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ELECTRONICALLY FILED
May 26, 2012

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

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In Re:

CAREFREE WILLOWS, LLC,
a Nevada limited liability company,

Debtor.

_____/

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

Chapter 11

FIRST AMENDMENT TO DEBTOR'S FOURTH AMENDED PLAN OF REORGANIZATION

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

Debtor hereby amends its Fourth Amended Plan Of Reorganization as follows:

Section 3.1 - Class 2 shall be amended to provide as follows:

Class 2: This class shall be comprised of the **AG** Unsecured Claim as defined herein and the claim of Pause 1, LLC.

Section 4.1(A) shall be amended to provide as follows:

4.1 Class 1 (AG Secured Claim)

The AG Secured Claim shall be treated under the Plan as follows:

(A) Amount of the AG Secured Claim

The amount of the AG Allowed Secured Claim shall be the sum of $30,000,000.00 (based upon the Amended Order Granting Motion To Establish Value Of Carefree Willows Senior Apartment Complex For Purposes of Plan

Reorganization [Dkt. 163]), less all post-petition payments made by the Debtor to the extent allowed by the Bankruptcy Court (the "AG Allowed Secured Claim"). Debtor preserves all of the objections that it may have to the AG Allowed Secured Claim.

Section 4.1(C) shall be amended to provide as follows:

(C) Payment of the AG Secured Claim

The AG Allowed Secured Claim shall be paid down by the Remaining Contribution (as defined in Section 7.2 below and estimated at $5,787,823.00), which balance shall be defined as the "AG Amortized Secured Balance." The AG Amortized Secured Balance shall bear interest at the rate of 3.75% per annum from and after the Effective Date, or, in the event of objection by AG, such other rate as the Court shall determine is appropriate at the Confirmation Hearing after considering the evidence (the "AG Interest Rate"). On or before the 15th day of each and every month, commencing on the 15th day of the next month following the Effective Date, the Debtor shall make a monthly payment to AG based upon a 30 year amortization of the AG Amortized Secured Balance at the AG Interest Rate.

Section 4.1(D) shall be amended to provide as follows:

(D) Payment of the Balance Due on the AG Secured Claim

The balance owed on the AG Amortized Secured Balance, together with any and all accrued interest, fees and costs due thereunder, shall be paid on or before 39 months following the Effective Date, or such earlier date as the Debtor may propose at the Confirmation Hearing which is approved by the Court (the "Maturity Date").

Section 4.2 Class 2 (AG Unsecured Claim) shall be amended to provide as follows:

4.2 Class 2 (Guaranteed Unsecured Claims):

The Class 2 claims shall be paid in full, in cash, on the Effective Date.

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Section 7.2 Contributions From Equity shall be amended to provide as follows:

7.2 Contributions From Equity

The Plan contemplates the contribution of the sum of $9,000,000.00 for its implementation (the "Contributed Funds"). The Contributed Funds shall be contributed by Templeton Investment Corporation. The Contributed Funds shall be placed in a segregated bank account dedicated for the purposes of plan funding prior to the Confirmation Hearing. The Contributed Funds shall be applied as set forth below. The Contributed Funds are not a loan to the Debtor, and Templeton Investment Corporation does not receive any new or additional equitable interest in the Debtor for its contribution. Pursuant to the Plan, the Debtor will distribute all amounts necessary to effectuate this Plan, and estimates the following disbursements will be made:

- Payment of all Allowed Administrative Claims of the Debtor. Estimated at $250,000.00. This amount shall be paid directly by the Contributing Entities to administrative claimants, and shall not be deposited into the Escrow Fund.
- Payment of $250,000.00 to Willows Account, LLC on account of the claim identified as PSACP Investments (Willows Account, LLC has committed to elect Alternative Two for the treatment of Class 2 claims as set forth in Section 4.2 above.)
- The sum of $10,000.00 (approximate) shall be applied to the payment of all allowed unsecured creditors as set forth in Section 4.4 above.
- The sum of $2,702,177.00 (approximate) shall be applied to the payment of all allowed Class 2 claims.
- The balance of the Contributed Funds, estimated at $5,787,823.00 (the "Remaining Contribution") shall be applied to the AG Secured Claim as set forth in Section 4.1(C) above.

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Section 7.3 Sale or Refinance of Property shall be amended to provide as follows:

7.3 Sale or Refinance of Property

The Debtor intends to refinance the Property prior to the Maturity Date in order to comply with the final payment of the Amortized Secured Balance.

DATED this 26th day of May, 2012.

LAW OFFICES OF ALAN R. SMITH

/s/ Alan R. Smith

By_____
ALAN R. SMITH, ESQ.
Attorney for Debtor

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