

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO**

In re:)	
)	Case No. 10-17709-SBB
MOUNTAIN RESORT PROPERTIES, LLC)	Chapter 11
EIN: 20-8017839,)	
)	
Debtor.)	

DISCLOSURE STATEMENT

Denver, Colorado

Date: August 2, 2010

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IMPORTANT! THIS IS A DISCLOSURE STATEMENT. IT CONTAINS INFORMATION THAT MAY BEAR ON YOUR DECISION TO ACCEPT OF REJECT A CHAPTER 11 PLAN OF REORGANIZATION PROPOSED BY THE DEBTOR. PLEASE READ THIS DOCUMENT WITH CARE.

The purpose of this statement is to disclose that information deemed by the Debtor to be material, important, and necessary for creditors to arrive at a reasonably informed decision in exercising their right to vote upon the Plan.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY.

Debtor:	Mountain Resort Properties, LLC
Plan Proponent:	Mountain Resort Properties, LLC
Plan Summary:	<p>The Plan contemplates Debtor's negotiation with its Secured Creditor to buy or restructure that creditor's claims. General Unsecured Creditors will be paid in full, just as tax claimants. Unsecured Creditors that are insiders of the Debtor will be paid nothing.</p> <p>THE PRECEDING IS MERELY A SUMMARY OF THE PROVISIONS OF THE PLAN AND IS NOT INTENDED AS A SUBSTITUTE FOR READING THE PLAN AND DISCLOSURE STATEMENT. PLEASE READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS HERETO IN THEIR ENTIRETY PRIOR TO VOTING ON THE PLAN. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THIS SUMMARY, OR THIS DISCLOSURE STATEMENT AND THE PLAN, THE PROVISIONS OF THE PLAN WILL CONTROL</p>
Vote Required:	Confirmation of the Plan requires the affirmative vote of two-thirds in amount and majority in number of Allowed Claims actually voting in each voting Class of Claims. The Court may nevertheless confirm the Plan if the Court finds that it accords fair and equitable treatment to the class or classes rejecting it.
Balloting and Confirmation	Ballots must be received by _____. A hearing on confirmation of the Plan will be held commencing at _____ before the United States Bankruptcy Court of the District of Colorado, 5 th Floor, U.S. Customs House, 721 19 th Street, Denver, CO 80202-2508, Courtroom _____. The hearing on confirmation of the Plan may be adjourned from time to time without further notice except as given in open court.
Effective Date	The Effective Date is fifteen days after Confirmation of the Plan.
Distribution	No distributions will be made under the Plan until after the Effective Date of the Plan.

ARTICLE I PURPOSE OF DISCLOSURE STATEMENT

A. Reorganization and Disclosure

On April 5, 2009, Mountain Resort Properties, LLC (“Debtor” or “MRP”) filed a voluntary petition for relief pursuant to Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Colorado (the “Bankruptcy Court”).

The Debtor has maintained its assets in the context of this proceeding as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code and have caused this Disclosure Statement (“Disclosure Statement”) to be prepared and filed in connection with their solicitation of acceptance of their plan of reorganization (“Plan”).

This Disclosure Statement is provided to all of the Debtor’s creditors and other parties in interest entitled to it under the Bankruptcy Code. This Disclosure Statement is intended to provide adequate information that would enable the typical creditor or other party in interest to make an informed decision to accept or reject the Plan. **YOU ARE ENCOURAGED TO READ THIS PLAN & DISCLOSURE STATEMENT AND ALL EXHIBITS THERETO IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN. BANKRUPTCY COURT APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT IMPLY BANKRUPTCY COURT APPROVAL OF THE PLAN. ADDITIONALLY, THIS DISCLOSURE STATEMENT HAS NEITHER BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, AND THE COMMISSION HAS NOT PASSED UPON THE ACCURACY OR INACCURACY OF ANY STATEMENTS CONTAINED IN THIS DOCUMENT.**

B. Voting on the Plan

Your vote on the Plan is important. The Plan can be implemented only if it is confirmed by the Bankruptcy Court. The Plan can be confirmed only if, among other things, it is accepted by the holders of two-thirds in amount and more than one-half in number of the Claims in at least one impaired Class who actually vote on the Plan. In the event the requisite acceptances are not obtained from the other impaired Classes, the Bankruptcy Court may nevertheless confirm the Plan if it finds that it is fair and equitable to the Class or Classes rejecting it. Under Section 1126(f) of the Bankruptcy Code, holders of unimpaired claims are deemed to have accepted the Plan.

