330, 331, 503(b), 1103 and 1129(a)(4) of the Bankruptcy Code;

(j) to determine requests for the payment of Claims entitled to priority under Section 507(a)(1) of the Bankruptcy Code, including compensation of and reimbursement of expenses of parties entitled thereto;

(k) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan or the Confirmation Order including disputes arising under agreements, documents or instruments executed in connection with the Plan;

(l) to hear and determine all suits or adversary proceedings to recover assets of any of the Debtor and property of its Estates, wherever located;

(m) to hear and determine matters concerning state, local and federal taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy Code;

(n) to hear any other matter not inconsistent with the Bankruptcy Code;

(o) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;

(p) to enter a final decree closing the Chapter 11 Case; and

- (q) to enforce all orders previously entered by the Bankruptcy Court.

VIII. AMENDMENT OF THE PLAN

At any time before the Confirmation Date, the Debtor may alter, amend, or modify the Plan under Bankruptcy Code § 1127(a) as long as doing so does not materially and adversely affect the treatment and rights of the holders of Claims under the Plan. After the Confirmation Date but before substantial consummation of the Plan as defined in Bankruptcy Code § 1101(2), the Debtor or Reorganized Bond Ranch may, under Bankruptcy Code § 1127(b), institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement, the Plan Documents, or the Confirmation Order, and any matters necessary to carry out the purposes and effects of the Plan as long as such proceedings do not materially and adversely affect the treatment of holders of Claims under the Plan. The Debtor and/or Reorganized Bond Ranch must serve prior notice of such proceedings in accordance with the Bankruptcy Rules or applicable order of the Bankruptcy Court.

A. Revocation or Withdrawal of the Plan

The Debtor reserves the right to revoke or withdraw the Plan at any time before the Confirmation Date. If withdrawn or revoked, the Plan will be deemed void and nothing contained in the Plan may be deemed a waiver of any Claims by or against the Debtor or any other Person in any further proceedings involving the Debtor or an admission of any sort, and the Plan and any transaction contemplated by the Plan may not be admitted into evidence in any proceeding.

B. Withholding and Reporting Requirements

In connection with the Plan and all instruments issued in connection with the Plan, the Debtor or Reorganized Bond Ranch, as the case may be, must comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions under the Plan remain subject to any such withholding and reporting requirements. The Debtor and Reorganized Bond Ranch, as the case may be, may take all actions necessary to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan, each holder of an Allowed Claim or Allowed Equity Interest that has received a distribution under the Plan has sole and exclusive responsibility for the satisfaction or payment of any tax obligation imposed by any governmental unit, including income, withholding, and other tax obligation on account of such distribution.

IX. CONDITIONS PRECEDENT

A. Conditions to Confirmation and Effective Date of Plan

The following are conditions precedent to confirmation of the Plan that may be satisfied or waived in accordance with Section 11.3 of the Plan:

(a) The Bankruptcy Court enters a Final Order approving the Disclosure Statement in form and substance acceptable to the Debtor in its sole and absolute discretion.

(b) The Bankruptcy Court determines the Court Adjudicated Property Value for the Property, the Transferred Property, and the Retained Property (as necessary and as applicable), and the Court Adjudicated Interest Rate (as necessary and as applicable), in an amount and rate sufficient for Reorganized Bond Ranch to meet its obligations set forth in this Plan.

(c) The Bankruptcy Court enters the Confirmation Order in form and substance acceptable to the Debtor in its sole and absolute discretion.

(d) The Confirmation Order contains the following:

(1) The provisions of the Confirmation Order are nonseverable and mutually dependent;

(2) Approval of the assumption, rejection, or assumption and assignment of all executory contracts and unexpired leases under the Plan;

(3) Approval of the Amended Operating Agreement, and any other Plan Documents the Debtor deems necessary;

(4) All executory contracts and unexpired leases assumed or assumed and assigned by the Debtor during the Chapter 11 Case or under the Plan remain in full force and effect for the benefit of Reorganized Bond Ranch or any assignee of such contracts or leases, as the case may be, notwithstanding any provision in any such contract or lease (including those described in Bankruptcy Code § 365(b)(2) and (f)) that prohibits or conditions such assignment or transfer or that enables, permits, or requires termination of such contract or lease;

(5) The Debtor is released and discharged from all obligations arising under all executory contracts and unexpired leases rejected by the Debtor during the Chapter 11 Case or under the Plan;

(6) Except as provided in this Plan, Reorganized Bond Ranch is discharged as of the Confirmation Date from any and all Claims and any and all “debt” (as that term is defined in Bankruptcy Code § 101(12)) that arose on or before the Confirmation Date, and the Debtor’s liability in respect of such Claims and debts is extinguished completely, whether reduced to judgment or not, liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or unfixed, matured or unmatured, disputed or undisputed, legal or equitable, or known or unknown, or that arose from any agreement of the Debtor that has either been assumed, assumed and assigned, or rejected in the Chapter 11 Case or under this Plan, or obligation of the Debtor incurred before the Confirmation Date, or that otherwise arose before the Confirmation Date including, without limitation, all interest, if any, on any such Claims, whether such interest accrued before or after the Petition Date and, without limiting the foregoing, the discharge granted under this Plan is granted to the fullest extent allowed under Bankruptcy Code §§ 1141(a), 1141(b), 1141(c) and 1141(d)(1);

(7) In accordance with Bankruptcy Code § 1123(b)(3)(B), Reorganized Bond Ranch is appointed as the representative and agent of the Estate to prosecute, compromise, or abandon any Avoidance Actions and Preserved Litigation Claims in accordance with this Plan; and

(8) Retention of jurisdiction of the Bankruptcy Court to the fullest extent permitted by applicable law, and at least to the extent contemplated by Article XIII of this Plan.

The following are conditions precedent to the occurrence of the Effective Date, each of which may be satisfied or waived in accordance with Section 11.3 of the Plan:

- (a) The Confirmation Date Occurs; and
- (b) Each of the Plan Documents to be issued, entered into, delivered, or filed under the Plan are issued, entered into, delivered, or filed and are effective.
- (c) The Exit Financing and/or the New Equity Contributions shall have occurred.

B. Waiver of Conditions

The Debtor may waive any condition to confirmation or the Effective Date, in whole or in part, at any time without notice, an order of the Bankruptcy Court, or any further action other than proceeding to confirmation and consummation of the Plan.

X. ACCEPTANCE AND CONFIRMATION OF PLAN

A. Acceptance of the Plan

As a condition to confirmation, the Bankruptcy Code requires that each Class of Impaired Claims and Equity Interests accept the Plan, except under certain circumstances. Bankruptcy Code § 1126(c) defines acceptance of a plan by a class of Impaired Claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of Claims in that Class, but for that purpose counts only those who actually vote to accept or to reject the Plan. Under Bankruptcy Code § 1126(d), a Class of Equity Interests has accepted the Plan if holders of such Equity Interests holding at least two-thirds in amount actually voting have voted to accept the Plan. Bankruptcy Code § 1126(f) deems a Class of Claims or Equity Interests to have accepted the Plan without voting if that Class is unimpaired under the definition in Bankruptcy Code § 1124.

B. Feasibility of the Plan

To confirm the Plan, the Bankruptcy Court must find that confirmation of the Plan is not likely to be followed by the need for further financial reorganization of the Debtor. This requirement is imposed by Bankruptcy Code § 1129(a)(11) and is referred to as the “feasibility” requirement. The Debtor believes that it will be able to perform timely all obligations described in the Plan and, therefore, that the Plan is feasible.

To demonstrate the feasibility of the Plan, the Debtor will provide copies of the Projections with the Plan Supplement (the “Feasibility Analysis”). The Feasibility Analysis demonstrates that Reorganized Bond Ranch will have sufficient Cash on hand as of the Effective Date to make, on the Effective Date, all payments to Creditors owing on the Effective Date. Accordingly, the Debtor believes that the Plan satisfies the feasibility requirement of Bankruptcy Code § 1129(a)(11). The Debtor cautions that no representations can be made as to the accuracy of the Feasibility Analysis and projections contained in the Plan Supplement or as to Reorganized Bond Ranch’s ability to achieve the projected results. Certain of the assumptions on which the Feasibility Analysis is based are subject to uncertainties outside the Debtor’s control. Some assumptions inevitably will not materialize, and events and circumstances occurring after the date on which the Feasibility Analysis was prepared may be different from those assumed or may be unanticipated, and may adversely affect the Debtor’s financial results. Therefore, the actual results can be expected to vary from the Feasibility Analysis and the variations may be material and adverse.

The Feasibility Analysis was not prepared with a view toward compliance with the guidelines established by the American Institute of Certified Public Accountants, the practices recognized to be in accordance with generally accepted accounting principles, or the rules and regulations of the Securities and Exchange Commission regarding projections. Furthermore, the Feasibility Analysis has not been audited by the Debtor's independent accountants. Although presented with numerical specificity, the Feasibility Analysis is based on a variety of assumptions, some of which in the past have not been achieved and which may not be realized in the future, and are subject to significant business, economic and competitive uncertainties and contingencies, and many of which are beyond the Debtor's control. Consequently, the Feasibility Analysis should not be regarded as a representation or warranty by the Debtor or any other Person, that projections will be realized. **Actual results may vary materially from those presented.**

C. Best Interests Test

Explanation

Even if a plan is accepted by each class of holders of claims, the Bankruptcy Code requires a bankruptcy court to determine that the plan is in the "best interests" of all holders of claims and interests that are impaired by the plan and that have not accepted the plan. The "best interests" test, as set forth in Bankruptcy Code § 1129(a)(7), requires a bankruptcy court to find either that: (i) all members of an impaired class of claims or interests have accepted the plan; or (ii) the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor was liquidated under Chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to members of each impaired class of holders of claims and interests if the debtor were liquidated under Chapter 7, a bankruptcy court must first determine the aggregate dollar amount that would be generated from the debtor's assets if its chapter 11 case were converted to a chapter 7 case under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the debtor's assets by a chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by: (1) the claims of any secured creditors to the extent of the value of their collateral; and (2) the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the Chapter 7 case and the chapter 11 case. Costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the debtor in its bankruptcy case (such as compensation of attorneys, financial advisors, and restructuring consultants) that are allowed in the chapter 7 case, litigation costs, and claims arising from the operations of the debtor during the pendency of the bankruptcy case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make any distribution in respect of equity interests. The liquidation also would prompt the rejection of a large number of executory contracts and unexpired leases and thereby create a significantly higher number of unsecured claims.

Once the court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If the probable distribution has a value greater than the distributions to be received by such creditors and equity security holders under a debtor's plan, then the plan is not in the best interests of creditors and equity security holders.

Application of the Best Interests Test to the Liquidation Analysis

A liquidation analysis prepared with respect to the Debtor will be included in the Plan Supplement. The Debtor believes that any liquidation analysis is speculative. For example, the liquidation analysis necessarily contains an estimate of the amount of Claims that will ultimately become Allowed Claims. In preparing the liquidation analysis, the Debtor has projected the amount of Allowed Claims based upon a review of their scheduled and filed proofs of claim. No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the liquidation analysis. The estimate of the amount of Allowed Claims set forth in the liquidation analysis should not be relied on for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims and Allowed Interests under the Plan.

Notwithstanding the difficulties in quantifying recoveries to creditors with precision, the Debtor believes that, taking into account the liquidation analysis, the Plan meets the “best interests” test of Bankruptcy Code § 1129(a)(7). The Debtor believes that each member of each Class will receive at least as much under the Plan as it would in a liquidation in a hypothetical chapter 7 case. Creditors will receive a better recovery through the distributions contemplated by the Plan after the real estate market has stabilized rather than a forced liquidation at this time when real estate values are depressed.

D. Confirmation Without Acceptance of All Impaired Classes

Classes 3, 4, 5, 6, 7, and 8, are impaired under the Plan and entitled to vote to accept or reject the Plan. If one or more of Classes 3, 4, 5, 6, 7, and 8 vote to reject the Plan, the Debtor will use the provisions of Bankruptcy Code § 1129(b) to satisfy the requirements for confirmation of the Plan with respect to each rejecting Class.

