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***June 4, 2014***

6  
7 UNITED STATES BANKRUPTCY COURT  
8 DISTRICT OF NEVADA

9 —ooOoo—

10 In Re:  
11 CAREFREE WILLOWS, LLC,  
a Nevada limited liability company,  
12  
13 Debtor. \_\_\_\_\_/

Case No. BK-S-10-29932-MKN  
Chapter 11

Hearing Date: May 31, 2012 - June 1, 2012  
Hearing Time: 9:30 a.m.

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17 **DEBTOR’S FIFTH AMENDED**  
18 **PLAN OF REORGANIZATION**  
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1 **1. INTRODUCTION**

2 Debtor, CAREFREE WILLOWS, LLC, a Nevada limited liability company  
3 (hereinafter “Debtor” or “Carefree Willows”), filed its petition for relief under Chapter 11 of  
4 the Bankruptcy Code on **October 22, 2010**. This Fifth Amended Plan of Reorganization (the  
5 “Plan”) is a proposal to creditors to resolve the debts owed on the date of filing the petition.

6 The Plan must receive creditor approval and the Court must find that it meets the  
7 requirements of the law in order to be confirmed. If this Plan is not confirmed, then the Court  
8 may allow:

- 9 (A) The case to be dismissed;  
10 (B) The Debtor and others to draft another plan; or  
11 (C) The case to be converted to a Chapter 7 proceeding, with the assets of the  
12 Debtor being sold in liquidation and the proceeds distributed in accordance with the  
13 Bankruptcy Code.

14 Creditors are reminded that the Debtor has prepared and filed a Disclosure Statement  
15 that provides information about the Debtor and its past operations.

16 **2. DEFINITIONS**

17 Whenever from the context it appears appropriate, each term stated in either the  
18 singular or the plural shall include the singular and the plural, and pronouns stated in the  
19 masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter.  
20 Any capitalized term not defined herein that is defined in the Bankruptcy Code shall have the  
21 meaning ascribed to it in the Bankruptcy Code. Unless the context requires otherwise, the  
22 following words and phrases shall have the meanings set forth below when used in this Plan:

- 23 (A) **“Administrative Claim.”** Claim arising during the administration of Debtor’s  
24 Chapter 11 case entitled to priority under Section 507(a)(1) of the Bankruptcy Code.  
25 (B) **“AG.”** This term shall mean AG/ICC Loan Owner, LLC.  
26 (C) **“AG Deed of Trust.”** This term shall mean the Deed of Trust, Security  
27 Agreement and Financing Statement securing the AG Note wherein Debtor is trustor, Union  
28 Bank of California, NA, is original beneficiary, and Union Bancal Mortgage Corporation is

1 trustee, recorded as Document No. 200603090004028 in the Official Record of the Clark  
2 County Recorder on March 9, 2006. The Deed of Trust was allegedly assigned to AG.

3 (D) **“AG Note.”** This shall mean the Promissory Note dated December 16, 2005,  
4 in which the Debtor is obligor, and Union Bank of California, NA, is the original payee,  
5 having an original principal balance of \$32,300,000.00. The Promissory Note was allegedly  
6 assigned to AG.

7 (E) **“Allowed Claim” or “Allowed.”** This term will refer to and mean every claim,  
8 including administrative claims, secured claims, priority claims and unsecured claims: (i) as  
9 to which a proof of claim has been filed with the Court within the time fixed by the Court or,  
10 if such claim arises from the Debtor’s rejection of an unexpired lease or other executory  
11 contract, within thirty (30) days after the Effective Date of the Plan, or (ii) which is scheduled  
12 as of the Confirmation Date of the Plan in the schedules filed by the Debtor or amended by  
13 the Debtor as of said date, and is liquidated in amount and undisputed; and in any of the above  
14 events, as to which no objection to allowance of such claim or request for subordination  
15 thereof has been filed within any applicable time period fixed by statute or by the Court, as  
16 the same may be extended for any reason, or as to which an order allowing such claim and  
17 establishing its amount and priority has become final and non-appealable, or (iii) with respect  
18 to administrative claims, as to which an application has been approved by order of the  
19 Bankruptcy Court, and all appeals have been finally resolved.

