

1 SCOTT H. YUN (STATE BAR NO. 185190)  
H. ALEXANDER FISCH (STATE BAR NO. 223211)  
2 STUTMAN, TREISTER & GLATT  
PROFESSIONAL CORPORATION  
3 1901 Avenue of the Stars, 12th Floor  
Los Angeles, CA 90067  
4 Telephone: (310) 228-5600  
Telecopy: (310) 228-5788  
5 Email: syun@stutman.com; afisch@stutman.com

6 JEFFREY C. KRAUSE (STATE BAR NO. 94053)  
GIBSON, DUNN & CRUTCHER LLP  
7 333 South Grand Avenue  
Los Angeles, CA 90071  
8 Telephone: (213) 229-7000  
Telecopy: (213) 229-7520  
9 Email: jkrause@gibsondunn.com

10 REORGANIZATION COUNSEL FOR  
DEBTORS AND DEBTORS IN POSSESSION

11 **UNITED STATES BANKRUPTCY COURT**  
12 **CENTRAL DISTRICT OF CALIFORNIA**  
13 **SANTA ANA DIVISION**

14 In re ) Case No. 8:11-bk-24720-SC  
15 )  
PACIFIC MONARCH RESORTS, INC., ) Chapter 11  
16 a California corporation, )  
17 ) Jointly Administered with Case Nos.  
Jointly Administered Debtors ) 8:11-bk-24724-SC; 8:11-bk-24725-SC;  
18 and Debtors in Possession. ) 8:11-bk-24727-SC; 8:11-bk-24729-SC;  
19 ) 8:11-bk-24731-SC  
20 ) **AMENDED DISCLOSURE STATEMENT**  
**DESCRIBING THE DEBTORS'**  
**AMENDED JOINT CHAPTER 11 PLAN**  
**OF REORGANIZATION DATED**  
Affects: ) **SEPTEMBER 4, 2012**

- Pacific Monarch Resorts, Inc. Only
- Vacation Interval Realty, Inc. Only
- Vacation Marketing Group, Inc. Only
- MGV Cabo, LLC Only
- Desarrollo Cabo Azul, S. de R.L. de C.V. Only
- Operadora MGVM S. de R.L. de C.V. Only
- ALL DEBTORS

**Disclosure Statement Hearing**

Date: September 20, 2012  
Time: 10:00 a.m.  
Place: Courtroom 5C  
411 West Fourth Street  
Santa Ana, CA 92701

**Confirmation Hearing**

[To be Scheduled]

**NOTICE**

**The Bankruptcy Court has not yet approved this Amended Disclosure Statement pursuant to 11 U.S.C. § 1125. Therefore, it is not to be relied upon or used in connection with the solicitation of votes for or against any chapter 11 plan filed in these cases.**

**TABLE OF CONTENTS**

	<b><u>Page(s)</u></b>
1	
2	
3	I. INTRODUCTION ..... 1
4	A. Summary of Classification and Treatment. .... 4
5	1. PMR ..... 4
6	2. MGV Cabo..... 5
7	3. DCA. .... 5
8	4. Operadora..... 5
9	B. Summary of Voting On The Plan. .... 6
10	II. GENERAL BACKGROUND..... 7
11	A. The Debtors and the Debtors' Business Operations..... 7
12	B. Events Leading to Chapter 11..... 10
13	C. The Debtors' Restructuring and Marketing Efforts..... 11
14	III. SIGNIFICANT EVENTS DURING CHAPTER 11 CASES ..... 12
15	A. First Day Motions and Use of Cash Collateral. .... 12
16	B. The Sales of DPM Acquired Assets and the RFA Acquired Assets..... 14
17	C. Related Transactions..... 15
18	D. Other Significant Events. .... 16
19	1. Claims Bar Date..... 16
20	2. Schedules, Statement of Financial Affairs and Other Compliance Issues..... 17
21	3. Retention of Professionals by the Debtors..... 17
22	4. Formation of the Committee and Committee's Counsel..... 18
23	5. CB&T Issues..... 19
24	E. The Debtors' Remaining Assets After the Sales to DPM and RFA PMR LoanCo Close. .... 21
25	
26	IV. SUMMARY OF THE PLAN..... 22
27	A. General Overview of the Plan..... 22
28	B. Substantive Consolidation of PMR, VIR and VMG..... 23

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

C. Summary Of Classification Of Treatment Of Claims And Interests Under The Plan. .... 24

1. Unclassified Claims. .... 24

    a. Administrative Claims. .... 25

        i. Treatment. .... 25

        ii. Deadlines..... 25

    b. Priority Tax Claims..... 26

2. Classification and Treatment of Claims..... 27

    a. Classes Of Claims And Interests..... 27

    b. PMR ..... 27

        i. PMR Class 1 (CB&T Office Building Secured Claim) ..... 27

        ii. PMR Class 2 (PMR Secured Tax Claims)..... 27

        iii. PMR Class 3 (PMR Other Secured Claims)..... 28

        iv. PMR Class 4 (PMR Non-Tax Priority Claims) ..... 29

        v. PMR Class 5 (PMR Convenience Claims)..... 29

        vi. PMR Class 6 (PMR General Unsecured Claims) ..... 29

        vii. PMR Class 7 (PMR Subordinated Claims)..... 30

        viii. PMR Class 8 (PMR Interests)..... 30

    c. MGV Cabo..... 31

        i. MGV Cabo Class 1 (MGV Cabo Secured Tax Claims). .... 31

        ii. MGV Cabo Class 2 (MGV Cabo Other Secured Claims). .... 31

        iii. MGV Class 3 (MGV Cabo Priority Non-Tax Claims). .... 32

        iv. MGV Cabo Class 4 (MGV Cabo General Unsecured Claims)..... 32

        v. MGV Cabo Class 5 (MGV Cabo Interests). .... 33

    d. DCA ..... 33

        i. DCA Class 1 (DCA Secured Tax Claims)..... 33

1	ii.	DCA Class 2 (DCA Other Secured Claims).....	33
2	iii.	DCA Class 3 (DCA Priority Non-Tax Claims). ....	34
3	iv.	DCA Class 4 (DCA General Unsecured Claims). ....	34
4	v.	DCA Class 5 (DCA Interests).....	35
5	e.	Operadora.....	35
6	i.	Operadora Class 1 (Operadora Secured Tax Claims). ....	35
7	ii.	Operadora Class 2 (Operadora Other Secured Claims). ....	35
8	iii.	Operadora Class 3 (Operadora Priority Non-Tax Claims). ....	36
9	iv.	Operadora Class 4 (Operadora General Unsecured Claims). .	36
10	v.	Operadora Class 5 (Operadora Interests).....	36
11			
12	D.	Executory Contracts And Unexpired Leases.....	37
13	E.	Implementation Of The Plan.....	37
14	1.	Conditions to Plan Effectiveness .....	37
15	2.	Actions on the Effective Date .....	38
16	3.	Corporate Action.....	39
17	4.	Vesting and Transfer of Assets .....	39
18	5.	Transition Services.....	40
19	6.	Provisions Relating to Federal Income Tax Compliance .....	41
20	F.	Liquidation Trust. ....	41
21	1.	Authorization of Liquidation Trustee .....	41
22	2.	Representative of the Consolidated Estates .....	41
23	3.	Funding of Post Effective Date Trust Expenses .....	42
24	4.	Termination of Liquidation Trust .....	43
25	G.	Distributions Generally.....	43
26	1.	Cash Distributions.....	43
27	2.	Setoff and Recoupment.....	43
28			

1	3.	No <i>De Minimis</i> Distributions .....	43
2	4.	Fractional Cents .....	43
3	5.	No Distributions With Respect to Disputed Claims and Interests.....	44
4	6.	Undeliverable or Unclaimed Distributions .....	44
5	7.	Negotiation of Checks.....	45
6	8.	Record Date .....	45
7	9.	Postpetition Interest .....	46
8	10.	Sequence of Payments .....	46
9	11.	Withholding and Reporting Requirements .....	47
10	12.	Claims Register.....	47
11	13.	Maximum Amount of Distributions.....	48
12			
13	H.	Reserves .....	48
14	1.	Administrative Claims Reserve .....	48
15	2.	Disputed Interim Dividends Reserve .....	48
16	3.	Priority/Convenience Claims Reserve .....	49
17	4.	Operating Reserve.....	49
18	5.	Secured Claims Reserve .....	49
19	6.	Undeliverable Distributions Reserve .....	50
20	7.	Reduced or Disallowed Administrative, Priority, or Secured Claims .....	50
21	8.	Reserve Amounts for Disputed Administrative, Priority, and Secured Claims .....	50
22			
23	I.	Distributions On And Reserves For Liquidation Trust Interests .....	50
24	1.	Interim Distributions.....	50
25	2.	Calculations For Interim Distributions .....	51
26	3.	Deposits Into Interim Dividend Reserves .....	52
27	J.	Final Distributions .....	52
28			

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

1. Final Principal Distributions on Liquidation Trust Interests ..... 52

2. Distribution of Postpetition Interest..... 53

V. LITIGATION AND CLAIMS OBJECTIONS ..... 53

A. Preservation of Causes of Action..... 53

B. No Waiver ..... 54

C. Objections to and Resolution of Disputed Claims ..... 55

VI. OTHER PLAN PROVISIONS ..... 55

A. Discharge of the Debtors ..... 55

B. Exculpation and Release of Debtors, Committee, and Professionals ..... 56

C. Injunction Enjoining Holders of Claims ..... 56

D. Injunctions or Stays..... 57

E. Exemption from Stamp, Transfer, and Other Taxes ..... 57

F. No Admissions..... 57

G. Severability of Plan Provisions ..... 58

H. Governing Law ..... 58

I. Successors and Assigns..... 58

J. Nonconsensual Confirmation..... 58

K. Revocation of the Plan ..... 59

L. Amendment..... 59

M. Saturday, Sunday, or Legal Holiday ..... 59

N. Post-Effective Date Status Reports ..... 59

O. Post-Effective Date Notice ..... 59

P. Retention of Jurisdiction ..... 60

Q. Entry of a Final Decree ..... 62

VII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES..... 62

A. Introduction..... 62

1 B. Consequences to the Debtors..... 63

2 C. Consequences to Holder of General Unsecured Claims ..... 64

3 1. Recognition of Gain or Loss Generally..... 64

4 2. Distributions in Payment of Accrued But Unpaid Interest..... 66

5 3. Tax Treatment of the Liquidation Trust and Holders of Beneficial Interests

6 Therein..... 67

7 4. Withholding..... 70

8 VIII. VOTING AND PLAN CONFIRMATION STANDARDS ..... 71

9 A. Voting On The Plan..... 71

10 1. Classes Entitled To Vote..... 71

11 a. What Is an Allowed Claim/Interest..... 71

12 b. What Is an Impaired Claim..... 72

13 c. Who is Not Entitled to Vote..... 72

14 d. Votes Necessary to Confirm the Plan..... 73

15 e. Votes Necessary for a Class to Accept the Plan..... 73

16 2. How To Vote..... 73

17 B. Confirmation Of The Plan..... 73

18 1. Hearing On Confirmation Of The Plan..... 73

19 C. Feasibility and Risk Factors..... 75

20 D. Best Interests Of Creditors Test..... 76

21 E. Classification..... 79

22 F. No Unfair Discrimination ..... 79

23 G. Fair And Equitable Test..... 80

24

25 IX. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN OF

26 LIQUIDATION ..... 81

27 X. RECOMMENDATION AND CONCLUSION..... 81

28

I.

INTRODUCTION

Pacific Monarch Resorts, Inc. ("PMR"), and its subsidiaries that are debtors and debtors in possession in the above-captioned jointly administered chapter 11 cases (the "Debtors") filed voluntary petitions under chapter 11 of the Bankruptcy Code<sup>1</sup> on October 24, 2011. The Debtors are distributing this Disclosure Statement to solicit acceptances of the "Debtors' Amended Joint Chapter 11 Plan of Reorganization Dated September 4, 2012" (the "Plan") filed with the Bankruptcy Court, a copy of which is attached hereto as Exhibit "A".

The Debtors' principal operating assets have already been sold pursuant to Bankruptcy Code section 363 during the pendency of the Cases. The objectives of the Plan are to (1) effect the substantive consolidation of PMR, VIR, and VMG, (2) merge the Mexican Entities (as defined below) into DCA, while providing for payment in full of all Claims against the Mexican Entities, other than RFA's Claim against DCA, (3) complete the transition services required under the completed sale to DPM; and (4) transfer the Causes of Action, and other remaining Assets of PMR to the Liquidation Trust established for PMR, which shall liquidate the Causes Action and all other Trust Assets, and distribute the proceeds thereof to Holders of Allowed Claims. The Plan divides Creditors and Interest Holders of the Debtors into Classes based on their legal rights and interests. All Holders of Allowed Claims against DCA and the Mexican Entities, other than RFA, will be paid in full. Holders of Allowed General Unsecured Claims against PMR, VIR and VMG, which will be substantively consolidated with PMR, will be entitled to Pro Rata distributions from the Liquidation Trust. The Holders of Allowed Convenience Class Claims against PMR, VIR and VMG, will receive a cash payment equal to 20% of their Allowed Claims. From and after the Transition Completion Date, the Reorganized PMR Equity will be owned by New Equity Holder, who is not an affiliate or insider of any of the Debtors, and the equity in Reorganized DCA will be owned by

---

<sup>1</sup> Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Plan, a copy of which is attached hereto as Exhibit "A".



1 Reorganized PMR. Based on this transition, the current Interest Holders of the Debtors will not  
2 receive or retain anything on account of their Interests.

3 The Debtors have prepared the Disclosure Statement pursuant to Bankruptcy Code  
4 section 1125 in connection with their solicitation of votes on the Plan. The purpose of the  
5 Disclosure Statement is to provide information of a kind and in sufficient detail to enable the  
6 Holders of Claims in Impaired Classes to make an informed judgment whether to accept or reject the  
7 Plan and to inform Holders of unclassified Claims, classified Claims, and Equity Interests of their  
8 treatment under the Plan. Neither the Debtors nor the Court have authorized the communication of  
9 any information about the Plan other than the information contained in the Disclosure Statement and  
10 the related materials transmitted herewith or filed with the Bankruptcy Court.

11 On September [\_\_\_], 2012 at 10:00 a.m., after notice and a hearing (the "Disclosure  
12 Statement Hearing"), the Bankruptcy Court approved the Disclosure Statement as containing  
13 "adequate information" of a kind and in sufficient detail to enable a hypothetical, reasonable investor  
14 typical of holders of claims or equity interests to make informed judgments about the Plan. A copy  
15 of the Bankruptcy Court's order approving the Disclosure Statement (the "Disclosure Statement  
16 Order") is annexed hereto as **Exhibit "B"**. Approval of the Disclosure Statement by the Bankruptcy  
17 Court does not indicate that the Bankruptcy Court either has passed on the merits of the Plan or  
18 recommends acceptance or rejection of the Plan.

19 For the convenience of all parties, the terms of the Plan are summarized in the  
20 Disclosure Statement. Although the Debtors believe that the Disclosure Statement accurately  
21 describes the Plan, all summaries of the Plan contained in the Disclosure Statement are qualified by  
22 the Plan itself, the exhibits thereto, and the documents described therein, which control in the event  
23 of any inconsistency with or incompleteness in the summaries provided in the Disclosure Statement.  
24 Accordingly, the Debtors urge each recipient to review carefully the contents of the Disclosure  
25 Statement, the Plan, and the other documents that accompany or are referred to in the Disclosure  
26 Statement or the Plan before making a decision to accept or reject the Plan.

27 Attached as exhibits to this Disclosure Statement are (1) the Plan (**Exhibit "A"**);  
28 (2) the Disclosure Statement Order (**Exhibit "B"**); (3) projections under the Plan for payments to

1 Holders of Allowed Claims (**Exhibit "C"**); and (4) a liquidation analysis (**Exhibit "D"**). Unless  
2 otherwise specified herein, this Disclosure Statement is based upon information available to the  
3 Debtors as of the date of the Disclosure Statement, and does not reflect events that may occur sub-  
4 sequent to that date, which may have a material impact on the information contained in the  
5 Disclosure Statement. The Debtors will not make any effort to supplement or amend the Disclosure  
6 Statement to reflect changes beyond that date. **THE DEBTORS DO NOT REPRESENT OR**  
7 **WARRANT THAT THIS DISCLOSURE STATEMENT IS COMPLETE OR THAT THE**  
8 **INFORMATION CONTAINED HEREIN IS FREE FROM ANY INACCURACY OR**  
9 **OMISSION.**

10           ALTHOUGH THE DEBTORS' PROFESSIONAL ADVISORS HAVE ASSISTED  
11 IN THE PREPARATION OF THIS DISCLOSURE STATEMENT BASED UPON THE  
12 FACTUAL INFORMATION AND ASSUMPTIONS FOR THE FINANCIAL, BUSINESS, AND  
13 ACCOUNTING DATA PROVIDED BY THE DEBTORS, THE DEBTORS' PROFESSIONALS  
14 HAVE NOT INDEPENDENTLY VERIFIED THE INFORMATION SET FORTH IN THIS  
15 DISCLOSURE STATEMENT AND MAKE NO REPRESENTATIONS OR WARRANTIES AS  
16 TO SUCH INFORMATION. NOR DO SUCH PROFESSIONALS REPRESENT OR WARRANT  
17 THAT THIS DISCLOSURE STATEMENT IS COMPLETE OR IS FREE FROM ANY  
18 INACCURACY OR OMISSION.

19           ANY INFORMATION, REPRESENTATION, OR INDUCEMENT MADE TO  
20 SECURE OR OBTAIN ACCEPTANCES OR REJECTIONS OF THE PLAN THAT ARE OTHER  
21 THAN, OR ARE INCONSISTENT WITH, THE INFORMATION CONTAINED IN THIS  
22 DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY ANY PERSON IN  
23 ARRIVING AT A DECISION TO VOTE FOR OR AGAINST THE PLAN. ANY SUCH  
24 ADDITIONAL INFORMATION, REPRESENTATIONS, AND INDUCEMENTS SHOULD BE  
25 IMMEDIATELY REPORTED TO THE ATTENTION OF THE DEBTORS AND THE  
26 BANKRUPTCY COURT.

27  
28

**CAUTIONARY STATEMENT**

To the extent any information included in this Disclosure Statement contains forward looking statements within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, such forward looking information is based on information available when such statements were made and is subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the statements.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR THE ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

**A. Summary of Classification and Treatment.**

The following is a summary of the classification of all Claims and Interests under the Plan and the proposed treatment of each such class under the Plan. This summary is qualified in its entirety by reference to more detailed provisions set forth in the Plan, the terms of which are controlling.

**1. PMR.**

<u>Class</u>	<u>Description</u>	<u>Impairment</u>	<u>Entitlement to Vote</u>
PMR Class 1	PMR CB&T Office Building Secured Claim	Unimpaired	No
PMR Class 2	PMR Secured Tax Claims	Impaired	Yes
PMR Class 3	PMR Other Secured Claims	Impaired	Yes
PMR Class 4	PMR Priority Non-Tax Claims	Impaired	Yes
PMR Class 5	PMR Convenience Claims	Impaired	Yes
PMR Class 6	PMR General Unsecured Claims	Impaired	Yes
PMR Class 7	PMR Subordinated Claims	Impaired	Yes
PMR Class 8	PMR Equity Interests	Impaired	Yes

**2. MGV Cabo.**

<u>Class</u>	<u>Description</u>	<u>Impairment</u>	<u>Entitlement to Vote</u>
MGV Cabo Class 1	MGV Cabo Secured Tax Claims	Unimpaired	No
MGV Cabo Class 2	MGV Cabo Other Secured Claims	Impaired	Yes
MGV Cabo Class 3	MGV Cabo Priority Non-Tax Claims	Impaired	Yes
MGV Cabo Class 4	MGV General Unsecured Claims	Impaired	Yes
MGV Cabo Class 5	MGV Cabo Equity Interests	Impaired	Yes

**3. DCA.**

<u>Class</u>	<u>Description</u>	<u>Impairment</u>	<u>Entitlement to Vote</u>
DCA Class 1	DCA Secured Tax Claims	Unimpaired	No
DCA Class 2	DCA Other Secured Claims	Impaired	Yes
DCA Class 3	DCA Priority Non-Tax Claims	Impaired	Yes
DCA Class 4	DCA General Unsecured Claims	Impaired	Yes
DCA Class 5	DCA Equity Interests	Impaired	Yes

**4. Operadora.**

<u>Class</u>	<u>Description</u>	<u>Impairment</u>	<u>Entitlement to Vote</u>
Operadora Class 1	Operadora Secured Tax Claims	Unimpaired	No
Operadora Class 2	Operadora Other Secured Claims	Impaired	Yes
Operadora Class 3	Operadora Priority Non-Tax Claims	Impaired	Yes
Operadora Class 4	Operadora General Unsecured Claims	Impaired	Yes

<u>Class</u>	<u>Description</u>	<u>Impairment</u>	<u>Entitlement to Vote</u>
Operadora Class 5	Operadora Equity Interests	Impaired	Yes

**B. Summary of Voting On The Plan.**

The Court may confirm the Plan if at least one noninsider impaired class of claims has accepted and certain statutory requirements are met as to both nonconsenting members within a consenting class and as to dissenting classes. A Class of Claims has accepted the Plan when more than one-half in number and at least two-thirds in amount of the Allowed Claims actually voting, vote in favor of the Plan. A Class of Interests has accepted the Plan when at least two-thirds in amount of the allowed interests of such class actually voting have accepted it. It is important to remember that even if the requisite number of votes to confirm the Plan are obtained, the Plan will not bind the parties unless and until the Court makes an independent determination that confirmation is appropriate. That is the subject of any upcoming confirmation hearing (the "Confirmation Hearing").

The Debtors believe that PMR Classes 2 through 7, MGVC Cabo Classes 2 through 4, and DCA Classes 2 through 4, and Operadora Classes 2 through 4 are impaired, and, therefore entitled to vote. PMR Class 1, MGVC Cabo Class 1, DCA Class 1, and Operadora Class 1 are unimpaired and, therefore, do not vote. The following Classes of Interests shall receive nothing under the Plan and, therefore, are deemed to have rejected the Plan: PMR Class 8, DCA Class 5, and MGVC Cabo Class 5. A party that disputes the Debtors' characterization of its claim or interest as unimpaired may request a finding of impairment from the Court in order to obtain the right to vote.

If you have any questions about the procedure for voting, or if you did not receive a Ballot, received a damaged Ballot, or have lost your Ballot, or if you would like additional copies of this Disclosure Statement, please send a written request to Stutman, Treister & Glatt Professional Corporation, 1901 Avenue of the Stars, 12th Floor, Los Angeles, California, 90067, Facsimile No. (310) 228-5788, Attention: Joanne B. Stern, Paralegal.

1 The Court has scheduled the Confirmation Hearing on the date and at the place  
2 specified in the Confirmation Hearing Notice accompanying this Disclosure Statement. The Court  
3 has directed that objections, if any, to confirmation of the Plan be served and filed on or before the  
4 date specified, and in the manner described in the Confirmation Hearing Notice. The Confirmation  
5 Hearing may be continued from time to time by the Court without further notice except for the  
6 announcement of the continuation date made at the Confirmation Hearing or at any subsequent  
7 continued Confirmation Hearing.

8 **After carefully reviewing this Disclosure Statement and the Plan, including the**  
9 **exhibits, each holder of an impaired claim should vote on the enclosed ballot and return it in**  
10 **the envelope provided.**

11 **TO BE COUNTED, YOUR BALLOT MUST BE COMPLETELY FILLED IN,**  
12 **SIGNED, AND TRANSMITTED IN THE MANNER SPECIFIED IN THE BALLOT SO**  
13 **THAT IT IS RECEIVED BY THE BALLOT TABULATOR BY THE VOTING DEADLINE**  
14 **SPECIFIED IN THE BALLOT. PLEASE FOLLOW CAREFULLY ALL INSTRUCTIONS**  
15 **CONTAINED IN THE BALLOT. ANY BALLOTS RECEIVED WHICH DO NOT**  
16 **INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN OR WHICH**  
17 **INDICATE BOTH AN ACCEPTANCE AND REJECTION OF THE PLAN WILL NOT BE**  
18 **COUNTED.**

19 **THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST**  
20 **FEASIBLE RECOVERY TO THE CREDITORS OF THE BANKRUPTCY ESTATES, AND**  
21 **THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF SUCH**  
22 **CREDITORS. THE DEBTORS RECOMMEND THAT THE CREDITORS VOTE TO**  
23 **ACCEPT THE PLAN.**

## 24 **II.**

### 25 **GENERAL BACKGROUND**

#### 26 **A. The Debtors and the Debtors' Business Operations.**

27 Prior to the Petition Date, the Debtors operated a "time-share" business. The Debtors  
28 were founded in 1987 and sold vacation ownership interests at nine resorts located in California,

1 Nevada, Utah and San Jose del Cabo, Mexico. The Debtors generated revenue primarily from the  
2 sale and financing of "vacation ownership points" (the "Points") in a timeshare program commonly  
3 known and marketed as "Monarch Grand Vacations" ("MGV"). The Debtors began operations as a  
4 deeded-interest timeshare regime but changed to a points-based platform in April 1999. Since that  
5 transition, substantially all sales had been of MGV Points.

6 MGV was a multi-location vacation timeshare program that established a uniform  
7 plan for the development, ownership, use and enjoyment of specified resort accommodations for the  
8 benefit of its members (the "Vacation Accommodations"). MGV was a nonprofit mutual benefit  
9 corporation whose members are timeshare owners, and it was administered by a board of directors  
10 elected by MGV members. MGV is not a debtor in the Cases. Each purchaser of Points, and PMR  
11 with respect to Points it owned and sold to DPM, is considered an "Owner" and has the right, as an  
12 Owner, to use and to occupy Vacation Accommodations and the appurtenant common areas and  
13 amenities at all MGV-affiliated resorts (the "Underlying Resorts"), subject to the terms and  
14 conditions of the MGV governing instruments.

15 The Points are the symbolic units of measurement of the rights of the Owner to enjoy  
16 the use rights to the Vacation Accommodations and are credited to each Owner at the beginning of  
17 each twenty-four (24) month "Use Term." The Points entitle the Owner to the use of the Vacation  
18 Accommodations at any of the "Underlying Resorts" consistent with the number of Points purchased  
19 and available to support a specific reservation request. The number of Points required for a specific  
20 reservation is governed by the type of Vacation Accommodation, location within an Underlying  
21 Resort, time of the year, and day of the week. Reservation and use rights are governed by the MGV  
22 Rules and Regulations. MGV timeshare members can purchase additional Points to accommodate  
23 changing vacation needs. Unused Points expire at the end of each such Use Term.

24 Prior to the sale of its operating assets to DPM, PMR held the exclusive right to  
25 dedicate Vacation Accommodations to MGV and to sell "Vacation Ownership Plans" that permitted  
26 the use of such Vacation Accommodations to members of the general public pursuant to a  
27 "Development Agreement" dated December 15, 1998 between PMR and MGV. Vacation  
28 Ownership Plans may or may not be coupled with an interest in real property.

1 Each time PMR transferred unencumbered legal title of Vacation Accommodations to  
2 MGV, MGV concurrently delivered "Vacation Ownership Points Certificates" (the "Certificates") to  
3 PMR, evidencing the number of Points represented by the Vacation Accommodations(s) transferred  
4 to MGV. PMR had the exclusive right to market and sell the Certificates.

5 **Legal ownership and/or use rights relating to Vacation Accommodations**  
6 **dedicated to the MGV program are held by MGV in trust for the use and benefit of the**  
7 **Owners in good standing. MGV may not sell, pledge, or otherwise encumber the Vacation**  
8 **Accommodations or, in any other way, diminish the rightful use rights and expectations of the**  
9 **Owners.**

10 The Debtors sold Points to individuals principally domiciled in the United States.  
11 The Debtors typically financed sales to new Owners after requiring a minimum of 10% down  
12 payment. The balance of the purchase price, if not paid in full in cash, was paid to the Debtors by a  
13 promissory note (the "Note"), which was secured by the Points purchased. Sales of additional Points  
14 to existing Owners, generally referred to as "Upgrades," were also be financed by the Debtors, and  
15 existing Owners with FICO scores below 700 were required to produce an additional down payment  
16 of at least 10% of the additional Points. The additional down payment requirement was waived for  
17 Owners with FICO scores above 700.

18 When the Debtors sold Points, they historically financed the Owner's purchase of  
19 those points in the manner described above. To fund operations, the Debtors obtained a credit  
20 facility (the "RFA Hypothecation Facility"), for which RFA was the lender, and a second facility  
21 (the "BB&T Hypothecation Facility") from BB&T, pursuant to which the Debtors borrowed money  
22 and pledge Owner Notes as collateral. In addition, RFA was the lender for an acquisition and  
23 development loan (the "A&D Loan"), the proceeds of which were used primarily to fund the  
24 acquisition and construction of the Vacation Accommodations located in Los Cabos, Mexico. The  
25 aggregate outstanding obligations owing to RFA as of the Petition Date totaled approximately  
26 \$266.9 million, consisting of approximately \$221.7 million under the RFA Hypothecation Facility  
27  
28



1 and \$45.2 million under the A&D Loan. The outstanding obligations owed to BB&T under the  
2 BB&T Hypothecation Facility as of the Petition Date totaled approximately \$13 million.<sup>2</sup>

3 As of the Petition Date, MGV owned Vacation Accommodations within the following  
4 Underlying Resorts: Palm Canyon Resort (Palm Springs), Riviera Oaks Resort & Racquet Club  
5 (Ramona), Riviera Beach & Spa Resort – Phases I and II (Dana Point), Riviera Shores Beach (Dana  
6 Point), Cedar Breaks Lodge (Brian Head), Tahoe Seasons Resort (South Lake Tahoe), Desert Isle of  
7 Palm Springs (Palm Springs), the Cancun Resort (Las Vegas), and the Cabo Azul Resort (Los  
8 Cabos, Mexico). Future Vacation Accommodations are currently in the pre-development stage in  
9 Kona, Hawaii and Las Vegas, Nevada. Additionally, the Cabo Azul Resort has construction in  
10 progress on two buildings.

11 **B. Events Leading to Chapter 11.**

12 The Debtors, like many of their competitors in the timeshare industry, have been  
13 adversely affected by the current economic downturn. As the economy soured, the Debtors' sales of  
14 Points to consumers suffered. In addition, more Owners began to default on their Notes owed to  
15 PMR. The reduction in sales of new Points and the increase in defaults by the Owners on their  
16 Notes reduced the availability under the RFA Hypothecation Facility and the BB&T Hypothecation  
17 Facility and caused the Debtors to breach various covenants under the loan documents with RFA,  
18 BB&T and other creditors. The Debtors' efforts at refinancing or finding new sources of funding  
19 were hampered by the fact that several of the traditional lenders in the industry, including GMAC  
20 and Textron Financial, were exiting the timeshare market.

21 Without the ability to refinance or obtain new sources of funding, the Debtors entered  
22 into a forbearance agreement with RFA's predecessor in interest on March 18, 2009, which was  
23 extended from time to time through various amendments. The Debtors were also able to enter into  
24 forbearance agreements, loan maturity extensions or other arrangements with BB&T, CB&T and  
25 other creditors to permit stabilization of operations and to explore their strategic options.

26 \_\_\_\_\_  
27 <sup>2</sup> The collateral securing the BB&T Hypothecation Facility is owned by a wholly owned  
28 subsidiary, PMR 2007-A, and has not been sold. The equity in that subsidiary will be vested in  
the Liquidation Trust under the Plan.

1           **C.     The Debtors' Restructuring and Marketing Efforts.**

2           In order to assist them in exploring their strategic options, including a potential  
3 capital infusion, stand-alone restructuring, asset divestitures and/or a sale, the Debtors retained  
4 Houlihan Lokey Capital, Inc. ("Houlihan Lokey") as their investment bankers in December, 2009.  
5 Following the analysis and presentation of strategic alternatives to RFA's predecessor in interest and  
6 BB&T, and with the support of these creditors, Houlihan Lokey launched an extensive marketing  
7 campaign and contacted 103 interested parties, including strategic buyers, financial buyers and  
8 capital providers. The parties contacted by Houlihan Lokey constituted virtually the entire known  
9 universe of players in the timeshare industry. Houlihan Lokey, with the assistance of management,  
10 also explored and studied a possible stand-alone restructuring of the business.

11           Of the parties contacted, 36 signed confidentiality agreements and received  
12 confidential information packets from Houlihan Lokey. Parties that submitted acceptable  
13 preliminary indications of interest were provided additional due diligence including a management  
14 presentation and on-site tours.

15           Based on the results of the pre-petition marketing efforts by Houlihan Lokey, the  
16 Debtors concluded that the best way to maximize recovery for their creditors would be to sell,  
17 subject to overbids, their operating assets (the "DPM Acquired Assets") to DPM Acquisition, LLC  
18 ("DPM"), an affiliate of Diamond Resorts Corporation ("Diamond"), for \$49,250,000 in cash, plus  
19 assumption of certain liabilities, and, in a separate transaction, sell certain assets, consisting of the  
20 Notes (the "RFA Notes") and certain other RFA Notes-related collateral that PMR and certain of the  
21 Debtors have pledged to RFA to secure their obligations to RFA under RFA Hypothecation Facility  
22 and the A&D Loan (the "RFA Acquired Assets"), to RFA PMR LoanCo, LLC ("RFA PMR  
23 LoanCo"), an affiliate of RFA, for a credit bid of \$130,000,000. Prior to the Petition Date, DPM  
24 executed an asset purchase agreement, subject to the Court's approval, to acquire the operating  
25 assets, and RFA and RFA PMR LoanCo executed a separate asset purchase agreement, subject to the  
26 Court's approval, to acquire the RFA Acquired Assets, subject to overbids.

27           The sale of the DPM Acquired Assets and the sale of the RFA Acquired Assets were  
28 interconnected in that RFA conditioned the purchase of the RFA Acquired Assets on DPM and RFA

1 PMR LoanCo entering into a servicing agreement, defaulted inventory repurchase agreement and  
2 related agreements (collectively, the "Servicing Agreements") pursuant to which Diamond or DPM  
3 proposes to service the RFA Notes that RFA PMR LoanCo proposed to acquire from the Debtors.  
4 RFA had also agreed to release its liens on the operating assets that DPM proposed to acquire on,  
5 among other things, the condition that DPM or any successful bidder enters into the Servicing  
6 Agreements acceptable to RFA. Moreover, RFA consented to the limited consensual use of cash  
7 collateral in order to give the Debtors sufficient time to consummate the sale of the DPM Acquired  
8 Assets and the sale of the RFA Acquired Assets.

9                   Although the Debtors conducted an extensive pre-bankruptcy marketing campaign  
10 with the assistance of Houlihan Lokey, in order to maximize recovery to their creditors, the Debtors  
11 negotiated with RFA the terms of the post-petition sale procedures, which were designed to establish  
12 a fair, open and competitive postpetition bidding process. Houlihan Lokey re-contacted potential  
13 interested parties, including parties who previously expressed interest in acquiring assets of the  
14 Debtors.

15   **III.**

16   **SIGNIFICANT EVENTS DURING CHAPTER 11 CASES**

17                   In connection with the administration of the Cases, a number of significant events  
18 have occurred as part of the effort to liquidate assets and to restructure the Debtors.

19                   **A. First Day Motions and Use of Cash Collateral.**

20                   On the Petition Date, the Debtors filed several "first-day" motions to minimize any  
21 disruption to the Debtors' business operations that might result from the filing of the Cases. On  
22 October 26, 2011, the Court held an emergency hearing regarding these "first-day" motions and the  
23 following orders were entered on the following dates:

24  
25  
26  
27  
28

<u>Title of Order</u>	<u>Date Entered</u>
<i>Order Authorizing the Joint Administration of Related Chapter 11 Cases</i>	10/26/2011
<i>Order (1) Authorizing The Debtors To Pay Prepetition Wages, Salaries, And Employee Benefits; (2) Authorizing The Debtors To Continue The Maintenance Of Employee Benefit Programs In The Ordinary Course; And (3) Directing All Banks To Honor Prepetition Checks For Payment Of Prepetition Employee Obligations Pursuant To 11 U.S.C. §§ 105(a) And 507(a)</i>	10/26/2011
<i>Order Limiting Notice and Permitting Service on Insured Depository Institutions by First Class Mail</i>	10/26/2011
<i>Order: (i) Deeming Utilities Adequately Assured of Future Performance; and (ii) Establishing Procedures for Determining Requests for Additional Assurance Pursuant to Bankruptcy Code Section 366</i>	10/26/2011
<i>Order Extending the Deadline to File Schedules ("<u>Schedules Order</u>")</i>	10/26/2011
<i>Order Authorizing the Debtors to (1) Honor Prepetition Deposits and Down Payments and (2) Maintain Certain Reward Programs to Customers</i>	10/26/2011
<i>Order (1) Authorizing the Debtors to Use Cash Collateral and Provide Adequate Protection to Resort Finance America, LLC Pursuant to 11 U.S.C. sections 361 and 363 ("<u>Interim Cash Collateral Order</u>")</i>	10/27/2011
<i>Order Pursuant to 11 U.S.C. sections 105 and 363 Authorizing (a) Continued Maintenance of Certain Existing Bank Accounts; and (B) Continued Use of Existing Cash Management System ("<u>Cash Management Order</u>")</i>	10/27/2011

20                   The Interim Cash Collateral Order authorized the Debtors to use the cash collateral of  
21 RFA, their senior secured lender, on an interim basis. The Court held a final hearing regarding the  
22 Debtors' use of cash collateral at 10 a.m. on December 15, 2011, and on December 21, 2011, the  
23 Court entered the *Final Order Authorizing the Debtors to Use Cash Collateral and Provide*  
24 *Adequate Protection to Resort Finance America, LLC Pursuant to 11 U.S.C. §§ 361 and 363* (the  
25 "Final Cash Collateral Order"). The Final Cash Collateral Order authorized the Debtors to use  
26 RFA's cash collateral, subject to a budget and the terms of the order, through January 25, 2012. The

1 Final Cash Collateral Order further provided that the Debtors and RFA may stipulate to extend the  
2 use of cash collateral without the need for a hearing.

3 From time to time, the Debtors and RFA entered into stipulations to extend the use of  
4 cash collateral, which were all approved by the Court. The extensions of the use of cash collateral  
5 were necessary in order to provide funding for the Debtors' operations pending the closing of the  
6 sale of the DPM Acquired Assets to DPM. The final stipulation provided for the use of RFA's cash  
7 collateral through the earlier of the closing of the sale of DPM Acquired Assets or May 22, 2012.

8 As described in further detail below, the sale of DPM Acquired Assets and the RFA Acquired Assets  
9 both closed on May 21, 2012.

