

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF PUERTO RICO**

IN RE:

PALMAS COUNTRY CLUB, INC.

Debtor

CASE NO. 10-07072 (ESL)

CHAPTER 11

SECOND AMENDED PLAN OF REORGANIZATION

Dated: June 1, 2011

Filed by: Palmas Country Club, Inc.

Palmas Country Club, Inc., ("PCCI" or "Debtor"), proposes this Plan of Reorganization ("Plan"):

DEFINITIONS

As used in this Plan, the following terms shall have the respective meanings specified below and such meanings shall be equally applicable to the singular and plural forms of the terms defined, unless the context requires otherwise:

1. **"ADMINISTRATIVE CLAIM":** any costs or expenses of administration of the Chapter 11 case entitled to priority in accordance with the provisions of Sections 503(b) and 507(a)(1) of the Bankruptcy Code, including any actual and necessary expenses incurred in preserving Debtor's estate, operating Debtor's business and satisfying post Confirmation Date expenses. Fees and expenses incurred by attorneys and other professionals retained by Debtor in connection with the preparation, approval, confirmation and consummation of Debtor's Disclosure Statement and Plan shall constitute Administrative Claims.

2. **"AFICA"**: the Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority.

3. **"AFFILIATE"**: an Affiliate of any Person that is an "affiliate," as defined in the Bankruptcy Code, as if such Person were a Debtor under the Bankruptcy Code.

4. **"ALLOWED ADMINISTRATIVE CLAIM"**: any existing or future Administrative Claim either (a) for which a fee application has been filed on or before the date, if any, designated as the last date for filing such fee application and which has been allowed by a Final Order, or (b) as to any other Administrative Claim, (i) proof of which was filed on or before the date designated by the Bankruptcy Court as the last date for filing the proof of claim with respect thereto, pursuant to the provisions of this Plan or pursuant to any other order, and (ii) as to which either no objection to the allowance thereof has been interposed within the applicable period of limitation fixed by this Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or as to which any timely objection has been determined and all or some portion has been allowed by a Final Order.

5. **"ALLOWED CLAIM"**: any Claim, other than an Administrative Claim (a) in respect to which a proof of claim has been filed within the time fixed by the Bankruptcy Court pursuant to Bankruptcy Rule 3003(c)(2), or (b) scheduled in the schedule of liabilities filed pursuant to Section 521(1) of the Bankruptcy Code and Bankruptcy Rule 1007(b) and not therein listed as disputed, contingent or unliquidated, and in either case if no objection to the allowance thereof has been filed except to the extent that any such objection has been determined by a final and unappealable order or judgment or by stipulation approved by a final and unappealable order or judgment.

6. **"ALLOWED INTEREST"**: any interest (a) in respect to which a proof of interest has been filed within the time fixed by the Bankruptcy Court pursuant to Bankruptcy Rule 3003(c)(3), or (b) scheduled in the list of holders of Interests filed with the Bankruptcy Court pursuant to Bankruptcy Rule 1007(a)(3), and in either case if no objection to the allowance thereof has been filed except to the extent that any such objection has been determined by a final and unappealable order or judgment or by stipulation approved by a final and unappealable order or judgment.

7. **"ASSETS"**: all property of the Debtor on the Effective Date, including, without limitation, all Intangible and Tangible Assets.

8. **"BANKRUPTCY CODE"**: the Bankruptcy Reform Act of 1978, as amended and as applicable to the Chapter 11 Case, set forth in Section 101 et seq. of Title 11, United States Code.

9. **"BANKRUPTCY COURT"**: the United States Bankruptcy Court for the District of Puerto Rico, acting in this case, including the United States Bankruptcy Judge presiding in the Chapter 11 Case of the Debtor.

10. **"BANKRUPTCY RULES"**: the Federal Rules of Bankruptcy Procedure, as amended and supplemented by any local bankruptcy rule.

11. **"CASH"**: currency or check drawn by the Debtor against any bank account under its control.

12. **"CHAPTER 11"**: Chapter 11 of the Bankruptcy Code.

13. **"CHAPTER 11 CASE"**: the Chapter 11 case commenced by the Debtor on the Petition Date.

14. **"CLAIM"**: any (a) right to payment, whether or not such right is reduced

to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (b) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

15. **"CLASS"**: any class into which Allowed Claims or Allowed Interests are classified pursuant to Article I hereof.