20 (F) **“Bankruptcy Case.”** This term shall mean the pending Chapter 11 case entitled  
21 *In re Carefree Willows, LLC, a Nevada limited liability company*, Case No. BK-S-10-29932-  
22 MKN.

23 (G) **“Bankruptcy Code” or “Code.”** This term means the Bankruptcy Code of  
24 1978, as codified in Title 11 of the United States Bankruptcy Code by Public Law 95-598,  
25 including all amendments thereof and thereto.

26 (H) **“Bankruptcy Court.”** This term means the United States Bankruptcy Court for  
27 the District of Nevada, Las Vegas, or such other court as has jurisdiction of these Chapter 11  
28 cases.

1 (I) **“Claim.”** This term means any right to payment, whether or not such right is  
2 reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured,  
3 disputed, undisputed, legal, equitable, secured or unsecured; or any right to an equitable  
4 remedy for breach of performance, if such breach gives rise to a right to payment, whether or  
5 not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured,  
6 unmatured, disputed, undisputed, secured or unsecured.

7 (J) **“Confirmation Date.”** This term refers to and shall mean the date on which the  
8 Court enters its Order confirming the Plan, or any subsequently amended plan of  
9 reorganization.

10 (K) **“Confirmation Hearing.”** This term shall mean the hearing or hearings in  
11 which the Bankruptcy Court considers confirmation of the Plan.

12 (L) **“Debtor.”** The term Debtor means CAREFREE WILLOWS, LLC, the Chapter  
13 11 Debtor in Case No. BK-S-10-29932-MKN.

14 (M) **“Disclosure Statement.”** Disclosure Statement means the Fourth Amended  
15 Disclosure Statement filed by the Debtor, as the same may be subsequently amended and as  
16 approved by the Bankruptcy Court.

17 (N) **“Effective Date.”** This term shall mean the date which is forty-five days  
18 following the Confirmation Date.

19 (O) **“Petition Filing Date.”** This term shall refer to October 22, 2010, the date on  
20 which Debtor filed its voluntary petition commencing the above-captioned Chapter 11 case.

21 (P) **“Pre-Petition.”** This term shall mean the period of time preceding the Petition  
22 Filing Date.

23 (Q) **“Post-Petition.”** This term shall mean the period of time following the Petition  
24 Filing Date.

25 (R) **“Plan.”** This term shall refer to Debtor’s Fifth Amended Plan of  
26 Reorganization, together with any amendments or modifications thereto as may hereafter be  
27 filed by the Debtor.

28 (S) **“Post Confirmation.”** This term shall mean the period of time after the

1 Confirmation Date.

2 (T) **“Priority Claim.”** This term shall mean any claim entitled to priority pursuant  
3 to Section 507(a) of the Bankruptcy Code.

4 (U) **“Property.”** This term shall mean the senior housing complex known also as  
5 Carefree Willows Senior Apartments located upon approximately 11 acres of property at 3250  
6 S. Town Center Drive, Las Vegas, Nevada, APN 164-12-810-003.

7 (V) **“Reorganized Debtor.”** This term means Carefree Willows, LLC, a Nevada  
8 limited liability company, following the Confirmation Date.

9 (W) **“Unsecured Claim.”** This shall mean a Claim that is not secured by a pledge  
10 of or security interest in any of the Debtor’s property.

11 **3. CLAIMS AND INTERESTS**

12 **3.1 Classification of Claims and Interests**

13 Pursuant to Section 1122 of the Bankruptcy Code, set forth below is a designation of  
14 classes of Claims and Interests. Administrative Claims and Priority Claims of the kinds  
15 specified in Sections 507(a)(1) and 507(a)(8) of the Bankruptcy Code have not been classified  
16 and are excluded from the following classes in accordance with Section 1123(a)(1) of the  
17 Bankruptcy Code.

18 Class 1: The Allowed Claim of AG secured by a first deed of trust upon the  
19 Property.

20 Class 2: The Allowed Secured Claim of AG secured by a vehicle described as a  
21 32 passenger bus.

22 Class 3: Allowed Claims of **unsecured creditors** of the Debtor not entitled to  
23 priority under § 507 of the Bankruptcy Code and not otherwise included  
24 in any other class hereof, including, without limitation, claims which  
25 may arise out of the rejection of executory contracts.

