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LAKE TAHOE DEVELOPMENT CO., LLC

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

LAKE TAHOE DEVELOPMENT
CO., LLC,

Debtor.

Case No.: 09-41579

WFH-6

**FOURTH AMENDED PLAN OF REORGANIZATION, DATED OCTOBER 4, 2011,
FILED BY LAKE TAHOE DEVELOPMENT CO., LLC.**

**I.
SUMMARY**

This Fourth Amended Plan of Reorganization (the "Plan") under chapter 11 of the Bankruptcy Code (the "Code") proposes to pay creditors of Lake Tahoe Development Co., LLC (the "Debtor") from cash on hand and proceeds from a sale of assets.

This Plan provides for twenty-three classes of secured claims; three classes of unsecured claims; and one class of equity security holders. Unsecured creditors holding allowed claims will receive distributions from unencumbered cash and from sale proceeds in excess of amounts necessary to pay secured claims. This Plan also provides for the payment of administrative and priority claims on the Effective Date of the Plan.

All creditors and equity security holders should refer to Articles III through VI of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holders has been circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

II.
CLASSIFICATION OF CLAIMS AND INTERESTS

A. Priority Claims

1. Class 1(a) Employee Priority Claims. Class 1(a) consists of all claims entitled to priority under Section 507(a)(4).
2. Class 1(b) Priority Tax Claims. Class 1(b) consists of all claims entitled to priority under Section 507(a)(8).

B. Secured Claims

1. Class 2(a) C.L. Rafferty, Tax Collector \$2,450,645.71

Class 2(a) consists of real property taxes incurred on real property owned by Debtor. Debtor is currently contesting the amount of the taxes.

2. Class 2(b) Acct. 123 (David E. Barnett and Kathleen Barnett) \$410,850.61

Plan Proponent believes the total claim is asserted in the amount of \$410,850.61, but also believes that the collateral securing the claim has been foreclosed by a junior creditor. Because the Debtor no longer owns the collateral, Plan Proponent contends that of the total amount of the claim, the Class 2(b) secured claim consists of \$0, and the remaining amount of the claim, in the amount of \$410,850.61 is a Class 3(b) unsecured claim.

3. Class 2(c) Harry Segal \$1,650,000.00

Plan Proponent believes the total claim is asserted in the amount of \$1,650,000.00 and Plan Proponent proposes to treat the Class 2(c) claim as fully secured. In the event that the Class 2(c) claimant elects to bifurcate its claim into a secured portion and an unsecured portion pursuant to Section 506 of the Bankruptcy Code, the claimant must comply with the provisions of Section VII of this Plan.

4. Class 2(d) Richard Edwards \$1,216,000.00

The Plan Proponent contends that the claim of the holder of the Class 2(d) claim is barred by the provisions of Section 580(b) of the California Code of Civil Procedure.

5. Class 2(e) Hardy Comm Prop Trust \$2,699,318.78

Plan Proponent believes the total claim was asserted in the amount of \$2,699,318.78. The holder of the Class 2(e) claim obtained relief from stay to foreclose its deed of trust effective December 21, 2010. Plan Proponent believes the holder of the Class 2(e) claim has completed its foreclosure and that the Class

1 2(e) claim is now satisfied pursuant to California Code of Civil Procedure Section
2 580(d).

3 6. Class 2(f) Richard Edwards \$1,000,000.00

4 The Plan Proponent contends that the claim of the holder of the Class 2(f) claim is
5 partially under-secured pursuant to Section 506(a) of the Bankruptcy Code. Plan
6 Proponent believes the total claim is asserted in the amount of \$1,000,000.00 and
7 Plan Proponent contends that of that amount, the Class 2(f) secured claim consists
8 of \$0, and the remaining amount of the claim, in the amount of \$1,000,000.00 is a
9 Class 3(b) unsecured claim. In the event that the Class 2(f) claimant disputes
10 Debtor's contention, Debtor will file a motion to determine the secured amount of
11 the Class 2(f) claim and will set the hearing concurrently with confirmation of the
12 plan.

13 7. Class 2(g) Richard Edwards \$750,573.92

14 The Plan Proponent contends that the claim of the holder of the Class 2(g) claim is
15 barred by the provisions of Section 580(b) of the California Code of Civil
16 Procedure.

17 8. Class 2(h) ACME Realty Co., Inc. \$953,083.56

18 The Plan Proponent contends that the claim of the holder of the Class 2(h) claim is
19 barred by the provisions of Section 580(b) of the California Code of Civil
20 Procedure.

21 9. Class 2(i) City National Bank \$7,000,000.00

22 Plan Proponent believes the total claim was asserted in the amount of
23 \$7,000,000.00. The holder of the Class 2(i) claim obtained relief from stay to
24 foreclose its deed of trust effective December 21, 2010. Plan Proponent believes
25 the holder of the Class 2(i) claim has completed its foreclosure and that the Class
26 2(i) claim is now satisfied pursuant to California Code of Civil Procedure Section
27 580(d).

28 10. Class 2(j) Amthabhai Patel & Sumitra Patel \$1,252,712.70

The Plan Proponent contends that the claim of the holder of the Class 2(j) claim is
partially under-secured pursuant to Section 506(a) of the Bankruptcy Code. Plan
Proponent believes the total claim is asserted in the amount of \$1,252,712.70 and
Plan Proponent contends that of that amount, the Class 2(j) secured claim consists
of \$ 0, and the remaining amount of the claim, in the amount of \$1,252,712.70 is a
Class 3(b) unsecured claim. In the event that the Class 2(j) claimant disputes
Debtor's contention, Debtor will file a motion to determine the secured amount of
the Class 2(j) claim and will set the hearing concurrently with confirmation of the
plan.