Section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if it has not been accepted by all impaired classes as long as at least one impaired class of Claims has accepted it. The Bankruptcy Court may confirm the Plan at the request of the Debtor notwithstanding the Plan’s rejection (or deemed rejection) by impaired Classes as long as the Plan “does not discriminate unfairly” and is “fair and equitable” as to each impaired Class that has not accepted it. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

A plan is fair and equitable as to a class of secured claims that rejects such plan if the plan provides: (1)(a) that the holders of claims included in the rejecting class retain the liens securing those claims, whether the property subject to those liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims; and (b) that each holder of a claim of such class receives on account of that claim deferred cash payments totaling at least the allowed amount of that claim, of a value, as of the effective date of the plan, of at least the value of the holder’s interest in the estate’s interest in such property; (2) for the sale, subject to Section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing the claims included in the rejecting class, free and clear of the liens, with the liens to attach to the proceeds of the sale, and the treatment of the liens on proceeds under clause (1) or (2) of this paragraph; or (3) for the realization by such holders of the indubitable equivalent of such claims.

A plan is fair and equitable as to a class of unsecured claims that rejects a plan if the plan provides: (1) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of

such claim; or (2) that the holder of any claim or interest that is junior to the claims of such rejecting class will not receive or retain on account of such junior claim or interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides: (1) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or (2) that the holder of any interest that is junior to the interest of such rejecting class will not receive or retain under the plan on account of such junior claim or interest any property at all.

XI. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A summary description of certain United States federal income tax consequences of the Plan will be included in the Plan Supplement (the “Tax Summary”). The Tax Summary will be for informational purposes only and, owing to a lack of definitive judicial or administrative authority or interpretation, substantial uncertainties exist with respect to various tax consequences of the Plan. The Tax Summary describes only the principal United States federal income tax consequences of the Plan to the Debtor and to holders of Claims and Equity Interests. No opinion of counsel has been sought or obtained with respect to any tax consequences of the Plan. No rulings or determinations of the IRS or any other tax authorities have been sought or obtained with respect to any tax consequences of the Plan, and the discussion below is not binding on the IRS or other authorities. No representations are being made to the Debtor or any holder of a Claim or Equity Interest regarding the particular tax consequences of the confirmation and consummation of the Plan. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position from any discussed here.

TO COMPLY WITH U.S. TREASURY REGULATIONS, WE ADVISE YOU THAT ANY U.S. FEDERAL TAX ADVICE INCLUDED IN THIS COMMUNICATION OR THE PLAN SUPPLEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, TO AVOID ANY U.S. FEDERAL TAX PENALTIES OR TO PROMOTE, MARKET, OR RECOMMEND TO ANOTHER PARTY ANY TRANSACTION OR MATTER.

HOLDERS OF CLAIMS AND HOLDERS OF MEMBERSHIP INTERESTS IN HOLDINGS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISOR REGARDING THE UNITED STATES FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED IN THE DISCLOSURE STATEMENT, THE PLAN, AND PLAN SUPPLEMENT.

XII. CERTAIN FACTORS TO BE CONSIDERED

The restructuring of the Debtor involves a degree of risk, and this Disclosure Statement and the Plan and certain of their Exhibits contain forward-looking statements that involve risks and uncertainty. Reorganized Bond Ranch’s actual results could differ materially from those anticipated in such forward-looking statements as a result of a variety of factors, including those set forth in the following risk factors and elsewhere in this Disclosure Statement. **Holders of Claims should consider carefully the following factors, in addition to the other information contained in this Disclosure Statement, before submitting a vote to accept or reject the Plan.**

A. Market Risk

The master-planned community development industry is competitive and has experienced a major market decline during the past several years. The Debtor believes that the future of the homebuilding and master-planned community development industry will have a significant impact on Reorganized Bond Ranch's ability to substantially consummate and perform its obligations under the Plan. While the Debtor believes that Reorganized Bond Ranch will be successful in this regard because of the terms of the New Notes, there can be no assurances that the industry will recover from its current economic decline or that Reorganized Bond Ranch will be able to meet its obligations under the Plan.

B. Reorganization Factors

Financial Considerations

As with any plan of reorganization or other financial transaction, there are certain risk factors that must be considered. All risk factors cannot be anticipated, some events will develop in ways that were not foreseen, and many or all of the assumptions that have been used in connection with this Disclosure Statement and the Plan will not be realized exactly as assumed. Some or all of such variations may be material. While efforts have been made to be reasonable in this regard, there can be no assurance that subsequent events will bear out the analyses set forth in this Disclosure Statement. Holders of Claims should be aware of some of the principal risks associated with the contemplated reorganization:

- There is a risk that one of more of the required conditions or obligations under the Plan or the Plan Documents will not occur, be satisfied or waived, as the case may be, resulting in the inability to confirm the Plan.
- The total amount of all Claims filed in the Chapter 11 Case may materially exceed the estimated amounts of Allowed Claims assumed in the development of the Plan, in the valuation estimates provided above. The actual amount of all Allowed Claims in any Class may differ significantly from the estimates provided in this Disclosure Statement. Accordingly, the amount and timing of the distributions that will ultimately be received by any particular holder of an Allowed Claim in any Class may be materially and adversely affected if the estimates are exceeded as to any Class.
- A number of other uncertainties may adversely affect Reorganized Bond Ranch's future operations including, without limitation, economic recession, increased competition, adverse regulatory agency actions, acts of God, or similar circumstances. Many of these factors will be substantially beyond Reorganized Bond Ranch's control, and a change in any factor or combination of factors could have a material adverse effect on Reorganized Bond Ranch's financial condition, cash flows, and results of operations.
- There can be no assurance that Reorganized Bond Ranch will be able to continue to generate sufficient funds to meet its obligations and necessary capital expenditures. Although Reorganized Bond Ranch's financial projections assume that Reorganized Bond Ranch will generate sufficient funds to meet its needs for the foreseeable future on a stand-alone basis, its ability to gain access to additional capital, if needed, cannot be assured, particularly in view of industry conditions.

Risk of Non-Confirmation of the Plan.

Although the Debtor believes that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. There can also be no assurance that modifications of the Plan will not be required for confirmation, that such negotiations would not adversely affect the holders of Allowed Claims and Equity Interests, or that such modifications would not necessitate the re-solicitation of votes.

XIII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtor believes that the Plan affords holders of Claims and Equity Interests the greatest realization on the Debtor's assets and, therefore, is in the best interests of those holders. If the Plan is not confirmed, however, the theoretical alternatives include: (a) relief from the automatic stay of bankruptcy and subsequent trustee's sale by the senior secured lenders; (b) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code; or (c) continuation of the pending Chapter 11 Case.

A. Stay Relief Followed by a Trustee's Sale

If this Plan is not confirmed, the senior secured lenders may move the Bankruptcy Court for relief from the automatic stay in order to continue their prepetition trustee's sale. The senior secured lenders may be entitled to obtain the Property free of any junior claims and interests by credit bidding the amount of the secured debt at such a trustee's sale. Such a scenario would provide not assets available for distribution to other creditors or interest holders.

B. Liquidation

If no plan is confirmed, the Debtor's Chapter 11 Case may be converted to a case under chapter 7 of the Bankruptcy Code. In a chapter 7 case, a trustee would be appointed to liquidate the assets of the Debtor. It is impossible to predict precisely how the proceeds of the liquidation would be distributed to the respective holders of Claims against or Interests in the Debtor. However, the Debtor believes that creditors would lose substantially higher going concern value if the Debtor was forced to liquidate. In addition, the Debtor believes that in liquidation under chapter 7, before creditors received any distribution, additional administrative expenses involved in the appointment of a trustee and attorneys, accountants and other professionals to assist such trustee would cause a substantial diminution in the value of the Estate. The assets available for distribution to creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, which would arise by reason of the liquidation and from the rejection of executory contracts in connection with the cessation of operations and the failure to realize the greater going concern value of the Debtor's assets.

C. Continuation of the Chapter 11 Case.

If the Debtor remains in chapter 11, it could continue to operate its businesses and manage its property as a debtor-in-possession, but it would remain subject to the restrictions imposed by the Bankruptcy Code. The Debtor may have difficulty sustaining the high costs and the erosion of lender confidence that may be caused if the Debtor remains as a chapter 11 debtor-in-possession.

XIV. RECOMMENDATION AND CONCLUSION

A. Hearing On and Objection to Confirmation.

Confirmation Hearing

The hearing on confirmation of the Plan has been scheduled for _____, 2010 at _____ .m. (MST). The hearing may be adjourned from time to time by announcing the adjournment in open court, all without further notice to parties in interest, and the Plan may be modified by the Debtor under Bankruptcy Code § 1127 before, during, or as a result of that hearing, without further notice to parties in interest.

Deadline for Objections to Confirmation

The time by which any objections to confirmation of the Plan must be filed with the Bankruptcy Court and received by the parties listed in the Confirmation Hearing Notice has been set for _____, 2010 at 5:00 p.m. (MST).

B. Recommendation

The Plan maximizes the value of the Debtor for full payment of all Allowed Claims and the retention equity interests by the Debtor's current equity holders. The Debtor believes that any alternative to confirmation of the Plan, such as a trustee's sale, liquidation under chapter 7, or continuation in chapter 11, could result in significant delays, litigation, and costs.

FOR THESE REASONS, THE DEBTOR URGES YOU TO RETURN YOUR BALLOT ACCEPTING THE PLAN.

Dated: July 15, 2010

Respectfully submitted,

SQUIRE, SANDERS & DEMPSEY L.L.P.

By: /s/ Kelly Singer

Thomas J. Salerno

Kelly Singer

Bradley A. Cosman

1 East Washington, Suite 2700

Phoenix, Arizona 85004

Counsel for Debtor-In-Possession

APPENDIX 1

The Plan

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF ARIZONA**

In re

THE BOND RANCH AT DEL RIO
SPRINGS, LLC

Debtor.

In Proceedings Under Chapter 11

Case No. 10-10174-RTB

DEBTOR'S PLAN OF REORGANIZATION

SQUIRE, SANDERS & DEMPSEY L.L.P.

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Dated: July 7, 2010
Phoenix, Arizona

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INTRODUCTION

The Bond Ranch At Del Rio Springs, LLC, debtor-in-possession in the above-captioned Chapter 11 case, proposes the following Plan of Reorganization for the resolution of outstanding Claims against and Equity Interests in the Debtor. Capitalized terms used herein shall have the meanings ascribed to such terms in Article I.B. of this Plan. The Debtor is a proponent of this Plan within the meaning of Section 1129 of the Bankruptcy Code.

Under Section 1125(b) of the Bankruptcy Code, a vote to accept or reject this Plan cannot be solicited from a holder of a Claim or Equity Interest until such time as the Disclosure Statement has been approved by the Bankruptcy Court and distributed to holders of Claims and Equity Interests. In this case, the Disclosure Statement was approved by the Bankruptcy Court by order entered on ____ __, 2010, and has been distributed simultaneously with this Plan to all parties whose votes are being solicited. The Disclosure Statement contains, among other things, a discussion of the Debtor's history, business, properties, risk factors associated with the Plan, a summary and analysis of this Plan. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE ENCOURAGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT AND RELATED SOLICITATION MATERIALS IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THIS PLAN.

Subject to certain restrictions and requirements set forth in Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in Section 14.4 of this Plan, the Debtor expressly reserves its right to alter, amend, modify, revoke or withdraw this Plan one or more times prior to the Plan's substantial consummation.

ARTICLE I

DEFINITIONS, RULES OF INTERPRETATION, AND COMPUTATION OF TIME

A. Scope of Definitions

For purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings ascribed to them in Article I.B. of this Plan. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules.

B. Definitions

As used in this Plan, the following terms have the following meanings:

1.1 Administrative Claim. A Claim for any cost or expense of administration of the Chapter 11 Case Allowed under Bankruptcy Code §§ 503(b), 507(b) or 546(c)(2) and entitled to priority under Bankruptcy Code § 507(a)(2), including: (a) fees payable under 28 U.S.C. § 1930; (b) actual and necessary costs and expenses incurred in the ordinary course of the Debtor's business; (c) actual and necessary costs and expenses of preserving the Estate or administering the Chapter 11 Case; and (d) all Professional Claims to the extent Allowed by Final Order under Bankruptcy Code §§ 330, 331, or 503.

1.2 Administrative Claims Bar Date. The deadline for filing proofs or requests for payment of Administrative Claims, which shall be thirty (30) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court, except with respect to Professional Claims, which shall be subject to the provisions of Section 2.5 hereof.

1.3 Affiliate. With respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person and, with respect to any specified natural Person, any other Person having a relationship by blood, marriage, or adoption not more remote than first cousins with such natural Person. For purposes of this definition, "controlling" (including, with correlative meanings, the terms "controlled by" and "under direct or indirect common control with"), as used with regard to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of that Person, whether through the ownership of voting securities, by agreement, or otherwise.