26 Class 4: The **membership interests** of the Debtor.

27 **3.2 Unimpaired Classes**

28 All classes are unimpaired under the Plan.

29 **4. TREATMENT OF CLAIMS AND INTERESTS**

Each creditor class shall be treated as follows:

1           **4.1 Class 1 (AG)**

2           The AG Class 1 Allowed Claim shall be cured and paid pursuant to 11 U.S.C. §  
3 1123(a)(5)(G) on or before the Effective Date as follows:

4                   (A) The principal balance under the AG Note shall be paid in full.

5                   (B) All accrued interest at the non-default rate under the AG Note shall be  
6 paid in full as of the payment date.

7                   (C) All Allowed reasonable attorneys' fees under the AG Note shall be paid  
8 in full. The Debtor reserves the right to object to the attorneys' fees claimed. In the event of  
9 such objection, the undisputed portion shall be paid to AG, and the balance of attorneys' fees  
10 claimed shall be placed in a segregated trust account until the claim is an Allowed Claim.

11                   (D) There shall be no payment on account of i) compounding of interest; ii)  
12 default interest rates; or iii) late charges; or any other charge or obligation triggered by or  
13 associated with default under the AG Note.

14                   (E) All post-petition payments made to AG by the Debtor shall be credited  
15 towards the cure of the obligation.

16           **4.2 Class 2 (AG-Bus):**

17           The AG Class 2 claim shall be cured and paid pursuant to 11 U.S.C. § 1123(a)(5)(G)  
18 on or before the Effective Date as follows:

19                   (A) The principal balance shall be paid in full.

20                   (B) All accrued interest under the Class 2 note at the non-default rate shall  
21 be paid in full as of the payment date.

22                   (C) All Allowed reasonable attorneys' fees under the note shall be paid in  
23 full. The Debtor reserves the right to object to the attorneys' fees claimed. In the event of  
24 such objection, the undisputed portion shall be paid to AG, and the balance of attorneys' fees  
25 claimed shall be placed in a segregated trust account until the claim is an Allowed Claim.

26                   (D) There shall be no payment on account of i) compounding of interest; ii)  
27 default interest rates; or iii) late charges, or any other charge or obligation triggered by or  
28 associated with; default under the subject promissory note.



1 (E) All post-petition payments made to AG by the Debtor shall be credited  
2 towards the cure of the obligation.

3 **4.3 Class 3 (Unsecured Claims):**

4 On or before the Effective Date all Unsecured Claims shall be paid in full, together  
5 with interest accrued post-petition at the Federal Judgment Rate applicable on the Effective  
6 Date. Any unsecured creditor may agree with the Debtor to receive less than full payment.

7 **4.4 Class 4 (Membership Interests):**

8 The members shall retain their membership interests in the Reorganized Debtor.

9 **5. TREATMENT OF UNCLASSIFIED CLAIMS**

10 **5.1 Administrative Claims**

11 Claims arising during the administration of the Debtor's Chapter 11 case and entitled  
12 to priority under Section 507(a)(1) of the Bankruptcy Code are not classified under the Plan.  
13 Holders of such claims shall be paid in full on the latter of the Effective Date, or fifteen (15)  
14 days after entry of an order creating an Allowed Administrative Claim. All Allowed  
15 Administrative Claims shall be paid by Carefree Holdings, LP.

16 **5.2 Fees to the United States Trustee**

17 All fees required to be paid to the United States Trustee will be paid in full upon the  
18 Effective Date of the Debtor's Plan, and shall remain current until the case is fully  
19 administered, closed, converted or dismissed, whichever occurs first. Such fees may be paid  
20 by cash contributions by the member of the Debtor.

21 **5.3 Priority Claims**

22 The only Priority Claims against the Debtor are for tenant deposits, which claims are  
23 contingent and unliquidated. Such claims shall be paid by the Debtor as and when the same  
24 become liquidated in the ordinary course of Debtor's business.

25 **5.4 Disputed Claims**

26 Any amount allocable hereunder to creditors whose claims are not liquidated or are  
27 disputed shall be paid into a segregated trust account until such claims are an Allowed Claim,  
28 in which case the proceeds shall be disbursed, or such claim shall be disallowed.