10 **B. The Sales of DPM Acquired Assets and the RFA Acquired Assets.**

11 Also on the Petition Date, the Debtors filed the *Emergency Motion for Order*  
12 *Pursuant to Bankruptcy Code Sections 105, 363, and 365: (a) Authorizing the Debtors to Conduct*  
13 *Auction for Sale of Certain Assets; (b) Establishing and Approving Sale Procedures; (c) Scheduling*  
14 *Bid Deadline and Auction and Sale Hearing; (d) Approving Manner of Notice Pursuant to*  
15 *Bankruptcy Rule 2002; and (e) Authorizing the Sale of Certain Assets to the Successful Bidder (the*  
16 *"DPM Sale Procedures Motion". The DPM Sale Procedures Motion sought, among other things,*  
17 *approval of certain procedures in connection with the Debtors' proposed sale of assets to DPM or a*  
18 *successful overbidder. Additionally, the Debtors filed the *Motion for Order Pursuant to Bankruptcy*  
19 *Code Sections 105, 363 and 365: (A) Authorizing Debtors to Conduct Auction for Sale of Certain*  
20 *Assets to Resort Finance America, LLC and RFA PMR LoanCo, LLC or to the Successful Bidder;*  
21 *(B) Establishing and Approving Sale Procedures; (C) Scheduling Bid Deadline, Auction, And Sale*  
22 *Hearing; (D) Approving Manner of Notice Pursuant to Bankruptcy Rule 2002; and (E) Authorizing*  
23 *the Sale of the Debtors' Assets to the Successful Bidder (the "RFA Sale Procedures Motion" and*  
24 *together with the DPM Sale Procedures Motion, the "Sale Procedures Motions". The RFA Sale*  
25 *Procedures Motion seeks, among other things, approval of certain procedures in connection with the*  
26 *Debtors proposed sale of assets to RFA and RFA PMR LoanCo, or a successful overbidder.**

27 A hearing regarding the Sale Procedures Motions was originally set for November 16,  
28 2011 but was continued to December 5, 2011. At the continued hearing, the Court approved both

1 Sale Procedures Motions and established the following dates: (a) January 6, 2012 at 11:00 a.m. as  
2 the bid deadline for both the DPM Acquired Assets and the RFA Acquired Assets; and (b)  
3 January 12, 2012 at 2:30 p.m. as the hearing date to approve the sales (the "Sale Hearing").

4 No other bids were received for either the DPM Acquired Assets or the RFA  
5 Acquired Assets by the bid deadline, and at the Sale Hearing, the Court approved the sale of DPM  
6 Acquired Assets to DPM and the RFA Acquired Assets to RFA PMR LoanCo. The closing of both  
7 sales was anticipated to occur on or before February 27, 2012. From time to time, the Debtors  
8 entered into amendments with both DPM and RFA to extend the outside date for Closing. The sales  
9 of both the DPM Acquired Assets and the RFA Acquired Assets closed on May 21, 2012.

10 **C. Related Transactions.**

11 During the pre-petition marketing stage, the Debtors explored and considered several  
12 different variants of asset sales and divestitures proposed by the interested parties. During that pre-  
13 petition exploratory stage, Diamond negotiated with several third parties to enter into various  
14 agreements with those third parties that DPM believed were necessary to fully utilize and operate the  
15 assets that it sought to buy from the Debtors. As a result of these efforts, in addition to acquiring the  
16 DPM Acquired Assets from the Debtors, DPM proposed to enter into the following separate  
17 transactions.

18 First, DPM and certain of its affiliates proposed to enter into separate transactions  
19 with Mark Post (the CEO and 49% shareholder of PMR) and certain service companies (the "Service  
20 Companies") that he owns (the "Service Company Transactions")<sup>3</sup>. The closing of the Service  
21 Company Transaction was tied to the closing of the Debtors' sale of the DPM Acquired Assets to  
22 DPM. The Service Companies were neither Debtors nor obligors on the obligations of Debtors. The  
23 Service Companies provided accounting, billing, asset recovery, maintenance, communications and  
24 reservation services for the Underlying Resorts and/or PMR pursuant to various contracts between  
25 the Service Companies, the VPOAs and/or PMR (the "Service Contracts"). DPM believed that Mark

26 \_\_\_\_\_  
27 <sup>3</sup> Copies of the documents evidencing the proposed Service Company Transactions were attached  
28 as exhibits to the asset purchase agreement between the Debtors and DPM, which were filed with  
the Court on the Petition Date and served on the appropriate parties.

1 Post's expertise in the timeshare industry and the Service Contracts were essential for the ongoing  
2 business operations that it sought to acquire from the Debtors and the future growth opportunities for  
3 the business.

4 The Debtors believed that DPM's offer, which was the best offer they received for  
5 their assets, was reflective of the fact that DPM was able to successfully negotiate a separate deal  
6 with Mark Post relating to the Service Companies, which enhanced the value of the combined assets  
7 of the Debtors and the Service Companies. Although the Debtors believed that any competing offer  
8 would be enhanced by having a separate deal with the Service Companies, the Sale Procedures  
9 negotiated with DPM did not require that overbidders enter into a separate transaction with Mark  
10 Post or the Service Companies.

11 Second, although the DPM Transaction did not propose to acquire from the Debtors  
12 the Notes that PMR had already pledged to RFA, in related transactions an affiliate of DPM offered  
13 to, and did become, the servicer and collector to the RFA affiliate that acquired the RFA Notes  
14 through the sale approved under Bankruptcy Code section 363. That Diamond affiliate also entered  
15 into an agreement to service the BB&T Notes, which are owned by a non-Debtor subsidiary: Pacific  
16 Monarch Resorts 2007-A ("PMR 2007-A"). These servicing agreements are referred to herein as the  
17 "Notes Transactions".

18 The Service Company Transactions and the Notes Transactions closed around the  
19 same time as the sale of the DPM Acquired Assets on or about May 21, 2012.

20 **D. Other Significant Events.**

21 **1. Claims Bar Date.**

22 The Court conducted a chapter 11 status conference on December 8, 2011 at 10:00  
23 a.m. At the chapter 11 status conference, the Court established February 17, 2012 as the deadline for  
24 filing proofs of claim or proofs of interest against the Debtors' bankruptcy estates. As of September  
25 2012, approximately one hundred and three (103) proofs of claims were filed for a total amount of  
26 \$294,144,496.53. Of that amount, \$266,909,529 constitute RFA's claim. After accounting for the  
27 credit bid of \$130,000,000 for the RFA Acquired Assets and the payment of \$45,226,101 from the  
28 sale of DPM Acquired Assets, RFA's claim should be reduced to an unsecured deficiency claim of

1 approximately \$91,683,428. There are also other claims that should be disallowed because they  
2 were cured or the underlying liability has been paid as part of the Closing. In addition, the Debtors  
3 dispute some of the filed proofs of Claim.

4 **2. Schedules, Statement of Financial Affairs and Other Compliance Issues.**

5 The Debtors are in compliance with all of their duties under Sections 521, 1106, and  
6 1107 of the Bankruptcy Code and all applicable guidelines of the U.S. Trustee. The Debtors have  
7 timely filed all monthly operating reports, and attended creditors' meetings convened by the U.S.  
8 Trustee under Bankruptcy Code section 341(a) on January 19, 2012. The Debtors have filed their  
9 schedules and statement of financial affairs. The Debtors have maintained their prepetition cash  
10 management system, and have diligently transferred excess cash as they accumulates in Mexican  
11 bank accounts to United States accounts maintained at U.S. Trustee "approved depositories" that  
12 comply with Bankruptcy Code section 345(b).

13 **3. Retention of Professionals by the Debtors.**

14 The Debtors engaged Stutman, Treister & Glatt Professional Corporation ("ST&G")  
15 as their bankruptcy counsel. An order authorizing ST&G's employment was entered on January 3,  
16 2012. The Debtors engaged Houlihan Lokey as their investment banker. An order approving  
17 Houlihan Lokey's application to be employed, and authorizing Houlihan Lokey to be compensated  
18 under Bankruptcy Code section 328(a), was entered on January 9, 2012.

19 The Debtors filed an application seeking authority to employ their special timeshare  
20 counsel, Raymond J. Gaskill, on December 30, 2011, and supplemented that application on  
21 January 24, 2012. No objection to Mr. Gaskill's application was timely filed, and on February 14,  
22 2012, the Court entered an order approving his employment application.

23 The Debtors filed an application seeking authority to employ and compensate their  
24 special Mexican tax and regulatory law counsel, Baker & McKenzie Abogados, S.C. ("Baker"), on  
25 January 11, 2012, and supplemented that application on January 24, 2012. No objection to Baker's  
26 application was timely filed. The Court entered an order approving Baker's application on  
27 February 3, 2012.

28



1           The Debtors filed an application seeking authority to employ Greenberg Whitcombe  
2 Takeuchi, LLP ("GWT") on January 26, 2012, and an application to employ White & Case LLP  
3 ("W&C") as special tax counsel on January 30, 2012. The deadlines to object to the employment of  
4 GWT and W&C passed without objection, and the Court entered orders to authorize the employment  
5 of W&C and GWT.

6           The Debtors have also requested authority to employ CB Richard Ellis ("CBRE") as a  
7 real estate broker to market and sell their headquarters building located at 23091 Mill Creek Drive,  
8 Laguna Hills, California (the "Laguna Hills Property"), and Lesley, Thomas, Schwarz & Postma,  
9 Inc. ("LTSP") as auditors, and to compensate each under Bankruptcy Code section 328(a). An order  
10 authorizing the employment and compensation of CBRE was entered on January 24, 2012.  
11 Following a hearing on February 9, 2012 at 10:00 a.m., the Court entered an order approving LTSP's  
12 application on February 13, 2012.

13           Because Mr. Krause, one of the members of ST&G responsible for representing the  
14 Debtors, left ST&G and became a partner of Gibson Dunn & Crutcher LLP ("GDC") effective  
15 May 24, 2012, the Debtors filed an application to employ GDC to act as the joint reorganization  
16 counsel for the Debtors, effective as of that date. The Committee initially filed a limited objection to  
17 GDC's employment application but that objection was resolved by a stipulation providing assurances  
18 that GDC and ST&G will work together to minimize any duplication. The order authorizing the  
19 Debtors to employ GDC was entered on July 31, 2012 [Docket No. 588].

20           Additionally, the Court approved certain procedures for interim compensation of  
21 professionals employed under Bankruptcy Code section 330 on January 3, 2012.

22           **4. Formation of the Committee and Committee's Counsel.**

23           On December 20, 2011, the U.S. Trustee formed the Committee by appointing  
24 Casablanca Express, Travelclick, Inc. and Tahoe Seasons Resort Time Interval/Owners Association  
25 to serve on the Committee. On January 23, 2012, the Committee filed an application to employ  
26 Brinkman Portillo Ronk, PC ("BPR") as its counsel, but the U.S. Trustee filed an objection on  
27 January 17, 2012. A hearing on the application to employ BPR was scheduled for February 23, 2012  
28 at 10:00 a.m., but pursuant to a stipulation entered into by the Committee and the U.S. Trustee, it

1 appears that the U.S. Trustee's objection has been resolved. The Court approved the Committee's  
2 employment of BPR by order dated February 22, 2012.

3 Since the formation of the Committee, its counsel has informally requested  
4 documents and other information from the Debtors. The Debtors and their counsel have fully  
5 complied with all of the Committee's requests for information. Most recently, in July 2012, the  
6 Committee's counsel sent counsel for the Debtors an informal document request. On July 19, 2012,  
7 counsel for the Committee and counsel for the Debtors engaged in a telephonic meet and confer  
8 discussion to address the Committee's requests. The Debtors have produced many of the documents  
9 requested, and anticipate producing more documents responsive to the Committee's requests as soon  
10 as practicable. In addition, on January 18, 2012, the Debtors and their advisors participated in a  
11 conference call with the Committee and its counsel to discuss various issues, including the  
12 Committee's questions about RFA's liens and the sales of assets to DPM or RFA. The Committee  
13 has not requested any further conference.

14 Pursuant to the Final Cash Collateral Order, the Committee had until February 3,  
15 2012 to (i) "investigate . . . and challenge . . . the validity, enforceability, priority, perfection or  
16 amount of" RFA's prepetition debt or liens on its collateral, or (ii) "assert any" "other claims, causes  
17 of action and/or defenses against RFA including, without limitation, claims for lender liability or  
18 pursuant to Bankruptcy Code sections 105, 510, 544, 547, 548, 549 or 550." Final Cash Collateral  
19 Order, p. 23. The Committee and RFA entered into a stipulation on February 3, 2012 to extend the  
20 deadline for the Committee to make any such challenges to February 7, 2012 at 5:00 p.m., which the  
21 Court approved. RFA further extended the deadline to February 8, 2012 at 5:00 p.m. The  
22 Committee did not file or assert any challenge against RFA's claims or liens by the deadline.

23 **5. CB&T Issues.**

24 CB&T holds the CB&T Office Building Secured Claim (i) in the amount of  
25 \$4,175,152.96 in principal, plus accrued and accruing interest, late charges, attorneys' fees, costs and  
26 other charges (the "Laguna Hills Loans"), secured by the Debtors' corporate headquarters building  
27 located at 23091 Mill Creek Drive, Laguna Hills, CA 92653 (the "Laguna Hills Property"); and  
28 (ii) in the amount of \$3,180,768.68 in principal, plus accrued and accruing interest, late charges,

1 attorneys' fees, costs, and other charges, secured by certain furniture and equipment used at the Cabo  
2 Azul Resort (the "Cabo FF&E"). These loans are not cross collateralized.

3 CB&T filed a declaration in opposition to the Debtors' cash collateral motion, and  
4 oppositions to the Sale Procedures Motions. In response to these filings, the Debtors and CB&T  
5 engaged in negotiations to resolve CB&T's objections to the Sales Procedures Motions and its  
6 demand for adequate protection. Those discussions resulted in two stipulations which were to  
7 resolve all major disputes between the parties.

8 One stipulation resolved CB&T's demand for adequate protection (the "Adequate  
9 Protection Stipulation"). The Adequate Protection Stipulation provided, among other things, that the  
10 Debtors are to engage a broker to sell the Laguna Hills Property, with the proceeds to be paid to  
11 CB&T, net of reasonable closing costs and a broker's commission, up to the amount owing to CB&T  
12 on the CB&T Office Building Secured Claim. The Debtors also stipulated to an order terminating  
13 the automatic stay as to CB&T's rights under the Laguna Hills Loans, with certain conditions and  
14 stays on CB&T's ability to enforcing such rights. The Court approved the Adequate Protection  
15 Stipulation by order dated January 18, 2012.

16 The second stipulation provided for the allowance of CB&T's claims against the  
17 Debtors, secured by the Laguna Hills Property and Cabo FF&E (the "Allowed Claims Stipulation").  
18 The Committee objected to the Allowed Claims Stipulation, and the Court required additional  
19 briefing from all parties at the initial hearing on approval of the Allowed Claims Stipulation. At a  
20 hearing on March 15, 2012, the Court denied approval of the Allowed Claims Stipulation, without  
21 prejudice. The Debtors subsequently filed a motion for reconsideration of the Court's March 15  
22 ruling. On April 30, 2012, the Court approved the Allowed Claims Stipulation. The order  
23 approving the Allowed Claims Stipulation was later amended by stipulation between the Debtors,  
24 CB&T, and the Committee.

1           **E.     The Debtors' Remaining Assets After the Sales to DPM and RFA PMR LoanCo**  
2           **Close.**

3                     Following the closing of the sales of RFA Acquired Assets and the DPM Acquired  
4 Assets close on May 21, 2012, the Debtors anticipate that the following Assets will remain in the  
5 Estates on the Effective Date:

6                     a.       Cash after the payment of Administrative Claims, Professional Fee  
7 Claims, and other wind down costs in the amount set forth in Exhibit "C" hereto.

8                     b.       PMR's 100% equity interest in PMR Insurance Company ("PMRIC"),  
9 a non-debtor affiliate. The Debtors believe that once PMRIC is wound down, which could  
10 take approximately one-year, there could be a refund of approximately \$450,000.

11                    c.       PMR's 100% equity interest in "PMR 2007-A"<sup>4</sup>. PMR Corp 1 and  
12 PMR 2007-A are non-debtor affiliates created for the purpose obtaining funding from the  
13 BB&T Hypothecation Facility. The Cases and the Plan do not alter, modify or amend the  
14 BB&T Hypothecation Facility in any way, and the Debtors believe that BB&T will probably  
15 be paid in full from the collections on the Owner Notes pledged to Wells Fargo, N.A., as the  
16 indenture trustee for the BB&T Hypothecation Facility. The face amount of the Owner  
17 Notes pledged to the BB&T Hypothecation Facility is approximately \$23 million, and BB&T  
18 is owed approximately \$11 million. However, approximately \$14 million in face value of the  
19 Notes pledged to the BB&T Hypothecation Facility are in default status. Based on the  
20 default curve and the projected time to pay off BB&T, the Debtors believe that BB&T  
21 Hypothecation Facility will be paid in full only if these notes are collected in the ordinary  
22 course over the next six to seven years. The liquidation value of PMR's equity interest in  
23 PMR 2007-A, which will be transferred to the Liquidation Trust, would likely be \$0.00.

24                    However, once the BB&T Hypothecation Facility is paid in full, which could take  
25

26 \_\_\_\_\_  
27 <sup>4</sup> Currently, another non-debtor affiliate, PMR Corporation 1 ("PMR Corp 1"), is an intermediate  
28 subsidiary that owns PMR 2007-A. The Plan provides for PMR Corp 1 to dissolve and transfers  
direct 100% interest in PMR 2007-A to the Liquidation Trust.

1 approximately six or more years, any future collections from the Owner Notes and the  
2 defaulted Points will go to the Liquidation Trust.

3 d. Refund for HARPTA real estate tax paid to the State of Hawaii for the  
4 sale of the Kona property to DPM in the approximate amount of \$250,000.

5 e. Causes of Action. The Debtors have not valued the Causes of Action.

6 **IV.**

7 **SUMMARY OF THE PLAN**

8 **A. General Overview of the Plan.**

9 The Debtors' principal operating assets have already been sold pursuant to Bankruptcy Code  
10 section 363 during the pendency of the Cases. The objectives of the Plan are to accomplish the  
11 following without triggering additional tax liabilities that would reduce the distributions to creditors:  
12 (1) effect the substantive consolidation of PMR, VIR, and VMG, (2) merge the Mexican Entities (as  
13 defined below) into DCA, while providing for payment in full of all Claims against the Mexican  
14 Entities, other than RFA's Claim against DCA, (3) complete the transition services required under  
15 the completed sale to DPM; (4) provide the funds to allow the Liquidation Trust to make an initial  
16 distribution of \$1,000,000, less the Initial PMR Cash on Hand, to the Holders of Allowed Priority  
17 Claims, Convenience Class Claims (PMR Class 5), and General Unsecured Claims (PMR Class 6);  
18 and (5) transfer the Causes of Action, if any, and other remaining Assets of PMR to the Liquidation  
19 Trust established for PMR, which shall liquidate the Causes Action and all other Trust Assets, and  
20 distribute the proceeds thereof to Holders of Allowed Claims. The Plan divides Creditors and  
21 Interest Holders of the Debtors into Classes based on their legal rights and interests. All Holders of  
22 Allowed Claims against DCA and the Mexican Entities, other than RFA, will be paid in full. The  
23 Holders of Allowed Priority Claims will be paid in full. The Holders of Allowed Convenience Class  
24 Claims against PMR, VIR and VMG, will receive a cash payment equal to 20% of their Allowed  
25 Claims. Holders of Allowed General Unsecured Claims against PMR, VIR and VMG, which will be  
26 substantively consolidated with PMR, will be entitled to the residual portion of \$1,000,000 after  
27 payments to Holders of Priority Claims and Convenience and Pro Rata distributions from the  
28 Liquidation Trust, but RFA has agreed that the Initial PMR Cash on Hand can be funded from the

1 portion of the initial distribution that would otherwise be distributed to RFA, so the retention of the  
2 Initial PMR Cash on Hand will not diminish the distribution to any other Holder of an Allowed  
3 Claim. From and after the Transition Completion Date, the Reorganized PMR Equity will be owned  
4 by New Equity Holder, who is not an affiliate or insider of any of the Debtors, and the equity in  
5 Reorganized DCA will be owned by Reorganized PMR. Based on this transition, the current Interest  
6 Holders of the Debtors will not receive or retain anything on account of their Interests.

7 **B. Substantive Consolidation of PMR, VIR and VMG.**

8 The Plan provides that PMR, VIR and VMG are to be substantively consolidated.  
9 Substantive consolidation has a number of important effects. First, the assets and liabilities of each  
10 of PMR, VIR and VMG will be deemed to be the assets and liabilities of all of those Debtors.  
11 Second, any guaranty by PMR, VIR and VMG of the obligations of each other existing prior to the  
12 Effective Date (regardless whether such guaranty is secured, unsecured, liquidated, unliquidated,  
13 contingent, or disputed) will be deemed eliminated so that any Claim against any one of them and  
14 any guaranty of such Claim executed by PMR, VIR and VMG will be deemed to be a single  
15 obligation of those consolidated Debtors. Third, any joint liability (including but not limited to joint  
16 and several liability) of PMR, VIR and VMG will be deemed to be a single obligation of those  
17 consolidated Debtors. As a result, a creditor that holds duplicative Claims against more than one of  
18 the Debtor that will be substantively consolidated based on their joint liability will hold only one  
19 such Allowed Claim, and any duplicative Claim against any the other Debtor based on its joint  
20 liability will be disallowed. Fourth, each and every proof of Claim Filed or to be Filed in the Cases  
21 of PMR, VIR and VMG will be deemed Filed against those consolidated Debtors and will be  
22 deemed a single Claim against and obligation of those consolidated Debtors. Finally, PMR, VIR and  
23 VMG's intercompany Claims (which are Claims of one Debtor against another Debtor) will be  
24 eliminated, and Interests will be treated as provided in the Plan.

25 The Debtors believe that this treatment is justified for several reasons. First, PMR,  
26 VIR and VMG operated their business in an integrated fashion. VIR and VMG did not run stand-  
27 alone businesses that can be severed from PMR. PMR was the primary operating entity. VIR was  
28

1 the entity that held the real estate broker's license, and VMG at one time housed the marketing arm  
2 of PMR.

3 Second, PMR, VIR and VMG reported their financial results on a consolidated basis  
4 and did not issue separate financial statements for each corporation. In fact, as a result of the way  
5 PMR, VIR and VMG operated on a consolidated basis even before the Petition Date, they filed joint  
6 consolidated bankruptcy schedules and statement of financial affairs. As a result, no Creditors could  
7 have relied on the separate credit of one of those Debtors.

8 Third, no creditor has filed a Claim against VIR and VMG, and VIR and VMG do not  
9 have any valuable Assets. Accordingly, substantively consolidating VIR and VMG into PMR will  
10 not prejudice nor benefit the creditors of either PMR or VIR and VMG.

11 For these reasons and others, the Debtors believe that consolidation of PMR, VIR and  
12 VMG is the appropriate manner in which to treat Claims under the Plan.

13 **C. Summary Of Classification Of Treatment Of Claims And Interests Under The**  
14 **Plan.**

15 THE DESCRIPTION OF THE PLAN SET FORTH BELOW IS ONLY A  
16 SUMMARY OF SOME OF THE MORE MATERIAL PROVISIONS OF THE PLAN AND IS  
17 QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE MORE DETAILED PROVISIONS  
18 SET FORTH IN THE PLAN, THE TERMS OF WHICH ARE CONTROLLING OVER THE  
19 SUMMARY SET FORTH BELOW. The Plan is attached hereto as Exhibit "A" and is made a part  
20 of this Disclosure Statement.

21 The following discussion summarizes the classification and treatment of claims and  
22 interests under the Plan.

23 **1. Unclassified Claims.**

24 Certain types of Claims are not placed into voting Classes; instead they are  
25 unclassified. They are not considered impaired and they do not vote on the Plan because they are  
26 automatically entitled to specific treatment provided for them in the Code. As such, the Debtors  
27 have not placed the following Claims in a Class. The treatment of these Claims is provided below.  
28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**a. Administrative Claims.**

**i. Treatment.**

Administrative claims are generally comprised of the actual and necessary costs and expenses of preserving the Estate and operating the business of the Debtors after the Petition Date. The Bankruptcy Code requires that allowed administrative expenses be paid on the Effective Date unless the party holding the administrative expense agrees otherwise.

The Debtors are presently aware of two types of Administrative Claims. The first type consists of debt incurred by the Debtors in the ordinary course of business (other than tax claims) since the Petition Date, including trade debt and operating expenses. Holders of these types of Administrative Claims will not be required to file any requests for payment of such claims. Such Administrative Claims shall be assumed and paid by the Debtors pursuant to the terms and conditions of a particular transaction giving rise to such Administrative Claim, without any further action by the holders of such claim.

The second type of Administrative Claim consists of Professional Fee Claims, which are for fees and expenses as allowed by Order of the Bankruptcy Court for professionals employed by the Debtors or the Committee. Since the Petition Date, the Debtors have paid, on an interim basis, Professional Fee Claims to professionals and other entities pursuant to various Court orders, and as stated above, after the Effective Date, professionals will file final fee applications that seek approval of such payments of Professional Fee Claims. The Debtors estimate that the unpaid Professional Fee Claims, net of payments already made pursuant to interim fee procedures and pre-petition retainers held by certain professionals, will be approximately \$2.8 million. The Debtors anticipate that they will have more than sufficient funds on hand to pay Allowed Professional Fee Claims in these Cases.

**ii. Deadlines.**

Each Holder of a Professional Fee Claim seeking an award by the Court of compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date shall: (a) file such Holder's interim (if applicable) and final applications for allowances of compensation for services rendered and reimbursement of expenses incurred through



1 the Effective Date by no later than the forty-fifth (45<sup>th</sup>) day after the Effective Date or such other  
2 date as may be fixed by the Court; and (b) if granted such an award by the Court, be paid from the  
3 Administrative Claims Reserve in full satisfaction, discharge, exchange, and release of such Claim,  
4 Cash in such amounts as are allowed by the Court on the date such Professional Fee Claim becomes  
5 an Allowed Claim, or as soon thereafter as is practicable. All objections to the allowance of  
6 Professional Fee Claims through the Effective Date must be filed and served by no later than the  
7 sixty-fifth (65<sup>th</sup>) day after the Effective Date, or such other date as may be fixed by Order of the  
8 Court.

9 As to other Administrative Claims that do not require Bankruptcy Court approval to  
10 become Allowed Claims, Creditors shall submit such Claims to the Debtor no later than sixty (60)  
11 days after the Confirmation Date or by such other bar date as the Bankruptcy Court may set.  
12 Holders of claims for the provision of goods and services postpetition to the Debtor need not file  
13 proofs of claim for Administrative Claims.

14 Any such Claim not filed or submitted as explained above within these deadlines  
15 shall be forever barred, and any Creditor who is required to file a request for payment of such Claim  
16 and who does not file such request by the applicable bar date shall be forever barred from asserting  
17 such Claim against the Estate or its property.

18 **b. Priority Tax Claims.**

19 Priority Tax Claims are comprised of claims of federal, state and local governmental  
20 units for taxes, interest and penalties for certain periods specified in section 507(a) of the Bankruptcy  
21 Code.

22 Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to less  
23 favorable treatment, each Holder of an Allowed Priority Tax Claim shall receive in full satisfaction,  
24 discharge, exchange, and release thereof, Cash from the Priority/Convenience Claims Reserve in an  
25 aggregate amount equal to such Allowed Priority Tax Claim on the later of: (i) the Effective Date;  
26 and (ii) the fifteenth (15<sup>th</sup>) Business Day after such Priority Tax Claim becomes an Allowed Priority  
27 Tax Claim, or, in either case, as soon thereafter as is practicable.

28

1                   **2. Classification and Treatment of Claims.**

2                   **a. Classes Of Claims And Interests.**

3                   The following is a designation of the classes of claims and interests under the Plan. A  
4 claim or interest is classified in a particular class only to the extent that the claim or interest qualifies  
5 within the description of that class and is classified in a different class to the extent that any  
6 remainder of the claim or interest qualifies within the description of such different class. A claim or  
7 interest is in a particular class only to the extent that the claim or interest is an Allowed Claim or  
8 Allowed Interest in that class and has not been paid, released, or otherwise satisfied before the  
9 Effective Date.

10                   **b. PMR.**

11                   **i. PMR Class 1 (CB&T Office Building Secured Claim).**

12                   **Impairment and Voting.** Class 1 is composed of the Claim of CB&T secured by the  
13 Laguna Hills Property. Class 1 is unimpaired by the Plan. CB&T, the sole Holder of a PMR Class 1  
14 Claim, is deemed to accept the Plan with respect to such Claim.

15                   **Treatment.** Except to the extent that the Holder of an Allowed Claim in PMR Class  
16 1 agrees to less favorable treatment, the Allowed PMR Class 1 Claim shall be satisfied, discharged,  
17 exchanged, and released by the performance of the Debtors' duties under the Stipulation for  
18 Adequate Protection (Real Property), which was approved by the Court by an order entered January  
19 18, 2012, including the Debtors' obligation to pay proceeds of the sale of the Office Building, net  
20 only of reasonable closing costs, broker's commissions negotiated on an arm's length basis and  
21 payable to independent third parties, and secured real property taxes prorated through the closing  
22 date, up to the total aggregate sum of the Allowed PMR CB&T Office Building Secured Claim. To  
23 the extent that the Effective Date occurs before a sale of the Office Building has closed, the  
24 Liquidation Trustee shall assume all duties of the Debtors.

25                   **ii. PMR Class 2 (PMR Secured Tax Claims).**

26                   **Impairment and Voting.** The Holders of a PMR Class 2 Claim, if any, are Impaired  
27 under the Plan. Each Holder of a PMR Class 2 Claim is entitled to vote to accept or reject the Plan  
28 with respect to such Claim.

1                   **Treatment.** Each Holder of an Allowed PMR Class 2 Claim shall (i) retain its Lien  
2 securing such Claim, (ii) continue to accrue interest at the applicable statutory rate as required by  
3 Bankruptcy Code § 511, and (iii) be paid regular quarterly installments of interest only each quarter  
4 after the Effective Date for up to five (5) years after the Petition Date, with 100% of the unpaid  
5 principal of such Allowed Claim to be paid in full in Cash on the fifth anniversary of the Petition  
6 Date; *provided, however*, each Allowed PMR Class 2 Claim shall be paid in full in Cash from the net  
7 sales proceeds of the Collateral securing that Allowed PMR Class 2 Claim, upon the closing of any  
8 sale of such Collateral.

9                                   **iii. PMR Class 3 (PMR Other Secured Claims).**

10                   **Impairment and Voting.** Class 3 is composed of Secured Claims that are not  
11 already classified in other Classes. Currently, the Debtors do not believe that there are any other  
12 secured claims, but to the extent that they exist, they would be in PMR Class 3. PMR Class 3  
13 Claims are impaired by the Plan. Each Holder of a PMR Class 3 Claim is entitled to vote to accept  
14 or reject the Plan with respect to such Claim.

15                   **Treatment.** Except to the extent that the Holder of an Allowed Claim in PMR Class  
16 3 agrees to less favorable treatment, each Allowed PMR Class 3 Claim shall be satisfied, discharged,  
17 exchanged, and released by, at the option of the Liquidation Trustee: (i) payment to the Holder of  
18 the amount of the Allowed PMR Class 3 Claim in Cash in full from the Secured Claims Reserve of  
19 the Liquidation Trust; (ii) payment to the Holder of the sale or disposition proceeds of the Collateral  
20 securing such Allowed Claim to the extent of the value of the Collateral securing such Allowed  
21 Claim; (iii) surrender to the Holder of the Collateral securing such Allowed Claim; or (iv) such  
22 treatment that leaves unaltered the legal, equitable, and contractual rights to which the Holder is  
23 entitled with respect to such Allowed Claim. In the event that an Allowed Claim in PMR Class 3 is  
24 treated under clause (i) or (ii) above, the Liens securing such Allowed Claim shall be deemed  
25 released and extinguished without further Order of the Court. The Liquidation Trustee shall notify  
26 the Holder of an Allowed PMR Class 3 Claim of the election made by the Liquidation Trustee under  
27 this section by the later of: (x) the Effective Date; and (y) the fifteenth (15<sup>th</sup>) Business Day after  
28 such Claim becomes an Allowed PMR Class 3 Claim, or, in either case, as soon thereafter as is

1 practicable, and the Liquidation Trustee shall perform such election within thirty (30) days  
2 thereafter.

3 **iv. PMR Class 4 (PMR Non-Tax Priority Claims).**

4 **Impairment and Voting.** PMR Class 4 Claims are impaired by the Plan. Each  
5 Holder of a PMR Class 4 Claim is entitled to vote to accept or reject the Plan with respect to such  
6 Claim.

7 **Treatment.** Except to the extent that a Holder of an Allowed Claim in PMR Class 4  
8 agrees to less favorable treatment, each Holder of an Allowed PMR Class 4 Claim shall receive from  
9 the Priority/Convenience Claims Reserve of the Liquidation Trust in full satisfaction, discharge,  
10 exchange, and release of such Claim, Cash in an aggregate amount equal to such Allowed PMR  
11 Class 4 Claim on the later of: (i) the Effective Date; and (ii) the fifteenth (15<sup>th</sup>) Business Day after  
12 such PMR Class 4 Claim becomes an Allowed Claim, or, in either case, as soon thereafter as is  
13 practicable.

14 **v. PMR Class 5 (PMR Convenience Claims).**

15 **Impairment and Voting.** PMR Class 5 Claims are impaired by the Plan. Each  
16 Holder of an Allowed Claim in PMR Class 5 is entitled to vote to accept or reject the Plan with  
17 respect to such Claim.

18 **Treatment.** Each Holder of an Allowed Claim in PMR Class 5 shall receive from the  
19 Priority/Convenience Claims Reserve of the Liquidation Trust in full satisfaction, discharge,  
20 exchange, and release of such Claim, Cash in an amount equal to 20% multiplied by the lesser of (a)  
21 \$2,000 or (b) the amount of such Allowed PMR Class 5 Claim on the later of: (i) the Effective Date;  
22 and (ii) the fifteenth (15<sup>th</sup>) Business Day after such Class 5 Claim becomes an Allowed Claim, or, in  
23 either case, as soon thereafter as is practicable.

24 **vi. PMR Class 6 (PMR General Unsecured Claims).**

25 **Impairment and Voting.** PMR Class 6 Claims are impaired by the Plan. Each  
26 Holder of a PMR Class 6 Claim is entitled to vote to accept or reject the Plan with respect to such  
27 Claim.

28

1                   **Treatment.** Each Holder of an Allowed PMR Class 6 Claim shall receive a  
2 Liquidation Trust Interest in the allowed amount of such Allowed PMR Class 6 Claim on the later  
3 of: (a) the Effective Date; and (b) the fifteenth (15th) Business Day after such PMR Class 6 Claim  
4 becomes an Allowed PMR Class 6 Claim, or, in either case, as soon thereafter as is practicable. The  
5 Holder of a Liquidation Trust Interest shall receive from the Liquidation Trust, (a) Its share of the  
6 Initial Class 6 Distribution, as described below, and (b) a Pro Rata Share of the Liquidation Trust  
7 Net Proceeds as provided in Article V.C. of the Plan, after the Initial Class 6 Distribution. Each  
8 Holder of an Allowed PMR Class 6 Claim shall receive its Pro Rata share of the Initial Class 6  
9 Distribution, provided, that the distribution to RFA of its Pro Rata share of the Initial PMR Class 6  
10 Distribution shall be reduced by the amount of Cash (not to exceed \$520,000) required to fund the  
11 Initial PMR Cash on Hand. For avoidance of doubt, RFA shall receive an Initial Class 6  
12 Distribution, subject only to any reduction required to fund the Initial PMR Cash on Hand. The  
13 foregoing Liquidation Trust Interest and the Initial Class 6 Distribution shall be in full and complete  
14 satisfaction, discharge, exchange, and release of its Allowed PMR Class 6 Claim.

15                   **vii. PMR Class 7 (PMR Subordinated Claims).**

16                   **Impairment and Voting.** PMR Class 7 Claims are impaired by the Plan. Each  
17 Holder of an Allowed Claim in PMR Class 7 is deemed to reject the Plan with respect to such Claim.

18                   **Treatment.** Holders of Allowed PMR Class 7 Claims shall receive nothing under the  
19 Plan.

20                   **viii. PMR Class 8 (PMR Interests).**

21                   **Impairment and Voting.** PMR Class 8 Interests are impaired by the Plan. Each  
22 Holder of a PMR Class 8 Interest is deemed to reject the Plan with respect to such Interest.

23                   **Treatment.** Holders of PMR Class 8 Interests shall receive no Distributions under  
24 the Plan on account of such Interests. The Reorganized PMR Equity shall be transferred to or issued  
25 to the New Equity Holder in exchange for the \$50,000 cash payment to the Liquidation Trust.

26  
27  
28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**c. MGV Cabo.**

**i. MGV Cabo Class 1 (MGV Cabo Secured Tax Claims).**

**Impairment and Voting.** The Debtors do not believe that there are any MGV Cabo Class 1 Claims. MGV Cabo Class 1 is not impaired under the Plan. Any Holder of a MGV Cabo Class 1 Claim is deemed to accept the Plan.

**Treatment.** Except to the extent that the Holder of an Allowed Claim in MGV Cabo Class 1 agrees to less favorable treatment, each Allowed MGV Cabo Class 1 Claim shall be satisfied, discharged, exchanged, and released by a payment of Cash equal to such Allowed MGV Cabo Class 1 Claim, including any interest, fees and costs permitted under Bankruptcy Code §§ 506 & 1124, on the Effective Date.

**ii. MGV Cabo Class 2 (MGV Cabo Other Secured Claims).**

**Impairment and Voting.** The Debtors do not believe that there are any MGV Cabo Class 2 Claims. To the extent that there are, MGV Class 2 Claims are impaired by the Plan. Each Holder of a MGV Cabo Class 2 Claim is entitled to vote to accept or reject the Plan with respect to such Claim.

**Treatment.** Except to the extent that the Holder of an Allowed Claim in MGV Cabo Class 2 agrees to less favorable treatment, each Allowed MGV Cabo Class 2 Claim shall be satisfied, discharged, exchanged, and released by, at the option of the Liquidation Trustee:

(i) payment to the Holder of the amount of the Allowed MGV Cabo Class 2 Claim in Cash in full from the Secured Claims Reserve of the MGV Cabo Liquidation Trust; (ii) payment to the Holder of the sale or disposition proceeds of the Collateral securing such Allowed Claim to the extent of the value of the Collateral securing such Allowed Claim; (iii) surrender to the Holder of the Collateral securing such Allowed Claim; or (iv) such treatment that leaves unaltered the legal, equitable, and contractual rights to which the Holder is entitled with respect to such Allowed Claim. In the event that an Allowed Claim in MGV Cabo Class 2 is treated under clause (i) or (ii) above, the Liens securing such Allowed Claim shall be deemed released and extinguished without further Order of the Court. The Liquidation Trustee shall notify the Holder of an Allowed MGV Cabo Class 2 Claim of the election made by the Liquidation Trustee under this section by the later of: (x) the Effective

1 Date; and (y) the fifteenth (15<sup>th</sup>) Business Day after such Claim becomes an Allowed MGV Cabo  
2 Class 2 Claim, or, in either case, as soon thereafter as is practicable, and the Liquidation Trustee  
3 shall perform such election within thirty (30) days thereafter.

4 **iii. MGV Class 3 (MGV Cabo Priority Non-Tax Claims).**

5 **Impairment and Voting.** MGV Cabo Class 3 Claims are impaired by the Plan.  
6 Each Holder of a MGV Cabo Class 3 Claim is entitled to vote to accept or reject the Plan with  
7 respect to such Claim.

8 **Treatment.** Except to the extent that a Holder of an Allowed Claim in MGV Cabo  
9 Class 3 agrees to less favorable treatment, each Holder of an Allowed MGV Cabo Class 3 Claim  
10 shall receive in full satisfaction, discharge, exchange, and release of such Claim, Cash from the  
11 Priority/Convenience Claims Reserve in an aggregate amount equal to such Allowed MGV Cabo  
12 Class 3 Claim on the later of: (i) the Effective Date; and (ii) the fifteenth (15<sup>th</sup>) Business Day after  
13 such MGV Cabo Class 3 Claim becomes an Allowed Claim, or, in either case, as soon thereafter as  
14 is practicable.