1.4 Allowed. (a) A Claim that has been allowed by a Final Order or (b) with respect to any Claim against, or Equity Interest in, a Debtor: (i) (A) proof of which, request for payment of which, or application for allowance of which, was filed or deemed filed with the Bankruptcy Court on or before the Bar Date, the Administrative Claims Bar Date, the Professional Claims Bar Date, or the Rejection Damages Bar Date, as applicable, for filing proofs of claim or equity interest or requests for payment for Claims of that type against a Debtor or other applicable date established by order of the Bankruptcy Court, even if that date is after the Bar Date, the Administrative Claims Bar Date, the Professional Claims Bar Date, or the Rejection Damages Bar Date, as applicable; or (B) a Claim or Equity Interest that is allowed by the Debtor; (ii) listed as undisputed, liquidated, and non-contingent in the Schedules and as to which no objection to its allowance or motion to estimate for purposes of allowance has been interposed within the applicable period of limitation fixed by this Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court; and (iii) in each instance, a Claim or Equity Interest as to which no objection to its allowance or motion to estimate for purposes of allowance has been interposed within the applicable period of limitation fixed by this Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court or, as to which any such objection or motion has been interposed, to the extent allowed by a Final Order. The term "Allowed," when used to modify a reference in this Plan to any Claim, Interest, Class of Claims, or Class of Equity Interests, means a Claim or Interest (or any Claim or Interest in any Class) that is so allowed.

1.5 Amended Articles of Organization. The Amended and Restated Articles of Organization of Reorganized Bond Ranch, substantially in the form included as Exhibit A to the Plan Supplement.

1.6 Amended Operating Agreement. The Amended and Restated Operating Agreement of Reorganized Bond Ranch, substantially in the form included as Exhibit B to the Plan Supplement.

1.7 Avoidance Actions. All statutory causes of action preserved for the Estates under Bankruptcy Code §§ 510, 542, 543, 544, 545, 547, 548, 549, 550, and 553 that the Debtor or the Estate may have against any Person including those listed in Exhibit C to the Plan Supplement. Failure to list an Avoidance Action in the Plan Supplement does not constitute the waiver or release of that Avoidance Action.

1.8 Ballot. Each of the ballot forms that are distributed with the Disclosure Statement to Claimholders and Equity Interestholders included in Classes that are Impaired under this Plan and entitled to vote under Article V of this Plan to accept or reject this Plan.

1.9 Bankruptcy Code. Title 11 of the United States Code, as amended from time to time and applicable to the Chapter 11 Case.

1.10 Bankruptcy Court. The United States Bankruptcy Court for the District of Arizona or such other court having jurisdiction over the Chapter 11 Case.

1.11 Bankruptcy Rules. The Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended, the Federal Rules of Civil Procedure, as amended, as applicable to the Chapter 11 Case or proceedings therein, and the Local Rules of the Bankruptcy Court, as applicable to the Chapter 11 Case or proceedings therein, as the case may be.

1.12 Bar Date. The deadline set by the Bankruptcy Court pursuant to the Bar Date Order or other Final Order for filing proofs of claim in the Chapter 11 Case. For all prepetition Claims, the Bar Date is July 10, 2010.

1.13 Bar Date Order. The order entered by the Bankruptcy Court on May 26, 2010, which established July 10, 2010 as the Bar Date (Docket No. 42).

1.14 Base Capital Secured Claim. The Secured Claim held by Base Capital, LLC.

1.15 Base Claim Amount. Unless otherwise set forth in the Plan, with respect to any Secured Claim against the Property, an amount, calculated as of the Petition Date, equal to the sum of: (a) unpaid principal; (b) accrued but unpaid pre-petition and post-petition interest at the default rate; and (c) reasonable attorneys' fees. Unless otherwise set forth in the Plan, the Base Claim Amount shall not include any component for any penalties.

1.16 Bond Ranch. The Bond Ranch At Del Rio Springs, LLC, an Arizona limited liability company and the Debtor in the Chapter 11 Case.

1.17 Business Day. Any day other than a Saturday, Sunday, or legal holiday (as defined in Bankruptcy Rule 9006).

1.18 Cash. Currency, checks drawn on a bank insured by the Federal Deposit Insurance Corporation, certified checks, money orders, negotiable instruments, and wire transfers of immediately available funds.

1.19 Chapter 11 Case. The Chapter 11 Case of the Debtor pending in the Bankruptcy Court under Case No. 10-10174-RTB.

1.20 Claim. A claim against the Debtor or its property as defined in Bankruptcy Code § 101(5), including: (a) any right to payment, whether or not the right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured arising at any time before the Effective Date; or (b) any right to an equitable remedy for breach of performance if the breach gives rise to a right to payment, whether or not the right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

1.21 Class. A category consisting of holders of Claims or Equity Interests substantially similar in nature to the Claims or Equity Interests of other holders placed in that category, as designated in Article III of this Plan.

1.22 Collateral. Any property or interest in property of an Estate subject to a Lien to secure the payment or performance of a Claim, the Lien not being subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law.

1.23 Committee. The Official Committee of Unsecured Creditors appointed in the Chapter 11 Case in accordance with Bankruptcy Code § 1102 on _____, 2010, as currently constituted or reconstituted.

1.24 Confirmation Date. The date the Bankruptcy Court enters the Confirmation Order.

1.25 Confirmation Hearing. The hearing held by the Bankruptcy Court to consider confirmation of this Plan under Bankruptcy Code § 1129, as may be adjourned or continued from time to time.

1.26 Confirmation Order. The order of the Bankruptcy Court confirming this Plan in accordance with the Bankruptcy Code. The Confirmation Order need not necessarily be a Final Order.

1.27 Contingent Claim. Any Claim for which a proof of claim has been filed with the Bankruptcy Court that: (a) was not filed in a fixed amount, or has not accrued and depends on a future event that has not occurred and may never occur; and (b) has not been Allowed on or before the Confirmation Date.

1.28 Convenience Claim. An Allowed General Unsecured Claim in an amount of \$500 or less, or any General Unsecured Claim that is reduced to \$500 by election of the holder thereof pursuant to Section 4.8 of the Plan; provided that, for purposes hereof, all such General Unsecured Claims held by an entity and any Affiliate of such entity shall be aggregated and treated as one such General Unsecured Claim. Holders are determined as of the Petition Date

and the post-petition assignment of General Unsecured Claims does not consolidate General Unsecured Claims owed to separate holders on the Petition date.

1.29 Court Adjudicated Interest Rate. The applicable interest rate for a New Note as determined by the Bankruptcy Court.

1.30 Court Adjudicated Property Value. The value of the Property, or as applicable, the Transferred Property or Retained Property, as of the Effective Date, as determined by the Bankruptcy Court.

1.31 Creditor. Any holder of a Claim, whether or not the Claim is an Allowed Claim, encompassed within the statutory definition set forth in Bankruptcy Code § 101(10).

1.32 Cure. The payment on the Effective Date of Cash or other property as a condition to the assumption or assumption and assignment by a Debtor of an executory contract or unexpired lease of nonresidential real property, in accordance with Bankruptcy Code § 365(b).

1.33 Debtor. The Bond Ranch At Del Rio Springs, LLC.

1.34 Disallowed. In reference to a Claim or Equity Interest, a Claim or Equity Interest or any portion of a Claim or Equity Interest that has been disallowed, overruled, withdrawn, or expunged by Final Order.

1.35 Disclosure Statement. The written disclosure statement relating to this Plan (including all Exhibits and schedules) in the form approved by the Bankruptcy Court under Bankruptcy Code § 1125 and Bankruptcy Rule 3017.

1.36 Disclosure Statement Hearing. The hearing(s) held by the Bankruptcy Court to consider approval of the Disclosure Statement under Bankruptcy Code § 1125, as may be adjourned or continued from time to time.

1.37 Disputed. With respect to Claims or Equity Interests, any Claim or Equity Interest: (a) listed in the Schedules as unliquidated, disputed, or contingent, or as to which a Debtor or any other party-in-interest has (i) interposed a timely objection or request for estimation, or (ii) sought to equitably subordinate or otherwise limit recovery in accordance with the Bankruptcy Code and the Bankruptcy Rules, in each instance where such listing, objection, request for estimation, or action to limit recovery has not been withdrawn or determined by a Final Order; or (b) that is a Contingent Claim.

1.38 Distribution Record Date. The date, established in the Confirmation Order, by which the identities of the holders of Claims and Equity Interests are determined for purposes of entitlement to receive distributions under this Plan.

1.39 Distribution Reserve. The reserve, if any, established and maintained by the Debtor into which the Debtor shall deposit, or shall cause to be deposited, the amount of Cash that would have been distributed from time to time to holders of Disputed Claims, such amount to be estimated by the Bankruptcy Court or agreed upon by the Debtor and the holders of Disputed Claims.

1.40 Effective Date. The first Business Day that is eleven days after the Confirmation Date and on which (a) no stay of the Confirmation Order is in effect and (b) all conditions to effectiveness set forth in Section 11.2 of this Plan have been satisfied or waived in accordance with the terms of this Plan.

1.41 1111(b) Election. A decision by a secured creditor to elect the treatment of its Secured Claims set forth in Section 1111(b)(2) of the Bankruptcy Code.

1.42 Equity Interest. The legal, equitable, contractual and other rights of any Person with respect to membership or ownership interests in the Debtor, or any other equity securities of or ownership interests in the Debtor, but excluding any Equity Related Claims. The rights of holders of Equity Interests shall be set forth in the Amended Operating Agreement.

1.43 Equity Related Claim. Any Claim by any Person other than the Debtor: (a) arising from the rescission of a purchase or sale of an Equity Interest; or (b) for damages arising from the purchase or sale of an Equity Interest; or (c) that asserts equitable or contractual rights of reimbursement, contribution, or indemnification arising from such a Claim; including any Claim that has been or may be asserted by any Person other than the Debtor against the Debtor or its officers and directors, asserting violations of federal securities laws including actions under Sections 11 and 15 of the Securities Act and Sections 10(b) and 20 of the Exchange Act, and Rule 10b-5 promulgated by the SEC under the Exchange Act, and any applicable non-federal law.

1.44 Estate. The estate for the Debtor created in the Chapter 11 Case under Bankruptcy Code § 541.

1.45 Exchange Act. The Securities Exchange Act of 1934, as amended, and the regulations promulgated under that act.

1.46 Exhibit. An exhibit annexed to either: (a) this Plan; (b) the Plan Supplement; or (c) the Disclosure Statement.

1.47 Exit Financing. Secured financing that may be obtained by Reorganized Bond Ranch to fund payments under this Plan. The Exit Financing, if implemented, will be documented by a credit agreement and secured by a lien against the Property that is junior in priority to all existing Liens asserted against the Property. The documentation underlying the Exit Financing, if obtained and if necessary to implement the Plan, will be contained Exhibit D of the Plan Supplement.

1.48 Final Order. An order or judgment of the Bankruptcy Court: (a) as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired, or as to which any right to appeal, petition for certiorari, reargue, or rehear has been waived in writing in form and substance satisfactory to the Debtor; and (b) if an appeal, writ of certiorari, or reargument or rehearing has been sought, as to which the highest court to which the order was appealed, or certiorari, reargument or rehearing was sought, has determined or denied the appeal, writ of certiorari, reargument, or rehearing, and the time to take any further appeal, petition for writ of certiorari, or move for reargument or rehearing has expired; but the filing of a motion

under Rule 59 or 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, with respect to the order does not prevent the order from being a Final Order.

1.49 General Unsecured Claim. Any Claim against the Debtor other than a Secured Claim, an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, or an Equity Related Claim.

1.50 General Unsecured Equity Interest. A membership interest issued by Reorganized Bond Ranch to a holder of an Allowed General Unsecured Claim in exchange for such holder's Allowed General Unsecured Claim. General Unsecured Equity Interests shall have the same rights as Equity Interests under the Amended Operating Agreement and be treated as a Class 8 Equity Interest under this Plan.

1.51 Guaranty Secured Claim. Any Secured Claim arising from the Debtor's obligations under a guaranty and for which the Property serves as Collateral.

1.52 Impaired. Any Claim or Equity Interest that is impaired within the meaning of Section 1124 of the Bankruptcy Code.

1.53 IRS. The Internal Revenue Service.

1.54 Lien. A lien as defined in Bankruptcy Code § 101(37), except a lien that has been avoided in accordance with Bankruptcy Code §§ 544, 545, 546, 547, 548, or 549.

