

1 BELDING, HARRIS & PETRONI, LTD
STEPHEN R. HARRIS, ESQ.
2 Nevada Bar No. 001463
417 West Plumb Lane
3 Reno, Nevada 89509
Telephone: (775) 786-7600
4 Facsimile: (775) 786-7764

ELECTRONICALLY FILED BY
BELDING, HARRIS & PETRONI, LTD.

ON December 9, 2004

5 Attorney for Debtor

7 UNITED STATES BANKRUPTCY COURT

8 DISTRICT OF NEVADA

9 * * * * *

10 IN RE:

11 GOSHAWK RIDGE DEVELOPMENT, LTD.,
12 a Nevada limited liability company,

Case No. BK-N-04-52701
(Chapter 11)

13 Debtor.

Hrg. DATE: January 25, 2005
and TIME: 2:00 p.m.
Est. Time: 30 Minutes
Set By: Linda Duffy

15 E.I.N. # 88-0453880 /

16 **DEBTOR'S JOINT DISCLOSURE STATEMENT AND**
17 **PLAN OF REORGANIZATION**

19 Dated: December 9, 2004

20 Filed by: STEPHEN R. HARRIS, ESQ.
BELDING, HARRIS & PETRONI, LTD.
417 West Plumb Lane
21 Reno, NV 89509
22 Telephone: (775) 786-7600

23 Attorneys for GOSHAWK RIDGE DEVELOPMENT, LTD.,
a Nevada limited liability company

25 Debtor and Debtor-in-Possession

1 **I. INTRODUCTION AND DEFINITIONS**

2 A. INTRODUCTION

3 On September 10, 2004, a Voluntary Petition for Relief under Chapter 11 of the United States
4 Bankruptcy Code, was filed by the following entity (referred to as "Debtor"):

5 GOSHAWK RIDGE DEVELOPMENT, LTD., a Nevada limited liability company; Case No.
6 BK-N 04-52701-GWZ - and since the filing date, the Debtor has retained its Debtor-in-Possession
7 status, and continues to own the unimproved real property located at U.S. Highway 50, Douglas
8 County, Nevada, APN: 1318-23-301-001.

9 The document you are reading is both the Debtor's Plan of Reorganization ("Plan") and the
10 Debtor's Disclosure Statement ("Disclosure Statement"). The Debtor has proposed the Plan to treat
11 the claims of the Debtor's creditors, both secured, priority and unsecured creditors. The Disclosure
12 Statement describes the assumptions that underlie the Plan and how the Plan will be executed.

13 The Bankruptcy Court in this Chapter 11 case (the "Court") is being asked to approve the form
14 of this document as an adequate disclosure statement, containing enough information to enable parties
15 affected by the Plan to make an informed judgment about the Plan. The Court has not yet confirmed
16 the Plan, which means the terms of the Plan are not now binding on anyone.

17 A hearing date and time to determine whether the Court will confirm the Plan will be
18 scheduled at a later date, with all interested parties receiving notice of the same, assuming the Court
19 approves the Disclosure Statement, in accordance with 11 U.S.C. §1125.

20 Any creditor and interested party desiring any further information should contact the attorney
21 for the Debtor:

22 STEPHEN R. HARRIS, ESQ.
23 BELDING, HARRIS & PETRONI, LTD.
24 417 W. Plumb Lane
25 Reno, NV 89509
26 (775) 786-7600
27 (775) 786-7764 or 786-1633 (fax)

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1 B. DEFINITIONS

2 SCOPE OF DEFINITIONS.

3 For the purposes of this DEBTOR'S JOINT DISCLOSURE STATEMENT AND PLAN OF
4 REORGANIZATION, all capitalized terms and otherwise defined terms shall have the meanings
5 assigned to them in this Article I. Whenever the context requires, such terms shall include the plural
6 number as well as the singular and the female and/or masculine gender as well as the neuter.

7 1. "ADMINISTRATIVE CLAIM." This term shall refer to and mean every claim
8 that is entitled to allowance under Section 503(b) of the Bankruptcy Code or otherwise entitled to
9 priority pursuant to Section 507(a)(1) of the Bankruptcy Code, arising prior to the Effective Date,
10 including, without limitation: (a) any actual, necessary expense preserving the Estate, including,
11 without limitation, expenses necessary or appropriate to carry out, facilitate, or effectuate this Plan;
12 (b) any amount required to be paid under Section 365(b) of the Bankruptcy Code in connection with
13 the curing of defaults under executory contracts or unexpired leases; and (c) all allowances, including
14 professional fees and costs, approved by the Bankruptcy Court for Debtor's professionals and
15 members of and professionals employed by the Unsecured Creditors' Committee.

16 2. "ALLOWED ADMINISTRATIVE CLAIM" shall mean an Administrative
17 Claim: (a) as to which no objection has been filed or, if an objection has been filed, such objection
18 has been resolved by the allowance of such Administrative Claim by a Final Order; (b) which requires
19 payment in the ordinary course of the business of the Debtor and as to which there is no order of the
20 Bankruptcy Court in effect which prohibits any such payment; or (c) which requires payment pursuant
21 to a Final Order.

22 3. "ALLOWED CLAIM" or "ALLOWED INTEREST" shall mean claims against
23 or interest in the Debtor to the extent that--

24 (a) Proof of claim or interest was--

25 (I) timely filed;

26 (ii) deemed filed, if such claim or interest appears in the schedules filed
27 herein, unless such claim or interest is scheduled as disputed, contingent, or
unliquidated; or

28 (iii) late filed--

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(I) with leave of the Bankruptcy Court; or

(II) without objection by the Debtor-in-Possession within a time fixed by the Bankruptcy Court; and

(b) (I) the Debtor-in-Possession does not file an objection within a time fixed by the Bankruptcy Court; or

(ii) the claim or interest is allowed by a Final Order; or

(iii) the claim or interest is allowed under this PLAN.

