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16 **IN THE UNITED STATES BANKRUPTCY COURT**
17 **FOR THE DISTRICT OF ARIZONA**

18 In re
19 **SEDONA DEVELOPMENT PARTNERS,**
LLC; and THE CLUB AT SEVEN
20 **CANYONS, LLC,**
21 Debtors.

Chapter 11 Proceedings
Case No. 2:10-bk-16711-RTBP
Case No. 2:10-bk-16714-RTBP
Joint Administration Under
Case No. 2:10-bk-16711-RTBP

Hearing Date: February 5, 2013
Hearing Time: 11:00 a.m.
Location: Courtroom #703
230 N First Ave
Phoenix AZ 85003

25 **DISCLOSURE STATEMENT TO ACCOMPANY**
26 **JOINT PLAN OF REORGANIZATION FILED BY DEBTORS AND SPECIALTY**
27 **MORTGAGE CORP. DATED JANUARY 18, 2013**

TABLE OF CONTENTS

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. INTRODUCTION..... 1**
- A. Joint Plan..... 1
- B. Voting on Plan..... 2
- C. Content and Use of Disclosure Statement..... 2
 - 1. Outline of Disclosure Statement..... 3
 - 2. Other Plan Provisions..... 3
 - 3. Disclosure Statement Approval, Voting and Plan Confirmation..... 4
- D. Matters Meriting Special Attention..... 5
- II. DEBTORS' BACKGROUND AND EVENTS PRECIPITATING THE CHAPTER 11 FILING..... 7**
- A. General Overview..... 7
- B. Debtor and Its Affiliates and Associations..... 8
 - 1. SDP..... 8
 - 2. The Club..... 8
 - 3. Seven Canyons Lot Holdings..... 9
 - 4. Villas Association..... 10
 - 5. Road Association..... 10
 - 6. Water Company and Water Treatment Company..... 11
 - 7. The Golf Club and Its Members..... 11
- C. The History of the Seven Canyons Development and Events Leading To the Chapter 11 Filing..... 12
- III. DEVELOPMENTS IN CHAPTER 11..... 13**
- A. Administrative Proceedings..... 14
- B. Retention of Professionals..... 14
- C. Unsecured Creditors Committee..... 14
- D. Use of Cash Collateral..... 14
- E. DIP Financing..... 15
- F. Developers Finance's Motion for Stay Relief..... 15
- G. Williams Scotsman's Motion for Stay Relief..... 15
- H. GECC and Colonial Pacific Motions for Stay Relief..... 16
- I. Exclusivity..... 16
- J. Previous Plans and Disclosure Statements..... 17
- K. VOA Litigation..... 17
- L. Operations in Chapter 11..... 19
- M. Management Change..... 19
- IV. DESCRIPTION OF DEBTORS' ASSETS AND LIABILITIES 20**
- A. Debtors' Primary Assets..... 20
 - 1. The Golf Course and Related Assets..... 20
 - 2. The Range House, Practice Park, and Tennis Courts..... 20
 - 3. Parcel A and the Villa Intervals..... 21
 - 4. Parcel B..... 21
 - 5. Parcel C..... 21
 - 6. Tract K..... 22

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

- B. Secured Debt Structure..... 22
 - 1. Seven Canyons Recap..... 22
 - 2. Developers Finance. 22
 - 3. 7C Clubhouse Lenders, LLC. 23
 - 4. Specialty..... 23
 - 5. Yavapai County. 25
 - 6. VOA..... 25
- C. Debtors' Unsecured Debt..... 25
 - 1. Club Members Claims. 25
 - 2. General Unsecured Claims. 26
 - 3. Road Association Claims. 26
 - 4. Claims of Cavan Related Entitles. 26
 - 5. Intercompany Claims..... 27
- B. Executory Contracts and Leases. 27
- C. Transactions with Affiliates..... 27
- V. PLAN SUMMARY 28**
- VI. TREATMENT OF UNCLASSIFIED CLAIMS..... 30**
 - A. Administrative Claims..... 30
 - B. Cure Payments and Executory Contracts. 31
 - 1. Williams Scotsman 31
 - 2. GECC..... 32
 - 3. Colonial Pacific..... 34
 - 4. Sprung Lease 34
 - C. Professional Fees. 34
 - D. Operating Expenses..... 34
 - E. U.S. Trustees' Fees. 34
 - F. Tax Claims. 35
 - G. Administrative Property Tax Claims. 35
- VII. CLASSIFICATION AND TREATMENT OF ALL OTHER CLAIMS..... 35**
 - A. Class 1: Priority Claims..... 35
 - 1. Class 1-A. Wage Priority Claims. 35
 - B. Class 2: Secured Claims..... 36
 - 1. Class 2-A- Allowed Secured Claims of Recap. 36
 - 2. Class 2-B- Allowed Secured Claims of Developer Finance.... 37
 - 3. Class 2-C- Allowed Secured Claims of 7C Clubhouse. 38
 - 4. Class 2-D – Allowed Secured Claims of Specialty 39
 - 5. Class 2-E – Allowed Secured Claim of Yavapai County..... 41
 - 6. Class 2-F – Allowed Secured Claim of VOA. 41
 - C. Class 3 Allowed Unsecured Claims. 42
 - 1. Class 3-A: Allowed Unsecured Claims of Club Members..... 43
 - 2. Class 3-B: Allowed General Unsecured Claims. 44
 - 3. Class 3-C: Allowed Unsecured Claims of the Road Association..... 45
 - 4. Class 3-D: Allowed Unsecured Claims of Cavan Related Entities 45
 - 5. Class 3-E: Intercompany Claims by SDP and the Club..... 45

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

D. Class 4 -all Allowed Interests of SDP's and The Club's Interest Holders..... 46

VIII. MEANS FOR EXECUTING THE PLAN..... 46

A. Funding 46

B. Management..... 47

C. Golf Course Operations. 47

D. Sale of Villa Intervals..... 48

E. Disbursing Agent..... 48

F. Members Villas Guest Program 48

G. Plan Implementation 49

H. New Obligations 50

I. Road Association 50

IX. SEVEN CANYONS CLUB MEMBERSHIP..... 50

X. EFFECT OF CONFIRMATION 53

XI. LIQUIDATION ANALYSIS 55

XII. TAX CONSEQUENCES 55

A. Tax Consequences to the Debtor 56

B. Tax Consequences to the Secured and Unsecured Creditors 57

XIII. OBJECTIONS TO AND ESTIMATIONS OF CLAIMS..... 57

A. Objections and Bar Date for Filing Objections 57

B. Settlement of Claims. 57

C. Estimation of Claims. 57

D. Unclaimed Funds and Interest 58

XIV. NON-ALLOWANCE OF PENALTIES AND FINES 58

XV. CLOSING OF CASE 58

XVI. MODIFICATION OF THE PLAN..... 59

XVII. JURISDICTION OF THE COURT..... 59

XVIII. RETENTION AND ENFORCEMENT OF CLAIMS 60

XIX. EXECUTORY CONTRACTS AND UNEXPIRED LEASES 61

XX. REVESTING 61

XXI. PROPONENTS' RECOMMENDATION..... 61

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

EXHIBITS TO DISCLOSURE STATEMENT

Number	Descriptions
1	Joint Plan of Reorganization
2	Summary of Lien Claims and Collateral
3	Map of Seven Canyons
4	Most Recent Monthly Operating Reports
5	Liquidation Analysis

1 Sedona Development Partners, LLC ("**SDP**"), The Club at Seven Canyons, LLC (the
2 "**Club**") (collectively, the "**Debtors**"), debtors and debtors-in-possession in the above-
3 captioned bankruptcy cases, and Specialty Mortgage Corp. ("**Specialty Mortgage**"), as loan
4 servicer pursuant to that certain Master Loan Participation and Servicing Agreement on
5 behalf of the Specialty Mortgage loan participants or their designees as listed on Exhibit A to
6 the Plan (such participants referred to collectively as "**Specialty**") have filed the *Joint Plan of*
7 *Reorganization Filed By Debtors' and Specialty Mortgage Corp. Dated January 18, 2013* (the
8 "**Plan**"). Debtors and Specialty Mortgage are hereafter referred to as the "**Proponents**."
9 Proponents submit this Disclosure Statement in Support of the Plan pursuant to 11 U.S.C.
10 § 1125 to provide holders of claims against the Debtors, and interests in the Debtors, with
11 sufficient information to permit them to cast votes to accept or reject the Plan. The
12 Bankruptcy Court has approved this Disclosure Statement for use in this context and has also
13 established a deadline for casting ballots on the Plan. These dates are set forth on the Order
14 and Notice sent with this Disclosure Statement. The Plan is attached as Exhibit 1. All
15 capitalized terms not defined herein have the same meaning as defined in the Plan.

16 I. INTRODUCTION.

17 A. **Joint Plan.**

18 The Debtors have filed a Joint Plan with their primary pre-petition lender, Specialty
19 Mortgage after several months of both the Debtors and Specialty Mortgage proffering
20 individual, competing plans. As further described in the sections below, the complicated lien
21 structure on the Seven Canyons development, together with the declining economic
22 environment for golf courses and significant debt on the Debtors' properties, made
23 reorganization of the Debtors difficult. Loans that provided only partial financings for
24 development have left Seven Canyons with a complicated pattern of liens on the Debtors'
25 property. Specialty asserts a first lien on the golf course fairways and greens. Developers
26 Finance has first liens on the golf practice park, tennis courts, and range house. 7C
27
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1 Clubhouse Lender, LLC asserts a first lien on the construction site for the clubhouse. Seven
2 Canyons Recap, LLC has a first lien on SDP's interest in the existing villas with other
3 asserted liens in subsequent priority. Simple liquidation based on lien priorities would lead to
4 a fractionalization of the Property with no party able to maximize its use by managing all of
5 the assets as one unified development. Through the Plan proposed by the Proponents, the
6 Seven Canyons development will continue as a whole, preserving the value for the existing
7 villas and golf club members and providing the best outcome for Creditors.

8 The Joint Plan resolves the complicated lien structure on the Debtors' property
9 described below, and, through either a turnover of assets or purchase by Specialty, allows
10 the golf course development properties to be consolidated and continue as an one of the
11 premier golf course resorts in the country. The Joint Plan further allows all current dues
12 paying members to continue to enjoy the golf course and other amenities and provides for the
13 continued development of the remaining Seven Canyons properties.

14 **B. Voting on Plan.**

15 Only holders of impaired Claims or Interests are entitled to vote on the Plan. A holder
16 of a Claim or Interest entitled to vote may do so by completing and delivering the
17 accompanying ballot form in the manner and within the time specified in the accompanying
18 notice. If you are the holder of a Claim or Interest entitled to vote, **your vote on the Plan is**
19 **important.**

20 **C. Content and Use of Disclosure Statement.**

21 This Disclosure Statement is designed to afford creditors and holders of equity
22 interests with adequate information to make an informed judgment about the Plan. The Plan
23 describes in detail the means for satisfying the claims against and equity interest in the
24 debtors. The purpose of this Disclosure Statement is to provide sufficient information about
25 the Plan to enable you to make an informed decision in exercising your right to accept or
26 reject the Plan. Therefore, this Disclosure Statement provides relevant information about the
27

1 Debtors, their property and financial condition, and the Plan. Creditors and Interest holders
2 are urged to read the Plan in its entirety. In the event of a conflict between the Plan and the
3 Disclosure Statement, the terms of the Plan and the Order of the Bankruptcy Court
4 confirming the Plan shall control.

5 **1. Outline of Disclosure Statement.**

6 Section II of the Disclosure Statement provides historical information regarding
7 Debtors' organization, business, assets and liabilities, and the circumstances surrounding the
8 filing of these bankruptcy proceedings. Section III summarizes developments during the
9 course of the Chapter 11 case. Section IV provides a description of Debtors' assets and
10 liabilities. Section V summarizes the provisions of the Plan. Section VI describes the
11 classification and treatment of claims and interests. Section VIII provides a description of the
12 means for implementing the Plan. Section X describes the effect of confirmation of the Plan.
13 Section XI describes the likely results of a liquidation of Debtors in chapter 7 proceedings.
14 Section XII discusses tax consequences of the Plan. Section XIII discusses the process of
15 claims allowance and objections and other provisions of the Plan. Most words or phrases
16 used in this Disclosure Statement have their usual and customary meanings. Words or
17 phrases with initial capital letters have the definitions set forth in the Plan or in the Bankruptcy
18 Code.

19 **2. Other Plan Provisions.**

20 The Plan also contains various provisions relating to the determination of certain
21 issues germane to Confirmation of the Plan, including interest rates and the amounts of
22 Secured Claims, the procedures for the allowance and determination of claims, and
23 provisions specifying the Effective Date of the Plan. Reference is made to the more detailed
24 description following and the Plan for a description of such provisions.

1 **3. Disclosure Statement Approval, Voting and Plan**
2 **Confirmation.**

3 This Disclosure Statement requires approval by the Bankruptcy Court after notice and
4 a hearing pursuant to 11 U.S.C. §1125(b). Once approved, the Disclosure Statement will be
5 distributed with the Plan for voting. Approval of the Disclosure Statement by the Bankruptcy
6 Court does not constitute either certification or approval of the Plan by the Bankruptcy Court
7 or that the Disclosure Statement is without any inaccuracy.