1.55 Maximum Amount. With respect to any Disputed Claim: (a) the amount to which Reorganized Bond Ranch and the holder of the Disputed Claim agree; or (b) any amount the Bankruptcy Court estimates or determines under Bankruptcy Code § 502(c); or (c) absent any agreement, estimation, or determination, the amount set forth in the proof of claim filed by the holder of the Disputed Claim, or, if no amount is so set forth, the amount set forth in the Schedules for the Disputed Claim, or, if no amount is so set forth, the amount Reorganized Bond Ranch estimates in its good faith discretion.

1.56 New Equity Contribution. The contribution of capital under this Plan and a Subscription Agreement by holders of Equity Interests or third parties in exchange for a Preferred Equity Interest.

1.57 New Deed of Trust. The deed of trust to be issued to Claimholders as specified in the such holders' Class treatment. Form New Deeds of Trust for each applicable Class are contained in Exhibit E of the Plan Supplement.

1.58 New Note. The new note to be issued to Claimholders as specified in such holders' Class treatment. Form New Notes for each applicable Class are contained in Exhibit F of the Plan Supplement.

1.59 Other Priority Claim. Any Claim (or portion of a Claim) entitled to priority in right of payment pursuant to Section 507(a) of the Bankruptcy Code, other than Administrative Claims and Priority Tax Claims.

1.60 Other Secured Claims. Any Secured Claim that is not a Base Capital Secured Claim, Guaranty Secured Claim, Secured Real Property Tax Claim, or Senior Secured Insider Claim.

1.61 Parcel. Any parcel comprising a portion of the Property owned by the Debtor as of the Petition Date.

1.62 Person. Any individual, corporation, partnership, limited liability company, limited liability partnership, joint venture, association, joint-stock company, trust, unincorporated association or organization, governmental agency or associated political subdivision.

1.63 Petition Date. The date on which the Debtor filed its voluntary petition for relief in the Bankruptcy Court, which date is April 8, 2010.

1.64 Plan. This Plan, either in its present form or as it may be amended, supplemented, or modified from time to time in accordance with the terms of this Plan, including, except where the context otherwise requires, all its annexed exhibits.

1.65 Plan Documents. Collectively: (a) the Amended Operating Agreement; (b) the Amended Articles of Organization; (c) the New Notes; (d) the New Deeds of Trust; (d) the Exit Financing documents; and (e) the form Subscription Agreement, copies of which are attached as exhibits to this Plan or shall be filed with the Bankruptcy Court no later than ten days before the Confirmation Hearing, and any other contracts, instruments, releases and other agreements or documents to be executed in order to consummate the transactions contemplated under this Plan or otherwise necessary to effect and further evidence the terms and conditions of this Plan and the documents listed in (a) through (e) of this Section 1.64 or otherwise contained as Exhibits to the Plan Supplement.

1.66 Plan Supplement. The supplement to the Plan, which is incorporated fully into the Plan, containing the Exhibits, Plan Documents and information necessary and appropriate to implement the terms of the Plan. The Plan Supplement shall be filed on or before the Plan Supplement Filing Date.

1.67 Plan Supplement Filing Date. The date on which the Plan Supplement shall be filed with the Bankruptcy Court, which date shall be on or before 10 days prior to the commencement of the Disclosure Statement Hearing.

1.68 Preferred Equity Interest. A new membership interest issued by Reorganized Bond Ranch to a participant making a New Equity Contribution under this Plan and the Subscription Agreement, which shall have preferred status over Equity Interests. The rights of holders of Preferred Equity Interests shall be set forth in the Amended Operating Agreement.

1.69 Preserved Litigation Claims. Subject to the releases provided for in Section 12.4 of this Plan, all rights, claims, torts, liens, actions, causes of action, avoiding powers, proceedings, debts, contracts, judgments, offsets, damages, and demands in law or in equity, including Avoidance Actions, whether known or unknown, contingent or otherwise, that the Debtor or the Estate (through an official committee or otherwise) has brought or may have against any Person, including those listed in Exhibit G to the Plan Supplement. Failure to list a

Preserved Litigation Claim in this Plan does not constitute a waiver or release by the Debtor or Reorganized Bond Ranch of that Preserved Litigation Claim.

1.70 Preserved Ordinary Course Administrative Claim. Any Administrative Claim based on liabilities incurred by the Debtor in the purchase, lease, or use of goods and services in the ordinary course of its business including Administrative Claims for unpaid rent or contract payments arising under a rejected executory contract or unexpired lease of nonresidential real property after the Petition Date and before the effective date of the rejection of that contract or lease, but excluding Professional Claims.

1.71 Priority Tax Claim. Any Claim of a governmental unit entitled to priority under Bankruptcy Code § 507(a)(8).

1.72 Pro Rata. A proportionate share, such that the ratio of the consideration distributed on account of an Allowed Claim or Interest in a Class to the amount of such Allowed Claim or Equity Interest is the same as the ratio of the amount of the consideration distributed on account of all Allowed Claims or Equity Interests in that Class to the amount of all Allowed Claims or Equity Interests in that Class.

1.73 Professional. A Person: (a) employed in the Chapter 11 Case in accordance with an order of the Bankruptcy Court under Bankruptcy Code §§ 327, 328, 363, or 1103 and to be compensated for services under Bankruptcy Code §§ 327, 328, 329, 330, and 331 or order of the Bankruptcy Court; or (b) for whom compensation and reimbursement has been Allowed by a Final Order under Bankruptcy Code § 503(b).

1.74 Professional Claim. An Administrative Claim for compensation and reimbursement of expenses of a Professional rendered or incurred before the Effective Date submitted in accordance with Bankruptcy Code §§ 328, 330, 331, or 503(b).

1.75 Professional Claim Bar Date. The first Business Day that is 45 days after the Confirmation Date.

1.76 Property. The approximately 3000 acres of real property owned by the Debtor as of the Petition Date, the legal description of which is attached to the Plan Supplement as Exhibit H.

1.77 Rejection Claims. All Claims arising from the Debtor's rejection of an executory contract or unexpired lease of nonresidential real property either during the Chapter 11 Case or in connection with this Plan, including Claims for future rents under Bankruptcy Code § 502(b)(6) or future contract payments and General Unsecured Claims for unpaid rent or contract payments accruing before the Petition Date. Rejection Claims do not include Claims for unpaid rent or contract payments arising under a rejected executory contract or unexpired lease of nonresidential real property after the Petition Date and before the effective date of the rejection of such contract or lease—those Claims are Preserved Ordinary Course Administrative Claims.

1.78 Rejection Claims Bar Date. The earlier of: (a) 30 days following the entry of the order of the Bankruptcy Court approving such rejection, provided the effectiveness of such order has not been stayed; and (b) 30 days following the Effective Date of the Plan.

1.79 Release Price. The amount of money that Reorganized Bond Ranch shall pay to the holders of Allowed Senior Secured Insider Claims against the Property to require such holders to fully and finally release its Lien(s) against a Parcel.

1.80 Released Parties. Each of: (a) the Committee and the members thereof in their capacity as such, and the Committee's financial advisors, attorneys, accountants, and other Professionals, in each case in their capacity as such, and only if serving in such capacity; and (b) the Debtor's and Reorganized Bond Ranch's members, managers, principals, employees, agents, financial advisors, attorneys, accountants, and other Professionals, in each case in their capacity as such, and only if serving in such capacity.

1.81 Reorganized Bond Ranch. The Bond Ranch At Del Rio Springs, LLC, on and after the Effective Date.

1.82 Residual Cash. All of the Debtor's Cash from any source whatsoever that is not subject to any Lien as of the Effective Date.

1.83 Retained Property. Any and all Parcels owned by the Debtor that are not Transferred Property.

1.84 Transferred Property. That approximately 210 acres of the Property known as "Parcel D" to be transferred to the holders of the Allowed Senior Secured Insider Claims.

1.85 Schedules. The schedules of assets and liabilities, the list of holders of Equity Interests, and the statements of financial affairs filed by the Debtor under Bankruptcy Code § 521 and Bankruptcy Rule 1007, as the schedules, list, and statements may have been or may be supplemented or amended from time to time.

1.86 Secured Claim. Any Claim (a) listed in the Schedules as a liquidated, noncontingent, and undisputed secured Claim, or (b) reflected in a proof of claim as a secured Claim, secured by a Lien on Collateral to the extent of the value of the Collateral, as determined in accordance with Bankruptcy Code § 506(a), or, if the Claim is subject to setoff under Bankruptcy Code § 553, net of the setoff.

1.87 Secured Real Property Tax Claim. Any Claim of any governmental unit or associated political subdivision, including principal taxes and accrued and unpaid interest under applicable law from the Petition Date, that is secured by a Lien on or otherwise allocated to the Property.

1.88 Securities Act. The Securities Act of 1933, as amended, and the regulations promulgated under that act.

1.89 Senior Secured Insider Claim. The senior secured claim of James Brown, Robert O'Rear, and Del Rio Springs Loan Partners, LLC, including any of their Guaranty Secured Claims, to the extent such Claims are Allowed as Secured Claims against the Property.

1.90 Subscription Agreement. The subscription agreement, in the form attached to the Plan Supplement as Exhibit I, which shall bind a participant to make a New Equity Contribution under this Plan.

1.91 Unsecured Deficiency Claim. Any Claim by a Person holding a Secured Claim, to the extent the value of such Creditor's Collateral, as determined in accordance with Section 506(a) of the Bankruptcy Code, is less than the Allowed amount of such Creditor's Claims as of the Petition Date, after taking into account any elections made pursuant to Section 1111(b) of the Bankruptcy Code.

1.92 Voting Deadline. The date established by the Bankruptcy Court by which holders of Allowed Claims and Equity Interests are determined for purposes of such holders' right to submit Ballots.

C. Rules of Interpretation.

For purposes of this Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural; (b) each pronoun stated in the masculine, feminine or neuter includes the masculine, feminine and neuter; (c) unless otherwise provided in this Plan, any reference in this Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (d) any reference in this Plan to an existing document or schedule filed or to be filed means such document or schedule, as it may have been or may be amended, modified or supplemented pursuant to this Plan; (e) any reference to an entity as a holder of a Claim or Equity Interest includes that entity's successors and assigns; (f) all references in this Plan to Sections, Articles, Exhibits and the Plan Supplement are references to Sections, Articles and Exhibits of or to this Plan; (g) the words "herein," "hereunder" and "hereto" refer to this Plan in its entirety rather than to a particular portion of this Plan; (h) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan; (i) subject to the provisions of any contract, certificates of incorporation, by-laws, instrument, release or other agreement or document entered into in connection with this Plan, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules; and (j) the rules of construction set forth in Section 102 of the Bankruptcy Code shall apply.

D. Computation of Time.

In computing any period of time prescribed or allowed by this Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) shall apply.

E. References to Monetary Figures.

All references in this Plan to monetary figures shall refer to United States of America currency, unless otherwise expressly provided.

F. Exhibits and Plan Supplement.

All Exhibits and the Plan Supplement are incorporated into and are a part of this Plan as if set forth in full herein and, to the extent not annexed hereto, such Exhibits shall be filed with the Bankruptcy Court on or before the Plan Supplement Filing Date. After the Plan Supplement Filing Date, copies of Exhibits and the Plan Supplement can be obtained upon written request to *Squire, Sanders & Dempsey L.L.P., 1 East Washington, Suite 2700, Phoenix, Arizona 85004-4498 (Attn: Karen Graves, kgraves@ssd.com)*. To the extent any Exhibit or the Plan Supplement is inconsistent with the terms of this Plan, unless otherwise ordered by the Bankruptcy Court or as set forth in the Plan Supplement, the non-Exhibit portion of this Plan shall control.

ARTICLE II
TREATMENT OF UNCLASSIFIED CLAIMS

2.1 Unclassified Claims.

As provided in Bankruptcy Code § 1123(a)(1), Administrative Claims and Priority Tax Claims are not classified for purposes of voting on, or receiving distributions under, this Plan. Holders of Administrative Claims and Priority Tax Claims are not entitled to vote on this Plan but, rather, are treated separately in accordance with Sections 2.2 and 2.4 of this Plan and under Bankruptcy Code § 1129(a)(9)(A).