1 **6. EXECUTORY CONTRACTS**

2 **6.1 Assumed Executory Contracts and Unexpired Leases.**

3 The Debtor assumes the following executory contracts and/or unexpired leases with  
4 the following parties, and will cure any delinquencies on the Effective Date of the Plan:

5 All tenant leases

6 Services Contracts:

7 Blue & Green Services, LLC  
8 Global Pest Services, LLC  
9 TSI Safety Incorporated  
10 Ikon Financial Services  
11 Certified Fire Protection, Inc.  
COX Communications  
Answer Plus, Inc.  
Blue & Green Services, LLC  
ThyssenKrupp Elevator  
Touchtown

12 Management Agreement with Ken Templeton Realty and Investments, Inc.

13 All licensing rights to use the name “Carefree Senior Living” and “Carefree Willows.”

14 The Debtor will be conclusively deemed to have rejected all executory contracts and/or  
15 unexpired leases not expressly assumed under section 6.1 above. A proof of claim arising  
16 from the rejection of an executory contract or unexpired lease under this section must be filed  
17 no later than thirty (30) days after the date of the order confirming the Plan.

18 **7. MEANS OF IMPLEMENTING AND FUNDING THE PLAN**

19 **7.1 New Financing**

20 The Debtor has secured new financing, as well as an agreement to contribute funds  
21 from its members or affiliates, to pay all of the obligations set forth in this Plan.

22 **7.2 Revesting of Assets in the Debtor**

23 Upon confirmation of the Plan, all property of the estate of the Debtor shall be revested  
24 in the Debtor, pursuant to 11 U.S.C. § 1141(c), which shall retain such property as the  
25 Reorganized Debtor free and clear of all claims and interests of the creditors, except as set  
26 forth in the Plan.

27 **7.3 Disbursing Agent**

28 The Debtor will serve as disbursing agent and shall make all payments required under

1 the Plan. The disbursing agent may employ or contract with other entities to assist in or to  
2 perform the distribution of the property and shall serve without bond.

3 **7.4 Post-Confirmation Management of the Debtor**

4 The Debtor shall be managed post-confirmation by Ken Templeton Realty &  
5 Investment, Inc., which shall receive a management fee of 6% of monthly collections.

6 **7.5 Post-Confirmation Litigation**

7 The Debtor reserves the right to prosecute any objections to claims. In addition, the  
8 Debtor reserves the right to prosecute actions against certain parties, which may include  
9 contractors, subcontractors, engineers, or other persons involved in the construction of the  
10 Property, for construction defects associated with the Property.

11 **8. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

12 The Debtor shall pay all taxes associated with its Post-Confirmation earnings.  
13 Creditors are advised to discuss with their own tax advisor any tax effect to the creditor of  
14 such payments.

15 **9. GENERAL INJUNCTION**

16 From and after the Effective Date, and except as provided in the Plan and the  
17 Confirmation Order, all entities that have held, currently hold or may hold a Claim are  
18 permanently enjoined from taking any of the following actions on account of any such Claims:  
19 (I) commencing or continuing in any manner any action or other proceeding against the  
20 Debtor, or its Property; (ii) enforcing, attaching, collecting, or recovering in any manner any  
21 judgment, award, decree or order against the Debtor or the Reorganized Debtor, or its  
22 respective property; (iii) creating, perfecting or enforcing any lien or encumbrance against the  
23 Debtor or the Reorganized Debtor, or its respective property; (iv) asserting a setoff, right of  
24 subrogation or recoupment of any kind against any debt, liability, or obligation due to the  
25 Debtor or the Reorganized Debtor, or its respective property; or (v) commencing or  
26 continuing any action, in any manner or any place, that does not comply with or is inconsistent  
27 with the provisions of the Plan or the Bankruptcy Code.

28 ///

1 **10. EXCULPATION**

2 From the Petition Date through the Effective Date, the Debtor and its members,  
3 managers, attorneys, agents and employees shall not have any liability to the Debtor or any  
4 other claimants or creditors, or other parties in interest in the Bankruptcy Case for any act or  
5 omission in connection with or arising out of the Bankruptcy Case, including, without  
6 limitation, prosecuting confirmation of the Plan, confirmation of the Plan, and the  
7 administration of the estate, the Plan or the property to be distributed under the Plan, except  
8 for gross negligence or wilful misconduct, and in all respects, such persons will be entitled  
9 to rely on the advice of counsel with respect to their duties and responsibilities with respect  
10 to the Chapter 11 Case and the Plan.

