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7
8 **UNITED STATES BANKRUPTCY COURT**
9 **EASTERN DISTRICT OF CALIFORNIA**
10 **SACRAMENTO DIVISION**

11
12 **In re:**

13 **MBD, Inc.,**

14 **Debtor**

Case No. 08-34347-A-11

D.C. No. WCL-18

CHAPTER 11

**DEBTOR'S AMENDED CHAPTER 11
PLAN DATED AS OF JULY 17
SEPTEMBER 23, 2009**

17 MBD, Inc., the debtor and debtor in possession in this case under Chapter 11 of the U.S.
18 Bankruptcy Code, hereby submits this plan for reorganization of its financial affairs.
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**DEBTOR'S AMENDED CHAPTER 11 PLAN
DATED AS OF JULY 17
SEPTEMBER 23, 2009**

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1. DEFINITIONS

I.1 Defined Terms

The following definitions apply in this Plan and the related Disclosure Statement, as each document may be amended from time to time, except to the extent that any of the following definitions is superseded by a revised definition in such an amendment.

“3211 Cohasset” means the parcel of real property and improvements thereon whose address is 3211 Cohasset Road, Chico, California.

“3221 Cohasset” means the parcel of real property and improvements thereon whose address is 3221 Cohasset Road, Chico, California.

"Affiliate" means an entity which is an affiliate of a party in interest within the meaning of Section 101(2) of the Bankruptcy Code and every partnership and joint venture in which such entity is a general partner or joint venturer.

"Allowed Claim" or "Allowed Interest" means a claim against, or equity interest in, the Debtor to the extent that:

A. If the claim or interest arose or is deemed to have arisen on or before the Filing Date, (1) proof of the claim or interest either is timely filed or is deemed filed under Code §1111(a) or Rule 3003(b)(2), and (2) the claim or interest either is not the subject of a timely filed objection or is allowed by a Final Order; or

B. If the claim arose after the Filing Date and is not deemed to have arisen on or before such date, (1) the claim is of a kind that can be voluntarily paid from the Debtor's estate without specific Bankruptcy Court approval and is so paid or (2) the claim has been allowed by a Final Order; and

C. Such claim is not subject to disallowance pursuant to §502(d) of the Code.

"Ballot" means the form distributed to holders of claims and interests on which is to be stated an acceptance or rejection of this Plan.

“Approved Exceptions” means, as to each of the Fleetwood Property, the Montebello

1 Property, and the Cielo Vista Property, those exceptions to marketable title listed as approved in the
2 applicable section of Article 4 hereof as shown on the Title Report applicable to such property.

3 "Ballot Date" means the date by which a completed Ballot must be received if it is to be
4 counted as an acceptance or rejection of this Plan.

5 "Bankruptcy Court" means the United States Bankruptcy Court for the Eastern District of
6 California.

7 "Bar Date" means the date fixed as the last date for filing proofs of claims.

8 "Belvedere Deed of Trust" means the deed of trust in favor of Umpqua Bank encumbering
9 the Belvedere Heights Subdivision.

10 "Belvedere Heights Partnership Agreement" means that Partnership Agreement dated
11 June 14, 2001, as amended to the Petition Date, between the Debtor, Peter Wolk, and Mohammed
12 and Fatemeh Khorramian, forming the California general partnership named "Belvedere Heights
13 Development" in which the Debtor holds an 80% interest in capital, profits and losses and acts as
14 managing general partner.

15 "Belvedere Heights Subdivision" means, when applicable, (a) the residential subdivision
16 located northeast of the intersection of 20th Street and Bruce Roads in Chico, California, or
17 (b) collectively, the 82 lots in Phase I thereof and the 91 lots in Phase II thereof, in each case
18 including all streets and other improvements relating to thereto.

19 "Belvedere Loan" means the obligation of the Debtor to Umpqua Bank based on the
20 promissory note dated January 10, 2008, in the original principal amount of \$12,483,185, and
21 related agreements.

22 "Cash" means cash and cash equivalents including, but not limited to, checks and other
23 similar forms of payment or exchange.

24 "Cielo Vista Deed of Trust" means the deed of trust in favor of Umpqua Bank encumbering
25 the Cielo Vista Property.

1 "Cielo Vista Loan" means the Debtor's obligation to Umpqua Bank based on the promissory
2 note dated January 10, 2008, in the original principal amount of \$917,729.12 and related
3 agreements.

4 "Cielo Vista Property" means the real property and improvements thereon located on Banner
5 Peak Drive near Bruce Road in Chico, California, in which the Debtor holds a seventy percent
6 (70%) undivided interest.

7 "Claimant" means a holder of an Allowed Claim.

8 "Claims Reserve" means the federally insured, interest bearing deposit account to be
9 established by the Debtor and into which shall be deposited all funds being reserved until resolution
10 of Disputed Claims pursuant to Section 5.4(a) hereof.

11 "Code" means the Bankruptcy Code contained in Title 11 of the United States Code.

12 "Confirmation" means entry of the Confirmation Order.

13 "Confirmation Hearing" means the hearing conducted by the Bankruptcy Court at which the
14 Plan is confirmed.

15 "Confirmation Notice" means the notice sent to creditors in compliance with Rule 2002
16 informing them that the Plan has been confirmed.

17 "Confirmation Order" means the order of the Bankruptcy Court confirming this Plan.

18 "Debtor" means MBD, Inc., a California corporation.

19 "Deed" means the grant deed or other deed as may be reasonably required by Umpqua Bank
20 or Fidelity Title to evidence the transfer of the Fleetwood Property, the Montebello Property, or the
21 Cielo Vista Property, as applicable.

22 "Disputed Claim" means a claim against the Debtor (a) as to which a proof of claim is filed
23 which does not assert a claim to a fixed, liquidated sum, or (b) to which an objection has been filed
24 which neither is the subject of a Final Order nor has been withdrawn.

25 "Distributions" means the payments of Cash ~~and~~ to be distributed hereunder to holders of
26

1 Allowed Claims in Classes B-1 and B-2.

2 "Effective Date" means the tenth business day after Confirmation or such other date as the
3 Debtor shall fix which shall be not more than thirty days following Confirmation.

4 "Fidelity Title" means Fidelity National Title Company of California and its Affiliates.

5 "Final Order" means an order as to which (a) any appeal or petition for writ of certiorari that
6 has been filed has been finally determined or dismissed, or (b) the time for appeal has expired and a
7 notice of appeal has not been filed.

8 "Fleetwood A&D Deed of Trust" means that deed of trust dated April 27, 2005, together
9 with its modifications, which encumbers the Fleetwood Property.

10 "Fleetwood A&D Loan" means the obligations of the Debtor to Umpqua Bank based on,
11 collectively, the promissory note dated January 10, 2008 in the original principal amount of
12 \$1,806,033.90 and related agreements.

13 "Fleetwood Construction Deed of Trust" means that construction deed of trust dated
14 September 6, 2006, together with its modifications, which encumbers the Fleetwood Property.

15 "Fleetwood Construction Loan" means the obligations of the Debtor to Umpqua Bank based
16 on the promissory note dated September 6, 2006, in the original principal amount of \$2,297,928.11
17 and related agreements.

18 "Fleetwood Property" means that commercial and industrial condominium property located
19 at 370, 380 and 390 Ryan Avenue in Chico, California, and also known as the Airport Industrial
20 Park.