2.2 Allowed Administrative Claims.

A. Generally. Each Allowed Administrative Claim (other than a Preserved Ordinary Course Administrative Claim or Professional Claim) shall be paid in full in Cash (or otherwise satisfied in accordance with its terms) on the latest of: (a) the Effective Date, or as soon after that date as practicable; (b) any date the Bankruptcy Court may fix, or as soon after that date as practicable; (c) 30 days after the Claim is Allowed; and (d) any date on which the holder of the Claim and the Debtor or Reorganized Bond Ranch may agree.

B. Requests for Payment. All requests for payment of an Administrative Claim (other than a Preserved Ordinary Course Administrative Claim or Professional Claim) must be served on Reorganized Bond Ranch and filed with the Bankruptcy Court no later than the Administrative Claims Bar Date. Any holder of an Administrative Claim (other than a Preserved Ordinary Course Administrative Claim or Professional Claim) that fails to file and serve its request by the Administrative Claims Bar Date shall be forever barred from asserting its Administrative Claim against the Debtor or the Reorganized Bond Ranch.

2.3 Preserved Ordinary Course Administrative Claims.

Each Allowed Preserved Ordinary Course Administrative Claim shall be paid in full in Cash at Reorganized Bond Ranch's election either: (a) in accordance with the terms and conditions under which the Claim arose; or (b) on such date on which the holder of the Claim and Reorganized Bond Ranch may agree. Payments shall be made without further action by the holder of the Preserved Ordinary Course Administrative Claim.

2.4 Allowed Priority Tax Claims.

Any Allowed Priority Tax Claim shall be paid in full in Cash on the later of the Effective Date (or as soon after that date as practicable) and 30 days after the Claim is Allowed, but the Debtor or Reorganized Bond Ranch, as applicable, may elect to pay any Allowed Priority Tax Claim through regular installment payments in Cash of a total value, as of the Effective Date, equal to the Allowed amount of the Claim, over a period ending not later than five years after the Petition Date, and in a manner not less favorable than the most favored General Unsecured Claim provided for by this Plan. If the Debtor or Reorganized Bond Ranch so elect, the installment payments shall be made in equal quarterly installments of principal plus simple interest on the unpaid portion of the Allowed Priority Tax Claim accruing from the Effective Date at the rate of six percent per year. The first payment shall be made on the latest of: (a) the Effective Date, or as soon after that date as practicable; (b) 30 days after the Claim is Allowed, or as soon after than date as practicable; and (c) another date on which the holder of the Claim and the Debtor or Reorganized Bond Ranch may agree. Reorganized Bond Ranch retains the right to prepay any Allowed Priority Tax Claim, or any remaining balance of such a Claim, in full or in part, at any time on or after the Effective Date without premium or penalty.

2.5 Professional Claims.

Each Allowed Professional Claim shall be paid in full in Cash: (a) no later than three days after the Professional Claim is Allowed; (b) on any other terms the holder of an Allowed Professional Claim and the Debtor and/or Reorganized Bond Ranch may agree; or (c) in accordance with the terms of any applicable administrative procedures order entered by the Bankruptcy Court. Each Person seeking an award by the Bankruptcy Court of Professional Fees must file with the Bankruptcy Court and serve on Reorganized Bond Ranch its final application for allowance of compensation for services rendered and reimbursement of expenses incurred through the Confirmation Date within 60 days after the Effective Date.

ARTICLE III **CLASSIFICATION OF CLAIMS AND INTERESTS**

Pursuant to Section 1122 of the Bankruptcy Code, set forth below is a designation of classes of Claims against and Equity Interests in the Debtor. A Claim or Equity Interest is placed in a particular Class for the purposes of voting on this Plan and of receiving distributions pursuant to this Plan only to the extent that such Claim or Equity Interest is an Allowed Claim or an Allowed Equity Interest in that Class and such Claim or Equity Interest has not been paid, released, or otherwise settled prior to the Effective Date. In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims of the kinds specified in Sections 507(a)(2) and 507(a)(8) of the Bankruptcy Code have not been classified and their treatment is set forth in Article II above.

3.1 Class 1 – Other Priority Claims.

Class 1 consists of all unsecured Claims entitled to priority under Section 507(a) of the Bankruptcy Code.

3.2 Class 2 – Secured Real Property Tax Claims

Class 2 consists of all Secured Real Property Tax Claims. Each holder of a Secured Real Property Tax Claim: Retained Lots is considered to be in its own separate subclass within Class 2, and each such subclass is deemed to be a separate Class for purposes of the Plan.

3.3 Class 3 – Senior Secured Insider Claims

Class 4 consists of all Senior Secured Insider Claims.

3.4 Class 4 – Guaranty Secured Claims.

Class 4 consists of all Guaranty Secured Claims, with the exception of any Guaranty Secured Claim held by James Brown or Robert O’Rear.

3.5 Class 5 – Base Capital Secured Claims.

Class 5 consists of all Base Capital Secured Claims.

3.6 Class 6 – Other Secured Claims.

Class 6 consists of all Other Secured Claims. Each holder of an Other Secured Claim is considered to be in its own separate subclass within Class 6, and each such subclass is deemed to be a separate Class for purposes of the Plan.

3.7 Class 7 – General Unsecured Claims.

Class 7 consists of all General Unsecured Claims.

3.8 Class 8 – Equity Interests and Equity Related Claims.

Class 8 consists of all Equity Interests and Equity Related Claims.

3.9 Class 9 – Convenience Claims.

Class 9 consists of all Convenience Claims.

ARTICLE IV
TREATMENT OF CLAIMS AND INTERESTS

The treatment of Claims and Equity Interests as provided in this Article IV represents a compromise and full and final settlement, pursuant to Section 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019, of the various Claims and Equity Interests of parties in interest in the Chapter 11 Case.

4.1 Class 1 – Other Priority Claims.

A. Impairment and Voting. Class 1 is unimpaired by this Plan. All holders of Allowed Other Priority Claims in Class 1 are deemed to have accepted this Plan and shall not be entitled to vote on this Plan.

B. Treatment. Upon the occurrence of the Effective Date, each holder of an Allowed Other Priority Claim shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Priority Claim: (a) Cash in an amount equal to the amount of such Allowed

Other Priority Claim; or (b) such other treatment as to which the Debtor and/or Reorganized Bond Ranch and such Claimholder shall have agreed upon in writing, provided that such treatment is not more favorable than the treatment in clause (a) above.

4.2 Class 2 – Secured Real Property Tax Claims.

A. Impairment and Voting. Class 2 is unimpaired by this Plan. All holders of Allowed Secured Real Property Tax Claims in Class 2 are deemed to have accepted this Plan and shall not be entitled to vote on this Plan.

B. Treatment. Each Allowed Real Property Secured Tax Claim shall be paid in full in Cash by the Debtor and/or Reorganized Bond Ranch as such Claims become due in accordance with applicable law.

4.3 Class 3 – Senior Secured Insider Claims.

A. Impairment and Voting. Class 3 is impaired by this Plan. All holders of Allowed Senior Secured Insider Claims in Class 3 are entitled to vote and shall be solicited to vote on this Plan.

B. Treatment. Holders of Allowed Senior Secured Insider Claims shall receive the final treatment on account of their Claims, in full and final satisfaction of such Claims:

(i) Transferred Property. The Bankruptcy Court shall determine the Court Adjudicated Property Value of the Property, including the Transferred Property, as of the Effective Date of this Plan. On the Effective Date, Reorganized Bond Ranch shall provide the holders of the Allowed Senior Secured Insider Claims a deed in lieu to transfer the Transferred Property.

(ii) New Note. On the Effective Date, Reorganized Bond Ranch shall issue a New Note to the holders of the Allowed Senior Secured Insider Claims in a principal amount equal to 100% of such holders' Base Claim Amount subject to subsection (iv) below.

(ii) New Deed of Trust. The New Note shall be secured by a New Deed of Trust granting a perfected first priority security interest in the Retained Property securing Allowed Senior Secured Insider Claims as of the Effective Date, provided, however, that any and all Liens granted under the New Deed of Trust on a Parcel shall be immediately and fully released by the holder of Allowed Senior Secured Insider Claims upon the payment of the Release Price by Reorganized Bond Ranch to such holders.

(iii) Release Price. The Release Price for the holders of Allowed Senior Secured Insider Claims shall be \$7,000 per acre.

(iv) Interest and Term. The New Note shall bear interest at the Court Adjudicated Interest Rate, which shall be due and payable monthly. The New Note shall have a term of 48 months. If the Court Adjudicated Property Value of the Transferred Property is equal

to the first 24 months of the interest payments due under the New Note, then the Transferred Property shall constitute the first 24 months of interest due under the New Note, and Reorganized Bond Ranch shall not make any interest payments for the first 24 months. If the Court Adjudicated Property Value of the Transferred Property is less than the first 24 months of the interest payments, then the Reorganized Debtor shall use Exit Financing or New Equity Contributions to satisfy the difference. If the Court Adjudicated Property Value of the Transferred Property is more than the first 24 months of the interest payments due under the New Note, then such excess value of the Transferred Property shall reduce, dollar-for-dollar, the Base Claim Amount of such New Note.

4.4 Class 4 – Guaranty Secured Claims.

A. Impairment and Voting. Class 4 is impaired by this Plan. All holders of Allowed Guaranty Secured Claims in Class 4 are entitled to vote and shall be solicited to vote on this Plan.

B. Treatment. Holders of Allowed Guaranty Secured Claims shall receive the final treatment on account of their Claims, in full and final satisfaction of such Claims:

(i) New Note. On the Effective Date, Reorganized Bond Ranch shall issue a New Note to each holder of an Allowed Guaranty Secured Claims in a principal amount equal to 100% of such holder's Base Claim Amount.

(ii) New Deed of Trust. The New Note shall be secured by a New Deed of Trust granting a perfected second priority security interest in the Retained Property securing Allowed Guaranty Secured Claims as of the Effective Date.

(iii) Interest and Term. The New Note shall bear interest at the Court Adjudicated Interest Rate per annum, which shall be due and payable on maturity. The New Note shall have a term of 48 months.

4.5 Class 5 – Base Capital Secured Claims.

A. Impairment and Voting. Class 5 is Impaired by this Plan. All holders of Allowed Base Capital Secured Claims in Class 5 are entitled to vote and shall be solicited to vote on this Plan.

B. Treatment. Holders of Allowed Base Capital Secured Claims shall receive the final treatment on account of their Claims, in full and final satisfaction of such Claims:

(i) New Note. On the Effective Date, Reorganized Bond Ranch shall issue a New Note to each holder of an Allowed Base Capital Secured Claim in a principal amount equal to 100% of such holder's Base Claim Amount.

(ii) New Deed of Trust. The New Note shall be secured by a New Deed of Trust granting a perfected third priority security interest in the Retained Property securing Allowed Base Capital Secured Claims as of the Effective Date.

(iii) Interest and Term. The New Note shall bear interest at 3% per annum, which shall be due and payable on maturity. The New Note shall have a term of 48 months.

4.6 Class 6 – Other Secured Claims.

A. Impairment and Voting. Class 6 is Impaired by this Plan. All holders of Allowed Other Secured Claims in Class 6 are entitled to vote and shall be solicited to vote on this Plan.

B. Treatment. Holders of Allowed Other Secured Claims shall receive the final treatment on account of their Claims, in full and final satisfaction of such Claims:

(i) New Note. On the Effective Date, Reorganized Bond Ranch shall issue a New Note to each holder of an Allowed Other Secured Claim in a principal amount equal to 100% of such holder's Base Claim Amount.

(ii) New Deed of Trust. The New Note shall be secured by a New Deed of Trust granting a perfected fourth priority security interest in the Retained Property securing Allowed Other Secured Claims as of the Effective Date.

(iii) Interest and Term. The New Note shall bear interest at the Court Adjudicated Interest Rate per annum, which shall be due and payable on maturity. The New Note shall have a term of 48 months.

4.7 Class 7 – General Unsecured Claims.

A. Impairment and Voting. Class 7 is Impaired by this Plan. All holders of Allowed General Unsecured Claims in Class 7 are entitled to vote and shall be solicited to vote on this Plan.

B. Treatment. Holders of Allowed General Unsecured Secured Claims shall receive the final treatment on account of their Claims, in full and final satisfaction of such Claims:

(i) New Note. On the Effective Date, Reorganized Bond Ranch shall issue a New Note to each holder of an Allowed General Unsecured Claim in a principal amount equal to 100% of such holder's Allowed General Unsecured Claim.