You are not required to vote, but only those votes actually received by Debtor’s counsel on or before the date stated in the Bankruptcy Court’s order accompanying this Disclosure Statement will be counted, either for or against the Plan. Holders of Claims and interests in Classes which are not impaired, and holders of Claims which are not classified, are not entitled to vote.

The Bankruptcy Court will hold a hearing on Confirmation of the Plan and will then, among other things, determine the results of the vote. The date and time of that hearing also appears in the

Bankruptcy Court's order sent to you with this document. The date on which the Bankruptcy Court approves the Plan is hereinafter referred to as the "Confirmation Date," and the "Effective Date" is fifteen days after Confirmation.

ARTICLE II BACKGROUND

MRP is a California limited liability company formed on September 27, 2007 to hold title to certain real property in the Bachelor Gulch area of the Beaver Creek Resort (the "Property"). The Property is a single family house of roughly 10,000 square feet. It has five bedroom suites, each with its own bath and numerous amenities.

The Property was purchased in December 2006 for approximately \$7,350,000. The purchase was funded by Nicholas Marsch III ("Marsch"), who obtained mortgage financing through Alpine Bank ("Alpine"). At the time MRP filed for protection under Chapter 11 of the Bankruptcy Code, the amount Marsch and the Debtor owed to Alpine was approximately \$6,150,000. MRP also owed property taxes on the Property of \$40,307.40.

When Marsch purchased the Property for MRP, he intended to use it as an additional benefit available to residents and members of The Bridges at Rancho Santa Fe ("The Bridges"), a luxury community and private country club that Marsch helped to develop (see <http://www.thebridgessf.com>). The idea of this benefit was to provide the residents of the Bridges luxury properties in various resorts, which they could rent in lieu of their purchase of second or third homes to be used as vacation retreats. This plan of Marsch's worked for a time but eventually failed because fees from rentals were insufficient to fund the Property's debt service and other carrying costs. Moreover, Marsch and entities in which he held interests could no longer cover the shortfalls required to keep the Property financially afloat.

Beginning in or around 2006, Marsch became entangled in several lawsuits with companies affiliated with Lennar Corporation, a partner with Marsch in the development of The Bridges. These proceedings that included a one-year long trial in the Superior Court of San Diego County, Briarwood Capital, LLC v. Lennar Land Partners III, et al., (Case No. GIC 877446) (the "Bridges Litigation") were extremely costly. For Marsch, Lennar's strategy was to use its enormous resources to wage a war of attrition and force Marsch into submission. So, by the spring of 2009, Marsch's finances were depleted. The Bridges Litigation was set to go to trial in June 2009, and Marsch was in dire need of additional funding to pay for expert witnesses, court costs and other expenses.

Initially, Marsch sought funding that would be secured by the Property, which, as already noted, was greatly encumbered by Alpine. Unable to find junior secured financing, Marsch determined that it was necessary to sell the Property. In light of his urgent need for funding and the softness of the real estate market, Marsch agreed to transfer his membership interests in MRP to Jeffrey Sachs ("Sachs") and www.degreefraud.com, a company owned by Barry Minkow

(“Minkow”). The consideration for this transfer was \$850,000 in cash from Mr. Sachs and the forgiveness of Marsch’s indebtedness to Mr. Minkow for services rendered by one of his companies.