4. "ALLOWED PRIORITY CLAIM" shall mean a Priority Claim which is an Allowed Claim.

5. "ALLOWED SECURED CLAIM" shall mean an Allowed Claim secured by a lien, security interest or other charge against or interest in property in which the Debtor have an interest, or which is subject to setoff under Section 553 of the Code, to the extent of the value (determined in accordance with Section 506(a) of the Code) of the interest of the holder of such Allowed Claim in the Debtor's interest in such property or to the extent of the amount subject to such set-off, as the case may be.

6. "ALLOWED SUBORDINATED CLAIM" shall mean an Allowed Claim arising from any Indebtedness evidenced by or related to the claim of a Subordinated Creditor.

7. "DEFINITION OF THE BALLOT" shall mean the Ballot(s) for accepting or rejecting this Plan in a form(s) approved by the Bankruptcy Court.

8. "BANKRUPTCY CODE" as used herein refers to Title I of Public Law No. 95-598, as codified in Title 11 of the United States Code, and all amendments thereto.

9. "BANKRUPTCY COURT" (or "COURT") shall mean the United States Bankruptcy Court, for the District of Nevada, in which the Debtor's Chapter 11 case is pending, such other court as has jurisdiction in this Chapter 11 case, and any court having competent jurisdiction to hear appeals or certiorari proceedings therefrom.

10. "BANKRUPTCY RULES" shall mean the Federal Rules of Bankruptcy Procedure, promulgated under 28 U.S.C. § 2075, including any amendments thereto, which are in effect before and as of the Confirmation Date, and thereafter during the Reorganization Case, to the

1 extent that they are consistent with vested rights under this Plan and the Confirmation Order.

2 11. "BUSINESS DAY" shall mean any day except Saturday, Sunday, or a day on
3 which commercial banks in Washoe County, Nevada, are authorized or required by law to close.

4 12. "CLAIM" shall mean: (a) any right to payment from the Debtor or its Estate,
5 including an Administrative Claim, whether or not such right is reduced to judgment, or is liquidated,
6 unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured
7 or unsecured; and (b) any right to an equitable remedy for breach of performance of such breach gives
8 rise to a right to payment from the Debtor or its Estate, including an Administrative Claim, whether
9 or not such right to an equitable remedy is reduced to judgment, or is fixed, contingent, matured,
10 unmatured, disputed, secured or unsecured.

11 13. "CLAIMANT" shall mean the holder of an Allowed Claim or an Allowed
12 Administrative Claim.

13 14. "CLASS" shall mean any class into which Allowed Claims or Allowed Interests
14 are classified pursuant to Article IX (Description and Treatment of Claims and Interests).

15 15. "COMMENCEMENT DATE" (or "PETITION DATE") shall mean the date
16 the Debtor filed its Petition for Relief (September 10, 2004), which date shall be utilized to determine
17 the cessation of interest on certain claims and the date of commencement of the rights of certain
18 creditors to make claim for administrative expenses and allowances, among other rights that are
19 determined by relation to said date.

20 16. "CONFIRMATION" shall mean the entry of the Confirmation Order by the
21 United States Bankruptcy Court.

22 17. "CONFIRMATION DATE" shall mean the date on which the Confirmation
23 Order is entered on the Bankruptcy Court's docket.

24 18. "CONFIRMATION ORDER" shall mean the Order of the Bankruptcy Court
25 confirming this Plan, pursuant to Section 1129 of the Bankruptcy Code, and approving the
26 transactions contemplated herein, which shall be in form and substance acceptable to the proponents.

27 19. "CREDITOR" shall mean any entity that has a claim against the Debtor, which
28 claim arose to or before the Commencement Date, including any claim that may arise under 11 U.S.C.

1 Sections 502(f), 502(g), 502(h) and 502(I).

2 20. "DEBTOR" shall mean GOSHAWK RIDGE DEVELOPMENT, LTD., a
3 Nevada limited liability company, which entity hereby proposes a DEBTOR'S JOINT DISCLOSURE
4 STATEMENT AND PLAN OF REORGANIZATION.

5 21. "DEBTOR'S PROFESSIONALS" shall mean STEPHEN R. HARRIS, ESQ.,
6 of the law firm of BELDING, HARRIS & PETRONI, LTD., as Debtor's general bankruptcy counsel;
7 and all other professionals retained by the Debtor with approval of the Bankruptcy Court, in
8 accordance with Section 327 of the Bankruptcy Code.

9 22. "DISCLOSURE STATEMENT" means the written DEBTOR'S JOINT
10 DISCLOSURE STATEMENT AND PLAN OF REORGANIZATION, which is approved by the
11 Bankruptcy Court under Section 1125 of the Bankruptcy Code.

12 23. "DISPUTED CLAIM" shall mean every claim that is not an Allowed Claim or
13 an Allowed Administrative Claim or to which the Debtor or the Unsecured Creditors' Committee file
14 an objection before the deadline for objection set forth in this Plan or an operative order of the
15 Bankruptcy Court.

16 24. "EFFECTIVE DATE of the PLAN" shall mean the first Business Day which
17 is at least thirty (30) calendar days after all of the following have occurred (so long as they remain in
18 effect): **(a)** this Plan has been confirmed pursuant to the Confirmation Order and the Confirmation
19 Order remains in full force and effect without material modification thereof; **(b)** there is not in effect
20 any stay, injunction or restraining order or any other order of any kind which has been issued by a
21 Court of competent jurisdiction or other governmental entity staying, restricting or prohibiting the
22 effectuation of this Plan; and **(c)** there is not in effect any statute, rule, regulation or order enacted,
23 promulgated or entered which is applicable to the effectuation of this Plan of which results in the
24 consequences referred to in subsection (b) immediately above.