15 **iv. MGV Cabo Class 4 (MGV Cabo General Unsecured  
16 Claims).**

17 **Impairment and Voting.** MGV Cabo Class 4 Claims are impaired by the Plan.  
18 Each Holder of a MGV Cabo Class 4 Claim is entitled to vote to accept or reject the Plan with  
19 respect to such Claim.

20 **Treatment.** Except to the extent that a Holder of an Allowed Claim in MGV Cabo  
21 Class 4 agrees to less favorable treatment, each Holder of an Allowed MGV Cabo Class 4 Claim  
22 shall receive in full satisfaction, discharge, exchange, and release of such Claim, Cash from the  
23 Liquidation Trust in an aggregate amount equal to such Allowed MGV Cabo Class 4 Claim on the  
24 later of: (i) the Effective Date; and (ii) the fifteenth (15<sup>th</sup>) Business Day after such MGV Cabo Class  
25 4 Claim becomes an Allowed Claim, or, in either case, as soon thereafter as is practicable.

1 v. **MGV Cabo Class 5 (MGV Cabo Interests).**

2 **Impairment and Voting.** MGV Cabo Class 5 Interests are impaired by the Plan.  
3 Each Holder of a MGV Cabo Class 5 Interest is deemed to reject the Plan with respect to such  
4 Interest.

5 **Treatment.** The Class 5 Interests in MGV Cabo shall be canceled and MGV Cabo  
6 shall be merged into DCA with DCA being the surviving Mexican entity.

7 **d. DCA.**

8 **i. DCA Class 1 (DCA Secured Tax Claims).**

9 **Impairment and Voting.** The Debtors do not believe that there are any DCA Class 1  
10 Claims. DCA Class 1 is not impaired under the Plan. Any Holder of a DCA Class 1 Claim is  
11 deemed to accept the Plan.

12 **Treatment.** Except to the extent that the Holder of an Allowed Claim in DCA  
13 Class 1 agrees to less favorable treatment, each Allowed DCA Class 1 Claim shall be satisfied,  
14 discharged, exchanged, and released by a payment of DCA Cash equal to such Allowed DCA  
15 Class 1 Claim, including any interest, fees and costs permitted under Bankruptcy Code §§ 506 &  
16 1124, on the Effective Date.

17 **ii. DCA Class 2 (DCA Other Secured Claims).**

18 **Impairment and Voting.** The Debtors do not believe that there are any DCA Class 2  
19 Claims. To the extent that there are, DCA Class 2 Claims are impaired by the Plan. Each Holder of  
20 a DCA Class 2 Claim is entitled to vote to accept or reject the Plan with respect to such Claim.

21 **Treatment.** Except to the extent that the Holder of an Allowed Claim in DCA Class  
22 2 agrees to less favorable treatment, each Allowed DCA Class 2 Claim shall be satisfied, discharged,  
23 exchanged, and released by: (i) payment to the Holder of the amount of the Allowed DCA Class 2  
24 Claim in Cash in full from the DCA Cash; (ii) payment to the Holder of the sale or disposition  
25 proceeds of the Collateral securing such Allowed Claim to the extent of the value of the Collateral  
26 securing such Allowed Claim; (iii) surrender to the Holder of the Collateral securing such Allowed  
27 Claim; or (iv) such treatment that leaves unaltered the legal, equitable, and contractual rights to  
28 which the Holder is entitled with respect to such Allowed Claim. In the event that an Allowed



1 Claim in DCA Class 2 is treated under clause (i) or (ii) above, the Liens securing such Allowed  
2 Claim shall be deemed released and extinguished without further Order of the Court. The  
3 Liquidation Trustee shall notify the Holder of an Allowed DCA Class 2 Claim of the election made  
4 by the Liquidation Trustee under this section by the later of: (x) the Effective Date; and (y) the  
5 fifteenth (15<sup>th</sup>) Business Day after such Claim becomes an Allowed DCA Class 2 Claim, or, in either  
6 case, as soon thereafter as is practicable, and the Liquidation Trustee shall perform such election  
7 within thirty (30) days thereafter.

8 **iii. DCA Class 3 (DCA Priority Non-Tax Claims).**

9 **Impairment and Voting.** The Debtors do not believe there are any DCA Class 3  
10 Allowed Claims. DCA Class 3 Claims are impaired by the Plan. Each Holder of a DCA Class 3  
11 Claim is entitled to vote to accept or reject the Plan with respect to such Claim.

12 **Treatment.** Except to the extent that a Holder of an Allowed Claim in DCA Class 3  
13 agrees to less favorable treatment, each Holder of an Allowed DCA Class 3 Claim shall receive in  
14 full satisfaction, discharge, exchange, and release of such Claim, DCA Cash in an aggregate amount  
15 equal to such Allowed DCA Class 3 Claim on the later of: (i) the Effective Date; and (ii) the  
16 fifteenth (15<sup>th</sup>) Business Day after such DCA Class 3 Claim becomes an Allowed Claim, or, in either  
17 case, as soon thereafter as is practicable.

18 **iv. DCA Class 4 (DCA General Unsecured Claims).**

19 **Impairment and Voting.** DCA Class 4 Claims are impaired by the Plan. Each  
20 Holder of a DCA Class 4 Claim is entitled to vote to accept or reject the Plan with respect to such  
21 Claim.

22 **Treatment.** Except to the extent that a Holder of an Allowed Claim in DCA Class 4  
23 agrees to less favorable treatment, each Holder of an Allowed DCA Class 4 Claim except RFA shall  
24 receive, in full satisfaction, discharge, exchange, and release of such Claim, DCA Cash in an  
25 aggregate amount equal to such Allowed DCA Class 4 Claim on the later of: (i) the Effective Date;  
26 and (ii) the fifteenth (15<sup>th</sup>) Business Day after such DCA Class 4 Claim becomes an Allowed Claim,  
27 or, in either case, as soon thereafter as is practicable. RFA has agreed to subordinate its Allowed  
28 DCA Class 4 Claim to all other Allowed DCA Class 4 Claims and to the funding of the Initial PMR

1 Cash on Hand, and shall not receive any distribution on account of its DCA Class 4 Claim unless  
2 and until all other Allowed DCA Class 4 Claims have been paid in full and the Initial PMR Cash on  
3 Hand is fully funded. RFA shall receive any remaining DCA Cash after all Allowed DCA Class 4  
4 Claims are paid in full and after the Initial PMR Cash on Hand has been fully funded.

5 **v. DCA Class 5 (DCA Interests).**

6 **Impairment and Voting.** DCA Class 5 Interests are impaired by the Plan. Each  
7 Holder of a DCA Class 5 Interest is deemed to reject the Plan with respect to such Interest.

8 **Treatment.** Holders of DCA Class 5 Interests shall receive no Distributions under  
9 the Plan on account of such Interests. The Reorganized DCA Equity shall be transferred to or issued  
10 to Reorganized PMR, the New Equity in which shall be transferred to or issued to the New Equity  
11 Holder in exchange for the \$5,000 cash payment to the Liquidation Trust. The Holders of DCA  
12 Class 5 Interests shall receive nothing on account of these Interests.

13 **e. Operadora.**

14 **i. Operadora Class 1 (Operadora Secured Tax Claims).**

15 **Impairment and Voting.** The Debtors do not believe that there are any Operadora  
16 Class 1 Claims. Operadora Class 1 is not impaired under the Plan. Any Holder of an Operadora  
17 Class 1 Claim is deemed to accept the Plan.

18 **Treatment.** Except to the extent that the Holder of an Allowed Claim in Operadora  
19 Class 1 agrees to less favorable treatment, each Allowed Operadora Class 1 Claim shall be satisfied,  
20 discharged, exchanged, and released by a payment of Cash equal to such Allowed Operadora Class 1  
21 Claim, including any interest, fees and costs permitted under Bankruptcy Code §§ 506 & 1124, on  
22 the Effective Date.

23 **ii. Operadora Class 2 (Operadora Other Secured Claims).**

24 **Impairment and Voting.** The Debtors do not believe that there are any Operadora  
25 Class 2 Claims. Operadora Class 2 Claims are impaired by the Plan. Each Holder of an Operadora  
26 Class 2 Claim is entitled to accept or reject the Plan with respect to such Claim.

27  
28

1           **Treatment.** Except to the extent that the Holder of an Allowed Claim in Operadora  
2 Class 2 agrees to less favorable treatment, each Allowed Operadora Class 2 Claim shall be satisfied,  
3 discharged, exchanged, and released by a payment of Cash equal to such Allowed Operadora Class 2  
4 Claim, including any interest, fees and costs permitted under Bankruptcy Code §§ 506 & 1124, on  
5 the Effective Date.

6                                   **iii. Operadora Class 3 (Operadora Priority Non-Tax Claims).**

7           **Impairment and Voting.** Operadora Class 3 Claims are impaired by the Plan. Each  
8 Holder of an Operadora Class 3 Claim is entitled to accept or reject the Plan with respect to such  
9 Claim.

10           **Treatment.** Except to the extent that a Holder of an Allowed Claim in Operadora  
11 Class 3 agrees to less favorable treatment, each Holder of an Allowed Operadora Class 3 Claim shall  
12 receive, in full satisfaction, discharge, exchange, and release of such Claim, a payment of Cash on  
13 the Effective Date equal to the Allowed amount of such Allowed Operadora Class 3 Claim.

14                                   **iv. Operadora Class 4 (Operadora General Unsecured  
15 Claims).**

16           **Impairment and Voting.** Operadora Class 4 Claims are impaired by the Plan. Each  
17 Holder of a Operadora Class 4 Claim is entitled to accept or reject the Plan with respect to such  
18 Claim.

19           **Treatment.** Except to the extent that a Holder of an Allowed Claim in Operadora  
20 Class 4 agrees to less favorable treatment, each Holder of an Allowed Operadora Class 4 Claim shall  
21 receive, in full satisfaction, discharge, exchange, and release of such Claim, a payment of Cash on  
22 the Effective Date equal to the Allowed amount of such Allowed Operadora Class 4 Claim.

23                                   **v. Operadora Class 5 (Operadora Interests).**

24           **Impairment and Voting.** Operadora Class 5 Interests are impaired by the Plan.  
25 DCA is the sole Holder of an Operadora Class 5 Interest, and it is entitled to accept or reject the Plan  
26 with respect to such Interest.

27           **Treatment.** DCA's Class 5 Interest in Operadora shall be canceled and Operadora  
28 shall be merged into DCA with DCA being the surviving Mexican entity.

1           **D. Executory Contracts And Unexpired Leases.**

2           Subject to certain limitations, the Debtors have the right, subject to Bankruptcy Court  
3 approval, to assume or reject any executory contract or unexpired lease entered into prior to the  
4 Petition Date. Generally, damages resulting to the other party from a rejection are treated as an  
5 Unsecured Claim arising prior to the Petition Date and included in the appropriate class to the extent  
6 such claim is allowed by the Bankruptcy Court.

7           Effective upon the Effective Date, the Debtors will assume all executory contracts  
8 and unexpired leases that exist, between the Debtors and any other Person, which have not  
9 previously been assumed, assumed and assigned, or rejected, except the Debtors do not assume those  
10 executory contracts and unexpired leases which are listed in Exhibit "2" to the Plan. The Debtors  
11 believe that there are no defaults under any of the executory contracts or unexpired leases to be  
12 assumed and, therefore, no cure payments are required under Bankruptcy Code section 365.

13           The Debtors shall reject the executory contracts and unexpired leases listed on  
14 Exhibit "2" to the Plan hereto and all Executory Contracts and unexpired leases previously rejected  
15 by order of the Bankruptcy Court.

16           All Allowed Claims arising from the rejection of executory contracts or unexpired  
17 leases, whether under the Plan or by separate proceeding, shall be treated as General Unsecured  
18 Claims against the consolidated Debtors. If the rejection of an executory contract or unexpired lease  
19 by the Plan results in damages to the counterparty to such contract or lease, then a Claim for  
20 damages or any other amounts related in any way to such contract or lease shall be forever barred  
21 and shall not be enforceable against the Debtors, the Estates, or their property, unless a proof of  
22 claim is filed with the Court and served on the Liquidation Trustee within thirty (30) days after the  
23 Effective Date. The rejection claim bar date for leases and executory contracts rejected before the  
24 Effective Date, outside of the Plan, shall be, as applicable: (a) the date(s) set forth in the applicable  
25 Order(s) approving or authorizing rejection of such lease or contract; or (b) the Claims Bar Date.

26           **E. Implementation Of The Plan.**

27           **1. Conditions to Plan Effectiveness.** The Plan will not be consummated or  
28 become binding unless and until the Effective Date occurs. The Effective Date will be the first

1 Business Day, as determined by the Debtors in their discretion, on which the following conditions  
2 have been satisfied or waived:

- 3 (a) the Confirmation Order, in form and substance acceptable to the Debtors, has  
4 been entered and is not stayed;
- 5 (b) at least fourteen (14) days have passed since the Confirmation Date;
- 6 (c) the Liquidation Trust Agreement has been executed by all parties thereto; and
- 7 (d) the Debtors shall have received all authorizations, consents, rulings, opinions,  
8 or other documents that are determined by the Debtors to be necessary to implement the Plan.

9 The Debtors' rights under the "mootness doctrine" shall be unaffected by any  
10 provision hereof. The failure to satisfy any condition may be asserted by the Debtors regardless of  
11 the circumstances giving rise to the failure of such condition to be satisfied including any act, action,  
12 failure to act, or inaction by the Debtors. If the Debtors fail to assert the non-satisfaction of any such  
13 condition, such failure shall not be deemed a waiver of any other rights.

14 **2. Actions on the Effective Date.** To the extent not previously completed, on the  
15 Effective Date, the following shall occur in implementation of the Plan:

- 16 (a) PMR, VIR, and VMG, and their Estates, shall be substantively consolidated into the  
17 single Estate of PMR for all purposes, including voting on the Plan, classification of  
18 Claims and Interests, and Distributions;
- 19 (b) the Liquidation Trustee and the Clerk of the Court shall take all steps necessary to  
20 close the Cases of VIR and VMG;
- 21 (c) all actions, documents, and agreements necessary to implement the Plan shall be  
22 effected or executed;
- 23 (d) the Liquidation Trust Agreement shall become effective;
- 24 (e) the Committee shall terminate and disband and the members of the Committee shall  
25 be released and discharged of and from all further authority, duties, responsibilities,  
26 and obligations related to and arising from their service as Committee members; and

27  
28

1 (f) the New Equity Holder shall pay \$5,000 to the Liquidation Trustee in exchange for  
2 which on the Transition Completion Date, the Reorganized PMR Equity shall be  
3 issued to the New Equity Holder.

4 **3. Corporate Action.** Upon the Effective Date, all transactions and applicable  
5 matters provided for under the Plan shall be deemed to be authorized and approved by the Debtors  
6 without any requirement of further action by the Debtors, their shareholders, their members, or their  
7 directors.

8 **4. Vesting and Transfer of Assets.** On the Effective Date, the Assets of the Estates  
9 will be vested or transferred as follows:

10 (a) all equity Interests in PMR 2007-A and PMRIC shall be deemed transferred to  
11 the Liquidation Trust free and clear of liens, claims, and encumbrances;

12 (b) except as otherwise provided under the Plan, all Assets and Causes of Action  
13 of the Debtors, other than the PMR Retained Assets and DCA Retained Assets, shall be transferred  
14 to the Liquidation Trust free and clear of liens, claims, and encumbrances;

15 (c) DCA shall retain ownership of the DCA Retained Assets and PMR shall retain  
16 ownership of the PMR Retained Assets, including without limitation the equity Interests in  
17 Reorganized DCA;

18 (d) DCA and Operadora will use the DCA Cash to pay all Allowed Claims  
19 against Reorganized DCA, other than the Claim of RFA, including all Allowed Claims assumed by  
20 Reorganized DCA as the result of the mergers described in 5.4(g), of the Plan, in full in Cash or  
21 transfer to the Liquidation trust sufficient Cash to pay all such Allowed Claims in full in Cash not  
22 later than the Effective Date;

23 (e) After making the distributions pursuant to 5.4(d) of the Plan, DCA shall  
24 transfer to PMR for the sole purpose of funding the Initial PMR Cash on Hand any remaining DCA  
25 Cash, except \$5,000, which shall be a DCA Retained Asset;

26 (f) In the event that any excess DCA Cash remains after the Initial PMR Cash on  
27 Hand is funded in full, any such excess DCA Cash shall be distributed to RFA on account of RFA's  
28 DCA Class 4 Claim; and

1 (g) Operadora, PMR Cabo, CCA and MGV Cabo shall be merged into  
2 Reorganized DCA on the Effective Date, with Reorganized DCA being the surviving entity.

3 To the extent required to implement the transfers of the Assets from the Debtors and  
4 the Estates to the Liquidation Trust as provided for herein, all Persons including Governmental  
5 Authorities shall cooperate with the Debtors, the Estates, and the Liquidation Trustee to assist in the  
6 implementation of such transfers. On the Effective Date, and as provided in the Plan and sections  
7 1123, 1141, and 1146(a) of the Bankruptcy Code, the Debtors and their Estates are authorized as  
8 provided in the Plan to transfer, grant, assign, convey, set over, and deliver to the Liquidation  
9 Trustee, for the benefit of the Liquidation Trust, all of the Debtors' and the Estates' right, title, and  
10 interest in and to the Assets to be transferred free and clear of all liens, Claims, encumbrances, or  
11 interests of any kind in such property, except as otherwise expressly provided for in the Plan. As of  
12 the Effective Date, the Trust Assets shall be free and clear of all liens, Claims, and interests of  
13 Holders of Claims and Interests, except as otherwise provided in the Plan.

14 **5. Transition Services.** On and after the Effective Date, Reorganized PMR will  
15 retain the PMR Retained Assets and will continue to perform its obligations under the Transition  
16 Services Agreement. On and after the Effective Date and prior to the Transition Completion Date,  
17 Mackinac Partners, LLC shall manage Reorganized PMR and Reorganized DCA. Promptly after the  
18 Transition Completion Date, the New Equity Holder shall have the right to replace management of  
19 Reorganized PMR and Reorganized DCA. Prior to the Transition Completion Date Reorganized  
20 PMR and Reorganized DCA shall not engage in any new transactions. When Reorganized PMR has  
21 completed the Transition Services it shall provide written notice to the Liquidation Trustee that such  
22 Transition Services have been completed. Such notice shall be delivered not later than June 30,  
23 2013. On the Transition Completion Date the Reorganized PMR Equity shall be promptly issued to  
24 or transferred to the New Equity Holder. From and after the Transition Completion Date  
25 Reorganized PMR and Reorganized DCA shall have the right to engage in future development and  
26 acquisition as they deem appropriate. The New Equity Holder has informed the Debtors that the  
27 New Equity Holder intends to cause the Reorganized Debtors to enter into a management agreement  
28 with the New Equity Holder's affiliate, under which contract the Reorganized Debtors may make an

1 advance payment, not to exceed \$520,000, to the affiliate in exchange for an irrevocable  
2 commitment to provide management services for not less than 5 years. This payment will be funded  
3 from the Initial PMR Cash on Hand.

4 **6. Provisions Relating to Federal Income Tax Compliance.** Transfers to the  
5 Liquidation Trust shall be treated for all purposes of the Internal Revenue Code of 1986, as  
6 amended, as transfers to Creditors to the extent Creditors are Beneficiaries. For example, such  
7 treatment shall apply for purposes of Internal Revenue Code sections 61(a)(12), 483, 1001, 1012,  
8 and 1274. Any such transfer shall be treated for federal income tax purposes as a deemed transfer to  
9 the Beneficiary-Creditors followed by a deemed transfer by the Beneficiary-Creditors to the  
10 Liquidation Trust. The Beneficiaries shall be treated for federal income tax purposes as the grantors  
11 and deemed owners of the Liquidation Trust.

12 **F. Liquidation Trust.**

13 **1. Authorization of Liquidation Trustee.** On the Effective Date, the Debtors,  
14 on behalf of the Estates, and the Liquidation Trustee shall be authorized to, and shall, take all such  
15 actions as required to transfer the Assets from the Debtors and the Estates to the Liquidation Trust to  
16 the extent provided in the Plan. From and after the Effective Date, the Liquidation Trustee shall be  
17 authorized to, and shall take all such actions as required to implement the Liquidation Trust  
18 Agreement and the provisions of the Plan, including administering the Causes of Action. The  
19 Confirmation Order shall provide the Liquidation Trustee with express authority to convey, transfer,  
20 and assign any and all of the Trust Assets and to take all actions necessary to effectuate same and to  
21 employ such professionals as the Liquidation Trustee deems appropriate, including without  
22 limitation professionals previously employed by the Debtors and/or the Committee. Mackinac  
23 Partners, LLC shall assist the Liquidation Trustee in the transition and in the analysis of and  
24 objections to Claims.

25 **2. Representative of the Consolidated Estates.** The Liquidation Trustee shall  
26 be, and hereby is, appointed as the representative of the respective Estates pursuant to sections  
27 1123(a)(5), (a)(7), and (b)(3)(B) of the Bankruptcy Code and as such shall be vested with the  
28 authority and power (subject to the Liquidation Trust Agreement) to: (a) administer, hold, and



1 liquidate the Trust Assets of each Liquidation Trust; (b) administer, investigate, prosecute, settle,  
2 and abandon all Causes of Action in the name of, and for the benefit of, the Estates, subject to the  
3 limitations set forth in the Plan; and (c) make Distributions provided for in the Plan, including on  
4 account of Allowed Claims and Liquidation Trust Interests. As the representative of the Estates, the  
5 Liquidation Trustee shall succeed to all of the rights and powers of the Debtors and the Estates with  
6 respect to all Causes of Action, and the Liquidation Trustee shall be substituted and shall replace the  
7 Debtors, the Estates, and the Committee, as applicable, as the party in interest in all litigation  
8 pending as of the Effective Date. As of the Effective Date, subject to the Liquidation Trust  
9 Agreement, the Liquidation Trustee, on behalf of the Liquidation Trust, shall be authorized to  
10 exercise and perform the rights, powers, and duties held by the Debtors' Estates with respect to the  
11 Causes of Action, including, without limitation, the authority under Bankruptcy Code section  
12 1123(b)(3) to provide for the settlement, adjustment, retention, and enforcement of claims and  
13 interests of the Estates, without the consent or approval of any third party, and without any further  
14 order of the Court, except as otherwise provided in the Plan or Confirmation Order. **SUBJECT TO**  
15 **THE LIQUIDATION TRUST AGREEMENT, THE LIQUIDATION TRUSTEE WILL**  
16 **MAKE THE DECISION OF WHETHER OR NOT TO PURSUE ANY CAUSES OF**  
17 **ACTION. THIS DECISION WILL BE BASED UPON REVIEW OF THE MERITS OF THE**  
18 **VARIOUS CLAIMS AS WELL AS THE COSTS REQUIRED TO PROSECUTE SUCH**  
19 **CLAIMS IN LIGHT OF THE RESOURCES AVAILABLE. SUBJECT TO THE**  
20 **LIQUIDATION TRUST AGREEMENT, THE LIQUIDATION TRUSTEE MAY SEEK TO**  
21 **RETAIN COUNSEL ON A CONTINGENCY BASIS TO PROSECUTE SOME OR ALL OF**  
22 **SUCH CLAIMS, MAY SEEK TO FINANCE ANY COSTS RELATING TO THE**  
23 **PROSECUTION OF SUCH LITIGATION, OR MAY DECIDE NOT TO PURSUE SUCH**  
24 **CLAIMS AT ALL.**

25 **3. Funding of Post Effective Date Trust Expenses.** All Post Effective Date  
26 Trust Expenses shall be expenses of the Liquidation Trust, and the Liquidation Trustee shall disburse  
27 funds from each Liquidation Trust for the purpose of paying such expenses.  
28

1           **4. Termination of Liquidation Trust.** The Liquidation Trust will terminate as  
2 soon as practicable, but in no event later than the fifth (5th) anniversary of the Effective Date plus  
3 one (1) month; provided, however, that, the Court, upon motion by the Liquidation Trustee, may  
4 extend the term of the Liquidation Trust one or more times for a finite period if such extension(s) are  
5 warranted by the facts and based upon a finding that such extension(s) are necessary to prosecute the  
6 Causes of Actions or to liquidate and distribute all of the Trust Assets.

7           **G. Distributions Generally.**

8           **1. Cash Distributions.** The sources of all Distributions and payments under the  
9 Plan are and will be Cash. Cash Distributions made pursuant to the Plan shall be in United States  
10 funds, by check drawn on a domestic bank, or, by wire transfer from a domestic bank.

11           **2. Setoff and Recoupment. NOTWITHSTANDING ANYTHING TO THE**  
12 **CONTRARY IN THE PLAN, THE LIQUIDATION TRUSTEE MAY SET OFF, RECOUP,**  
13 **OR WITHHOLD AGAINST THE DISTRIBUTIONS TO BE MADE ON ACCOUNT OF**  
14 **ANY ALLOWED CLAIM, OR LIQUIDATION TRUST INTEREST, ANY CLAIMS THAT**  
15 **THE DEBTORS, THE ESTATES, OR THE LIQUIDATION TRUSTEE MAY HAVE**  
16 **AGAINST THE HOLDER OF THE ALLOWED CLAIM, OR LIQUIDATION TRUST**  
17 **INTEREST. THE DEBTORS, THE ESTATES, THE LIQUIDATION TRUST, AND THE**  
18 **LIQUIDATION TRUSTEE WILL NOT WAIVE OR RELEASE ANY CLAIM AGAINST**  
19 **THOSE HOLDERS BY FAILING TO EFFECT SUCH A SETOFF OR RECOUPMENT, BY**  
20 **ALLOWING ANY CLAIM AGAINST THE DEBTORS OR THE ESTATES, OR BY**  
21 **MAKING A DISTRIBUTION ON ACCOUNT OF AN ALLOWED CLAIM, OR**  
22 **LIQUIDATION TRUST INTEREST.**

23           **3. No De Minimis Distributions.** Notwithstanding anything to the contrary in  
24 the Plan, no Distribution of less than \$50.00 will be made to any Holder of an Allowed Claim,  
25 Liquidation Trust Interest on account thereof. No consideration will be provided in lieu of the *de*  
26 *minimis* Distributions that are not made under this section.

27           **4. Fractional Cents.** When any payment of a fraction of a cent would otherwise  
28 be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole cent

1 (rounding down in the case of less than \$0.005 and rounding up in the case of \$0.005 or more);  
2 provided, however, that, in no event, shall a Distribution of less than \$50.00 be made to any Holder  
3 of an Allowed Claim, Liquidation Trust Interest.

4 **5. No Distributions With Respect to Disputed Claims and Interests.**

5 Notwithstanding any other Plan provision: (a) Distributions to Holders of Claims will be made, and  
6 Liquidation Trust Interests will be issued, only after, and only to the extent that, such Holders hold  
7 Allowed Claims; and (b) unless otherwise agreed by the Liquidation Trustee, if any portion of a  
8 Claim is a Disputed Claim, the entire Claim shall be treated as a Disputed Claim and no Distribution  
9 or issuance of Liquidation Trust Interests to the Holder of such Claim shall be made on account of  
10 such Claim unless and until no portion of the Claim is a Disputed Claim.

11 **6. Undeliverable or Unclaimed Distributions.**

12 (a) Distributions to Holders of Allowed Claims (except Administrative Claims)  
13 and Liquidation Trust Interests will be made by mail as follows:

14 (i) Distributions will be sent to the address, if any, set forth on a filed  
15 proof of claim as amended by any written notice of address change  
16 that is received by the Liquidation Trustee no later than ten (10)  
17 Business Days before the date of any Distribution; or

18 (ii) If no such address is available, Distributions will be sent to the  
19 address set forth on the Bankruptcy Schedules.

20 (b) Distributions to Holders of Allowed Administrative Claims shall be made by  
21 mail to the address set forth in such Holder's request for payment, fee application, or transactional  
22 documents, as applicable.

23 (c) If no address is available on a proof of claim, the Bankruptcy Schedules,  
24 request for payment, fee application, or transactional documents, as applicable, the Distribution will  
25 be deemed to be undeliverable. If a Distribution is returned to the Liquidation Trustee as an  
26 undeliverable Distribution or is deemed to be an undeliverable Distribution, the Liquidation Trustee  
27 will make no further Distributions to the Holder to which such undeliverable Distribution was made  
28 unless and until the Liquidation Trustee is timely notified in writing of that Person's current address.

1 Until they become deliverable, the Liquidation Trustee shall deposit undeliverable Distributions  
2 (whether returned or not made) into the Undeliverable Distributions Reserve of the Liquidation Trust  
3 for the benefit of the Persons entitled to such Distributions. Holders of Claims or Liquidation Trust  
4 Interests subject to undeliverable Distributions will not be entitled to any interest on account of the  
5 undeliverable Distributions.

6 (d) Any Person or entity that is otherwise entitled to an undeliverable Distribution  
7 and that does not, within one (1) year after a Distribution is deemed undeliverable or returned as  
8 undeliverable, provide the Liquidation Trustee with a written notice asserting its claim to or interest  
9 in that undeliverable Distribution and setting forth a current, deliverable address will be deemed to  
10 waive any claim to or interest in that undeliverable Distribution and will be forever barred from  
11 receiving that undeliverable Distribution or asserting any claim against the Debtors, the Estates, the  
12 Liquidation Trust, the Liquidation Trustee, or their property. Any undeliverable Distributions that  
13 are not claimed timely under this section will be withdrawn from the Undeliverable Distribution  
14 Reserve and treated as Trust Assets of the Liquidation Trust. Nothing in the Plan requires the  
15 Debtors or the Liquidation Trustee to attempt to locate any Person holding an Allowed Claim, a  
16 Liquidation Trust Interest and whose distribution is undeliverable.

17 **7. Negotiation of Checks.** Checks issued in respect of Allowed Claims or  
18 Liquidation Trust Interests shall be null and void if not negotiated within ninety (90) days after the  
19 date of issuance thereof. Requests for reissuance of any check shall be made to the Liquidation  
20 Trustee by the Holder of the Allowed Claim, or Liquidation Trust Interest to whom such check  
21 originally was issued must be made on or before ninety (90) days after the expiration of the ninety  
22 (90) day period following the date of issuance of such check. Thereafter, the amount represented by  
23 such voided check shall irrevocably revert to the Liquidation Trust and any Claim in respect of such  
24 voided check shall be discharged and forever barred from assertion against the Liquidation Trustee,  
25 the Debtors, the Estates, the Liquidation Trust, and their property.

26 **8. Record Date.** The record date for purposes of Distributions under this Plan  
27 shall be the date the Court enters the Disclosure Statement Order. The Debtors and the Liquidation  
28 Trustee will rely on the register of proofs of claim filed in the Cases except to the extent a notice of

1 transfer of a Claim or Interest has been filed with the Court prior to the record date pursuant to  
2 Bankruptcy Rule 3001.

3 **9. Postpetition Interest.** Except as otherwise provided by Final Court Order or  
4 in the Plan, Postpetition Interest will only be paid on account of Allowed General Unsecured Claims  
5 through Liquidation Trust Interests and only to the extent that the Liquidation Trust has Cash  
6 remaining after payment of all Allowed General Unsecured Claims in full, which shall be distributed  
7 to Holders of Liquidation Trust Interests in such Liquidation Trust so that each such Holder receives  
8 a Pro Rata Share of the surplus Cash; provided, however, that no Holder of a Liquidation Trust  
9 Interest shall receive more than the amount of Postpetition Interest due on account of such Holder's  
10 Allowed General Unsecured Claim.

11 **10. Sequence of Payments.**

12 (a) The Liquidation Trust shall use \$1,000,000 of its Cash on hand on the  
13 Effective Date to fund the following items: (i) payment of all Allowed Priority Claims against PMR  
14 in full in Cash; (ii) payment of the 20% distribution to all Holders of Allowed PMR Class 5 Claims  
15 (Convenience Class Claims), and (iii) the Initial PMR Class 6 Distribution to be made pursuant to  
16 section 3.18(b).

17 (b) Notwithstanding any other provision of the Plan, no payments shall be made  
18 by the Liquidation Trust on account of Liquidation Trust Interests, other than the Initial Class 6  
19 Distribution, until: (i) all Allowed Administrative Claims, Allowed Priority Claims, Allowed  
20 Convenience Claims, Allowed Unsecured Claims against DCA, including any Allowed Claims for  
21 which DCA is liable as the result of the mergers with the Mexican Entities, have been paid in full by  
22 the Reorganized Debtors before they transfer any residual Cash to the Liquidation Trust,  
23 (ii) Allowed Secured Claims that are liabilities of the Liquidation Trust have been paid in full, (iii)  
24 all then outstanding and projected Post Effective Date Trust Expenses of the Liquidation Trust have  
25 been paid in full or are fully funded in the Operating Reserve of the Liquidation Trust; (iv) if  
26 applicable, Cash to pay all Disputed Administrative Claims has been deposited into the  
27 Administrative Claims Reserve of the Liquidation Trust; (v) if applicable, Cash to pay all Disputed  
28 Secured Claims has been deposited into the Secured Claims Reserve of the Liquidation Trust; and

1 (vi) if applicable, Cash to pay all Disputed Priority Claims and Disputed Convenience Claims has  
2 been deposited into the Priority/Convenience Claims Reserve of the Liquidation Trust.

3 (c) Notwithstanding any other provision of the Plan, no payments of Postpetition  
4 Interest shall be made by the Liquidation Trust until all Liquidation Trust Interests have been paid in  
5 full, excluding Postpetition Interest.

6 **11. Withholding and Reporting Requirements.** In connection with the  
7 Distributions under the Plan, the Liquidation Trustee shall comply with all applicable withholding  
8 and reporting requirements imposed by any federal, state, or local taxing authority, and all  
9 Distributions shall be subject to any such withholding or reporting requirements. All such amounts  
10 withheld and paid to the appropriate Governmental Authority shall be treated as distributed to such  
11 Holders. Notwithstanding the above, each Holder of an Allowed Claim, or Liquidation Trust  
12 Interest, is to receive a Distribution shall have the sole and exclusive responsibility for the  
13 satisfaction and payment of any Tax obligations imposed by any Governmental Authority, including  
14 income, withholding, and other Tax obligations, on account of such Distribution. The Liquidation  
15 Trustee has the right, but not the obligation, to not make a Distribution until such Holder has made  
16 arrangements satisfactory to the Liquidation Trustee for payment of any such Tax obligations. The  
17 Liquidation Trustee may require, as a condition to receipt of a Distribution, that the Holder of an  
18 Allowed Claim, or Liquidation Trust Interest, Interest provide a completed Form W-8, W-9, and/or  
19 other Tax information deemed necessary in the sole discretion of the Liquidation Trustee, provided  
20 that if the Liquidation Trustee makes such a request and the Holder fails to comply before the date  
21 that is one-hundred eighty (180) days after the request is made, the amount of such Distribution shall  
22 irrevocably revert to the Liquidation Trust and any Claim in respect of such Distribution shall be  
23 discharged and forever barred from assertion against the Liquidation Trustee, the Debtors, the  
24 Estates, the Liquidation Trust, and their respective property.

25 **12. Claims Register.** The register of Claims maintained by the Debtors shall be  
26 based on Allowed Claims as of the Record Date. Any transfer of a Claim, whether occurring prior to  
27 or after the Record Date, shall not affect or alter the classification and treatment of such Claim under  
28

1 the Plan and any such transferred Claim shall be subject to classification and treatment under the  
2 Plan as if such Claim was held by the transferor who held such Claim on the Record Date.

3 **13. Maximum Amount of Distributions.** In no event shall a Holder of an  
4 Allowed Claim be entitled to receive in the aggregate on account of such Allowed Claim from the  
5 Liquidation Trust whether directly or on account of Liquidation Trust Interests more than the total  
6 amount of such Allowed Claim plus, to the extent provided in the Plan, Postpetition Interest on such  
7 amount.

8 **H. Reserves.**

9 **1. Administrative Claims Reserve.** Distributions to Holders of Allowed  
10 Administrative Claims on account of such Claims shall be made by the Reorganized Debtors from  
11 the Administrative Claims Reserve of the Liquidation Trust. On or as soon as practicable after the  
12 Effective Date, (a) the Debtors will pay all Allowed Administrative Claims, and (b) the  
13 Administrative Claims Reserve for the Liquidation Trust shall be established and funded with Cash  
14 from the Liquidation Trust to pay any Disputed Administrative Claims. The Liquidation Trustee  
15 shall continue to fund the Administrative Claims Reserve of the Liquidation Trust as needed from  
16 Trust Assets. Subject to the Plan, any Cash remaining in the Administrative Claims Reserve after all  
17 Administrative Claims against the Liquidation Trust have been resolved by Final Order and all  
18 Allowed Administrative Claims against the Liquidation Trust fully paid shall be released from the  
19 Administrative Claims Reserve and used as Trust Assets in accordance with the Plan.

20 **2. Disputed Interim Dividends Reserve.** Prior to making an Interim  
21 Distribution from the Liquidation Trust, the Liquidation Trustee shall establish a Disputed Interim  
22 Dividends Reserve into which the Interim Dividends on account of Disputed General Unsecured  
23 Claims shall be deposited and withdrawn as provided in the Plan. Subject to the Plan, any Cash  
24 remaining in the Disputed Interim Dividends Reserve after all General Unsecured Claims have been  
25 resolved by Final Order and all Liquidation Trust Interests in the Liquidation Trust fully paid  
26 (without including Postpetition Interest) shall be released from the Disputed Interim Dividends  
27 Reserve and used as Trust Assets in accordance with the Plan.

1                   **3. Priority/Convenience Claims Reserve.** Distributions to Holders of Allowed  
2 Priority Claims and Allowed Convenience Claims on account of such Claims shall be made by the  
3 Liquidation Trust from the Priority/Convenience Claims Reserve. On or as soon as practicable after  
4 the Effective Date, the Priority/Convenience Claims Reserve shall be established by the Liquidation  
5 Trustee and funded by Cash to pay any Disputed Priority Claims and Disputed Convenience Claims.  
6 The Liquidation Trustee shall continue to fund the Priority/Convenience Claims Reserve as needed  
7 from Trust Assets. Subject to the Plan, any Cash remaining in the Priority/Convenience Claims  
8 Reserve after all Priority Claims and Convenience Claims have been resolved by Final Order and all  
9 Allowed Priority Claims and Allowed Convenience Claims fully paid shall be released from the  
10 Priority/Convenience Claims Reserve and used as Trust Assets in accordance with the Plan.

11                   **4. Operating Reserve.** Payments of all Post Effective Date Operating Expenses  
12 shall be made from the Operating Reserve of the Liquidation Trust. On or as soon as practicable  
13 after the Effective Date, the Operating Reserve shall be established by the Liquidation Trustee and  
14 funded by Cash to pay for all projected Post Effective Date Operating Expenses of the Liquidation  
15 Trust. The Liquidation Trustee shall continue to fund the Operating Reserve as needed from Trust  
16 Assets. Any Cash remaining in the Operating Reserve that the Liquidation Trustee believes is not  
17 necessary to fund Post Effective Date Operating Expenses of the Liquidation Trust shall be released  
18 from the Operating Reserve and used as Trust Assets in accordance with the Plan.

19                   **5. Secured Claims Reserve.** Distributions to Holders of Allowed Secured  
20 Claims shall be made from the Secured Claims Reserve of the Liquidation Trust. On or as soon as  
21 practicable after the period by which the Liquidation Trustee must make an election as to the  
22 treatment of any Secured Claim, the Secured Claims Reserve shall be established by the Liquidation  
23 Trustee and funded with Cash to pay for all Secured Claims, including any Disputed Secured  
24 Claims. The Liquidation Trustee shall continue to fund the Secured Claims Reserve as needed from  
25 Trust Assets of the Liquidation Trust. Subject to the Plan, any Cash remaining in the Secured  
26 Claims Reserve after all Secured Claims have been resolved by Final Order and all such Allowed  
27 Secured Claims fully paid shall be released from the Secured Claims Reserve and used as Trust  
28 Assets in accordance with the Plan.