21 "Fully Amortized Tri Counties Payment" means the amount of a monthly principal and
22 interest payment that will cause the balance of the Allowed Claim in Class A-1 or Class A-2, as
23 applicable, outstanding on the ~~due date of the twelfth (12th)~~ Effective Date, plus interest
24 ~~payment thereon from the Effective Date through the last day of the twelfth (12th) full calendar~~
25 ~~month following the Effective Date to be paid in full on at the twenty-fifth (25th) anniversary date of~~

1 ~~the Effective Date based on six percent (6%) per annum and interest at the rate in effect on thereafter~~
2 ~~at the due date rate of seven and one-fourth percent (7¼%), to be paid in full on the last day of the~~
3 ~~three hundredth (300th) full calendar month following the Effective Date.~~

4 ~~“Fully Released Guarantors” means, collectively, Mohammad Khorramian, an individual,~~
5 ~~Fatemah Khorramian, an individual, Chantel Meghdadi, and individual, Chandese Meghdadi, an~~
6 ~~individual, Martin Luger, an individual, Denica Luger, an individual, Peter Wolk, an individual, and~~
7 ~~John Draper, an individual, each a “Fully Released Guarantor.”~~

8 ~~“Guarantor Release” means a Mutual Release Agreement in the form attached hereto as~~
9 ~~Exhibit G to be entered into between the Debtor and each Fully Released Guarantor or such twelfth~~
10 ~~(12th) interest payment other substantially similar form to which the Debtor and each Fully Released~~
11 ~~Guarantor may agree.~~

12 "LBR" means the Local Bankruptcy Rules of the Bankruptcy Court.

13 "Lenders" means, collectively, Andrew and Annette Meghdadi, Chandese Meghdadi,
14 Chantel Meghdadi, Mahim & Merkhilil Moghaddam, and Peter Wolk as holders of nonpriority
15 unsecured claims against the Debtor.

16 "Lot 57" means that parcel of real property and the improvements constructed thereon
17 commonly known as Lot 57 of the Belvedere Heights Subdivision.

18 "Montebello Deed of Trust" means the deed of trust in favor of Umpqua Bank dated
19 October 29, 2004, together with its modifications, that encumbers the Montebello Property.

20 "Montebello Loan" means the Debtor's obligation to Umpqua Bank based on the promissory
21 note dated January 10, 2008, in the original principal amount of \$1,105,000, and related agreements.

22 "Montebello Property" means the approximately 112 acres of raw land located near the
23 intersection of State Highway 36 and Monroe Avenue in Red Bluff, California.

24 ~~"Net Cash Flow" means, as to either 3211 Cohasset or 3221 Cohasset, for any calendar~~
25 ~~month, the amount by which the rents and other amounts received from occupants of such property~~

1 ~~exceed the usual and customary operating expenditures for such property, including a monthly~~
2 ~~reserve equal to one-twelfth (1/12) of the annual property taxes for the applicable property, and~~
3 ~~excluding any payments of principal or interest on loans secured by such properties.~~

4 “Mutual Release Agreement” means an agreement for mutual release of claims entered into
5 between Umpqua Bank and each Fully Released Guarantor in the form attached as Exhibit H to the
6 Plan Supplement or such other form to which Umpqua Bank and a Fully Released Guarantor may
7 agree, pursuant to which, among other things, that Fully Released Guarantor and Umpqua Bank
8 release all claims, obligations and liabilities each may have against the other arising out of or in any
9 way related to any loans made by Umpqua Bank to Debtor.

10 “Net Operating Cash Flow” means the amount by which all cash received by the Debtor in a
11 particular calendar quarter (other than proceeds of any construction loans and loans used to
12 refinance secured obligations) exceeds all cash disbursed by the Debtor during such quarter (other
13 than disbursements of loan proceeds used for refinancing of secured obligations and Distributions on
14 account of Allowed Claims in Classes B-1 and B-2).

15 “Partially Released Guarantors” means, collectively, Andrew Meghdadi, an individual,
16 Annette J. Meghdadi, an individual, and Andrew Meghdadi and Annette J. Meghdadi as Trustees of
17 The Meghdadi Family Trust, each a “Partially Released Guarantor.”

18 "Petition Date" means the date on which the petition to commence this case was filed.

19 "Plan" means this Debtor's Amended Chapter 11 Plan Dated July 17 ~~as of September 23,~~
20 2009, together with any modifications hereto.

21 "Plan Interest" means interest earned on funds held on deposit in the Claims Reserve during
22 the period for which such Plan Interest is calculated.

23 “Plan Supplement” means that Plan Supplement filed concurrently herewith which includes
24 the exhibits referenced in this Plan, all of which are incorporated herein by this reference.

25 “Prime Rate” means the ‘Prime Rate’ as published in the Money Rates section of the West
26

1 Coast Edition of the Wall Street Journal on the last publication date before any date on which the
2 calculation of interest is based on such Prime Rate.

3 "Protected Guarantor" means a party who is obligated on an Allowed Claim, either
4 contractually or by operation of law, and who, after the Effective Date, is an officer of the Debtor
5 with responsibility for management of the Debtor's business.

6 "Reaffirmation and Release Agreement" means an agreement to be executed by the Partially
7 Released Guarantors and Umpqua Bank, in the form attached hereto as Exhibit I to the Plan
8 Supplement or such other form to which Umpqua Bank and each Partially Released Guarantor may
9 agree, pursuant to which (a) the Partially Released Guarantors reaffirm each of their guarantees of
10 the obligations owed to Umpqua Bank under the Belvedere Loan (b) the Partially Released
11 Guarantors release all claims, obligations and liabilities each may have against Umpqua Bank
12 arising out of or in any way related to any loans made by Umpqua Bank to Debtor, and (c) Umpqua
13 Bank releases the Partially Released Guarantors from any claims, obligations and liabilities they
14 may have arising out of any guarantees of any loans made by Umpqua Bank to the Debtor, other
15 than their guarantees of the Belvedere Loan.

16 "Release Price" for each lot in the Belvedere Heights Subdivision means the price shown for
17 such lot number in the Schedule of Release Prices attached hereto as Exhibit B.

18 "Rules" means the Federal Rules of Bankruptcy Procedure.

19 ~~"Title Commitment" means a commitment by Fidelity Title Policy"~~ means, as to the
20 Fleetwood Property, the Montebello Property and/or its substitute to issue a the Cielo Vista
21 Property, a policy of title insurance to Umpqua Bank, at its expense, in form and substance amount
22 reasonably acceptable to satisfactory to Umpqua Bank, with such endorsements as Umpqua Bank
23 may reasonably require, insuring Umpqua Bank's title to each of the Fleetwood Property, the
24 Montebello Property and the Cielo Vista Property, the applicable property subject only to the
25 Approved Exceptions applicable to each such property.

1 “Title Report” means, as to each of the Fleetwood Property, the Montebello Property and the
2 Cielo Vista Property, the preliminary title report issued by Fidelity Title covering such property and
3 attached as an exhibit to ~~the~~ the Plan Supplement.

4 “Transfer Conditions” means the following conditions to the obligation of Umpqua Bank to
5 accept the Deed to the Fleetwood Property, the Montebello Property or the Cielo Vista Property,
6 each of which may be waived by Umpqua Bank as to any particular property:

7 (A) that Fidelity Title is prepared and committed to issue a Title Policy covering
8 the applicable property on recording of the Deed to such property;

9 “Transfer Date” means, as to the transfer of the Fleetwood Property, the Montebello
10 Property, or the Cielo Vista Property, the date on which title to such property is transferred to
11 Umpqua Bank, which date shall be not later than thirty (30) days after the Effective Date, unless the
12 Debtor and Umpqua Bank extend such date by a mutual written agreement.

13 “Tri Counties Loan Documents” means, as to each of 3211 Cohasset, 3221 Cohasset, and Lot
14 57 severally, the promissory note, business loan agreement and deed of trust entered into between
15 the Debtor and Tri Counties Bank with respect to such property, together with any modifications
16 thereto.

17 “Unsecured Trade Claim” means a nonpriority unsecured claim against the Debtor that is not
18 held by any of the Lenders.

19 **I.2 Undefined Terms**

20 A term used, but not defined, herein and defined in the Code or the Rules has the meaning
21 given to that term in the Code or the Rules.