25 25. "EQUITY HOLDINGS" shall mean the members' equity interests, specifically,
26 the Davisson Family Trust owns a 10% member's interest; Mesa, Inc. owns a 10% member's interest;
27 Equity Trust Company fbo Bradley P. Elly owns a 5% member's interest; Equity Trust Company
28 Custodian fbo Gregory M. Elley IRA #40283 owns a 5% member's interest; Howard J. Morgan own

1 a 10% member's interest; J. Robert Taylor and Donna C. Taylor own a 10% member's interest; James
2 P. Borelli and Kelly L. Borelli own a 10% member's interest; Janet O'Donnell owns a 10% member's
3 interest; L & C Lusvardi Trust owns a 10% member's interest; Paul and Carina Bowman own a 10%
4 member's interest; and the Paul A Levy Family Trust owns a 10% member's interest in the Debtor
5 GOSHAWK RIDGE DEVELOPMENT, LTD., a Nevada limited liability company.

6 26. "ESTATE" shall mean the Estate created in this Reorganization Case pursuant
7 to Section 541 of the Bankruptcy Code.

8 27. "EXPIRATION DATE" shall mean the last date determined by the Bankruptcy
9 Court for the casting of Ballots, which date shall be acceptable to the proponents.

10 28. "FINAL ORDER" shall mean a final order, judgment or other decree of the
11 Bankruptcy Court or other Court of competent jurisdiction which has not been vacated, reversed,
12 saved, modified or amended (a) as to which (i) the time to appeal or seek review or rehearing has
13 expired and as to which no appeal, petition for certiorari, request for review or rehearing is pending,
14 or (ii) if appeal, review, rehearing or certiorari of the order has been sought, the order has been
15 affirmed or the request for review, rehearing or certiorari has been denied, the time to seek a further
16 appeal, review, rehearing or certiorari has expired, and (b) as a result of which such orders shall
17 become final and not appealable in accordance with applicable law.

18 29. "GOSHAWK RIDGE DEVELOPMENT, LTD. ASSETS" shall mean all assets,
19 including real and personal property of every kind, nature and description of which the Debtor or its
20 Estate has any right, title or interest, including but not limited to: real property, vehicles, office
21 equipment, tools, all cash, cash equivalents, bank deposits, instruments, credit of instruments,
22 certificates of deposit and drafts; all executory contracts and leases which are not and have not been
23 rejected; all choses in action; and all claims, demands, causes of action, damages and obligations of
24 any nature whatsoever, known or unknown in law or inequity, including, without limitation, claims
25 or causes of action arising under the Bankruptcy Code (including, without limitation, Sections 362,
26 510 544, 545, 547, 548, 549, 550 and 553 of the Bankruptcy Code), or under any Nevada statute or
27 regulation relating to the operations of GOSHAWK RIDGE DEVELOPMENT, LTD.

28 30. "LIEN" shall mean a charge or encumbrance against or interest in property of

1 the Debtor or the Estate to secure the payment of a debt or performance of an obligation, and includes
2 any right of setoff under Section 553 of the Bankruptcy Code.

3 31. "PERSON" includes individual, partnership, limited liability company,
4 association, joint stock company, joint venture, estate, trust, unincorporated organization, any
5 governmental unit or political subdivision thereof, or other entity, and all of the respective heirs,
6 personal representatives, successors and assigns.

7 32. "PETITION DATE" shall mean September 10, 2004, the date on which the
8 Voluntary Petition for Relief under Chapter 11 of the Bankruptcy Code was filed by the Debtor
9 commencing its reorganization case.

10 33. "PLAN" means this DEBTOR'S JOINT DISCLOSURE STATEMENT AND
11 PLAN OF REORGANIZATION, and the filing by the Plan proponent of any amendments or
12 modifications thereof or supplements thereto, as permitted by the Bankruptcy Court or the Bankruptcy
13 Rules.

14 34. "PRIORITY CLAIM" shall mean a claim entitled to priority under Section
15 507(a)(2)-(8) of the Bankruptcy Code.

16 35. "PROPONENT" shall mean the Debtor acting as the proponent of this Plan.

17 36. "PRO RATA SHARE" shall mean the proportion that an Allowed Claim in a
18 particular class bears to the aggregate amount of all Allowed Claims in such class.

19 37. "PURCHASER" shall mean the transferee of a voluntary transfer.

20 38. "RECORD DATE" shall mean, for purposes of voting, the date of entry by the
21 Bankruptcy Court of the Order Approving the Disclosure Statement and, for purposes of distribution,
22 the Confirmation Date.

23 39. "REORGANIZATION CASE" shall mean the case of the Debtor GOSHAWK
24 RIDGE DEVELOPMENT, LTD., a Nevada limited liability company, under Chapter 11 of the
25 Bankruptcy Code, which is currently pending before the Bankruptcy Court as Case No. BK--04-
26 52701.

27 40. "REORGANIZED DEBTOR" shall mean GOSHAWK RIDGE
28 DEVELOPMENT, LTD., a Nevada limited liability company, on and after the Effective Date.

1 41. "SECURED CLAIM" shall mean the claims of note holders and, for purposes
2 of this Plan, any other claim secured by a lien which is valid, perfected, enforceable and not avoidable.
3 If the value of the creditors' interest and the Estate's interest in the property securing a claim is not
4 sufficient to satisfy such claim, then in accordance with Section 506 of the Bankruptcy Code and
5 subject to Section 1111(b) of the Bankruptcy Code, such claim shall be deemed to be an unsecured
6 claim under this Plan to the extent of any insufficiency in the value of the creditors' interest.

7 42. "UNSECURED CLAIM" shall mean any claim which is not a Secured Claim,
8 Priority Claim, Administrative Claim, or an unclassified claim or the kind described in Section
9 507(a)(7) of the Bankruptcy Code.

10 A term used in this Plan that is not defined in this Plan but that is used in the
11 Bankruptcy Code has the meaning assigned to the term in the Bankruptcy Code.