1                   **6. Undeliverable Distributions Reserve.** On or as soon as practicable after the  
2 Effective Date, the Liquidation Trustee shall establish an Undeliverable Distributions Reserve for  
3 the Liquidation Trust into which Undeliverable Distributions shall be deposited and withdrawn as  
4 provided in the Plan.

5                   **7. Reduced or Disallowed Administrative, Priority, or Secured Claims.** To  
6 the extent that a Disputed Claim (other than a General Unsecured Claim) for which Cash has been  
7 deposited into a Reserve is not allowed or becomes an Allowed Claim in an amount less than the  
8 amount retained in a Reserve with respect to such Claim, the amount that was retained in the  
9 Reserve on account of such Claim, or the excess of the amount that was retained on account of such  
10 Claim over the amount actually distributed on account of such Claim, shall be released from the  
11 Reserve and used as Trust Assets in accordance with the Plan.

12                   **8. Reserve Amounts for Disputed Administrative, Priority, and Secured**  
13 **Claims.** For purposes of establishing reserves for Disputed Administrative Claims, Disputed  
14 Priority Claims, and Disputed Secured Claims, the amount of such Claim shall be the stated  
15 liquidated "face amount" of such Claim, unless such Claim is estimated by Order of the Court. If  
16 such Disputed Claim does not set forth a stated liquidated "face amount", then the "face amount" of  
17 such Claim shall be estimated by the Court, and such estimated amount: (a) shall be used in  
18 calculating reserves for such Claim; and (b) shall set the maximum allowed amount of such Claim  
19 for purposes of Distributions on account thereof. Nothing in this section shall preclude any Holder  
20 of a Disputed Claim on notice to the Liquidation Trustee or the Liquidation Trustee from seeking an  
21 order of the Court in respect of or relating to the amount retained with respect to such Holder's  
22 Disputed Claim.

23                   **I. Distributions On And Reserves For Liquidation Trust Interests.**

24                   **1. Interim Distributions.**

25                   (a) The Liquidation Trust shall use \$1,000,000 of its Cash on hand on the  
26 Effective Date to fund the following items: (i) payment of all Allowed Priority Claims against PMR  
27 in full in Cash; (ii) payment of the 20% distribution to all Holders of Allowed PMR Class 5 Claims  
28 (Convenience Class Claims), (iii) a Pro Rata distribution of the net remaining balance after (i) and

1 (ii) to the Holders of Allowed Class 6 Claims, in the manner described in Section 3.18(b) of the  
2 Plan. Each Holder of an Allowed PMR Class 6 Claim shall receive its Pro Rata share of the Initial  
3 Class 6 Distribution, provided, that the distribution to RFA of its Pro Rata share of the Initial PMR  
4 Class 6 Distribution shall be reduced by the amount of Cash (not to exceed \$520,000) required to  
5 fund the Initial PMR Cash on Hand. For avoidance of doubt, RFA shall receive an Initial Class 6  
6 Distribution, subject only to any reduction required to fund the Initial PMR Cash on Hand.

7 (b) As soon as practicable after the satisfaction in full of, or the establishment of  
8 Reserves as determined under the Plan, Administrative Claims, Priority Claims, and Secured Claims,  
9 the Liquidation Trustee is authorized to cause the Liquidation Trust to make an Interim Distribution  
10 on account of Liquidation Trust Interests.

11 (c) The Liquidation Trustee may, but is not required to, cause a Liquidation Trust  
12 to make Interim Distributions of Available Cash to Holders of Liquidation Trust Interests no more  
13 often than quarterly of each year, provided that each such Interim Distribution in the aggregate  
14 (including Interim Distributions deposited into the Interim Dividends Reserve for such Liquidation  
15 Trust) is not less than \$1,000,000 of such Liquidation Trust's Available Cash. Notwithstanding the  
16 foregoing: (i) the Liquidation Trustee may determine, in his, her, or its sole discretion to cause a  
17 Liquidation Trust to make an Interim Distribution that is less than \$1,000,000 in the aggregate of  
18 such Liquidation Trust's Available Cash; and (ii) the Liquidation Trustee must cause a Liquidation  
19 Trust to make an Interim Distribution if such Liquidation Trust has more than \$1,000,000 of  
20 Available Cash.

21 **2. Calculations For Interim Distributions.** In calculating Interim Distributions,  
22 the Liquidation Trustee shall treat Disputed General Unsecured Claims as if they would be allowed  
23 in the least of the following amounts: (a) the filed amount of such Claim if such Claim states a fixed  
24 liquidated amount; (b) the amount determined by the Court for purposes of fixing the amount to be  
25 retained for such Claim; and (c) such other amount as may be agreed upon by the Holder of such  
26 Claim and the Liquidation Trustee. Nothing in this section shall preclude any Holder of a Disputed  
27 General Unsecured Claim or the Liquidation Trustee from seeking, on notice to the Liquidation  
28

1 Trustee, an order of the Court in respect of or relating to the amount retained with respect to such  
2 holder's Disputed Claim.

3 **3. Deposits Into Interim Dividend Reserves.**

4 (a) At the time of making Interim Distributions, the Liquidation Trustee shall  
5 deposit into the Disputed Interim Dividends Reserve the Interim Dividends that would have been  
6 paid on account of Disputed General Unsecured Claims had they been allowed at the time of the  
7 Interim Distribution.

8 (b) On the date of the first Distribution that is at least forty-five (45) days after the  
9 date that a Disputed General Unsecured Claim on account of which Interim Dividends have been  
10 deposited into an Interim Dividends Reserve becomes an Allowed Claim, the Liquidation Trustee  
11 shall cause the Liquidation Trust to remit to the holder of such Allowed Claim from the Interim  
12 Dividends Reserve Cash equal to the lesser of: (i) the amounts that would have been distributed on  
13 account of such Allowed Claim in any prior Interim Distribution(s); and (ii) the amounts retained  
14 with respect to such Claim in the Interim Dividends Reserve.

15 **J. Final Distributions.**

16 **1. Final Principal Distributions on Liquidation Trust Interests.** After: (a) all  
17 Claims have been resolved; (b) all Allowed Claims except General Unsecured Claims have been  
18 paid; (c) all Allowed General Unsecured Claims have been issued Liquidation Trust Interests; (d) all  
19 material Trust Assets have been converted to Cash; and (e) the Operating Reserve for the  
20 Liquidation Trust has been adequately funded, the Liquidation Trustee shall distribute all  
21 Liquidation Trust Net Proceeds to holders of Liquidation Trust Interests in such Liquidation Trust  
22 pursuant to the provisions of the Plan and up to the amount of the Liquidation Trust Interests of such  
23 holders, without including Postpetition Interest, and taking into account any Interim Dividends that  
24 have been distributed on account of such Liquidation Trust Interests.



1 (b) Unless a Cause of Action against a Person is expressly waived, relinquished,  
2 released, compromised, or settled by Final Order, the Debtors expressly reserve such Causes of  
3 Action for later adjudication (including, without limitation, Causes of Action of which the Debtors  
4 may presently be unaware, or which may arise or exist by reason of additional facts or circumstances  
5 unknown to the Debtors at this time, or facts or circumstances which may change or be different  
6 from those which the Debtors now believe to exist) and, therefore, no preclusion doctrine, including  
7 the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel  
8 (judicial, equitable, or otherwise), or laches shall apply to Causes of Action upon, or after, the  
9 Confirmation Date or consummation of the Plan based on the Disclosure Statement, the Plan, or the  
10 Confirmation Order, except where such Causes of Action have been expressly released by Final  
11 Order.

12 **B. No Waiver.** Neither the failure to list a Claim in the Schedules filed by the  
13 Debtors, the failure of any Person to object to any Claim for purposes of voting, the failure of any  
14 Person to object to a Claim prior to the Confirmation Date or the Effective Date, the failure of any  
15 Person to assert a Cause of Action prior to confirmation of the Plan or the Effective Date, the  
16 absence of a proof of Claim having been filed with respect to a Claim, nor any action or inaction of  
17 any Person with respect to a Claim, or Cause of Action other than a legally effective express waiver  
18 or release shall be deemed a waiver or release of the right of the Debtors, the Estates, the Liquidation  
19 Trustee, or their successors or representatives, before or after solicitation of votes on the Plan or  
20 before or after the Confirmation Date or the Effective Date to: (a) object to or examine such Claim,  
21 in whole or in part; or (b) retain and either assign or exclusively assert, pursue, prosecute, utilize, or  
22 otherwise act on or enforce any Cause of Action. Any Person with respect to which the Debtors  
23 have incurred an obligation (whether on account of services, purchase or sale of property, or  
24 otherwise), or which has received services from the Debtors or a transfer of money or property of the  
25 Debtors, or who has transacted business with the Debtors, or leased equipment or property from or to  
26 the Debtors should assume that such obligation, transfer, or transaction may be reviewed by the  
27 Liquidation Trustee, on behalf of the Liquidation Trust and the Estate subsequent to the Effective  
28 Date and may, if appropriate, be the subject of an action after the Effective Date, whether or not

1 (i) such Person has filed a proof of Claim against the Debtors; (ii) such Person's proof of Claim has  
2 been objected to by the Debtors, the Liquidation Trustee, or any other Person; (iii) such Person's  
3 Claim was included in the Bankruptcy Schedules; or (iv) such Person's scheduled Claims have been  
4 objected to by the Debtors or the Liquidation Trustee, or any other Person, or has been identified as  
5 disputed, contingent, or unliquidated.

6 **C. Objections to and Resolution of Disputed Claims.** On and after the  
7 Effective Date, the Liquidation Trustee shall have the right to make and file objections to Claims and  
8 to prosecute, settle, and/or withdraw such objections. The Liquidation Trustee shall have the  
9 authority to compromise, settle, withdraw, or otherwise resolve any objections for any Claim with  
10 approval of the Court. The Liquidation Trustee shall file and serve all objections to Claims (other  
11 than Administrative Claims) upon the Holder of the Claim as to which the objection is made no later  
12 than one-hundred eighty (180) days after the later of (a) the Effective Date or (b) the date on which a  
13 proof of Claim is filed with the Court (the "Claims Objection Deadline"). The Liquidation Trustee  
14 may extend the Claims Objection Deadline for a single one-hundred twenty (120) day period by  
15 filing a notice of the extended deadline with the Court; provided, however, that nothing herein shall  
16 modify the statute of limitations for any affirmative Cause of Action that the Liquidation Trustee  
17 may assert against any third party. Thereafter, the deadline may be further extended only by an  
18 Order of the Court.

## 19 VI.

### 20 OTHER PLAN PROVISIONS

#### 21 A. Discharge of the Debtors.

22 The Confirmation Order will discharge all Claims. No Holder of a Claim may  
23 receive any payment from, or seek recourse against, any assets that are to be distributed under the  
24 Plan other than assets required to be distributed to that Holder pursuant to the Plan. As of the  
25 Confirmation Date, all Persons are enjoined from asserting against any property that is to be  
26 distributed under the Plan any Claims, rights, causes of action, liabilities, or Interests related thereto  
27 based upon any act, omission, transaction, or other activity that occurred before the Confirmation  
28 Date except as expressly provided in the Plan or the Confirmation Order. As of the Effective Date,

1 notes and any other evidence of Claims will represent only the right to receive the Distributions  
2 contemplated under the Plan.

3 **B. Exculpation and Release of Debtors, Committee, and Professionals.**

4 Except to the extent arising from willful misconduct or gross negligence, any and all  
5 Claims, liabilities, causes of action, rights, damages, costs, and obligations held by any party against  
6 the Debtors, the Committee, and their respective attorneys, accountants, agents, and other  
7 Professionals, and their officers, directors, and employees, whether known or unknown, matured or  
8 contingent, liquidated or unliquidated, existing, arising, or accruing, whether or not yet due in any  
9 manner related to the administration of the Cases or the formulation, negotiation, prosecution, or  
10 implementation of the Plan, shall be deemed fully waived, barred, released, and discharged in all  
11 respects, except as to rights, obligations, duties, claims, and responsibilities preserved, created, or  
12 established by the terms of the Plan. Pursuant to section 1125(e) of the Bankruptcy Code, the  
13 Debtors and the Committee and their present and former members, officers, directors, employees,  
14 agents, advisors, representatives, successors or assigns, and any Professionals (acting in such  
15 capacity) employed by any of the foregoing entities will neither have nor incur any liability to any  
16 Person for their role in soliciting acceptances or rejections of the Plan.

17 **C. Injunction Enjoining Holders of Claims.**

18 The Plan is the sole means for resolving, paying, or otherwise dealing with Claims  
19 and Interests. To that end, except as expressly provided herein, at all times on and after the Effective  
20 Date, all Persons who have been, are, or may be Holders of Claims against or Interests in the  
21 Debtors arising before the Effective Date, shall be permanently enjoined from taking any of the  
22 following actions on account of any such Claims or Interests, against the Debtors, the Estates, DPM,  
23 RFA, RFA PMR LoanCo, LLC, or their property (other than actions brought to enforce any rights or  
24 obligations under the Plan and any adversary proceedings pending in the Cases as of the Effective  
25 Date):

26 (a) commencing, conducting, or continuing in any manner, directly or indirectly,  
27 any suit, action, or other proceeding of any kind against the Debtors, the Estates, the  
28 Liquidation Trust, or the Liquidation Trustee, their successors, or their respective property

1 or assets (including, without limitation, all suits, actions, and proceedings that are pending  
2 as of the Effective Date;

3 (b) enforcing, levying, attaching, executing, collecting, or otherwise recovering  
4 by any manner or means whether directly or indirectly any judgment, award, decree, or  
5 Order against the Debtors, the Estates, the Liquidation Trust, or the Liquidation Trustee,  
6 their successors, or their respective property or assets;

7 (c) creating, perfecting, or otherwise enforcing in any manner, directly or  
8 indirectly, any Lien, against the Debtors, the Estates, the Liquidation Trust, or the  
9 Liquidation Trustee, their successors, or their respective property or assets; and

10 (d) proceeding in any place whatsoever against the Debtors, the Estates, the  
11 Liquidation Trust, or the Liquidation Trustee, their successors, or their respective property  
12 or assets, in any manner that does not conform to or comply with the provisions of the Plan.

13 **D. Injunctions or Stays.**

14 Unless otherwise provided by Court Order, all injunctions or stays arising under or  
15 entered during the Cases under section 105 or section 362 of the Bankruptcy Code, or otherwise, and  
16 in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

17 **E. Exemption from Stamp, Transfer, and Other Taxes.**

18 Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer, or  
19 exchange of assets under the Plan by the Debtors, the creation of any mortgage, deed of trust, or  
20 other security interest, the making or assignment of any lease or sublease, or the making or delivery  
21 of any deed or instrument of transfer under, in furtherance of, or in connection with the Plan shall  
22 not be subject to any stamp, real estate transfer, mortgage recording, or other similar Tax.

23 **F. No Admissions.**

24 Except as specifically provided in the Plan, nothing contained in the Plan shall be  
25 deemed or construed in any way as an admission by the Debtors or the Estates with respect to any  
26 matter set forth in the Plan, including the amount or allowability of any Claim, or the value of any  
27 property of the Estates. Notwithstanding anything to the contrary in the Plan, if the Plan is not  
28 confirmed or the Effective Date does not occur, the Plan will be null and void, and nothing contained



1 in the Plan will: (a) be deemed to be an admission by the Debtors or the Estates with respect to any  
2 matter discussed in the Plan, including liability on any Claim or the propriety of any Claim's  
3 classification; (b) constitute a waiver, acknowledgement, or release of any Claims, Interests, or any  
4 claims held by the Debtors or the Estates; or (c) prejudice in any manner the rights of the Debtors or  
5 the Estates in any further proceedings.

6 **G. Severability of Plan Provisions.**

7 If, before entry of the Confirmation Order, the Court holds that any Plan term or  
8 provision is invalid, void, or unenforceable, the Court may alter or interpret that term or provision so  
9 that it is valid and enforceable to the maximum extent possible consistent with the original purpose  
10 of that term or provision. That term or provision will then be applicable as altered or interpreted.  
11 Notwithstanding any such holding, alteration, or interpretation, the Plan's remaining terms and  
12 provisions will remain in full force and effect and will in no way be affected, impaired, or  
13 invalidated. The Confirmation Order will constitute a judicial determination providing that each  
14 Plan term and provision, as it may have been altered or interpreted in accordance with this section, is  
15 valid and enforceable under its terms.

16 **H. Governing Law.**

17 The rights and obligations arising under the Plan and any agreements, contracts,  
18 documents, or instruments executed in connection with the Plan will be governed by, and construed  
19 and enforced in accordance with, California law without giving effect to California law's conflict of  
20 law principles, unless a rule of law or procedure is supplied by: (a) federal law (including the  
21 Bankruptcy Code and the Bankruptcy Rules); or (b) an express choice-of-law provision in any  
22 document provided for, or executed under or in connection with, the Plan.

23 **I. Successors and Assigns.**

24 The rights, benefits, and obligations of any Person referred to in the Plan will be  
25 binding on, and will inure to the benefit of, any heir, executor, administrator, personal representative,  
26 successor, or assign of that Person.

27 **J. Nonconsensual Confirmation.**

28 In the event that any of the Classes entitled to vote to accept or reject the Plan fails to

1 accept the Plan in accordance with Bankruptcy Code section 1129(a)(8): (a) the Debtors reserve the  
2 right to modify the Plan in accordance with Bankruptcy Code section 1127; and (b) with respect to  
3 any Classes of Claims that do not accept the Plan or are deemed not to accept the Plan, the Debtors  
4 seek confirmation under section 1129(b) of the Bankruptcy Code.

5 **K. Revocation of the Plan.**

6 The Debtors reserve the right to revoke or withdraw the Plan before the Confirmation  
7 Date.

8 **L. Amendment.**

9 In accordance with section 1127 of the Bankruptcy Code, the Debtors reserve the  
10 right to alter, amend, or modify the Plan or any Plan exhibit or schedule, including amending or  
11 modifying it to satisfy the requirements of the Bankruptcy Code.

12 **M. Saturday, Sunday, or Legal Holiday.**

13 If any payment or act under the Plan should be made or performed on a day that is not  
14 a Business Day, then the payment or act may be completed on the next succeeding day that is a  
15 Business Day, in which event the payment or act will be deemed to have been completed on the  
16 required day.

17 **N. Post-Effective Date Status Reports.**

18 The Liquidation Trustee shall file status reports regarding the status of  
19 implementation of the Plan and the review, prosecution, and resolution of Causes of Action,  
20 respectively, every one-hundred twenty (120) days following the entry of the Confirmation Order  
21 through entry of a final decree closing the Cases, or as otherwise ordered by the Court.

22 **O. Post-Effective Date Notice.**

23 From and after the Effective Date, any Person who desires notice of any pleading or  
24 document filed in the Cases, or of any hearing in the Court, or of any matter as to which the  
25 Bankruptcy Code requires notice to be provided, shall file a request for post-Confirmation Date  
26 notice and shall serve the request on counsel for the Debtors and the Committee, the Liquidation  
27 Trustee, and counsel for the Liquidation Trustee; provided, however, that the U.S. Trustee and the  
28 Liquidation Trustee shall be deemed to have requested post-Confirmation Date notice.

1           **P.     Retention of Jurisdiction.**

2           The Court will retain and have exclusive jurisdiction over any matter arising under  
3 the Bankruptcy Code, arising in or related to the Cases or the Plan, or that relates to the following:

4           (a)     the resolution of any matters related to the assumption, assumption and  
5 assignment, or rejection of any executory contract or unexpired lease to which a Debtor is a party or  
6 with respect to which a Debtor may be liable, and to hear, determine, and, if necessary, liquidate,  
7 any Claims arising therefrom;

8           (b)     the entry of such Orders as may be necessary or appropriate to implement or  
9 consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements  
10 or documents created in connection with the Plan;

11           (c)     the determination of any and all motions, adversary proceedings, applications,  
12 and contested or litigated matters that may be pending before the Court on the Effective Date or that,  
13 pursuant to the Plan, may be instituted by the Liquidation Trustee after the Effective Date;

14           (d)     ensuring that Distributions to Holders of Allowed Claims and Liquidation  
15 Trust Interests are accomplished as provided in the Plan;

16           (e)     hearing and determining any objections to Administrative Claims or proofs of  
17 Claim, both before and after the Confirmation Date, including any objections to the classification of  
18 any Claim and to allow, disallow, determine, liquidate, classify, estimate, or establish the priority or  
19 secured or unsecured status of any Claim, in whole or in part;

20           (f)     the entry and implementation of such Orders as may be appropriate in the  
21 event that the Confirmation Order is, for any reason, stayed, revoked, modified, reversed, or vacated;

22           (g)     the issuance of such orders in aid of execution of the Plan, to the extent  
23 authorized by section 1142 of the Bankruptcy Code;

24           (h)     consideration of any modifications of the Plan, to cure any defect or omission,  
25 or reconcile any inconsistency in any Order of the Court, including the Confirmation Order;

26           (i)     hearing and determining all applications for awards of compensation for  
27 services rendered and reimbursement of expenses incurred prior to the Effective Date;

28

1 (j) hearing and determining disputes arising in connection with, or relating to, the  
2 Plan or the Liquidation Trust Agreement or the interpretation, implementation, or enforcement of the  
3 Plan and/or the Liquidation Trust Agreement, or the extent of any Person's obligations incurred in  
4 connection with or released or exculpated under the Plan or the Liquidation Trust Agreement;

5 (k) the recovery of all Assets of the Debtors and property of the Estates, wherever  
6 located;

7 (l) the issuance of injunctions or other Orders as may be necessary or appropriate  
8 to restrain interference by any Person with consummation, implementation, or enforcement of the  
9 Plan or the Liquidation Trust Agreement;

10 (m) the determination of any other matters that may arise in connection with, or  
11 are related to, the Plan, the Disclosure Statement, the Confirmation Order, the Liquidation Trust  
12 Agreement or any contract, instrument, release, or other agreement or document created in  
13 connection with the Plan, the Disclosure Statement, including, without limitation, the Liquidation  
14 Trust Agreement;

15 (n) hearing and determining matters concerning state, local, and federal Taxes in  
16 accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

17 (o) hearing any other matter or for any purpose specified in the Confirmation  
18 Order that is not inconsistent with the Bankruptcy Code;

19 (p) entry of a final decree closing the Cases;

20 (q) hearing and determining, to the fullest extent authorized by applicable law,  
21 any issue or dispute directly or indirectly arising from or related to the Liquidation Trust, the Trust  
22 Assets, the Liquidation Trust Agreement, or the Liquidation Trustee;

23 (r) hearing and determining any other matter deemed relevant to the  
24 consummation of the Plan or the administration of the Cases; and

25 (s) interpreting and enforcing Orders entered by the Court; provided that if the  
26 Court abstains from exercising jurisdiction, or is without jurisdiction, over any matter, this section  
27 will not affect, control, prohibit, or limit the exercise of jurisdiction by any other court, or the  
28 tribunal that has jurisdiction over that matter.



1 address foreign, state or local tax consequences of the Plan, nor does it purport to address the federal  
2 income tax consequences of the Plan to special classes of taxpayers (such as foreign taxpayers,  
3 broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business  
4 investment companies, regulated investment companies, tax-exempt organizations, investors in pass-  
5 through entities, Holders that hold Claims as part of a hedge, straddle or conversion, Holders who  
6 acquired their Claims as compensation, and Holders who do not hold their Claims as capital assets).

7 ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN FEDERAL  
8 INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT  
9 A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE  
10 INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM OR  
11 INTEREST. ALL HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT  
12 THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX  
13 CONSEQUENCES APPLICABLE UNDER THE PLAN.

14 **IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH**  
15 **REQUIREMENTS IMPOSED BY THE IRS, PLEASE BE ADVISED THAT ANY WRITTEN**  
16 **U.S. TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING**  
17 **ANY ATTACHMENT) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT**  
18 **BE USED, FOR THE PURPOSE OF (1) AVOIDING PENALTIES UNDER THE INTERNAL**  
19 **REVENUE CODE OR (2) PROMOTING, MARKETING OR RECOMMENDING TO**  
20 **ANOTHER PARTY ANY TRANSACTION OR MATTER ADDRESSED HEREIN.**

21 **B. Consequences to the Debtors.**

22 The Debtors incurred a net tax losses as the result of the sale to DPM and net income  
23 on the sale to RFA. The Debtors' total losses from the DPM sale exceeded their income from the  
24 RFA sale. Those losses will offset the COD income.

25 As discussed below, under the Plan, the Debtors will be treated for U.S. federal  
26 income tax purposes as transferring the Assets directly to the Holders of Allowed General Unsecured  
27 Claims, who will then be treated as transferring such assets to the Liquidation Trust. Accordingly,  
28 the Debtors' transfer of Assets will result in the Debtors recognizing additional income, based on the

1 fact the value of such assets on the Effective Date and will be greater than the adjusted tax basis of  
2 such assets on the Effective Date. This income will be less than the losses the Debtors had from the  
3 sales during the chapter 11 cases.

4 The transfer of the equity in PMR 2007-A to the Liquidation Trust will generate  
5 taxable income to PMR equal to the difference between the fair market value of the assets owned by  
6 PMR-2007A, which are primarily notes receivable, and the tax basis in such assets. The tax basis in  
7 the notes receivable is relatively low because the original sales of points were reported on an  
8 installment basis. As the notes are collected or if they are sold the Debtors would recognize income  
9 to the extent the amount collected exceeds the low basis. The Debtors have losses during 2012 as  
10 the result of the sale to DPM, which will offset the gain on the deemed transfer of the notes owned  
11 by PMR 2007-A. Therefore, the net taxes payable will be minimized by triggering this gain during  
12 2012. The deemed transfer of the notes to the Liquidation Trust will increase the basis of the notes  
13 in the hands of PMR-2007-A. As the notes are collected in the future, PMR 2007-A should have  
14 little or no taxable income. The net result of recognizing the gain during 2012 when the Debtors  
15 also have losses is to reduce the Debtors' total tax obligations, thereby increasing the net assets  
16 available for other creditors.

17 In addition to the income generated from the transfer of the assets to the Liquidation  
18 Trust, implementation of the Plan may result in substantial cancellation of debt income ("COD")  
19 effective December 31, 2012. Certain provisions of the Code provide for the exclusion of COD  
20 from income if the taxpayer is insolvent or a debtor in a bankruptcy case. The COD that will be  
21 generated from the implementation of the Plan, will be applied to reduce or eliminate the Debtors'  
22 loss carry-forwards arising from the sales during the cases. This future elimination of the losses  
23 incurred during 2012 is one of the reasons it is important to recognize the gain from the PMR 2007-  
24 A notes during 2012, while the losses are still available to shelter this taxable income.

25 **C. Consequences to Holder of General Unsecured Claims.**

26 **1. Recognition of Gain or Loss Generally.**

27 Pursuant to the Plan, on the Effective Date, each Holder of General Unsecured Claim  
28 against PMR will receive an allocated Liquidation Trust Interest which is a beneficial interest in the

1 Liquidation Trust, entitling the Beneficiaries to distributions from the Liquidation Trust as provided  
2 for in the Plan and in the Liquidation Trust Agreement. Except to the extent that the holder of any  
3 such Allowed PMR Class 6 Claim agrees to a different treatment, said Persons will receive on  
4 account of its Allowed PMR Class 6 Claim and a beneficial interest in the Liquidation Trust Interest,  
5 in full and complete satisfaction thereof. Each Beneficiary of the Liquidation Trust will be entitled  
6 to receive one or more *Pro Rata* Distributions of the Net Liquidation Trust Proceeds based upon the  
7 amount of the respective Holder's Allowed PMR Class 6 Claim. In general, each holder of an  
8 Allowed PMR Class 6 Claim will recognize gain or loss in an amount equal to the difference  
9 between (i) the sum of the amount of any Cash and the fair market value of any other property that  
10 such holder receives in satisfaction of its Claim (other than in respect of any Claim for accrued but  
11 unpaid interest, and excluding any portion required to be treated as imputed interest due to the post-  
12 Effective Date Distribution of such consideration upon the resolution of Disputed Claims), and  
13 (ii) such holder's adjusted tax basis in its Claim (other than any Claim for accrued but unpaid  
14 interest).

15           As discussed below, the Liquidation Trust has been structured to qualify as a "grantor  
16 trust" for U.S. federal income tax purposes. Accordingly, each holder of an Allowed Claim  
17 receiving a beneficial interest in the Liquidation Trust will be treated for U.S. federal income tax  
18 purposes as directly receiving and as a direct owner of its allocable percentage of the Trust Assets.  
19 As set forth in the Liquidation Trust Agreement, as soon as practicable after the Effective Date, and  
20 thereafter as may be required, the Liquidation Trustee will (if reasonably deemed necessary or  
21 desirable by the Liquidation Trustee) make or have caused to be made a good faith valuation of the  
22 Trust Assets, and all parties, including the recipients of Beneficial Interests and Subordinated Trust  
23 Interests must consistently use such valuation for all federal income tax purposes.

24           Due to the possibility that each Beneficiary may receive more than one Distribution  
25 subsequent to the Effective Date (due to the subsequent disallowance of certain Disputed Claims or  
26 unclaimed Distributions), the imputed interest provisions of the Code may apply to treat a portion of  
27 such later Distributions to such holders as imputed interest. In addition, it is possible that any loss  
28 realized by any Beneficiary may be deferred until all subsequent Distributions relating to Disputed



1 Claims are determinable, and that a portion of any gain realized may be deferred under the  
2 "installment method" of reporting. Each Beneficiary is urged to consult its own tax advisors  
3 regarding the possibility for deferral, and the potential ability to elect out of the installment method  
4 of reporting any gain realized in respect of its Claim.

5           After the Effective Date, any amount a holder receives as a Distribution from the  
6 Liquidation Trust in respect of its beneficial interest therein (other than as a result of the subsequent  
7 disallowance of Disputed Claims) should not be included for federal income tax purposes in the  
8 holder's amount realized in respect of its Allowed Claim, but should be separately treated as a  
9 distribution received in respect of such holder's beneficial (ownership) interest in the Liquidation  
10 Trust.

11           Where a holder recognizes gain or loss in respect of its Claim, the character of such  
12 gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be  
13 determined by a number of factors, including the tax status of the holder, whether the Claim  
14 constitutes a capital asset in the hands of the holder and how long it has been so held, whether the  
15 holder had acquired the Claim at a market discount, and whether and to what extent the holder had  
16 previously claimed a bad debt deduction. A holder that purchased its Claim from a prior holder at a  
17 market discount may be subject to the market discount rules of the Code. Under those rules,  
18 assuming that the holder has made no election to amortize the market discount into income on a  
19 current basis with respect to any market discount instrument, any gain recognized on the exchange of  
20 such Claim (subject to a *de minimis* rule) generally would be characterized as ordinary income to the  
21 extent of the accrued market discount on such Claim as of the date of the exchange.

22           In general, a holder's tax basis in any beneficial interest received (and undivided  
23 interest in Trust Assets deemed owned) will equal the fair market value of its proportionate share of  
24 the Trust Assets on the Effective Date. The holding period for such assets generally will begin the  
25 day following the Effective Date.

26           **2. Distributions in Payment of Accrued But Unpaid Interest.**

27           Distributions to any Holder of an Allowed Claim will be allocated first to the original  
28 principal portion of such Claim as determined for federal income tax purposes, and then, to the

1 extent the consideration exceeds such amount, to the portion of such Claim representing accrued but  
2 unpaid interest. However, there is no assurance that the IRS would respect such allocation for  
3 federal income tax purposes.

4 To the extent a holder of debt receives an amount of Cash or property in satisfaction  
5 of interest accrued during its holding period, such holder generally recognizes taxable interest  
6 income in such amount (if not previously included in the holder's gross income). Conversely, a  
7 holder generally recognizes a deductible loss to the extent any accrued interest claimed was  
8 previously included in its gross income and is not paid in full. Each holder is urged to consult its tax  
9 advisor regarding the allocation of consideration and the deductibility of unpaid interest for U.S.  
10 federal income tax purposes.

11 **3. Tax Treatment of the Liquidation Trust and Holders of Beneficial**  
12 **Interests Therein.**

13 On the Effective Date, the Liquidation Trust will be established for the benefit of the  
14 Beneficiaries. The Liquidation Trust is intended to qualify as a liquidation trust for federal income  
15 tax purposes. In general, such a trust is not a separate taxable entity but rather is treated for federal  
16 income tax purposes as a "grantor" trust (*i.e.*, a pass-through entity). However, merely establishing a  
17 trust as a liquidation trust does not ensure that it will be treated as a grantor trust for U.S. federal  
18 income tax purposes. The IRS, in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general  
19 criteria for obtaining an IRS ruling as to the grantor trust status of a Liquidation Trust under a  
20 chapter 11 plan. The Liquidation Trust has been structured with the intention of complying with  
21 such general criteria. Pursuant to the Plan, and in conformity with Revenue Procedure 94-45, all  
22 parties (including the Debtors, the Liquidation Trustee, and the Beneficiaries of the Liquidation  
23 Trust) are required for federal income tax purposes to treat the Liquidation Trust as a grantor trust of  
24 which the Persons receiving interests therein are the owners and grantors. The following discussion  
25 assumes that the Liquidation Trust will be so respected for U.S. federal income tax purposes.  
26 However, no ruling has been requested from the IRS and no opinion of counsel has been requested  
27 concerning the tax status of the Liquidation Trust as a grantor trust. Accordingly, there can be no  
28 assurance that the IRS would not take a contrary position. If the IRS were to challenge successfully

1 such classification, the federal income tax consequences to the Liquidation Trust and the  
2 Beneficiaries could vary from those discussed herein.

3 For all U.S. federal income tax purposes, all parties (including the Debtors, the  
4 Liquidation Trustee, and the Beneficiaries) must treat the transfer of the Trust Assets to the  
5 Liquidation Trust, in accordance with the terms of the Plan and the Liquidation Trust Agreement, as  
6 a transfer of such Trust Assets directly to the Beneficiaries, followed by such Beneficiaries' transfer  
7 of the Trust Assets to the Liquidation Trust. Consistent therewith, all parties must treat the  
8 Liquidation Trust as a grantor trust of which the Beneficiaries are the owners and grantors. Thus,  
9 such Beneficiaries will be treated as the direct owners of their respective undivided interests in the  
10 Trust Assets for all U.S. federal income tax purposes. Each such Person will have a tax basis in its  
11 proportionate share of the Trust Assets deemed owned equal to the fair market value thereof on the  
12 Effective Date. As set forth in the Liquidation Trust Agreement, as soon as practicable after the  
13 Effective Date, and thereafter as may be required, the Liquidation Trustee will (if reasonably deemed  
14 necessary or desirable by the Liquidation Trustee) make or have caused to be made a good faith  
15 valuation of the Trust Assets, and all parties, including the Beneficiaries, must consistently use such  
16 valuation for all federal income tax purposes.

17 The Debtors believe that the foregoing income tax treatment will result in the  
18 recognition of large losses by most Holders of Allowed PMR Class 6 Claims when the Liquidation  
19 Trust is created and receives the Trust Assets. The value of the assets to be transferred to the  
20 Liquidation Trust has not yet been finally determined, but it will be substantially less than the  
21 aggregate face amount of the Claims. As a result, the Debtors believe that each Holder of an  
22 Allowed PMR Class 6 Claim is likely to realize a loss in an amount equal to that of such Holder's tax  
23 basis, minus the value of the assets transferred to the Liquidation Trust. If a Beneficiary's tax basis  
24 in its Allowed PMR Class 6 Claim is less than its Pro Rata share of the value of the assets transferred  
25 to the Liquidation Trust, that Beneficiary may actually have taxable income equal to the value minus  
26 its tax basis.

27 Accordingly, except as discussed below (in connection with pending Disputed  
28 Claims), each recipient of a Liquidation Trust Interest will be required to report on its U.S. federal

1 income tax return its allocable share of any income, gain, loss, deduction, or credit recognized or  
2 incurred by the Liquidation Trust, in accordance with its relative beneficial interest. The character  
3 of items of income, deduction, and credit to any holder and the ability of such holder to benefit from  
4 any deduction or losses may depend on the particular situation of such holder.

5           The U.S. federal income tax reporting obligations of a holder is not dependent upon  
6 the Liquidation Trust distributing any Cash or other proceeds. Therefore, a holder may incur a  
7 federal income tax liability with respect to its allocable share of the income of the Liquidation Trust  
8 regardless of the fact that holder has not received any prior or concurrent Distribution. Other than in  
9 respect of Cash retained on account of Disputed Claims and subsequently distributed, the  
10 Liquidation Trust' Distribution of Cash to Beneficiaries generally will not be taxable to said  
11 Beneficiaries because they already are regarded for federal income tax purposes as owning the  
12 underlying Trust Assets.

13           Subject to the Liquidation Trust Agreement, absent definitive guidance from the IRS  
14 or a court of competent jurisdiction to the contrary (including the issuance of applicable Treasury  
15 Regulations, the receipt by the Liquidation Trustee of a private letter ruling if the Liquidation  
16 Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not  
17 contested by the Liquidation Trustee), the Liquidation Trustee will:

18           (i)     treat all Trust Assets allocable to, or retained on account of, Disputed  
19 Claims, as a discrete trust for federal income tax purposes, consisting of separate and independent  
20 shares to be established in respect of each Disputed Claim, in accordance with the trust provisions of  
21 the Code (sections 641 *et seq.* of the Code);

22           (ii)    treat as taxable income or loss of this separate trust with respect to any  
23 given taxable year the portion of the taxable income or loss of the Liquidation Trust that would have  
24 been allocated to the holders of such Disputed Claims had such Claims been Allowed on the  
25 Effective Date (but only for the portion of the taxable year with respect to which such Claims are  
26 unresolved);

27           (iii)   treat as a distribution from this separate trust any increased amounts  
28 distributed by the Liquidation Trust as a result of any Disputed Claim resolved earlier in the taxable

1 year, to the extent such distribution relates to taxable income or loss of this separate trust determined  
2 in accordance with the provisions hereof, and

3 (iv) to the extent permitted by applicable law, report consistently for state  
4 and local income tax purposes.

5 In addition, pursuant to the Liquidation Trust Agreement, all Beneficiaries are  
6 required to report consistently with such treatment. Accordingly, subject to issuance of definitive  
7 guidance, the Liquidation Trustee will report on the basis that any amounts earned by this separate  
8 trust and any taxable income of the Liquidation Trust allocable to it are subject to a separate entity  
9 level tax, except to the extent such earnings are distributed during the same taxable year. Any  
10 amounts earned by or attributable to the separate trust and distributed to a Beneficiary during the  
11 same taxable year will be includible in such Beneficiary's gross income.

12 **4. Withholding.**

13 All Distributions to Holders of Allowed General Unsecured Claims are subject to any  
14 applicable tax withholding, including employment tax withholding. Under federal income tax law,  
15 interest, dividends, and other reportable payments may, under certain circumstances, be subject to  
16 "backup withholding" at the then applicable withholding rate (currently 28%). Backup withholding  
17 generally applies if the holder (a) fails to furnish its social security number or other taxpayer  
18 identification number ("TIN"), (b) furnishes an incorrect TIN, (c) fails properly to report interest or  
19 dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under  
20 penalty of perjury, that the TIN provided is its correct number and that it is not subject to backup  
21 withholding. Backup withholding is not an additional tax but merely an advance payment, which  
22 may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from  
23 backup withholding, including, in certain circumstances, corporations and financial institutions.