22 **2. CLASSIFICATION OF CLAIMS AND INTERESTS**

23 All claims (except claims treated under Article 3 of this Plan) and interests are placed in the
24 following classes:

1 **2.1 Secured Claims**

2 **(a) Class A-1 (Tri Counties Bank – 3211 Cohasset Road)**

3 Class A-1 consists of the Allowed Claim held by Tri Counties Bank to the extent secured
4 pursuant to the Tri Counties Loan Documents relating to 3211 Cohasset Road.

5 **(b) Class A-2 (Tri Counties Bank - 3221 Cohasset Road)**

6 Class A-2 consists of the Allowed Claim held by Tri Counties Bank to the extent secured
7 pursuant to the Tri Counties Loan Documents relating to 3221 Cohasset Road.

8 **(c) Class A-3 (Tri Counties Bank – Lot 57)**

9 Class A-3 consists of the Allowed Claim held by Tri Counties Bank to the extent secured
10 pursuant to the Tri Counties Loan Documents relating to Lot 57.

11 **(d) Class A-4 (Umpqua Bank – Belvedere Loan)**

12 Class A-4 consists of the Allowed Claim held by Umpqua Bank on account of the Belvedere
13 Loan.

14 **(e) Class A-5 (Umpqua Bank – Fleetwood Loans)**

15 Class A-5 consists of the Allowed Claims held by Umpqua Bank on account of the
16 Fleetwood A&D Loan and the Fleetwood Construction Loan.

17 **(f) Class A-6 (Umpqua Bank – Montebello Loan)**

18 Class A-6 consists of the Allowed Claim held by Umpqua Bank on account of the
19 Montebello Loan.

20 **(g) Class A-7 (Umpqua Bank – Cielo Vista Loan)**

21 Class A-7 consists of the Allowed Claim held by Umpqua Bank on account of the Cielo
22 Vista Loan.

23 **(h) Class A-8 (~~Caterpillar Financial~~ AICCO, Inc.)**

24 Class A-8 consists of the Allowed Claim held by ~~Caterpillar Financial Services Corporation~~
25 ~~to the extent that it is secured by a security interest in one Model TH63 Caterpillar Telescopic~~

1 ~~Handler owned by the Debtor.~~

2 ~~(i) **Class A-9 (AICCO, Inc.)**~~

3 ~~Class A-9 consists of the Allowed Claim held by AICCO, Inc., to the extent it is secured by~~
4 security interests in certain policies of insurance owned by the Debtor pursuant to that Premium
5 Finance Agreement dated March 3, 2009.

6 ~~(j) **Class A-102 (Butte County-Retained Properties)**~~

7 Class A-102 consists of the Allowed Claims held by Butte County, California, for real
8 property taxes on the Belvedere Heights Subdivision, 3211 Cohasset and 3221 Cohasset to the
9 extent they are secured pursuant to statutory tax liens on such properties.

10 ~~(k) **Class A-110 (Butte County-Transferred Properties)**~~

11 Class A-110 consists of the Allowed Claims held by Butte County, California, for real
12 property taxes on the Cielo Vista Property and the Fleetwood Property to the extent they are secured
13 pursuant to statutory tax liens on such properties.

14 ~~(l) **Class A-121 (Tehama County)**~~

15 Class A-121 consists of the Allowed Claim held by held by Tehama County, California, for
16 real property taxes on the Montebello Property to the extent it is secured pursuant to a statutory tax
17 lien on such property.

18 **2.2 General Unsecured Claims**

19 **(a) Class B-1 (Unsecured Trade Claims)**

20 Class B-1 consists of all Allowed Claims other than claims that are entitled to priority under
21 §507(a)(1) or (8) of the Code and/or are included in another class under this Plan.

22 **(b) Class B-2 (Unsecured Lender Claims)**

23 Class B-2 consists of all nonpriority Allowed Claims held by the Lenders.

24 **2.3 Shareholder Interests (Class C)**

25 Class C consists of all equity security interests in the Debtor.

1 provided, however, that such interest rate shall not exceed eight percent (8%) per annum at any time;

2 (i) ~~Payments of all interest accrued through the end of the preceding calendar~~
3 ~~month on the fifteenth (15th) day of each month which begins after the Effective Date until the~~
4 ~~twelfth (12th) payment following the Effective Date, which shall be the only payments required~~
5 ~~through the twelfth (12th) payment following the Effective Date;~~

6 (i) ~~If the Net Cash Flow to the Debtor from 3211 Cohasset on the due date of the~~
7 ~~twelfth (12th) interest payment following the Effective Date equals or exceeds 1.2 times the Fully~~
8 ~~Amortized Tri Counties Payment, then Tri Counties Bank shall receive the Fully Amortized Tri~~
9 ~~Counties Payment on the fifteenth (15th) day of each month thereafter, commencing with the~~
10 ~~thirteenth (13th) month following the Effective Date, and the entire remaining balance of principal~~
11 ~~of, and interest on, the Allowed Claim in Class A-1 shall be due and payable on fifteenth (15th) day~~
12 ~~of the month which includes the twenty fifth (25th) anniversary of the Effective Date;~~

13 (ii) ~~If the Net Cash Flow to the Debtor from 3211 Cohasset does not equal or~~
14 ~~exceed 1.2 times the Fully Amortized Tri Counties Payment on the due date of the twelfth (12th)~~
15 ~~interest payment following the Effective Date, then Tri Counties Bank shall continue to receive~~
16 ~~interest payments as set forth in Subsection (iii), and the entire remaining balance of principal of,~~
17 ~~and interest on, the Allowed Claim in Class A-1 shall be due and payable on fifteenth (15th) day of~~
18 ~~the month which includes the second (2nd) anniversary of the Effective Date;~~

19 (ii) Interest on such Allowed Claim from the Effective Date of this Plan through
20 the last day of the twelfth (12th) full calendar month following the Effective Date at a rate of six
21 percent (6%) per annum, compounded monthly, and interest thereafter at a rate of seven and
22 one-fourth percent (7¼%) per annum until the Allowed Claim in Class A-1 is satisfied in full;

23 (iii) Monthly payments equal to the Fully Amortized Tri Counties Payment for
24 such claim commencing on the last day of the first full calendar month following the Effective Date;

25 (iv) The entire remaining balance of the Allowed Claim in Class A-1 and all
26

1 accrued and unpaid interest shall be due and payable on the last day of the seventy-second (72nd) full
2 calendar month following the Effective Date.

3 ~~(vi)(v)~~ Notwithstanding any of the foregoing provisions for payments on the Allowed
4 Claim in Class A-1, the entire balance of principal and interest shall be due and payable at the close
5 of escrow on any sale of 3211 Cohasset, except that no prepayment fee shall be payable to Tri
6 Counties Bank if the loan is paid due to a sale of 3211 Cohasset; and

7 ~~(vi)(vi)~~ Except as modified hereby, all terms of the Tri Counties Loan
8 Documents relating to 3211 Cohasset shall remain in full force and effect, except that no acts,
9 events, or conditions on or prior to the Effective Date shall be grounds to declare the Debtor to be in
10 default on its obligations to Tri Counties Bank, and the Debtor is not in default under such loan
11 documents as of the Effective Date.