1 The Plan Proponent acknowledges that the holder of the Class 2(j) claim disputes
2 that the Class 2(j) claim is under-secured, but that the holder of the Class 2(j)
3 claim accepts its treatment under the Plan without waiving or impairing any of the
holder of the Class 2(j) claim's rights or remedies against third parties.

4 11. Class 2(k) Owens Financial (Mortgage Investment
Fund) Acct. 1203 \$1,751,945.94

5 Plan Proponent believes the total claim is asserted in the amount of \$1,751,945.94
6 and Plan Proponent proposes to treat the Class 2(k) claim as fully secured. In the
7 event that the Class 2(k) claimant elects to bifurcate its claim into a secured
8 portion and an unsecured portion pursuant to Section 506 of the Bankruptcy Code,
the claimant must comply with the provisions of Section VII of this Plan.

9 12. Class 2(l) Acct 108 (Proof of Claim Under Richard
10 H. Baker) \$1,215,594.05

11 Plan Proponent believes the total claim was asserted in the amount of
12 \$1,215,594.05. The holder of the Class 2(l) claim obtained relief from stay to
13 foreclose its deed of trust on March 7, 2011. Plan Proponent believes the holder of
14 the Class 2(l) claim will complete its foreclosure and that the Class 2(l) claim will
be satisfied pursuant to California Code of Civil Procedure Section 580(d).

15 13. Class 2(m) Carmen Blank \$156,000.00

16 The Plan Proponent contends that the claim of the holder of the Class 2(m) claim
17 is partially under-secured pursuant to Section 506(a) of the Bankruptcy Code. Plan
18 Proponent believes the total claim is asserted in the amount of \$156,000.00 and
19 Plan Proponent contends that of that amount, the Class 2(m) secured claim consists
20 of \$ 0, and the remaining amount of the claim, in the amount of \$156,000.00 is a
21 Class 3(b) unsecured claim. In the event that the Class 2(m) claimant disputes
Debtor's contention, Debtor will file a motion to determine the secured amount of
the Class 2(m) claim and will set the hearing concurrently with confirmation of the
plan.

22 14. Class 2(n) Acct 107 (Proof of Claim Under
23 Argonaut Development Co., Inc.) \$2,415,627.27

24 Plan Proponent believes the total claim is asserted in the amount of \$2,415,627.27.
25 The holder of the Class 2(n) claim obtained a relief from stay to foreclose its deed
26 of trust on March 7, 2011. Plan Proponent believes the holder of the Class 2(n)
27 claim will complete its foreclosure and that the Class 2(n) claim will be satisfied
28 pursuant to California Code of Civil Procedure Section 580(d).

15.	Class 2(o) H Peter Webel Trust	\$169,826.36
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The Plan Proponent contends that the claim of the holder of the Class 2(o) claim is subsumed within the claim set forth in Class 2(n). The holder of the Class 2(n) claim obtained a relief from stay to foreclose its deed of trust on March 7, 2011. Plan Proponent believes the holder of the Class 2(n) claim will complete its foreclosure and that the Class 2(n) and the subsumed Class 2(o) claim will be satisfied pursuant to California Code of Civil Procedure Section 580(d).

16.	Class 2(p) Loan #104 (Proof of Claim Under Carol S. Auslen)	\$7,974,218.80
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Plan Proponent believes the total claim was asserted in the amount of \$7,974,218.80. The holder of the Class 2(p) claim obtained relief from stay to foreclose its deed of trust effective December 21, 2010. Plan Proponent believes the holder of the Class 2(p) claim has completed its foreclosure and that the Class 2(p) claim is now satisfied pursuant to California Code of Civil Procedure Section 580(d).

17.	Class 2(q) Owens Financial (Mortgage Investment Fund) Acct: 1163	\$27,177,347.62
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Plan Proponent believes the total claim is asserted in the amount of \$27,177,347.62 and Plan Proponent proposes to treat the Class 2(q) claim as fully secured. In the event that the Class 2(q) claimant elects to bifurcate its claim into a secured portion and an unsecured portion pursuant to Section 506 of the Bankruptcy Code, the claimant must comply with the provisions of Section VII of this Plan.

18.	Class 2(r) Z Loan and Investment, LLC (Loan 127)	\$620,278.37
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Plan Proponent believes the total claim is asserted in the amount of \$620,278.37 and Plan Proponent proposes to treat the Class 2(r) claim as fully secured. In the event that the Class 2(r) claimant disputes Debtor's contention, Debtor will file a motion to determine the secured amount of the Class 2(r) claim and will set the hearing concurrently with confirmation of the plan.

Debtor currently disputes this claim.

19.	Class 2(s) Z Servicing, Inc. (Loan 129)	\$32,263.64
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Plan Proponent believes the total claim is asserted in the amount of \$32,263.64 and Plan Proponent proposes to treat the Class 2(s) claim as fully secured. In the event that the Class 2(s) claimant disputes Debtor's contention, Debtor will file a

1 motion to determine the secured amount of the Class 2(s) claim and will set the
2 hearing concurrently with confirmation of the plan.

3 Debtor currently disputes this claim.

4 20. Class 2(t) MBA Architecture \$505,475.88

5 The Plan Proponent contends that the claim of the holder of the Class 2(t) claim is
6 partially under-secured pursuant to Section 506(a) of the Bankruptcy Code. Plan
7 Proponent believes the total claim is asserted in the amount of \$505,475.88 and
8 Plan Proponent contends that of that amount, the Class 2(t) secured claim consists
9 of \$ 0, and the remaining amount of the claim, in the amount of \$505,475.88 is a
10 Class 3(b) unsecured claim. In the event that the Class 2(t) claimant disputes
Debtor's contention, Debtor will file a motion to determine the secured amount of
the Class 2(t) claim and will set the hearing concurrently with confirmation of the
plan.