(ii) Interest and Term. The New Note shall bear interest at 5% per annum, which shall be due and payable on maturity. The New Note shall have a term of 48 months.

(iii) Equity Option. Each holder of an Allowed General Unsecured Claim may, at its discretion, elect to have issued on account of its Allowed General Unsecured Claim a General Unsecured Equity Interest in Reorganized Bond Ranch, which will be treated as, and have the same rights as, Equity Interests under Class 8 of this Plan. Each holder of an Allowed General Unsecured Claim must elect all -- and not a portion -- of its Allowed General Unsecured Claim to be treated in this regard. The number of General Unsecured Equity Interests issued is

expected to correspond with the amount of the Allowed General Unsecured Claim so elected (*i.e.*, one General Unsecured Equity Interest for each dollar).

4.8 Class 8 – Equity Interests and Equity Related Claims.

A. Impairment and Voting. Class 8 is impaired by this Plan. All holders of Allowed Equity Interests and Equity Related Claims in Class 8 are entitled to vote and shall be solicited to vote on this Plan.

B. Treatment. All holders of Allowed Equity Interests shall retain their interests, but shall not receive any distribution unless and until each of the Classes of Creditors are satisfied in full. Holders of Allowed Equity Related Claims will be paid *pari passu* with Allowed Equity Interests. In the event of a New Equity Contribution, the holders of Allowed Equity Interests and Allowed Equity Related Claims will be subordinated to the holders of Preferred Equity Interests issued in connection with the New Equity Contribution.

4.9 Class 9 – Convenience Claims.

A. Impairment and Voting. Class 9 is unimpaired by this Plan. All holders of Allowed Convenience Claims are deemed to have accepted this Plan and shall not be entitled to vote on this Plan.

B. Treatment. On the Effective Date, each holder of an Allowed Convenience Claim shall receive Cash in an amount equal to the lesser of: (a) the amount of such Allowed Convenience Claim; or (b) \$500.00.

C. Election; Deemed Acceptance. Any holder of an Allowed General Unsecured Claim may choose to voluntarily reduce the amount of its Claim to \$500.00 in order to be treated in Class 9 by electing such treatment on the Ballot provided to such holder. Any holder of an Allowed General Unsecured Claim that voluntarily reduces the amount of its Claim in order to be treated in Class 9 shall be deemed to accept the Plan.

ARTICLE V

ACCEPTANCE OR REJECTION OF THE PLAN; EFFECT OF REJECTION BY ONE OR MORE IMPAIRED CLASSES OF CLAIMS OR INTERESTS

5.1 Impaired Classes of Claims Entitled to Vote.

Except as otherwise provided in any Final Order(s) of the Bankruptcy Court pertaining to solicitation of votes on this Plan and Sections 5.2 and 5.4 of this Plan, holders of Claims in each Impaired Class are entitled to vote in their respective classes as a class to accept or reject this Plan.

5.2 Classes Deemed to Accept the Plan.

Classes 1, 2, and 9 are Unimpaired by this Plan. Pursuant to Section 1126(f) of the Bankruptcy Code, such Classes are conclusively presumed to have accepted this Plan, and the votes of holders of Claims in such Classes therefore shall not be solicited.

5.3 Acceptance By Impaired Classes.

Classes 3, 4, 5, 6, 7, and 8 are Impaired under this Plan. Pursuant to Section 1126(c) of the Bankruptcy Code, and except as provided in Section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims has accepted the Plan if the Plan is accepted by the holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject the Plan.

5.4 Classes Deemed to Reject the Plan.

There are no Classes presumed to have rejected the Plan under Section 1126(g) of the Bankruptcy Code.

5.5 Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code.

If any Impaired Class of Claims entitled to vote should not accept this Plan by the requisite statutory majorities provided in Section 1126(c) of the Bankruptcy Code, the Debtor reserves the right to request that the Bankruptcy Court confirm this Plan under Section 1129(b) of the Bankruptcy Code.

ARTICLE VI IMPLEMENTATION OF THE PLAN

6.1 Means For Implementation.

The Plan shall be implemented in the following manner:

A. Plan Funding. Funds to be used to meet obligations under this Plan shall derive from three primary sources:

(i) Exit Financing. Reorganized Bond Ranch may obtain Exit Financing to be secured by the Retained Property junior in priority all other Allowed Secured Claims against the Property.

(ii) New Equity Contributions. The Debtor and/or Reorganized Bond Ranch may obtain New Equity Contributions from existing holders of Equity Interests or third parties.

(iii) Sale of Retained Property. The Debtor and/or Reorganized Bond Ranch will sell all or portions of the Retained Property.

B. Determination of Court Adjudicated Property Value and Court Adjudicated Interest Rate. The Bankruptcy Court shall determine the Court Adjudicated Property Value and the Court Adjudicated Interest Rate in an amount sufficient for the Reorganized Debtor to meet its obligations under this Plan.

C. Continued Corporate Existence. From and after the Effective Date, Reorganized Bond Ranch shall continue to exist as a separate corporate entity, with all the powers of a limited liability company under Arizona law pursuant to its articles of organization and operating agreement or other organizational documents in effect prior to the Effective Date, except to the

extent such articles of organization and operating agreement or other organizational documents are amended by this Plan, without prejudice to any right to terminate such existence (whether by merger or otherwise) under applicable law after the Effective Date.

D. Amended and Restated Articles of Organization and Operating Agreement. As of the Effective Date and without any further action by the members of the Debtor or Reorganized Bond Ranch, Bond Ranch's articles of organization and operating agreement shall be amended and restated substantially in the forms of the Amended Articles of Organization and Amended Operating Agreement. The Amended Articles of Organization and Amended Operating Agreement shall also prohibit (to the extent required by Bankruptcy Code § 1123(a) and (b)) the issuance of non-voting equity securities. After the Effective Date, Reorganized Bond Ranch may amend its Amended Articles of Organization, Amended Operating Agreement, or any similar documents and agreements as permitted by applicable law.

E. Managing Members. The managing members of Reorganized Bond Ranch shall be identified in Exhibit J to the Plan Supplement, which shall be filed on or before the Plan Supplement Filing Date. Such managing members of Reorganized Bond Ranch shall manage the day-to-day operations of Reorganized Bond Ranch after the Effective Date, subject to the authority of any member committee of Reorganized Bond Ranch.

F. Issuance of Preferred Equity Interests and General Unsecured Equity Interests. On or after the Effective Date, and if applicable, in accordance with the terms of this Plan and the Plan Documents, Reorganized Bond Ranch shall issue the Preferred Equity Interests to the parties that provide New Equity Contributions under a Subscription Agreement. On or after the Effective Date, and if applicable, in accordance with the terms of this Plan, Reorganized Bond Ranch shall issue the General Unsecured Equity Interests to those holders of Allowed General Unsecured Claims that elect such treatment.

G. Effectiveness of Securities, Instruments and Agreements. On the Effective Date, all securities, instruments, agreements, and documents issued, entered into, delivered, or filed under this Plan, including, without limitation, the Preferred Equity Interests, the General Unsecured Equity Interests, the New Notes, the Plan Documents, and any security, instrument, agreement or document entered into, delivered, or filed in connection with any of the foregoing, shall be deemed to become effective, binding, and enforceable in accordance with its respective terms and conditions.

H. No Corporate Action Required. As of the Effective Date: (a) the adoption, execution, delivery, and implementation of all contracts, leases, instruments, releases, and other agreements related to or contemplated by this Plan; and (b) the other matters provided for under, or in furtherance of, this Plan involving corporate action required of the Debtor, shall be deemed to have occurred and become effective as provided in this Plan, and shall be deemed authorized and approved in all respects without further order of the Bankruptcy Court or any further action by the members of the Debtor.

I. Operation Pending Effective Date. Until the Effective Date, the Debtor shall continue to operate its businesses, subject to all applicable requirements of the Bankruptcy Code and the Bankruptcy Rules.

6.2 Exemption from Certain Transfer Taxes and Recording Fees.

In accordance with Bankruptcy Code § 1146(c): (a) the issuance, distribution, transfer, and exchange of assets or property of the Estates; (b) the execution, assignment, modification, or recording of any lease or sublease; and (c) the execution, delivery, or recording of a deed or other instrument of transfer under, in furtherance of, or in connection with, this Plan, the Confirmation Order, or any transaction contemplated above, or any transactions arising out of, contemplated by, or in any way related to, the foregoing are not subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, or real estate transfer tax, or other similar tax or governmental assessment and the appropriate state or local government officials or agents are directed to forego the collection of any such tax or assessment and to accept for filing or recordation any of the foregoing instruments or other documents without the payment of any such tax or assessment.

ARTICLE VII
EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1 Assumption or Rejection of Executory Contracts and Unexpired Leases.

The executory contracts and unexpired leases between the Debtor and any Person are dealt with as follows:

A. Assumption of Executory Contracts and Unexpired Leases. All executory contracts and unexpired leases set forth on the schedule of assumed executory contracts and unexpired leases filed with the Bankruptcy Court as part of Exhibit K to the Plan Supplement shall be deemed assumed by Reorganized Bond Ranch or assumed and assigned (as indicated on Exhibit K to the Plan Supplement) as of the Effective Date, except for any executory contract or unexpired lease: (i) that has been rejected in accordance with a Final Order entered before the Confirmation Date; or (ii) as to which a motion to reject has been filed with the Bankruptcy Court before the Confirmation Date.

B. Rejection of Executory Contracts and Unexpired Leases. All executory contracts and unexpired leases either (i) set forth on the schedule of rejected executory contracts and unexpired leases filed with the Bankruptcy Court as part of Exhibit K to the Plan Supplement or (ii) existing but not listed on Exhibit K to the Plan Supplement shall be deemed rejected as of the Effective Date, except for any executory contract or unexpired lease that has been assumed or rejected in accordance with a Final Order entered on or before the Confirmation Date.

7.2 Approval of Assumption or Rejection.

Entry of the Confirmation Order constitutes: (a) the approval under Bankruptcy Code § 365 of the assumption or assumption and assignment of the executory contracts and unexpired leases assumed or assumed and assigned under this Plan or otherwise during the Chapter 11 Case; and (b) the approval under Bankruptcy Code § 365 of the rejection of the executory contracts and unexpired leases rejected under this Plan or otherwise during the Chapter 11 Case.

Notwithstanding anything contained in this Section 7.2 to the contrary, the Debtor retains the right to add or change the treatment (assumed or rejected) of any executory contract or unexpired lease on Exhibit K to the Plan Supplement, thus changing the treatment of the contract or lease under this Plan, at any time within 30 days after the Effective Date.

7.3 Cure of Defaults.

On the Effective Date or as soon after that date as practicable, Reorganized Bond Ranch shall Cure any defaults under any executory contract or unexpired lease assumed or assumed and assigned under this Plan in accordance with Bankruptcy Code § 365(b)(1). Reorganized Bond Ranch shall not, and need not as a condition to assuming or assuming and assigning any executory contract or unexpired lease under this Plan, Cure any default relating to the Debtor's failure to perform a nonmonetary obligation under any executory contract or unexpired lease.

7.4 Rejection Claims Bar Date.

All Rejection Claims arising from the rejection of any executory contract or unexpired lease under this Plan are required to be filed with the Bankruptcy Court no later than the Rejection Claims Bar Date. Any such Claim not filed within that time shall be forever barred. With respect to any executory contract or unexpired lease rejected by the Debtor before the Confirmation Date, the deadline for filing a Rejection Claim remains the deadline set forth in the order of the Bankruptcy Court authorizing that rejection. If such an order did not contain such a deadline, the deadline for filing a Rejection Claim arising from that rejection is the Rejection Claims Bar Date.

ARTICLE VIII

SECURITIES TO BE ISSUED IN CONNECTION WITH THE PLAN

8.1 Preferred Equity Interests.

Principal provisions of the Preferred Equity Interests if there are New Equity Contributions:

A. Authorization. The Amended Operating Agreement authorizes the issuance of Preferred Equity Interests. On the Effective Date, or as soon thereafter as practicable, Reorganized Bond Ranch shall issue Preferred Equity Interests in connection with the New Equity Contributions.

B. Rights. The Preferred Equity Interests shall have such rights with respect to Distributions, liquidation, voting, and other matters as are set forth in the Amended Operating Agreement, and as provided under applicable law.