12 **(b) Class A-2 (Tri Counties Bank - 3221 Cohasset Road)**

13 Class A-2 is impaired under this Plan. On account of the Allowed Claim in Class A-2, Tri
14 Counties Bank shall receive:

15 (i) Retention of its lien on 3221 Cohasset pursuant to the Tri Counties Loan
16 Documents relating thereto (other than any terms inconsistent with the provisions set forth herein);

17 ~~(ii) Interest on such Allowed Claim from the Effective Date of this Plan at a~~
18 ~~variable rate equal to the greater of (A) six percent (6%) per annum or (B) one percent (1%) greater~~
19 ~~than the Prime Rate in effect on the date on which each payment is due under subsection (iii);~~
20 ~~provided, however, that such interest rate shall not exceed eight percent (8%) per annum at any time;~~

21 ~~(iii) Payments of all interest accrued through the end of the preceding calendar~~
22 ~~month on the fifteenth (15th) day of each month which begins after the Effective Date until the~~
23 ~~twelfth (12th) payment following the Effective Date, which shall be the only payments required~~
24 ~~through the twelfth (12th) payment following the Effective Date;~~

25 ~~(iv) If the Net Cash Flow to the Debtor from 3221 Cohasset on the due date of the~~

1 ~~twelfth (12th) interest payment following the Effective Date equals or exceeds 1.2 times the Fully~~
2 ~~Amortized Tri Counties Payment, then Tri Counties Bank shall receive the Fully Amortized Tri~~
3 ~~Counties Payment on the fifteenth (15th) day of each month thereafter, commencing with the~~
4 ~~thirteenth (13th) month following the Effective Date, and the entire remaining balance of principal~~
5 ~~of, and interest on, the Allowed Claim in Class A-2 shall be due and payable on fifteenth (15th) day~~
6 ~~of the month which includes the twenty-fifth (25th) anniversary of the Effective Date;~~

7 ~~(v) If the Net Cash Flow to the Debtor from 3211 Cohasset does not equal or~~
8 ~~exceed 1.2 times the Fully Amortized Tri Counties Payment on the due date of the twelfth (12th)~~
9 ~~interest payment following the Effective Date, then Tri Counties Bank shall continue to receive~~
10 ~~interest payments as set forth in Subsection (iii), and the entire remaining balance of principal of,~~
11 ~~and interest on, the Allowed Claim in Class A-2 shall be due and payable on fifteenth (15th) day of~~
12 ~~the month which includes the second (2nd) anniversary of the Effective Date;~~

13 (ii) Interest on such Allowed Claim from the Effective Date of this Plan through
14 the last day of the twelfth (12th) full calendar month following the Effective Date at a rate of six
15 percent (6%) per annum, compounded monthly, and interest thereafter at a rate of seven and
16 one-fourth percent (7¼%) per annum until the Allowed Claim in Class A-2 is satisfied in full;

17 (iii) Monthly payments equal to the Fully Amortized Tri Counties Payment for
18 such claim commencing on the last day of the first full calendar month following the Effective Date;

19 (iv) The entire remaining balance of the Allowed Claim in Class A-2 and all
20 accrued and unpaid interest shall be due and payable on the last day of the seventy-second (72nd) full
21 calendar month following the Effective Date.

22 ~~(vi)(v)~~ Notwithstanding any of the foregoing provisions for payments on the Allowed
23 Claim in Class A-2, the entire balance of principal and interest shall be due and payable at the close
24 of escrow on any sale of 3221 Cohasset, except that no prepayment fee shall be payable to Tri
25 Counties Bank if the loan is paid due to a sale of 3221 Cohasset; and

1 ~~(vii)~~(vi) Except as modified hereby, all terms of the Tri Counties Loan
2 Documents relating to 3221 Cohasset shall remain in full force and effect, except that no acts,
3 events, or conditions on or prior to the Effective Date shall be grounds to declare the Debtor to be in
4 default on its obligations to Tri Counties Bank, and the Debtor is not in default under such loan
5 documents as of the Effective Date.

6 **(c) Class A-3 (Tri Counties Bank – Lot 57)**

7 Class A-3 is impaired under this Plan. On account of the Allowed Claim in Class A-3, Tri
8 Counties Bank shall receive:

9 (i) Retention of its lien on Lot 57 on the terms (other than any terms inconsistent
10 with the provisions set forth herein) set forth in the Tri Counties Loan Documents relating to Lot 57;

11 (ii) Interest on such Allowed Claim from the Effective Date of this Plan at a
12 ~~variable rate equal to the greater of (A) six percent (6%) per annum or (B) one percent (1%) greater~~
13 ~~than the Prime Rate in effect on the date on which each payment is due under subsection (iii),~~
14 ~~provided, however, that such interest rate shall not exceed eight percent (8%) per annum at any time,~~
15 compounded monthly;

16 (iii) Payments of all interest accrued through the end of the preceding calendar
17 month on the fifteenth (15th) day of each month which begins after the Effective Date;

18 (iv) Such Allowed Claim and all accrued and unpaid interest thereon shall be paid
19 in full on the earlier of (A) close of escrow on any sale of Lot 57 or (B) ~~the last day of the 24th full~~
20 ~~calendar month following the Effective Date~~ on August 31, 2010;

21 (v) Otherwise, all terms of the Tri Counties Loan Documents relating to Lot 57
22 shall remain in full force and effect, except that no acts, conditions or events on or prior to the
23 Effective Date shall be grounds to declare the Debtor to be in default under its obligations to Tri
24 Counties Bank, and the Debtor is not in default under such loan documents as of the Effective Date.

1 **(d) Class A-4 (Umpqua Bank – Belvedere Loan)**

2 Class A-4 is impaired under this Plan. Umpqua Bank shall have an Allowed Claim in Class
3 A-4 in the amount of \$10,137,661.13. On account of the Allowed Claim in Class A-3, Umpqua
4 Bank shall receive:

5 (i) Retention of its lien on the Belvedere Heights Subdivision on the terms set
6 forth in the Belvedere Deed of Trust (other than any terms inconsistent with the provisions set forth
7 in this Plan);

8 (ii) Interest on such Allowed Claim from ~~August 1, 2009, the first day of the~~
9 month which includes the Effective Date, at a rate equal to the Prime Rate on the Effective Date,
10 compounded monthly; such rate shall be adjusted as of the first day of each calendar quarter which
11 begins after the Effective Date to the Prime Rate in effect on such date, provided that the rate of
12 interest on such Allowed Claim shall not exceed eight percent (8%) per annum and, after the first
13 anniversary of the Effective Date, and shall not be less than four percent (4%) per annum;

14 (iii) Payments on such Allowed Claim as follows:

15 (A) Upon the sale or refinancing of each lot within the Belvedere Heights
16 Subdivision that is encumbered by the Belvedere Deed of Trust, the Debtor shall pay the
17 amount of the Release Price for such lot to Umpqua Bank, plus customary demand and
18 reconveyance fees. All payments made after August 1, 2009, shall be applied to the
19 principal amount of the foregoing Allowed Claim until the entire principal amount of the
20 Allowed Claim in Class A-4 is paid in full, then payments shall be applied to accrued and
21 unpaid interest, then to any other charges allowable under the documents evidencing the
22 Allowed Claim in Class A-4;

23 (B) Upon receipt by Umpqua Bank of each such payment, its lien on the
24 subject lot shall be extinguished in accordance with Section 5.7 hereof;

25 (C) If the principal balance of the Allowed Claim in Class A-4 is reduced,
26

1 through the payments pursuant to Subsection (A) or otherwise, to the amounts shown in the
 2 following table by the “Milestone Dates” shown in such table, the entire remaining balance
 3 of principal and interest of the Allowed Claim in Class A-4 shall be due and payable on
 4 ~~September 30~~ December 31, 2012:

<u>Milestone Date</u>	<u>Maximum Balance</u>
December <u>March 31,</u> 2009 <u>2010</u>	\$9,900,000
June <u>September 30, 2010</u>	\$9,600,000
December <u>March 31,</u> 2010 <u>2011</u>	\$8,700,000
June <u>September 30, 2011</u>	\$7,700,000
December <u>March 31,</u> 2011 <u>2012</u>	\$6,800,000
June <u>September 30, 2012</u>	\$5,400,000

11 (D) If the principal balance of the Allowed Claim in Class A-4 is not
 12 reduced, through the payments pursuant to Subsection (A) or otherwise, to the amount
 13 shown for any “Milestone Date” in the foregoing table by such date, the entire remaining
 14 balance of principal and interest of the Allowed Claim in Class A-4 shall be due on the
 15 twentieth (20th) day after delivery of written demand therefor by Umpqua Bank, which
 16 demand may only be given after the applicable missed Milestone Date; if not paid by such
 17 due date, Umpqua Bank shall be immediately relieved, without further order of the
 18 Bankruptcy Court, from the post-Confirmation injunction of Sections 1141 and 524 of the
 19 Bankruptcy Code as to the Belvedere Loan and the Belvedere Heights Subdivision, and
 20 Umpqua Bank may thereafter exercise all of its rights under the Belvedere Deed of Trust and
 21 applicable non-bankruptcy law.