12
13 **II. GENERAL DISCLAIMER AND VOTING PROCEDURES**

14 PLEASE READ THIS DOCUMENT, INCLUDING THE ATTACHED EXHIBITS,
15 CAREFULLY. IT EXPLAINS WHO MAY OBJECT TO CONFIRMATION OF THE PLAN. IT
16 EXPLAINS WHO IS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN. IT ALSO
17 TELLS ALL CREDITORS WHAT TREATMENT THEY CAN EXPECT TO RECEIVE UNDER
18 THE PLAN, SHOULD THE PLAN BE CONFIRMED BY THE COURT.

19 THE DATA HEREIN HAVE NOT BEEN SUBJECT TO AUDIT. THE DEBTOR HAS
20 ATTEMPTED TO BE ACCURATE IN ITS PREPARATION OF THE PLAN AND SUPPORTING
21 DOCUMENTS. ALL REPRESENTATIONS ARE TRUE TO THE BEST KNOWLEDGE OF
22 DEBTOR'S CURRENT MANAGEMENT.

23 NO REPRESENTATIONS CONCERNING THE DEBTOR THAT ARE INCONSISTENT
24 WITH ANYTHING CONTAINED HEREIN ARE AUTHORIZED EXCEPT TO THE EXTENT, IF
25 AT ALL, THAT THE COURT ORDERS OTHERWISE.

26 After carefully reviewing this document and the attached exhibits, please vote on the enclosed
27 ballot and return it in the enclosed envelope.

28 The Debtor will schedule a date and time for a hearing to determine whether the Court will

1 confirm the Plan. Please refer to the NOTICE OF HEARING ON CONFIRMATION OF DEBTOR'S
2 PLAN OF REORGANIZATION for the specific hearing date. If, after receiving the ballots, it appears
3 that the Debtor has the requisite number of votes required by the Code, the Debtor will submit and file
4 an order confirming the Plan. Any opposition or objection to the Plan shall be filed and served on the
5 Debtor's counsel no later than 5 days prior to the plan confirmation hearing date, or earlier date if
6 ordered by the Court. Failure to oppose the confirmation of the Plan may be deemed consent to the
7 Plan's confirmation.

8 9 **III. WHO MAY OBJECT TO CONFIRMATION OF THE PLAN**

10 Any party in interest may object to confirmation of the Plan, but as explained below, not
11 everyone is entitled to vote to accept or reject the Plan.

12 13 **IV. WHO MAY VOTE TO ACCEPT OR REJECT THE PLAN**

14 To vote either to accept or reject the Plan, you must have both an allowed and impaired claim.
15 A claim is defined by the Code to include a right to payment from the Debtor.

16 To vote, a creditor must first have an allowed claim. With the exceptions explained below,
17 a claim is allowed if a proof of the claim is properly filed before any bar date and no party in interest
18 has objected, or if the Court has entered an order allowing the claim or interest. Please refer to Section
19 VI below for specific information regarding bar dates in this case.

20 Under certain circumstances a creditor may have an allowed claim even if a proof of claim was
21 not filed and the bar date for filing a proof of claim has passed. A claim is deemed allowed if the
22 claim is listed on the Debtor's schedules and is not scheduled as disputed, contingent, or unliquidated.

23 In order to vote, an allowed claim must also be impaired by the Plan

24 Impaired creditors include those whose legal, equitable, and contractual rights are altered by
25 the Plan, even if the alteration is beneficial to the creditor. A contract provision that entitles a creditor
26 to accelerated payment upon default does not, however, necessarily render the claimant impaired, even
27 if the Debtor defaulted and the Plan does not provide the creditor with accelerated payment. The
28 creditor is deemed unimpaired so long as the Plan cures the default, reinstates the maturity of such

1 claim as it existed before default, and compensates for any damages incurred as a result of reasonable
2 reliance upon the acceleration clause.

3 There are also some types of claims which the Code required to be treated a certain way. For
4 that reason, they are considered unimpaired and therefore holders of these claims cannot vote.

5 To summarize, there are two prerequisites to voting: A claim must be both allowed and
6 impaired under the Plan.

7 If a creditor has an allowed and impaired claim, then he or she may vote either to accept or
8 reject the Plan (unimpaired claimants are deemed to have accepted the Plan). Impaired claims are
9 placed in classes and it is the class that must accept the Plan. Members of unimpaired classes do not
10 vote, although as stated above, they may object to confirmation of the Plan. Even if all classes do not
11 vote in favor of the Plan, the Plan may nonetheless be confirmed if the dissenting classes are treated
12 in a manner prescribed by the Code. Please refer to Section VI below for information regarding
13 impaired and unimpaired classes in this case.

14 Section IX sets forth which claims are in which class. Secured claims are placed in separate
15 classes from unsecured claims. Fed. R. Bankr. P. 3018(d) provides: "A creditor whose claim has been
16 allowed in part as a secured claim and in part as an unsecured claim shall be entitled to accept or reject
17 a plan in both capacities."

18

19 **V. VOTES NECESSARY TO CONFIRM THE PLAN**

20 The Court may confirm the Plan if at least one non-insider impaired class of claims has
21 accepted and certain statutory requirements are met as to both nonconsenting members within a
22 consenting class and as to dissenting classes. A class of claims has accepted the Plan when more than
23 one-half in number and at least two-thirds in amount of the allowed claims actually voting, vote in
24 favor of the Plan. It is important to remember that even if the requisite number of votes to confirm
25 the Plan is obtained, the Plan will not bind the parties unless and until the Court makes an independent
26 determination that confirmation is appropriate, pursuant to 11 U.S.C. §1129(a) and (b), if applicable.
27 That is the subject of any upcoming confirmation hearing.