8 The Bankruptcy Court will confirm the Plan if the requirements of §1129 of the
9 Bankruptcy Code are satisfied. The Bankruptcy Court must determine whether the Plan has
10 been accepted by each impaired Class entitled to vote on the Plan. Impaired Classes
11 entitled to vote on the Plan are those Classes of claims whose legal, equitable, or contractual
12 rights are altered, as defined under §1124 of the Bankruptcy Code. An impaired Class of
13 claims is deemed to have accepted the Plan if at least two-thirds (2/3) in amount of those
14 claims who vote, and more than one-half (1/2) in number of those claims who vote, have
15 accepted the Plan. The Bankruptcy Court will receive and consider a ballot report prepared
16 by the Proponents that will present a tally of the votes accepting or rejecting the Plan by
17 those entitled to vote. **Accordingly, all votes are important because they can determine**
18 **whether the Plan will be confirmed.** The Proponents therefore urge you to return your
19 ballot casting your vote on the Plan. If confirmed, the Plan will essentially be a new contract
20 between the Reorganized Debtor and Creditors and is binding on all Creditors and other
21 parties in-interest regardless of whether any particular Creditor voted to accept the Plan.

22 Even if each Class of creditors does not accept the Plan, the Plan can be confirmed
23 under §1129(b) of the Bankruptcy Code, so long as at least one impaired Class of Creditors
24 accepts the Plan. This is referred to as the “cram down” provision of the Bankruptcy Code.

25 Only the votes of those creditors or interested parties whose ballots are timely
26 received will be counted in determining whether a Class has accepted the Plan.
27
28

1 **D. Matters Meriting Special Attention.**

2 Creditors and other interested parties are urged to read the entire Disclosure
3 Statement and the Plan. The following matters are considered of special importance:

4 **DEADLINE FOR SUBMITTING BALLOTS**

5 EXECUTED BALLOTS MUST BE RECEIVED NO LATER THAN
6 5:00 P.M., MOUNTAIN STANDARD TIME ON THE DUE DATE
7 SET BY THE COURT. SINCE MAIL DELAYS MAY OCCUR,
8 BALLOTS SHOULD BE MAILED OR DELIVERED WELL IN
9 ADVANCE OF THE SPECIFIED DATE. ANY BALLOTS
10 RECEIVED AFTER THE DUE DATE MAY NOT BE INCLUDED
11 IN ANY CALCULATION TO DETERMINE WHETHER THE
12 CREDITORS HAVE VOTED TO ACCEPT OR REJECT THE
13 PLAN.

14 **IMPORTANCE OF VOTE**

15 YOUR VOTE IS IMPORTANT AND MAY DETERMINE
16 WHETHER THE PLAN IS CONFIRMED. YOU ARE URGED TO
17 STUDY THE PLAN CAREFULLY AND TO CONSULT WITH
18 YOUR COUNSEL ABOUT ITS IMPACT UPON YOUR LEGAL
19 RIGHTS BEFORE VOTING.

20 **HEARING ON CONFIRMATION OF PLAN**

21 THE BANKRUPTCY COURT WILL HOLD A HEARING ON
22 CONFIRMATION OF THE PLAN COMMENCING AT THE TIME
23 AND PLACE STATED IN THE ACCOMPANYING ORDER AND
24 NOTICE. THE HEARING MAY BE CONTINUED FROM TIME
25 TO TIME THEREAFTER WITHOUT FURTHER NOTICE EXCEPT
26 AS GIVEN IN OPEN COURT. THE PLAN SHALL NOT BE
27 EFFECTIVE UNLESS THE COURT ENTERS AN ORDER
28 CONFIRMING THE PLAN.

NO OTHER REPRESENTATIONS AUTHORIZED

NO REPRESENTATIONS CONCERNING DEBTOR OR THE
PLAN ARE AUTHORIZED OTHER THAN AS SET FORTH IN
THIS DISCLOSURE STATEMENT. YOU SHOULD NOT RELY
ON ANY ADDITIONAL REPRESENTATIONS OR
INDUCEMENTS TO SECURE YOUR VOTE ON THE PLAN.

1 **ABSENCE OF AUDITED FINANCIAL INFORMATION**

2 THE FINANCIAL INFORMATION CONTAINED HEREIN HAS
3 NOT BEEN SUBJECTED TO A CERTIFIED AUDIT. SUCH
4 INFORMATION AND OTHER STATEMENTS ARE BASED
5 UPON DEBTORS' BOOKS AND RECORDS AND THE
6 ESTIMATES AND ASSUMPTIONS STATED. ALL
7 INFORMATION IS ACCURATE TO THE BEST KNOWLEDGE,
8 INFORMATION AND BELIEF OF DEBTORS, ALTHOUGH
9 DEBTORS ARE UNABLE TO WARRANT THAT NO
10 INACCURACIES EXIST.

11 **NO OBLIGATION TO SUPPLEMENT**

12 THE STATEMENTS CONTAINED IN THIS DISCLOSURE
13 STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS
14 ANOTHER TIME IS SPECIFIED HEREIN. NEITHER DELIVERY
15 OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE
16 OF RIGHTS MADE IN CONNECTION WITH THE PLAN SHALL
17 UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION
18 THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION
19 SET FORTH HEREIN SINCE THE DATE OF THIS DISCLOSURE
20 STATEMENT AND THE MATERIAL RELIED UPON IN
21 PREPARATION OF THIS DISCLOSURE STATEMENT WERE
22 COMPILED. PROPONENTS ASSUME NO DUTY TO UPDATE
23 OR SUPPLEMENT THE DISCLOSURES CONTAINED HEREIN
24 AND DO NOT INTEND TO UPDATE OR SUPPLEMENT THE
25 DISCLOSURES.

26 **NO INDEPENDENT VERIFICATION BY COURT OR**
27 **SECURITIES AND EXCHANGE COMMISSION**

28 THE COURT HAS NOT VERIFIED THE ACCURACY OF THE
 INFORMATION, AND THE COURT'S APPROVAL OF THIS
 DISCLOSURE STATEMENT MEANS ONLY THAT, IF THE
 INFORMATION IS ACCURATE, IT IS SUFFICIENT TO
 PROVIDE AN ADEQUATE BASIS FOR CREDITORS AND
 INTEREST HOLDERS TO MAKE INFORMED DECISIONS
 WHETHER TO ACCEPT OR REJECT THE PLAN. THIS
 DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR
 DISAPPROVED BY THE SECURITIES AND EXCHANGE
 COMMISSION, NOR HAS THE COMMISSION PASSED ON THE
 ACCURACY OR ADEQUACY OF THE STATEMENTS IN IT.

1 **NO REPRESENTATION REGARDING TAX IMPLICATIONS**

2 **NOTHING IN THE PLAN OR ANY COURT ORDER IS TO BE**
3 **CONSTRUED AS A REPRESENTATION BY ANY PARTY OF**
4 **THE TAX IMPLICATIONS OF ANY TREATMENT IN THE PLAN.**

5 **II. DEBTORS' BACKGROUND AND EVENTS PRECIPITATING THE CHAPTER 11**
6 **FILING.**

7 **A. General Overview.**

8 SDP is an Arizona limited liability company formed in March 2001 to acquire and
9 develop a unique 200-acre tract of private property (the "**Property**") surrounded by Coconino
10 National Forest and providing some of the world's most stunning scenery. Attached hereto
11 as Exhibit "3" is a map of Seven Canyons. The Property has been developed with a par-70
12 golf course designed by Tom Weiskopf that opened in 2002 and has since been acclaimed
13 as one of America's 50 Greatest Golf Retreats by Golf Digest Index, and rated one of the
14 Best Residential Golf Courses and one of the Top 100 Modern Courses by Golfweek
15 Magazine. Additional facilities include a golf course range, tennis courts, maintenance
16 facilities and equipment. Memberships in the golf course were sold under terms that required
17 significant membership deposits and monthly dues in exchange for assured access to the
18 golf course and its facilities.

19 The Property has also been developed with 30 separate villas, each providing 2,500
20 square feet of richly furnished living space featuring 360-degree, panoramic views of
21 Sedona's world-renowned Red Rock beauty. Each villa has been marketed in 10 undivided
22 interests in a unique program that provides that each owner of a fractional interest is entitled
23 to 28 days of use per year of any available villa, together with cleaning and concierge
24 services. Each owner of a fractional interest has been granted the right to a special golf
25 course membership that permits use of the golf course during the owner's 28-day occupancy
26 period. Seventy Villa interval units remain unsold.

27 The Property has also been developed with interior roads and guard houses and other
28 security services. Common property maintenance and security are furnished for the Property

1 and adjacent property through owner associations. As originally planned, the Property was
2 also to be developed with a clubhouse and spa facilities. Construction on the clubhouse has
3 ceased after the construction of the foundation and first floor.

4 **B. Debtor and Its Affiliates and Associations.**

5 **1. SDP.**

6 SDP is an Arizona limited liability company that was formed in March 2001. SDP's
7 sole member and manager is Seven Canyons Investors, LLC ("SCI"). SCI is comprised of
8 approximately 49 investors who have invested approximately \$18,950,000,000 in SCI for the
9 benefit of Seven Canyons. The membership interests of SCI are presently held in a voting
10 trust. The Trustee of such trust is G. Neil Eley. SCI has retained Avion Holdings, LLC
11 ("**Avion**"), an affiliate of the Trustee, effective August 10, 2012, to run the operations at
12 Seven Canyons.

13 **2. The Club.**

14 The Club is also an Arizona limited liability company. It was formed in October 2007.
15 SDP is the Club's sole member and its manager. The Club was formed to take over the
16 operational aspects of the Seven Canyons golf club. It was originally anticipated that, the
17 Club would, among other things, own the operational assets of the project, enter into all
18 operational contracts and leases relating to the project, operate the golf course and villas in
19 all respects. It was, originally, anticipated that all accounting functions of SDP and the Club
20 would remain separate and distinct.

21 However, in reality, the operations, assets, liabilities and revenues of the Club and
22 SDP were significantly intertwined, combined and commingled. The accounting functions of
23 the entities have not been separate and distinct. Rather, the Debtors' respective books and
24 records reflect significant intercompany debts owing by the Club to SDP in excess of \$20
25 million. This inter-company obligation by the Club to SDP is based on SDP's advancement of
26 funds to the Club to support and subsidize the Club's operations. Indeed, although all
27

1 operations were to have been conducted by the Club, SDP owns the operational assets that
2 the Club uses in its operations of the golf course and villas.

3 Further, various contracts and leases with third parties would often refer simply to
4 “Seven Canyons,” without any distinction between SDP and the Club. For example, both
5 Debtors’ schedules of assets and liabilities list GE Capital Corporation and Williams
6 Scotsman, Inc. as parties to executory contracts. Generally, third parties dealing with the
7 Debtors typically dealt with both entities collectively as “Seven Canyons” and not in the
8 Debtors’ individual capacities. Indeed, the Debtors themselves operated substantially as a
9 single unit. Additionally, business activity for the Club is not reported separately for tax
10 purposes; rather, the Club’s business activity is reported on SDP tax returns.

11 Accordingly, for that reason, this Plan contemplates that claims against the Debtors
12 will be treated as consolidated under the Joint Plan. Classes of claims will not be subdivided
13 with respect to each debtor, but will be treated as combined claims against both Debtors
14 unless the debt documents or the Joint Plan states otherwise. After confirmation, the Club
15 will terminate. The Reorganized Debtor will operate under the name Villa Renaissance, LLC,
16 and operate under the control of Seven Canyons Investors, LLC, the current member of
17 SDP. SDP also formed several subsidiaries and affiliations which are not debtors in these
18 bankruptcy proceedings, but are described below because they affect the Debtors’ operations
19 at Seven Canyons.

20 **3. Seven Canyons Lot Holdings.**

21 SDP is also the sole member and manager of Seven Canyons Lot Holdings, LLC
22 (“**SCLH**”), an Arizona limited liability company formed in 2001. SCLH is not a Debtor in these
23 proceedings and is described herein because its assets are located in the general vicinity of
24 Seven Canyons and because of its status as an affiliated creditor.

25 SCLH owns 12 private residence lots in the hills surrounding the Seven Canyons golf
26 course known as “Secret Ridge.” SCLH owns one private residence lot near the practice
27

1 park in the area known as "Solitude." SCLH's assets are encumbered by a lien securing a
2 debt in favor of Secret Ridge Estates, LLC ("**Secret Ridge Estates**") in the amount of
3 approximately \$8,000,000. The Debtor is informed and believes that the value of SCLH's
4 assets is currently less than the amount of the debt owed to Secret Ridge Estates.

5 **4. Villas Association.**

6 Seven Canyons includes condominiums called The Villas at Seven Canyons. In
7 October 2001, SDP, as the developer of the Seven Canyons project, formed The Villas at
8 Seven Canyons Owners' Association, Inc. ("**VOA**"), an Arizona non-profit corporation, for the
9 purpose of marketing, managing, and selling Villas at Seven Canyons. On or about
10 February 2, 2005, SDP caused a Declaration of Condominium and Fractional Ownership
11 Plan of the Villas at Seven Canyons to be recorded with the Yavapai County Recorder (the
12 "**Declaration**"). A true and correct copy of the Declaration is available by written request to
13 the Debtors or their counsel. The Declaration describes and identifies the covenants,
14 conditions and restrictions associated with the ownership and occupancy of a Villa at Seven
15 Canyons.

16 The VOA is presently under the operation and control of an independent elected Board
17 of Directors. Debtors turned over control of the VOA to the new VOA Board in approximately
18 October 2012. Generally, the assets of the VOA consist primarily of amenity inventory (*i.e.*,
19 linens) and the right to collect dues and assessments from its members—*i.e.*, Villa owners,
20 including SDP with respect to unsold Villa units.

21 **5. Road Association.**

22 In addition to the VOA, in February 2003, SDP formed the Seven Canyons Road
23 Association ("**Road Association**") to provide for the maintenance and operation of the
24 common roadways, landscaping and gates at Seven Canyons. Presently, SDP manages,
25 operates and controls the Road Association for the benefit of the Villa owners, golf members,
26 Seven Canyons home owners, and the Seven Canyons project as a whole. The roadways,
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1 landscaping, gates and other infrastructure maintained and operated by the Road Association
2 are owned by the Road Association. The assets of the Road Association also include the
3 right to collect dues, or assessments, from the Road Association's members, including SDP
4 and the Club.