16. **"COLLATERAL"**: property in which the Debtor has an interest that secures, in whole or in part, the payment of a Claim (except pursuant to any lien granted under the Plan).

17. **"CONFIRMATION DATE"**: the date of entry of the Confirmation Order in accordance with the provisions of the Bankruptcy Code; provided, however, that if on motion the Confirmation Order or consummation of this Plan is stayed pending appeal, then the Confirmation Date shall be the date of entry of the Final Order vacating such stay or the date on which such stay expires or is no longer in effect.

18. **"CONFIRMATION OF THE PLAN"**: the entry by the Court of an order confirming this Plan in accordance with Chapter 11 of the Bankruptcy Code.

19. **"CONFIRMATION ORDER"**: the order of the Bankruptcy Court confirming this Plan and approving the transactions contemplated herein.

20. **"CONSUMMATION DATE"**: the first business day following the date on which the Confirmation Order shall become final and unappealable. It shall not mean Substantial Consummation of the Plan and shall be the date on which the events tied to this term in the Plan will take place.

21. **"CONSUMMATION OF THE PLAN"**: the accomplishment of all things contained or provided for in this Plan, and the entry of a final decree in this case.

22. **"CONTESTED CLAIM"**: any Claim as to which the Debtor has interposed an objection in accordance with the Bankruptcy Code and the Bankruptcy Rules, this Plan or orders of the Bankruptcy Court, which objection has not been withdrawn or determined by a Final Order; provided, however, that any Claim allowed under this Plan shall not be a Contested Claim.

23. **"CORPORATION"**: shall include: association having a power or privilege that a private corporation, but not an individual or a partnership, possesses; partnership association organized under a law that makes only the capital subscribed responsible for the debts of such association; joint-stock company; unincorporated company or association; or business trust; but does not include limited partnership.

24. **"CRAM DOWN"**: Section 1129(b) of the Bankruptcy Code permits the Court to confirm a plan notwithstanding failure of an impaired class to accept the plan. This subsection contains the so-called cram down. It requires simply that the plan meet certain standards of fairness to dissenting creditors or holders of equity interests. The general principle of the subsection permits confirmation notwithstanding non-acceptance by an impaired class if that class and all below it in priority are treated according to the absolute priority rule. The dissenting class must be paid in full before any junior class may share under the plan. If it is paid in full, then junior classes may share. Treatment of classes of secured creditors is slightly different because they do not fall in the priority ladder, but the principle is the same.

Specifically, the Court may confirm a plan over the objection of a class of secured

claims if the members of that class are unimpaired or if they are to receive under the plan property of a value equal to the allowed amount of their secured claims, as determined under 11 U.S.C. 506(a). The property is to be valued as of the effective date of the plan, thus recognizing the time-value of money. As used throughout this subsection, "property" includes both tangible and intangible property, such as a security of the debtor or a successor to the debtor under a plan.

The Court may confirm a plan over the dissent of a class of unsecured claims, including priority claims, only if the members of the class are unimpaired, if they will receive under the plan property of a value equal to the allowed amount of their unsecured claims, or if no class junior will share under the plan. That is, if the class is impaired, then they must be paid in full or, if paid less than in full, then no class junior may receive anything under the plan.

25. **"CREDITOR"**: any Person that is the holder of a Claim.

26. **"CRIM"**: Municipal Revenue Collection Center, known in Spanish as *Centro de Recaudacion de Ingresos Municipales*.

27. **"DEBTOR"**: Palmas Country Club, Inc.

28. **"DEBTOR-IN-POSSESSION"**: the Debtor as Debtor-in-possession in the Chapter 11 Case.

29. **"DEFICIENCY CLAIM"**: a Claim of a Creditor equal to the amount by which the aggregate Claims of such Creditor against the Debtor exceed the sum of (a) any setoff rights of the Creditor against the Debtor plus (b) the Net Proceeds realized from the disposition of the Collateral securing such Claim or, if such Collateral is not liquidated to cash, the value of the interest of the Creditor in the Debtor's interest in the

Collateral securing such Claim, provided, however, that if the holder of such Claim makes the election provided in Section 1111(b) of the Bankruptcy Code, there shall be no Deficiency Claim in respect to such Claim.

30. **"DISALLOWED CLAIM"**: a Claim to the extent that such Claim was disallowed by a Final Order or by written agreement of the holder thereof.

31. **"DISCLOSURE STATEMENT"**: the Disclosure Statement in respect to this Plan approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code.