11 21. Class 2(u) Nichols Consulting Engineers, Chtd. \$115,193.83

12 The Plan Proponent contends that the claim of the holder of the Class 2(u) claim is
13 partially under-secured pursuant to Section 506(a) of the Bankruptcy Code. Plan
14 Proponent believes the total claim is asserted in the amount of \$115,193.83 and
15 Plan Proponent contends that of that amount, the Class 2(u) secured claim consists
16 of \$ 0, and the remaining amount of the claim, in the amount of \$115,193.83 is a
17 Class 3(b) unsecured claim. In the event that the Class 2(u) claimant disputes
Debtor's contention, Debtor will file a motion to determine the secured amount of
the Class 2(u) claim and will set the hearing concurrently with confirmation of the
plan.

18 22. Class 2(v) Michael Blank \$600,000.00

19 The Plan Proponent contends that the claim of the holder of the Class 2(v) claim is
20 partially under-secured pursuant to Section 506(a) of the Bankruptcy Code. Plan
21 Proponent believes the total claim is asserted in the amount of \$600,000.00 and
22 Plan Proponent contends that of that amount, the Class 2(v) secured claim consists
23 of \$ 0, and the remaining amount of the claim, in the amount of \$600,000.00 is a
24 Class 3(b) unsecured claim. In the event that the Class 2(v) claimant disputes
Debtor's contention, Debtor will file a motion to determine the secured amount of
the Class 2(v) claim and will set the hearing concurrently with confirmation of the
plan.

25 23. Class 2(w) Northcross Hill Ach \$50,000.00

26 The Plan Proponent contends that the claim of the holder of the Class 2(w) claim is
27 partially under-secured pursuant to Section 506(a) of the Bankruptcy Code. Plan
28 Proponent believes the total claim is asserted in the amount of \$50,000.00 and Plan
Proponent contends that of that amount, the Class 2(w) secured claim consists of
\$0, and the remaining amount of the claim, in the amount of \$50,000.00 is a Class

3(b) unsecured claim. In the event that the Class 2(w) claimant disputes Debtor's contention, Debtor will file a motion to determine the secured amount of the Class 2(w) claim and will set the hearing concurrently with confirmation of the plan.

C. Unsecured Claims

1. Class 3(a) Convenience Class Claims.

These are claims under \$5,000, or voluntarily reduced to that amount by the claimant. Class 3(a) claims total \$6,415.42 plus any additional Class 3(b) claims of creditors who voluntarily elect to reduce their claim to \$5,000 and participate in Class 3(a).

2. Class 3(b) Non-Insider General Unsecured Claims.

These are non-insider unsecured claims not classified in Class 3(a) and not entitled priority under Classes 1(a) and 1(b).

Class 3(b) will include the unsecured portion of claims of holders of Class 2(b), 2(f), 2(j), 2(m), 2(t), 2(u), 2(v) and 2(w) secured claims.

Class 3(b) will include the unsecured portion of claims of holders of Class 2(d), 2(e), 2(g), 2(h), 2(i), 2(l), 2(n), 2(o), 2(p), 2(r) and 2(s) secured claims, to the extent such claims are enforceable as unsecured claims against the Debtor under applicable non-bankruptcy law on the Effective Date. Notwithstanding the foregoing, as a condition to the right of the Class 2(d), 2(e), 2(g), 2(h), 2(i), 2(l), 2(n), 2(o), 2(p), 2(r) and 2(s) claims to participate in Class 3(b) on or before 30 days following the Effective Date, the holders of such claims must file an amended proof of claim setting forth the amount of the claim that the holder contends is entitled to participate as a Class 3(b) claim. In the event such a proof of claim is filed, the Court shall allow the claim in the amount in which such claim is enforceable against the Debtor under applicable non-bankruptcy law as of the date of such order, utilizing the procedures set forth in Federal Rules of Bankruptcy Procedure 3007 and 3008 and Local Rule 3007-1

Class 3(b) does not include the unsecured claims of J.S. Devco or its successors in interest.

3. Class 3(c) Insider General Unsecured Claims.

This class contains the claims of J.S. Devco and its successors asserted in the amount of \$72,708,000.

III.
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, U.S. TRUSTEE'S FEES
AND PRIORITY TAX CLAIMS

A. Administrative Claims

Administrative Claims, including postpetition real property taxes, will be paid in full on the later of (i) the Effective Date, (ii) the date such claims are allowed by final, non-appealable order, or (iii) the date mutually agreed by the Debtor and the administrative claimant.

Postpetition Advances. All postpetition and post-confirmation advances made by J.S. Devco will be repaid from the proceeds of the sale of the project.

B. U.S. Trustee Fees

Fees of the Office of the United States Trustee will be paid on the Effective Date.

C. Priority Tax Claims (Class 1(b))

Each holder of the priority tax claim (Class 1(b)) shall be paid in full on the Effective Date.

IV.
TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

A. Claims and interests shall be treated as follows under this Plan:

Class	Impairment	Treatment
Class 1(a)– Employee Priority Claims	Unimpaired.	Class 1 priority claims, if any, will be paid on the Effective Date.
Class 2 (a) C.L. Rafferty, Tax Collector, El Dorado County	Unimpaired.	The holder of the Class 2(a) Claim is unimpaired and shall retain all legal, equitable, and contractual liens, rights and remedies existing under applicable law prior to the commencement of this case.
Class 2 (b) Acct 123 (Proof of Claim Under David E. Barnett and Kathleen Barnett)	Impaired.	The holder of the Class 2(b) Claim will retain all of its liens securing the amount of the Class 2(b) claim under applicable non-bankruptcy law, but the liens shall not secure any portion of the claims separately classified in Class 3(b). The holder of the Class 2(b) Claim shall be enjoined from exercising its rights and remedies under its prepetition loan documents and agreements until the breach of a material term of this Plan, which