5 **6. Water Company and Water Treatment Company.**

6 SDP is also the sole owner of the Seven Canyons Water Company ("**Water**
7 **Company**") and the Seven Canyons Water Treatment Company ("**Water Treatment**
8 **Company**"). The Water Company and Water Treatment Company are public utility
9 companies governed by the Arizona Corporation Commission, Utilities Division. They
10 provide water to the Seven Canyons project. Both entities are Arizona corporations and were
11 formed in 1997.

12 The assets of the Water Company consist primarily of pumping equipment,
13 transmission and distribution mains, meters and meter installations and a pre-petition inter-
14 company claim against the Club in the amount of approximately \$22,453. (The wells and
15 springs used by the Water Company are owned by SDP). The Water Company's assets are
16 integrated into the golf course and the other real property assets of SDP. The Water
17 Company has historically operated at a net loss.

18 The assets of the Water Treatment Company consist primarily of gravity collection
19 sewers, treatment and disposal equipment, some nominal furniture and other miscellaneous
20 equipment and an inter-company pre-petition claim against the Club in the amount of
21 approximately \$12,490. The Water Treatment Company's assets are integrated into the golf
22 course and the other real property assets of SDP. The Water Treatment Company has
23 historically operated at a net loss.

24 **7. The Golf Club and Its Members.**

25 The Seven Canyons golf club is a private, non-equity golf club which opened for play
26 in 2003 with a cap of 395 members, 84 of which are reserved for owners of Villa Intervals.

1 There are currently a total of 217 full golf members, of which approximately 40 are active and
2 paying dues, 39 are contingent/inactive members who do not pay dues, and 138 are on the
3 resignation list and are not paying dues. In addition, 229 of the 231 fractional villa
4 ownerships have opted for membership in the golf club, of which approximately 200 are
5 active and paying monthly dues.

6 Due to declining market conditions and the limited number of active paying members,
7 the golf course was opened to the public for daily fee play in May 2010. This strategy was
8 necessary in order to generate sufficient revenue to operate the course. Indeed, it is
9 projected that, without a combination of member and non-member play, the golf course would
10 not be economically feasible.

11 **C. The History of the Seven Canyons Development and Events**
12 **Leading To the Chapter 11 Filing.**

13 Since SDP's acquisition of the Seven Canyons property in 2001, the total investment
14 in the Seven Canyons project exceeds \$172 million. In addition to the acquisition of the
15 property, SDP has built, purchased, maintained and operated: (a) the golf course, (b) the five
16 Villas on Parcel D, (c) the 25 Villas on Parcel A, (d) the roads and road improvements in the
17 development, (e) the water delivery and treatment plants, (f) the driving range, (g) the range
18 house, (h) the tennis courts, (i) the playground and swimming pool on Parcel A, (j) the
19 existing clubhouse and related buildings and related facilities on Parcel B, and (k) all of the
20 other amenities, landscaping and buildings (including guard houses, maintenance and
21 housekeeping facilities) associated with the Seven Canyons development that make it a
22 unique and spectacular destination. Additionally, SDP has spent nearly \$5.6 million on
23 additional development, including commencing construction of the permanent clubhouse on
24 Tract K, as discussed below. SDP has also furnished, decorated and appointed the Villas to
25 ensure that the interior of the Villas matches the quality of their surroundings.

26 In addition to these hard costs of acquisition, construction and furnishing, SDP has (a)
27 paid sales and marketing costs for the sale of Villa units and golf memberships, (b) paid debt

1 service to its secured creditors (until it defaulted on its loans to Specialty and others) in
2 excess of \$33 million, and (c) funded cash flow shortfalls relating to the operations and
3 maintenance of the golf course, the villas, the Villas Association, the Road Association, the
4 Seven Canyons Water Company, and the Seven Canyons Water Treatment Company.

5 Further development of the Property was seriously impeded by the severe economic
6 conditions that have affected Arizona, and the luxury golf course industry, since 2007.
7 Commitments for clubhouse financing had been obtained but the issuing lenders failed in the
8 general recession. As a result of these economic conditions and other factors, additional
9 financing for further development could not be obtained from the primary project lenders,
10 Specialty. SDP obtained some additional financing through other lenders, including some
11 affiliated lenders but, ultimately, the available financing was not sufficient to maintain existing
12 debt service and complete the development of the project.

13 The severe downturn in the economy has had a dramatic adverse impact on golf
14 course developments and golf courses nationwide. Seven Canyons is no exception. For
15 example, in 2007, SDP was selling Villa units at a price of up to \$457,000. Today, those
16 same types of units are selling at foreclosure sales at significantly lower amounts.

17 Prior to 2010, the golf course operational costs exceeded revenues from member
18 dues. The golf course operated at net losses of \$5.9 million in 2008, \$3 million in 2009, and
19 \$1.6 million in 2010, all of which shortfalls were funded by SDP. Because sales of Villas also
20 ceased as of early 2009, it was impossible for the Debtors to continue paying debt service to
21 its creditors. Specialty Mortgage, for itself and on behalf of Specialty, thereafter commenced
22 foreclosure proceedings and requested that a receiver be appointed over the Debtors. The
23 Debtors filed for bankruptcy protection in May 2010 to avoid the appointment of a receiver in
24 the Specialty Mortgage foreclosure proceedings.

25 **III. DEVELOPMENTS IN CHAPTER 11.**

26 The following is a summary of certain significant events in the case:
27
28

1 **H. GECC and Colonial Pacific Motions for Stay Relief.**

2 On December 7, 2010, GECC and Colonial Pacific each filed motions seeking relief
3 from the automatic stay to allow them to exercise their state law rights in and to the
4 equipment they lease to the Debtors, and motions requesting that the Court compel the
5 Debtors to make lease payments to them under the leases. GECC and Colonial Pacific filed
6 similar amended pleadings on December 8, 2010 to address an administrative defect in their
7 prior pleadings. The Debtors timely responded to the motions filed by GECC and Colonial
8 Pacific. The Debtors and GECC and Colonial Pacific have negotiated a resolution of GECC's
9 and Colonial Pacific's motion and claims. It is expected that further negotiations with
10 Specialty and the VOA will take place given the length of time which has elapsed.

11 **I. Exclusivity.**

12 On September 24, 2010, the Debtors filed a motion to extend their exclusive period to
13 file a plan of reorganization and the corresponding period to obtain votes for such plan. Over
14 the objection of certain creditors, including Specialty, the Court granted the Debtors' request
15 to extend the exclusivity period to file a plan, and set December 13, 2010 as the deadline for
16 the Debtors' to file their plan or the exclusivity period would expire. The Debtors timely filed
17 their original proposed plan of reorganization and disclosure statement on December 13,
18 2010, thereby satisfying the Court's requirement. The Debtors' 180 day exclusivity period to
19 obtain votes on their initial proposed plan was then set to expire on February 11, 2011.
20 However, on February 11, 2011, the Debtors filed a motion to further extend such exclusive
21 solicitation period. On March 17, 2011, certain disgruntled golf club members, led by Don
22 Davis (the "Davis Group"), and Specialty filed objections to the Debtors' requested
23 extension. On March 23, 2011, the Court held a hearing regarding the Debtors' requested
24 extension. On March 30, 2011, the Court entered its Minute Entry Order (docket no. 281)
25 extending the exclusive solicitation period for an additional 90 days. Debtors have not sought
26 or received any additional extensions.
27
28

1 On March 5, 2012, the Court found that the Developer Control Period (as defined in
2 the Declarations) had expired and granted the motion for summary judgment filed by
3 Carpenter on behalf of the VOA. On April 13, 2012, the Court issued a minute entry finding
4 that the election of a "board" by association members on February 10, 2011 was invalid
5 because the Unauthorized Board failed to comply with the Bylaws of the VOA. The Court
6 entered a final order on May 3, 2012, granting the motion for summary judgment filed by the
7 VOA and declaring: (1) that the Developer Control Period had expired on October 23, 2008;
8 (2) that the election of directors that occurred on February 10, 2011 was invalid; (3) that
9 amendments to the Condominium Declaration filed in 2007, 2009 and 2011 were void; and
10 (4) that the order shall be recorded with Yavapai County. (Doc. 120).

11 The Court's Order determined that certain amendments to the Declaration are invalid
12 and void *ab initio*, including the May 5, 2007, *Amended and Restated Declaration of*
13 *Condominium and Fractional Ownership Plan of The Villas at Seven Canyons* recorded at
14 document number 4135384 (hereafter the "2007 Amendment"). The 2007 Amendment,
15 among other things, allowed the Debtors to designate certain units within the Villas as
16 "Preview Villa Units" or "Spa Villa Units." These units had certain use restrictions, were not
17 required to pay common expenses of the Association until such time as a spa had been
18 completed within the Community as part of the Golf Club, and during that period the
19 obligation to pay dues for these units was the obligation of SDP. The language regarding
20 addition of the Spa Units was cited as cause for the Association's primary argument to
21 invalidate the 2007 Amendment. The briefing between the parties, however, did not
22 substantively address the Preview Villas Units, or the fact that the Debtors, between 2007
23 and 2008, sold seventeen fractional interests in such Units to third party purchasers.

24 Notwithstanding the voiding of the 2007 Amendment, Debtors believe that the sales of
25 fractional interests in the Preview Villa Units were valid, and those owners hold real property
26 interests - but pursuant to this Court's May 3, 2012 Order, *without* the 2007 restrictions, and
27 *without* the appurtenant right to have SDP pay Association dues and fees on their behalf.

1 On May 16, 2012, the Debtors filed a *Notice of Appeal* of the May 3, 2012 Order
2 before the United States District Court for the District of Arizona. Subsequently, Debtors
3 have engaged in meaningful discussions with members of the association and the members
4 of the board recently elected by the association. These discussions have led Debtors to
5 dismiss the appeal and to turn over all VOA operations to the newly elected Board.

6
7 **L. Operations in Chapter 11.**

8 Copies of the Debtors' most recent Monthly Operating Reports are attached hereto as
9 Exhibit 4.

10 **M. Management Change.**

11 Various golf club members and villa owners have raised issues in these proceedings
12 regarding Debtors' pre-petition and post-petition management, contending that Debtors' prior
13 management promised to, but did not, build a permanent clubhouse and provide certain other
14 amenities on the Property, and that such failures constitute a violation of the Membership
15 Agreements between SDP and the Members. These parties have also asserted that such
16 management had mismanaged operations, including the operations of the golf course, and
17 that the Debtors' management has failed to properly account for all of the funds it has
18 received from golf club members, villa sales, and other sources of funds.

19 In order to resolve a number of concerns about the management of the Club, golf
20 course, and the Debtors, SCI retained Avion to manage the Debtors on August 10, 2012.
21 Avion's authority is independent of prior management and the entities under its control. Avion
22 has considerable experience in reorganizing golf course communities including Las Sendas
23 in Mesa, Arizona and Laughlin Ranch in Bullhead City, Arizona. Avion has commenced
24 meetings and other communications with the creditors and other parties in interest in these
25 cases. Such meetings have resulted in the turnover of control of the VOA, dismissal of the
26 appeal with respect to the VOA, the filing of the Joint Plan on December 3, 2012, and
27 negotiation with and an agreement with Recap to make the Additional Advance.

1 The Debtors have assessed the value of the practice park and range house at
2 approximately \$1,575,000 and the tennis courts at \$340,000. The Debtors had the practice
3 park, range house and tennis courts appraised separately from the golf course due to the lien
4 structure and varying security interests in the Debtors' real property. The values assessed to
5 the non-golf course assets therefore have been assessed based on the assumption that
6 these sites could be used for single family home development, and that the current
7 improvements would be removed and/or converted to be consistent with single family home
8 development.

9 **3. Parcel A and the Villa Intervals.**

10 Parcel A of the Seven Canyons project has been fully developed with 25 upscale
11 villas, a swimming pool and a children's playground. SDP has marketed the villas as
12 fractional units based on a roughly four week, twenty-eight day interval ownership, with ten
13 (10) units per villa, as more particularly described in the documents relating to and governing
14 the ownership and use of the Villa Intervals. Currently, there are 70 unsold fractional
15 ownership units remaining for the Villas on Parcel A.

16 Pursuant to the appraisal commissioned by the Debtors, the Debtors have assessed
17 the value of Parcel A and the remaining unsold Villa Intervals at approximately \$6,000,000.

18 **4. Parcel B.**

19 Parcel B of the Seven Canyons project consists of approximately 3.53 acres which
20 currently houses separate trailers which operate as the clubhouse, a restaurant, a sales
21 office, a golf cart storage tent, and other facilities associated with the operations of the golf
22 course. The Parcel B site was originally planned for 20 additional villas, with 10 fractional
23 units per villa. The Debtors have assessed a value of \$740,000 to Parcel B.

24 **5. Parcel C.**

25 Parcel C of the Seven Canyons project consists of approximately 13.28 acres of
26 engineered, but otherwise vacant hillside land that is planned for improvement with two
27

1 different sized fractional ownership villas, and larger single family lots for custom homes. The
2 Debtors have assessed the current value of Parcel C at approximately \$2,950,000.

3 **6. Tract K.**

4 Tract K of the Seven Canyons project consists of approximately 3.86 acres of partially
5 improved and engineered hillside land that is planned for improvement with a golf course
6 clubhouse and related amenities. The appraisal commissioned by the Debtors asserts that
7 Tract K has no independent value.