28

1 **VI. INFORMATION REGARDING VOTING IN THIS CASE**

2 The bar date for filing a proof of claim in this case is January 23, 2005.

3 The bar date for objecting to claims will be sixty (60) days after the date on which the Plan is
4 confirmed by the Court.

5 In this case the Debtor believes that Classes 1, 2 and 3 are allowed and impaired and therefore
6 entitled to vote. A party that disputes the Debtor's characterization of its claim as unimpaired may
7 request a finding of impairment from the Court in order to obtain the right to vote.

8 Ballots must be received by the Debtor, addressed to Stephen R. Harris, Esq., at 417 West
9 Plumb Lane, Reno, Nevada 89509, or faxed to (775) 786-7764 or (775) 786-1633, five (5) days prior
10 to the Plan confirmation hearing date. The Ballot Summary will be filed at least one (1) day before
11 the Plan confirmation hearing.

12 **VII. DESCRIPTION OF DEBTOR'S PAST AND FUTURE BUSINESS AND EVENTS**
13 **PRECIPITATING BANKRUPTCY FILING**

14 A. Background

15 GOSHAWK RIDGE DEVELOPMENT, LTD., is a limited liability company created in the
16 State of Nevada for the purpose of acquiring, owning, holding for investment, entitling, subdividing,
17 developing, leasing, selling or otherwise disposing of certain unimproved real property located at U.S.
18 Highway 50, Douglas County, Nevada, APN: 1318-23-301-001 ("Real Property"). The Real Property
19 was to be developed into a 26 home luxury residential development in Douglas County, Stateline at
20 Lake Tahoe, Nevada. The 18.01 acre parcel overlooks Lake Tahoe and is located 0.8 miles north of
21 the casino corridor in Stateline at South Lake Tahoe. The proposed project amenities were to include:

- 22 • Fenced and gated, secure, luxury residential community
- 23 • Secured, underground parking are with private elevator access
- 24 • Swimming pool with spa, pool house, patio area, children's play area
- 25 • Tennis courts
- 26 • Fitness facilities with exercise equipment and sauna
- 27 • Pitch and putt practice golf range

28 James P. Borelli is serving as Architect and Project Manager for the proposed project and is

1 responsible for the day-to-day operations of the Debtor and the project.

2 The General Contractor for the project is Bob Taylor Custom Homes and they are responsible
3 for overall construction of the underground parking structures, residential buildings and common area
4 structures and facilities. Bob Taylor Homes has extensive experience with high end custom residential
5 construction and also has specialty construction knowledge and experience regarding underground
6 parking structures.

7 B. The Debtor's Business Plan

8 What follows is a brief description of the Debtor's business and future business plans. Further
9 details relating to the Debtor's financial condition and post-confirmation operation of the Debtor are
10 found in sections X, XI, XII, XIV and XV.

11 Debtor intends to sell the Real Property to generate revenue to pay secured, priority and
12 unsecured creditors, and hopefully, return money to equity interest holders.

13
14 **VIII. CRITICAL PLAN PROVISIONS**

15 Listed below are the sources of money earmarked to pay creditors.

16 a. Gross revenue from future sale of the Real Property.

17 General allowed unsecured creditors may expect full payment on account of their total claims,
18 at 4% interest per annum, payable over two (2) years.

19
20 **IX. DESCRIPTION AND TREATMENT OF CLAIMS AND INTERESTS**

21 a. Overview of Plan Payments

22 Below is a summary of who gets paid what and when and from what source. The source of
23 payment in this case is the revenue from regular business operations, coupled with potential limited
24 loans from the Debtor's principals, if necessary and at the option of the Debtor's principals. Further
25 details regarding the source of payment are found in section X and XI.

26 All payments to all creditors will begin on the Effective Date.

27 Below is a detailed description of and explanation of the treatment of claims.

28 **UNCLASSIFIED CLAIMS:**

1 **ADMINISTRATIVE CLAIMS:** All costs and expenses of administration in this case,
 2 including any actual and necessary expenses of preserving or liquidating the assets of the Debtor's
 3 estate, all allowances, including professional fees and costs, approved by the Court, and any other
 4 costs and expenses entitled to priority pursuant to 11 U.S.C. § 507(a)(1) of the Bankruptcy Code and
 5 28 U.S.C. § 1930, shall be paid in full on or before the Effective Date of the Plan. The holders of
 6 these claims include the attorneys for the Debtor, and all fees to be paid to the Office of the United
 7 States Trustee. The estimated administrative expenses for the Debtor's reorganization proceeding are
 8 \$15,000.00, and consist of:

9 \$0.00	Trustee fees that are owed to the U.S. Trustee's Office for the applicable 10 quarters of 2004 and 2005 prior to plan confirmation [payment is 11 anticipated to be made when due] and further, Debtor shall continue to 12 timely pay quarterly fees owing to the U.S. Trustee's Office post- 13 confirmation, until such time as the case is closed, converted or 14 dismissed, pursuant to 28 U.S.C. §1930(a)(6).
15 \$15,000.00	Estimated professional fees for the Debtor's general bankruptcy attorney 16 Stephen R. Harris, Esq., of BELDING, HARRIS & PETRONI, LTD., 17 calculated as of the date of confirmation (after deduction of the pre- 18 petition advance retainer received of \$20,000.00);
19 \$0.00	Older than 30 days post-petition accounts payable [all post-petition 20 administrative expenses are expected to be paid in full in the normal 21 course of business prior to confirmation].

22 Professional fees, both legal and accounting, shall continue to accrue up through and subsequent to
 23 the Confirmation Date, with final amounts owing pre-Confirmation Date subject to Court approval.

24 Further, the Debtor is obligated to submit quarterly operating reports post-confirmation, in
 25 order to provide a basis for assessing Debtor's post-confirmation quarterly fees and to determine
 26 whether or not the Debtor is in compliance with a confirmed Plan of Reorganization.