Messrs. Minkow and Sachs were represented by counsel in the transfer and sale and conducted substantial due diligence, including discussions with the property manager (East/West Resort Properties), meetings with Alpine, and an analysis of the rental income stream. Their attorney drafted a purchase and sale agreement. That agreement completely divested Marsch of any interest in MRP. Notably, the purchase and sale agreement contains an integration clause (**Exhibit A**).

Prior to Marsch’s transfer of his interest in MRP to Sachs and Minkow, Alpine had already begun foreclosure proceedings on the Property (Eagle County P.T. sale No. 200926815; NED filed December 16, 2009). The Public Trustee’s sale date was scheduled for April 14, 2010.

Just prior to the foreclosure sale date for the Property, Alpine offered six notes and accompanying deeds of trust for purchase, including its note and deed of trust encumbering the Property. An Offering Memorandum was made by Mission Capital Advisors on behalf of Alpine (**Exhibit B**). The Property, listed as Asset No. 6 in **Exhibit B** was sold to SOF-VIII Aspen - MRP, LLC, an affiliate of Starwood Capital Group, a hedge fund (“Starwood”).

MRP also holds free and clear a garage condominium at the Eagle County Airport in Gypsum, Colorado (the “Airport Garage”). While Marsch has contended that he purchased the Airport Garage with his own funds and is due from MRP the \$75,000 purchase price, an examination of Exhibit A shows that Marsch sold Minkow and Sachs 100% of his interests in MRP. These interest should include the Airport Garage. No additional consideration for the Airport Garage is mentioned in Exhibit A. Indeed, the only property excluded from the purchase and sale was the furnishings and other personal property listed in **ATTACHMENT C** to **Exhibit A**.

It was the imminent foreclosure sale of the Property that led to MRP’s filing this Chapter 11 proceeding. The sale of the encumbrances against the Property by Alpine to Starwood incurred the urgency of that filing, since MRP did not know at the time with whom it might deal concerning the disposition of the Property.

ARTICLE III OPERATIONS/ACTIVITY DURING BANKRUPTCY

A. Overview

Section 1107 of the Bankruptcy Code places the debtor in possession in the position of a fiduciary, with the rights and powers of a chapter 11 trustee, and it requires the debtor to perform all of the investigative functions and duties of a trustee. These duties, set forth in the Bankruptcy Code and Federal Rules of Bankruptcy Procedure, include accounting for property, examining and objecting to claims, and filing informational reports as required by the court and the U.S. Trustee or bankruptcy administrator (discussed below), such as monthly operating reports. 11 U.S.C. § 1106,

1107; Fed.R.Bankr.P. 2015(a). A debtor in possession also has many of the other powers and duties of a trustee, including the right, with the court's approval, to employ attorneys, accountants, appraisers, auctioneers, or other professional persons to assist the debtor during its bankruptcy case. Other responsibilities include filing tax returns and reports which are either necessary or ordered by the court after confirmation, such as a final accounting. The U.S. Trustee is responsible for monitoring the compliance of the debtor in possession with the reporting requirements.

B. Activities.

The Debtor has engaged in the following activities during the pendency of this case:

1. Maintaining the Estate. Payment of U.S. Trustee's fees have been made on a regular basis.

2. Financials. The Property has been sporadically rented during the case. None of the funds received, however, has been used for MRP's operating in light of Starwood's filing and serving a notice of its rights to control the estate's cash collateral pursuant to Section 546(b) of the Bankruptcy Code. MRP, through its Court-approved accountants, Q5, has submitted Monthly Operating Reports, as required. The Monthly Operating Reports are available for inspection upon request or by visiting the Bankruptcy Court's on-line filing site through PACER.

3. Motions filed in the Bankruptcy

a. Hiring Counsel. MRP filed a Motion to Approve F. Kelly Smith as its counsel in this proceeding and the retainer proffered by the Debtor in partial payment of his anticipated fees. An Order approving the appointment and retainer was entered on May 11, 2010, *nunc pro tunc* to April 7, 2010.

b. Hiring of Accountant. MRP filed a Motion to Employ Q5 Group, Inc. as its accountant on May 3, 2010. An Order granting this motion was entered on May 4, 2010.