24 THE FOREGOING SUMMARY HAS BEEN PROVIDED FOR INFORMATIONAL PURPOSES  
25 ONLY. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX  
26 ADVISORS CONCERNING THE FEDERAL, STATE, LOCAL AND OTHER TAX  
27 CONSEQUENCES APPLICABLE UNDER THE PLAN.

28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**VIII.**

**VOTING AND PLAN CONFIRMATION STANDARDS**

**A. Voting On The Plan.**

After carefully reviewing the Plan and this Disclosure Statement, including the Exhibits hereto, each holder of a Claim in PMR Classes 2 through 6, MGV Cabo Class 2 through 4, DCA Classes 2 through 4, and Operadora Class 2 through 4 should mark its vote on the enclosed ballot ("Ballot") and timely return it in the envelope provided.

**TO BE COUNTED, YOUR BALLOT MUST BE COMPLETELY FILLED IN, SIGNED AND TRANSMITTED IN THE MANNER SPECIFIED IN THE BALLOT SO THAT IT IS RECEIVED BY JOANNE STERN, STUTMAN, TREISTER & GLATT PROFESSIONAL CORPORATION, 1901 AVENUE OF THE STARS, SUITE 1200, LOS ANGELES, CALIFORNIA 90067 ON OR BEFORE THE VOTING DEADLINE OF \_\_\_\_\_, 2012 AS SPECIFIED IN THE BALLOT.**

**1. Classes Entitled To Vote.**

Whether a holder of a Claim is entitled to vote on the Plan depends on (a) the Class in which the Claim is classified and (b) whether that Class is "impaired" under the Plan within the meaning of Bankruptcy Code section 1124. Holders of Allowed Claims in PMR Classes 2 through 6, MGV Cabo Classes 2 through 4, DCA Classes 2 through 4, and Operadora Classes 2 through 4 are entitled to vote on the Plan because those Classes are impaired under the Plan within the meaning of Bankruptcy Code section 1124. PMR Class 1, MGV Cabo Class 1, DCA Class 1, and Operadora Class 1 are unimpaired and, therefore, do not vote. They are deemed to have accepted the Plan. Finally, Holders of Allowed Equity Interests and Allowed Claims in PMR Class 7 (Subordinated Claims) are deemed to have rejected the Plan because they will receive no distribution under the Plan.

**a. What Is an Allowed Claim/Interest.**

As noted above, a creditor must first have an allowed Claim to have the right to vote. Generally, any proof of claim will be allowed, unless a party in interest brings a motion objecting to the claim. When an objection to a Claim is filed, the creditor holding the Claim cannot vote unless

1 the Court, after notice and hearing, either overrules the objection or allows the Claim for voting  
2 purposes.

3 A creditor may have an allowed claim or interest even if a proof of claim or interest  
4 was not timely filed, if (1) it is scheduled on the Debtor's schedules and such claim is not scheduled  
5 as disputed, contingent, or unliquidated, and (2) no party in interest has objected to the Claim.

6 **b. What Is an Impaired Claim.**

7 As noted above, an allowed claim only has the right to vote if it is in a class that is  
8 impaired under the Plan. A class is impaired if the Plan alters the legal, equitable, or contractual  
9 rights of the members of that class. For example, a class comprised of general unsecured claims is  
10 impaired if the Plan fails to pay the members of that class 100% of what they are owed, including  
11 post-petition interest.

12 In these Cases, PMR Classes 2 through 6, MGV Cabo Classes 2 through 5, DCA  
13 Classes 2 through 5, and Operadora Classes 2 through 4 are impaired and are therefore entitled to  
14 vote to accept or reject the Plan. Parties who dispute the Debtor's characterization of their claim or  
15 interest as being impaired or unimpaired may file an objection to the Plan contending that the Debtor  
16 has incorrectly characterized the Class.

17 **c. Who is Not Entitled to Vote.**

18 The following three types of Claims are not entitled to vote: (1) Claims that have  
19 been disallowed; (2) Claims entitled to priority pursuant to Code sections 507(a)(1), (a)(2), and  
20 (a)(8); (3) Claims in Classes that are not impaired (PMR Class 1, DCA Class 1, MGV Cabo Class 1,  
21 and Operadora Class 1); and (4) Subordinated Claims against PMR (Class 7) and Interests in PMR  
22 Class 8, MGV Cabo Class 5, DCA Class 5, and Operadora Class 5, which are deemed to have  
23 rejected the Plan. Claims entitled to priority pursuant to Code sections 507(a)(1), (a)(2), and (a)(7)  
24 are not entitled to vote because such claims are not placed in classes and they are required to receive  
25 certain treatment specified by the Code. EVEN IF YOUR CLAIM IS OF THE TYPE DESCRIBED  
26 ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE  
27 PLAN.

28

1 **d. Votes Necessary to Confirm the Plan.**

2 There are more than one impaired Class in the Plan. In order for the Plan to be  
3 confirmed, at least one of the impaired Class must vote to accept the Plan.

4 **e. Votes Necessary for a Class to Accept the Plan.**

5 A Class of Claims is considered to have accepted the Plan when more than one-half  
6 (1/2) in number and at least two-thirds (2/3) in dollar amount of the Claims which actually voted,  
7 voted in favor of the Plan.

8 **2. How To Vote.**

9 Procedures for voting are specified in the Disclosure Statement Order (**Exhibit "B"**  
10 hereto) and the Confirmation Hearing Notice distributed with the Disclosure Statement in your  
11 solicitation package. The deadline for voting on the Plan is \_\_\_\_\_, 2012. Your ballot must  
12 be received by \_\_\_\_\_, 2012 or it will not be counted.

13 **B. Confirmation Of The Plan.**

14 Any interested party desiring further information about the Plan should contact  
15 Joanne Stern, Paralegal, at (310) 228-5600.

16 **1. Hearing On Confirmation Of The Plan.**

17 The Bankruptcy Court has set a hearing on \_\_\_\_\_, 2012, at \_\_\_\_\_m., in the  
18 Courtroom of the Honorable Scott C. Clarkson, United States Bankruptcy Judge, Courtroom 5C, 411  
19 West Fourth Street, Santa Ana, CA 92701, to determine whether the requirements for Confirmation  
20 of the Plan, including those set forth in section 1129 of the Bankruptcy Code, have been satisfied  
21 with respect to the Debtor. Your attention is directed to the Disclosure Statement Order (**Exhibit**  
22 **"B"** hereto) and the Confirmation Hearing Notice distributed with the Disclosure Statement in your  
23 solicitation package. Objections to Confirmation of the Plan must be served upon counsel to the  
24 Debtor by \_\_\_\_\_, 2012.

25 Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to  
26 hold a hearing on confirmation of the Plan after the ballots have been cast. The confirmation hearing  
27 may be postponed from time to time by the Bankruptcy Court without further notice except for an  
28 announcement of the postponement made at the confirmation hearing. Section 1128(b) of the



1 Bankruptcy Code provides that any party in interest may object to confirmation of the Plan. Objections  
2 must be made in writing, specifying in detail the name and address of the person or entity objecting, the  
3 grounds for the objection, and the nature and amount of the claim or equity interest held by the objector,  
4 and otherwise complying with the requirements of the Bankruptcy Rules and Local Bankruptcy Rules.  
5 Objections must be filed with the Clerk of the Bankruptcy Court, together with proof of service, and  
6 served upon the parties so designated in the notice in the manner set forth therein, on or before the time  
7 and date designated in the notice as being the last date for serving and filing objections to confirmation  
8 of the Plan. **UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND**  
9 **FILED IN ACCORDANCE WITH THE NOTICE, IT WILL NOT BE CONSIDERED BY THE**  
10 **BANKRUPTCY COURT.**

11 At the confirmation hearing, the Bankruptcy Court will determine, among other things,  
12 whether the following confirmation requirements specified in section 1129 of the Bankruptcy Code  
13 have been satisfied:

- 14 1. The Plan complies with the applicable provisions of the Bankruptcy Code.
- 15 2. The Debtors have complied with the applicable provisions of the Bankruptcy  
16 Code.
- 17 3. The Plan has been proposed in good faith and not by any means proscribed by  
18 law.
- 19 4. Any payment made or promised by the Debtors for services or for costs and  
20 expenses in, or in connection with, the Case, or in connection with the Plan and incident to the Case,  
21 has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of  
22 the Plan is reasonable or, if such payment is to be fixed after the confirmation of the Plan, such  
23 payment is subject to the approval of the Bankruptcy Court as reasonable.
- 24 5. Each holder of an impaired claim either has accepted the Plan or will receive  
25 or retain under the Plan on account of such holder's claims, property of a value, as of the distribution  
26 date, that is not less than the amount that such entity would receive or retain if the Debtor was  
27 liquidated on such date under chapter 7 of the Bankruptcy Code. See "Best Interests Test," infra.

28

1           6.       Each class of claims has either accepted the Plan or is not impaired under the  
2 Plan. As to equity interests that are deemed to reject the Plan, see "Classification," infra.

3           7.       Except to the extent that the holder of a particular Claim has agreed to a  
4 different treatment of such claim, the Plan provides that Allowed Administrative Claims and  
5 Allowed Priority Tax Claims will be paid in full on the Effective Date of the Plan.

6           8.       At least one class of claims has accepted the Plan, determined without  
7 including any acceptance of the Plan by any insider holding a claim in such class.

8           9.       Confirmation of the Plan is not likely to be followed by the need for further  
9 financial reorganization or liquidation of the Debtors under the Plan, unless such reorganization or  
10 liquidation is proposed in the Plan. See "Feasibility and Risk Factors," infra.

11          10.      All fees payable under section 1930 of title 28 as determined by the Court at  
12 the confirmation hearing have been paid or the Plan provides for payment of all such fees on the  
13 Effective Date.

14          11.      The Plan provides for the continuation after the Effective Date of payment of  
15 all retiree benefits, as such term is defined in section 1114 of the Bankruptcy Code, at the level  
16 established pursuant to subsection 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code.

17                 The Debtors believe that, upon acceptance of the Plan by the class of claims entitled to  
18 vote, the Plan will satisfy all of the applicable statutory requirements of chapter 11 of the Bankruptcy  
19 Code, that the Debtors have complied or will have complied with all of the requirements of chapter 11,  
20 and that the Plan is being proposed and will be submitted to the Bankruptcy Court in good faith.

21           **C.       Feasibility and Risk Factors.**

22                 The Bankruptcy Code requires that a plan proponent demonstrate that the  
23 consummation of a plan is not likely to be followed by liquidation or the need for further financial  
24 reorganization of a debtor, unless that liquidation is proposed in a plan. The feasibility test  
25 essentially requires the proponent demonstrate that it has sufficient ability to make the payments  
26 required under a plan.

27                 The Bankruptcy Code requires that, in order for the Plan to be confirmed by the  
28 Court, it must be demonstrated that consummation of the Plan is not likely to be followed by the

1 liquidation or the need for further financial reorganization of the Debtors. For purposes of  
2 determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet  
3 their obligations under the Plan. As the Plan contemplates a liquidation of or transfer of  
4 substantially all of the Assets of the Estates to the Liquidation Trust, the Debtors believe that the  
5 feasibility requirement is easily met in these Cases.

6           The Debtors believe that they will have more than sufficient Cash on hand on the  
7 Effective Date to pay all the payments due on the Effective Date. In addition, the Debtors have  
8 prepared a set of projections showing their anticipated proceeds from the liquidation of the  
9 remaining assets and expenditures, a true and correct copy of which is attached hereto as **Exhibit**  
10 **"C"** and incorporated herein by this reference. These projections show that if the Debtors liquidate  
11 the remaining Assets in the projected time frame, the Debtors will have sufficient funds to meet all  
12 the payment obligations due under the Plan. The Debtors believe that, based upon the assumptions  
13 made, such available funds will be adequate to fund the Plan.

14           **D. Best Interests Of Creditors Test.**

15           Confirmation requires, among other things, that each holder of a Claim in an impaired  
16 Class and each holder of an Interest either: (i) accepts the Plan; or (ii) receives or retains under the  
17 Plan property of a value, as of the Effective Date, that is not less than the value such holder would  
18 receive or retain if the Debtor was liquidated under chapter 7 of the Bankruptcy Code. This  
19 requirement is commonly referred to as the "Best Interests Test".

20           To determine if the Plan is in the best interest of the one impaired Class in the Plan,  
21 the present value of the distributions from the proceeds of the liquidation of the Debtors' Assets and  
22 properties, after subtracting the amounts attributable to the foregoing claims, is then compared with  
23 the value of the property offered to each such class under the Plan.

24           Similar to a chapter 7 liquidation, the Plan provides for the orderly liquidation of the  
25 Debtors' remaining noncash assets such as the Tax Refunds, and for the distribution of the proceeds  
26 in accordance with the priority scheme established by the Bankruptcy Code and applicable law.

27           If these Cases were converted to a chapter 7 liquidation, the primary difference would  
28 be that a trustee would be appointed by the Bankruptcy Court. That trustee would liquidate the

1 remaining assets of the Debtors' Estates and distribute the proceeds in accordance with the priorities  
2 established under the Bankruptcy Code.

3           The Debtors believe the distributions to creditors would be less in a chapter 7 than  
4 they will be under the Plan for three primary reasons: (1) the portfolio of notes owned by PMR  
5 2007-A is likely to generate greater total proceeds if collected in due course than if this portfolio is  
6 liquidated immediately; (2) an immediate liquidation of assets is likely to generate additional taxes  
7 in both the United States and Mexico that would constitute administrative priority claims, payment  
8 of which would dilute the distributions to unsecured creditors; and (3) if the PMR 2007-A portfolio  
9 were not liquidated in 2012, but were liquidated without first creating the stepped up basis that will  
10 be generated through confirmation, additional taxes could be payable, at least in California, which  
11 has eliminated tax loss carry forwards. The liquidation of assets by a chapter 7 trustee or by secured  
12 lenders enforcing their rights, could generate very substantial taxes, which would reduce or eliminate  
13 any distribution to creditors.

14           Under the Plan the Initial PMR Cash on Hand does remain in Reorganized PMR.  
15 While this money might be available to a chapter 7 trustee, there are three reasons that the retention  
16 of this money by the Reorganized Debtors will not reduce the distribution to General Unsecured  
17 Creditors in chapter 11 below what they would receive in chapter 7. First, the additional value  
18 generated from the notes owned by PMR 2007-A will likely exceed the Initial PMR Cash on Hand.  
19 Second, the aggregate taxes that would be generated by proceeding with an immediate liquidation  
20 would likely exceed the Initial PMR Cash on Hand for several reasons, including, without limitation,  
21 the loss of the benefits under the Plan of the step up in basis of the notes owned by PMR 2007-A  
22 during 2012 when no taxes will have to be paid on the income recognized from the transfer to the  
23 Liquidation Trust, because the Debtors have offsetting losses. And third, RFA has agreed to fund  
24 the Initial PMR Cash on Hand from RFA's share of the DCA Cash and the Initial Class 6  
25 Distribution, through the mechanism set forth in Section 3.18 of the Plan. This agreement by RFA  
26 means that the Initial PMR Cash on Hand will not reduce the distributions received by any other  
27 creditor.

28

1           Moreover, all administrative expenses of the chapter 7 case, including the trustee's  
2 fees (which can be as high as 3% of the total amount collected and disbursed) would have to be paid  
3 in full before payment of the unpaid administrative expenses from the prior chapter 11 Cases.  
4 Unpaid chapter 11 administrative expenses would, in turn, be paid in full before any distribution  
5 could be made to unsecured creditors. It is unusual for distributions to be made within one year of  
6 the appointment of a chapter 7 trustee in a case involving substantial assets or claims. In addition,  
7 the chapter 7 trustee would not have the expertise and familiarity with the Debtors' prior business  
8 operations, or any other potential claim objections to assist in the litigation that will occur during the  
9 claims objection process.

10           Thus, in a chapter 7 liquidation, it is likely the total net after tax liquidation proceeds  
11 would be less than the proceeds under the Plan. In addition, the administrative expenses associated  
12 with the chapter 7 case would very likely exceed the expenses that the Debtors project will be  
13 incurred in the implementation of the Plan, and the distributions likely would be delayed longer than  
14 the distributions that will be made under the Plan.

15           The determination of the hypothetical proceeds from the sale of assets in a chapter 7  
16 liquidation is an uncertain process involving numerous assumptions. Accordingly, there can be no  
17 assurance that the assumptions employed by the Debtors in determining the liquidation value of their  
18 assets will result in an accurate estimation of such liquidation values. While the Debtors believe that  
19 the assumptions utilized in the liquidation analysis are reasonable, the validity of such assumptions  
20 may be affected by the occurrence of events and the existence of conditions not now contemplated or  
21 by other factors, many of which would be beyond the control of the Court, the Debtors, and the  
22 chapter 7 trustee. Specifically, the classification and dollar amounts of the estimated Allowed  
23 Claims in the Liquidation Analysis are subject to significant modification. The actual liquidation  
24 value of the Debtors would likely vary from that presented herein.

25           The Debtors have attached hereto as **Exhibit "D"** and incorporated herein by this  
26 reference a liquidation analysis, which sets forth the Debtors' best estimate of what a chapter 7  
27 trustee might generate from a disposition of the Debtors' remaining assets in an immediate  
28

1 liquidation process.<sup>5</sup> The Debtors believe that such a process would not likely be completed much  
2 before the end of 2013, and that a "fire sale" of all of the Debtors' assets would result in a substantial  
3 reduction in the gross proceeds received from selling these assets. The potential liquidation value is  
4 set forth in **Exhibit "D"**. While the orderly disposition of assets over the next several years  
5 pursuant to the Plan will delay distribution, the net recovery to creditors will be substantially  
6 increased through this process, when compared with an immediate liquidation of the assets currently  
7 owned by the Debtors in chapter 7 cases. Therefore, the Debtors believe that the Plan satisfies the  
8 requirements of the "best interests" test and provides creditors at least as much present value as they  
9 would receive in a chapter 7 liquidation.

10 **E. Classification.**

11 In accordance with Bankruptcy Code section 1122, the Plan provides for the  
12 classification of four (4) classes of claims and one class of interests. Section 1122(a) permits a plan  
13 to place a claim or an interest in a particular class only if the claim or interest is substantially similar  
14 to the other claims or interests in that class. The Debtors believe that the classification of Claims  
15 and Interests under the Plan is appropriate and consistent with applicable law.

16 Since the equity interests under the Plan neither receive nor retain anything under the  
17 Plan, they are deemed to reject the Plan. The Bankruptcy Court may nevertheless confirm the Plan if  
18 all other requirements of section 1129(a) of the Bankruptcy Code are satisfied, and if the Bankruptcy  
19 Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect  
20 thereto.

21 **F. No Unfair Discrimination.**

22 A plan of reorganization "does not discriminate unfairly" if: (a) the legal rights of a  
23 non-accepting Class are treated in a manner that is consistent with the treatment of other Classes  
24 whose legal rights are intertwined with those of the non-accepting Class; and (b) no Class receives  
25

---

26 <sup>5</sup> The Debtors have not projected what might be generated from the Causes of Action. Under the  
27 Plan, the Causes of Action are vested in the Liquidation Trust and will be pursued by an  
28 independent trustee. The Causes of Action should generate the same proceeds in the hands of  
the Liquidation Trustee that would be generated by a chapter 7 trustee.

1 payments in excess of that which it is legally entitled to receive for its Claims. The Debtors believe  
2 that under the Plan, (i) all classes of impaired Claims are treated in a manner that is consistent with  
3 the treatment of other classes of Claims with which their legal rights are intertwined, if any, and  
4 (ii) no class of Claims will receive payments or property with an aggregate value greater than the  
5 aggregate value of the Allowed Claims in such class. The Plan provides for payment in full of  
6 Allowed General Unsecured Claims against DCA and its subsidiaries, because these entities have  
7 sufficient assets to pay these Allowed Claims (other than RFA's Allowed DCA Class 4 Claims) and  
8 these Allowed Claims are structurally senior to PMR Class 6 Claims. The "discrimination" in favor  
9 of these Allowed Unsecured Claims is driven by differences in their legal rights and, therefore, is  
10 not "unfair." Accordingly, the Debtors believe the Plan does not discriminate unfairly as to any  
11 impaired class.

12 **G. Fair And Equitable Test.**

13 The Bankruptcy Code establishes different "fair and equitable" tests for holders of  
14 secured Claims and holders of unsecured Claims, as follows:

15 (a) **Secured Claims.** Either (i) each holder of an impaired secured Claim  
16 either (x) retains the liens securing its secured Claim and receives on account of its Allowed  
17 Secured Claim deferred Cash payments having a present value equal to the amount of its  
18 Allowed Secured Claim, or (y) realizes the "indubitable equivalent" of its Allowed Secured  
19 Claim; or (ii) the property securing the Claim is sold free and clear of liens, with such liens to  
20 attach to the proceeds, and the liens against such proceeds are treated in accordance with  
21 clause (i) of this subparagraph (a).

22 (b) **Unsecured Claims.** Either (i) each holder of an impaired unsecured  
23 Claim receives or retains under the Plan property of a value equal to the amount of its  
24 Allowed Claim, or (ii) the holders of Claims and Interests that are junior to the Claims of the  
25 non-accepting Class do not receive any property under the Plan on account of such Claims  
26 and Equity Interests.

27  
28

1                   **IN THE EVENT OF REJECTION OF THE PLAN BY ONE OR MORE**  
2 **IMPAIRED CLASSES, THE DEBTORS RESERVE THE RIGHT TO REQUEST THE**  
3 **COURT CONFIRM THE PLAN IN ACCORDANCE WITH BANKRUPTCY CODE**  
4 **SECTION 1129(b).**

5   **IX.**

6   **ALTERNATIVES TO CONFIRMATION AND**  
7 **CONSUMMATION OF THE PLAN OF LIQUIDATION**

8                   The Debtors believe that the Plan affords holders of allowed claims the potential for a  
9 fair realization of the value of the Debtor's assets that is more than would be realized under a  
10 chapter 7 liquidation. As discussed above, if no plan can be confirmed, the Debtors' Cases may be  
11 converted to a case under chapter 7 of the Bankruptcy Code, under which a trustee would be  
12 appointed to liquidate the Debtor's assets for distribution to creditors in accordance with the  
13 priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7  
14 liquidation would have on the recovery by holders of claims and interests is set forth above. **THE**  
15 **DEBTORS BELIEVE THAT CONFIRMATION OF THE PLAN IS PREFERABLE BECAUSE IT**  
16 **IS EXPECTED TO PROVIDE GREATER RECOVERIES AND INVOLVE LESS DELAY AND**  
17 **LOWER ADMINISTRATIVE COSTS. ACCORDINGLY, THE DEBTORS URGE ALL**  
18 **CREDITORS TO VOTE TO ACCEPT THE PLAN BY SO INDICATING ON THEIR BALLOTS**  
19 **AND RETURNING THEM AS SPECIFIED IN THE NOTICE.**

20   **X.**

21   **RECOMMENDATION AND CONCLUSION**

22                   The Debtors believe that confirmation and implementation of the Plan is preferable to  
23 any feasible alternatives, because the Plan will provide greater recoveries for the holders of Allowed  
24 Claims. Accordingly, the Debtor urges all creditors to vote to accept the Plan by so indicating on  
25 their Ballots and returning them as specified in this Disclosure Statement and on the Ballots.



1 Date: September 4, 2012

PACIFIC MONARCH RESORTS, INC.

2 

3 By:  
4 Its:

5 VACATION INTERVAL REALTY, INC.

6 

7 By:  
8 Its:

9 VACATION MARKETING GROUP, INC.

10 

11 By:  
12 Its:

13 MGV CABO, LLC

14 

15 By:  
16 Its:

17 DESARROLLO CABO AZUL, S. de R.L.  
18 de C.V.

19 

20 By:  
21 Its:

22 OPERADORA MGVM S. de R.L. de C.V.

23 

24 By:  
25 Its:

26  
27  
28

1 SUBMITTED BY:

2

/s/ H. Alexander Fisch

3

SCOTT H. YUN, and  
H. ALEXANDER FISCH, Members of  
STUTMAN, TREISTER & GLATT  
PROFESSIONAL CORPORATION

4

5

and

6

JEFFREY C. KRAUSE  
GIBSON, DUNN & CRUTCHER LLP

7

8

Reorganization Counsel for the Debtors  
and Debtors in Possession

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

**EXHIBIT A**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

1 SCOTT H. YUN (STATE BAR NO. 185190)  
 2 H. ALEXANDER FISCH (STATE BAR NO. 223211)  
 3 STUTMAN, TREISTER & GLATT  
 4 PROFESSIONAL CORPORATION  
 5 1901 Avenue of the Stars, 12th Floor  
 6 Los Angeles, CA 90067  
 Telephone: (310) 228-5600  
 Telecopy: (310) 228-5788  
 Email: syun@stutman.com; afisch@stutman.com

7 JEFFREY C. KRAUSE (STATE BAR NO. 94053)  
 8 GIBSON, DUNN & CRUTCHER LLP  
 9 333 South Grand Avenue  
 Los Angeles, CA 90071  
 Telephone: (213) 229-7000  
 Telecopy: (213) 229-7520  
 10 Email: jkrause@ gibsondunn.com

11 REORGANIZATION COUNSEL FOR  
 12 DEBTORS AND DEBTORS IN POSSESSION

13 **UNITED STATES BANKRUPTCY COURT**  
 14 **CENTRAL DISTRICT OF CALIFORNIA**  
 15 **SANTA ANA DIVISION**

15 In re ) Case No. 8:11-bk-24720-SC  
 16 )  
 17 PACIFIC MONARCH RESORTS, INC., ) Chapter 11  
 a California corporation, )  
 ) Jointly Administered with Case Nos.  
 18 Jointly Administered Debtors ) 8:11-bk-24724-SC; 8:11-bk-24725-SC;  
 and Debtors in Possession. ) 8:11-bk-24727-SC; 8:11-bk-24729-SC;  
 19 ) 8:11-bk-24731-SC

20 )  
 21 Affects: ) **DEBTORS' AMENDED JOINT CHAPTER 11**  
 Pacific Monarch Resorts, Inc. Only ) **PLAN OF REORGANIZATION DATED**  
 Vacation Interval Realty, Inc. Only ) **SEPTEMBER 4, 2012**  
 Vacation Marketing Group, Inc. Only )  
 MGVM Cabo, LLC Only ) [No Hearing Set]  
 Desarrollo Cabo Azul, S. de R.L. )  
 de C.V. Only )  
 Operadora MGVM S. de R.L. de C.V. )  
 Only )  
 ALL DEBTORS )  
 26 )

**TABLE OF CONTENTS**

	<u>PAGE</u>
I. PLAN OBJECTIVES AND OVERVIEW.....	1
Section 1.1 General Objectives.....	1
II. DEFINITIONS AND RULES OF INTERPRETATION .....	1
Section 2.1 Definitions.....	1
Section 2.2 Rules of Interpretation. ....	17
III. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS .....	18
A. Classification of Claims.....	18
Section 3.1 Classifications Generally. ....	18
Section 3.2 PMR.....	19
Section 3.3 MGV Cabo.....	20
Section 3.4 DCA.....	20
Section 3.5 Operadora.....	20
B. Allowance and Treatment of Unclassified Claims. ....	21
Section 3.6 Administrative Claims and Priority Tax Claims.....	21
Section 3.7 Administrative Claims.....	21
Section 3.8 Administrative Claim Bar Date. ....	21
Section 3.9 Administrative Claim Objection Deadline.....	22
Section 3.10 U.S. Trustee Fees.....	22
Section 3.11 Professional Fee Claims.....	22
Section 3.12 Priority Tax Claims.....	23
C. Treatment of Classified Claims. ....	23
1. PMR.....	23
Section 3.13 PMR Class 1 (CB&T Office Building Secured Claim).....	23
Section 3.14 PMR Class 2 (PMR Secured Tax Claims).....	23
Section 3.15 PMR Class 3 (PMR Other Secured Claims).....	24
Section 3.16 PMR Class 4 (PMR Priority Non-Tax Claims).....	25

1	Section 3.17	PMR Class 5 (PMR Convenience Claims).....	25
2	Section 3.18	PMR Class 6 (PMR General Unsecured Claims).....	25
3	Section 3.19	PMR Class 7 (PMR Subordinated Claims).....	26
4	Section 3.20	PMR Class 8 (PMR Interests).....	26
5	2.	MGV Cabo.....	27
6	Section 3.21	MGV Cabo Class 1 (MGV Cabo Secured Tax Claims).....	27
7	Section 3.22	MGV Cabo Class 2 (MGV Cabo Other Secured Claims).....	27
8	Section 3.23	MGV Class 3 (MGV Cabo Priority Non-Tax Claims).....	28
9	Section 3.24	MGV Cabo Class 4 (MGV Cabo General Unsecured Claims).....	28
10	Section 3.25	MGV Cabo Class 5 (MGV Cabo Interests).....	29
11	3.	DCA.....	29
12	Section 3.26	DCA Class 1 (DCA Secured Tax Claims).....	29
13	Section 3.27	DCA Class 2 (DCA Other Secured Claims).....	29
14	Section 3.28	DCA Class 3 (DCA Priority Non-Tax Claims).....	30
15	Section 3.29	DCA Class 4 (DCA General Unsecured Claims).....	30
16	Section 3.30	DCA Class 5 (DCA Interests).....	31
17	4.	Operadora.....	31
18	Section 3.31	Operadora Class 1 (Operadora Secured Tax Claims).....	31
19	Section 3.32	Operadora Class 2 (Operadora Other Secured Claims).....	32
20	Section 3.33	Operadora Class 3 (Operadora Priority Non-Tax Claims).....	32
21	Section 3.34	Operadora Class 4 (Operadora General Unsecured Claims).....	32
22	Section 3.35	Operadora Class 5 (Operadora Interests).....	33
23	IV.	EXECUTORY CONTRACTS AND UNEXPIRED LEASES.....	33
24	Section 4.1	Rejection.....	33
25	Section 4.2	Assumption.....	33
26	Section 4.3	Rejection Claims.....	33
27	V.	PLAN IMPLEMENTATION.....	34
28	A.	Implementation Provisions.....	34

1	Section 5.1	Conditions to Plan Effectiveness.....	34
2	Section 5.2	Actions on the Effective Date.....	34
3	Section 5.3	Corporate Action.....	35
4	Section 5.4	Vesting and Transfer of Assets.....	35
5	Section 5.5	Transition Services.....	36
6	Section 5.6	Management of Reorganized PMR And Reorganized DCA.....	37
7	Section 5.7	Provisions Relating to Federal Income Tax Compliance.....	37
8	B.	Liquidation Trust.....	37
9	Section 5.8	Authorization of Liquidation Trustee.....	37
10	Section 5.9	Representative of the Consolidated Estates.....	38
11	Section 5.10	Funding of Post Effective Date Trust Expenses.....	39
12	Section 5.11	Termination of Liquidation Trust.....	39
13	C.	Distributions Generally.....	39
14	Section 5.12	Cash Distributions.....	39
15	Section 5.13	Setoff and Recoupment.....	39
16	Section 5.14	No De Minimis Distributions.....	40
17	Section 5.15	Fractional Cents.....	40
18	Section 5.16	No Distributions With Respect to Disputed Claims and Interests.....	40
19	Section 5.17	Undeliverable or Unclaimed Distributions.....	40
20	Section 5.18	Negotiation of Checks.....	42
21	Section 5.19	Record Date.....	42
22	Section 5.20	Postpetition Interest.....	42
23	Section 5.21	Sequence of Payments.....	43
24	Section 5.22	Withholding and Reporting Requirements.....	43
25	Section 5.23	Claims Register.....	44
26	Section 5.24	Maximum Amount of Distributions.....	44
27	D.	Reserves.....	44
28	Section 5.25	Administrative Claims Reserve.....	44

1	Section 5.26	Disputed Interim Dividends Reserve.....	45
2	Section 5.27	Priority/Convenience Claims Reserve.....	45
3	Section 5.28	Operating Reserve.....	45
4	Section 5.29	Secured Claims Reserve.....	46
5	Section 5.30	Undeliverable Distributions Reserve.....	46
6	Section 5.31	Reduced or Disallowed Administrative, Priority, or Secured Claims.....	46
7	Section 5.32	Reserve Amounts for Disputed Administrative, Priority, and Secured	
8		Claims.....	47
9	E.	Distributions On And Reserves For Liquidation Trust Interests.....	47
10	Section 5.33	Interim Distributions.....	47
11	Section 5.34	Calculations For Interim Distributions.....	48
12	Section 5.35	Deposits Into Interim Dividend Reserves.....	48
13	F.	Final Distributions.....	48
14	Section 5.36	Final Principal Distributions on Liquidation Trust Interests.....	48
15	Section 5.37	Distribution of Postpetition Interest.....	49
16	VI.	LITIGATION AND CLAIMS OBJECTIONS.....	49
17	Section 6.1	Preservation of Causes of Action.....	49
18	Section 6.2	No Waiver.....	50
19	Section 6.3	Objections to and Resolution of Disputed Claims.....	51
20	VII.	OTHER PLAN PROVISIONS.....	52
21	Section 7.1	Discharge of the Debtors.....	52
22	Section 7.2	Exculpation and Release of Debtors, Committee, and Professionals.....	52
23	Section 7.3	Injunction Enjoining Holders of Claims.....	53
24	Section 7.4	Injunctions or Stays.....	53
25	Section 7.5	Exemption from Stamp, Transfer, and Other Taxes.....	54
26	Section 7.6	No Admissions.....	54
27	Section 7.7	Severability of Plan Provisions.....	54
28	Section 7.8	Governing Law.....	55



1	Section 7.9	Successors and Assigns.....	55
2	Section 7.10	Nonconsensual Confirmation.....	55
3	Section 7.11	Revocation of the Plan.....	55
4	Section 7.12	Amendment.....	55
5	Section 7.13	Saturday, Sunday, or Legal Holiday.....	55
6	Section 7.14	Post-Effective Date Status Reports.....	55
7	Section 7.15	Post-Effective Date Notice.....	56
8	Section 7.16	Retention of Jurisdiction.....	56
9	Section 7.17	Entry of a Final Decree.....	58
10	VIII.	RECOMMENDATIONS AND CONCLUSION.....	58
11	Section 8.1	Recommendation of the Debtors.....	58
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**I.**

**PLAN OBJECTIVES AND OVERVIEW**

**Section 1.1 General Objectives.**

An overview of the Plan is set forth in the disclosure statement regarding the Plan (the "Disclosure Statement"). Parties should review the Plan and Disclosure Statement carefully. The objectives of the Plan<sup>1</sup> are to (1) effect the substantive consolidation of PMR, VIR, and VMG, (2) merge the Mexican Entities (as defined below) into DCA, while providing for payment in full of all Claims against the Mexican Entities, other than RFA's Claim against DCA, (3) complete the transition services required under the completed sale to DPM; and (4) transfer the Causes of Action, and other remaining Assets of PMR to the Liquidation Trust established for PMR, which shall liquidate the Causes Action and all other Trust Assets, and distribute the proceeds thereof to Holders of Allowed Claims. The Plan divides Creditors and Interest Holders of the Debtors into Classes based on their legal rights and interests. All Holders of Allowed Claims against DCA and the Mexican Entities, other than RFA, will be paid in full. Holders of Allowed General Unsecured Claims against PMR, VIR and VMG, which will be substantively consolidated with PMR, will be entitled to Pro Rata distributions from the Liquidation Trust. The Holders of Allowed Convenience Class Claims against PMR, VIR and VMG, will receive a cash payment equal to 20% of their Allowed Claims. From and after the Transition Completion Date, the Reorganized PMR Equity will be owned by New Equity Holder, who is not an affiliate or insider of any of the Debtors, and the equity in Reorganized DCA will be owned by Reorganized PMR. Based on this transition, the current Interest Holders of the Debtors will not receive or retain anything on account of their Interests.

**II.**

**DEFINITIONS AND RULES OF INTERPRETATION**

**Section 2.1 Definitions.** The following terms (which appear in the Plan as

capitalized terms), when used in the Plan, have the meanings set forth below:

**"Administrative Claim"** means a claim for administrative costs or expenses that is

---

<sup>1</sup> Capitalized terms have the meanings set forth in section 2.1 and as set forth in other sections.

1 allowable under Bankruptcy Code section 503(b) or for U.S. Trustee Fees. These costs or  
2 expenses include: (a) actual, necessary costs and expenses of preserving the Estates after the  
3 Petition Date; (b) Ordinary Course Administrative Claims; (c) Professional Fee Claims; and  
4 (d) Administrative Tax Claims.

5 **"Administrative Claim Bar Date"** means, with respect to Administrative Claims  
6 relating to or arising out of the Second Covered Period, the date that is twenty (20) days after the  
7 Effective Date, or, if such date is not a Business Day, the next Business Day thereafter, or such  
8 other date as may be set by the Court in the Confirmation Order; provided, however, that the  
9 Administrative Claim Bar Date for Professional Fee Claims is the date set forth in section 3.8.

10 **"Administrative Claim Objection Deadline"** means the deadline set forth in section 3.9.

11 **"Administrative Claims Reserve"** means, with respect to each Liquidation Trust, a Cash  
12 Reserve that shall be maintained by each Liquidation Trust in the estimated amount necessary to  
13 pay in full all Administrative Claims that are liabilities of such Liquidation Trust and are  
14 outstanding as of the Effective Date, including Professional Fee Claims and Ordinary Course  
15 Administrative Claims. Before the Effective Date, the Debtors, with the consent of the  
16 Committee, or by Order of the Court, shall determine the estimated amount necessary to fund  
17 each Administrative Claims Reserve and, after the Effective Date, the Liquidation Trustee shall  
18 determine any supplemental amounts needed to fund the Administrative Claims Reserve for each  
19 Liquidation Trust.

20 **"Administrative Tax Claim"** means a Claim other than an Allowed Secured Claim that  
21 a Governmental Authority asserts against the Debtors for Taxes or related interest or penalties,  
22 which Claim is entitled to priority and allowable under Bankruptcy Code section 503(b).

23 **"Allowed Administrative Claim"** means an Administrative Claim that is: (a) an  
24 Ordinary Course Administrative Claim with respect to which the Debtors have no objection;  
25 (b) allowed as set forth in section III.B; or (c) allowed by a Final Order.

26 **"Allowed Claim"** or **"Allowed Interest"** means a Claim or Interest, other than an  
27 Administrative Claim, to the extent that: (a) either: (1) a proof of claim or proof of interest was  
28 timely filed before the Claims Bar Date or pursuant to an Order of the Court; or (2) a proof of

1 claim or proof of interest is deemed timely filed either under Bankruptcy Rule 3003(b)(1)-(2) or  
2 by a Final Order; and (b) either: (1) the Claim or Interest is not a Disputed Claim or a Disputed  
3 Interest; or (2) the Claim or Interest is allowed by a Final Order. Any Claim or portion of a  
4 Claim that is satisfied or released during the Cases is not an Allowed Claim.

5 **"Allowed '\*\*\*' Class '\*\*\*' Claim"** means an Allowed Claim against the specified Debtors  
6 classified in the specified Class.

7 **"Assets"** means all assets of each Debtor's Estate, including "property of the estate" under  
8 section 541 of the Bankruptcy Code.

9 **"Available Cash"** means, with respect to the Liquidation Trust: (a) all Cash of the  
10 Liquidation Trust, including Cash realized from the sale or other disposition of Trust Assets,  
11 recoveries from Causes of Action or from any other source, and the interest earned on its funds,  
12 including on any Reserves; less (b) the amount of Cash estimated and reserved by such  
13 Liquidation Trust to: (y) pay all the unpaid Allowed Claims; (y) fund and maintain all Reserves,  
14 including adequate funds to pay projected Post Effective Date Trust Expenses and any other  
15 costs to carry out the provisions of the Plan and the Liquidation Trust Agreement with respect to  
16 such Liquidation Trust on and after the Effective Date.