		remains uncured for thirty (30) days following written notice of breach. Debtor shall not be liable for any prepayment penalty in the event of earlier payment.
Class 2 (c) Harry Segal	Unimpaired.	<p>The holder of the Class 2(c) Claim is unimpaired and shall retain all legal, equitable, and contractual liens, rights and remedies existing under applicable law prior to the commencement of this case.</p> <p>In the event that the Class 2(c) claimant either forecloses its deed of trust or lien on Debtor's property, or loses its deed of trust as a result of a foreclosure under a senior deed of trust, the Class 2(c) Claim, to the extent allowable under applicable non-bankruptcy law, shall be treated as a Class 3 (b) claim.</p>
Class 2 (d) Richard Edwards	Unimpaired.	The holder of the Class 2(d) Claim is unimpaired and shall retain all legal, equitable, and contractual liens, rights and remedies existing under applicable law prior to the commencement of this case. Debtor will not make any distributions on account of the Class 2(d) Claim except to the extent that such claim is also classified in Class 3(b).
Class 2 (e) Hardy Comm Prop Trust	Unimpaired.	The holder of the Class 2(e) Claim is unimpaired and shall retain all legal, equitable, and contractual liens, rights and remedies existing under applicable law prior to the commencement of this case. Debtor will not make any distributions on account of the Class 2(d) Claim except to the extent that such claim is also classified in Class 3(b).
Class 2 (f) Richard Edwards	Impaired.	The holder of the Class 2(f) Claim will retain all of its liens securing the amount of the Class 2(f) claim under applicable non-bankruptcy law, but the liens shall not secure any portion of the claims separately classified in Class 3(b). The holder of the Class 2(f) Claim shall be enjoined from exercising its rights and remedies under its prepetition loan documents and agreements until the breach of a material term of this Plan, which remains uncured for thirty (30) days following written notice of breach. Debtor shall not be liable for any prepayment penalty in the event of earlier payment.
Class 2 (g) Richard Edwards	Unimpaired.	The holder of the Class 2(g) Claim is unimpaired and shall retain all legal, equitable,

		and contractual liens, rights and remedies existing under applicable law prior to the commencement of this case. Debtor will not make any distributions on account of the Class 2(g) Claim except to the extent that such claim is also classified in Class 3(b).
Class 2 (h) ACME Realty Co., Inc.	Unimpaired.	The holder of the Class 2(h) Claim is unimpaired and shall retain all legal, equitable, and contractual liens, rights and remedies existing under applicable law prior to the commencement of this case. Debtor will not make any distributions on account of the Class 2(g) Claim except to the extent that such claim is also classified in Class 3(b).
Class 2 (i) City National Bank	Unimpaired.	The holder of the Class 2(i) Claim is unimpaired and shall retain all legal, equitable, and contractual liens, rights and remedies existing under applicable law prior to the commencement of this case. Debtor will not make any distributions on account of the Class 2(i) Claim except to the extent that such claim is also classified in Class 3(b).
Class 2 (j) Amthabhai Patel & Sumitra Patel	Impaired.	<p>The holder of the Class 2(j) Claim will retain all of its liens securing the amount of the Class 2(j) claim under applicable non-bankruptcy law, but the liens shall not secure any portion of the claims separately classified in Class 3(b). The holder of the Class 2(j) Claim shall be enjoined from exercising its rights and remedies under its prepetition loan documents and agreements until the breach of a material term of this Plan, which remains uncured for thirty (30) days following written notice of breach. Debtor shall not be liable for any prepayment penalty in the event of earlier payment.</p> <p>The parties agree that nothing in this Plan shall constitute a waiver or impairment by the holder of the Class 2(j) claim or any rights or remedies against third-parties. The parties further agree that the holder of the Class 2(j) Claim does not waive or impair any of its rights or remedies against third-parties by declining to object to this Plan.</p>

1	Class 2 (k)	Impaired.	The Class 2(k) Claim shall receive the following treatment.
2	Owens Financial		
3	(Mortgage Investment Fund) Acct. 1203		The holder of the Class 2(k) claim shall retain all its lien rights, and all its other legal, equitable, and contractual rights shall remain unaltered, except that--
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6			(a) the holder's foreclosure and other remedies as against Debtor shall remain stayed while any portion of the real property that was to be included in the Chateau Project remains property of the estate, provided that (i) Debtor continuously exercises its best efforts either to sell or develop the Chateau Project on terms acceptable to the holder or to otherwise satisfy the claim on terms acceptable to the holder; (ii) Debtor makes actual progress toward selling or developing the Chateau Project on terms acceptable to the holder or toward otherwise satisfying the claim on terms acceptable to the holder, such that one or the other objective is reasonably likely to be achieved within a reasonable period of time (which, depending on the facts and circumstances, may be a period shorter than, but shall not over the holder's opposition be construed to exceed, 270 days after the Effective Date); and (iii) at least once every 90 days after the Effective Date, Debtor furnishes the holder with a written report fully describing how (and the exact extent to which) it has met the requirements of the immediately foregoing clauses (i) and (ii);
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17			(b) failure to meet any one of the provisos described in the immediately foregoing paragraph (a) shall constitute cause for relief from stay under Bankruptcy Code § 362(d)(1), and the holder may seek such relief if it believes cause exists for that reason or otherwise; and
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25			(c) notwithstanding anything to the contrary in agreements between the parties, including Debtor's opportunity to sell or develop the Chateau Project under paragraph (a) above, and except as the holder expressly agrees otherwise in a writing signed after the Effective Date, the
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		holder may formally or informally explore avenues to sell or develop the Chateau Project (or any portion or aspect of it) with any other entity, whether in conjunction with Debtor's efforts or otherwise, without violating any right or expectancy that Debtor may have concerning the Chateau Project.
Class 2 (l) Acct 108 (Proof of Claim Under Richard H. Baker)	Unimpaired.	The holder of the Class 2(l) Claim is unimpaired and shall retain all legal, equitable, and contractual liens, rights and remedies existing under applicable law prior to the commencement of this case. Debtor will not make any distributions on account of the Class 2(l) Claim except to the extent that such claim is also classified in Class 3(b).
Class 2 (m) Carmen Blank	Impaired.	The holder of the Class 2(m) Claim will retain all of its liens securing the amount of the Class 2(m) claim under applicable non-bankruptcy law, but the liens shall not secure any portion of the claims separately classified in Class 3(b). The holder of the Class 2(m) Claim shall be enjoined from exercising its rights and remedies under its prepetition loan documents and agreements until the breach of a material term of this Plan, which remains uncured for thirty (30) days following written notice of breach. Debtor shall not be liable for any prepayment penalty in the event of earlier payment.
Class 2 (n) Acct 107 (Proof of Claim under Argonaut Development Co., Inc.)	Unimpaired.	The holder of the Class 2(n) Claim is unimpaired and shall retain all legal, equitable, and contractual liens, rights and remedies existing under applicable law prior to the commencement of this case. Debtor will not make any distributions on account of the Class 2(n) Claim except to the extent that such claim is also classified in Class 3(b).
Class 2 (o) H Peter Webel Trust	Unimpaired.	The holder of the Class 2(o) Claim is unimpaired and shall retain all legal, equitable, and contractual liens, rights and remedies existing under applicable law prior to the commencement of this case. Debtor will not make any distributions on account of the Class 2(n) Claim except to the extent that such claim is also classified in Class 3(b).