4. Costs Incurred in Maintaining Debtor's Property. Through additional capital contributions by its members, MRP has been able to maintain the Property in a rentable condition. Since Alpine's encumbrances on the Property were purchased by an investment group that has made no demands for payments on its notes, MRP has made no mortgage or similar payments during the course of this case.

ARTICLE IV ASSETS

A. Summary of Assets

1. Secured Assets:

The Property owned by the Debtor was appraised as of June 10, 2010 at \$9,494,000. Debtor does not believe it has declined in value since then.

MRP also owns the Airport Garage, which was purchased for \$75,000 on February 15, 2007. Even in a generally soft real estate market, Debtor believes the value of the Airport Garage has appreciated in the past three years. No formal appraisal, however, has been conducted for this property.

2. Other Assets:

While the Debtor's most recent Balance Sheet lists notes due from entities related to Marsch, those notes should be deemed to be merged with the interests of Marsch that were purchased by Sachs and Minkow. Other listed assets on the Balance Sheet are accounting entries that do not reflect the actual value of MRP's assets.

ARTICLE V CLAIMS

A. Summary of Claims

The Bankruptcy Court defines a claim as : (1) a right to payment; (2) or a right to an equitable remedy for a failure of performance if the breach gives rise to a right to payments. 11 U.S.C. § 101(5). Generally, any creditor whose claim is not scheduled (*i.e.*, listed by the Debtor on the Debtor's schedules) or is scheduled as disputed, contingent, or unliquidated must file a proof of claim (and attach evidence documenting the claim) in order to be treated as a creditor for purposes of voting on the plan and distribution under it. Fed.R.Bankr.P 3003(c)(2). But filing a proof of claim is not necessary if the creditor's claim is scheduled (but is not listed as disputed, contingent, or unliquidated by the Debtor) because the Debtor's schedules are deemed to constitute evidence of the validity and amount of those claims. 11 U.S.C. § 1111. If a scheduled creditor chooses to file a claim, a properly filed proof of claim supersedes any scheduling of that claim. Fed.R.Bankr.P. 3003(c)(4). It is the responsibility of the creditor to determine whether the claim is accurately listed on the Debtor's schedules.

B. Secured Claims

Class 1. Starwood No. 1. Class 1 consists of the claim of Starwood secured by a first deed of trust encumbering the Property. The original first deed of trust was held by Alpine to secure a promissory note in the original principal amount of \$4,400,000. This deed of trust was assigned by Alpine by Starwood on March 31, 2010. The original principal amount of the promissory note underlying this deed of trust was \$4,400,000.

Class 2. Starwood No. 2. Class 2 consists of the allowed secured claim of Starwood, secured by a first deed of trust encumbering the Property. The original principal amount of the promissory note underlying this second deed of trust was \$1,500,000.

C. Unsecured Claims

Class 3. General Unsecured Claims. Class 3 consists of Allowed Unsecured Claims against the Debtor. The creditors having such claims and the approximate amounts thereof are listed below.

R & H Mechanical	\$ 3,000.00
East West Resorts, LLC	3,804.00

Class 4. Unsecured Claims of Insiders. Class 4 consists of unsecured claims of insiders against the Debtor. The creditors having such claims and the approximate amounts thereof are listed below.

Colony Properties International II, LLC	\$ 10,875.00
Colony Properties International, LLC	8,053.00
Colony Properties, LLC	340,202.00
degreefraud.com	2,500.00
Nicholas Marsch, III	161,228.00
LADCO, Ltd.	235,816.00

D. Unsecured Priority Tax Claims

Class 5. Eagle County, Colorado Assessor's Office. Class 5 consists of the unsecured priority claim owed by the Debtor for 2009 Property Taxes. Taxes due on the Property total \$40,207.