32. **"EFFECTIVE DATE"**: shall be ten days (10) days after the Confirmation Order becoming final and unappealable.

33. **"FINAL ORDER"**: an order or a judgment which has not been reversed, stayed, modified or amended and (a) as to which (i) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for certiorari, review or rehearing is pending, or (ii) if an appeal, review, reargument or certiorari of the order has been sought, the order has been affirmed or the request for review, reargument or certiorari has been denied and the time to seek a further appeal, review, reargument or certiorari has expired, and (b) as a result of which such order shall have become final and unappealable in accordance with applicable law.

34. **"GOVERNMENTAL UNIT"**: the United States, State, Commonwealth, District, Territory, Municipality, foreign state, department, agency, or instrumentality thereof (but not a United States trustee while serving as a trustee in a case under the Bankruptcy Code), or other foreign or domestic government.

35. **"INTANGIBLE ASSETS"**: all general intangibles, rights, claims,

contract rights, franchise rights, and causes of action, whether equitable or legal, of the Debtor and the Debtor-in-Possession (including the right to prosecute or compromise and settle such rights, claims and causes of action in the name of such Persons or office).

36. **"INTERESTS"**: equity interests in Debtor, including its common stock.

37. **"MUNICIPALITY"**: political subdivision or public agency or instrumentality of a state.

38. **"NET PROCEEDS"**: all proceeds realized from the sale or other disposition of Assets, after deduction of all reasonable costs and expenses to the extent actually incurred and paid in connection with the preservation and sale or other disposition of the Assets and, to the extent applicable, after the payment of any Secured Claim on such Asset.

39. (Deleted)

40. **"PERSON"**: an individual, partnership and corporation, but does not include Governmental Units, provided, however, that any Governmental Unit that acquires an asset from a Person as a result of operation of a loan guarantee agreement, or as a receiver or liquidating agent of a Person, will be considered a Person for purposes of Section 1102 of the Code.

41. **"PETITION DATE"**: August 4, 2010, the date on which the Debtor filed its Chapter 11 petition with the Bankruptcy Court.

42. **"PLAN"**: this Plan in its present form or as it may be amended or supplemented from time to time.

43. (Deleted)

44. (Deleted)

45. **"SALE"**: the sale of substantially all of the Debtor's assets to TDF, as more particularly described in the Urgent Joint Motion Authorizing the Sale of Certain of the Debtor's Assets, Pursuant to Section 363 of the Bankruptcy Code, filed on August 16, 2010.

46. **"SECURED CLAIM"**: a Claim of a Creditor arising on or before the Petition Date that is secured by a lien on Collateral or that is subject to setoff under Section 553 of the Bankruptcy Code, to the extent of the value of such Creditor's interest in the Debtor's interest in the property, or to the extent of the amount of the setoff, as applicable; provided, however, that if the Creditor makes the election provided in Section 1111(b) of the Bankruptcy Code, the Creditor's Claim shall be a Secured Claim in the full amount of the Creditor's Allowed Claim.

47. **"SECURED CREDITOR"**: any Creditor that is the holder of a Secured Claim.

48. **"SUBSTANTIAL CONSUMMATION"**: means:

(A) transfer of all or substantially all of the property proposed by the Plan to be transferred;

(B) assumption by the Debtor, the Reorganized Debtor under the Plan of the business or of the management of all or substantially all of the property dealt with by the Plan; and

(C) commencement of distribution under the Plan.

49. **"TANGIBLE ASSETS"**: all personal and real property of the Debtor, and proceeds thereof (including cash proceeds), existing immediately before the Consummation Date.

50. **"TAX CLAIM"**: any Claim that is entitled to priority in payment under Section 507(a)(8) of the Bankruptcy Code.

51. **"TDF"**: the Puerto Rico Tourism Development Fund.

52. **"TDF CONTRIBUTION"**: \$150,000 to be contributed to the Plan by TDF.

53. **"TDF LOAN AGREEMENT"**: the non-revolving line of credit described in Section 1.4 of the Plan

54. **"UNSECURED CLAIM"**: an unsecured Claim, including any Deficiency Claim that is not: (i) entitled to priority pursuant to the Bankruptcy Code; or (ii) subordinated for purposes of distribution to any Unsecured Claim pursuant to Subsection 510(b) or 510(c) of the Bankruptcy Code.

55. **"UNSECURED CREDITOR"**: any Creditor that is the holder of an Unsecured Claim.