27 **PRIORITY TAX CLAIMS:** The Debtor GOSHAWK RIDGE DEVELOPMENT, LTD.'s
 28 priority tax claims are as follows:

Creditor	Scheduled Amount	Proof of Claim Amount	Allowed Amount
Douglas County Assessor	\$8,089.00		\$8,089.00
Total	\$8,089.00		\$8,089.00

Pursuant to the Debtor's Plan, the treatment and disposition of the unclassified priority tax claims will

1 be as follows: Any claim discrepancy will be resolved by the claim objection process, with the
2 stipulated amount and/or Court decreed amount owing used to calculate that particular creditors'
3 allowed claim being paid by the Debtor. All unclassified priority tax creditors shall be paid 100%
4 of their allowed claim amount, with statutory interest thereon, on a pro rata basis, from quarterly
5 payments of \$1,000.00 per quarter, commencing April 1, 2005, and continuing on July 1, October 1,
6 January 1 and April 1 of each year for one (1) year, until paid in full. In the event the Debtor fails to
7 make the quarterly payments set forth hereinabove, the allowed priority tax creditors shall have the
8 right to proceed with any administrative remedies available to them, fifteen (15) days after written
9 notice of default has been given to the Debtor and its attorney, Stephen R. Harris, Esq.

10 **CLASSIFIED CLAIMS AND INTERESTS:**

11 **CLASS 1. SECURED CLAIM OF RICHARD H. WELZE, TRUSTEE OF THE**
12 **RICHARD HERMAN WELZE TRUST:** Class 1 consists of the secured loan of RICHARD H.
13 WELZE, TRUSTEE OF THE RICHARD HERMAN WELZE TRUST, totaling the approximate
14 principal amount of \$3,063,978.20. This claim is secured by first priority deed of trust recorded
15 against the real property located at U.S. Highway 50, Douglas County, Nevada APN: 1318-23-301-
16 001. The Class 1 secured claim of RICHARD H. WELZE, TRUSTEE OF THE RICHARD
17 HERMAN WELZE TRUST shall be paid as follows: Payment in full at the non-default contract rate
18 of interest upon sale of the Real Property, within two(2) years from the Effective Date of the Plan,
19 with no interim payments. If the secured loan is not paid in full as set forth above, then the Class 1
20 claim of RICHARD H. WELZE, TRUSTEE OF THE RICHARD HERMAN WELZE TRUST shall
21 be allowed relief from the 11 U.S.C. §362(a) stay and proceed according to its contractual and state
22 law remedies. Accordingly, the Class 1 secured claim of RICHARD H. WELZE, TRUSTEE OF THE
23 RICHARD HERMAN WELZE TRUST is impaired under the Plan.

24 **CLASS 2. SECURED CLAIM OF LAURENCE C. AND CARLA T. LUSVARDI**
25 **TRUSTEES OF THE L AND C LUSVARDI TRUST:** Class 2 consists of the secured claim of
26 LAURENCE C. AND CARLA T. LUSVARDI TRUSTEES OF THE L AND C LUSVARDI TRUST,
27 in the approximate principal amount of \$274,000.00. This claim is secured by a second priority deed
28 of trust recorded against the real property located at U.S. Highway 50, Douglas County, Nevada APN:

1 1318-23-301-001. The Class 2 secured claim of LAURENCE C. AND CARLA T. LUSVARDI
 2 TRUSTEES OF THE L AND C LUSVARDI TRUST shall be paid as follows: Payment in full at the
 3 non-default contract rate of interest upon sale of the Real Property, within two(2) years from the
 4 Effective Date of the Plan, with no interim payments. If the secured loan is not paid in full as set forth
 5 above, then the Class 2 claim of LAURENCE C. AND CARLA T. LUSVARDI TRUSTEES OF THE
 6 L AND C LUSVARDI TRUST shall be allowed relief from the 11 U.S.C. §362(a) stay and proceed
 7 according to its contractual and state law remedies. Accordingly, the Class 2 allowed secured claim
 8 of LAURENCE C. AND CARLA T. LUSVARDI TRUSTEES OF THE L AND C LUSVARDI
 9 TRUST is impaired under the Plan.

10 **CLASS 3: GENERAL UNSECURED CLAIMS:** The Class 3 claims of GOSHAWK
 11 RIDGE DEVELOPMENT, LTD.'S general unsecured creditors are listed as follows:

Claimant	Scheduled Amount	Proof of Claim Amount	Allowed Amount
Bradley Paul Elley	\$21,677.05		\$21,677.05
Distinctive Homes International, LLC (Disputed)	\$250,000.00		\$0.00
Falcon Capital, LLC	\$51,569.12		\$51,569.12
James P. Borelli	\$7,997.00		\$7,997.00
Total	\$331,243.17		\$81,243.17

19 Pursuant to the Debtors' Plan, the treatment and disposition of the Class 3 allowed claims of the
 20 general unsecured creditors will be as follows: Any claim discrepancy will be resolved by the claim
 21 objection process, with the stipulated amount and/or Court decreed amount owing used to calculate
 22 that particular Class 3 creditors' *pro rata* share of the payments being paid by the Debtor. Further,
 23 the Class 3 Unsecured Claims, totaling \$81,243.17 (the remaining portion of \$250,000.00 is disputed
 24 by the Debtor), shall bear interest at four percent (4%) per annum, from the Effective Date of the Plan
 25 until paid, and will receive 100% of its allowed claim(s), payable in one lump sum upon the sale of
 26 the Real Property within two (2) years of the Effective Date of the Plan. Accordingly, the Class 3
 27 allowed unsecured claims estimated at \$81,243.17, are impaired under the Debtors' Plan.