E. Administrative Claims

1. Attorney. F. Kelly Smith has performed services in representing the Debtor throughout this bankruptcy matter and in the preparation of the Plan and Disclosure Statement. Counsel's continued administrative work will consist of seeing the Plan through to confirmation, and

then closing the case. Counsel estimates that the total of the fees and costs that will comprise his administrative claim will be \$25,000.

2. Accountants. Q5 has performed accounting services for the Debtor since May 4, 2010. It will continue to perform those services throughout the course of this matter, including post-confirmation reporting requirements. The Debtor estimates that Q5's administrative claim will be \$4,000.

ARTICLE VI SUMMARY OF THE PLAN

A. Concept of the Plan

The concept is simple: MRP will negotiate with Starwood for the purchase of Starwood's positions encumbering the Property. Subsequent to MRP's reacquisition of the Property, allowed general unsecured, tax and administrative claims will be paid by the members of MRP.

B. Means for Implementing the Plan

Funds required to effectuate the Plan will come from Jeffrey Sachs, a member of MRP. Mr. Sachs' ability to make all required payments is illustrated in **Exhibit C**.

C. Vesting of Assets

On the Effective Date, pursuant to Sections 1141(b) and (c) of the Bankruptcy Code, all assets of the Debtors shall vest in the Reorganized Debtor free and clear of all Claims, charges and other interests of creditors, and all liens securing any Claims, except as may be provided in the Plan.

D. Distribution

1. Payment of Claims and Quarterly UST Fees. The Reorganized Debtor shall be responsible for paying all Claims. Administrative Claims have been provided for in the budget and the fees of professionals will be paid in full on the Effective Date unless otherwise agreed. The Reorganized Debtor shall pay Quarterly U.S. Trustee Fees when due, until the case is converted, dismissed or closed upon issuance of a final decree, and shall also submit the post-confirmation reports required by the United States Trustee's Operating Guideline and Reporting Requirements. Debtors anticipate their moving for a Final Decree within 30 days after their completion of all Plan payments. Current payments to the IRS and Colorado Department of Revenue, if any, shall be paid directly.

2. Distributee Information. Distributions shall be made by the Reorganized Debtor at the addresses set forth in the following documents: a) the proof of claim filed by the holder of an allowed Claim (or at the last known address of such holder if no proof of Claim is filed); b) a written

notice of address change delivered to the Debtor after the date of any related proof of claim or c) at the addresses reflected in the Debtor's statements and schedules if no proof of Claim has been filed and the Debtor has not received a written notice of change of address. The Reorganized Debtor may require any holder of an Allowed Claim entitled to a distribution to furnish an Employee Identification Number or Federal Tax Identification Number as assigned by the Internal Revenue Service, and the Reorganized Debtor may condition any distribution to such holder upon receipt of such identification number.

E. Disputed Claims

1. Disputed Claims. Unless already filed by the debtor-in-possession prior to Plan confirmation, objections to Claims shall be made only by the Reorganized Debtor. The Reorganized Debtor may, at any time up to the six (6) month anniversary of the Effective Date, file objections to any Claim that, in their opinion, should be rejected in whole or in part. The period within which to file such objections may be extended with Court approval. The objection procedure will apply, without limitation, to Claims arising from the rejection of executory contracts and unexpired leases. Upon the filing of such an objection, such Claim will be considered a Disputed Claim.

2. Allowance of Disputed Claims and Payment of Distribution. Upon the allowance of a Disputed Claim, by either compromise and settlement or by Final Order, the Reorganized Debtors shall promptly distribute to the holder of such Allowed Claim the distributions to which such holder would have been had the Claim been an Allowed Claim as of the Effective Date of the Plan, without interest. The Reorganized Debtor shall make future distributions on such Claim consistent with the timing and terms of distribution to other members of the same Class. No holder of a Disputed Claim shall be entitled to recover any distributions made to other holders of Allowed Claim regardless of any delay in obtaining an order allowing or estimating a Disputed Claim or unliquidated Claim.