8.2 General Unsecured Equity Interests.

Principal provisions of the General Unsecured Equity Interests if holders of Allowed General Unsecured Claims elect such treatment:

A. Authorization. The Amended Operating Agreement authorizes the issuance of General Unsecured Equity Interests. On the Effective Date, or as soon thereafter as practicable,

Reorganized Bond Ranch shall issue General Unsecured Equity Interests if the holder of an Allowed General Unsecured Claim so elects.

B. Rights. The General Unsecured Equity Interests shall have the same rights as holders of Equity Interests with respect to Distributions, liquidation, voting, and other matters, which such rights are set forth in the Amended Operating Agreement, and as provided under applicable law.

8.3 New Notes.

On the Effective Date, Reorganized Bond Ranch shall issue the New Notes to holders of Allowed Claims in Classes 3, 4, 5, 6, and 7. Principal provisions of the New Notes are summarized as follows:

A. Security. Each New Note shall, if applicable, as proscribed in each respective holder's Class treatment.

B. Maturity. Each New Note shall mature on the date that is 48 months after the Effective Date, as specifically set forth in the applicable Class treatment.

C. Interest Rate. Each New Note shall accrue interest at the rate proscribed in each respective holder's Class treatment, which interest shall be calculated daily on the basis of actual days elapsed over a 365-day year, based upon the then-outstanding face amount of such New Note. Reorganized Bond Ranch shall make interest payments to the holders of each New Note as proscribed in each respective holder's Class treatment.

D. Mandatory Prepayment and Release of Parcels. At any time prior to the maturity date of any New Note, Reorganized Bond Ranch may sell some or all of the Retained Property securing such New Note; provided, however, that in connection with any such sale of the Retained Property: (i) Reorganized Bond Ranch shall pay to the holders of an Allowed Senior Secured Insider Claim the Release Price; and (ii) all relevant terms and conditions required by the New Note for such holders have been satisfied. Upon satisfaction of such payment and conditions, the holder of an Allowed Senior Secured Insider Claim shall release said Parcel free and clear of any and all liens and encumbrances granted under the New Note and/or New Deed of Trust.

8.4 Section 1145 Exemption

In accordance with Section 1145 of the Bankruptcy Code, the issuance of the New Membership Interests and the New Notes in accordance with the Plan is exempt from the registration requirements of Section 5 of the Securities Act, and any state or local law requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, or broker dealer in such securities and is deemed to be a public offer of such securities.

ARTICLE IX

DETERMINATION OF CLAIMS

9.1 Objections to Claims.

Notwithstanding the occurrence of the Effective Date, and except as to any Claim that has been Allowed before the Effective Date, Reorganized Bond Ranch may object to the allowance of any Claim against the Debtor or seek estimation of any Claim on any grounds permitted by the Bankruptcy Code. All objections to Claims must be brought by filing the appropriate pleading in the Bankruptcy Court before the first Business Day that is 180 days after the Effective Date, but the Bankruptcy Court may approve a later date on Reorganized Bond Ranch's motion filed (but not necessarily heard) before the first Business Day that is 180 days after the Effective Date.

9.2 Disputed Claims Reserve.

If necessary after the Effective Date, Reorganized Bond Ranch shall estimate the amount of, and the appropriate Pro Rata amount of Cash to be distributed on account of, each Disputed Claim in Class 7 at the Maximum Amount of the Claim. Notwithstanding anything to the contrary contained in this Plan, the Maximum Amount of a Disputed Claim shall constitute the maximum amount at which the Disputed Claim may be Allowed.

9.3 Distributions on Allowance or Disallowance of Disputed Claims or Interests.

No distributions shall be made to any holder of a Claim or Interest unless and until the Claim or interest becomes is Allowed. If a Claim or Interest is not an Allowed Claim as of the Effective Date, distributions on account of that Claim or Interest shall commence only when the Claim or Interest becomes Allowed after the Effective Date or as otherwise specifically provided in this Plan. If a Disputed Claim or Interest becomes Allowed, Reorganized Bond Ranch shall make a distribution in accordance with the terms of this Plan applicable to Claims or Interests of the Class in which that Claim or Interest resides.

9.4 Contingent Claims.

Until a Contingent Claim becomes an Allowed Claim or is Disallowed, the Claim shall be treated as a Disputed Claim for all purposes under this Plan. The holder of a Contingent Claim shall be entitled to a distribution under this Plan only when the Contingent Claim becomes an Allowed Claim. Any Contingent Claim for reimbursement or contribution held by a Person that may be liable with the Debtor on a Claim of a Creditor is Disallowed as of the Effective Date if: (a) that Creditor's Claim is Disallowed; (b) the Claim for reimbursement or contribution is contingent as of the Effective Date; or (c) that Person asserts a right of subrogation to the rights of the Creditor under Bankruptcy Code § 509.

ARTICLE X

PRESERVATION OF LITIGATION CLAIMS

10.1 Preserved Litigation Claims.

In accordance with Bankruptcy Code § 1123(b)(3), all Avoidance Actions and Preserved Litigation Claims are retained and reserved for Reorganized Bond Ranch, which is designated as

the Estates' representative under Bankruptcy Code § 1123(b)(3)(B) for purposes of the Avoidance Actions and Preserved Litigation Claims.

10.2 Prosecution of Preserved Litigation Claims.

Reorganized Bond Ranch shall have the authority to prosecute, defend, compromise, settle, and otherwise deal with any Avoidance Actions and Preserved Litigation Claims, and shall do so in its capacity as a representative of the Estates in accordance with Bankruptcy Code § 1123(b)(3)(B). Reorganized Bond Ranch shall pay the fees and costs associated with litigating the Avoidance Actions and Preserved Litigation Claims. Reorganized Bond Ranch shall have sole discretion to determine in its business judgment which Avoidance Actions and Preserved Litigation Claims to pursue, which to settle, and the terms and conditions of those settlements.

ARTICLE XI **CONDITIONS PRECEDENT**

11.1 Conditions to Confirmation.

The following are conditions precedent to confirmation of this Plan that may be satisfied or waived in accordance with Section 11.3 of this Plan:

(a) The Bankruptcy Court enters a Final Order approving the Disclosure Statement in form and substance acceptable to the Debtor in its sole and absolute discretion.

(b) The Bankruptcy Court determines the Court Adjudicated Property Value for the Property, the Transferred Property, and the Retained Property (as necessary and as applicable), and the Court Adjudicated Interest Rate (as necessary and as applicable), in an amount and rate sufficient for Reorganized Bond Ranch to meet its obligations set forth in this Plan.

(c) The Bankruptcy Court enters the Confirmation Order in form and substance acceptable to the Debtor in its sole and absolute discretion.

(d) The Confirmation Order contains the following:

(i) The provisions of the Confirmation Order are nonseverable and mutually dependent;

(ii) Approval of the assumption, rejection, or assumption and assignment of all executory contracts and unexpired leases under this Plan;

(iii) Approval of the Amended Operating Agreement, and any other Plan Documents the Debtor deems necessary;

(iv) All executory contracts and unexpired leases assumed or assumed and assigned by the Debtor during the Chapter 11 Case or under this Plan remain in full force and effect for the benefit of Reorganized Bond Ranch or any assignee of such contracts or leases, as the case may be, notwithstanding any

provision in any such contract or lease (including those described in Bankruptcy Code § 365(b)(2) and (f)) that prohibits or conditions such assignment or transfer or that enables, permits, or requires termination of such contract or lease;

(v) The Debtor is released and discharged from all obligations arising under all executory contracts and unexpired leases rejected by the Debtor during the Chapter 11 Case or under this Plan;

(vi) Except as provided in this Plan, Reorganized Bond Ranch is discharged as of the Confirmation Date from any and all Claims and any and all “debt” (as that term is defined in Bankruptcy Code § 101(12)) that arose on or before the Confirmation Date, and the Debtor’s liability in respect of such Claims and debts is extinguished completely, whether reduced to judgment or not, liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or unfixed, matured or unmatured, disputed or undisputed, legal or equitable, or known or unknown, or that arose from any agreement of the Debtor that has either been assumed, assumed and assigned, or rejected in the Chapter 11 Case or under this Plan, or obligation of the Debtor incurred before the Confirmation Date, or that otherwise arose before the Confirmation Date including, without limitation, all interest, if any, on any such Claims, whether such interest accrued before or after the Petition Date and, without limiting the foregoing, the discharge granted under this Plan is granted to the fullest extent allowed under Bankruptcy Code §§ 1141(a), 1141(b), 1141(c) and 1141(d)(1);

(vii) In accordance with Bankruptcy Code § 1123(b)(3)(B), Reorganized Bond Ranch is appointed as the representative and agent of the Estate to prosecute, compromise, or abandon any Avoidance Actions and Preserved Litigation Claims in accordance with this Plan; and

(viii) Retention of jurisdiction of the Bankruptcy Court to the fullest extent permitted by applicable law, and at least to the extent contemplated by Article XIII of this Plan.

11.2 Conditions to Effectiveness.

The following are conditions precedent to the occurrence of the Effective Date, each of which may be satisfied or waived in accordance with Section 11.3 of this Plan:

(a) The Confirmation Date Occurs; and

(b) Each of the Plan Documents to be issued, entered into, delivered, or filed under this Plan are issued, entered into, delivered, or filed and are effective.

(c) The Exit Financing and/or the New Equity Contributions shall have occurred.

11.3 Waiver of Conditions.

The Debtor may waive any condition to confirmation or the Effective Date, in whole or in part, at any time without notice, an order of the Bankruptcy Court, or any further action other than proceeding to confirmation and consummation of this Plan.

ARTICLE XII

TITLE TO PROPERTY; VESTING OF ASSETS

12.1 Vesting of Assets.

Except as provided in this Plan, the Confirmation Order, or the Plan Documents, all property of the Estate shall vest in Reorganized Bond Ranch on the Effective Date free and clear of all Liens and Claims of all kinds existing before the Effective Date. From and after the Effective Date, Reorganized Bond Ranch may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code, including the employment of, and payment to, Professionals except as otherwise provided in this Plan or the Confirmation Order. Any cause of action owned by the Debtor against any Person, shall vest in Reorganized Bond Ranch on the Effective Date to the extent of available insurance coverage.

12.2 Discharge.

Except as provided in this Plan or the Confirmation Order, the rights granted under this Plan and the treatment of Claims and Equity Interests under this Plan are in exchange for and in complete satisfaction, discharge, and release of, all Claims and Equity Interests, including any interest accrued on General Unsecured Claims from the Petition Date. Except as provided in this Plan or the Confirmation Order, confirmation of this Plan discharges the Bond Ranch and Reorganized Bond Ranch from all Claims or other debts that arose before the Confirmation Date, and all debts of the kind specified in Bankruptcy Code §§ 502(g), 502(h) or 502(i), whether or not: (i) a proof of claim based on such debt is filed or deemed filed under Bankruptcy Code § 501; (ii) a Claim based on such debt is Allowed under Bankruptcy Code § 502; or (iii) the holder of a Claim based on such debt has accepted this Plan. Without limiting the foregoing, the discharge granted under this Plan is granted to the fullest extent allowed under Bankruptcy Code §§ 1141(a), 1141(b), 1141(c), and 1141(d)(1).

12.3 Injunction.

Except as provided in this Plan or the Confirmation Order, as of the Confirmation Date, all entities that have held, currently hold, or may hold a Claim or other debt or liability that is unclassified by this Plan or that is classified by Article III of this Plan or is subject to a distribution under this Plan, or an Equity Interest or other right of an equity security holder that is unclassified, canceled or terminated under this Plan are permanently enjoined from taking any of the following actions on account of any such Claims, debts, liabilities, Equity Related Claims, or terminated Equity Interests or rights: (a) commencing or continuing in any manner any action or other proceeding against the Debtor or Reorganized Bond Ranch (including any officer or director or other Person acting as a representative or otherwise on behalf of the Debtor or Reorganized Bond Ranch); (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree, or order against the Debtor, Reorganized Bond Ranch, or their respective property; (c) creating, perfecting, or enforcing any Lien or encumbrance against the Debtor, Reorganized Bond Ranch, or their respective property; (d) asserting a right of setoff,

subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtor, Reorganized Bond Ranch, or their respective property; and (e) commencing or continuing any action, in any manner, in any place, that does not comply with or is inconsistent with the provisions of this Plan or the Bankruptcy Code. Nothing in this Section 12.3 or elsewhere in this Plan is to be construed or is to have the effect of extinguishing, prohibiting, or otherwise limiting, the right of any holder of a Claim to assert a right to setoff or recoupment arising in connection with that Claim as part of the resolution and treatment of that Claim under this Plan.