17 **"Avoidance Action"** means an adversary proceeding, lawsuit, or other proceeding with  
18 respect to Causes of Action arising under, relating to, or similar to Bankruptcy Code sections  
19 502(d), 506, 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552, or 553, or any fraudulent  
20 conveyance, fraudulent transfer, or preference laws, or any Cause of Action arising under, or  
21 relating to, any similar state law or federal law that constitutes property of the Debtors' Estates  
22 under Bankruptcy Code section 541, whether or not an action is initiated on or before the  
23 Effective Date.

24 **"Ballot"** means the Ballot for accepting or rejecting the Plan.

25 **"Bankruptcy Code"** means title 11 of the United States Code, as applicable in the Cases.

26 **"Bankruptcy Rules"** mean the Federal Rules of Bankruptcy Procedure, as applicable in  
27 the Cases.

28 **"Bankruptcy Schedules"** means the Schedules of Assets and Liabilities and Statements

1 of Financial Affairs filed by the Debtors in the Cases.

2 **"BB&T"** means Branch Banking & Trust Company.

3 **"Beneficiaries"** means, with respect to the Liquidation Trust and in accordance with  
4 Treasury Regulation section 301.7701-4(d), the beneficiaries of the Liquidation Trust that are the  
5 Holders of Liquidation Trust Interests and Subordinated Liquidation Trust Interests.

6 **"Business Day"** means any day other than a Saturday, Sunday, or a legal holiday (as  
7 defined in Bankruptcy Rule 9006(a)).

8 **"Cases"** means the chapter 11 cases of the Debtors.

9 **"Cash"** means cash or cash equivalents including bank deposits, checks, or other similar  
10 items.

11 **"Causes of Action"** means any and all claims, demands, rights, actions, causes of action,  
12 and suits of the Debtors or the Estates, of any kind or character whatsoever, known or unknown,  
13 suspected or unsuspected, whether arising before, on, or after the Petition Date, in contract or in  
14 tort, at law or in equity, or under any other theory of law, that the Debtors or the Estates have or  
15 assert or may have or assert against third parties, whether or not brought as of the Effective Date,  
16 and which have not been settled or otherwise resolved by Final Order as of the Effective Date,  
17 including: (a) rights of setoff, counterclaim, or recoupment; (b) claims on contracts or for  
18 breaches of duties imposed by law; (c) the right to object to Claims or Interests; (d) such claims  
19 and defenses as fraud, mistake, duress, and usury; (e) Avoidance Actions; (f) claims for Tax  
20 refunds; (g) claims to recover outstanding accounts receivable; (h) such claims and defenses as  
21 alter ego; and (i) any other claims which may be asserted against third parties.

22 **"CB&T"** means California Bank & Trust.

23 **"CB&T Office Building Secured Claim"** means CB&T's claims against PMR arising  
24 under or relating to (a) that certain Promissory Note dated March 24, 1999, in the original  
25 principal amount of \$2,100,000, and (b) that certain Promissory Note dated September 26, 2007,  
26 in the original principal amount of \$4,173,329, both of which are secured by the Office Building,  
27 and all amendments and related documents thereto.

28 **"CCA"** means Constructora Cabo Azul, S. de R.L. de C.V., a non-debtor subsidiary of

1 DCA.

2 "Claim" means a claim as defined in Bankruptcy Code section 101(5) against one or  
3 more of the Debtors.

4 "Claims Bar Date" means the last date for filing proofs of Claim against the Estates  
5 pursuant to the Court's Order entered on December 9, 2011.

6 "Claims Objection Deadline" means the deadline for the Liquidation Trustee to file  
7 objections to Claims other than Administrative Claims as set forth in section 6.3.

8 "Class" means a group of Claims or Interests as classified in Article III.

9 "Collateral" means any property or interest in property of the Estates subject to a Lien  
10 that is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the  
11 Bankruptcy Code or applicable federal, state, or international law.

12 "Committee" means the Official Committee of Unsecured Creditors appointed in the  
13 Cases by the U.S. Trustee.

14 "Confirmation Date" means the date on which the Court enters the Confirmation Order  
15 on its docket.

16 "Confirmation Hearing Date" means the first date on which the Court holds the hearing  
17 to consider the confirmation of the Plan pursuant to Bankruptcy Code section 1128(a).

18 "Confirmation Order" means the Order of the Court confirming the Plan under  
19 Bankruptcy Code section 1129.

20 "Convenience Claim" means any Allowed General Unsecured Claim against PMR that  
21 is (a) allowed in the amount of two-thousand dollars (\$2,000) or less or (b) allowed in an amount  
22 greater than two-thousand dollars (\$2,000) but which is reduced to two-thousand dollars (\$2,000)  
23 (x) by an irrevocable written election by the Holder of such Claim made on a timely delivered  
24 Ballot or (y) pursuant to a settlement agreement between the Debtor subject to such claim and  
25 the Holder of such Claim entered into after the Voting Deadline, but before the Effective Date;  
26 provided, however, that any such Claim that was allowed in excess of two-thousand dollars  
27 (\$2,000) may not be subdivided into multiple Claims of two-thousand dollars (\$2,000) or less for  
28 purposes of receiving treatment as a Convenience Claim.

1           **"Court"** means the United States Bankruptcy Court for the Central District of California,  
2 or any other court that exercises jurisdiction over the Cases.

3           **"Creditor"** means the Holder of a Claim against any of the Debtors.

4           **"DCA"** means Desarrollo Cabo Azul, S. de R.L. de C.V., the debtor and debtor in  
5 possession in Case No. 8:11-bk-24729-SC.

6           **"DCA Cash"** means any Cash that is the property of or held by DCA and its subsidiaries.

7           **"DCA Equity"** means all outstanding equity securities issued by DCA.

8           **"DCAONE"** means DCAONE, Inc., a wholly owned subsidiary of PMR, which owns 1%  
9 of the equity Interests in DCA and Operadora.

10           **"DCA Retained Assets"** means the Retained Right, \$5,000 in Cash, and the intangible  
11 rights set forth in Exhibit "1" hereto.

12           **"Debtors"** means DCA, MGV Cabo, Operadora, PMR, VIR, and VMG, as debtors and  
13 debtors in possession in the Cases.

14           **"Disclosure Statement"** means the disclosure statement relating to the Plan, including,  
15 without limitation, all exhibits and schedules thereto, as approved by the Court pursuant to  
16 Bankruptcy Code section 1125.

17           **"Disclosure Statement Order"** means the Order entered by the Court approving the  
18 Disclosure Statement.

19           **"Disputed Claim"** means any Claim: (a) as to which a proof of claim has been filed and  
20 the dollar amount of such Claim is not specified in a fixed liquidated amount; (b) before the  
21 Claims Objection Deadline for such Claim, as to which a proof of claim has been filed and the  
22 dollar amount of such Claim is specified in a fixed liquidated amount, the extent to which the  
23 stated amount of such Claim exceeds the amount of such Claim listed in the Bankruptcy  
24 Schedules as not being disputed, contingent, or unliquidated or is listed in the Bankruptcy  
25 Schedules with a different priority than reflected in the proof of claim; (c) before the Claims  
26 Objection Deadline for such Claim, as to which a proof of claim has been filed and such Claim is  
27 not included in the Bankruptcy Schedules; (d) before the Claims Objection Deadline for such  
28 Claim, as to which a proof of claim is filed or is deemed filed under Bankruptcy Rule 3003(b)(1)

1 and is listed in the Bankruptcy Schedules as contingent, disputed, or unliquidated; (e) before the  
2 Claims Objection Deadline for such Claims, as to which a proof of claim was required to be filed  
3 and was not timely filed; and (f) as to which an objection has been filed or is deemed to have  
4 been filed and such objection has neither been overruled nor been denied by a Final Order and  
5 has not been withdrawn; or (g) with respect to an Administrative Claim, as to which an objection:  
6 (1) has been timely filed (or the deadline for objection to such Administrative Claim has not  
7 expired), and (2) has neither been overruled nor been denied by a Final Order and has not been  
8 withdrawn; provided, however, that in each case, a Claim shall not be deemed to be a Disputed  
9 Claim to the extent that the Liquidation Trustee otherwise agrees to the allowance of any such  
10 Claim and such Claim is deemed allowed under the Bankruptcy Code or by Final Order, as  
11 applicable.

12 **"Disputed Interim Dividends Reserve"** means, with respect to each Liquidation Trust,  
13 the Reserve to be established by the Liquidation Trustee for each Liquidation Trust for Interim  
14 Dividends made by such Liquidation Trust with respect to Disputed General Unsecured Claims.

15 **"Distribution"** means any transfer under the Plan or Liquidation Trust Agreement of  
16 Cash or other property to Holders of Allowed Claims, Liquidation Trust Interests, or  
17 Subordinated Liquidation Trust Interests.

18 **"DPM Transaction Approval Order"** means the Order Pursuant to Bankruptcy Code  
19 Sections 105, 363 and 365 Authorizing the Debtors to Sell Certain Assets to DPM Acquisition,  
20 LLC or to the Successful Overbidder, entered January 13, 2012.

21 **"DPM Transaction"** means the sale and other transactions set forth in the Asset  
22 Purchase Agreement between DPM Acquisition, LLC and the Debtors, which was approved  
23 under the DPM Transaction Approval Order.

24 **"DPM Transaction Closing"** means the Closing of the DPM Transaction as defined in  
25 the DPM Transaction Documents.

26 **"DPM Transaction Documents"** means the agreements, schedules, DPM Transaction  
27 Approval Order, and other documents setting forth and governing the DPM Transaction.

28 **"DPM Transaction Proceeds"** means all consideration, including Cash, notes, securities,



1 and/or contract or other rights and claims, received or to be received by one or more of the  
2 Debtors as a result of the DPM Transaction.

3 **"Effective Date"** means the date the Plan becomes effective, as set forth in section 5.1.

4 **"Encumbered Accounts"** means the "Lockbox Account" and "Other Deposit Accounts"  
5 as defined in the Final Order Authorizing the Debtors to Use Cash Collateral and Provide  
6 Adequate Protection to Resort Finance America, LLC Pursuant to 11 U.S.C. §§ 361 and 363  
7 [Docket No. 140], entered by the Court on December 1, 2011.

8 **"Estates"** means the estates of the Debtors created in the Cases under Bankruptcy Code  
9 section 541.

10 **"Final Order"** means an Order of the Court or any other court of competent jurisdiction  
11 as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has  
12 expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or  
13 rehearing shall then be pending or as to which any right to appeal, petition for certiorari, reargue,  
14 or rehear shall have been waived in writing in form and substance satisfactory to the Debtors (on  
15 or prior to the Effective Date) or the Liquidation Trustee (after the Effective Date), or, in the  
16 event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such  
17 Order of the Court or other court of competent jurisdiction shall have been determined by the  
18 highest court to which such order was appealed, or certiorari, reargument, or rehearing shall have  
19 been denied and the time to take any further appeal, petition for certiorari, or move for  
20 reargument or rehearing shall have expired; provided, however, that the possibility that a motion  
21 under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under  
22 the Bankruptcy Rules or applicable law, may be filed with respect to such Order shall not cause  
23 such Order not to be a Final Order.

24 **"First Administrative Claim Bar Date"** means the deadline, if any, established by the  
25 Court for the filing of requests for payment of Administrative Claims arising in or during the  
26 First Covered Period.

27 **"First Administrative Claim Bar Date Order"** means the Order, if any, of the Court  
28 establishing the First Administrative Claim Bar Date.

1           **"First Covered Period"** means the period from and including the Petition Date to and  
2 including the date that the Court enters the Order approving the Disclosure Statement, or such  
3 other date determined by the Court in the First Administrative Claim Bar Date Order, if any.

4           **"General Unsecured Claim"** means any Claim that is not an Administrative Claim, a  
5 Priority Claim, a Secured Claim, or a Subordinated Claim.

6           **"Governmental Authority"** means any federal, state, or local government or other  
7 political subdivision, department or agency thereof, including, without limitation, any Person  
8 exercising executive, legislative, judicial, regulatory, or administrative governmental powers or  
9 functions.

10           **"Holder"** means the holder of a Claim against or Interest in the Debtors or, after the  
11 Effective Date, the holder of a Liquidation Trust Interest or Subordinated Liquidation Trust  
12 Interest.

13           **"Impaired"** means, when used with reference to a Claim or Interest, a Claim or Interest  
14 that is impaired within the meaning of section 1124 of the Bankruptcy Code.

15           **"Initial PMR Cash On Hand"** means \$519,000, or such other amount as jointly  
16 determined by PMR and RFA, reflecting the amount of Cash to be retained by Reorganized PMR  
17 on the Effective Date to enable it to perform its obligations under the Plan, after the Effective  
18 Date payments and distribution of Cash to the Liquidation Trust on the Effective Date.

19           **"Initial PMR Class 6 Distribution"** means the distribution that will be made by the  
20 Liquidation Trust on the Effective Date or as soon thereafter as is practicable, in an amount equal  
21 to \$1,000,000 minus the sum of (a) all Allowed Priority Claims against PMR, and (b) the amount  
22 needed to fund the distribution to Holders of Allowed PMR Class 5 Claims (i.e. 20% of all  
23 Allowed Convenience Class Claims).

24           **"Interest"** means the interest of any Person who holds an equity security in a Debtor.

25           **"Interim Dividends"** means payments made by a Liquidation Trust with respect to  
26 Liquidation Trust Interests and Disputed General Unsecured Claims as provided in sections 5.32  
27 to 5.34.

28           **"Lien"** means any mortgage, pledge, lien, encumbrance, charge, security interest, or other

1 charge against or interest in property to secure payment of a debt or performance of an  
2 obligation.

3 **"Liquidation Trust"** means the Liquidation Trust created pursuant to the Plan and the  
4 Liquidation Trust Agreement. The Liquidation Trust is to be organized and established as a  
5 trust for the benefit of the Beneficiaries, and each is intended to qualify as a Liquidation Trust  
6 within the meaning of Treasury Regulation section 301.7701-4(d).

7 **"Liquidation Trust Agreement"** means the Liquidation Trust Agreement, by and  
8 between PMR and the Liquidation Trustee to be entered into pursuant to the Plan and the  
9 Confirmation Order, substantially in the form appended as an exhibit to the Disclosure  
10 Statement.

11 **"Liquidation Trustee"** means the trustee of the Liquidation Trust, who has the powers  
12 and responsibilities set forth in the Plan, Confirmation Order, and Liquidation Trust Agreement,  
13 or any successor trustee appointed pursuant to the Liquidation Trust Agreement.

14 **"Liquidation Trustee Disclosures"** means written disclosures to be filed with the Court  
15 at least ten (10) Business Days prior to the Confirmation Hearing Date disclosing the identity of  
16 the Liquidation Trustee, his, her, or its credentials, any and all relevant affiliations, connections,  
17 and actual or potential conflicts of interest, and the engagement agreement setting forth the terms  
18 of his, her, or its retention.

19 **"Liquidation Trust Interest"** means, with respect to each Liquidation Trust, a  
20 non-certificated beneficial interest in that Liquidation Trust entitling the Holder thereof to  
21 Distributions from such Liquidation Trust as provided in the Plan, Confirmation Order, and  
22 Liquidation Trust Agreement, which Liquidation Trust Interest shall not be transferable.

23 **"Liquidation Trust Net Proceeds"** means as reasonably determined by the Liquidation  
24 Trustee, all Cash including any interest thereon remaining in such Liquidation Trust after:  
25 (a) payment in full of: (i) all Allowed Administrative Claims; (ii) all Allowed Priority Claims;  
26 (iii) all Allowed Secured Claims; (iv) all Allowed Convenience Claims; and (v) all outstanding  
27 and due Post Effective Date Trust Expenses; and (b) the maintenance of the Operating Reserve  
28 sufficient for all projected Post Effective Date Trust Expenses of the Liquidation Trust until the

1 later of the closing of the Cases under Bankruptcy Code section 350 or the termination of such  
2 Liquidation Trust.

3 "**Mexican Entities**" means DCA, MGV Cabo, Operadora, PMR Cabo and CCA.

4 "**MVG Cabo**" means MGV Cabo, LLC, the debtor and debtor in possession in Case  
5 No. 8-11-bk-24727-SC.

6 "**New Equity Holder**" means Rafael Castro or his designee.

7 "**Office Building**" means the real property and improvements owned by PMR located at  
8 23091 Mill Creek Drive, Laguna Hills, CA 92653.

9 "**Operadora**" means Operadora MGVM S. de R.L. de C.V., the debtor and debtor in  
10 possession in Case No. 8:11-bk-24731-SC.

11 "**Operating Reserve**" means, with respect to the Liquidation Trust, the reserve of Cash  
12 made by the Liquidation Trust as reasonably determined by the Liquidation Trustee for the  
13 payment of all actual and projected Post Effective Date Trust Expenses of the Liquidation Trust.

14 "**Order**" means any writ, judgment, decree, injunction, or order of any Governmental  
15 Authority (whether preliminary or final).

16 "**Ordinary Course Administrative Claim**" means a Claim for an administrative cost or  
17 expense that is allowable under Bankruptcy Code section 503(b) that is incurred in the ordinary  
18 course of the Debtors' operations or the Cases, or for which payment is authorized by a Final  
19 Order of the Court.

20 "**Other Deposit Accounts**" means those accounts maintained at Mexican banks in the  
21 name of any Debtor that are not subject to an account control agreements; specifically: Account  
22 Nos. ##-#####-3268 and ##-#####-0454 at Banco Santander, S.A. in the name of DCA; Account  
23 Nos. ##-#####-7955, ##-#####-2870, ##-#####-0620, ##-#####-3387, ##-#####-8133 at Banco  
24 Santander, S.A. in the name of MGV Cabo; and Account Nos. ##-#####-4032 and  
25 ##-#####-7312 at Banco Santander, Account Nos. ##-#####-5881 and ##-#####-5565 at  
26 Scotiabank Incerlat, S.A., and Account Nos. ##-####2812 and ##-####2324 at BBVA Bancomer,  
27 S.A., in the name of Operadora.

28 "**Other Secured Claims**" means any Secured Claim except the CB&T Office Building

1 Secured Claim, and Secured Tax Claims.

2 **"Penalty Claim"** means a Claim for any fine, penalty, or forfeiture, or for multiple,  
3 exemplary, or punitive damages, arising before the Petition Date, to the extent that such fine,  
4 penalty, forfeiture, or damages are not compensation for actual pecuniary loss suffered by the  
5 Holder of such Claim as set forth in Bankruptcy Code section 726(a)(4).

6 **"Person"** means an individual, a partnership, a corporation, a limited liability company,  
7 an association, a joint stock company, a trust, a joint venture, an unincorporated organization,  
8 any other business entity, or a Governmental Authority.

9 **"Petition Date"** means October 24, 2011, the date on which the Debtors filed their  
10 voluntary petitions commencing the Cases.

11 **"Plan"** means this plan of reorganization under chapter 11 of the Bankruptcy Code,  
12 including, without limitation, all exhibits, supplements, appendices, and schedules thereto.

13 **"PMR"** means Pacific Monarch Resorts, Inc., the debtor and debtor in possession in Case  
14 No. 8:11-bk-24720-SC.

15 **"PMR Cabo"** means PMR Cabo, S. de R.L. de C.V., a non-debtor subsidiary of PMR,  
16 which shall be merged into DCA under the Plan.

17 **"PMR Retained Assets"** means the following assets, which shall be vested in  
18 Reorganized PMR and shall be used to enable Reorganized PMR to perform its duties and  
19 obligations under the Transition Services Agreement and the Plan: (a) the equity Interests in  
20 (i) Reorganized DCA and (ii) DCAONE, (b) the right to use the assets sold to DPM to perform  
21 the Transition Services, under the Transition Services Agreement, possession of which shall be  
22 delivered to DPM or its designees on or before the Transition Completion Date, and (c) the  
23 Initial PMR Cash On Hand.

24 **"Post Effective Date Trust Expenses"** means all voluntary and involuntary costs,  
25 expenses, charges, obligations, or liabilities of any kind or nature, whether unmatured,  
26 contingent, or unliquidated incurred by the Liquidation Trust or the Liquidation Trustee after the  
27 Effective Date related to the implementation of the Plan or the Liquidation Trust Agreement by  
28 the Liquidation Trust, including, but not limited to: (a) the expenses of the Liquidation Trustee in

1 connection with the Liquidation Trust in administering and implementing the Plan, including any  
2 taxes incurred by the Liquidation Trust or on the Trust Assets of the Liquidation Trust and  
3 accrued on or after the Effective Date; (b) all U.S. Trustee Fees for which the Liquidation Trust  
4 is liable which are due on or after the Effective Date; (c) the expenses of the Liquidation Trustee  
5 and the Liquidation Trust in making the Distributions from the Liquidation Trust as required by  
6 the Plan or the Liquidation Trust Agreement, including paying Taxes, filing Tax returns, and  
7 paying professionals' fees with respect to such Distributions; (d) the expenses incurred by the  
8 Liquidation Trust and the Liquidation Trustee relating to the Liquidation Trust; (e) the expenses  
9 of independent contractors and professionals (including, without limitation, attorneys, advisors,  
10 accountants, brokers, consultants, experts, professionals, and other Persons) providing services to  
11 the Liquidation Trustee relating to the Liquidation Trust; and (f) the expenses related to the  
12 Liquidation Trust's indemnity obligations, the purchase of errors and omissions insurance, and/or  
13 other forms of indemnification.

14 **"Postpetition"** means the time after the Petition Date.

15 **"Postpetition Interest"** means interest accrued on any Allowed General Unsecured  
16 Claim from the Petition Date until the date of payment at the federal judgment rate as set forth in  
17 28 U.S.C. § 1961(a), in effect as of the Petition Date or the contract rate, if applicable.

18 **"Priority/Convenience Claims Reserve"** means the Reserve to be established by the  
19 Liquidation Trustee for Distributions on Priority Claims and Convenience Claims that are or  
20 might become Allowed Claims.

21 **"Priority Claims"** means Priority Non-Tax Claims and Priority Tax Claims.

22 **"Priority Non-Tax Claim"** means a Claim, other than an Administrative Claim or  
23 Priority Tax Claim, entitled to priority under Bankruptcy Code section 507(a).

24 **"Priority Tax Claim"** means a Claim entitled to priority under Bankruptcy Code  
25 section 502(i) or 507(a)(8).

26 **"Professional Fee Claim"** means: (a) a claim under Bankruptcy Code section 327, 328,  
27 330, 331, 503(b), 1103, or 1106 for compensation for professional services rendered or expenses  
28 incurred before the Effective Date; or (b) a claim either under Bankruptcy Code section 503(b)(4)

1 for compensation for professional services rendered or under Bankruptcy Code section  
2 503(b)(3)(D) for expenses incurred before the Effective Date in making a substantial  
3 contribution in the Cases.

4 **"Professionals"** means those Persons: (a) retained pursuant to an Order of the Court in  
5 accordance with section 327, 1103, or 1106 of the Bankruptcy Code and to be compensated for  
6 services rendered prior to the Effective Date pursuant to section 327, 328, 329, 330, or 331 of the  
7 Bankruptcy Code; or (b) for which compensation and reimbursement has been allowed by the  
8 Court pursuant to sections 330 and 503(b)(2) of the Bankruptcy Code.

9 **"Pro Rata"** means, for the purpose of Distributions on account of Liquidation Trust  
10 Interests and Subordinated Liquidation Trust Interests, and for each Liquidation Trust, a  
11 proportionate share such that the ratio of (a) the amount of consideration distributed on account  
12 of a Liquidation Trust Interest or Subordinated Liquidation Trust Interest in a Liquidation Trust  
13 to (b) the amount of such Liquidation Trust Interest or Subordinated Liquidation Trust Interest is  
14 the same as the ratio of (y) the amount of consideration to be distributed on account of all  
15 Liquidation Trust Interests or Subordinated Liquidation Trust Interests in such Liquidation Trust  
16 to (z) the amount of all Liquidation Trust Interests or Subordinated Liquidation Trust Interests in  
17 such Liquidation Trust. The Pro Rata Share ratio is illustrated for Liquidation Trust Interests in  
18 an exemplar Liquidation Trust as follows:

19

(a) Amount of consideration distributed to Holder of a Liquidation Trust Interest in such Liquidation Trust	=	(x) Total consideration available for distribution to Holders of Liquidation Trust Interests in such Liquidation Trust
---	---	--

20  
21

22 **"Reorganized Debtors"** means Reorganized PMR and Reorganized DCA.

23 **"Reorganized DCA"** means DCA from and after the Effective Date, which shall be  
24 revested with the DCA Retained Assets, and the equity Interests in which shall be owned by  
25 Reorganized PMR.

26 **"Reorganized PMR"** means PMR from the Effective Date, which shall assume its  
27 obligations under the Transition Services Agreement.

28 **"Reorganized PMR Equity"** means the equity Interests in Reorganized PMR on and

1 after the Transition Completion Date. Prior to the Effective Date the Debtors shall determine  
2 whether the Reorganized PMR Equity will be the existing Equity Interests in PMR, which would  
3 be voluntarily transferred by the existing Holders to the New Equity Holder, without  
4 representation or warranty and without any payment to the existing Interest Holders, or newly  
5 issued equity Interests.

6 **"Reserves"** means the Administrative Claims Reserve, the Priority/Convenience Claims  
7 Reserve, the Disputed Interim Dividends Reserve, the Operating Reserve, the Secured Claims  
8 Reserve, and the Undeliverable Distributions Reserve to be established for the Liquidation Trust.

9 **"Retained Right"** means any right of reacquisition owned by DCA with respect to  
10 property held by or in trust for the Cabo Azul Vacation Plan Owners Association.

11 **"RFA"** means Resort Finance America, LLC.

12 **"Second Covered Period"** means the period from and including the day following the  
13 last date of the First Covered Period, if any, through and including the Effective Date. If prior  
14 to the Confirmation Hearing Date the Court has not entered the First Administrative Claim Bar  
15 Date Order, then the Second Covered Period shall mean the period from and including the  
16 Petition Date through and including the Effective Date.

17 **"Secured Claim"** means a Claim that is secured by a valid and unavoidable Lien against  
18 property in which any of the Estates has an interest or that is subject to setoff under Bankruptcy  
19 Code section 553. A Claim is a Secured Claim only to the extent of the value of the  
20 claimholder's interest in the Collateral securing the Claim or to the extent of the amount subject  
21 to setoff, whichever is applicable, and as determined under Bankruptcy Code section 506(a).

22 **"Secured Claims Reserve"** means, with respect to each Liquidation Trust, the Reserve to  
23 be established by each Liquidation Trust for Cash Distributions on Other Secured Claims that are  
24 or might become Allowed Claims.

25 **"Secured Tax Claim"** means a Claim of a Governmental Authority that is secured by a  
26 valid and unavoidable Lien against property in which any of the Estates has an interest or that is  
27 subject to setoff under Bankruptcy Code section 553. A Claim is a Secured Tax Claim only to  
28 the extent of the value of the claimholder's interest in the Collateral securing the Claim or to the



1 extent of the amount subject to setoff, whichever is applicable, and as determined under  
2 Bankruptcy Code section 506(a).

3 **"Subordinated Claim"** means any Allowed Claim that is subordinated to General  
4 Unsecured Claims pursuant to Bankruptcy Code section 510.

5 **"Tax"** or **"Taxes"** means any federal, state, local, or foreign income, gross receipts,  
6 license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits,  
7 environmental (including taxes under Internal Revenue Code section 59A), customs duties,  
8 capital stock, franchise, profits, withholding, social security (or similar), unemployment,  
9 disability, real property, personal property, sales, use, transfer, registration, value added,  
10 alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any  
11 interest, penalty, or addition thereto, whether disputed or not and including any obligations to  
12 indemnify or otherwise assume or succeed to the tax liability of any other Person.

13 **"Transition Completion Date"** means the date that Reorganized PMR gives the notice  
14 described in Section 5.5, below, to the Liquidation Trustee that the Transition Services have been  
15 completed.

16 **"Transition Services Agreement"** means that certain agreement by and between PMR  
17 and DPM, under which the Debtors have agreed to provide certain services to assist in  
18 transitioning the Debtors' operations to DPM or its nominee in connection with the DPM  
19 Transaction.

20 **"Trust Assets"** means: (a) all Causes of Action belonging to any of the Debtors  
21 immediately before the Effective Date, all of which shall be deemed to be transferred or assigned  
22 to the Liquidation Trust on the Effective Date of the Plan; (b) all Cash on hand on the Effective  
23 Date except the cash included in the PMR Retained Assets and the DCA Retained Assets; (c) the  
24 \$5,000 payment received from the New Equity Holder for the Reorganized PMR Equity; (d) the  
25 Interests in PMRIC, and PMR Resorts 2007, and (e) all other Assets that are not PMR Retained  
26 Assets or DCA Retained Assets, including, without limitation, all rights to receive refunds or the  
27 return of deposits.

28 **"Unclassified Claim"** means any Claim which is not assigned to a Class under the Plan.

1           **"Undeliverable Distributions Reserve"** means, with respect to each Liquidation Trust,  
2 the Reserve established by the Liquidation Trustee for each Liquidation Trust for the purpose of  
3 holding undeliverable Distributions as provided in section 5.16.

4           **"Unencumbered Accounts"** means all bank accounts other than the Encumbered  
5 Accounts. Specifically, the following bank accounts are Unencumbered Accounts: Account  
6 Nos. #####0086 and #####5301 at Wells Fargo.

7           **"U.S. Trustee"** means the Office of the United States Trustee for the Central District of  
8 California.

9           **"U.S. Trustee Fees"** means all fees and charges assessed against the Estate by the U.S.  
10 Trustee and due pursuant to section 1930 of title 28 of the United States Code.

11           **"VIR"** means Vacation Interval Realty, Inc., the debtor and debtor in possession in Case  
12 No. 8:11-bk-24725-SC.

13           **"VMG"** means Vacation Marketing Group, Inc., the debtor and debtor in possession in  
14 Case No. 8:11-bk-24724-SC.

15           **"Voting Deadline"** means the applicable deadline set by Court Order for timely  
16 submitting a Ballot in connection with confirmation of the Plan.

17           **"Wells Unencumbered Account"** means the certain depository accounts in the name of  
18 PMR maintained at Wells Fargo, N.A. as account nos. #####0086 and #####5301.

19           **Section 2.2 Rules of Interpretation.**

- 20           (a) The rules of construction in Bankruptcy Code section 102 apply to the Plan.  
21           (b) Except as otherwise provided in the Plan, Bankruptcy Rule 9006(a) applies when  
22           determining any time period under the Plan.  
23           (c) A term that is used in the Plan and that is not defined in the Plan has the meaning  
24           attributed to that term, if any, in the Bankruptcy Code or the Bankruptcy Rules.  
25           (d) The definition given to any term or provision in the Plan supersedes and controls  
26           over any different meaning that may be given to that term or provision in the  
27           Disclosure Statement. In the event of any conflict or inconsistency between the  
28           Plan and the Disclosure Statement, the Plan shall control. In the event of any

1 conflict or inconsistency between the Plan and the Confirmation Order, the  
2 Confirmation Order shall control.

3 (e) Whenever it is appropriate from the context, each term, whether stated in the  
4 singular or the plural, includes both the singular and the plural.

5 (f) Any reference to a document or instrument being in a particular form or on  
6 particular terms means that the document or instrument will be substantially in  
7 that form or on those terms or as amended. Any reference to an existing  
8 document means the document as it has been, or may be, amended, modified, or  
9 supplemented.

10 (g) Unless otherwise indicated, the phrase "under the Plan" and similar words or  
11 phrases refer to the Plan in its entirety rather than to only a portion of the Plan.

12 (h) Unless otherwise specified, all references to articles, sections, and Exhibits are  
13 references to articles and sections of, and Exhibits to the Plan.

14 (i) Captions and headings in the Plan are used only as convenient references and do  
15 not affect the meaning of the Plan.

### 16 III.

#### 17 CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

##### 18 A. Classification of Claims.

19 **Section 3.1 Classifications Generally.** The Plan classifies Claims and Interests,  
20 except for Administrative Claims and Priority Tax Claims, which are not classified, for all  
21 purposes, including voting on, confirmation of, and Distributions under the Plan. A Claim or  
22 Interest is classified in a particular Class only to the extent that the Claim or Interest falls within  
23 the Class description. To the extent that part of the Claim or Interest falls within a different  
24 Class description, that portion of the Claim or Interest is classified in that different Class. The  
25 treatment in the Plan is in full and complete satisfaction of the legal, contractual, and equitable  
26 rights that each Person holding an Allowed Claim or an Allowed Interest may have in or against  
27 the Debtors or their property. This treatment supersedes and replaces any agreements or rights  
28 those entities have in or against the Debtors or their property. All Distributions under the Plan

1 will be tendered to the Person holding the Allowed Claim or Allowed Interest as set forth in the  
 2 Plan and Liquidation Trust Agreement. EXCEPT AS SPECIFICALLY SET FORTH IN THIS  
 3 PLAN, NO DISTRIBUTIONS WILL BE MADE AND NO RIGHTS WILL BE RETAINED  
 4 ON ACCOUNT OF ANY CLAIM OR INTEREST THAT IS NOT AN ALLOWED CLAIM OR  
 5 ALLOWED INTEREST. The following sections 3.2 through 3.7 summarize the Classes of  
 6 Claims and Interests under the Plan.

7 **Section 3.2 PMR.**

<u>Class</u>	<u>Description</u>	<u>Impairment</u>	<u>Entitlement to Vote</u>
PMR Class 1	PMR CB&T Office Building Secured Claim	Unimpaired	No
PMR Class 2	PMR Secured Tax Claims	Impaired	Yes
PMR Class 3	PMR Other Secured Claims	Impaired	Yes
PMR Class 4	PMR Priority Non-Tax Claims	Impaired	Yes
PMR Class 5	PMR Convenience Claims	Impaired	Yes
PMR Class 6	PMR General Unsecured Claims	Impaired	Yes
PMR Class 7	PMR Subordinated Claims	Impaired	Yes
PMR Class 8	PMR Equity Interests	Impaired	Yes

19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**Section 3.3 MGV Cabo.**

<u>Class</u>	<u>Description</u>	<u>Impairment</u>	<u>Entitlement to Vote</u>
MGV Cabo Class 1	MGV Cabo Secured Tax Claims	Unimpaired	No
MGV Cabo Class 2	MGV Cabo Other Secured Claims	Impaired	Yes
MGV Cabo Class 3	MGV Cabo Priority Non-Tax Claims	Impaired	Yes
MGV Cabo Class 4	MGV General Unsecured Claims	Impaired	Yes
MGV Cabo Class 5	MGV Cabo Equity Interests	Impaired	Yes

**Section 3.4 DCA.**

<u>Class</u>	<u>Description</u>	<u>Impairment</u>	<u>Entitlement to Vote</u>
DCA Class 1	DCA Secured Tax Claims	Unimpaired	No
DCA Class 2	DCA Other Secured Claims	Impaired	Yes
DCA Class 3	DCA Priority Non-Tax Claims	Impaired	Yes
DCA Class 4	DCA General Unsecured Claims	Impaired	Yes
DCA Class 5	DCA Equity Interests	Impaired	Yes

**Section 3.5 Operadora.**

<u>Class</u>	<u>Description</u>	<u>Impairment</u>	<u>Entitlement to Vote</u>
Operadora Class 1	Operadora Secured Tax Claims	Unimpaired	No
Operadora Class 2	Operadora Other Secured Claims	Impaired	Yes
Operadora Class 3	Operadora Priority Non-Tax Claims	Impaired	Yes
Operadora Class 4	Operadora General Unsecured Claims	Impaired	Yes

1 2	Operadora Class 5	Operadora Equity Interests	Impaired	Yes
--------	----------------------	----------------------------	----------	-----

3 **B. Allowance and Treatment of Unclassified Claims.**

4 **Section 3.6 Administrative Claims and Priority Tax Claims.** Administrative  
5 Claims and Priority Tax Claims are not placed into Classes that are entitled to vote to accept or  
6 reject the Plan; instead, such Claims are unclassified. Such Claims are not considered impaired  
7 and they do not vote on the Plan because they are entitled to specific treatment under the  
8 Bankruptcy Code. Accordingly, the Debtors have not placed these Claims in Classes. The  
9 treatment for these Claims is provided in sections 3.7 through 3.12, below.

10 **Section 3.7 Administrative Claims.** Except to the extent that the Holder of an  
11 Allowed Administrative Claim agrees to less favorable treatment or unless otherwise ordered by  
12 the Court, each Holder of an Allowed Administrative Claim shall receive in full satisfaction,  
13 discharge, exchange, and release thereof, Cash from the Administrative Claims Reserve in an  
14 aggregate amount equal to the amount of such Allowed Administrative Claim on the later of: (a)  
15 the Effective Date; and (b) the fifteenth (15th) Business Day after such Administrative Claim  
16 becomes an Allowed Administrative Claim, or, in either case, as soon thereafter as is practicable;  
17 provided, however, that Ordinary Course Administrative Claims shall be paid in Cash in full  
18 after the Effective Date from the Administrative Claims Reserve in accordance with the terms  
19 and conditions of the particular transactions, any applicable agreements, or as otherwise  
20 authorized by the Court.

21 **Section 3.8 Administrative Claim Bar Date.** All requests for payment of an  
22 Administrative Claim that arose during the Second Covered Period, except for U.S. Trustee Fees,  
23 Professional Fee Claims, and Ordinary Course Administrative Claims, shall be filed with the  
24 Court no later than the Administrative Claim Bar Date or be forever barred. Within five (5)  
25 business days after the Effective Date, the Liquidation Trustee shall serve notice of the Effective  
26 Date, the Administrative Claim Bar Date, and the Administrative Claim Objection Deadline on  
27 all creditors and parties in interest. Nothing in the Plan shall constitute a waiver of any grounds  
28 for objecting to Administrative Claims arising during the First Covered Period, if any, subject to

1 the First Administrative Claim Bar Date Order, if any, or any other Order requiring the filing of  
2 requests for the payment of Administrative Claims.

3 **Section 3.9 Administrative Claim Objection Deadline.** All objections to the  
4 allowance of Administrative Claims subject to section 3.8 must be filed by parties in interest no  
5 later than sixty (60) days after the Administrative Claim Bar Date (the "Administrative Claim  
6 Objection Deadline"). The Administrative Claim Objection Deadline may be extended for a  
7 one-time sixty (60) day period by the Liquidation Trustee by filing a notice of the extended  
8 Administrative Claim Objection Deadline with the Court, and giving notice of such extension to  
9 all creditors and parties in interest. Thereafter, the Administrative Claim Objection Deadline  
10 may be further extended only by an Order of the Court. If no objection to such Administrative  
11 Claim is filed on or before the Administrative Claim Objection Deadline, such Administrative  
12 Claim shall be deemed an Allowed Administrative Claim as of that date.

13 **Section 3.10 U.S. Trustee Fees.** U.S. Trustee Fees shall be paid before the Effective  
14 Date by the Debtors obligated for such fees, and after the Effective Date by the Liquidation Trust,  
15 in each case, when due in accordance with applicable law. The Debtors shall continue to file  
16 reports to show the calculation of such fees for the Estates until the Effective Date; after the  
17 Effective Date, the Liquidation Trustee shall file such consolidated reports until the Cases are  
18 closed under Bankruptcy Code section 350.