3. Estimation of Disputed Claims. Any Disputed Claim may be estimated by the Court at any time, regardless of whether such Claim has been Allowed by the Court or another court, and regardless of whether any judgment or order with respect to such Claim is on appeal, for purposes of voting on the Plan, or making distributions under the Plan. It is incumbent upon the holder of a Claim to request such estimation of a Disputed Claim if such a holder desires to participate in voting or distribution.

F. Risks

The risks associated with the Plan are that the Debtor will fail to reach an acceptable restructuring of the debt now owed to Starwood.

G. General Provisions

1. Withdrawal of the Plan. The Plan may be withdrawn or revoked prior to the entry of the Confirmation Order, at the exclusive election of the Plan Proponent.

2. Exculpation. Neither the Debtor, nor its counsel, accountants or agents shall have or will incur any liability, except for a liability based upon willful misconduct, to a Holder of a Claim or Equity Interest for any act or omission in connection with, or arising out of, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the distribution of property under the Plan, and in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. This provision, however, is not intended to expand the limits of 11 U.S.C. §1125(e) and other applicable law.

3. Jurisdiction. Under the Plan, the Bankruptcy Court shall retain jurisdiction over matters that may be pending before it on the date the Plan is confirmed and over a variety of matters that may arise subsequently. These include, but are not limited to, a) the allowance of compensation to professional persons for services performed prior to and after confirmation; b) objections to the allowance of claims; c) resolution of pending adversary proceedings; d) all controversies and disputes arising under or in connection with the Plan.

ARTICLE VII CLASSIFICATION AND TREATMENT OF CLAIMS

A copy of the Plan is attached to this Disclosure Statement.

THE FOLLOWING SUMMARY AND THE OTHER DESCRIPTIONS IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PROVISIONS OF THE PLAN. IT IS URGED THAT EACH HOLDER OF A CLAIM OR EQUITY INTEREST CAREFULLY REVIEW THE TERMS OF THE PLAN.

A. General Information on Claims

Section 1122(a) of the Bankruptcy Code provides that a Plan may place a claim in a particular class only if that claim is substantially similar to the other claims or interests in such class. Classification is a method of recognizing differences in rights of creditors which call for difference in treatment. The categories of Claims listed below classify Claims for all purposes, including voting, confirmation and distribution pursuant to the Plan and pursuant to Section 1122 and 11234(a)(1) of the Bankruptcy Code, except for all Administrative and Priority Tax Claims, which are not classified pursuant to 11 U.S.C. § 1123(a)(1) and are not entitled to vote on the Plan. A Claim shall be deemed classified in a particular Class only to the extent that the Claim qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim qualifies within the description of such different Class. Debtors believe that the Plan meets the classification requirements of the Bankruptcy Code. The classes of claims and equity interests established in the Plan are summarized as follows:

<u>Claim</u>	<u>Name</u>	<u>Status</u>	<u>Voting Rights</u>
Class 1	Starwood	Impaired	Yes
Class 2	Starwood	Impaired	Yes
Class 3	General Unsecured Claims	Unimpaired	No
Class 4	Insider Claims	Impaired	Yes
Class 5	Eagle County Assessor	Unimpaired	No

B. Claims Which Do Not Fall Within the Class System

1. Administrative Claims. Administrative Claims are not designated as a Class pursuant to Bankruptcy Code §1123(a)(1) and are not entitled to vote pursuant to the Bankruptcy Code. Unless otherwise agreed, these Claims shall receive payment in full (unless previously paid in full pursuant to Court Orders) from the Reorganized Debtor in cash on the later of (i) the Effective Date, or (ii) within twenty (20) business days after the date these Claims become Allowed Claims. Allowed Operating Administrative Claims will be paid fully and in cash in the ordinary course of business by the Reorganized Debtor (including any payment terms applicable to such expense), upon presentment or otherwise in accordance with the particular terms relating thereto. All Administrative Claims shall be filed with sixty (60) days of the Effective Date or shall be forever barred. The only administrative claims should be those of the attorney for the Debtor and the accountants for the Debtor.