8 **B. Secured Debt Structure.**

9 As of the commencement of these Chapter 11 proceedings, there were nine separate
10 voluntary liens affecting the Property. Each lien secures a separate debt and each lien
11 covers unique portions of the Property. Exhibit 2 attached to this Disclosure Statement
12 summarizes the claim amounts. As Exhibit 2 indicates, essential features of the golf course
13 operations are subject to several liens in favor of Specialty, and also liens in favor of
14 Developers Finance and 7C Clubhouse Lenders. The lien pattern is further complicated by
15 the status of the various Specialty liens, as each individual participant has an assigned
16 undivided interest in each lien. The following identifies and describes the Debtors' secured
17 creditors and the various liens on the Property:

18 **1. Seven Canyons Recap.**

19 Seven Canyons Recap's claim is secured by a first position lien in Parcel A and the
20 Villa Intervals. According to the Debtors' Schedules, the amount of Seven Canyons Recap's
21 secured claim as of the Petition Date was \$2,171,448.19.

22 **2. Developers Finance.**

23 Developers Finance's claim is secured by first and second position liens in the Range
24 House and Practice Park on Tract D and the Tennis Courts on Tract C. According to
25 Developers Finance, the total amount of its claims as of the Petition Date was approximately
26 \$5,054,386.

1 Million, Six Hundred Eighty-Three Thousand, Eight Hundred Fifty Dollars
2 (\$15,683,850.00).

3 c. Specialty Mortgage Note No. 3 in the original face amount of Ten
4 Million, Seven Hundred Seventy Thousand Dollars (\$10,770,000.00) is secured
5 by a first position lien in Parcel B. As of the Petition Date, the outstanding
6 amount due under Note No. 3 was Fourteen Million, Four Hundred Thirty-Seven
7 Thousand, One Hundred Eighty-Five Dollars (\$14,437,185.00).

8 d. Specialty Mortgage Note No. 4 in the original face amount of
9 Eighteen Million, Two Hundred Fifty Thousand Dollars (\$18,250,000.00) is
10 secured by (i) first position liens in Tract N, Well Site #2, Well Site #3, certain
11 landscaping and retention areas related to Seven Canyons, certain roadways
12 related to Seven Canyons, and a pledge of SDP's stock of the Water Treatment
13 Company and Water Company, (ii) a second position lien in the Golf Course on
14 Tract L; and, (iii) a fourth position lien on Parcel A, Parcel B and Parcel C. As
15 of the Petition Date, the outstanding amount of Note No. 4 was Twenty Four
16 Million, Four Hundred Sixty-Four Thousand, One Hundred Twenty-Five Dollars
17 (\$24,464,125.00).

18 e. Specialty Mortgage Note No. 5 in the original face amount of Six
19 Million Dollars (\$6,000,000.00) is secured by (i) a second position lien in Parcel
20 B; and, (ii) a third position lien in the Golf Course on Tract L, Parcel A and
21 Parcel C. As of the Petition Date, the outstanding amount due under Note No.
22 5 was Two Million Fifteen Thousand Six Hundred Thirty Two Dollars Sixty
23 Cents (\$2,015,632.60).

24 f. Specialty Mortgage Note No. 6 in the original face amount of Five
25 Million Dollars (\$5,000,000.00) secured by (i) a second position lien in Parcel C;
26 (ii) a third position lien in Parcel B; and, (iii) a fourth position lien in the Golf
27 Course on Tract L. As of the Petition Date, the outstanding amount due under

1 Note No. 6 was Six Million Six Hundred Forty Six Thousand Two Hundred Fifty
2 Dollars (\$6,646,250.00).

3 **5. Yavapai County.**

4 The County of Yavapai, Arizona ("Yavapai County") asserts tax claims secured by
5 liens on the real properties owned by the Debtors and located in Yavapai County.

6 **6. VOA.**

7 The VOA has asserted a claim against Debtors alleged to be secured by a statutory
8 lien for assessments on Parcel A. While the VOA has asserted a claim of over \$5 million,
9 Debtors believe that this asserted claim is erroneous. Debtors have objected to the claim,
10 and contend that the claim should not exceed \$409,556.

11 The Association has not indicated its contentions with respect to the priority of the
12 asserted lien. Debtors assert that any such lien would be subordinate to the claims of Recap
13 and 7C Clubhouse Lenders.

14 **C. Debtors' Unsecured Debt.**

15 Generally, the Debtors' unsecured creditors fall in the following categories:

16 **1. Club Members Claims.**

17 The membership documents provide a procedure for the Club to reimburse certain
18 members of the golf club for deposits made when the members purchased their club
19 memberships. Such reimbursement provisions are long term and could total approximately
20 \$26,804,350. In the Plan, members who elect to a New Club Membership, are treated as if a
21 "sale" of such membership has occurred (old membership for new membership), and no
22 further right to a refund of deposit liability will exist with respect to the Debtors. Such liability
23 is not transferred to the new Seven Canyons Club. Those members who are current or
24 become current on their dues are given an opportunity to join the new Seven Canyons Club
25 by executing a New Club Membership, and any initiation fee is waived for such members.

1 In the event a member does not elect to join the New Club, such member shall be
2 deemed to have sold his old membership for all but the pro rata distribution to the general
3 unsecured creditors and no further right to a refund of deposit liability will exist with respect to
4 Debtors.

5 Members may be permitted to deem lost deposits as a capital investment loss as
6 appropriate.

7 **2. General Unsecured Claims.**

8 The general unsecured claims of the Debtors, owing to trade creditors and the like,
9 total approximately \$2,412,551 and are identified in the Debtors' Schedules. To this will be
10 added any claims resulting from rejected executory contracts and any claims of members that
11 do not elect to join the new Seven Canyons Club by executing a New Club Membership.

12 **3. Road Association Claims.**

13 According to the Debtors' books and records, the Club owes approximately
14 \$209,299.25, to the Road Association for unpaid dues and reimbursables owing by the Club
15 to the Road Association.

16 **4. Claims of Cavan Related Entities.**

17 SDP and the Club are indebted to several insiders, affiliates and entities which have
18 been defined collectively as the "Cavan Related Entities" in the Plan. According to the
19 Debtors' books and records, and the proofs of claim filed to date, the total aggregate amount
20 of unsecured claims owing to the Cavan Related Entities is anticipated to be approximately
21 \$35,839,130. The bulk of this debt relates to loans made by certain of the Cavan Related
22 Entities, particularly Cavan Investment Capital, to pay for capital expenses and cash flow
23 shortfalls of the Debtors. The Road Association and the Water Treatment Company do not
24 owe any amounts to the Cavan Related Entities.

1 collectively, several millions of dollars for loans made, unpaid services rendered, and/or costs
2 advanced by those entities in favor of the Debtors, including Camilla Cavan Design
3 (\$667,000), Cavan Management Company (\$17,115), Cavan Management Services (\$3.2
4 million), and Cavan Realty (\$704,000). Although the Debtors paid certain management fees
5 to Cavan Management Services and Cavan Management Company in 2009 in the ordinary
6 course of business, as reflected in the Debtors' bankruptcy schedules, the Debtors have not
7 made any preferential or fraudulent transfers to any insiders. Indeed, as reflected in the
8 substantial amount owing to the Cavan-related entities, the Debtors have always been
9 recipients of Cavan-related funds, not payors. Consequently, the Debtors do not believe that
10 there are any avoidance causes of action against any insiders of the Debtors.

11 **V. PLAN SUMMARY**

12 The Plan is jointly proposed by both Debtors and Specialty Mortgage. The Plan
13 provides for a complete settlement between Debtors and Specialty, including, the return of
14 Specialty's collateral to the Specialty Mortgage loan participants or their designees, subject to
15 existing property taxes, except for the 70 Parcel A Villa units, which will be released by
16 Specialty. Other secured claims against Parcel A Villas Units shall be treated as set forth
17 herein.

18 The collateral of Developers Finance, which is Tracts C and D (Driving Range, Range
19 House and Tennis Courts), shall be divided. Specialty shall purchase the Driving Range
20 (roughly 6 acres) free and clear, with the proceeds of the sale satisfying Developers Finance
21 lien in the Driving Range. The Range House shall be turned over to Developers Finance
22 subject to an option granted to Specialty, which must be exercised on or before the Effective
23 Date, to lease the Range House for up to 2 years on terms agreed to between Specialty and
24 Developers Finance. Developers Finance, with Specialty's cooperation, will obtain a re-
25 platting of Tract D to separate the Driving Range from the Range House and the parties
26 otherwise agree to cooperate regarding lot split and re-platting approval and
27

1 access/easement issues, so long as the lot split and re-platting does not negatively impact
2 Specialty's interests in Parcels B and C. Debtors shall return the Tennis Courts to
3 Developers Finance, subject to existing property taxes.

4 Specialty agrees that it shall be responsible for real property taxes on property
5 returned to Specialty. Specialty agrees that it shall be responsible for administrative Cure
6 Payments and post-Effective Date monthly payments with respect to executory contracts
7 concerning equipment or buildings related to the Golf Course Operations that are assumed
8 by the Debtor and assigned to Specialty. The Villas Homeowner Association ("VOA") will be
9 given the opportunity to negotiate, pay Cure Payments related to, and take over, the
10 executory contracts related to operation of the VOA. Debtor shall be responsible for payment
11 of other administrative expenses and shall do so with additional financing from one of its
12 existing secured creditors, Seven Canyons Recap, LLC ("**Recap**") in the total amount of up to
13 \$1,900,000. Such financing shall hereafter be referred as the "**Additional Advance**". In
14 addition, Recap shall arrange to satisfy the obligation owed to 7C Clubhouse Lender, LLC
15 ("**7C Clubhouse**") and the debt owed by the Debtor and which shall be paid by the
16 Reorganized Debtor to Recap shall be increased by the amount of the debt owed to 7C
17 Clubhouse actually satisfied by Recap.

18 Among other expenses, the Additional Advance shall fund administrative expenses as
19 provided in the Plan and shall fund up to \$250,000.00 for refurbishment of the Villa Spa Units.
20 The Additional Advance terms are further defined in the Plan to mean the financing provided
21 by Recap and/or 7C Clubhouse in the amount of \$1,550,000, plus Professional Fees and
22 costs which accrue, to be funded, in multiple court approved installments, on or before the
23 Effective Date to Debtors in order to pay administrative expenses, operating expenses, and
24 other distributions to be made by Debtors' under the Plan. The Additional Advance may be
25 advanced by Recap under existing loan documents, or may be documented by new notes
26 secured by a lien upon the Parcel A Villa Fractional Intervals in a position behind the existing
27 liens. The Additional Advance shall bear interest at the rate of twelve (12) percent per

1 annum. No interest shall be payable for eighteen months after the Effective Date.
2 Thereafter, interest shall be paid quarterly in arrears by Reorganized Debtor. The Additional
3 Advance shall Mature 3 years from the Effective Date if not sooner paid.

4 All real property and personal property related to the Golf Course Operations will be
5 turned over to Specialty in satisfaction of Specialty's mortgage liens therein. Specialty has
6 agreed to issue new golf club memberships to existing club members who are or who
7 become current on their dues on substantially similar terms as more particularly described in
8 Section VIII the Plan and Section IX below.

9 Specialty, Specialty Mortgage and 7C Clubhouse shall release all claims between
10 them and Adversary 11-01439 shall be dismissed with prejudice. As a part of such
11 settlement of the Adversary proceeding, 7C Clubhouse agrees to release its lien on Tract K,
12 and agrees that Debtors may deed Tract K to Specialty. Specialty Mortgage and Debtors
13 have agreed that any and all issues between the Debtors (and any entities currently
14 controlled by Debtors), and the VOA, and all risks related to such issues, shall be resolved
15 and treated as set forth in the Plan.

16 **VI. TREATMENT OF UNCLASSIFIED CLAIMS.**

17 Section 1123(a)(1) of the Bankruptcy Code identifies certain Claims that are not
18 subject to separate classification and, as a result, are not claims entitled to vote on Chapter
19 11 plans. Instead, permissible treatment of Unclassified Claims is specified in §1129(a) of
20 the Bankruptcy Code. This Section IV identifies Unclassified Claims and describes their
21 treatment under the Plan.

22 **A. Administrative Claims.**

23 Except as otherwise specified in this section with regard to particular Allowed
24 Administrative Claims, or otherwise stated in the Plan, a holder of an Allowed Administrative
25 Claim shall be paid the Allowed Amount of such Claim, in cash, on the later of (i) the Effective
26 Date, (ii) the date on which the Claim becomes Allowed, or (iii) the date upon which such
27

1 obligation becomes due in accordance with its terms, including the terms of any agreement
2 entered into after the Petition Date.

3
4 **B. Cure Payments and Executory Contracts.**

5 Specialty may negotiate with creditors owed the Allowed Amount of Cure Payments for
6 executory contracts related to the Golf Course Operations that are assumed by the Debtors
7 and assigned to Specialty at Specialty's request. VOA may negotiate with creditors owed the
8 Allowed Amount of Cure Payments for any executory contracts regarding property used by
9 VOA in its operations that are assumed and assigned to the VOA. The Allowed Amount of
10 the applicable Cure Amounts for assumed and assigned executory contracts shall be paid as
11 soon as practicable after the Effective Date except as otherwise agreed with the Person
12 entitled to such Cure Payments. The Plan provides for the following treatment of identified
13 executory contracts. Except as listed below or identified by the Proponents prior to the Plan
14 confirmation, all executory contracts and leases will be rejected by the Debtors.

15
16 **1. Williams Scotsman**

17 There is an agreement between the Debtors and Williams Scotsman (the "**Williams**
18 **Scotsman Stipulation**" filed with the Court at Docket No. 652), pursuant to which Williams
19 Scotsman and the Debtors had agreed to the following treatment of the Williams Scotsman's
20 Claims arising from the Housekeeping Intervals No. 1 Agreement and the Housekeeping
21 Intervals No. [2] Agreement (collectively, the "Housekeeping Intervals Agreements")
22 (regarding the three modular buildings that comprise the VOA Operations facilities), and the
23 Clubhouse Intervals Agreement (regarding the four modular buildings that comprise the
24 Clubhouse). The obligations of the Debtors under the Williams Scotsman Stipulation will be
25 satisfied as follows:

26
27 Within three (3) business days of the Effective Date, Specialty will pay the sum of
28 \$66,000, plus applicable sales tax, to Williams Scotsman in exchange for full title to the

1 Clubhouse Intervals. None of the monthly payments made by the Debtors prior to the
2 Effective Date will be credited to this purchase price.