19 **Section 3.11 Professional Fee Claims.** Each Holder of a Professional Fee Claim  
20 seeking an award by the Court of compensation for services rendered or reimbursement of  
21 expenses incurred through and including the Effective Date shall: (a) file such Holder's interim  
22 (if applicable) and final applications for allowances of compensation for services rendered and  
23 reimbursement of expenses incurred through the Effective Date by no later than the forty-fifth  
24 (45th) day after the Effective Date or such other date as may be fixed by the Court; and (b) if  
25 granted such an award by the Court, be paid from the Administrative Claims Reserve in full  
26 satisfaction, discharge, exchange, and release of such Claim, Cash in such amounts as are  
27 allowed by the Court on the date such Professional Fee Claim becomes an Allowed Claim, or as  
28 soon thereafter as is practicable. All objections to the allowance of Professional Fee Claims

1 through the Effective Date must be filed and served by no later than the sixty-fifth (65th) day  
2 after the Effective Date, or such other date as may be fixed by Order of the Court.

3 **Section 3.12 Priority Tax Claims.** Except to the extent that a Holder of an Allowed  
4 Priority Tax Claim agrees to less favorable treatment, each Holder of an Allowed Priority Tax  
5 Claim shall receive in full satisfaction, discharge, exchange, and release thereof, Cash from the  
6 Priority/Convenience Claims Reserve in an aggregate amount equal to such Allowed Priority  
7 Tax Claim on the later of: (i) the Effective Date; and (ii) the fifteenth (15th) Business Day after  
8 such Priority Tax Claim becomes an Allowed Priority Tax Claim, or, in either case, as soon  
9 thereafter as is practicable.

10 **C. Treatment of Classified Claims.**

11 **1. PMR**

12 **Section 3.13 PMR Class 1 (CB&T Office Building Secured Claim).**

13 **a. Impairment and Voting.** PMR Class 1 Claims are unimpaired by the  
14 Plan. Each Holder of a PMR Class 1 Claim is deemed to accept the Plan with respect to such  
15 Claim.

16 **b. Treatment.** Except to the extent that the Holder of an Allowed Claim in  
17 PMR Class 1 agrees to less favorable treatment, the Allowed PMR Class 1 Claim shall be  
18 satisfied, discharged, exchanged, and released by the performance of the Debtors' duties under  
19 the Stipulation for Adequate Protection (Real Property), which was approved by the Court by an  
20 order entered January 18, 2012, including the Debtors' obligation to pay proceeds of the sale of  
21 the Office Building, net only of reasonable closing costs, broker's commissions negotiated on an  
22 arm's length basis and payable to independent third parties, and secured real property taxes  
23 prorated through the closing date, up to the total aggregate sum of the Allowed PMR CB&T  
24 Office Building Secured Claim. To the extent that the Effective Date occurs before a sale of the  
25 Office Building has closed, the Liquidation Trustee shall assume all duties of the Debtors.

26 **Section 3.14 PMR Class 2 (PMR Secured Tax Claims).**

27 **a. Impairment and Voting.** PMR Class 2 is impaired under the Plan.  
28 Each Holder of a PMR Class 2 Claim is entitled to vote to accept or reject the Plan with respect



1 to such Claim.

2           **b. Treatment.** Each Holder of an Allowed PMR Class 2 Claim shall  
3 (i) retain its Lien securing such Claim, (ii) continue to accrue interest at the applicable statutory  
4 rate as required by Bankruptcy Code § 511, and (iii) be paid regular quarterly installments of  
5 interest only each quarter after the Effective Date for up to five (5) years after the Petition Date,  
6 with 100% of the unpaid principal of such Allowed Claim to be paid in full in Cash on the fifth  
7 anniversary of the Petition Date; *provided, however*, if the Collateral is sold free and clear of  
8 liens each Allowed PMR Class 2 Claim shall be paid in full in Cash from the net sales proceeds  
9 of the Collateral securing that Allowed PMR Class 2 Claim, upon the closing of any sale of such  
10 Collateral and if the Collateral is sold subject to the existing Lien securing Class 2 the extension  
11 provided for herein shall be eliminated and the Holder shall have the right to enforce its Lien by  
12 all means permitted under state law.

13           **Section 3.15 PMR Class 3 (PMR Other Secured Claims).**

14           **a. Impairment and Voting.** The Debtors do not believe that there are any  
15 PMR Class 3 Claims. PMR Class 3 Claims are impaired by the Plan. Each Holder of a PMR  
16 Class 3 Claim is entitled to vote to accept or reject the Plan with respect to such Claim.

17           **b. Treatment.** Except to the extent that the Holder of an Allowed Claim in  
18 PMR Class 3 agrees to less favorable treatment, each Allowed PMR Class 3 Claim shall be  
19 satisfied, discharged, exchanged, and released by, at the option of the Liquidation Trustee: (i)  
20 payment to the Holder of the amount of the Allowed PMR Class 3 Claim in Cash in full from the  
21 Secured Claims Reserve of the Liquidation Trust; (ii) payment to the Holder of the sale or  
22 disposition proceeds of the Collateral securing such Allowed Claim to the extent of the value of  
23 the Collateral securing such Allowed Claim; (iii) surrender to the Holder of the Collateral  
24 securing such Allowed Claim; or (iv) such treatment that leaves unaltered the legal, equitable,  
25 and contractual rights to which the Holder is entitled with respect to such Allowed Claim. In  
26 the event that an Allowed Claim in PMR Class 3 is treated under clause (i) or (ii) above, the  
27 Liens securing such Allowed Claim shall be deemed released and extinguished without further  
28 Order of the Court. The Liquidation Trustee shall notify the Holder of an Allowed PMR Class

1 3 Claim of the election made by the Liquidation Trustee under this section by the later of: (x) the  
2 Effective Date; and (y) the fifteenth (15th) Business Day after such Claim becomes an Allowed  
3 PMR Class 3 Claim, or, in either case, as soon thereafter as is practicable, and the Liquidation  
4 Trustee shall perform such election within thirty (30) days thereafter.

5 **Section 3.16 PMR Class 4 (PMR Priority Non-Tax Claims).**

6 **a. Impairment and Voting.** PMR Class 4 Claims are impaired by the Plan.  
7 Each Holder of a PMR Class 4 Claim is entitled to vote to accept or reject the Plan with respect  
8 to such Claim.

9 **b. Treatment.** Except to the extent that a Holder of an Allowed Claim in  
10 PMR Class 4 agrees to less favorable treatment, each Holder of an Allowed PMR Class 4 Claim  
11 shall receive in full satisfaction, discharge, exchange, and release of such Claim, Cash from the  
12 Priority/Convenience Claims Reserve of the Liquidation Trust in an aggregate amount equal to  
13 such Allowed PMR Class 4 Claim on the later of: (i) the Effective Date; and (ii) the fifteenth  
14 (15th) Business Day after such PMR Class 4 Claim becomes an Allowed Claim, or, in either case,  
15 as soon thereafter as is practicable.

16 **Section 3.17 PMR Class 5 (PMR Convenience Claims).**

17 **a. Impairment and Voting.** PMR Class 5 Claims are impaired by the Plan.  
18 Each Holder of an Allowed Claim in PMR Class 5 is entitled to vote to accept or reject the Plan  
19 with respect to such Claim.

20 **b. Treatment.** Each Holder of an Allowed Claim in PMR Class 5 shall  
21 receive in full satisfaction, discharge, exchange, and release of such Claim, Cash from the  
22 Priority/Convenience Claims Reserve of the Liquidation Trust in an amount equal to 20%  
23 multiplied by the lesser of (a) \$2,000 or (b) the amount of such Allowed PMR Class 5 Claim on  
24 the later of: (i) the Effective Date; and (ii) the fifteenth (15th) Business Day after such Class 5  
25 Claim becomes an Allowed Claim, or, in either case, as soon thereafter as is practicable.

26 **Section 3.18 PMR Class 6 (PMR General Unsecured Claims).**

27 **a. Impairment and Voting.** PMR Class 6 Claims are impaired by the Plan.  
28 Each Holder of a PMR Class 6 Claim is entitled to vote to accept or reject the Plan with respect

1 to such Claim.

2                   **b. Treatment.** Each Holder of an Allowed PMR Class 6 Claim shall  
3 receive a Liquidation Trust Interest in the allowed amount of such Allowed PMR Class 6 Claim  
4 on the later of: (a) the Effective Date; and (b) the fifteenth (15th) Business Day after such PMR  
5 Class 6 Claim becomes an Allowed PMR Class 6 Claim, or, in either case, as soon thereafter as  
6 is practicable. The Holder of a Liquidation Trust Interest shall receive from the Liquidation  
7 Trust, (a) Its share of the Initial Class 6 Distribution, as described below, and (b) a Pro Rata  
8 Share of the Liquidation Trust Net Proceeds as provided in Article V.C., below, after the Initial  
9 Class 6 Distribution. Each Holder of an Allowed PMR Class 6 Claim shall receive its Pro Rata  
10 share of the Initial Class 6 Distribution, provided, that the distribution to RFA of its Pro Rata  
11 share of the Initial PMR Class 6 Distribution shall be reduced by the amount of Cash (not to  
12 exceed \$520,000) required to fund the Initial PMR Cash on Hand. For avoidance of doubt,  
13 RFA shall receive an Initial Class 6 Distribution, subject only to any reduction required to fund  
14 the Initial PMR Cash on Hand. The foregoing Liquidation Trust Interest and the Initial Class 6  
15 Distribution shall be in full and complete satisfaction, discharge, exchange, and release of its  
16 Allowed PMR Class 6 Claim.

17                   **Section 3.19 PMR Class 7 (PMR Subordinated Claims).**

18                   **a. Impairment and Voting.** PMR Class 7 Claims are impaired by the Plan.  
19 Each Holder of an Allowed Claim in PMR Class 7 is deemed to reject the Plan with respect to  
20 such Claim.

21                   **b. Treatment.** Holders of Allowed PMR Class 7 Claims shall receive  
22 nothing under the Plan.

23                   **Section 3.20 PMR Class 8 (PMR Interests).**

24                   **a. Impairment and Voting.** PMR Class 8 Interests are impaired by the  
25 Plan. Each Holder of a PMR Class 8 Interest is deemed to reject the Plan with respect to such  
26 Interest.

27                   **b. Treatment.** Holders of PMR Class 8 Interests shall receive no  
28

1 Distributions under the Plan on account of such Interests. The Reorganized PMR Equity shall  
2 be owned by the New Equity Holder in exchange for the \$5,000 cash payment to the Liquidation  
3 Trust described in section 5.2(f), below.

4 **2. MGV Cabo**

5 **Section 3.21 MGV Cabo Class 1 (MGV Cabo Secured Tax Claims).**

6  
7 **a. Impairment and Voting.** The Debtors do not believe that there are any  
8 MGV Cabo Class 1 Claims. MGV Cabo Class 1 is not impaired under the Plan. Any Holder  
9 of a MGV Cabo Class 1 Claim is deemed to accept the Plan.

10 **b. Treatment.** Except to the extent that the Holder of an Allowed Claim in  
11 MGV Cabo Class 1 agrees to less favorable treatment, each Allowed MGV Cabo Class 1 Claim  
12 shall be satisfied, discharged, exchanged, and released by a payment of Cash equal to such  
13 Allowed MGV Cabo Class 1 Claim, including any interest, fees and costs permitted under  
14 Bankruptcy Code §§ 506 & 1124, on the Effective Date.

15 **Section 3.22 MGV Cabo Class 2 (MGV Cabo Other Secured Claims).**

16 **a. Impairment and Voting.** The Debtors do not believe that there are any  
17 MGV Cabo Class 2 Claims. To the extent that there are, MGV Class 2 Claims are impaired by  
18 the Plan. Each Holder of a MGV Cabo Class 2 Claim is entitled to vote to accept or reject the  
19 Plan with respect to such Claim.

20 **b. Treatment.** Except to the extent that the Holder of an Allowed Claim in  
21 MGV Cabo Class 2 agrees to less favorable treatment, each Allowed MGV Cabo Class 2 Claim  
22 shall be satisfied, discharged, exchanged, and released by, at the option of the Liquidation  
23 Trustee: (i) payment to the Holder of the amount of the Allowed MGV Cabo Class 2 Claim in  
24 Cash in full from the Secured Claims Reserve of the MGV Cabo Liquidation Trust; (ii) payment  
25 to the Holder of the sale or disposition proceeds of the Collateral securing such Allowed Claim  
26 to the extent of the value of the Collateral securing such Allowed Claim; (iii) surrender to the  
27 Holder of the Collateral securing such Allowed Claim; or (iv) such treatment that leaves  
28 unaltered the legal, equitable, and contractual rights to which the Holder is entitled with respect

1 to such Allowed Claim. In the event that an Allowed Claim in MGV Cabo Class 2 is treated  
2 under clause (i) or (ii) above, the Liens securing such Allowed Claim shall be deemed released  
3 and extinguished without further Order of the Court. The Liquidation Trustee shall notify the  
4 Holder of an Allowed MGV Cabo Class 2 Claim of the election made by the Liquidation Trustee  
5 under this section by the later of: (x) the Effective Date; and (y) the fifteenth (15th) Business  
6 Day after such Claim becomes an Allowed MGV Cabo Class 2 Claim, or, in either case, as soon  
7 thereafter as is practicable, and the Liquidation Trustee shall perform such election within  
8 thirty (30) days thereafter.

9 **Section 3.23 MGV Class 3 (MGV Cabo Priority Non-Tax Claims).**

10 **a. Impairment and Voting.** MGV Cabo Class 3 Claims are impaired by  
11 the Plan. Each Holder of a MGV Cabo Class 3 Claim is entitled to vote to accept or reject the  
12 Plan with respect to such Claim.

13 **b. Treatment.** Except to the extent that a Holder of an Allowed Claim in  
14 MGV Cabo Class 3 agrees to less favorable treatment, each Holder of an Allowed MGV Cabo  
15 Class 3 Claim shall receive in full satisfaction, discharge, exchange, and release of such Claim,  
16 Cash from the Priority/Convenience Claims Reserve in an aggregate amount equal to such  
17 Allowed MGV Cabo Class 3 Claim on the later of: (i) the Effective Date; and (ii) the fifteenth  
18 (15th) Business Day after such MGV Cabo Class 3 Claim becomes an Allowed Claim, or, in  
19 either case, as soon thereafter as is practicable.

20 **Section 3.24 MGV Cabo Class 4 (MGV Cabo General Unsecured Claims).**

21 **a. Impairment and Voting.** MGV Cabo Class 4 Claims are impaired by  
22 the Plan. Each Holder of a MGV Cabo Class 4 Claim is entitled to vote to accept or reject the  
23 Plan with respect to such Claim.

24 **b. Treatment.** Except to the extent that a Holder of an Allowed Claim in  
25 MGV Cabo Class 4 agrees to less favorable treatment, each Holder of an Allowed MGV Cabo  
26 Class 4 Claim shall receive in full satisfaction, discharge, exchange, and release of such Claim,  
27 Cash from the Liquidation Trust in an aggregate amount equal to such Allowed MGV Cabo  
28 Class 4 Claim on the later of: (i) the Effective Date; and (ii) the fifteenth (15th) Business Day

1 after such MGV Cabo Class 4 Claim becomes an Allowed Claim, or, in either case, as soon  
2 thereafter as is practicable.

3 **Section 3.25 MGV Cabo Class 5 (MGV Cabo Interests).**

4 **a. Impairment and Voting.** MGV Cabo Class 5 Interests are impaired by  
5 the Plan. Each Holder of a MGV Cabo Class 5 Interest is deemed to reject the Plan with  
6 respect to such Interest.

7 **b. Treatment.** MGV Cabo Class 5 Interests shall be canceled and MGV  
8 Cabo shall be merged into DCA with DCA of being the surviving Mexican entity.

9 **3. DCA**

10 **Section 3.26 DCA Class 1 (DCA Secured Tax Claims).**

11 **a. Impairment and Voting.** The Debtors do not believe that there are any  
12 DCA Class 1 Claims. DCA Class 1 is not impaired under the Plan. Any Holder of a DCA  
13 Class 1 Claim is deemed to accept the Plan.

14 **b. Treatment.** Except to the extent that the Holder of an Allowed Claim in  
15 DCA Class 1 agrees to less favorable treatment, each Allowed DCA Class 1 Claim shall be  
16 satisfied, discharged, exchanged, and released by a payment of DCA Cash equal to such Allowed  
17 DCA Class 1 Claim, including any interest, fees and costs permitted under Bankruptcy Code  
18 §§ 506 & 1124, on the Effective Date.

19 **Section 3.27 DCA Class 2 (DCA Other Secured Claims).**

20 **a. Impairment and Voting.** The Debtors do not believe that there are any  
21 DCA Class 2 Claims. To the extent that there are, DCA Class 2 Claims are impaired by the  
22 Plan. Each Holder of a DCA Class 2 Claim is entitled to vote to accept or reject the Plan with  
23 respect to such Claim.

24 **b. Treatment.** Except to the extent that the Holder of an Allowed Claim in  
25 DCA Class 2 agrees to less favorable treatment, each Allowed DCA Class 2 Claim shall be  
26 satisfied, discharged, exchanged, and released by: (i) payment to the Holder of the amount of the  
27 Allowed DCA Class 2 Claim in Cash in full from the DCA Cash; (ii) payment to the Holder of  
28 the sale or disposition proceeds of the Collateral securing such Allowed Claim to the extent of

1 the value of the Collateral securing such Allowed Claim; (iii) surrender to the Holder of the  
2 Collateral securing such Allowed Claim; or (iv) such treatment that leaves unaltered the legal,  
3 equitable, and contractual rights to which the Holder is entitled with respect to such Allowed  
4 Claim. In the event that an Allowed Claim in DCA Class 2 is treated under clause (i) or (ii)  
5 above, the Liens securing such Allowed Claim shall be deemed released and extinguished  
6 without further Order of the Court. The Liquidation Trustee shall notify the Holder of an  
7 Allowed DCA Class 2 Claim of the election made by the Liquidation Trustee under this section  
8 by the later of: (x) the Effective Date; and (y) the fifteenth (15th) Business Day after such Claim  
9 becomes an Allowed DCA Class 2 Claim, or, in either case, as soon thereafter as is practicable,  
10 and the Liquidation Trustee shall perform such election within thirty (30) days thereafter.

11 **Section 3.28 DCA Class 3 (DCA Priority Non-Tax Claims).**

12 **a. Impairment and Voting.** The Debtors do not believe there are any  
13 DCA Class 3 Allowed Claims. DCA Class 3 Claims are impaired by the Plan. Each Holder  
14 of a DCA Class 3 Claim is entitled to vote to accept or reject the Plan with respect to such Claim.

15 **b. Treatment.** Except to the extent that a Holder of an Allowed Claim in  
16 DCA Class 3 agrees to less favorable treatment, each Holder of an Allowed DCA Class 3 Claim  
17 shall receive in full satisfaction, discharge, exchange, and release of such Claim, DCA Cash in  
18 an aggregate amount equal to such Allowed DCA Class 3 Claim on the later of: (i) the Effective  
19 Date; and (ii) the fifteenth (15th) Business Day after such DCA Class 3 Claim becomes an  
20 Allowed Claim, or, in either case, as soon thereafter as is practicable.

21 **Section 3.29 DCA Class 4 (DCA General Unsecured Claims).**

22 **a. Impairment and Voting.** DCA Class 4 Claims are impaired by the Plan.  
23 Each Holder of a DCA Class 4 Claim is entitled to vote to accept or reject the Plan with respect  
24 to such Claim.

25 **b. Treatment.** Except to the extent that a Holder of an Allowed Claim in  
26 DCA Class 4 agrees to less favorable treatment, each Holder of an Allowed DCA Class 4 Claim  
27 except RFA shall receive, in full satisfaction, discharge, exchange, and release of such Claim,  
28 DCA Cash in an aggregate amount equal to such Allowed DCA Class 4 Claim on the later of:

1 (i) the Effective Date; and (ii) the fifteenth (15th) Business Day after such DCA Class 4 Claim  
2 becomes an Allowed Claim, or, in either case, as soon thereafter as is practicable. RFA has  
3 agreed to subordinate its Allowed DCA Class 4 Claim to all other Allowed DCA Class 4 Claims  
4 and to the funding of the Initial PMR Cash on Hand, and shall not receive any distribution on  
5 account of its DCA Class 4 Claim unless and until all other Allowed DCA Class 4 Claims have  
6 been paid in full and the Initial PMR Cash on Hand is fully funded. RFA shall receive any  
7 remaining DCA Cash after all Allowed DCA Class 4 Claims are paid in full and after the Initial  
8 PMR Cash on Hand has been fully funded.

9 **Section 3.30 DCA Class 5 (DCA Interests).**

10 **a. Impairment and Voting.** DCA Class 5 Interests are impaired by the  
11 Plan. Each Holder of a DCA Class 5 Interest is deemed to reject the Plan with respect to such  
12 Interest.

13 **b. Treatment.** DCA Class 5 Interests shall be owned by Reorganized PMR  
14 and DCAONE (a wholly owned subsidiary of Reorganized PMR) as of the Effective Date, but  
15 the Reorganized PMR Equity shall be owned by the New Equity Holder and, therefore, the  
16 existing equity Interest Holders in PMR shall receive no Distribution under the Plan on account  
17 of such Interests. The equity Interest in the Reorganized DCA will be owned by Reorganized  
18 PMR on and after the Effective Date.

19 **4. Operadora**

20 **Section 3.31 Operadora Class 1 (Operadora Secured Tax Claims).**

21 **a. Impairment and Voting.** The Debtors do not believe that there are any  
22 Operadora Class 1 Claims. Operadora Class 1 is not impaired under the Plan. Any Holder of  
23 an Operadora Class 1 Claim is deemed to accept the Plan.

24 **b. Treatment.** Except to the extent that the Holder of an Allowed Claim in  
25 Operadora Class 1 agrees to less favorable treatment, each Allowed Operadora Class 1 Claim  
26 shall be satisfied, discharged, exchanged, and released by a payment of Cash equal to such  
27 Allowed Operadora Class 1 Claim, including any interest, fees and costs permitted under  
28 Bankruptcy Code §§ 506 & 1124, on the Effective Date.



1           **Section 3.32 Operatora Class 2 (Operatora Other Secured Claims).**

2           **a. Impairment and Voting.** The Debtors do not believe that there are any  
3 Operatora Class 2 Claims. Operatora Class 2 Claims are impaired by the Plan. Each Holder  
4 of a Operatora Class 2 Claim entitled to vote to accept or reject the Plan with respect to such  
5 Claim.

6           **b. Treatment.** Except to the extent that the Holder of an Allowed Claim in  
7 Operatora Class 2 agrees to less favorable treatment, each Allowed Operatora Class 2 Claim  
8 shall be satisfied, discharged, exchanged, and released by a payment of Cash equal to such  
9 Allowed Operatora Class 2 Claim, including any interest, fees and costs permitted under  
10 Bankruptcy Code §§ 506 & 1124, on the Effective Date.

11           **Section 3.33 Operatora Class 3 (Operatora Priority Non-Tax Claims).**

12           **a. Impairment and Voting.** Operatora Class 3 Claims are impaired by the  
13 Plan. Each Holder of an Operatora Class 3 Claim is entitled to accept or reject the Plan with  
14 respect to such Claim.

15           **b. Treatment.** Except to the extent that a Holder of an Allowed Claim in  
16 Operatora Class 3 agrees to less favorable treatment, each Holder of an Allowed Operatora  
17 Class 3 Claim shall receive, in full satisfaction, discharge, exchange, and release of such Claim, a  
18 payment of Cash on the Effective Date equal to the Allowed amount of such Allowed Operatora  
19 Class 3 Claim.

20           **Section 3.34 Operatora Class 4 (Operatora General Unsecured Claims).**

21           **a. Impairment and Voting.** Operatora Class 4 Claims are impaired by the  
22 Plan. Each Holder of a Operatora Class 4 Claim entitled to vote to accept or reject the Plan  
23 with respect to such Claim.

24           **b. Treatment.** Except to the extent that a Holder of an Allowed Claim in  
25 Operatora Class 4 agrees to less favorable treatment, each Holder of an Allowed Operatora  
26 Class 4 Claim shall receive, in full satisfaction, discharge, exchange, and release of such Claim, a  
27 payment of Cash on the Effective Date equal to the Allowed amount of such Allowed Operatora  
28 Class 4 Claim.



V.

**PLAN IMPLEMENTATION**

**A. Implementation Provisions.**

**Section 5.1 Conditions to Plan Effectiveness.** The Plan will not be consummated or become binding unless and until the Effective Date occurs. The Effective Date will be the first Business Day, as determined by the Debtors in their discretion, on which the following conditions have been satisfied or waived:

- (a) the Confirmation Order, in form and substance acceptable to the Debtors, has been entered and is not stayed;
- (b) at least fourteen (14) days have passed since the Confirmation Date;
- (c) the Liquidation Trust Agreement has been executed by all parties thereto; and
- (d) the Debtors shall have received all authorizations, consents, rulings, opinions, or other documents that are determined by the Debtors to be necessary to implement the Plan.

The Debtors' rights under the "mootness doctrine" shall be unaffected by any provision hereof. The failure to satisfy any condition may be asserted by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied including any act, action, failure to act, or inaction by the Debtors. If the Debtors fail to assert the non-satisfaction of any such condition, such failure shall not be deemed a waiver of any other rights.

**Section 5.2 Actions on the Effective Date.** To the extent not previously completed, on the Effective Date, the following shall occur in implementation of the Plan:

- (a) PMR, VIR, and VMG, and their Estates, shall be substantively consolidated into the single Estate of PMR for all purposes, including voting on the Plan, classification of Claims and Interests, and Distributions;
- (b) the Liquidation Trustee and the Clerk of the Court shall take all steps necessary to close the Cases of VIR and VMG;
- (c) all actions, documents, and agreements necessary to implement the Plan shall be effected or executed;

- 1 (d) the Liquidation Trust Agreement shall become effective;
- 2 (e) the Committee shall terminate and disband and the members of the Committee
- 3 shall be released and discharged of and from all further authority, duties,
- 4 responsibilities, and obligations related to and arising from their service as
- 5 Committee members; and
- 6 (f) the New Equity Holder shall pay \$5,000 to the Liquidation Trustee in exchange
- 7 for which on the Transition Completion Date, the Reorganized PMR Equity shall
- 8 be issued to the New Equity Holder.

9 **Section 5.3 Corporate Action.** Upon the Effective Date, all transactions and

10 applicable matters provided for under the Plan shall be deemed to be authorized and approved by

11 the Debtors without any requirement of further action by the Debtors, their shareholders, their

12 members, or their directors.

13 **Section 5.4 Vesting and Transfer of Assets.** On the Effective Date, the Assets of

14 the Estates will be vested or transferred as follows:

- 15 (a) all equity Interests in PMR 2007-A and PMRIC shall be deemed transferred to the
- 16 Liquidation Trust free and clear of liens, claims, and encumbrances;
- 17 (b) except as otherwise provided under the Plan, all Assets and Causes of Action of
- 18 the Debtors, other than the PMR Retained Assets and DCA Retained Assets, shall
- 19 be transferred to the Liquidation Trust free and clear of liens, claims, and
- 20 encumbrances;
- 21 (c) DCA shall retain ownership of the DCA Retained Assets and PMR shall retain
- 22 ownership of the PMR Retained Assets, including without limitation the equity
- 23 Interests in Reorganized DCA;
- 24 (d) DCA and Operadora will use the DCA Cash to pay all Allowed Claims against
- 25 Reorganized DCA, other than the Claim of RFA, including all Allowed Claims
- 26 assumed by Reorganized DCA as the result of the mergers described in 5.4(g),
- 27 below, in full in Cash;
- 28 (e) After making the distributions pursuant to 5.4(d), DCA shall transfer to PMR for

1 the sole purpose of funding the Initial PMR Cash on Hand any remaining DCA  
2 Cash, except \$5,000, which shall be a DCA Retained Asset;

3 (f) In the event that any excess DCA Cash remains after the Initial PMR Cash on  
4 Hand is funded in full, any such excess DCA Cash shall be distributed to RFA on  
5 account of RFA's DCA Class 4 Claim; and

6 (g) Operadora, PMR Cabo, CCA and MGV Cabo shall be merged into Reorganized  
7 DCA on the Effective Date, with Reorganized DCA being the surviving entity.

8 To the extent required to implement the transfers of the Assets from the Debtors and the  
9 Estates to the Liquidation Trust as provided for herein, all Persons including Governmental  
10 Authorities shall cooperate with the Debtors, the Estates, and the Liquidation Trustee to assist in  
11 the implementation of such transfers. On the Effective Date, and as provided in the Plan and  
12 sections 1123, 1141, and 1146(a) of the Bankruptcy Code, the Debtors and their Estates are  
13 authorized as provided in the Plan to transfer, grant, assign, convey, set over, and deliver to the  
14 Liquidation Trustee, for the benefit of the Liquidation Trust, all of the Debtors' and the Estates'  
15 right, title, and interest in and to the Assets to be transferred free and clear of all liens, Claims,  
16 encumbrances, or interests of any kind in such property, except as otherwise expressly provided  
17 for in the Plan. As of the Effective Date, the Trust Assets shall be free and clear of all liens,  
18 Claims, and interests of Holders of Claims and Interests, except as otherwise provided in the  
19 Plan. Notwithstanding anything else contained in the Plan, nothing in the Plan will alter,  
20 modify or override any provisions in or actions taken pursuant to any of the Orders entered by  
21 the Bankruptcy Court authorizing the Debtors to use cash collateral or to sell assets to RFA or to  
22 enter into the DPM Transaction.

23 **Section 5.5 Transition Services.** On and after the Effective Date, Reorganized PMR  
24 will retain the PMR Retained Assets and will continue to perform its obligations under the  
25 Transition Services Agreement. Prior to the Transition Completion Date Reorganized PMR  
26 and Reorganized DCA shall not engage in any new transactions. When Reorganized PMR has  
27 completed the Transition Services it shall provide written notice to the Liquidation Trustee that  
28 such Transition Services have been completed. Such notice shall be delivered not later than

1 June 30, 2013. On the Transition Completion Date the Reorganized PMR Equity shall be  
2 promptly issued to or transferred to the New Equity Holder. From and after the Transition  
3 Completion Date Reorganized PMR and Reorganized DCA shall have the right to engage in  
4 future development and acquisition as they deem appropriate.

5 **Section 5.6 Management of Reorganized PMR And Reorganized DCA.** On and  
6 after the Effective Date and prior to the Transition Completion Date, Mackinac Partners, LLC  
7 shall manage Reorganized PMR and Reorganized DCA. Promptly after the Transition  
8 Completion Date, the New Equity Holder shall have the right to replace management of  
9 Reorganized PMR and Reorganized DCA. The New Equity Holder has informed the Debtors  
10 that the New Equity Holder intends to cause the Reorganized Debtors to enter into a  
11 management agreement with the New Equity Holder's affiliate, under which contract the  
12 Reorganized Debtors may make an advance payment, not to exceed \$520,000, to the affiliate in  
13 exchange for an irrevocable commitment to provide management services for not less than 5  
14 years. This payment will be funded from the Initial PMR Cash on Hand.

15 **Section 5.7 Provisions Relating to Federal Income Tax Compliance.** Transfers to  
16 the Liquidation Trust shall be treated for all purposes of the Internal Revenue Code of 1986, as  
17 amended, as transfers to Creditors to the extent Creditors are Beneficiaries. For example, such  
18 treatment shall apply for purposes of Internal Revenue Code sections 61(a)(12), 483, 1001, 1012,  
19 and 1274. Any such transfer shall be treated for federal income tax purposes as a deemed  
20 transfer to the Beneficiary-Creditors followed by a deemed transfer by the Beneficiary-Creditors  
21 to the Liquidation Trust. The Beneficiaries shall be treated for federal income tax purposes as  
22 the grantors and deemed owners of the Liquidation Trust.

23 **B. Liquidation Trust.**

24 **Section 5.8 Authorization of Liquidation Trustee.** On the Effective Date, the  
25 Debtors, on behalf of the Estates, and the Liquidation Trustee shall be authorized to, and shall,  
26 take all such actions as required to transfer the Assets from the Debtors and the Estates to the  
27 Liquidation Trust to the extent provided in the Plan. From and after the Effective Date, the  
28 Liquidation Trustee shall be authorized to, and shall take all such actions as required to

1 implement the Liquidation Trust Agreement and the provisions of the Plan, including  
2 administering the Causes of Action. The Confirmation Order shall provide the Liquidation  
3 Trustee with express authority to convey, transfer, and assign any and all of the Trust Assets and  
4 to take all actions necessary to effectuate same and to employ such professionals as the  
5 Liquidation Trustee deems appropriate, including without limitation professionals previously  
6 employed by the Debtors and/or the Committee. Mackinac Partners, LLC shall assist the  
7 Liquidation Trustee in the transition and in the analysis of and objections to Claims.

8 **Section 5.9 Representative of the Consolidated Estates.** The Liquidation Trustee  
9 shall be, and hereby is, appointed as the representative of the respective Estates pursuant to  
10 sections 1123(a)(5), (a)(7), and (b)(3)(B) of the Bankruptcy Code and as such shall be vested  
11 with the authority and power (subject to the Liquidation Trust Agreement) to: (a) administer,  
12 hold, and liquidate the Trust Assets of each Liquidation Trust; (b) administer, investigate,  
13 prosecute, settle, and abandon all Causes of Action in the name of, and for the benefit of, the  
14 Estates, subject to the limitations set forth in the Plan; and (c) make Distributions provided for in  
15 the Plan, including on account of Allowed Claims, and Liquidation Trust Interests. As the  
16 representative of the Estates, the Liquidation Trustee shall succeed to all of the rights and powers  
17 of the Debtors and the Estates with respect to all Causes of Action, and the Liquidation Trustee  
18 shall be substituted and shall replace the Debtors, the Estates, and the Committee, as applicable,  
19 as the party in interest in all litigation pending as of the Effective Date. As of the Effective  
20 Date, subject to the Liquidation Trust Agreement, the Liquidation Trustee, on behalf of the  
21 Liquidation Trust, shall be authorized to exercise and perform the rights, powers, and duties held  
22 by the Debtors' Estates with respect to the Causes of Action, including, without limitation, the  
23 authority under Bankruptcy Code section 1123(b)(3) to provide for the settlement, adjustment,  
24 retention, and enforcement of claims and interests of the Estates, without the consent or approval  
25 of any third party, and without any further order of the Court, except as otherwise provided in the  
26 Plan or Confirmation Order. **SUBJECT TO THE LIQUIDATION TRUST AGREEMENT,**  
27 **THE LIQUIDATION TRUSTEE WILL MAKE THE DECISION OF WHETHER OR**  
28 **NOT TO PURSUE ANY CAUSES OF ACTION. THIS DECISION WILL BE BASED**

1 UPON REVIEW OF THE MERITS OF THE VARIOUS CLAIMS AS WELL AS THE  
2 COSTS REQUIRED TO PROSECUTE SUCH CLAIMS IN LIGHT OF THE  
3 RESOURCES AVAILABLE. SUBJECT TO THE LIQUIDATION TRUST  
4 AGREEMENT, THE LIQUIDATION TRUSTEE MAY SEEK TO RETAIN COUNSEL  
5 ON A CONTINGENCY BASIS TO PROSECUTE SOME OR ALL OF SUCH CLAIMS,  
6 MAY SEEK TO FINANCE ANY COSTS RELATING TO THE PROSECUTION OF  
7 SUCH LITIGATION, OR MAY DECIDE NOT TO PURSUE SUCH CLAIMS AT ALL.

8 **Section 5.10 Funding of Post Effective Date Trust Expenses.** All Post Effective  
9 Date Trust Expenses shall be expenses of the Liquidation Trust, and the Liquidation Trustee  
10 shall disburse funds from the Liquidation Trust for the purpose of paying such expenses.

11 **Section 5.11 Termination of Liquidation Trust.** The Liquidation Trust will  
12 terminate as soon as practicable, but in no event later than the fifth (5th) anniversary of the  
13 Effective Date plus one (1) month; provided, however, that, the Court, upon motion by the  
14 Liquidation Trustee, may extend the term of the Liquidation Trust one or more times for a finite  
15 period if such extension(s) are warranted by the facts and based upon a finding that such  
16 extension(s) are necessary to prosecute the Causes of Actions or to liquidate and distribute all of  
17 the Trust Assets.

18 **C. Distributions Generally.**

19 **Section 5.12 Cash Distributions.** The sources of all Distributions and payments  
20 under the Plan are and will be Cash. Cash Distributions made pursuant to the Plan shall be in  
21 United States funds, by check drawn on a domestic bank, or, by wire transfer from a domestic  
22 bank.

23 **Section 5.13 Setoff and Recoupment.** NOTWITHSTANDING ANYTHING TO  
24 THE CONTRARY IN THE PLAN, THE LIQUIDATION TRUSTEE MAY SET OFF,  
25 RECOUP, OR WITHHOLD AGAINST THE DISTRIBUTIONS TO BE MADE ON  
26 ACCOUNT OF ANY ALLOWED CLAIM, OR LIQUIDATION TRUST INTEREST,  
27 ANY CLAIMS THAT THE DEBTORS, THE ESTATES, OR THE LIQUIDATION  
28 TRUSTEE MAY HAVE AGAINST THE HOLDER OF THE ALLOWED CLAIM, OR



1 **LIQUIDATION TRUST INTEREST. THE DEBTORS, THE ESTATES, THE**  
2 **LIQUIDATION TRUST, AND THE LIQUIDATION TRUSTEE WILL NOT WAIVE OR**  
3 **RELEASE ANY CLAIM AGAINST THOSE HOLDERS BY FAILING TO EFFECT**  
4 **SUCH A SETOFF OR RECOUPMENT, BY ALLOWING ANY CLAIM AGAINST THE**  
5 **DEBTORS OR THE ESTATES, OR BY MAKING A DISTRIBUTION ON ACCOUNT**  
6 **OF AN ALLOWED CLAIM, OR LIQUIDATION TRUST INTEREST.**

7 **Section 5.14 No De Minimis Distributions.** Notwithstanding anything to the  
8 contrary in the Plan, no Distribution of less than \$50.00 will be made to any Holder of an  
9 Allowed Claim, Liquidation Trust Interest, or Subordinated Liquidation Trust Interest on account  
10 thereof. No consideration will be provided in lieu of the de minimis Distributions that are not  
11 made under this section.

12 **Section 5.15 Fractional Cents.** When any payment of a fraction of a cent would  
13 otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest  
14 whole cent (rounding down in the case of less than \$0.005 and rounding up in the case of \$0.005  
15 or more); provided, however, that, in no event, shall a Distribution of less than \$50.00 be made  
16 to any Holder of an Allowed Claim, Liquidation Trust Interest.

17 **Section 5.16 No Distributions With Respect to Disputed Claims and Interests.**  
18 Notwithstanding any other Plan provision: (a) Distributions to Holders of Claims will be made,  
19 and Liquidation Trust Interests will be issued, only after, and only to the extent that, such  
20 Holders hold Allowed Claims; and (b) unless otherwise agreed by the Liquidation Trustee, if any  
21 portion of a Claim is a Disputed Claim, the entire Claim shall be treated as a Disputed Claim and  
22 no Distribution or issuance of Liquidation Trust Interests or Subordinated Liquidation Trust  
23 Interests to the Holder of such Claim shall be made on account of such Claim unless and until no  
24 portion of the Claim is a Disputed Claim.

25 **Section 5.17 Undeliverable or Unclaimed Distributions.**

26 (a) Distributions to Holders of Allowed Claims (except Administrative Claims), and  
27 Liquidation Trust Interests will be made by mail as follows:

28 (i) Distributions will be sent to the address, if any, set forth on a filed proof of

1 claim as amended by any written notice of address change that is received  
2 by the Liquidation Trustee no later than ten (10) Business Days before the  
3 date of any Distribution; or

4 (ii) If no such address is available, Distributions will be sent to the address set  
5 forth on the Bankruptcy Schedules.