28 **CLASS 4: EQUITY CLAIMS:** Pursuant to this Plan, the Class 4 Equity Claims of

1 Davisson Family Trust; Mesa, Inc.; Equity Trust Company fbo Bradley P. Elly; Equity Trust Company
2 Custodian fbo Gregory M. Elley IRA #40283; Howard J. Morgan; J. Robert Taylor and Donna C.
3 Taylor; James P. Borelli and Kelly L. Borelli; Janet O'Donnell; L & C Lusvardi Trust; Paul and Carina
4 Bowman; and the Paul A Levy Family Trust, members of GOSHAWK RIDGE DEVELOPMENT,
5 LTD., a Nevada limited liability company, will not be modified. Accordingly, the Class 4 Equity
6 Holders are unimpaired under the Plan.

8 X. SOURCE OF MONEY TO PAY CLAIMS AND INTEREST-HOLDERS

9 The Plan cannot be confirmed unless the Court finds that it is "feasible," which means that the
10 Debtor has timely submitted evidence establishing that the Debtor will have sufficient funds available
11 to satisfy all expenses, including the scheduled creditor payments discussed above. What follows is
12 a statement of projected cash flow for the duration of the Plan. A positive number reflects a source
13 of cash; a (negative number) reflects the use of cash.

14 Net sales revenue	\$5,000,000 to \$6,000,000
15 Total distribution to creditors and equity holders	\$5,000,000 to \$6,000,000
16 Net cash available to Debtor after all secured and unsecured creditor Plan	
17 payments made:	\$Unknown

18 Commencing on the Effective Date of the Plan, the Plan provides for potential payment of all
19 allowed claims as detailed above.

21 XI. ASSETS AND LIABILITIES OF THE ESTATE

22 a. Assets

23 The identity and fair market value of the estate's assets as of the Petition Date are listed as
24 follows:

25 Real Property located at U.S. Highway 50, Douglas County, NV	\$6,000,000.00
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26 b. Liabilities

27 Classes 1, 2 and 3, represent all liabilities of the Debtor as of the Petition Date.

28 c. Summary

1 The value of the assets in a forced sale liquidation is believed to be approximately
2 \$4,000,000.00, or less. Total liabilities equal approximately \$3,427,310.37.

3

4 **XII. TREATMENT OF NONCONSENTING CLASSES**

5 As stated above, even if all classes do not consent to the proposed treatment of their claims
6 under the Plan, the Plan may nonetheless be confirmed if the dissenting classes are treated in a manner
7 prescribed by the Code. The process by which dissenting classes are forced to abide by the terms of
8 a Plan is commonly referred to as "cramdown". The Code allows dissenting classes to be crammed
9 down if the Plan does not "discriminate unfairly" and is "fair and equitable". The Code does not
10 define discrimination, but it does provide a minimum definition of "fair and equitable". The term can
11 mean that secured claimants retain their liens and receive cash payments whose present value equals
12 the value of their security interest. For example, if a creditor lends the Debtor \$100,000 and obtains
13 a security interest in property that is worth only \$80,000, the "fair and equitable" requirement means
14 that the claimant is entitled to cash payments whose present value equals \$80,000 and not \$100,000.
15 The term means that unsecured claimants whose claims are not fully satisfied at least know that no
16 claim or interest that is junior to their will receive anything under the Plan.

17 Therefore, if a class of general unsecured claims votes against the Plan, the Plan cannot be
18 confirmed where the debtor or a class of interest holders (e.g. members or partners) will receive or
19 retain any property under the Plan, unless the Plan provides that the class of general unsecured claims
20 shall be paid in full with interest over time. Similarly, if a class of interest holders votes against the
21 Plan, the Plan cannot be confirmed where the debtor will receive or retain any property under the Plan,
22 unless the Plan provides that the class of interest holders shall be paid in full with interest. These are
23 complex statutory provisions and the preceding paragraphs do not purport to state or explain all of
24 them.

25

26 **XIII. TREATMENT OF NONCONSENTING MEMBERS OF CONSENTING CLASS**

27 **(CHAPTER 7 LIQUIDATION ANALYSIS)**

28 The Plan must provide that a nonconsenting impaired claimant or interest holder of a

1 consenting class receive at least as much as would be available had the Debtor filed a Chapter 7
2 petition instead.

3 In a Chapter 7 case, the general rule is that the Debtor's assets are sold by a trustee. Unsecured
4 creditors share in the proceeds of sale only after secured creditors and administrative claimants are
5 paid. Certain unsecured creditors get paid before other unsecured creditors do. Unsecured creditors
6 with the same priority share in proportion to the amount of their allowed claim in relationship to the
7 total amount of allowed claims.

8 A creditor would recover from the assets of the bankruptcy estate less under Chapter 7 than
9 under Chapter 11 for two reasons. First, a forced liquidation value of the Debtor's assets, estimated at
10 \$4,000,000.00, or less, is less than the proposed Plan payments of \$3,427,310.37. Second, in a
11 Chapter 7 case a trustee is appointed and is entitled to compensation from the bankruptcy estate in an
12 amount no more than 25% of the first \$5,000 of all money disbursed, 10% on any amount over \$5,000
13 but less than \$50,000, 5% on all amounts over \$50,000 but less than \$1,000,000, and reasonable
14 compensation not to exceed 3% on any amount over \$1,000,000, thus diminishing monies available
15 for payment to unsecured creditors.

16 17 **XIV. FUTURE DEBTOR**

18 a. Management of Debtor

19 The Debtor shall continue to develop and manage its Real Property. James P. Borelli is actively
20 involved in the day-to-day management of the Debtor.

21 b. Debtor acting as Disbursing Agent

22 The Debtor is responsible for making the payments contemplated in the Plan, collecting money
23 intended for distribution to claimants, and transmitting it to them.

24 c. Future Financial Outlook

25 The Debtor shall continue its business in the normal course as set forth more fully in Section
26 VII above.

1 **XV. SALE OF PROPERTY; ASSUMPTION OF CONTRACTS AND LEASES; OTHER**
2 **PROVISIONS**

3 The Plan anticipates that the Debtor's assets shall be liquidated as the Real Property is
4 developed in the normal course, during the duration of the Plan. The Debtor does not have any
5 unexpired leases.