12.4 Releases, Exculpation and Related Matters.

A. Releases by the Debtor. Pursuant to Section 1123(b)(3) of the Bankruptcy Code, effective as of the Effective Date, the Debtor, in its individual capacity for and on behalf of its Estate, shall be deemed to forever release, waive, and discharge all Released Parties from all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to (i) the Debtor, (ii) the Chapter 11 Case and the conduct thereof, and (iii) the Plan. Reorganized Bond Ranch shall be bound, to the same extent the Debtor is bound, by all of the releases set forth in this Section 12.4(A) of this Plan.

B. Release by Holders of Certain Impaired Claims. As of the Effective Date, each holder of an Impaired Claim entitled to vote to accept or reject the Plan is also entitled to vote to accept or reject the provisions of this Article 12.4.B of the Plan. Any holder of such Impaired Claim that affirmatively elects on the ballot for voting on this Plan to agree to the provisions of this Article 12.4.B of the Plan, shall in consideration for the obligations of the Debtor and Reorganized Bond Ranch under this Plan and the securities, contracts, instruments, releases and other agreements or documents to be delivered in connection with this Plan, forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities (other than the rights to enforce the Debtor's or Reorganized Bond Ranch's obligations under this Plan and the securities, contracts, instruments, releases and other agreements and documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Chapter 11 Case or the conduct thereof, or this Plan against: (i) the Debtor; (ii) Reorganized Bond Ranch; and (iii) the Released Parties.

C. Exculpation and Limitation of Liability Regarding Conduct of Chapter 11 Case. The Debtor, Reorganized Bond Ranch and each such parties' respective professionals, agents, present or former members, officers and directors and any of such parties' successors and assigns, shall not have or incur, and are hereby forever released, waived, and discharged from any claims, obligations, suits, judgments, damages demands, debts, rights, Causes of Action, or liabilities to one another or to any Claimholder or Equity Interestholder, or any other party-in-interest, or any of their respective agents, employees, professionals, or any of their successors

and assigns, for any act or omission, unless such act or omission is caused by such parties' gross negligence or willful misconduct, in connection with, relating to, or arising out of (i) the Chapter 11 Case, (ii) the negotiation and filing of this Plan, (iii) the filing of the Chapter 11 Case, (iv) the pursuit of confirmation of the Plan, including distributions made under the Plan, and the consummation of this Plan, including distributions made under the Plan, or (v) the administration of this Plan or the property to be distributed under this Plan.

12.5 Preservation of Insurance.

The discharge and release from Claims as provided in this Plan, except as necessary to be consistent with this Plan, do not diminish or impair the enforceability of any insurance policy that may cover Claims against the Debtor or any other Person.

ARTICLE XIII **RETENTION OF JURISDICTION**

13.1 Retention of Jurisdiction.

Pursuant to Sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Case and this Plan, including, among others, the following matters:

(d) to hear and determine motions for (i) the assumption or rejection or (ii) the assumption and assignment of executory contracts or unexpired leases to which any of the Debtor is a party or with respect to which the Debtor may be liable, and to hear and determine the allowance of Claims resulting therefrom including the amount of Cure, if any, required to be paid;

(e) to adjudicate any and all adversary proceedings, applications and contested matters that may be commenced or maintained pursuant to the Chapter 11 Case or this Plan, proceedings to adjudicate the allowance of Disputed Claims and Disputed Interests and all controversies and issues arising from or relating to any of the foregoing;

(f) to ensure that distributions to Allowed Claimholders are accomplished as provided herein;

(g) to hear and determine any and all objections to the allowance or estimation of Claims and Equity Interests filed, both before and after the Confirmation Date, including any objections to the classification of any Claim or Equity Interest, and to allow or disallow any Claim or Equity Interest, in whole or in part;

(h) to hear and determine any requests by Reorganized Bond Ranch to appoint a successor as representative of the Estate under Section 1123 of the Bankruptcy Code;

(i) to enter and implement such orders as may be appropriate if the Confirmation Order is for any reason stayed, revoked, modified and/or vacated;

(j) to issue orders in aid of execution, implementation, or consummation of this Plan;

(k) to consider any modifications of this Plan, to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(l) to hear and determine all applications for allowance of compensation and reimbursement of Professional Claims under this Plan or under Sections 330, 331, 503(b), 1103 and 1129(a)(4) of the Bankruptcy Code;

(m) to determine requests for the payment of Claims entitled to priority under Section 507(a)(2) of the Bankruptcy Code, including compensation of and reimbursement of expenses of parties entitled thereto;

(n) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of this Plan or the Confirmation Order including disputes arising under agreements, documents or instruments executed in connection with this Plan;

(o) to hear and determine all suits or adversary proceedings to recover assets of the Debtor and property of its Estate, wherever located;

(p) to hear and determine matters concerning state, local and federal taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy Code;

(q) to hear any other matter not inconsistent with the Bankruptcy Code;

(r) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;

(s) to enter a final decree closing the Chapter 11 Case; and

(t) to enforce all orders previously entered by the Bankruptcy Court.

ARTICLE XIV

MISCELLANEOUS PROVISIONS

14.1 Effecting Documents; Further Transactions; Timing.

The Debtor, Reorganized Bond Ranch, and all other parties to the Plan Documents are authorized and directed as of the Effective Date, and without further order of the Bankruptcy Court, to execute, deliver, file, or record all Plan Documents and other contracts, instruments, releases, and other agreements or documents, and to take all actions necessary or appropriate to

effect and further evidence the terms of this Plan. All transactions required to occur on the Effective Date under the terms of this Plan are deemed to have occurred simultaneously.

14.2 Binding Effect.

This Plan is binding on, and inures to the benefit of, the Debtor and the holders of all Claims and Equity Interests, including the holders of Equity Related Claims, and their respective successors and assigns.

14.3 Governing Law.

Except to the extent that the Bankruptcy Code or other federal law is applicable or as provided in any document entered into in connection with this Plan, the rights, duties and obligations of the Debtor and any other Person arising under this Plan are governed by, and construed and enforced in accordance with, the internal laws of the State of Arizona, without giving effect to Arizona's choice of law provisions.

14.4 Modification of Treatment of Claims.

Reorganized Bond Ranch reserves the right to modify the treatment of any Allowed Claim in any manner adverse only to the holder of that Claim at any time after the Effective Date on that holder's prior written consent.

14.5 Setoffs and Recoupment.

The Debtor and Reorganized Bond Ranch may, but are not required to, set off or recoup against any Claim or Equity Interest and the payments or other distributions to be made under this Plan in respect of such Claim, Claims of any nature that arose before the Petition Date that the Debtor may have against the holder of such Claim or Equity Interest to the extent such Claims may be set off or recouped under applicable law, but neither the failure to do so nor the fact of any Claim or Equity Interest under this Plan becoming Allowed constitutes a waiver or release by the Debtor or Reorganized Bond Ranch of any such claim that it may have against such holder.

14.6 Notices.

Any notice required or permitted to be provided under this Plan must be in writing and served by one of the following: (a) certified mail, return receipt requested, postage prepaid; (b) hand delivery; (c) reputable overnight courier service, freight prepaid; (d) e-mail; or (e) fax; addressed as follows:

If to the Debtor:	The Bond Ranch at Del Rio Springs, LLC 11415 Slater Ave NE, Suite 100 Kirkland, Washington 98033 Attn: Matthew Sorenson Fax: (425) 250-0585 E-mail: matts@basecapital.com
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Copy to: Squire, Sanders & Dempsey, L.L.P.
1 East Washington, Suite 2700
Phoenix, Arizona 85004
Attn: Thomas J. Salerno, Esq.
Kelly Singer, Esq.
Fax: 602.253.8129
E-mail: tsalerno@ssd.com
ksinger@ssd.com

If the Committee: The Official Committee of Unsecured Creditors of The Bond
Ranch at Del Rio Springs, LLC

Phoenix, Arizona 850____
Attn: _____, Esq.
Fax: _____
E-mail: _____ .com

14.7 Delivery of Notices.

If personally delivered, notice is deemed delivered on actual receipt; if faxed or e-mailed in accordance with this Plan, notice is deemed delivered noon of the first Business Day following transmission; if sent by overnight courier in accordance with this Plan, notice is deemed delivered noon of the first Business Day following deposit with such courier; and if sent by U.S. mail in accordance with this Plan, notice is deemed delivered as of the date of delivery indicated on the receipt issued by the relevant postal service; or, if the addressee fails or refuses to accept delivery, as of the date of that failure or refusal. Any party to this Plan may change its address for the purposes of this Plan by giving notice of the change.

14.8 Severability.

If the Bankruptcy Court finds this Plan or any provision of this Plan to be invalid, illegal or unenforceable, or if the Bankruptcy Court cannot confirm this Plan under Bankruptcy Code § 1129, the Bankruptcy Court, at the request of the Debtor or Reorganized Bond Ranch, may retain the power to alter and interpret this Plan or any such provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the provision held to be invalid or unenforceable, and such provision shall then become applicable as altered or interpreted. The Confirmation Order constitutes a judicial determination and provides that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable.

14.9 Plan Supplement Documents.

Notwithstanding anything to the contrary contained in this Plan, including any reference in this Plan to documents in the forms annexed to this Plan as exhibits, the Debtor may revise any Plan Document (a) by filing such revised Plan Document with the Bankruptcy Court more than ten days before the deadline for voting on this Plan, or (b) with the written consent of all

parties in interest that are entitled to vote on this Plan and are materially and adversely affected by such revision.

14.10 Inconsistency.

If any inconsistency between this Plan and the Disclosure Statement exists, the provisions of this Plan govern. If any inconsistency between this Plan and any Plan Document exists, the provisions of the Plan Document govern.

14.11 Subordination.

The distributions under this Plan take into account the relative priority of each Claim in connection with any contractual subordination provisions relating to such Claim. Accordingly, distributions under this Plan are not and may not be subject to levy, garnishment, attachment, or other legal process by any holder of a Claim or Equity Interest purporting to be entitled to the benefits of such contractual subordination, and all such holders are deemed to have waived all contractual subordination rights they otherwise may have had.

14.12 Withholding and Reporting Requirements.

In connection with this Plan and all instruments issued in connection with this Plan, the Debtor or Reorganized Bond Ranch, as the case may be, must comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions under this Plan remain subject to any such withholding and reporting requirements. The Debtor and Reorganized Bond Ranch, as the case may be, may take all actions necessary to comply with such withholding and reporting requirements. Notwithstanding any other provision of this Plan, each holder of an Allowed Claim or Allowed Equity Interest that has received a distribution under this Plan has sole and exclusive responsibility for the satisfaction or payment of any tax obligation imposed by any governmental unit, including income, withholding, and other tax obligation on account of such distribution.

14.13 Post-Effective Date Fees; Final Decree.

Reorganized Bond Ranch shall be responsible for paying any post-Effective Date fees under 28 U.S.C. § 1930(a)(6) and filing post-confirmation reports until the Bankruptcy Court enters a final decree, which shall be as soon as practicable after distributions under this Plan have commenced. Notice of application for a final decree need be given only to those holders of Claims and Equity Interests and other parties that, after the Effective Date, specifically request such notice.

14.14 De Minimis Distributions.

No distributions of less than \$10 shall be made on account of any Claim or Equity Interest. If the holder of an Allowed Claim or Allowed Equity Interest does not receive a distribution owing to the provisions of this Section 14.14 on the Effective Date or any subsequent date, the Allowed Claim or Allowed Equity Interest remains eligible for distributions on the first date set for distributions when such distribution exceeds \$10.

14.15 Method of Payment; Payments, Filings and Notices Only on Business Days.

Payments of Cash under this Plan must be made by check drawn on a domestic bank or by wire transfer from a domestic bank. Whenever any payment, distribution, filing, delivery, or

notice to be made under this Plan is due on a day other than a Business Day, such payment, distribution, filing, delivery, or notice may instead be made, without interest or penalty, on the immediately following Business Day.

Dated: July 7, 2010

**THE BOND RANCH AT DEL RIO
SPRINGS, LLC, Debtor-In-Possession**

By: /s/ Matthew Sorenson
Matthew Sorenson
Its: Authorized Representative

SQUIRE, SANDERS & DEMPSEY L.L.P.

By: /s/ Kelly Singer
Thomas J. Salerno
Kelly Singer
Bradley A. Cosman
1 East Washington, Suite 2700
Phoenix, Arizona 85004

Counsel for Debtor-In-Possession