6 (b) Distributions to Holders of Allowed Administrative Claims shall be made by mail  
7 to the address set forth in such Holder's request for payment, fee application, or  
8 transactional documents, as applicable.

9 (c) If no address is available on a proof of claim, the Bankruptcy Schedules, request  
10 for payment, fee application, or transactional documents, as applicable, the  
11 Distribution will be deemed to be undeliverable. If a Distribution is returned to  
12 the Liquidation Trustee as an undeliverable Distribution or is deemed to be an  
13 undeliverable Distribution, the Liquidation Trustee will make no further  
14 Distributions to the Holder to which such undeliverable Distribution was made  
15 unless and until the Liquidation Trustee is timely notified in writing of that  
16 Person's current address. Subject to the following paragraph 5.18(d), until they  
17 become deliverable, the Liquidation Trustee shall deposit undeliverable  
18 Distributions (whether returned or not made) into the Undeliverable Distributions  
19 Reserve of the Liquidation Trust for the benefit of the Persons entitled to such  
20 Distributions. Holders of Claims, or Liquidation Trust Interests subject to  
21 undeliverable Distributions will not be entitled to any interest on account of the  
22 undeliverable Distributions.

23 (d) Any Person or entity that is otherwise entitled to an undeliverable Distribution  
24 and that does not, within one (1) year after a Distribution is deemed undeliverable  
25 or returned as undeliverable, provide the Liquidation Trustee with a written notice  
26 asserting its claim to or interest in that undeliverable Distribution and setting forth  
27 a current, deliverable address will be deemed to waive any claim to or interest in  
28 that undeliverable Distribution and will be forever barred from receiving that

1 undeliverable Distribution or asserting any claim against the Debtors, the Estates,  
2 the Liquidation Trust, the Liquidation Trustee, or their property. Any  
3 undeliverable Distributions that are not claimed timely under this section will be  
4 withdrawn from the Undeliverable Distribution Reserve and treated as Trust  
5 Assets. Nothing in the Plan requires the Debtors or the Liquidation Trustee to  
6 attempt to locate any Person holding an Allowed Claim, a Liquidation Trust  
7 Interest and whose distribution is undeliverable.

8 **Section 5.18 Negotiation of Checks.** Checks issued in respect of Allowed Claims or  
9 Liquidation Trust Interests shall be null and void if not negotiated within ninety (90) days after  
10 the date of issuance thereof. Requests for reissuance of any check shall be made to the  
11 Liquidation Trustee by the Holder of the Allowed Claim, or Liquidation Trust Interest to whom  
12 such check originally was issued must be made on or before ninety (90) days after the expiration  
13 of the ninety (90) day period following the date of issuance of such check. Thereafter, the  
14 amount represented by such voided check shall irrevocably revert to the Liquidation Trust and  
15 any Claim in respect of such voided check shall be discharged and forever barred from assertion  
16 against the Liquidation Trustee, the Debtors, the Estates, the Liquidation Trust, and their  
17 property.

18 **Section 5.19 Record Date.** The record date for purposes of Distributions under this  
19 Plan shall be the date the Court enters the Disclosure Statement Order. The Debtors and the  
20 Liquidation Trustee will rely on the register of proofs of claim filed in the Cases except to the  
21 extent a notice of transfer of a Claim or Interest has been filed with the Court prior to the record  
22 date pursuant to Bankruptcy Rule 3001.

23 **Section 5.20 Postpetition Interest.** Except as otherwise provided by Final Court  
24 Order or in the Plan, Postpetition Interest will only be paid on account of Allowed General  
25 Unsecured Claims through Liquidation Trust Interests and only to the extent that the Liquidation  
26 Trust has Cash remaining after payment of all Allowed General Unsecured Claims in full, which  
27 shall be distributed to Holders of Liquidation Trust Interests in such Liquidation Trust so that  
28 each such Holder receives a Pro Rata Share of the surplus Cash; provided, however, that no

1 Holder of a Liquidation Trust Interest shall receive more than the amount of Postpetition Interest  
2 due on account of such Holder's Allowed General Unsecured Claim.

3 **Section 5.21 Sequence of Payments.**

4 (a) Notwithstanding any other provision of the Plan, no payments shall be made by  
5 the Liquidation Trust on account of Liquidation Trust Interests, other than the  
6 Initial Class 6 Distribution, until: (i) all Allowed Administrative Claims, Allowed  
7 Priority Claims, Convenience Claims, Allowed Unsecured Claims against PMR  
8 and Allowed Secured Claims that are liabilities of the Liquidation Trust have been  
9 paid in full, and all then outstanding and projected Post Effective Date Trust  
10 Expenses of the Liquidation Trust have been paid in full or are fully funded in the  
11 Operating Reserve of the Liquidation Trust; (ii) if applicable, Cash to pay all  
12 Disputed Administrative Claims has been deposited into the Administrative  
13 Claims Reserve of the Liquidation Trust; (iii) if applicable, Cash to pay all  
14 Disputed Secured Claims has been deposited into the Secured Claims Reserve of  
15 the Liquidation Trust; and (iv) if applicable, Cash to pay all Disputed Priority  
16 Claims and Disputed Convenience Claims has been deposited into the  
17 Priority/Convenience Claims Reserve of the Liquidation Trust.

18 (b) Notwithstanding any other provision of the Plan, no payments of Postpetition  
19 Interest shall be made by the Liquidation Trust until all Liquidation Trust Interests  
20 have been paid in full, excluding Postpetition Interest.

21 **Section 5.22 Withholding and Reporting Requirements.**

22 In connection with the Distributions under the Plan, the Liquidation Trustee shall comply with all applicable  
23 withholding and reporting requirements imposed by any federal, state, or local taxing authority,  
24 and all Distributions shall be subject to any such withholding or reporting requirements. All  
25 such amounts withheld and paid to the appropriate Governmental Authority shall be treated as  
26 distributed to such Holders. Notwithstanding the above, each Holder of an Allowed Claim, or  
27 Liquidation Trust Interest, is to receive a Distribution shall have the sole and exclusive  
28 responsibility for the satisfaction and payment of any Tax obligations imposed by any

1 Governmental Authority, including income, withholding, and other Tax obligations, on account  
2 of such Distribution. The Liquidation Trustee has the right, but not the obligation, to not make  
3 a Distribution until such Holder has made arrangements satisfactory to the Liquidation Trustee  
4 for payment of any such Tax obligations. The Liquidation Trustee may require, as a condition  
5 to receipt of a Distribution, that the Holder of an Allowed Claim, or Liquidation Trust Interest,  
6 Interest provide a completed Form W-8, W-9, and/or other Tax information deemed necessary in  
7 the sole discretion of the Liquidation Trustee, provided that if the Liquidation Trustee makes  
8 such a request and the Holder fails to comply before the date that is one-hundred eighty (180)  
9 days after the request is made, the amount of such Distribution shall irrevocably revert to the  
10 Liquidation Trust and any Claim in respect of such Distribution shall be discharged and forever  
11 barred from assertion against the Liquidation Trustee, the Debtors, the Estates, the Liquidation  
12 Trust, and their respective property.

13 **Section 5.23 Claims Register.** The register of Claims maintained by the Debtors shall  
14 be based on Allowed Claims as of the Record Date. Any transfer of a Claim, whether occurring  
15 prior to or after the Record Date, shall not affect or alter the classification and treatment of such  
16 Claim under the Plan and any such transferred Claim shall be subject to classification and  
17 treatment under the Plan as if such Claim was held by the transferor who held such Claim on the  
18 Record Date.

19 **Section 5.24 Maximum Amount of Distributions.** In no event shall a Holder of an  
20 Allowed Claim be entitled to receive in the aggregate on account of such Allowed Claim from  
21 the Liquidation Trust whether directly or on account of Liquidation Trust Interests more than the  
22 total amount of such Allowed Claim plus, to the extent provided in the Plan, Postpetition Interest  
23 on such amount.

24 **D. Reserves.**

25 **Section 5.25 Administrative Claims Reserve.** Distributions to Holders of Allowed  
26 Administrative Claims on account of such Claims shall be made from the Administrative Claims  
27 Reserve of the Liquidation Trust. On or as soon as practicable after the Effective Date, the  
28 Administrative Claims Reserve for the Liquidation Trust shall be established and funded with

1 Cash from the Liquidation Trust to pay for all Administrative Claims, including any Disputed  
2 Administrative Claims, against the Liquidation Trust. The Liquidation Trustee shall continue to  
3 fund the Administrative Claims Reserve of the Liquidation Trust as needed from Trust Assets.  
4 Subject to section 5.21, any Cash remaining in the Administrative Claims Reserve after all  
5 Administrative Claims against the Liquidation Trust have been resolved by Final Order and all  
6 Allowed Administrative Claims against the Liquidation Trust fully paid shall be released from  
7 the Administrative Claims Reserve and used as Trust Assets in accordance with the Plan.

8 **Section 5.26 Disputed Interim Dividends Reserve.** Prior to making an Interim  
9 Distribution from the Liquidation Trust, the Liquidation Trustee shall establish a Disputed  
10 Interim Dividends Reserve into which the Interim Dividends on account of Disputed General  
11 Unsecured Claims shall be deposited and withdrawn as provided in section 5.16. Subject to  
12 section 5.21, any Cash remaining in the Disputed Interim Dividends Reserve after all General  
13 Unsecured Claims have been resolved by Final Order and all Liquidation Trust Interests in the  
14 Liquidation Trust fully paid (without including Postpetition Interest) shall be released from the  
15 Disputed Interim Dividends Reserve and used as Trust Assets in accordance with the Plan.

16 **Section 5.27 Priority/Convenience Claims Reserve.** Distributions to Holders of  
17 Allowed Priority Claims and Allowed Convenience Claims on account of such Claims shall be  
18 made from the Priority/Convenience Claims Reserve. On or as soon as practicable after the  
19 Effective Date, the Priority/Convenience Claims Reserve shall be established by the Liquidation  
20 Trustee and funded by Cash to pay for all Priority Claims and Convenience Claims, including  
21 any Disputed Priority Claims and Disputed Convenience Claims. The Liquidation Trustee shall  
22 continue to fund the Priority/Convenience Claims Reserve as needed from Trust Assets.  
23 Subject to section 5.21, any Cash remaining in the Priority/Convenience Claims Reserve after all  
24 Priority Claims and Convenience Claims have been resolved by Final Order and all Allowed  
25 Priority Claims and Allowed Convenience Claims fully paid shall be released from the  
26 Priority/Convenience Claims Reserve and used as Trust Assets in accordance with the Plan.

27 **Section 5.28 Operating Reserve.** Payments of all Post Effective Date Operating  
28 Expenses shall be made from the Operating Reserve of the Liquidation Trust. On or as soon as

1 practicable after the Effective Date, the Operating Reserve shall be established by the  
2 Liquidation Trustee and funded by Cash to pay for all projected Post Effective Date Operating  
3 Expenses of the Liquidation Trust. The Liquidation Trustee shall continue to fund the  
4 Operating Reserve as needed from Trust Assets. Any Cash remaining in the Operating Reserve  
5 that the Liquidation Trustee believes is not necessary to fund Post Effective Date Operating  
6 Expenses of the Liquidation Trust shall be released from the Operating Reserve and used as  
7 Trust Assets in accordance with the Plan.

8 **Section 5.29 Secured Claims Reserve.** Distributions to Holders of Allowed Secured  
9 Claims shall be made from the Secured Claims Reserve of the Liquidation Trust. On or as soon  
10 as practicable after the period by which the Liquidation Trustee must make an election as to the  
11 treatment of any Secured Claim, the Secured Claims Reserve shall be established by the  
12 Liquidation Trustee and funded with Cash to pay for all Secured Claims, including any Disputed  
13 Secured Claims. The Liquidation Trustee shall continue to fund the Secured Claims Reserve as  
14 needed from Trust Assets. Subject to section 5.21, any Cash remaining in the Secured Claims  
15 Reserve after all Secured Claims have been resolved by Final Order and all such Allowed  
16 Secured Claims fully paid shall be released from the Secured Claims Reserve and used as Trust  
17 Assets in accordance with the Plan.

18 **Section 5.30 Undeliverable Distributions Reserve.** On or as soon as practicable  
19 after the Effective Date, the Liquidation Trustee shall establish an Undeliverable Distributions  
20 Reserve for the Liquidation Trust into which Undeliverable Distributions shall be deposited and  
21 withdrawn as provided in section 5.17.

22 **Section 5.31 Reduced or Disallowed Administrative, Priority, or Secured Claims.**  
23 To the extent that a Disputed Claim (other than a General Unsecured Claim) for which Cash has  
24 been deposited into a Reserve is not allowed or becomes an Allowed Claim in an amount less  
25 than the amount retained in a Reserve with respect to such Claim, the amount that was retained  
26 in the Reserve on account of such Claim, or the excess of the amount that was retained on  
27 account of such Claim over the amount actually distributed on account of such Claim, shall be  
28 released from the Reserve and used as Trust Assets in accordance with the Plan.

1           **Section 5.32 Reserve Amounts for Disputed Administrative, Priority, and Secured**  
2 **Claims.** For purposes of establishing reserves for Disputed Administrative Claims, Disputed  
3 Priority Claims, and Disputed Secured Claims, the amount of such Claim shall be the stated  
4 liquidated "face amount" of such Claim, unless such Claim is estimated by Order of the Court.  
5 If such Disputed Claim does not set forth a stated liquidated "face amount", then the "face  
6 amount" of such Claim shall be estimated by the Court, and such estimated amount: (a) shall be  
7 used in calculating reserves for such Claim; and (b) shall set the maximum allowed amount of  
8 such Claim for purposes of Distributions on account thereof. Nothing in this section shall  
9 preclude any Holder of a Disputed Claim on notice to the Liquidation Trustee or the Liquidation  
10 Trustee from seeking an order of the Court in respect of or relating to the amount retained with  
11 respect to such Holder's Disputed Claim.

12 **E. Distributions On And Reserves For Liquidation Trust Interests.**

13 **Section 5.33 Interim Distributions.**

- 14 (a) As soon as practicable after the satisfaction in full of, or the establishment of  
15 Reserves pursuant to Article V.D., above, for, Administrative Claims, Priority  
16 Claims, and Secured Claims, the Liquidation Trustee, subject to section 5.21, is  
17 authorized to cause a Liquidation Trust to make an Interim Dividend on account  
18 of Liquidation Trust Interests.
- 19 (b) The Liquidation Trustee may, but is not required to, cause a Liquidation Trust to  
20 make Interim Dividends of Available Cash to Holders of Liquidation Trust  
21 Interests no more often than quarterly of each year, provided that each such  
22 Interim Dividends in the aggregate (including Interim Distributions deposited into  
23 the Interim Dividends Reserve for such Liquidation Trust) is not less than  
24 \$1,000,000 of such Liquidation Trust's Available Cash. Notwithstanding the  
25 foregoing: (i) the Liquidation Trustee may determine, in his, her, or its sole  
26 discretion to cause a Liquidation Trust to make an Interim Dividend that is less  
27 than \$1,000,000 in the aggregate of such Liquidation Trust's Available Cash; and  
28 (ii) the Liquidation Trustee must cause a Liquidation Trust to make an Interim



1 Dividend if such Liquidation Trust has more than \$1,000,000 of Available Cash.

2 **Section 5.34 Calculations For Interim Distributions.** In calculating Interim  
3 Distributions, the Liquidation Trustee shall treat Disputed General Unsecured Claims as if they  
4 would be Allowed in the least of the following amounts: (a) the filed amount of such Claim if  
5 such Claim states a fixed liquidated amount; (b) the amount determined by the Court for  
6 purposes of fixing the amount to be retained for such Claim; and (c) such other amount as may  
7 be agreed upon by the Holder of such Claim and the Liquidation Trustee. Nothing in this  
8 section shall preclude any Holder of a Disputed General Unsecured Claim or the Liquidation  
9 Trustee from seeking, on notice to the Liquidation Trustee, an order of the Court in respect of or  
10 relating to the amount retained with respect to such holder's Disputed Claim.

11 **Section 5.35 Deposits Into Interim Dividend Reserves.**

12 (a) At the time of making Interim Distributions, the Liquidation Trustee shall deposit  
13 into the Disputed Interim Dividends Reserve the Interim Dividends that would  
14 have been paid on account of Disputed General Unsecured Claims had they been  
15 allowed at the time of the Interim Distribution, calculated as set forth in section  
16 5.35.

17 (b) On the date of the first Distribution that is at least forty-five (45) days after the  
18 date that a Disputed General Unsecured Claim on account of which Interim  
19 Dividends have been deposited into an Interim Dividends Reserve becomes an  
20 Allowed Claim, the Liquidation Trustee shall cause the Liquidation Trust to remit  
21 to the holder of such Allowed Claim from the Interim Dividends Reserve Cash  
22 equal to the lesser of: (i) the amounts that would have been distributed on  
23 account of such Allowed Claim in any prior Interim Distribution(s); and (ii) the  
24 amounts retained with respect to such Claim in the Interim Dividends Reserve.

25 **F. Final Distributions.**

26 **Section 5.36 Final Principal Distributions on Liquidation Trust Interests.** After:

27 (a) all Claims have been resolved; (b) all Allowed Claims except General Unsecured Claims  
28 have been paid; (c) all Allowed General Unsecured Claims have been issued Liquidation Trust

1 Interests; (d) all material Trust Assets have been converted to Cash; and (e) the Operating  
2 Reserve for the Liquidation Trust has been adequately funded, the Liquidation Trustee shall  
3 distribute all Liquidation Trust Net Proceeds to holders of Liquidation Trust Interests in such  
4 Liquidation Trust pursuant to the provisions of the Plan and up to the amount of the Liquidation  
5 Trust Interests of such holders, without including Postpetition Interest, and taking into account  
6 any Interim Dividends that have been distributed on account of such Liquidation Trust Interests.

7 **Section 5.37 Distribution of Postpetition Interest.** After the Liquidation Trust has  
8 paid all amounts due on the Liquidation Trust Interests, the Liquidation Trustee shall cause such  
9 Liquidation Trust to pay any postpetition interest to holders of Liquidation Trust Interests to the  
10 extent provided in the Plan. The Debtors do not believe that it is likely that there will be  
11 sufficient Net Trust Proceeds to pay any such postpetition interest.

## 12 VI.

### 13 LITIGATION AND CLAIMS OBJECTIONS

#### 14 **Section 6.1 Preservation of Causes of Action.**

15 (a) As of the Effective Date, the Liquidation Trustee shall retain all rights on behalf  
16 of the Liquidation Trust, the Debtors, and the Estates to commence, pursue, and  
17 settle, as appropriate, any and all Causes of Action (including Avoidance Actions),  
18 whether arising before or after the Petition Date, in any court or other tribunal,  
19 including, without limitation, an adversary proceeding filed in the Cases. The  
20 failure to explicitly list any Causes of Action and other potential or existing  
21 claims of the Debtors or Estates is not intended to limit the rights of the  
22 Liquidation Trust, through the Liquidation Trustee, to pursue any Causes of  
23 Action and claims not so identified. The Debtors shall file a non-exhaustive list  
24 of Causes of Action at least ten (10) Business Days before the Confirmation  
25 Hearing; provided, however, that notwithstanding any otherwise applicable  
26 principle of law or equity, including any principles of judicial estoppel, res  
27 judicata, collateral estoppel, issue preclusion, or any similar doctrine, the failure  
28 to list, disclose, describe, identify, analyze, or refer to any Cause of Action, or

1 potential Cause of Action, in the Plan, the Disclosure Statement, or any other  
2 document filed with the Court shall in no manner waive, eliminate, modify,  
3 release, or alter the Debtors', Estates', or the Liquidation Trustee's right to  
4 commence, prosecute, defend against, settle, and realize upon any Cause of  
5 Action that the Debtors or the Estates have or may have as of the Confirmation  
6 Date. Subject to the limitations expressly set forth in the Liquidation Trust  
7 Agreement, the Liquidation Trustee may commence, prosecute, defend against,  
8 recover on account of, and settle all Causes of Action in the Liquidation Trustee's  
9 sole discretion in accordance with what is in the best interests, and for the benefit,  
10 of the Liquidation Trust and the Beneficiaries.

11 (b) Unless a Cause of Action against a Person is expressly waived, relinquished,  
12 released, compromised, or settled by Final Order, the Debtors expressly reserve  
13 such Causes of Action for later adjudication (including, without limitation, Causes  
14 of Action of which the Debtors may presently be unaware, or which may arise or  
15 exist by reason of additional facts or circumstances unknown to the Debtors at  
16 this time, or facts or circumstances which may change or be different from those  
17 which the Debtors now believe to exist) and, therefore, no preclusion doctrine,  
18 including the doctrines of res judicata, collateral estoppel, issue preclusion, claim  
19 preclusion, waiver, estoppel (judicial, equitable, or otherwise), or laches shall  
20 apply to Causes of Action upon, or after, the Confirmation Date or consummation  
21 of the Plan based on the Disclosure Statement, the Plan, or the Confirmation  
22 Order, except where such Causes of Action have been expressly released by Final  
23 Order.

24 **Section 6.2 No Waiver.** Neither the failure to list a Claim in the Schedules filed by  
25 the Debtors, the failure of any Person to object to any Claim for purposes of voting, the failure of  
26 any Person to object to a Claim prior to the Confirmation Date or the Effective Date, the failure  
27 of any Person to assert a Cause of Action prior to confirmation of the Plan or the Effective Date,  
28 the absence of a proof of Claim having been filed with respect to a Claim, nor any action or

1 inaction of any Person with respect to a Claim, or Cause of Action other than a legally effective  
2 express waiver or release shall be deemed a waiver or release of the right of the Debtors, the  
3 Estates, the Liquidation Trustee, or their successors or representatives, before or after solicitation  
4 of votes on the Plan or before or after the Confirmation Date or the Effective Date to: (a) object  
5 to or examine such Claim, in whole or in part; or (b) retain and either assign or exclusively assert,  
6 pursue, prosecute, utilize, or otherwise act on or enforce any Cause of Action. Any Person with  
7 respect to which the Debtors have incurred an obligation (whether on account of services,  
8 purchase or sale of property, or otherwise), or which has received services from the Debtors or a  
9 transfer of money or property of the Debtors, or who has transacted business with the Debtors, or  
10 leased equipment or property from or to the Debtors should assume that such obligation, transfer,  
11 or transaction may be reviewed by the Liquidation Trustee, on behalf of the Liquidation Trust  
12 and the Estates subsequent to the Effective Date and may, if appropriate, be the subject of an  
13 action after the Effective Date, whether or not (i) such Person has filed a proof of Claim against  
14 the Debtors; (ii) such Person's proof of Claim has been objected to by the Liquidation Trustee, or  
15 any other Person; (iii) such Person's Claim was included in the Bankruptcy Schedules; or  
16 (iv) such Person's scheduled Claims have been objected to by the Debtors or the Liquidation  
17 Trustee, or any other Person, or has been identified as disputed, contingent, or unliquidated.

18 **Section 6.3 Objections to and Resolution of Disputed Claims.** On and after the  
19 Effective Date, the Liquidation Trustee shall have the right to make and file objections to Claims  
20 and to prosecute, settle, and/or withdraw such objections. The Liquidation Trustee shall have  
21 the authority to compromise, settle, withdraw, or otherwise resolve any objections for any Claim  
22 with approval of the Court. The Liquidation Trustee shall file and serve all objections to  
23 Claims (other than Administrative Claims which are subject to section 3.9) upon the Holder of  
24 the Claim as to which the objection is made no later than one-hundred eighty (180) days after the  
25 later of (a) the Effective Date or (b) the date on which a proof of Claim is filed with the Court  
26 (the "Claims Objection Deadline"). The Liquidation Trustee may extend the Claims Objection  
27 Deadline for a single one-hundred twenty (120) day period by filing a notice of the extended  
28 deadline with the Court; provided, however, that nothing herein shall modify the statute of

1 limitations for any affirmative Cause of Action that the Liquidation Trustee may assert against  
2 any third party. Thereafter, the deadline may be further extended only by an Order of the  
3 Court.

## 4 VII.

### 5 OTHER PLAN PROVISIONS

6 **Section 7.1 Discharge of the Debtors.** The Confirmation Order will discharge all  
7 Claims. No Holder of a Claim may receive any payment from, or seek recourse against, any  
8 assets that are to be distributed under the Plan other than assets required to be distributed to that  
9 Holder pursuant to the Plan. As of the Confirmation Date, all Persons are enjoined from  
10 asserting against any property that is to be distributed under the Plan any Claims, rights, causes  
11 of action, liabilities, or Interests related thereto based upon any act, omission, transaction, or  
12 other activity that occurred before the Confirmation Date except as expressly provided in the  
13 Plan or the Confirmation Order. As of the Effective Date, notes and any other evidence of  
14 Claims will represent only the right to receive the Distributions contemplated under the Plan.

15 **Section 7.2 Exculpation and Release of Debtors, Committee, and Professionals.**  
16 Except to the extent arising from willful misconduct or gross negligence, any and all Claims,  
17 liabilities, causes of action, rights, damages, costs, and obligations held by any party against the  
18 Debtors, the Committee, and their respective attorneys, accountants, agents, and other  
19 Professionals, and their officers, directors, and employees, whether known or unknown, matured  
20 or contingent, liquidated or unliquidated, existing, arising, or accruing, whether or not yet due in  
21 any manner related to the administration of the Cases or the formulation, negotiation,  
22 prosecution, or implementation of the Plan, shall be deemed fully waived, barred, released, and  
23 discharged in all respects, except as to rights, obligations, duties, claims, and responsibilities  
24 expressly preserved, created, or established by the terms of the Plan. Pursuant to section 1125(e)  
25 of the Bankruptcy Code, the Debtors and the Committee and their present and former members,  
26 officers, directors, employees, agents, advisors, representatives, successors or assigns, and any  
27 Professionals (acting in such capacity) employed by any of the foregoing entities will neither  
28 have nor incur any liability to any Person for their role in soliciting acceptances or rejections of

1 the Plan.

2 **Section 7.3 Injunction Enjoining Holders of Claims.** The Plan is the sole means  
3 for resolving, paying, or otherwise dealing with Claims and Interests. To that end, except as  
4 expressly provided herein, at all times on and after the Effective Date, all Persons who have been,  
5 are, or may be Holders of Claims against or Interests in the Debtors arising before the Effective  
6 Date, shall be permanently enjoined from taking any of the following actions on account of any  
7 such Claims or Interests, against the Debtors, the Estates, DPM, RFA, RFA PMR LoanCo, LLC,  
8 or their property (other than actions brought to enforce any rights or obligations under the Plan  
9 and any adversary proceedings pending in the Cases as of the Effective Date):

- 10 (a) commencing, conducting, or continuing in any manner, directly or indirectly, any  
11 suit, action, or other proceeding of any kind against the Debtors, the Estates, the  
12 Liquidation Trust, or the Liquidation Trustee, their successors, or their respective  
13 property or assets (including, without limitation, all suits, actions, and  
14 proceedings that are pending as of the Effective Date;
- 15 (b) enforcing, levying, attaching, executing, collecting, or otherwise recovering by  
16 any manner or means whether directly or indirectly any judgment, award, decree,  
17 or Order against the Debtors, the Estates, the Liquidation Trust, or the Liquidation  
18 Trustee, their successors, or their respective property or assets;
- 19 (c) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly,  
20 any Lien, against the Debtors, the Estates, the Liquidation Trust, or the  
21 Liquidation Trustee, their successors, or their respective property or assets; and
- 22 (d) proceeding in any place whatsoever against the Debtors, the Estates, the  
23 Liquidation Trust, or the Liquidation Trustee, their successors, or their respective  
24 property or assets, in any manner that does not conform to or comply with the  
25 provisions of the Plan.

26 **Section 7.4 Injunctions or Stays.** Unless otherwise provided by Court Order, all  
27 injunctions or stays arising under or entered during the Cases under section 105 or section 362 of  
28 the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in

1 full force and effect until the Effective Date.

2 **Section 7.5 Exemption from Stamp, Transfer, and Other Taxes.** Pursuant to  
3 section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of assets under the  
4 Plan by the Debtors, the creation of any mortgage, deed of trust, or other security interest, the  
5 making or assignment of any lease or sublease, or the making or delivery of any deed or  
6 instrument of transfer under, in furtherance of, or in connection with the Plan shall not be subject  
7 to any stamp, real estate transfer, mortgage recording, or other similar Tax.

8 **Section 7.6 No Admissions.** Except as specifically provided in the Plan, nothing  
9 contained in the Plan shall be deemed or construed in any way as an admission by the Debtors or  
10 the Estates with respect to any matter set forth in the Plan, including the amount or allowability  
11 of any Claim, or the value of any property of the Estates. Notwithstanding anything to the  
12 contrary in the Plan, if the Plan is not confirmed or the Effective Date does not occur, the Plan  
13 will be null and void, and nothing contained in the Plan will: (a) be deemed to be an admission  
14 by the Debtors or the Estates with respect to any matter discussed in the Plan, including liability  
15 on any Claim or the propriety of any Claim's classification; (b) constitute a waiver,  
16 acknowledgement, or release of any Claims, Interests, or any claims held by the Debtors or the  
17 Estates; or (c) prejudice in any manner the rights of the Debtors or the Estates in any further  
18 proceedings.

19 **Section 7.7 Severability of Plan Provisions.** If, before entry of the Confirmation  
20 Order, the Court holds that any Plan term or provision is invalid, void, or unenforceable, the  
21 Court may alter or interpret that term or provision so that it is valid and enforceable to the  
22 maximum extent possible consistent with the original purpose of that term or provision. That  
23 term or provision will then be applicable as altered or interpreted. Notwithstanding any such  
24 holding, alteration, or interpretation, the Plan's remaining terms and provisions will remain in  
25 full force and effect and will in no way be affected, impaired, or invalidated. The Confirmation  
26 Order will constitute a judicial determination providing that each Plan term and provision, as it  
27 may have been altered or interpreted in accordance with this section, is valid and enforceable  
28 under its terms.

1           **Section 7.8 Governing Law.** The rights and obligations arising under the Plan and  
2 any agreements, contracts, documents, or instruments executed in connection with the Plan will  
3 be governed by, and construed and enforced in accordance with, California law without giving  
4 effect to California law's conflict of law principles, unless a rule of law or procedure is supplied  
5 by: (a) federal law (including the Bankruptcy Code and the Bankruptcy Rules); or (b) an express  
6 choice-of-law provision in any document provided for, or executed under or in connection with,  
7 the Plan.

8           **Section 7.9 Successors and Assigns.** The rights, benefits, and obligations of any  
9 Person referred to in the Plan will be binding on, and will inure to the benefit of, any heir,  
10 executor, administrator, personal representative, successor, or assign of that Person.

11           **Section 7.10 Nonconsensual Confirmation.** In the event that any of the Classes  
12 entitled to vote to accept or reject the Plan fails to accept the Plan in accordance with Bankruptcy  
13 Code section 1129(a)(8): (a) the Debtors reserve the right to modify the Plan in accordance with  
14 Bankruptcy Code section 1127; and (b) with respect to any Classes of Claims that do not accept  
15 the Plan or are deemed not to accept the Plan, the Debtors seek confirmation under section  
16 1129(b) of the Bankruptcy Code.

17           **Section 7.11 Revocation of the Plan.** The Debtors reserve the right to revoke or  
18 withdraw the Plan before the Confirmation Date.

19           **Section 7.12 Amendment.** In accordance with section 1127 of the Bankruptcy Code,  
20 the Debtors reserve the right to alter, amend, or modify the Plan or any Plan exhibit or schedule,  
21 including amending or modifying it to satisfy the requirements of the Bankruptcy Code.

22           **Section 7.13 Saturday, Sunday, or Legal Holiday.** If any payment or act under the  
23 Plan should be made or performed on a day that is not a Business Day, then the payment or act  
24 may be completed on the next succeeding day that is a Business Day, in which event the  
25 payment or act will be deemed to have been completed on the required day.

26           **Section 7.14 Post-Effective Date Status Reports.** The Liquidation Trustee shall file  
27 status reports regarding the status of implementation of the Plan and the review, prosecution, and  
28 resolution of Causes of Action, respectively, every one-hundred twenty (120) days following the



1 entry of the Confirmation Order through entry of a final decree closing the Cases, or as otherwise  
2 ordered by the Court.

3 **Section 7.15 Post-Effective Date Notice.** From and after the Effective Date, any  
4 Person who desires notice of any pleading or document filed in the Cases, or of any hearing in  
5 the Court, or of any matter as to which the Bankruptcy Code requires notice to be provided, shall  
6 file a request for post-Confirmation Date notice and shall serve the request on counsel for the  
7 Committee, the Liquidation Trustee, and counsel for the Liquidation Trustee; provided, however,  
8 that the U.S. Trustee and the Liquidation Trustee shall be deemed to have requested  
9 post-Confirmation Date notice.

10 **Section 7.16 Retention of Jurisdiction.** The Court will retain and have exclusive  
11 jurisdiction over any matter arising under the Bankruptcy Code, arising in or related to the Cases  
12 or the Plan, or that relates to the following:

- 13 (a) the resolution of any matters related to the assumption, assumption and  
14 assignment, or rejection of any executory contract or unexpired lease to which a  
15 Debtor is a party or with respect to which a Debtor may be liable, and to hear,  
16 determine, and, if necessary, liquidate, any Claims arising therefrom;
- 17 (b) the entry of such Orders as may be necessary or appropriate to implement or  
18 consummate the provisions of the Plan and all contracts, instruments, releases,  
19 and other agreements or documents created in connection with the Plan;
- 20 (c) the determination of any and all motions, adversary proceedings, applications, and  
21 contested or litigated matters that may be pending before the Court on the  
22 Effective Date or that, pursuant to the Plan, may be instituted by the Liquidation  
23 Trustee after the Effective Date;
- 24 (d) ensuring that Distributions to Holders of Allowed Claims, and Liquidation Trust  
25 Interests are accomplished as provided in the Plan;
- 26 (e) hearing and determining any objections to Administrative Claims or proofs of  
27 Claim, both before and after the Confirmation Date, including any objections to  
28 the classification of any Claim and to allow, disallow, determine, liquidate,

- 1 classify, estimate, or establish the priority or secured or unsecured status of any  
2 Claim, in whole or in part;
- 3 (f) the entry and implementation of such Orders as may be appropriate in the event  
4 that the Confirmation Order is, for any reason, stayed, revoked, modified,  
5 reversed, or vacated;
- 6 (g) the issuance of such orders in aid of execution of the Plan, to the extent authorized  
7 by section 1142 of the Bankruptcy Code;
- 8 (h) consideration of any modifications of the Plan, to cure any defect or omission, or  
9 reconcile any inconsistency in any Order of the Court, including the Confirmation  
10 Order;
- 11 (i) hearing and determining all applications for awards of compensation for services  
12 rendered and reimbursement of expenses incurred prior to the Effective Date;
- 13 (j) hearing and determining disputes arising in connection with, or relating to, the  
14 Plan or the Liquidation Trust Agreement or the interpretation, implementation, or  
15 enforcement of the Plan and/or the Liquidation Trust Agreement, or the extent of  
16 any Person's obligations incurred in connection with or released or exculpated  
17 under the Plan or the Liquidation Trust Agreement;
- 18 (k) the recovery of all Assets of the Debtors and property of the Estates, wherever  
19 located;
- 20 (l) the issuance of injunctions or other Orders as may be necessary or appropriate to  
21 restrain interference by any Person with consummation, implementation, or  
22 enforcement of the Plan or the Liquidation Trust Agreement;
- 23 (m) the determination of any other matters that may arise in connection with, or are  
24 related to, the Plan, the Disclosure Statement, the Confirmation Order, the  
25 Liquidation Trust Agreement or any contract, instrument, release, or other  
26 agreement or document created in connection with the Plan, the Disclosure  
27 Statement, including, without limitation, the Liquidation Trust Agreement;
- 28 (n) hearing and determining matters concerning state, local, and federal Taxes in

- 1 accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- 2 (o) hearing any other matter or for any purpose specified in the Confirmation Order
- 3 that is not inconsistent with the Bankruptcy Code;
- 4 (p) entry of a final decree closing the Cases;
- 5 (q) hearing and determining, to the fullest extent authorized by applicable law, any
- 6 issue or dispute directly or indirectly arising from or related to the Liquidation
- 7 Trust, the Trust Assets, the Liquidation Trust Agreement, or the Liquidation
- 8 Trustee;
- 9 (r) hearing and determining any other matter deemed relevant to the consummation
- 10 of the Plan or the administration of the Cases; and
- 11 (s) interpreting and enforcing Orders entered by the Court; provided that if the Court
- 12 abstains from exercising jurisdiction, or is without jurisdiction, over any matter,
- 13 this section will not affect, control, prohibit, or limit the exercise of jurisdiction by
- 14 any other court, or the tribunal that has jurisdiction over that matter.

15 **Section 7.17 Entry of a Final Decree.** Promptly following the liquidation or other

16 disposition of all Trust Assets, including the Causes of Action, and distribution of all Trust

17 Assets pursuant to the Plan and Liquidation Trust Agreement, the Liquidation Trustee will file a

18 motion with the Court to obtain entry of a final decree closing the Cases. Upon the entry of the

19 final decree, the Liquidation Trustee shall be authorized in the Liquidation Trustee's discretion to

20 discard or destroy any and all pre-Effective Date books and records of the Debtors and to

21 terminate the Liquidation Trusts.

## 22 VIII.

### 23 RECOMMENDATIONS AND CONCLUSION

24 **Section 8.1 Recommendation of the Debtors.** The Debtors believe that

25 confirmation and implementation of the Plan are preferable to any other alternative because, in

26 their view, the Plan will provide Holders of Allowed Claims and Allowed Interests with the

27 maximum recovery. Accordingly, the Debtors urge Creditors to vote to accept the Plan.

28 [Remainder of page intentionally left blank]

1 Dated: September 4, 2012

PACIFIC MONARCH RESORTS, INC.  
Chapter 11 Debtor and Debtor in Possession

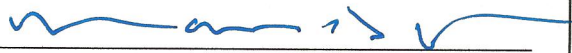
By: 

Name:

Title:

2  
3  
4  
5  
6 Dated: September 4, 2012

VACATION INTERVAL REALTY, INC.  
Chapter 11 Debtor and Debtor in Possession

By: 

Name:

Title:

7  
8  
9  
10 Dated: September 4, 2012

VACATION MARKETING GROUP, INC.  
Chapter 11 Debtor and Debtor in Possession


By: 

Name:

Title:

11  
12  
13  
14  
15 Dated: September 4, 2012

MGV CABO, LLC  
Chapter 11 Debtor and Debtor in Possession


By: 

Name:

Title:

16  
17  
18  
19 Dated: September 4, 2012

DESARROLLO CABO AZUL, S. de R.L. de  
C.V. (DCA)  
Chapter 11 Debtor and Debtor in Possession

By: 

Name:

Title:

20  
21  
22  
23  
24 This Plan respectfully submitted by:

25 /s/ H. Alexander Fisch  
26 H. Alexander Fisch, a member of  
27 Stutman, Treister & Glatt Professional Corporation  
28 Attorneys for the Debtors

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**EXHIBIT "1"**

**DCA Retained Assets**

[To Be Submitted Prior to the Confirmation Hearing]

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**EXHIBIT "2"**

**EXECUTORY CONTRACTS AND UNEXPIRED LEASES TO BE REJECTED**

[To Be Submitted Prior to the Confirmation Hearing]

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**EXHIBIT B**

[To be attached upon entry of order approving Disclosure Statement]

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**EXHIBIT C**

[To be filed with the Court separately]



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**EXHIBIT D**

[To be filed with the Court separately]