1 2 3 4 5	Class 2 (p) Loan #104 (Proof of Claim Under Carol S. Auslen)	Unimpaired.	The holder of the Class 2(p) Claim is unimpaired and shall retain all legal, equitable, and contractual liens, rights and remedies existing under applicable law prior to the commencement of this case. Debtor will not make any distributions on account of the Class 2(p) Claim except to the extent that such claim is also classified in Class 3(b).
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28	Class 2 (q) Owens Financial (Mortgage Investment Fund) Acct: 1163	Impaired.	<p>The Class 2(q) Claim shall receive the following treatment.</p> <p>The holder of the Class 2(q) claim shall retain all its lien rights, and all its other legal, equitable, and contractual rights shall remain unaltered, except that--</p> <p>(a) the holder's foreclosure and other remedies as against Debtor shall remain stayed while any portion of the real property that was to be included in the Chateau Project remains property of the estate, provided that (i) Debtor continuously exercises its best efforts either to sell or develop the Chateau Project on terms acceptable to the holder or to otherwise satisfy the claim on terms acceptable to the holder; (ii) Debtor makes actual progress toward selling or developing the Chateau Project on terms acceptable to the holder or toward otherwise satisfying the claim on terms acceptable to the holder, such that one or the other objective is reasonably likely to be achieved within a reasonable period of time (which, depending on the facts and circumstances, may be a period shorter than, but shall not over the holder's opposition be construed to exceed, 270 days after the Effective Date); and (iii) at least once every 90 days after the Effective Date, Debtor furnishes the holder with a written report fully describing how (and the exact extent to which) it has met the requirements of the immediately foregoing clauses (i) and (ii);</p> <p>(b) failure to meet any one of the provisos described in the immediately foregoing paragraph (a) shall constitute cause for relief from stay under Bankruptcy Code § 362(d)(1), and the holder may seek such relief if it believes cause exists for that reason or otherwise; and</p> <p>(c) notwithstanding anything to the contrary in agreements between the parties, including Debtor's opportunity to sell or develop the Chateau Project under paragraph (a) above, and</p>

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		except as the holder expressly agrees otherwise in a writing signed after the Effective Date, the holder may formally or informally explore avenues to sell or develop the Chateau Project (or any portion or aspect of it) with any other entity, whether in conjunction with Debtor's efforts or otherwise, without violating any right or expectancy that Debtor may have concerning the Chateau Project."
Class 2 (r) Z Loan and Investment, LLC (Loan 127)	Impaired.	<p>The Class 2(r) Claim shall receive the following treatment. The Class 2(r) claim shall accrue interest at the rate of 6% per annum simple interest, until maturity. The Class 2(r) claim shall be due on the date 270 days after the Effective Date.</p> <p>The holder of the Class 2(r) Claim shall be enjoined from exercising its rights and remedies under its prepetition loan documents and agreements until the breach of a material term of this Plan, which remains uncured for thirty (30) days following written notice of breach. Debtor shall not be liable for any prepayment penalty in the event of earlier payment.</p>
Class 2 (s) Z Servicing, Inc. (Loan 129)	Impaired.	<p>The Class 2(s) Claim shall receive the following treatment. The Class 2(s) claim shall accrue interest at the rate of 6% per annum simple interest, until maturity. The Class 2(s) claim shall be paid on the earlier of (1) the date of sale or refinance of the real property securing the Class 2(s) claim, or (2) the date 270 days after the Effective Date.</p> <p>The holder of the Class 2(s) Claim will retain all of its liens securing the amount of the Class 2(s) claim under applicable non-bankruptcy law, but the liens shall not secure any portion of the claims separately classified in Class 3(b). The holder of the Class 2(s) Claim shall be enjoined from exercising its rights and remedies under its prepetition loan documents and agreements until the breach of a material term of this Plan, which remains uncured for thirty (30) days following written notice of breach. Debtor shall not be</p>