22 (iv) Confirmation of this Plan shall not be deemed to cure any outstanding events
 23 of default under the documents evidencing the Belvedere Loan and any notices of default recorded
 24 for the benefit of Umpqua Bank shall remain in effect for all purposes under California mortgage
 25
 26

1 foreclosure law; provided that no acts, conditions or events on or prior to the Effective Date shall be
2 grounds to permit Umpqua Bank to exercise any further remedies arising from an event of default
3 with respect to the Belvedere Loan;

4 (v) In the event that, after Confirmation, the Debtor or any partnership with an
5 interest in the Belvedere Heights Subdivision commences a case under the Code, Umpqua Bank
6 shall be entitled to immediate relief from the automatic stay under Section 362 of the Code upon
7 motion or other application therefor in such case, and the Debtor shall not oppose such motion,
8 either in its own capacity or in its capacity as debtor-in-possession in such case;

9 (vi) As of the Effective Date, ~~all guarantors and parties obligated to Umpqua Bank~~
10 ~~with respect to conditioned on the Belvedere Loan other than execution and delivery of a Mutual~~
11 ~~Release Agreement by each of the Debtor Fully Released Guarantors, each Fully Released~~
12 ~~Guarantor who executes a Mutual Release Agreement shall be released from all of their his or her~~
13 ~~obligations relating in any way to the Belvedere Loan; The failure of any Fully Released Guarantor~~
14 ~~to execute and deliver a Mutual Release Agreement and the failure of any Partially Released~~
15 ~~Guarantor to execute and deliver a Release and Reaffirmation Agreement shall not affect the validity~~
16 ~~and enforceability of any Mutual Release Agreement executed and delivered by any other Fully~~
17 ~~Released Guarantor.~~

18 (vii) ~~The Partially Released Guarantors shall remain liable to Umpqua Bank for the~~
19 ~~obligations of Debtor under the Belvedere Loan pursuant to any guaranties previously executed by~~
20 ~~such Partially Released Guarantors;~~

21 ~~(vii)(viii)~~ Otherwise, all terms of the documents evidencing the Belvedere Loan
22 shall remain in full force and effect.

23 **(e) Class A-5 (Umpqua Bank – Fleetwood Loans)**

24 Class A-5 is impaired under this Plan. On account and in full satisfaction of the Allowed
25 Claims in Class A-5:

1 (i) ~~The Subject to the conditions set forth herein, on the Fleetwood Transfer~~
2 ~~Date, the Debtor shall transfer to Umpqua Bank all of its rights, title and interest in and to the~~
3 ~~Fleetwood Property, "as-is" and without warranties, to Umpqua Bank as of the Effective Date. The~~
4 ~~transfer of title to the Fleetwood Property shall be free and clear of all liens, claims, encumbrances~~
5 ~~and title exceptions, except for the following Fleetwood Approved Exceptions: exception numbers~~
6 ~~1 through 11 and 16 through 2523 as shown on the Fleetwood Title Report issued by Fidelity Title~~
7 ~~with respect to the Fleetwood Property under Title Order No. 09-224187-GH, a true and correct copy~~
8 ~~of which is attached hereto as Exhibit D. Upon the request of Umpqua Bank, the Debtor shall~~
9 ~~execute and deliver to Umpqua Bank a grant deed or other deed as may be reasonably required by~~
10 ~~Umpqua Bank or Fidelity Title to evidence the transfer of title to the Fleetwood Property to Umpqua~~
11 ~~Bank as set forth in this Plan. Umpqua Bank shall to the Plan Supplement. On the Transfer Date,~~
12 ~~the Debtor shall execute and deliver to Umpqua Bank a Deed to effectuate and evidence such~~
13 ~~transfer. Umpqua Bank shall bear all recording costs, title insurance premiums and other fees and~~
14 ~~expenses incurred by Fidelity Title in connection with such transfer.~~

15 (ii) ~~Umpqua Bank shall be under no obligation to accept the transfer of title to the~~
16 ~~Fleetwood Property Deed unless and until Fidelity Title is committed to issue a Title Commitment to~~
17 ~~Umpqua Bank with respect all of the Fleetwood Transfer Conditions are met prior to the Fleetwood~~
18 ~~Property; all expenses relating to the transfer of title shall be borne Transfer Date;~~

19 ~~(iii) If the Fleetwood Transfer Conditions have not been satisfied by Umpqua~~
20 ~~Bank;~~

21 ~~(ii)(iii) In the alternative, if Umpqua Bank is unable to obtain a Title Commitment~~
22 ~~with respect to the Fleetwood Property within thirty (30) days after the Effective Transfer Date, then~~
23 ~~Umpqua Bank shall be under no obligation to accept the Fleetwood Deed and, on that date, the~~
24 ~~Umpqua Bank shall be relieved from the post-confirmation injunction of Sections 1141 and 524 of~~
25 ~~the Code as to the Fleetwood Loans and the Fleetwood Property and, Umpqua Bank may exercise all~~

1 of its rights under the Fleetwood A&D Deed of Trust, the Fleetwood Construction Deed of Trust,
2 and applicable non-bankruptcy law; and

3 ~~(iii)(iv)~~ Regardless of the manner of disposition of whether the Fleetwood Property
4 ~~under the preceding is transferred pursuant to subsection (i) or (ii)(i) above,~~ as of the Effective Date,
5 the Debtor and all guarantors and other parties obligated to Umpqua Bank with respect to the
6 Fleetwood Loans, each Fully Released Guarantor who executes a Mutual Release Agreement, and
7 each Partially Released Guarantor who executes a Reaffirmation and Release Agreement shall each
8 be released from all of their its obligations relating in any way to the Fleetwood Loans A&D Loan
9 and the Fleetwood Construction Loan.

10 **(f) Class A-6 (Umpqua Bank – Montebello Loan)**

11 Class A-6 is impaired under this Plan. On account and in full satisfaction of the Allowed
12 Claims in Class A-6:

13 ~~(xi)(v)~~ The Subject to the conditions set forth herein, on the Montebello Transfer
14 Date, the Debtor shall transfer to Umpqua Bank all of its rights, title and interest in and to the
15 Montebello Property, “as-is” and without warranties, to Umpqua Bank as of the Effective Date. The
16 transfer of title to the Montebello Property shall be free and clear of all liens, claims, encumbrances
17 and title exceptions, except for the following Montebello Approved Exceptions: exception numbers
18 1 through 13 and 15 17 as shown on the Montebello Title Report issued by Fidelity Title with respect
19 to the Montebello Property under Title Order No. 09-602353-LF, a true and correct copy of which is
20 attached hereto as Exhibit E. Upon the request of Umpqua Bank, the Debtor shall execute and
21 deliver to Umpqua Bank a grant deed or other deed as may be reasonably required by Umpqua Bank
22 or Fidelity Title to evidence the transfer of title to the Montebello Property to Umpqua Bank as set
23 forth in this Plan. Umpqua Bank shall be under no obligation to accept the transfer of title to the
24 Montebello Property unless and until Fidelity Title is committed to issue a Title Commitment to
25 Umpqua Bank with respect to the Montebello Property; all expenses relating to the transfer of title