ARTICLE I CLASSIFICATION OF CLAIMS

1.1 Class 1 (ADMINISTRATIVE CLAIMS)- Costs and expenses of administration as defined in the Bankruptcy Code as the same are allowed, approved and ordered paid by the Court. Debtor estimates that, at the time of the Confirmation of the Plan, Class I Administrative Claims will be approximately \$40,000.

1.2 Class 2 (PRIORITY UNSECURED TAX CLAIMS) – Claims entitled to priority by Section 507(a)(8) of the Bankruptcy Code, as the same are finally approved and allowed by the Court, and consisting solely of personal property taxes in the amount of \$98,000 owed to CRIM.

1.3 Class 3 (SECURED CREDITORS) – Secured Claims, excluding the TDF Loan Agreement, consisting of (i) a loan agreement in the amount of \$27,160,000 between the Debtor and AFICA, (ii) a letter of credit, in the amount of \$2,519,284, relating to certain bonds issued by AFICA pursuant to the loan agreement described in item (i) above, (iii) obligations, in the amount of \$760,408, under a reimbursement agreement related to the letter of credit described in item (ii) above, and (iv) real property taxes in the amount of \$133,588 to be paid by TDF as a condition of the closing of the Sale. Thus, as of the Petition Date, the balance of the amounts owed to Secured Creditors, excluding amounts owed pursuant to the TDF Loan Agreement (discussed below), was approximately \$30,439,692.

1.4 Class 4 (TDF LOAN AGREEMENT) - On October 19, 2009, TDF extended to Debtor a non-revolving line of credit, secured by Debtor's assets, in the amount of \$525,000 for the partial financing of certain of the operating expenses for Debtor's facilities. The amount owed as of the Petition Date was \$553,149, including interest.

1.5 Class 5 (UNEXPIRED LEASES) – The Debtor has one unexpired lease for 150 golf carts, 3 workhorses and 2 food and beverage carts. The lease expires in 2011. This lease is being rejected pursuant to the Plan. The rejection of this lease will generate a Deficiency Claim estimated at \$135,884.

1.6 Class 6 (UNSECURED CREDITORS) – Unsecured Creditors with no executory contract have Claims totaling approximately \$760,613, to the extent that such Claims are approved and allowed by the Court or deemed allowed under the provisions of the Bankruptcy Code.

1.7 Class 7 (UNLIQUIDATED and CONTINGENT CLAIMS) – Club members

have unliquidated and contingent Claims as of the Petition Date, as no amounts were due or payable on that date. Debtor has calculated the present value of each unliquidated and contingent Claim taking into consideration the maturity date of each. In addition, the homeowners' association and developers have filed Claims or objections and those Claims are unliquidated and contingent, and listed with a value of \$1,000 in the aggregate.

1.8 Class 8 (PARENT COMPANY LOANS) – The Debtor owes its parent company \$13,501,703 as of the Petition Date. Under the Plan, the Debtor's parent will receive no distribution.

1.9 Class 9 (EQUITY HOLDERS) – In addition to the \$13,501,703 in parent company loans, as of the Petition Date, the Debtor's parent company has contributed additional capital in the amount of \$39,681,000 to the Debtor. Under the Plan, all equity interests in the Debtor shall be deemed canceled as of the Effective Date and equity holders will receive no distribution.

ARTICLE II CLAIMS NOT IMPAIRED UNDER THE PLAN

2.1 Class 1 (**ADMINISTRATIVE CLAIMS**) – Shall be paid in Cash and in full on the later of the Effective Date or as soon as feasible after the date any such Claim becomes an Allowed Administrative Claim.

2.2 Class 2 (**PRIORITY UNSECURED TAX CLAIMS**) – CRIM shall receive 100% of the allowed amount of its \$98,000 unsecured priority Tax Claim on or before the Effective Date. This amount is to be paid from the TDF Contribution.

2.3 Class 3 (**SECURED CREDITORS**) – All of Debtor's Secured Creditors, except the amounts owed pursuant to the TDF Loan Agreement, will be deemed to have been paid in full out of the proceeds from the Sale pursuant to Section 363 of the Bankruptcy Code.

ARTICLE III

TREATMENT OF CLASSES THAT ARE IMPAIRED UNDER THE PLAN

3.1 Class 4 (**TDF LOAN AGREEMENT**) – Class 4 Claims will be paid through the surrender of any remaining cash Collateral that is not transferred to TDF at the closing of the Sale in one lump sum payment to be made on or before thirty (30) days after the Effective Date. Any resulting Deficiency Claim will be deemed an Unsecured Claim in Class 6, however, TDF has voluntarily elected to forgo any dividend for its Deficiency Claim.