		liable for any prepayment penalty in the event of earlier payment.
Class 2 (t) MBA Architecture	Impaired.	The holder of the Class 2(t) Claim will retain all of its liens securing the amount of the Class 2(t) claim under applicable non-bankruptcy law, but the liens shall not secure any portion of the claims separately classified in Class 3(b). The holder of the Class 2(t) Claim shall be enjoined from exercising its rights and remedies under its prepetition loan documents and agreements until the breach of a material term of this Plan, which remains uncured for thirty (30) days following written notice of breach. Debtor shall not be liable for any prepayment penalty in the event of earlier payment.
Class 2 (u) Nichols Consulting Engineers, Chtd.	Impaired.	The holder of the Class 2(u) Claim will retain all of its liens securing the amount of the Class 2(u) claim under applicable non-bankruptcy law, but the liens shall not secure any portion of the claims separately classified in Class 3(b). The holder of the Class 2(u) Claim shall be enjoined from exercising its rights and remedies under its prepetition loan documents and agreements until the breach of a material term of this Plan, which remains uncured for thirty (30) days following written notice of breach. Debtor shall not be liable for any prepayment penalty in the event of earlier payment.
Class 2 (v) Michael Blank	Impaired.	The holder of the Class 2(v) Claim will retain all of its liens securing the amount of the Class 2(v) claim under applicable non-bankruptcy law, but the liens shall not secure any portion of the claims separately classified in Class 3(b). The holder of the Class 2(v) Claim shall be enjoined from exercising its rights and remedies under its prepetition loan documents and agreements until the breach of a material term of this Plan, which remains uncured for thirty (30) days following written notice of breach. Debtor shall not be liable for any prepayment penalty in the event of earlier payment.
Class 2 (w) Northcross Hill Ach	Impaired.	The holder of the Class 2(w) Claim will retain all of its liens securing the amount of the Class 2(w) claim under applicable non-bankruptcy law, but

		the liens shall not secure any portion of the claims separately classified in Class 3(b). The holder of the Class 2(w) Claim shall be enjoined from exercising its rights and remedies under its prepetition loan documents and agreements until the breach of a material term of this Plan, which remains uncured for thirty (30) days following written notice of breach. Debtor shall not be liable for any prepayment penalty in the event of earlier payment.
Class 3(a) Convenience Class Claims	Impaired	Holders of Class 3(a) claims, or creditors who elect to reduce the amount of their claims to \$5,000, shall be paid in full, without interest, on the Effective Date.
Class 3(b) General Unsecured Creditors	Impaired	Holders of Class 3(b) non-insider general unsecured claims shall receive the following treatment. Class 3(b) claims shall accrue interest at the rate of 5% per annum from the Effective Date. Holders of Class 3(b) Claims shall receive a pro-rata share of funds available for distribution to Class 3(b) creditors as set forth in Article VI.
Class 3(c) J.S. Devco (and successors in interest)	Impaired	<p>The successors in interest to the holder of Class 3(c) general unsecured claim of J.S. Devco shall receive 100% of the equity in the reorganized Debtor upon the Effective Date. In addition, on the Effective Date, the following persons and entities shall be released from any liability to the Debtor under Section 544, 547, 548, 549 or 550 of the Bankruptcy Code: John Serpa, Sr., JS Devco, John Serpa Trust, John Serpa, Jr., Stephanie Serpa Ream, Keith Serpa, Danielle Serpa, Gabrielle Serpa, Diana Serpa.</p> <p>On the Effective Date, the membership interests in the Debtor shall be as follows:</p> <p>Stephanie Serpa Ream – 1.7703% JS Devco – 13.3547% John Serpa Trust – 17.5591% John Serpa, Jr. – 33.9747% Keith Serpa – 31.1280% Danielle Serpa – 0.7375% Gabrielle Serpa – 0.7375% Diana Serpa – 0.7375%</p>
Class 4 – Equity Security Holders of the Debtor	Impaired	Class 4 equity interests shall be canceled on the Effective Date.

V.
PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

The Debtor does not assume or reject any executory contracts under this Plan.

VI.
MEANS FOR IMPLEMENTATION OF PLAN

A. Initial Distributions

As soon as practical after the Effective Date, Debtor shall disburse its cash on hand in the following order:

1. Debtor shall pay all allowed administrative claims or make provision for payment of administrative claims including postpetition property taxes on properties owned by Debtor on the Effective Date.
2. Debtor shall pay all Class 1(a) and Class 3(a) claims, if any.
3. Debtor shall establish a Post-Confirmation Operating Account, and shall deposit the sum of \$30,000 into such account.
4. The balance of Debtor's cash on hand shall be deposited into an Unsecured Creditors Distribution Account for distribution as set forth below.

B. Sale or other Disposition of Property

During the term of the plan, Debtor will be managed by Tahoe Property Consultants, LLC, which is wholly-owned by G. Randy Lane. Following the Effective Date of the Plan, Debtor will attempt to market and sell or otherwise dispose of the Debtor's properties as a single development project. Until the Debtor's real property is sold or subjected to other disposition, Debtor will continue to manage the real property and attempt to maintain the Debtor's entitlements relating to the real property. Reimbursement of expenses of maintaining the real property and operating the business of Debtor will be paid from the Post-Confirmation Operating Account. If funds are insufficient, expenses may be paid by J.S. Devco, an insider of the Debtor or its successors. J.S. Devco will be entitled to reimbursement of such expenses from the proceeds of the sale or other disposition of the real estate as set forth below.

During the term of the plan, Debtor will make payments to the Treasurer/Tax Collector for El Dorado County, California as agreed between Debtor and the Treasurer/Tax Collector. Debtor will also continue to prosecute its application for Changed Assessment filed with the El Dorado County Board of Equalization. Any refund obtained as a result of such Application for Changed Assessment will be first applied to accrued but unpaid pre-petition or post-confirmation property taxes, and then to the Unsecured Creditors Distribution Account.