1 ~~shall be borne by Umpqua Bank, to the Plan Supplement. On the Montebello Transfer Date, the~~
2 ~~Debtor shall execute and deliver to Umpqua Bank a Deed to effectuate and evidence such transfer;~~
3 ~~Umpqua Bank shall bear all recording costs, title insurance premiums and other fees and expenses~~
4 ~~incurred by Fidelity Title in connection with such transfer;~~

5 (vi) ~~In the alternative, if Umpqua Bank is unable to obtain a Title Commitment~~
6 ~~with respect to the Montebello Property within thirty (30) days after the Effective~~Umpqua Bank
7 ~~shall be under no obligation to accept the Montebello Deed unless and until all of the Montebello~~
8 ~~Transfer Conditions are met prior to the Montebello Transfer Date;~~

9 ~~(ii)(vii) If the Montebello Transfer Conditions have not been satisfied by the~~
10 ~~Montebello Transfer Date, then Umpqua Bank shall be under no obligation to accept the Montebello~~
11 ~~Deed and, on that date, the Umpqua Bank shall be relieved from the post-confirmation injunction of~~
12 ~~Sections 1141 and 524 of the Code as to the Montebello Loan and the Montebello Property and~~
13 ~~Umpqua Bank may exercise all of its rights under the Montebello Deed of Trust, and applicable~~
14 ~~non-bankruptcy law; and~~

15 ~~(iii)(viii) Regardless of the manner of disposition of whether the Montebello~~
16 ~~Property under the preceding is transferred pursuant to subsection (i) or (ii) above, as of the~~
17 ~~Effective Date, the Debtor and all guarantors and other parties obligated to Umpqua Bank with~~
18 ~~respect to the Montebello Loan, each Fully Released Guarantor who executes a Mutual Release~~
19 ~~Agreement, and each Partially Released Guarantor who executes a Reaffirmation and Release~~
20 ~~Agreement shall each be released from all of their obligations relating in any way to the~~
21 ~~Montebello Loan.~~

22 **(g) Class A-7 (Umpqua Bank – Cielo Vista Loan)**

23 Class A-7 is impaired under this Plan. On account and in full satisfaction of the Allowed
24 Claims in Class A-7:

25 (i) ~~The Subject to the conditions set forth herein, on the Cielo Vista Property~~

1 ~~Transfer Date, the Debtor and Martin Luger shall transfer to Umpqua Bank all of its right~~their rights,
2 title and interest in and to the Cielo Vista Property, “as-is” and without warranties, to Umpqua Bank
3 ~~as of the Effective Date. The transfer of title to the Cielo Vista Property shall be free and clear of all~~
4 liens, claims, encumbrances and title exceptions, except for the following Cielo Vista Property
5 Approved Exceptions: exception numbers 1 through 4 and 6 through 11-8 as shown on the Cielo
6 Vista Property Title Report issued by Fidelity Title with respect to the Cielo Vista Property under
7 Title Order No. 09-224186-GH, a true and correct copy of which is attached hereto as Exhibit F-
8 ~~Upon the request of Umpqua Bank, the Debtor shall execute and deliver to Umpqua Bank a grant~~
9 ~~deed or other deed as may be reasonably required by Umpqua Bank or Fidelity Title to evidence the~~
10 ~~transfer of title to the Cielo Vista Property to Umpqua Bank as set forth in this Plan. Umpqua Bank~~
11 ~~shall be under no obligation to accept the transfer of title to the Cielo Vista Property unless and until~~
12 ~~Fidelity Title is committed to issue a Title Commitment to Umpqua Bank with respect to to the Plan~~
13 ~~Supplement. On the Cielo Vista Property Transfer Date, the Debtor shall execute and deliver to~~
14 ~~Umpqua Bank a Deed to effectuate and evidence such transfer. Umpqua Bank shall bear all~~
15 ~~recording costs, title insurance premiums and other fees and expenses incurred by Fidelity Title in~~
16 ~~connection with such transfer.~~

17 (ii) Umpqua Bank shall be under no obligation to accept the Cielo Vista Property
18 Deed unless and until all of the Cielo Vista Property Transfer Conditions are met prior to the Cielo
19 Vista Property Transfer Date:

20 (xiv) ~~If the Cielo Vista Property, all expenses relating to the transfer of title shall be~~
21 ~~borne~~ Transfer Conditions have not been satisfied by Umpqua Bank;

22 (v)(iii) ~~In the alternative, if Umpqua Bank is unable to obtain a Title Commitment~~
23 ~~with respect to the Cielo Vista Property within thirty (30) days after the Effective Transfer Date, then~~
24 Umpqua Bank shall be under no obligation to accept the Cielo Vista Property Deed and, on that
25 date, the Umpqua Bank shall be relieved from the post--confirmation injunction of Sections 1141

1 and 524 of the Code as to the Cielo Vista Loan and the Cielo Vista Property and Umpqua Bank may
2 exercise all of its rights under the Cielo Vista Deed of Trust, and applicable non-bankruptcy law;
3 and

4 ~~(vi)(iv)~~ Regardless of the manner of disposition of whether the Cielo Vista Property
5 under the preceding is transferred pursuant to subsection (i) or (ii) above, as of the Effective Date,
6 the Debtor and all guarantors and other parties obligated to Umpqua Bank with respect to the Cielo
7 Vista Loan, each Fully Released Guarantor who executes a Mutual Release Agreement, and each
8 Partially Released Guarantor who executes a Reaffirmation and Release Agreement shall each be
9 released from all of ~~their~~ its obligations relating in any way to the Cielo Vista Loan.

10 **(h) Class A-8 (~~Caterpillar Financial~~) AICCO, Inc.**

11 Class A-8 is not impaired under this Plan. ~~On account of its Allowed Claim in Class A-8,~~
12 ~~Caterpillar Financial shall receive:~~ The legal, equitable or contractual rights of AICCO, Inc. with
13 respect to its claim in Class A-8 shall remain unaltered by this Plan.

14 ~~(xvii) Retention of its lien on the Caterpillar Telescopic Handler subject to its~~
15 ~~prepetition Installment Sale Contract with the Debtor;~~

16 ~~(xviii) Interest on its Allowed Claim at the rate of nine percent (9%) per annum; and~~

17 ~~(xix) Payments of principal and interest on its Allowed Claim of \$1,342.55 per~~
18 ~~month commencing on the first day of the first full calendar month after the Effective Date and~~
19 ~~continuing until the entire balance of principal and interest are paid in full; and~~

20 ~~All terms of such Installment Sale Contract (except any terms that are inconsistent with the~~
21 ~~terms of this Plan) shall remain in full force and effect, except that no acts, events or conditions on~~
22 ~~or prior to the Effective Date shall be grounds to declare the Debtor to be in default on its~~
23 ~~obligations to Caterpillar Financial with respect to such loan, and the Debtor shall be deemed to not~~
24 ~~be in default on the Effective Date.~~

1 **(i) Class A-9 (AICCO, Inc.) ~~Butte County – Retained Properties~~**

2 Class A-9 is ~~not~~ impaired under this Plan. ~~The legal, equitable or contractual rights~~ On
3 ~~account of AICCO, Inc. with respect to its claim~~ Allowed Claims in Class A-9 shall remain unaltered
4 ~~by this Plan.~~

5 ~~(j) Class A-10 (Butte County – Retained Properties)~~

6 ~~Class A-10 is impaired under this Plan. On account of its Allowed Claims in Class A-10,~~
7 Butte County, California, shall receive:

8 (i) Retention by Butte County of each of its liens on the portions of the
9 Belvedere Heights Subdivision, 3211 Cohasset and 3221 Cohasset owned or controlled by the
10 Debtor on the Effective Date that were encumbered by such liens on the Petition Date;

11 (ii) Such Allowed Claims shall bear interest from the Effective Date of this Plan
12 at the rate provided therefor under applicable nonbankruptcy law in effect on the Effective Date;

13 (iii) Such Allowed Claims shall be paid as follows:

14 (A) Commencing on the last day of the first calendar quarter that begins
15 after the Effective Date, the Debtor shall pay an amount on each Allowed Claim in Class
16 A-~~10~~ that will cause the amount of such Allowed Claim plus interest thereon calculated in
17 accordance with Subsection (ii) to be fully paid in twelve (12) equal quarterly payments;

18 (B) At closing of the sale of (or refinancing of any loan encumbering)
19 each lot in the Belvedere Heights Subdivision, Butte County shall receive full payment of
20 principal and interest of its Allowed Claim in Class A-~~10~~ secured by that lot; and

21 (C) At the closing of any sale of (or refinancing of any loan encumbering)
22 3211 Cohasset or 3221 Cohasset, Butte County shall receive full payment of its Allowed
23 Claim in Class A-~~10~~ secured by the property sold.