3 On the Effective Date, unless otherwise agreed with the VOA that the VOA will accept
4 an assignment and pay the Cure Payment, the Debtors will reject the Housekeeping Intervals
5 Leases and will turn possession of the Housekeeping Intervals over to Williams Scotsman.
6 Any unpaid rent due and owing to Williams Scotsman as of the date of the agreement
7 between the parties shall be deemed to be satisfied and paid in full upon the payment by the
8 Debtors to Williams Scotsman of the sum of \$19,129.15 either (a) on the Effective Date of the
9 Plan or (b) in equal monthly payments totaling such amount between the Effective Date of the
10 Plan and no later than December 31, 2013, in the Reorganized Debtor's sole discretion.

11 **2. GECC**

12 There is an agreement between the Debtors and GECC, under which such parties
13 agreed to modify existing leases and specify the treatment of GECC's claims arising from the
14 leases between the parties (collectively as modified below, the "GECC Leases"). Such
15 agreement had been memorialized in a stipulation filed with the Court (the "GECC/CP
16 Stipulation") at Docket Number 455. With respect to the GECC Leases for equipment related
17 to Golf Course Operations, in full satisfaction of all contractual obligations and liabilities of
18 SDP under such leases, SDP will assume and assign certain executory contracts and leases
19 modified by the GECC/CP Stipulation and reject all other executory contracts and leases as
20 identified below. There is one executory contract regarding VOA operating equipment. With
21 respect to that contract, subject to negotiations between VOA and GECC with respect to such
22 VOA related equipment, in full satisfaction of all contractual obligations and post-petition
23 liabilities of SDP under the leases, SDP will assume, partially assume, modify and/or reject
24 the leases, then assign such leases to VOA. Otherwise the lease re VOA equipment will be
25 rejected. Subject to further agreement between the affected parties, any Allowed Cure
26 payments owed to GECC shall be paid by the assignee of the related executory contract over
27
28

1 36 or 24 months, as stated below, from the date of approval of the Stipulation. The terms of
2 the GECC Leases are currently as follows as set forth in the GECC/CP Stipulation:

- 3
- 4 1) Lease 4434008-001 (golf course maintenance equipment): This Lease shall be
5 assumed and assigned to Specialty as modified by the GECC/CP Stipulation to
6 include only those items listed on exhibit A attached to the GECC/CP Stipulation.
7 The balance of the items originally covered by this lease will be returned to GECC in
8 "as is" condition. The modified lease shall be for a 36 month term, beginning on the
9 modification date (as set forth in the GECC/CP Stipulation), at a base lease rate of
10 \$14,000 per month, provided that \$7,250 of such amount shall be payable monthly
11 during the remaining term of the SDP bankruptcy and the remaining monthly
12 obligation of \$6,750 shall accrue and be payable in full on the Effective Date. In
13 addition to the base lease rate of \$14,000 per month, Specialty will pay the
14 applicable taxes to GECC under this lease. After the Effective Date of the Plan, the
15 full lease rate shall be payable monthly and such amount will continue to be payable
16 until the end of the modified lease term, with a \$1 buyout option by Specialty at the
17 end of the term.
- 18 2) Lease 4495535-001 (kitchen equipment re Clubhouse): This Lease shall be
19 assumed and assigned to Specialty as modified by the GECC/CP Stipulation to
20 provide for a 36 month term, beginning on the modification date (as set forth in the
21 GECC/CP Stipulation), at a base lease rate of \$950 per month, with a \$1 buyout
22 option by Specialty at the end of the term. In addition to the base lease rate,
23 Specialty will pay the applicable taxes to GECC under this lease.
- 24 3) Lease 4496396-001 (VOA carts): This Lease shall be assumed and assigned to the
25 VOA as modified by the GECC/CP Stipulation to provide for a 24 month term,
26 beginning on the modification date (as set forth in the GECC/CP Stipulation), at a
27 lease rate of \$1,425 per month, with a \$1 buyout option by VOA at the end of the
28 term. In addition to the base lease rate, VOA will pay the applicable taxes to GECC
under this lease.
- 4) Lease 4444789-001 (fitness equipment): This Lease shall be assumed and
assigned to Specialty as modified by the GECC/CP Stipulation to provide for a 24
month term, beginning on the modification date, at a lease rate of \$1,250 per month
commencing on the modification date, with a \$1 buyout option by Specialty at the
end of the term. In addition to the base lease rate, Specialty will pay the applicable
taxes to GECC under this lease.
- 5) Debtors have previously rejected leases 4261256-002, 4261256-001, 4261256-000,
4261256-004, 4476501-001, 4317615-001, and turned over the leased equipment to
GECC.

1 **3. Colonial Pacific**

2 In full satisfaction of all contractual obligations and liabilities of SDP under the leases,
3 SDP will assume and assign certain leases modified by the GECC/CP Stipulation and reject
4 all other leases as follows:

- 5 1) Lease 5424365 (golf carts): Modify the lease to provide for a 24 month term,
6 beginning on the modification date (as set forth in the GECC/CP Stipulation), at a
7 lease rate of \$3,750 per month commencing on the modification date, with a \$1
8 buyout option by Specialty at the end of the term. In addition to the base lease rate,
9 Specialty will pay the applicable taxes to GECC/Colonial Pacific under this lease.
- 10 2) Reject leases 5424362-001, 5424363-001, 5424364-001 and turnover the leased
11 equipment to Colonial Pacific.
- 12 3) The post petition liabilities of SDP with respect to the rejected leases, as set forth in
13 the Stipulation in the amount of \$313,879, or an amount to be determined and
14 agreed upon by the parties, shall be allowed as a general administrative claim to be
15 paid pursuant to a further agreement by SDP and Colonial Pacific.

16 **4. Sprung Lease**

17 The Sprung lease is a month to month lease for the Cart Barn for \$1045.45 per
18 month, and will be assumed and assigned, as is and where is, to Specialty. There is no Cure
19 Payment owed to Sprunger. There is a \$21,955 purchase option presently exercisable.

20 **C. Professional Fees.**

21 Debtor shall pay Allowed Professional Fees on the later of: (i) the Effective Date; (ii)
22 when such Claims are Allowed, or (iii) when agreed upon by such Professional.

23 **D. Operating Expenses.**

24 Debtor shall pay ordinary course expenses of operating during these proceedings,
25 including trade payables and lease payments, on the Effective Date or when due in
26 accordance with their terms.

27 **E. U.S. Trustees' Fees.**

28 Debtor shall pay U.S. Trustee's Fees when due.

1 **B. Class 2: Secured Claims.**

2 **1. Class 2-A- Allowed Secured Claims of Recap.**

3 This Class consists of the Allowed Secured Claim of Recap secured by a first position
4 lien in Debtors' Villa Fractional Intervals in Parcels A. According to the Debtors' Schedules,
5 the amount of Seven Canyons Recap's secured claim as of the Petition Date was
6 \$2,171,448.19. In addition, Recap has loaned the estate \$289,000 to date, and owes
7 another approximately \$11,000 on court approved DIP financing. Further, Recap has
8 committed to funding the Additional Advance herein. Provided that Recap funds the balance
9 of approved DIP financing and fully satisfies the aggregate amount of the debt owed to 7-C
10 Clubhouse, the Reorganized Debtor shall pay:

11 (1) the aggregate amount of the prepetition debt due and owing to Recap, the
12 aggregate amount of the debt due and owing to 7-C Clubhouse actually satisfied by Recap
13 and the aggregate amount of the DIP Financing in the following manner:

14 (a) Interest at the Secured Claims Rate;

15 (b) Interest shall accrue but not be paid for eighteen months;

16 (c) Regular equal payments of principal and all accrued and accruing interest shall
17 commence on the first day of the first month following the eighteen month anniversary of the
18 Effective Date and shall continue for the next thirty months until paid in full;

19 (d) A final payment of all remaining principal and interest on the fifth year anniversary
20 of the Effective Date;

21 (2) the aggregate amount of the Additional Advance in the following manner:

22 (a) Interest at the rate of 12% *per annum*;

23 (b) Interest shall accrue but not be paid for eighteen months;

24 (c) Regular equal payments of principal and all accrued and accruing interest shall
25 commence on the first day of the first month following the eighteen month anniversary of the
26 Effective Date and shall continue for the next eighteen months until paid in full;

27 (d) A final payment of all remaining principal and interest on the third year anniversary
28

1 of the Effective Date.

2 Recap agrees such treatment shall be in full satisfaction of the Recap claims and liens.

3 **Class 2-A is impaired and is entitled to vote on the Plan.**

4 **2. Class 2-B- Allowed Secured Claims of Developer**
5 **Finance.**

6 This Class consists of the Allowed Secured Claims of Developers Finance secured by
7 first and second position liens in the Range House and Driving Range on Tract D and the
8 Tennis Courts on Tract C. According to Developers Finance, the total amount of its claims as
9 of the Petition Date was approximately \$5,054,386. The collateral of Developers Finance
10 shall be divided. The Driving Range (approximately 6 acres of Tract D) shall be sold to
11 Specialty free and clear of all liens, claims and encumbrances pursuant to Bankruptcy Code
12 Sections 363 and 1129(b)(2)(A)(ii) for the purchase price of \$400,000 plus the amount of the
13 Allowed Tax Claims on Tract D (the "**Driving Range Purchase Price**"). The Driving Range
14 Purchase Price shall be paid to Developers Finance in full satisfaction of Developers
15 Finance's lien in the Driving Range provided that the Allowed Tax Claim may be paid directly
16 to the applicable governmental entity. The remaining portion of Tract D (hereafter referred to
17 as the "**Range House**") shall be turned over to Developers Finance free and clear of all liens,
18 claims and encumbrances, subject to an option, to be exercised on or before the Effective
19 Date, granted to Specialty to lease the Range House for a period up to two years on
20 customary "triple net" terms plus a net monthly lease payment of \$2000, plus any applicable
21 rental taxes. Developers Finance shall obtain a re-platting of Tract D to separate the Driving
22 Range from the Range House. The Proponents and Developers Finance otherwise agree to
23 cooperate regarding the lot split, and re-platting approval for a single family residence on
24 Tract C (Tennis Courts), access for the Range House property through the residential area
25 known as Solitude, and any other related easement issues provided that there is no adverse
26 impact to the existing entitlements of Parcels B and C. The Court's confirmation order shall
27 include a finding that all parties to the Debtors' cases consent to such lot split and re-platting

1 approval, access for the Range House through Solitude, and other easement issues.
2 Debtors shall return Tract C (Tennis Courts) to Developers Finance. Similarly, the Court's
3 confirmation order shall contain a finding that all parties to the Debtors cases consent to such
4 re-platting of Tract C and to reasonable access for the lots. Specialty agrees that the
5 Developers Finance residential lots may acquire a total of two New Club Memberships by
6 commencing payment of monthly dues for both memberships on the Effective Date. If
7 Developers Finance does not timely pay dues, memberships may be acquired for \$7500
8 each for up to three years from the Effective Date, and \$10,000 each for up to four years from
9 the Effective Date. Thereafter, regular terms of membership shall apply. Developers
10 Finance agrees that the treatment set forth herein shall be in full satisfaction of any and all
11 Claims and liens. This Court shall retain jurisdiction to determine any disputes related to the
12 foregoing.

13 **Class 2-B is impaired and is entitled to vote on the Plan.**

14 **3. Class 2-C- Allowed Secured Claims of 7C**
15 **Clubhouse.**

16 This Class consists of the Allowed Secured Claim of 7C Clubhouse secured by a first
17 position lien on Tract K, and a second position lien in Parcel A in the Debtors' unsold Villa
18 Fractional Intervals. Specialty disputes the validity of such liens and reserves rights pending
19 Confirmation of the Plan. According to the Debtors' Schedules, the amount of 7C Clubhouse
20 Lenders' claim as of the Petition Date was approximately \$5,600,000.

21 Recap has agreed to satisfy the claim of 7C Clubhouse in addition to the amount of
22 the Additional Advance.

23 Except obligations created or related to carrying out the Plan, Specialty and 7C
24 Clubhouse have agreed to and shall release any and all claims, rights, causes of action,
25 debts or liabilities, known or unknown, between them. Adversary No. 11-01439 shall be
26 dismissed with prejudice. As a part of such settlement of the Adversary Proceeding, 7C
27 Clubhouse agrees to release any claim and lien in Tract K, and Debtors shall deed Tract K to

1 Specialty pursuant to the treatment of Class 2-D below. At such time as the Confirmation
2 Order becomes a Final Order and the Effective Date has occurred, these releases and
3 transfers shall be deemed to have been effectuated even if no further document relating to
4 such releases or transfers is executed, recorded or filed by the releaser or transferor..

5 7C Clubhouse agrees that such treatment shall be in full satisfaction of any and all
6 claims and liens.

7 **Class 2-C is impaired and is entitled to vote on the Plan.**

8 **4. Class 2-D – Allowed Secured Claims of Specialty**

9 These Classes consists of the various Allowed Secured Claims of Specialty. On the
10 Effective Date, Debtors shall transfer to the Specialty loan participants, as tenants in common
11 in proportion to their percentage interests in the Specialty Secured Claims, the following
12 property subject to the Master Loan Participation and Servicing Agreement between them:

13 1) Tract L (Golf Course—legal includes access through Parcels A & D).

14 2) Tract M, (the Golf Course Maintenance Facility).

15 3) Tract N (the Waste Water Treatment Plant).

16 3) Tract O, (Well Site #2).

17 4) Tract P, (Well Site #3).