3.2 Class 5 (**UNEXPIRED LEASES**) – Class 5 Claims will be paid on or before thirty (30) days after the Effective Date their pro-rata share of the remaining funds from the TDF Contribution after payment in full of Class 1 and Class 2.

3.3 Class 6 (**UNSECURED CREDITORS**) - Class 6 Claims, except for the Class 4 Deficiency Claim, will be paid on or before thirty (30) days after the Effective Date their pro-rata share of the remaining funds from the TDF Contribution after payment in full of Class 1 and Class 2.

3.4 Class 7 (**UNLIQUIDATED AND CONTINGENT CLAIMS**) - Class 7 Claims will be paid on or before thirty (30) days after the Effective Date their pro-rata share of the remaining funds from the TDF Contribution after payment in full of Class 1 and Class 2.

3.5 Class 8 (**PARENT COMPANY LOANS**) - Class 8 Claims will not receive a distribution under Debtor's Plan.

3.6 Class 9 (**EQUITY HOLDERS**) - Class 9 Interests will not receive a distribution under Debtor's Plan and will be deemed cancelled as of the Effective Date.

ARTICLE IV

MEANS FOR EXECUTION OF THE PLAN

The funds for the payment to Debtor's Creditors will originate from the TDF Contribution.

ARTICLE V

PROVISIONS FOR ASSUMPTION OF EXECUTORY CONTRACTS

On the Effective Date all of Debtor's leases and executory contracts to which Debtor is a party and which have not been expressly assumed or rejected pursuant to 11 U.S.C. §365(a) will be deemed rejected.

ARTICLE VI

PROVISIONS FOR THE RETENTION, ENFORCEMENT, SETTLEMENT OR ADJUSTMENT OF CLAIMS BELONGING TO THE DEBTOR

According to the provisions of Section 1123(b) (3) of the Bankruptcy Code, Debtor will retain and enforce or settle and adjust any Claim belonging to the Debtor or to its estate.

ARTICLE VII

NO DISCHARGE OF DEBTOR

7.1 No Discharge of Claims. In accordance with 11 U.S.C. § 1141 (d)(3), the Debtor will not receive any discharge of debt in this bankruptcy case.

ARTICLE VIII

VOTING ON THE PLAN AND COMPLIANCE WITH 11 U.S.C. §1129

8.1 Unimpaired Classes or Claims Not Receiving Dividends. Claims in Classes 1, 2, and 3 are deemed unimpaired by this Plan in accordance with Section 1124 of the Bankruptcy Code. Classes 8 and 9 who are insiders and/or the proponents of the Plan are deemed to have accepted the Plan or are not otherwise required to have their votes to accept or reject the Plan solicited. Accordingly, Debtor is not required to solicit the votes of such Classes with respect to the acceptance or rejection of the Plan.

8.2 Voting Rights. Each holder of an Allowed Claim in an impaired Class which retains or receives property under the Plan shall be entitled to vote separately to accept or reject the Plan and indicate such vote on a duly executed and delivered ballot as provided in such order as is entered by the Bankruptcy Court establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan.

8.3 Reservation of Section 1129(b) Rights. In the event that an impaired Class will have failed to accept the Plan by the requisite majorities in accordance with Section 1126 (c) and (d) of the Bankruptcy Code, Debtor hereby reserves its rights and intends to request that the Bankruptcy Court confirms the Plan in accordance with the Cram Down provisions under Section 1129(b) of the Bankruptcy Code.

8.4 Section 1129(a) (12) Compliance. All fees payable under 28 U.S.C. §1930, as determined by the Bankruptcy Court at the hearing on Confirmation of the Plan, either will have been paid or will be paid on the Consummation Date as an Administrative Claim.

8.5 Deemed Satisfaction of Section 1129(a) (13) of the Bankruptcy Code. Prior to the commencement of the Chapter 11 Case, the Debtor did not have a plan providing for retiree benefits, as that term is defined in Section 1114 of the Bankruptcy Code. Consequently, the confirmation requirements contained in Section 1129(a)(13) of the Bankruptcy Code are inapplicable to the Plan, and the Plan shall be deemed to have satisfied such requirements.