24 ~~(k)(i) Class A-110 (Butte County – Transferred Properties)~~

25 Class A-~~110~~ is not impaired under the Plan. On account of its Allowed Claims in Class A-

1 ~~4.10~~ Butte County shall receive from Umpqua Bank full payment of such Allowed Claims upon the
2 transfer of each of the Fleetwood Property and the Cielo Vista Property to Umpqua Bank under this
3 Plan.

4 ~~4.11~~ **Class A-1211 (Tehama County)**

5 Class A-~~1211~~ is not impaired under this Plan. On account of its Allowed Claim in Class A-
6 ~~1211~~, Tehama County shall receive from Umpqua Bank full payment of its Allowed Claim upon the
7 transfer of the Montebello Property to Umpqua Bank under this Plan.

8 **4.2 Nonpriority Unsecured Claims**

9 **(a) Class B-1 (Unsecured Trade Claims)**

10 Class B-1 is impaired under this Plan. On account of its claim in Class B-1, each holder of
11 an Allowed Unsecured Trade Claim shall receive full payment of such Allowed Claim, ~~together with~~
12 ~~interest thereon at a rate of five percent (5%) per annum.~~ Commencing on the fifteenth (15th) day of
13 October 2010 and continuing on the fifteenth (15th) day of the first month of each calendar quarter
14 thereafter, the Debtor shall make payments to the holders of Allowed Unsecured Trade Claims in an
15 aggregate amount equal to fifty percent (50%) of the Debtor's Net Operating Cash Flow for the
16 preceding calendar quarter if the Net Operating Cash Flow for such quarter is a positive amount.
17 Payments shall be allocated Pro Rata among all Allowed Unsecured Trade Claims, and they shall
18 first be applied to the principal of such Allowed Unsecured Trade Claims, then to accrued and
19 unpaid interest. Such payments shall continue until all Allowed Unsecured Trade Claims and
20 interest thereon are paid in full.

21 **(b) Class B-2 (Lenders' Unsecured Claims)**

22 Class B-2 is impaired under this Plan. On account of its claim in Class B-2, each Lender
23 shall receive full payment of its Allowed Claim, ~~together with interest thereon at a rate of five~~
24 ~~percent (5%) per annum.~~ Commencing on the fifteenth (15th) day of the first month of the calendar
25 quarter following full payment of all Allowed Claims in Class B-1, the Debtor shall make payments
26

1 to the Lenders in an aggregate amount equal to fifty percent (50%) of the Debtor's Net Operating
2 Cash Flow for the preceding calendar quarter if the Net Operating Cash Flow for such quarter is a
3 positive amount. Payments shall be allocated Pro Rata among all Allowed Claims held by the
4 Lenders, and shall first be applied to the principal of such Allowed Claims, then to accrued and
5 unpaid interest. Such payments shall continue until all Allowed Claims held by Lenders and interest
6 thereon are paid in full.

7 **4.3 Shareholder Interests (Class C)**

8 Interests in Class C are not impaired under the Plan. The legal, equitable, and contractual
9 rights to which the holders of Allowed Interests in Class C are entitled shall remain unaltered by the
10 Plan.

11 **5. MEANS FOR IMPLEMENTATION OF THE PLAN**

12 **5.1 Operation of Commercial Properties**

13 From and after the Effective Date, the Debtor shall continue to manage the operation of 3211
14 Cohasset and 3221 Cohasset. The Debtor shall retain full power and authority to sell or lease all or
15 portions of such properties in the ordinary course of its business or otherwise, subject to the
16 requirements the Tri Counties Loan Documents (as modified by this Plan) and this Plan.

17 **5.2 Construction and Sale of Homes and Subdivision Lots**

18 From and after the Effective Date, the Debtor shall retain full power and authority to
19 construct homes on, and otherwise develop, the Belvedere Heights Subdivision, to make such other
20 changes or improvements to those properties, and to sell or lease all or portions of such property as
21 the Debtor believes to be commercially reasonable, subject to the requirements of the Debtor's
22 agreements with Umpqua Bank governing such properties (as modified by this Plan), the Belvedere
23 Partnership Agreement, and this Plan.

24 **5.3 Transfers of Properties on the Effective Date**

25 The Debtor and each of its duly appointed officers is hereby authorized to execute,
26

1 acknowledge and deliver all such documents and instruments as may be reasonably requested by
2 Fidelity Title or Umpqua Bank to effectuate the transfer of title to the Fleetwood Property, the
3 Montebello Property and/or the Cielo Vista Property, and to any take all other actions, at the
4 transferee's expense, that the Debtor or any of its duly appointed officers considers necessary or
5 appropriate to consummate such transfers.

6 **5.4 Disputed Claims**

7 **(a) Reserve for Disputed Claims**

8 When any Distribution is to be made to holders of claims in Class B-1 or B-2, the Debtor
9 shall withhold in the Claims Reserve any amount that would be distributed to the holder of a
10 Disputed Claim if it were an Allowed Claim. The amount withheld shall be (i) an amount the Debtor
11 and the holder of the Disputed Claim agree should be withheld, (ii) the Distribution that would have
12 been made if the Allowed amount of the claim were (A) the amount claimed by the holder in its
13 proof of claim filed or deemed filed in the Chapter 11 Case if such proof of claim asserts a fixed,
14 liquidated sum or (B) the amount shown in the Debtor's Schedules filed pursuant to Fed. R. Bankr.
15 P. 1007 if such amount is a fixed, liquidated sum and no proof of claim is filed, or (iii) the amount
16 estimated by the Bankruptcy Court upon a motion brought on not less than fourteen days notice to
17 the affected parties and a hearing under LBR 9014-1. Such amount shall be retained in the Claims
18 Reserve until the allowability of such claim is resolved. After such claim is resolved, the funds in
19 the Claims Reserve not paid to the holder of the claim may be transferred to the Debtor's general
20 accounts and used in the operation of its business.

21 **(b) Distributions on Disputed Claims**

22 To the extent that a Disputed, contingent or unliquidated claim in Class B-1 or B-2 is
23 determined to be an Allowed Claim after one or more Distributions have been made hereunder, then
24 within 30 days after the Debtor has notice that a claim in Class B-1 or B-2 has become an Allowed
25 Claim, the Debtor shall distribute Cash to its holder from the Claims Reserve in an amount equal to
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1 (i) the Distribution the Debtor would have made to the holder if the claim had been an Allowed
2 Claim at the time such Distributions were made and (ii) Plan Interest thereon, accruing from the date
3 each such Distribution would have been made.

4 **5.5 Amendment to Articles of Incorporation**

5 Not later than 90 days after the Effective Date, the Debtor shall amend its articles of
6 incorporation to the extent necessary to prohibit the issuance of nonvoting equity securities.