If Debtor is successful in selling or otherwise disposing of Debtor's properties, sale proceeds or proceeds of other disposition (including refinancing) will be distributed in the following order (1) customary closing costs and broker fees, (2) Class 2 secured claims, (3) repayment of amounts advanced to Debtor by J.S. Devco or its successors, since the commencement of this Chapter 11 case (with interest at the rate of 5% per annum), (4) 80% to the Unsecured Creditors Distribution Account described below, and 20% to the Debtor, until contributions to the Unsecured Creditors Distribution Account total \$2,500,000, (5) and remaining funds, if any, shall be divided between the Debtor and the Unsecured Creditors Distribution Account as follows: (i) to the Unsecured Creditors Distribution Account, in the

1 proportion by which the total Class 3(b) claims relate to the total of the Class 3(b) Claims and the
2 Class 3(c) claims, and (ii) to the Debtor, in the proportion by which the total Class 3(c) claims
relate to the total Class 3(b) and Class 3(c) claims.

3 All Class 2 secured claims will be due and payable on the date 270 days following the
4 occurrence of the Effective Date. If Debtor is unable to sell or refinance the real property on or
5 before the date 270 days following the Effective Date, or otherwise pay such Class 2 secured
claims in full by that date, the Class 2 claimants will be entitled to exercise their prepetition
rights, including rights to enforce liens securing the Class 2 claims.

6
7 **C. Funding of Unsecured Creditors Distribution Account**

8 As soon as practical after the Effective Date, Debtor shall establish a segregated bank
9 account that shall be known as the "Unsecured Creditors Distribution Account", which shall
initially be funded as set forth in paragraph IV.A above. On and after the Effective Date, Debtor
shall deposit into such account (1) 100% of the proceeds of the return of unearned pre-Effective
Date insurance premiums, and (2) the proceeds, if any, described in paragraph VI.B.

10
11 **D. Distributions from the Unsecured Creditors Distribution Account**

12 Holders of allowed claims in Class 3(b) shall be entitled to pro-rata distributions from the
13 Unsecured Creditors Distribution Account in full satisfaction of their claims. Provided Funds are
available, Debtor shall make an initial distribution from the Unsecured Creditors Distribution
14 Account no later than the date 120 days following the Effective Date. Thereafter, Debtor shall
make a distribution to Class 3(b) creditors no less than once each year, and within 60 days of any
time in which the Unsecured Creditors Distribution Account exceeds the sum of \$200,000.
15 Except for a final distribution, Debtor shall not be obligated to make any distribution when the
Unsecured Creditors Distribution Account holds less than \$25,000. Debtor shall make a final
16 distribution to Class 3(b) claimants when it appears reasonably likely that no further material
deposits will be made to the Unsecured Creditors Distribution Account.

17
18 **VII.
ALLOWANCE AND DISALLOWANCE OF CLAIMS**

19 **A. Disputed Claim.**

20 A disputed claim is a claim that has not been allowed or disallowed by a final non-
21 appealable order, and as to which either: (i) a proof of claim has been filed or deemed filed, and
the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been
22 filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

23 **B. Delay of Distribution on a Disputed Claim.**

24 No distribution will be made on account of a disputed claim unless such claim is allowed
25 by a final non-appealable order.

1 **C. Settlement of Disputed Claims.**

2 The Debtor will have the power and authority to settle and compromise a disputed claim
3 with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy
Procedure.

4 **D. Unsecured Claims.**

5 Creditors who have filed proofs of claim as secured claims will not be included in Class
6 3(b) unless (i) this Plan specifically bifurcates such claims into secured and unsecured claims, or
7 (ii) such creditors file, within 30 days of the Effective Date, an amended proof of claim setting
8 forth the amount of such claim asserted as an unsecured claim pursuant to Section 506 of the
Bankruptcy Code. Voluntary bifurcation of a secured claim into a secured portion of the claim
9 and an unsecured portion of the claim shall constitute a waiver of all security as to the unsecured
portion of the claim. Debtor shall retain all rights to object to any unsecured claim under any
10 grounds set forth in Section 502 of the Bankruptcy Code.

11 **VIII.**
GENERAL PROVISIONS

12 **A. Definitions and Rules of Construction.**

13 The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall
14 apply when terms defined or construed in the Code are used in this Plan, and they are
supplemented by the following definitions:

15 “Effective Date” shall mean the date set forth in paragraph VIII.B.

16 “J.S. Devco” shall mean J.S. Devco Limited Partnership, an insider of the Debtor.

17 **B. Effective Date of Plan.**

18 The Effective Date of this Plan is the fourteenth business day following the date of the
19 entry of the order of confirmation. But if a stay of the confirmation order is in effect on that date,
the Effective Date will be the first business day after that date on which no stay of the
20 confirmation order is in effect, provided that the confirmation order has not been vacated.

21 **C. Severability.**

22 If any provision in this Plan is determined to be unenforceable, the determination will in
23 no way limit or affect the enforceability and operative effect of any other provision of this Plan.

24 **D. Binding Effect.**

25 The rights and obligations of any entity named or referred to in this Plan will be binding
26 upon, and will inure to the benefit of the successors or assigns of such entity.

1 **E. Captions.**

2 The headings contained in this Plan are for convenience of reference only and do not
3 affect the meaning or interpretation of this Plan.

4 **F. Controlling Effect**

5 Unless a rule of law or procedure is supplied by federal law (including the Code or the
6 Federal Rules of Bankruptcy Procedure), the laws of the State of California govern this Plan and
7 any agreements, documents, and instruments executed in connection with this Plan, except as
8 otherwise provided in this Plan.