2. Treatment of Priority Unsecured Governmental Claims. Priority Tax Claims are defined at 11 U.S.C. 21507(a)(8), are not designated as a Class pursuant to Bankruptcy Code §1123(a)(1) and are not entitled to vote pursuant to the Bankruptcy Code. Unless otherwise agreed, pursuant to 11 U.S.C. §1125, a Plan may be confirmed if it provides that, with respect to such claim, the holder of the claims receives on account of such claim deferred cash payments, over a period not exceeding six years after the assessment of such claim, of a value, as of the Effective Date, equal to the allowed amount of such claim. Any payments to the IRS will be made payable to the Department of the Treasury identified with the Taxpayer Identification Number and Bankruptcy Case and sent to the following address:

Internal Revenue Service
1999 Broadway
Stop 5012 DEN
Denver, CO 80202-3025

The Debtor is not aware of any liabilities to Governmental Units for unsecured claims.

ARTICLE VIII CLASSIFICATION AND TREATMENT OF CLAIMS

Class 1. First Allowed Secured Claim of Starwood

Upon the Effective Date of the Plan, or earlier, Starwood will receive such payments due on account of its first allowed secured claims as are negotiated between the creditor and the Debtor.

Class 2. Second Allowed Secured Claim of Starwood

Upon the Effective Date of the Plan, or earlier, Starwood will receive such payments due on account of its first allowed secured claims as are negotiated between the creditor and the Debtor.

Class 3. General Unsecured Claims

The Allowed Unsecured Claims of Class 4 creditors will be paid in full within 30 days of the Effective Date.

Class 4. Insider Claims

The allowed unsecured claims of Class 4 creditors will receive nothing on account of their claims.

Class 5. Eagle County Assessor

The allowed unsecured claim of the Class 5 creditor will be paid in full within 30 days of the Effective Date.

ARTICLE IX FEASIBILITY OF PLAN

The Debtor believes the Plan is feasible.

ARTICLE X LIQUIDATION ANALYSIS/EFFECTS OF ACCEPTANCE OR REJECTION OF PLAN

A. Liquidation Analysis

If the Debtor is unable to reach an agreement with Starwood to restructure or purchase Starwood's encumbrances on the Property, this matter will likely be dismissed or converted to a case under Chapter 7 of the Bankruptcy Code. In either case, Starwood will presumably foreclose on its deeds of trust encumbering the Property and take legal title to it. The Airport Garage, which is unencumbered is of a liquidation value of more than is necessary to pay Debtor's remaining claims, except those of insiders. Debtor believes it may be better able to expeditiously liquidate the Airport Garage than a Chapter 7 Trustee.

B. Effect if the Plan is Confirmed. The Plan becomes a new contract among the Debtor and its creditors and will supersede all previous agreements, arrangements or rights.

C. Effect if the Plan Not Confirmed. If the Plan proposed by the Debtor is not confirmed, the Debtor may propose an alternative plan, creditors may propose a plan and the Chapter 11 may be dismissed. Debtor believes these alternatives are less attractive than Plan confirmation, particularly for the unsecured creditors who would stand in line behind the secured debt owed to the secured creditors, the administrative claimants and the priority taxing authorities.

The Plan provides for Debtor's general Unsecured Creditors to receive 100% of their claims, without interest, over a period of two years. If the Chapter 11 case is dismissed, these creditors would need to enforce their rights in civil courts and execute upon unencumbered and non-exempt property of the Debtor. Debtor believes that the unsecured creditors would be able to attach any judgments they might obtain to the Airport Garage.

D. Effect of Default. The Confirmation of the Plan will constitute a new contract with Debtor's creditors, and the rights of any creditor will be reduced to the right to enforce the terms of the Plan.

PLAN PROPONENTS:

Mountain Resort Properties, LLC

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