7 **5.6 Post-confirmation Management**

8 At Confirmation, Andrew Meghdadi shall be the sole director of the Debtor. At the first
9 regular meeting of shareholders following Confirmation, directors shall be elected in accordance
10 with the Debtor's articles and bylaws. He shall serve until his successor, if any, is elected or
11 appointed and qualified in accordance with the Debtor's articles of incorporation and bylaws. He
12 and his successors, if any, shall have all power and authority to execute all documents and take all
13 actions they deems necessary or appropriate to carry out the Debtor's duties under this Plan.

14 **5.7 Release of Liens and Interests**

15 Upon receipt of the full payment provided hereunder for any secured Allowed Claim (or
16 upon the occurrence of any other event or condition which terminates a party's lien on or other
17 interest in property of the Debtor), any party which has filed or recorded a notice, deed of trust,
18 financing statement, or other public statement of a lien on or interest in assets of the Debtor shall file
19 or record such notice, reconveyance, termination statement, or other public statement as is necessary
20 or appropriate to evidence the termination of the lien or interest formerly held by such party. In
21 addition, the Debtor is hereby appointed as the lawful attorney in fact for each party (other than
22 Umpqua Bank) whose lien or interest is terminated under this Plan with full power and authority to
23 execute, acknowledge, file and/or record on behalf of such holder any reconveyances, conveyances,
24 notices, termination statements, or other public statements necessary or appropriate to evidence
25 termination of such party's lien or interest.

1 In connection with releases of lots in the Belvedere Heights Subdivision, not later than
2 fifteen (15) business days after receipt of written notice that an escrow has been opened to transfer
3 any particular lot in the Subdivision, Umpqua Bank shall deposit into the escrow a demand for
4 payment of the Release Price for such lot set forth in Exhibit B to the Plan Supplement, and shall
5 concurrently execute, acknowledge and deliver to the escrow company a partial reconveyance and
6 all other documents and instruments reasonably requested by such company or the title insurer
7 insuring the purchaser's interest in the lot, which documents and instruments shall be conditioned
8 only on delivery to Umpqua Bank of the Release Price demanded.

9 **5.8 Post-confirmation U.S Trustee Reports and Fees**

10 The Debtor shall pay any fees due pursuant to 28 U.S.C. §1930 for each quarter which ends
11 after the Effective Date within 30 days following the end of each such quarter. In addition, the
12 Debtor shall file a report in the form attached ~~hereto~~ as Exhibit C to the Plan Supplement, and serve
13 a copy thereof on the office of the United States Trustee, Region 17, not later than the last day of the
14 month following the end of each quarter for which such fees are due.

15 **5.9 Validity of Corporate Actions**

16 Pursuant to §1400 of the California Corporations Code, Confirmation shall constitute due
17 authorization required for the full validity, enforceability, and effectiveness of all transactions
18 provided for in this Plan, notwithstanding any provisions of the California Corporations Code which
19 would otherwise require approval of such transactions by the Debtor's board of directors,
20 shareholders, or otherwise. Confirmation shall constitute authorization for the Debtor's President to
21 take all actions and execute, acknowledge, deliver and file or record all agreements, certificates,
22 notices, and other documents as he deems necessary or appropriate to consummate the transactions
23 provided for in this Plan.

24 **5.10 Post-confirmation Notices**

25 Except for notice of entry of the Confirmation Order, all notices required or permitted to be
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1 given to all creditors or other parties in interest pursuant to Rule 2002 shall be deemed appropriate
2 and in compliance with such rule if given only to the Debtor, the U.S. Trustee, Tri Counties Bank,
3 Umpqua Bank, any parties who filed and served upon the Debtor requests for special notice as to
4 matters relating to the Plan, and parties who, after Confirmation, serve upon the Debtor requests for
5 copies of post-confirmation notices.

6 **5.11 Bar Date for Administrative Claims**

7 All parties who assert claims entitled to priority under §507(a)(1) of the Code shall file
8 requests for payment of such claims, and serve copies thereof on the Debtor, not later than sixty (60)
9 days after mailing of the Confirmation Notice. Any claim asserting entitlement to such priority shall
10 be forever barred and not entitled to payment unless it is filed and served on or before such date.

11 **6. DISCHARGE**

12 Except as otherwise provided herein or in the Confirmation Order, Confirmation shall
13 discharge the Debtor from all debts that arose, or are treated under the Code as if they had arisen, at
14 any time before Confirmation. The discharge shall be effective as to each debt regardless of whether
15 a proof of claim therefor is filed or deemed filed, whether the claim is an Allowed Claim, or whether
16 the holder thereof accepts the Plan.

17 **7. CO-DEBTOR INJUNCTION**

18 So long as, but only so long as, the Debtor is in full compliance with its obligations to a
19 creditor under this Plan on account of such creditor's Allowed Claim, such creditor is hereby
20 enjoined from bringing any action or proceeding against any Protected Guarantor or his or her
21 property. This injunction shall not discharge the Protected Guarantor's obligations to the creditor or
22 otherwise modify any agreement between the creditor and the Protected Guarantor except for the
23 deferral of enforcement action in the preceding sentence. To the extent that any statute of
24 limitations may apply to the creditor's rights against a Protected Guarantor under applicable
25 non-bankruptcy law, such statute shall be tolled for any period during which the injunction of this
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1 section is in effect.

2 **8. RETENTION AND SETTLEMENT OF CLAIMS**

3 **8.1 Retention and Enforcement of Claims**

4 The Debtor shall retain and may enforce claims held by it or its estate, including claims
5 arising from the power, under the Code or otherwise, to avoid and recover transfers, except such
6 claims which have been waived, relinquished, or released hereunder.

7 **8.2 Settlement of Debtor/Guarantor Claims: Dissolution of Partnerships**

8 The Debtor and each Fully Released Guarantor are hereby authorized and directed to enter
9 into a Guarantor Release as of the Effective Date, and the Debtor (through its authorized agents) is
10 authorized to execute all documents and take all actions necessary to wind up and dissolve any
11 partnerships which hold interests in the Fleetwood Property, the Montebello Property and the Cielo
12 Vista Property.

13 **8.28.3 Settlement of Objections to Claims**

14 If a party has timely filed an objection to a claim, the party who filed the objection and the
15 holder of the Disputed Claim may enter into a written settlement agreement to compromise such
16 claim, which agreement, when filed with the Bankruptcy Court, will have the force and effect of a
17 Final Order.

18 **8.38.4 Stale Checks and Claim Waivers**

19 All checks constituting disbursement of amounts due under the Plan shall be drawn so as to
20 become automatically void if not cashed or otherwise negotiated within 90 days after issuance. If
21 any such check becomes void, the claim with respect to which the check was issued shall be deemed
22 withdrawn, and the funds corresponding to the withdrawn claim shall be disbursed according to this
23 Plan.

1 C. Determination of requests for payment entitled to priority under §507(a)(1) of the
2 Bankruptcy Code, including compensation of parties entitled thereto;

3 D. Resolution of controversies and disputes regarding interpretation of this Plan;

4 E. Implementation of the provisions of this Plan and entry of orders in aid of
5 confirmation of this Plan, including, without limitation, appropriate orders to protect the Debtor
6 from creditor action;

7 F. Modification of the Plan;

8 G. Adjudication of any causes of action, including avoiding powers actions, brought by
9 the Debtor; and

10 H. Entry of a final decree closing this case.

11 **12. REQUEST FOR CONFIRMATION**

12 If necessary, the Debtor requests Confirmation of this Plan pursuant to §1129(b) of the Code.

13 Dated: ~~July 17~~September 23, 2009

14 MBD, INC.

15 By: _____
16 Andrew Meghdadi, President

17 LAW OFFICES OF WILLIAM C. LEWIS,
18 Counsel for Debtor, MBD, Inc.

19 By: ~~/s/ William C. Lewis~~David S Caplan
20 _____
21 ~~William C. Lewis~~
~~David S Caplan~~