8 **G. Revesting of Title.**

9 Notwithstanding confirmation of the plan, the Debtor's bankruptcy estate will continue
10 until entry of a final decree. Property of the bankruptcy estate, including, but not limited to, the
11 Unsecured Creditors Distribution Fund, shall remain in the estate until the earliest of (a) the date
12 Debtor or a successor trustee voluntarily transfers the estate's interest; (b) the date the estate's
13 interest is terminated by foreclosure sale; or (c) entry of a final decree, and in the latter event any
14 remaining property of the estate shall revest in Debtor.

15 Except as provided in this Plan or in the confirmation order, on the date of entry of a final
16 decree, Debtor shall be vested with all of the property of the estate of Debtor remaining on the
17 date of entry of a final decree, free and clear of all claims, liens, charges and other interests of
18 creditors arising prior to the filing date except for those liens specifically preserved or described
19 in this Plan. After confirmation, Debtor, on behalf of the bankruptcy estate, shall be entitled to
20 liquidate its assets free of any restrictions of the Code based on the pendency of the Case.

16 **H. Retention and Enforcement of Claims.**

17 Pursuant to Section 1123(b)(3) of the Code, Debtor, on behalf of the estate, shall retain and
18 hereby expressly reserves the right and discretion to prosecute or enforce any and all claims,
19 including but not limited to causes of action against third parties under applicable State or Federal
20 law, held by Debtor, whether such claims arose or accrued before or after the filing date.
21 Without limiting the foregoing, Debtor, on behalf of the estate, retains all claims, rights, causes of
22 action that existed prior to the commencement of the Case or any causes of actions that might
23 arise under, among other things, Sections 541, 542, 544, 546, 547, 548, 549 or 550 of the Code.
24 Notwithstanding the foregoing, on the Effective Date, the following persons and entities shall be
25 released from any liability to the Debtor under Section 544, 547, 548, 549 and 550 of the
26 Bankruptcy Code: John Serpa, Sr., JS Devco, John Serpa Trust, John Serpa, Jr., Stephanie Serpa
27 Ream, Keith Serpa, Danielle Serpa, Gabrielle Serpa, Diana Serpa.

23 **I. Claims for Postpetition Interest, Fees, Costs or Charges.**

24 Except as specifically provided for as part of a claim allowed under the terms of this Plan,
25 any claim for interest, fees, costs, or charges, including attorneys' fees and costs, allowable under
26 Section 506(b) and accruing after the filing date but before the Effective Date shall be disallowed
27 unless, on or before 30 days following the Effective Date, the creditor asserting such claim files a
28 proof of claim setting forth the amounts claimed accruing up to and including the Effective Date.

1 **J. Post-Confirmation Payment of Professionals.**

2 All professionals, including but not limited to attorneys and accountants, providing post-
3 confirmation services to Debtor shall submit periodic invoices to Debtor. Debtor is authorized to
4 pay such periodic invoices without further order of the Court.

5 **K. Use of Code Section 1129(b).**

6 Debtor, as the proponent of this Plan, hereby requests, pursuant to Section 1129(b) of the
7 Code, that the Court find that the provisions of this Plan provide fair and equitable treatment to,
8 and do not unfairly discriminate against, those claimants and interest holders who are impaired
9 under this Plan and who elect not to accept this Plan, and that the Court confirm this Plan under
the so-called "cram-down" provisions of the Plan pursuant to Section 1129(b) of the Code
notwithstanding the requirement of Section 1129(a)(8) of the Code as to such claimants.

10 **L. Retention of Jurisdiction.**

11 Notwithstanding confirmation of this Plan or the Effective Date having occurred, the
12 Court shall retain full jurisdiction as provided in 28 U.S.C. §1334 to enforce the provisions,
purposes, and intent of this Plan including, without limitation:

- 13 1. Determination of the allowability and classification of claims and interests upon
14 objection to such claims and interests;
 - 15 2. Determination of requests for payment of Claims entitled to priority under Section
16 507(a)(1) of the Code, including compensation of parties entitled thereto;
 - 17 3. Resolution of controversies and disputes regarding interpretation of this Plan;
 - 18 4. Implementation of the provisions of this Plan and entry of orders in aid of
19 confirmation, including, without limitation, appropriate orders to protect Debtor from
20 creditor action;
 - 21 5. Modification of this Plan pursuant to Section 1127 of the Code;
 - 22 6. Adjudication of any causes of action, including avoiding powers actions, brought by
23 Debtor; and
 - 24 7. Entry of a final decree closing the Case.
- 25
26
27
28

IX.
DISCHARGE OF DEBTOR

Discharge. On the confirmation date of this Plan, the debtor will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor will not be discharged of any debt: (i) imposed by this Plan; (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure; or (iii) of a kind specified in § 1141(d)(6)(B).

Respectfully submitted,

LAKE TAHOE DEVELOPMENT CO., LLC,
a Nevada limited liability company

By: MOUNTAIN VENTURES, LLC, a Nevada limited
liability company

By: _____
G. Randy Lane, Managing Member

DATED: October _____, 2011

WILKE, FLEURY, HOFFELT,
GOULD & BIRNEY, LLP

By: _____
DANIEL L. EGAN
Attorneys for Debtor
LAKE TAHOE DEVELOPMENT CO.,
LLC

IX.
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Respectfully submitted,

LAKE TAHOE DEVELOPMENT CO., LLC,
a Nevada limited liability company

By: MOUNTAIN VENTURES, LLC, a Nevada limited
liability company

By: 

G. Randy Lane, Managing Member

DATED: October 4, 2011

WILKE, FLEURY, HOFFELT,
GOULD & BIRNEY, LLP

By: 

DANIEL L. EGAN
Attorneys for Debtor
LAKE TAHOE DEVELOPMENT CO.,
LLC