6
7 **XVI. BANKRUPTCY PROCEEDINGS**

8 The following proceedings have occurred since the Filing Date: Filing of various
9 administrative motions and a Notice of Removal was filed by the Debtor to remove certain state court
10 litigation entitled Distinctive Homes International, LLC vs. James P. Borelli, Goshawk Ridge
11 Development, Ltd., a Nevada limited liability company, J.B. Holdings & Development, Inc., et al.,
12 Case No. 02-CV-0192, in the Ninth Judicial District Court of the State of Nevada, in and for the
13 County of Douglas, to the Bankruptcy Court.

14
15 **XVII. TAX CONSEQUENCES OF PLAN**

16 The Debtor does not believe that the Plan has any tax consequences for the Debtor.

17 PERSONS CONCERNED WITH THE TAX CONSEQUENCES OF THIS PLAN SHOULD
18 CONSULT THEIR OWN ACCOUNTANTS, ATTORNEYS AND/OR ADVISORS. THE DEBTOR
19 MAKE THE AFOREMENTIONED DISCLOSURE OF POSSIBLE TAX CONSEQUENCES FOR
20 THE SOLE PURPOSE OF ALERTING READERS OF TAX ISSUES THEY MAY WISH TO
21 CONSIDER. THE DEBTOR CANNOT AND DOES NOT REPRESENT THAT THE TAX
22 CONSEQUENCES MENTIONED ABOVE ARE COMPLETELY ACCURATE BECAUSE THE
23 TAX LAW EMBODIES MANY COMPLICATED RULES, WHICH MAKE IT DIFFICULT TO
24 ACCURATELY STATE WHAT THE TAX IMPLICATIONS OF ANY ACTION MIGHT BE.

25
26 **XVIII. EFFECT OF CONFIRMATION OF PLAN**

27 a. General Comments

28 The provisions of a confirmed Plan bind the Debtor, any entity acquiring property under the

1 Plan, and any creditor, interest holder, or general partner of the Debtor, even those who do not vote
2 to accept the Plan.

3 The confirmation of the Plan vests all property of the estate in the Debtor. The automatic stay
4 is lifted upon confirmation as to property of the estate. The order of confirmation will prohibit
5 collection or enforcement of pre-petition claims against the Debtor or the Debtor's property until, and
6 if, there is a default in the provisions of the Debtor's property and if there is a default in the provisions
7 of the DEBTOR'S JOINT DISCLOSURE STATEMENT AND PLAN OF REORGANIZATION that
8 goes uncured for a period of thirty (30) days.

9 b. Discharge of liability

10 Debtor is seeking to receive a discharge pursuant to Code Section 1141(d). Debtor is paying
11 its allowed creditors' claims in full or paying interest on said claims if paid over time. Therefore, the
12 Debtor is requesting a discharge pursuant to 11 U.S.C. §1141.

13 c. Modification of the Plan

14 The Debtor may modify the Plan at any time before confirmation. Further, Debtor may modify
15 the Plan after notice and hearing at any time after confirmation and before substantial consummation,
16 but only if circumstances warrant.

17 d. Post-Confirmation Causes of Action

18 To the best knowledge of the Debtor, there are no causes of action that are being filed.

19 e. Final Decree

20 Once the Plan has been consummated, a final decree may be entered upon motion of the
21 Debtor. The effect of the final decree is to close the bankruptcy case. After such closure, a party
22 seeking any type of relief relating to a Plan provision may seek such relief only in the Bankruptcy
23 Court.

24
25 **XIX. RETENTION OF JURISDICTION**

26 Notwithstanding confirmation of this Plan, the Court will retain jurisdiction for the following
27 purposes, and each of them:

28 a. The Court will retain jurisdiction to determine the allowability and payment of any

1 claim(s) upon any objection(s) thereto (or other appropriate proceedings) by the Debtor or by any other
2 party in interest entitled to proceed in that manner. As part of such retained jurisdiction, the Court will
3 continue to determine the allowability of Administrative Claims and any request(s) for payment(s)
4 thereof, including professional fees and costs which are Administrative Claims.

5 b. The Court will retain jurisdiction to determine any dispute(s) which may arise
6 regarding the interpretation of any provision(s) of this Plan.

7 c. The Court will retain jurisdiction to facilitate the consummation of this Plan by
8 entering, consistent with the provisions of this Plan, any further necessary or appropriate order(s)
9 regarding the enforcement of this Plan and any provision(s) thereof.

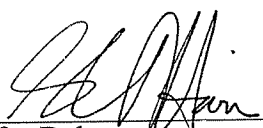
10 d. The Court will retain jurisdiction to adjudicate any cause(s) of action or other
11 proceeding(s) presently pending or otherwise referenced here or elsewhere in this Plan, including, but
12 not limited to, the adjudication of any and all "core proceedings" under 28 U.S.C. § 157(b), which may
13 be pertinent to this Reorganization Case, and which the Debtors may deem it appropriate to initiate
14 and prosecute in aid of its reorganization, and any "non-core proceedings" accepted for consideration
15 by this Court.

16 e. The Court will retain jurisdiction to enter an appropriate final decree in this
17 Reorganization Case.

18 **WHEREFORE**, GOSHAWK RIDGE DEVELOPMENT, LTD., a Nevada limited liability
19 company, as proponent of this Plan, requests confirmation of this Plan pursuant to §§ 1129(a) and
20 1129(b) of the Bankruptcy Code.

21
22 Dated this 9th day of December, 2004.

23 STEPHEN R. HARRIS, ESQ.
24 BELDING, HARRIS & PETRONI, LTD.
25 417 W. Plumb Lane
26 Reno, NV 89509

27 
28 _____
Attorney for Debtor