18 5) The stock of both the Seven Canyons Water Treatment Company and the
19 Seven Canyons Water Company. Cavan Entities have no claims against, and/or shall be
20 deemed to have no claims against either the Seven Canyons Water Treatment Company or
21 the Seven Canyons Water Company as of the Effective Date. Debtors' transfer of control of
22 the Seven Canyons Water Treatment Company or the Seven Canyons Water Company does
23 not waive or change any rights of any party, including Debtors and Reorganized Debtor, to
24 obtain water related services, and the legal requirements under all applicable legal authorities
25 for the proper ownership and operation of such services are still applicable.

1 (ii) any and all Cure Payments or other Allowed Administrative Claims
2 related solely to the Golf Course Operations.

3 Turnover of Specialty Property to the Specialty Loan Participants shall be in full
4 satisfaction of any and all Claims and liens of Class 2-D.

5 Reorganized Debtor shall retain Parcel A and the unsold Villa Interval Units and all
6 Claims and liens of Specialty Mortgage and Specialty shall be deemed satisfied and released
7 upon Parcel A and the Villas Interval Units on the Effective Date. The Proponents and
8 Specialty shall cooperate to execute any documentation necessary to effectuate this Plan.

9 **Classes 2-D (1-6) are impaired and is entitled to vote on the Plan.**

10 **5. Class 2-E – Allowed Secured Claim of Yavapai**
11 **County.**

12 All property turned over to creditors shall be subject to the Allowed Secured Tax
13 Claims of Yavapai County. Specialty accepts return of its collateral subject to any secured
14 property taxes. Specialty agrees to pay the property taxes on Tract D within three business
15 days after the Effective Date.

16 **Class 2-E is impaired and is entitled to vote on the Plan.**

17 **6. Class 2-F – Allowed Secured Claim of VOA.**

18 This Class consists of the Secured Claim of the VOA allegedly secured by a statutory
19 lien on the Debtors' Parcel A Villa Interval Units.

20 The holders of the Class 2-F Claim shall be entitled to receive the following in full
21 satisfaction of such Class 2-F Claim:

22 a. SDP will deed the "Arrivals Building", and assign the lease for the VOA
23 Operations facilities (subject to VOA agreement), and all related furniture, fixtures and
24 equipment, except all computer equipment, to the VOA (valued at \$200,000);

25 b. The Club will credit VOA for \$525,088 the amount due and owing to the
26 Club by VOA as of October 31, 2012, and VOA shall be deemed to release any and all pre-
27 Effective Date claims against The Seven Canyons Road Association;

1 c. Reorganized Debtor will pay the real property taxes related to Debtors'
2 Parcel A Villa Interval Units through December 2012 in the amount of approximately
3 \$167,305;

4 d. VOA will be permitted to continue to site its Arrivals and Operations
5 facilities (if VOA negotiates retention from William Scotsman) on Parcel B for at least two
6 years from the Effective Date subject to a written agreement to be entered into between
7 Specialty and the VOA prior to Confirmation;

8 e. After the two years, or such period as agreed by Specialty and the VOA,
9 Specialty agrees that VOA may locate its "Arrivals" and "Operations" facilities on Tract K on
10 terms agreeable to both of such parties.

11 f. The VOA will be entitled to manage and control the Member's Guest
12 Program (discussed at Section IX (F) below) for Villas Units and retain the income. Guests of
13 Specialty shall be entitled to use of one (1) of Debtors' Villa Interval Units, subject to
14 availability, during the first two years after the Effective Date, free of charge except for the
15 cleaning fee charged to other members of the VOA.

16 g. Debtors will agree to transfer the Debtors larger phone system to the
17 VOA in exchange for VOA's purchase of a smaller phone system for Debtors/Reorganized
18 Debtor's operations. (In process at present.)

19 h. Except for amounts credited in (b) above, VOA shall continue to assess,
20 collect and pay to Specialty all membership dues owed Seven Canyons Club by the VOA.
21 The VOA shall not have any claims against Seven Canyons Water Treatment Company, the
22 Seven Canyons Water Company, and the Road Association. Likewise those entities shall not
23 have any claims against the VOA for any assessments owed prior to the Effective Date.

24 **Class 2-F is impaired and is entitled to vote on the Plan.**

25 **C. Class 3 Allowed Unsecured Claims.**

1 d. At the time that Specialty sells all intervals on Parcels B and C, or earlier
2 at Specialty's discretion, all then current Seven Canyon Club Members (including the Old
3 Club Members that execute New Club Membership Agreements) may form an equity held
4 golf club which shall have at least a ninety (90) day right of first refusal to purchase the Golf
5 Course, Driving Range, and Tract K (Clubhouse and related property) from Specialty at
6 market price.

7 **Class 3-A is impaired and is entitled to vote on the Plan.**

8 **2. Class 3-B: Allowed General Unsecured Claims.**

9 Class 3B consists of the Allowed Unsecured Claims asserted by all remaining
10 creditors of both SDP and the Club, unless otherwise separately treated herein.

11 The Allowed Unsecured Claims in this Class will share, pro-rata, in a distribution of the
12 sum of \$100,000 in cash (the "**Unsecured Distribution Amount**") paid by the Reorganized
13 Debtor from the Additional Advance proceeds, on the 120th day following the Effective Date
14 of the Plan. Upon their receipt of their respective pro rata portions of the Unsecured
15 Distribution Amount, all Allowed Unsecured and Undersecured Claims in this Class shall be
16 deemed paid and discharged in full. This class shall include, among other Allowed
17 Unsecured Claims, Allowed Claims of "Preview Villa Unit" or "Spa Unit" interval owners that
18 may result from the court's ruling discussed herein at Section III(K) herein.

19 The membership deposit claims are, and shall be, claims against The Club, and no
20 other person or entity. Old Club Members shall be deemed to have elected the equivalent of
21 Section 11 U.S.C. § 1111(b) with respect to such deposit claims, such claims shall be non-
22 refundable except to the extent of any distribution received under this Plan, and such
23 members may deem such lost deposits as a capital investment loss.

24 **Class 3-B is impaired and is entitled to vote on the Plan.**

1 **3. Class 3-C: Allowed Unsecured Claims of the**
2 **Road Association**

3 Class 3-C consists of the Allowed Unsecured Claims of The Seven Canyons Road
4 Association. According to the Debtors' books and records, and the proofs of claim filed to
5 date, the total aggregate amount of Allowed Unsecured Claims in this Class, for both
6 Debtors, is anticipated to be approximately \$268,306.

7 All pre Effective Date claims asserted by the Roads Association are released. From
8 the Effective Date, the Roads Association will be controlled by Specialty. Any claims against
9 The Seven Canyons Roads Association are correspondingly released and no claims that
10 existed, or could exist, prior to the Effective Date may be asserted against the Roads
11 Association.

11 **Class 3-C is impaired and is entitled to vote on the Plan.**

12 **4. Class 3-D: Allowed Unsecured Claims of Cavan**
13 **Related Entities**

14 Class 3-D consists of the Allowed Unsecured Claims of Cavan Related Entities
15 According to the Debtors' books and records, and the proofs of claim filed to date, the total
16 aggregate amount of Allowed Unsecured Claims in this Class is anticipated to be over
17 \$36,000,000.

18 There is no proposed distribution to this Class. **Class 3-D is impaired and is entitled**
19 **to vote on the Plan.**

20 **5. Class 3-E: Intercompany Claims by SDP and the**
21 **Club.**

22 Class 3-E consists of the Intercompany Claims by SDP and the Club against each
23 other. The Intercompany Claims of SDP and the Club in this Class will be deemed waived
24 and released as against each other, and neither Debtor will recover anything from the other
25 on account of such Intercompany Claims.

25 **Class 3-E is impaired and is entitled to vote on the Plan.**

1 Specialty may open the Golf Course to public play to maintain the standards of the Golf
2 Course.

3
4 **D. Sale of Villa Intervals.**

5 The Reorganized Debtor will market and sell Villa Fractional Intervals on Parcel A in a
6 joint marketing effort, on reasonable terms and conditions. Specialty shall cooperate in a
7 commercially reasonable manner at no cost to Specialty. Proceeds from the sale of the
8 Reorganized Debtor's Villa Intervals shall be distributed as follows:

9 1. First, to pay commissions, closing costs and accrued association dues on the
10 unit being sold.

11 2. Twenty five percent (25%) of the remaining proceeds shall be paid to
12 Reorganized Debtor.

13 3. Seventy Five percent (75%) of the remaining proceeds shall be paid to Recap.
14 Such proceeds shall be applied, *pari passu*, to pay the Additional Advance and the aggregate
15 amount of the Recap Class 2(A) Claim, as set forth above, with interest, as provided herein.

16 4. The balance of the proceeds thereafter shall be distributed to the Reorganized
17 Debtor.

18 **E. Disbursing Agent**

19 Reorganized Debtor shall act as the Disbursing Agent under the Plan. Avion agrees to
20 remain in control of Reorganized Debtor for at least 90 days after the Effective Date.

21 **F. Members Villas Guest Program**

22 Such program will be operated by the VOA, and will permit the Villa Owners
23 and Reorganized Debtor's Parcel A Villas Interval Units to place excess weeks in Villas units
24 into a space available pool available to only Villa owners', New Club Members', and
25 Reorganized Debtor's guests, or Special Guests (to be defined by agreement with the VOA).
26 The Guests shall pay the pro-rata share of the Villa owner's dues and said payment will be
27

1 credited to the Villa owner's account. Any charges for un-owned weeks provided to guests
2 will be credited to VOA revenues.

3 For Reorganized Debtor units only, the VOA will charge 1) an appropriate
4 amount to service such units, and 2) charge a fee on a weekly basis in order to provide
5 income which would offset Reorganized Debtor's VOA dues payable. The fee charged must
6 be the pro rata share of Reorganized Debtor's VOA dues payable for the period of stay.

7 **G. Plan Implementation**

8 Pursuant to 11 U.S.C. § 1142 and the terms of the Confirmation Order, the court shall
9 order the parties, and any other necessary party, to exercise, deliver or document the
10 provisions of the Plan as confirmed by this Court. The implementation of the Plan shall be
11 exempt from the imposition of any and all transfer, transaction or sales taxes of any manner
12 whatsoever. In addition, treatment set forth in this Plan shall be deemed payment in full of all
13 claims and no party or entity may assert any claims against any party, equity holder, or
14 affiliate thereof, which is contrary to such treatment.

15 In the event any entity which possesses an Allowed Secured Claim or any other lien in
16 any of the Debtor's property for which the Plan requires the execution of any documents to
17 incorporate the terms of the Plan, fails to provide a release of its lien or execute the
18 necessary documents to satisfy the requirements of the Plan, a Proponent may record a copy
19 of this Plan or the Confirmation Order with the appropriate governmental agency and such
20 recordation shall be deemed to constitute the satisfaction and lien release, and creation of
21 any necessary new liens to satisfy the terms of the Plan. If the Debtor deems advisable, it
22 may obtain a further Order from the Court that may be recorded in order to implement the
23 terms of the Plan.

1 (iii) All Old Club Members who become current on their dues on or
2 before ninety (90) days after the Effective Date shall be entitled to a New Seven
3 Canyon Club Membership without the payment of any initiation fee upon
4 execution of a New Club Membership Agreement.

5 (iv) Seven Canyons Club Membership initiation and dues shall be as
6 follows with Specialty reserving the right to revise the monthly dues to adjust to
7 market conditions:

8 (a) Full Membership: \$40,000 initiation fee, \$700 per month, and
9 minimum food and beverage tab of \$2000
10 annually.

11 (b) Fractional Membership: Graduated initiation fee as set forth
12 below, \$300 per month, and minimum
13 food and beverage tab of \$600
14 annually.

15 (c) Social Membership: \$10,000 initiation fee, \$300 per month
16 dues, and minimum food and beverage
17 tab of \$600 annually. These members
18 will not have golf privileges and will
19 restricted from receiving guest passes.

20 (d) Affiliated Club Membership: \$5,000 initiation fee, \$300 per
21 month dues and no food and
22 beverage minimum.

23 (v) Unsold fractional interests on Parcel A will not incur membership
24 dues until such fractional interest is sold. Unsold fractional interests will have an
25 initiation fee based upon the year the fractional interest is sold as follows: (i)
26 \$5,000 within the eighteen months after the Effective Date; (ii) \$10,000 during the
27 first year after expiration of (i); (iii) \$15,000 during the second year after
28 expiration of (i); (iv) \$20,000 during the third year after expiration of (i), and (v) a
rate to be determined in Specialty's discretion after all of such periods have
expired.

1 (vi) Fractional members shall have the same golf privileges as currently
2 set forth in the VOA membership agreement. Membership and dues will be
3 required as part of the VOA and will be collected and remitted to Specialty by the
4 VOA. The VOA and Specialty shall execute such documents as may be
5 appropriate to effectuate the terms of this Plan.

6 (vii) Guests of Seven Canyons New Club Members who are in
7 residence and play with the Member, may play at Seven Canyons Golf Course
8 for a price of \$75 per person per round of golf plus other fees (e.g. cart fee).
9 Guests of Seven Canyons New Club Members who are not in residence at the
10 time of the guest's play (including any guests pursuant to the program described
11 in Section IX(F), may play at Seven Canyons Golf Course for a price of \$175 per
12 person per round of golf, plus other fees (e.g. cart fee). Guests will only be
13 allowed for Seven Canyons New Club Members who are current on all dues
14 owed.