11 **11. MISCELLANEOUS PROVISIONS**

12 (A) Confirmation of the Plan constitutes a discharge pursuant to 11 U.S.C. § 1141  
13 of any and all liabilities of the Debtor which are discharged pursuant to the provisions of the  
14 Bankruptcy Code.

15 (B) Any creditor who failed to file a proof of claim on or before any Court imposed  
16 claims bar date, shall be barred from participating in any distribution under the Plan, and the  
17 Debtor shall have no further liability for such claim.

18 (C) Following the Effective Date, the Debtor may continue to employ counsel for  
19 necessary legal services. Counsel may be paid from the Debtor without further order of the  
20 Court.

21 (D) The estate shall be deemed to be fully administered upon the commencing of  
22 distributions to the Class 1 creditor.

23 **12. RETENTION OF JURISDICTION**

24 The Bankruptcy Court shall retain jurisdiction for the following specific purposes:

25 (A) For the purpose specified in § 1142 of the Bankruptcy Code;

26 (B) The consideration of claims and such objections as may be filed to the claims  
27 of creditors pursuant to § 502 of the Bankruptcy Code, and to file and prosecute any  
28 counterclaims against such creditors;

- 1 (C) The fixing of compensation for the parties entitled thereto;
- 2 (D) To hear and determine the amount of all encumbrances or the recovery of any  
3 preferences, transfers, assets or damages to which the Debtor's estate may be entitled under  
4 applicable provisions of the Bankruptcy Code or other federal, state, or local law;
- 5 (E) To reinstate the automatic stay pending a determination of the amount owed on  
6 any secured claim;
- 7 (F) To hear and decide all causes of action now held by the Debtor, or disclosed in  
8 the Plan or Disclosure Statement;
- 9 (G) To hear and decide all adversary proceedings or contested matters currently  
10 pending in the Bankruptcy Court, or which may be filed prior to or after plan confirmation;
- 11 (H) To resolve any disputes regarding interpretation of the Plan;
- 12 (I) To implement the provisions of the Plan, including all provisions in the Plan  
13 which specify the retention of jurisdiction, and to make such further orders as will aid in  
14 consummation of the Plan, including the sale of any property after Plan confirmation;
- 15 (J) To adjudicate controversies regarding property of the Debtor's estate and  
16 regarding ownership thereof, including adjudication of causes of action which constitute  
17 property of the estate;
- 18 (K) To modify this Plan in accordance with § 1127 of the Bankruptcy Code;
- 19 (L) To enter such orders as may be necessary or appropriate to implement or  
20 consummate the provisions of this Plan and all contracts, instruments, releases and other  
21 agreements or documents created in connection with this Plan, the Disclosure Statement, or  
22 the Confirmation Order; and
- 23 (M) Enter a final decree and order closing the case.

24 **13. MODIFICATION OF PLAN**

25 The Debtor may modify the Plan with regard to the treatment of any creditor class, in  
26 connection with any agreement or settlement with such creditor class or in order to comply  
27 with requirements of the Code as established by the Court, provided such modification does  
28 not materially adversely affect any other class of creditors. Such modifications may be

1 reflected in the order confirming the Plan of Reorganization. Any other modification of the  
2 Plan shall be in accordance with § 1127 of the Code.

3 Dated June 4<sup>th</sup>, 2014.

4 Respectfully submitted,

5 Carefree Willows, LLC,  
A Nevada limited liability company

6 By: Carefree Holdings Limited Partnership  
A Nevada limited partnership  
7 Managing Member of Carefree  
8 Willows, LLC

9 By: MLPGP, LLC  
A Nevada limited liability company  
10 General Partner of Carefree  
Holdings Limited Partnership

11 By: /s/ Kenneth L. Templeton  
12 Kenneth L. Templeton  
Manager of MLPGP, LLC

13 Prepared and submitted by:

14 /s/ Alan R. Smith

15 Alan R. Smith, Esq.  
16 Counsel for the Debtor and Debtor in Possession  
and Plan Proponent

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