ARTICLE IX

CONDITIONS PRECEDENT TO CONSUMMATION

That it be determined by the Court after hearing on notice that:

1. The Plan has been accepted in writing by the Creditors and holders of Interests whose acceptance is required by law;
2. The provisions of Chapter 11 of the Code have been complied with and that the Plan has been proposed in good faith and not by any means forbidden by law;
3. Each holder of a Claim or Interests required to vote on the Plan has accepted the Plan or will receive or retain under the Plan property of a value, as of the Effective Date of the Plan, that is not less than the amount such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Code on such date. The Plan does not discriminate unfairly, and is fair and equitable, with respect to each Class of Claims or Interests that is impaired under the Plan, and has not accepted the Plan; and
4. All payments made or promised by the Debtor or by a Person issuing securities or acquiring property under the Plan or by any other Person for services or for costs and expenses in, or in connection with, the Plan and incident to the case, have been fully disclosed to the Court and are reasonable or, if to be fixed after Confirmation

of the Plan, will be subject to the approval of the Court.

ARTICLE X

CONDITIONS PRECEDENT TO CONSUMMATION

The following shall be conditions precedent to the consummation of the Plan:

- (a) The Confirmation Order be final and unappealable; and
- (b) The transactions and payments set forth in Articles II and III of the

Plan have been effected.

ARTICLE XI

RETENTION OF JURISDICTION

11.1 Scope of Jurisdiction. The Bankruptcy Court shall retain jurisdiction over the Chapter 11 Case for the following purposes:

- (a) to determine any and all objections to the allowance of Claims, including Administrative Claims;
- (b) to determine any and all fee applications and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code;
- (c) to determine any and all pending applications or motions for the rejection or assumption of executory contracts or for the rejection or assumption and assignment, as the case may be, of leases to which Debtor is a party or with respect to which it may be liable, and to hear and determine, and if need be to liquidate, any and all claims arising therefrom;
- (d) to determine any and all applications, motions, adversary proceedings and contested or litigated matters pending before the Bankruptcy Court on the Confirmation Date;

(e) to modify the Plan or remedy any defect or omission or reconcile any inconsistency in any of its orders, including the Confirmation Order, to the extent authorized by the Bankruptcy Code;

(f) to determine all controversies, suits and disputes that may arise in connection with the interpretation, enforcement or consummation of the Plan;

(g) to enter such orders as may be necessary to consummate, implement and effectuate the operative provisions of the Plan and execute all documents and agreements provided for herein or entered into pursuant hereto, including, without limitation, to issue pertinent orders to protect the Debtor from Creditor's actions; and

(h) to enter a final decree closing the Chapter 11 Case.

11.2 Failure Of The Bankruptcy Court To Exercise Jurisdiction. If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction or is otherwise without jurisdiction over any matter arising out of the Chapter 11 Case, including the matters set forth above, this Article shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

ARTICLE XII

AMENDMENT AND INTERPRETATION OF THE PLAN

12.1 Amendment. This Plan may be altered, amended or modified by the Debtor before or after the Confirmation Date, in the manner provided for by Section 1127 of the Bankruptcy Code. A holder of a Claim or Interests that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, the

Plan as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection.

12.2 Headings. The headings used in the Plan are inserted for convenience of reference only and neither constitutes part of the Plan nor in any manner affect the provisions or interpretation thereof.

12.3 Severability. Should any provision in the Plan be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any other provision(s) of the Plan.

12.4 Successors and Assigns. The rights and obligations of any Person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of such Person.

12.5 Internal References. The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan.

12.6 Governing Law. Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent the Plan provide otherwise, the rights and obligations arising under this Plan shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Puerto Rico.

12.7 Inconsistency. In the event of any inconsistency between the Plan and the Disclosure Statement, or any other instrument or document created or executed pursuant to the Plan, the terms of the Plan shall govern.

ARTICLE XIII

MISCELLANEOUS

13.1 Debtor shall have until twenty (20) days before the hearing on Confirmation of the Plan to file objections to Claims. Any Claims not objected to prior to the expiration of said period will be considered allowed, unless otherwise dealt with in this Plan.

13.2 Debtor's Board of Directors shall take such action as may be necessary to consummate the liquidation of Debtor in the Department of State of Puerto Rico.

San Juan, Puerto Rico, this 1st day of June, 2011.

PALMAS COUNTRY CLUB, INC.

S/ JAIME MORGAN STUBBE
Jaime Morgan Stubbe
President