15 (viii) New Club Members, except Fractional Members, will be allowed to
16 sell their memberships based on the existing waiting list (a "**Waiting List**
17 **Membership**"). Only New Club Members who remain current on dues will be
18 allowed to join and remain on the waiting list. Third parties may not be used to
19 sell Club Memberships. Seven Canyons intellectual property, including
20 trademarks, may not be used without the expressed written consent of Specialty;
21 however, both Reorganized Debtor and the VOA shall have licenses to use the
22 intellectual property, trademarks, and trade names on approved marketing
23 material with approval not unreasonably withheld by Specialty. The sale of
24 Specialty memberships and New Club Member waiting list memberships will be
25 conducted in the following order:

- 26 (a) 7 Specialty golf memberships to 1 Waiting List Membership
27 until Specialty has sold 14 memberships;

- 1 (b) 5 Specialty golf memberships to 1 Waiting List Membership
2 until Specialty has sold an additional 25 memberships;
3 (c) 4 Specialty golf memberships to 1 Waiting List Membership
4 thereafter.

5 If a waiting list member does not approve of the price in which the
6 membership is sold, he may choose to decline the membership sale and move to
7 the back of the waiting list. The Waiting List Membership resale will be subject to
8 a 20% resale fee to Specialty.

9 (ix) Any New Club Member and the VOA who does not timely pay dues
10 (within 60 days of written notice) will accrue interest on the amount payable at
11 the rate of 18% per annum and will have membership privileges suspended until
12 all dues and interest become current. If the VOA defaults upon the payment of
13 dues and does not cure such default within one hundred eighty (180) days of
14 written notice, Specialty may suspend the privileges of all VOA members.
15 Specialty may restrict the use of the Seven Canyon's facilities for any member
16 that fails to pay the annual food and beverage minimum.

17 (x) New fractional members who acquire third party fractional interests
18 will not have to pay an initiation fee so long as the selling fractional owner is
19 current on its membership dues.

20 (xi) Specialty shall have the sole right to market and sell new
21 memberships. Specialty reserves the right to revise membership dues at its sole
22 discretion.

23 **X. EFFECT OF CONFIRMATION**

24 Except as otherwise provided in the Plan or the Confirmation Order, Confirmation acts
25 as a Discharge, effective as of Confirmation, of any and all claims against or debts of the
26 Debtors that arose any time before the entry of the Confirmation Order including, but not
27

1 limited to, all principal and all interest accrued thereon, pursuant to § 1141(d)(1) of the
2 Bankruptcy Code. The Discharge shall be effective as to each Claim, regardless of whether
3 a Proof of Claim thereon was filed, whether the Claim is an Allowed Claim, or whether the
4 Holder thereof votes to accept the Plan.

5 In addition, any pre-confirmation obligations of the Debtor dealt with in this Plan shall
6 be considered New Obligations, and these New Obligations shall not be considered in default
7 unless and until the Reorganized Debtor defaults on the New Obligations pursuant to the
8 terms of the Plan. The New Obligations provided for in the Plan shall be in the place of, and
9 completely substitute for, any pre-Confirmation obligations of the Debtor. Once the Plan is
10 confirmed, the only obligations of the Reorganized Debtor shall be such New Obligations as
11 provided for under the Plan.

12 Finally, as of the Confirmation Date, any party that has held, currently holds, or may a
13 Claim or other debt or liability or an Equity Interest, is permanently enjoined from taking any
14 of the following actions on account of such Claims, debts, liabilities, or Equity Interests: (a)
15 commencing or continuing in any manner any action or other proceeding against any
16 property to be distributed under this Plan; (b) enforcing, attaching, collecting or recovering in
17 any manner any judgment, award, decree, or order against any property to be distributed
18 under this Plan; (c) creating, perfecting, or enforcing any lien or encumbrance against any
19 property to be distributed under this Plan; and (d) commencing or continuing any action, in
20 any manner, in any place, that does not comply with or is inconsistent with the provisions of
21 this Plan or the Bankruptcy Code. Treatment under the Plan is in full satisfaction of all
22 Claims.

23 All claims arising from, or related to, any act or omission of the Plan Proponents or
24 their current and former officers, directors, members, employees, agents, brokers, advisors,
25 members, shareholders, representatives, and professionals, and the affiliates, heirs, assigns
26 and successors of any of the foregoing, after the Petition Date must be brought in, and
27 adjudicated by, the United States Bankruptcy Court for the District of Arizona. Any action

1 brought in any forum that is not in accordance with this paragraph is hereby enjoined, subject
2 to jurisdictional limitations.

3 4 **XI. LIQUIDATION ANALYSIS**

5 If the Plan is not confirmed, and the Debtors' assets were liquidated instead, only the
6 secured creditors would recover anything. In fact, if the Plan is not confirmed, each of the
7 secured creditors would likely foreclose on their respective collateral, and the equipment
8 lessors would recover their equipment. In such a case, because the value of the collateral is
9 less than the amount of the secured creditors' claims, no funds would be available to
10 unsecured creditors. The Debtors' Plan provides a better recovery than such a liquidation.
11 As opposed to recovering nothing in the event of a liquidation, under the Plan, Allowed
12 Unsecured Creditors will share in a pro rata distribution on the Effective Date. Also, under
13 the Plan, secured creditors in a junior position, such as 7C Clubhouse and the VOA, will
14 recover substantial distributions. This treatment will result in a better recovery to the secured
15 creditors than if their collateral were liquidated.

16 Thus, the Plan provides for a better recovery to creditors than a liquidation. [A
17 liquidation analysis is attached as Exhibit 5].

18 **XII. TAX CONSEQUENCES**

19 Pursuant to §1125(a)(1) of the Bankruptcy Code, the Debtors are to provide a
20 discussion of the potential material tax consequences of the Plan to the Debtors, any
21 successor to the Debtors, and a hypothetical investor typical of the holders of claims or
22 interests in the case, that would enable such a hypothetical investor of the relevant Class to
23 make an informed judgment about the Plan. In determining whether the Disclosure
24 Statement provides adequate information, the Court shall consider the complexity of the
25 case, the benefit of additional information to creditors and other parties in interest, and the
26 cost of providing additional information. The following discussion summarizes certain
27 considerations that may affect the anticipated federal income tax consequences of the Plan's
28

1 implementation to Creditors and to the Debtors. It does not address all federal income tax
2 consequences of the Plan nor does it address the state or local income tax or other state or
3 local tax consequences of the Plan's implementation to Creditors or to the Debtors.

4 This description of the federal income tax consequences of implementing the Plan is
5 based on Debtors' interpretation of the applicable provisions of the Internal Revenue Code of
6 1986, as amended (the "IRC"), the regulations promulgated thereunder, and other relevant
7 authority. Debtors' interpretation, however, is not binding on the IRS or any court. The
8 Debtors have not obtained, nor does it intend to obtain, a private letter ruling from the IRS,
9 nor have the Debtors obtained an opinion of counsel with respect to any of these matters.
10 The discussion below is general in nature and is not directed to the specific tax situation of
11 any particular interested taxpayer. For these reasons, all Creditors and the Interest Holder
12 should consult with their own tax advisors as to the tax consequences of implementation of
13 the Plan to them under applicable federal, state, and local tax laws.

14 **A. Tax Consequences to the Debtor**

15 In general, pursuant to IRC Section 108, the amount of any debt of a corporation that
16 is partially or totally discharged pursuant to a Title 11 bankruptcy case is excluded from gross
17 income. According to IRC Section 108(b), the amount of debt discharge income ("DDI") that
18 is excluded from gross income must be applied to reduce the tax attributes of the Debtors.
19 The Debtors' tax attributes are reduced in the following order: (1) net operating losses
20 ("NOLs"); (2) general business credits; (3) minimum tax credit; (4) capital loss carryovers; (5)
21 reduction in tax basis of the Debtors' property; (6) passive activity loss and credit carryovers;
22 and (7) foreign tax credit carryovers. The Debtors may elect to apply the debt discharge
23 exclusion first to depreciable property and thereafter to the tax attributes in the above-
24 prescribed order. In the present case, secured creditors' claims are fully satisfied by the Plan
25 treatment.

1 distribution purposes; (ii) an amount agreed to between the Debtors and the Claimant; or, (iii)
2 that amount set forth as an estimate in the Plan or Disclosure Statement. Notwithstanding
3 anything herein to the contrary, no distributions shall be made on account of any Claim until
4 such Claim is an Allowed Claim.

5
6 **D. Unclaimed Funds and Interest**

7 Distribution to Claimants shall be mailed by the Reorganized Debtor to the Claimants
8 at the address appearing on the master mailing matrix unless the Claimant provides the
9 Reorganized Debtor with an alternative address. For a period of one year from the date that
10 a distribution was to be made by the disbursing agent but has gone uncollected by the
11 Claimant, the disbursing agent shall retain any distributions otherwise distributable hereunder
12 which remain unclaimed or as to which the disbursing agent has not received documents
13 required pursuant to the Plan. Thereafter, the unclaimed funds shall be deposited in the
14 appropriate distribution account for distribution to other Claimants entitled to participate in
15 such respective fund.

16 **XIV. NON-ALLOWANCE OF PENALTIES AND FINES**

17 No distribution shall be made under this Plan on account of, and no Allowed Claim,
18 whether Secured, Unsecured, Administrative, or Priority, shall include any fine, penalty,
19 exemplary or punitive damages, late charges, default interest or other monetary charges
20 relating to or arising from any default or breach by the Debtors, and any Claim on account
21 thereof shall be deemed Disallowed, whether or not an objection was filed to it.

22 **XV. CLOSING OF CASE**

23 Until these cases are officially closed, the Reorganized Debtor will be responsible for
24 filing pre- and post-confirmation reports required by the United States Trustee and paying the
25 quarterly post-confirmation fees of the United States Trustee, in cash, pursuant to 28 U.S.C.
26 § 1930, as amended. Pursuant to 11 U.S.C. § 1129(a)(12), all fees payable under § 1930 of
27

1 Title 28, as determined by the Court at the hearing on confirmation of the Plan, will be paid, in
2 cash, on the Effective Date.

3 4 **XVI. MODIFICATION OF THE PLAN**

5 In addition to its modification rights under § 1127 of the Bankruptcy Code, the
6 Proponents may amend or modify this Plan *at any time* prior to Confirmation without leave of
7 the Court. In addition, while it is the intent of Proponents to confirm this Plan, in the event
8 either Proponent desires to withdraw from this Plan, it may do so. The Proponents may
9 jointly propose amendments and/or modifications of this Plan at any time subsequent to
10 Confirmation with leave of the Court and upon notice to Creditors. After Confirmation of the
11 Plan, the Debtors may, with approval of the Court, as long as it does not materially or
12 adversely affect the interests of Creditors, remedy any defect or omission or reconcile any
13 inconsistencies in the Plan, or in the Confirmation Order, if any may be necessary to carry out
14 the purposes and intent of this Plan.

15 **XVII. JURISDICTION OF THE COURT**

16 The Court will retain jurisdiction until this Plan has been fully consummated for,
17 including but not limited to, the following purposes: The classification of the Claims of any
18 Creditors and the re-examination of any Claims which have been allowed for the purposes of
19 voting, and for the determination of such objections as may be filed to the Creditor's Claims.
20 The failure by the Debtor to object to or examine any Claim for the purpose of voting shall not
21 be deemed to be a waiver of the Debtors' rights to object to or to re-examine the Claim in
22 whole or in part.

- 23 • To determine any Claims which are disputed by the Debtors, whether such
24 objections are filed before or after Confirmation, to estimate any Un-liquidated
25 or Contingent Claims pursuant to 11 U.S.C. § 502(c)(1) upon request of the
26 Debtors or any holder of a Contingent or Un-liquidated Claim, and to make
27 determination on any objection to such Claim.

- 1 • To determine all questions and disputes regarding title to the assets of the
2 Estate, and determination of all causes of action, controversies, disputes or
3 conflicts, whether or not subject to action pending as of the date of
4 Confirmation, between the Debtors and any other party, including but not limited
5 to, any rights of the Debtors to recover assets pursuant to the provisions of the
6 Bankruptcy Code.
- 7 • The correction of any defect, the curing of any omission or any reconciliation of
8 any inconsistencies in this Plan, or the Confirmation Order, as may be
9 necessary to carry out the purposes and intent of this Plan.
- 10 • The modification of this Plan after Confirmation, pursuant to the Bankruptcy
11 Rules and the Bankruptcy Code; provided, however, such modification shall be
12 consented to by each of the Plan Proponents.
- 13 • To enforce and interpret the terms and conditions of this Plan.
- 14 • The entry of an order, including injunctions, necessary to enforce the title, rights
15 and powers of the Debtors, and to impose such limitations, restrictions, terms
16 and conditions of such title, right and power that this Court may deem
17 necessary.
- 18 • The entry of an order concluding and terminating this case.

19 **XVIII. RETENTION AND ENFORCEMENT OF CLAIMS**

20 Pursuant to § 1123(b)(3) of the Bankruptcy Code, the Reorganized Debtor shall retain
21 and may enforce any and all claims of the Debtor, except those claims specifically waived
22 herein. Any retained causes of action include, but are not limited to, all avoidance actions,
23 fraudulent conveyance actions, preference actions, and other claims and causes of action of
24 every kind and nature whatsoever, arising before the Effective Date which have not been
25 resolved or disposed of prior to the Effective Date, whether or not such claims or causes of
26 action are specifically identified in the Disclosure Statement.

1 Any recovery obtained from retained causes of action shall become an additional
2 asset of the Reorganized Debtor, unless otherwise ordered by the Court, and shall be
3 available for distribution in accordance with the terms of this Plan.
4

5 **XIX. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

6 Every executory contract and unexpired lease to which the Debtors (or either of them)
7 are a party that is not specifically assumed by the Debtors shall be rejected by the Debtors.
8 Claims under § 502(g) of the Bankruptcy Code arising as a result of the rejection of executory
9 contracts and/or unexpired lease shall be filed no later than 30 days after the Confirmation
10 Date. Any such Claims not timely filed and served shall be disallowed.

11 **XX. REVESTING**

12 Except as provided for in the Plan or in the Confirmation Order, on the Effective Date
13 the Reorganized Debtor shall be vested with all the property of the Estate that is not directed
14 to be transferred to a creditor as set forth herein, free and clear of all claims, liens, charges,
15 and other interests of Creditors, arising prior to the Effective Date. Upon the Effective Date,
16 the Reorganized Debtor shall operate their business free of any restrictions.

17 **XXI. PROPONENTS' RECOMMENDATION.**

18 The Proponents recommend that all creditors entitled to vote for the Plan do so. The
19 alternatives to confirmation of the Plan would be either foreclosure by all secured creditors in
20 first position, or conversion of this case to a case under Chapter 7 of the Bankruptcy Code.
21 In such a case, Unsecured Creditors will receive nothing on account of their claims.

22 Conversion will result in the appointment of a Chapter 7 trustee and, most likely, the
23 hiring of an attorney by the trustee. Expenses incurred in administering the Chapter 7 case
24 would take priority in the right to payment over allowed, administrative expenses incurred in
25 the Chapter 11 case. Both Chapter 7 and Chapter 11 administrative expenses take priority
26 over the payment of unsecured claims without priority. In other words, conversion would
27 likely decrease the net amount available to pay currently existing creditors.

1 The most likely effect of conversion of the case to a Chapter 7 would be a foreclosure
2 on their respective collateral of the Debtors' property by the secured creditors and the break
3 up of the Seven Canyons development and resort. Further, as a result, Unsecured Creditors
4 would receive nothing.

5 For all these reasons, the Proponents urge you to vote to accept the Plan and to return
6 your ballots in time to be counted.

7 DATED: December 18, 2012.

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1 December 18, 2012, to:

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By: /s/ Anne Finch

Exhibit 1

to

Disclosure Statement to Accompany Joint Plan of Reorganization Filed by Debtors and Specialty Mortgage Corp. Dated January 18, 2013

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17 **IN THE UNITED STATES BANKRUPTCY COURT**
18 **FOR THE DISTRICT OF ARIZONA**

19 In re
20 SEDONA DEVELOPMENT PARTNERS,
21 LLC; THE CLUB AT SEVEN CANYONS,
22 LLC,
23 Debtors.

Chapter 11 Proceedings
Case No. 2:10-bk-16711-RTBP
Case No. 2:10-bk-16714-RTBP
Joint Administration Under
Case No. 2:10-bk-16711-RTBP

24 **JOINT PLAN OF REORGANIZATION**
25 **Filed by Debtors and Specialty Mortgage Corp.**
26 **Dated January 18, 2013**
27
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TABLE OF CONTENTS

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.	SUMMARY OF THE PLAN	1
II.	DEFINED TERMS IN PLAN.	3
A.	DEFINED TERMS.....	3
	1. Additional Advance	
	Administrative Claim.....	3
	2. Affiliate.....	4
	3. Allowed.....	4
	4. Allowed Amount.....	4
	5. Assumed Lease or Assumed Contract.....	4
	6. Avoidance Action.....	4
	7. Bankruptcy Code.....	4
	8. Bankruptcy Court.....	5
	9. Bankruptcy Estate.....	5
	10. Bankruptcy Rules.....	5
	11. Cavan Related Entities.....	5
	12. Chapter 11 Case.....	5
	13. Claim.....	5
	14. Class.....	5
	15. Confirmation.....	6
	16. Confirmation Date.....	6
	17. Confirmation Hearing.....	6
	18. Confirmation Order.....	6
	19. Creditors' Committee.....	6
	20. Cure Payment.....	6
	21. Debtors.....	6
	22. Deposit Secured Claim.....	7
	23. Disbursing Agent.....	7
	24. Disclosure Statement.....	7
	25. Effective Date.....	7
	26. Final Order.....	7
	27. General Claim.....	8
	28. Golf Course.....	8
	29. Golf Course Operations.....	8
	30. Insider.....	8
	31. Inter-Company Claim.....	8
	32. Interest.....	8
	33. New Club Members.....	8
	34. New Club Membership.....	9
	35. Error! Bookmark not defined.	
	36. Old Club Members.....	9
	37. Old Club Membership.....	9
	38. Payment Commencement Date.....	9
	39. Person.....	9

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

40.	Petition Date.....	10
41.	Plan.....	10
42.	Post-Confirmation Fees.....	10
43.	Priority Claim.....	10
44.	<i>Pro Rata</i>	10
45.	Professional.....	10
46.	Professional Fee Claim.....	11
47.	Property.....	11
48.	Proponents.....	11
49.	Reorganized Debtor.....	11
50.	Secured Claim.....	11
51.	Secured Claim Rate.....	11
52.	Secured Tax Claim.....	12
53.	Seven Canyons Club.....	12
54.	Specialty.....	12
55.	Specialty Mortgage Loan Participant.....	12
56.	Tax Claim.....	12
57.	Tax Claim Rate.....	12
58.	Unclassified Claim.....	13
59.	Unsecured Claim.....	13
60.	US Trustee.....	13
61.	US Trustee Fees.....	13
62.	VOA.....	13
63.	Wage Priority Claim.....	13
B.	TERMS USED IN BANKRUPTCY CODE.....	13
III.	UNCLASSIFIED CLAIMS.....	14
A.	ADMINISTRATIVE CLAIMS.....	14
1.	General Provisions.....	14
2.	Cure Payments and Executory Contracts.....	14
a.	Williams Scotsman.....	15
b.	GECC.....	15
c.	Colonial Pacific.....	17
d.	Sprung Lease.....	18
3.	Professional Fees.....	18
4.	Operating Expenses.....	18
5.	U.S. Trustees' Fees.....	18
6.	Tax Claims.....	18
7.	Administrative Property Tax Claims.....	18
IV.	CLASSIFICATION OF CLAIMS AND INTERESTS.....	19
A.	CLASS 1: PRIORITY CLAIMS.....	19
1.	Class 1-A. Wage Priority Claims.....	19
B.	CLASS 2: SECURED CLAIMS.....	19
1.	Class 2-A.....	19
2.	Class 2-B.....	19
3.	Class 2-C.....	19
4.	Class 2-D.....	19

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.	Class 2-D(1).....	20
	b.	Class 2-D(2).....	20
	c.	Class 2-D(3).....	20
	d.	Class 2-D(4).....	20
	e.	Class 2-D(5).....	20
	f.	Class 2-D(6).....	21
	5.	Class 2-E.....	21
	6.	Class 2-F.....	21
C.		CLASS 3: UNSECURED CLAIMS.....	21
	1.	Class 3-A: Allowed Unsecured Claims of Club Members.....	21
	2.	Class 3-B: Allowed General Unsecured Claims Against the Debtors.....	21
	3.	Class 3-C: Allowed Unsecured Claims of the Road Association.....	21
	4.	Class 3-D: Allowed Unsecured Claims of Cavan Related Entities.....	21
	5.	Class 3-E: Intercompany Claims by SDP and the Club Against Each Other.....	22
D.		INTERESTS.....	22
	1.	Class 4: Interest Holders of SDP.....	22
V.		IMPAIRMENT OF CLASSES.....	22
VI.		TREATMENT OF CLASSES.....	22
	A.	CLASS 1: PRIORITY CLAIMS.....	22
		1. Class 1-A. Wage Priority Claims.....	22
	B.	CLASS 2: SECURED CLAIMS.....	22
		1. Class 2-A- Allowed Secured Claims of Recap.....	22
		2. Class 2-B- Allowed Secured Claims of Developer Finance.....	24
		3. Class 2-C- Allowed Secured Claims of 7C Clubhouse.....	25
		4. Class 2-D – Allowed Secured Claims of Specialty.....	26
		5. Class 2-E – Allowed Secured Claim of Yavapai County.....	28
		6. Class 2-F – Allowed Secured Claim of VOA.....	28
	C.	CLASS 3 ALLOWED UNSECURED CLAIMS.....	29
		1. Class 3-A: Allowed Unsecured Claims of Club Members.....	29
		2. Class 3-B: Allowed General Unsecured Claims.....	30
		3. Class 3-C: Allowed Unsecured Claims of the Road Association.....	31
		4. Class 3-D: Allowed Unsecured Claims of Cavan Related Entities.....	31
		5. Class 3-E: Intercompany Claims by SDP and the Club....	32
	D.	CLASS 4 -ALL ALLOWED INTERESTS OF SDP’S AND THE CLUB’S INTEREST HOLDERS.....	32
VII.		SALE / TRANSFER OF ASSETS TO SPECIALTY.....	32

1	VIII.	SEVEN CANYONS CLUB MEMBERSHIP.....	33
2	IX.	MEANS FOR EXECUTING THE PLAN	36
3		A. FUNDING.....	36
4		B. MANAGEMENT.....	36
5		C. GOLF COURSE OPERATIONS.....	37
6		D. SALE OF VILLA INTERVALS.....	37
7		E. DISBURSING AGENT	38
8		F. MEMBERS VILLAS GUEST PROGRAM	38
9		G. PLAN IMPLEMENTATION	38
10		H. NEW OBLIGATIONS.....	39
11	X.	EFFECT OF CONFIRMATION	39
12	XI.	OBJECTIONS TO AND ESTIMATIONS OF CLAIMS.....	40
13		A. OBJECTIONS AND BAR DATE FOR FILING OBJECTIONS.....	40
14		B. SETTLEMENT OF CLAIMS.....	41
15		C. ESTIMATION OF CLAIMS.....	41
16		D. UNCLAIMED FUNDS AND INTEREST.....	41
17	XII.	NON-ALLOWANCE OF PENALTIES AND FINES	42
18	XIII.	CLOSING OF CASE	42
19	XIV.	MODIFICATION OF THE PLAN.....	42
20	XV.	JURISDICTION OF THE COURT.....	43
21	XVI.	RETENTION AND ENFORCEMENT OF CLAIMS	44
22	XVII.	EXECUTORY CONTRACTS AND UNEXPIRED LEASES	44
23	XVIII.	REVESTING	44

14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 Sedona Development Partners, LLC ("**SDP**") and The Club at Seven Canyons, LLC
2 (the "**Club**") (collectively, the "**Debtors**"), debtors-in-possession in the above-captioned
3 bankruptcy case, and Specialty Mortgage Corp. as loan servicer pursuant to that certain
4 Master Loan Participation and Servicing Agreement on behalf of the Specialty Mortgage loan
5 participants or their designees as listed on Exhibit A ("**Specialty Mortgage**") hereby both
6 submit this Joint Plan of Reorganization dated January 18, 2013 (the "**Plan**") pursuant to §
7 1121(a) of the Bankruptcy Code.

8 **I. SUMMARY OF THE PLAN**

9 The Plan is jointly proposed by both Debtors and Specialty Mortgage. The Plan
10 provides for a complete settlement between Debtors and Specialty Mortgage, including, the
11 return of Specialty Mortgage's collateral to the Specialty Mortgage loan participants or their
12 designees, subject to existing property taxes, except for the 70 Parcel A Villa units, which will
13 be released by Specialty Mortgage. Other secured claims against Parcel A Villas Units shall
14 be treated as set forth herein.

15 The collateral of Developers Finance, which is Tracts C and D (Driving Range, Range
16 House and Tennis Courts), shall be divided. Specialty shall purchase the Driving Range
17 (roughly 6 acres) free and clear, with the proceeds of the sale satisfying Developers Finance
18 lien in the Driving Range. The Range House shall be turned over to Developers Finance
19 subject to an option granted to Specialty, which must be exercised on or before the Effective
20 Date, to lease the Range House for up to 2 years on terms agreed to between Specialty and
21 Developers Finance. Developers Finance will obtain a re-platting of Tract D to separate the
22 Driving Range from the Range House and the parties otherwise agree to cooperate regarding
23 lot split and re-platting approval and access/easement issues, so long as the lot split and re-
24 platting does not negatively impact Specialty's interests in Parcels B and C. Debtors shall
25 return the Tennis Courts to Developers Finance, subject to existing property taxes.

26 Specialty Mortgage agrees that it shall be responsible for real property taxes on
27

1 property returned to Specialty Mortgage. Specialty Mortgage agrees that it shall be
2 responsible for administrative Cure Payments and post-Effective Date monthly payments with
3 respect to executory contracts concerning equipment or buildings related to the Golf Course
4 Operations that are assumed by the Debtor and assigned to Specialty. The Villas
5 Homeowner Association ("VOA") will be given the opportunity to negotiate, pay Cure
6 Payments related to, and take over, the executory contracts related to operation of the VOA.
7 Debtor shall be responsible for payment of other administrative expenses and shall do so
8 with additional financing from one of its existing secured creditors, Seven Canyons Recap,
9 LLC ("**Recap**"), in the total amount of up to \$1,900,000. Such financing shall hereafter be
10 referred as the "**Additional Advance**". Among other expenses, the Additional Advance shall
11 fund administrative expenses as provided herein and shall fund up to \$250,000.00 for
12 refurbishment of the Villa Spa Units. In addition, Recap shall arrange to satisfy the obligation
13 owed to 7C Clubhouse Lender, LLC ("**7C Clubhouse**") and the debt owed by the Debtor and
14 which shall be paid by the Reorganized Debtor to Recap shall be increased by the amount of
15 the debt owed to 7C Clubhouse actually satisfied by Recap.

16 All real property and personal property related to the Golf Course Operations will be
17 turned over to Specialty in satisfaction of Specialty's mortgage liens therein. Specialty has
18 agreed to issue new golf club memberships to existing club members on substantially similar
19 terms as more particularly described herein.

20 Specialty Mortgage and 7C Clubhouse shall release all claims between them and
21 Adversary 11-01439 shall be dismissed with prejudice. As a part of such settlement of the
22 Adversary proceeding, 7C Clubhouse agrees to release its lien on Tract K, and agrees that
23 Debtors may deed Tract K to Specialty. Specialty Mortgage and Debtors have agreed that
24 any and all issues between the Debtors (and any entities currently controlled by Debtors),
25 and the VOA, and all risks related to such issues, shall be resolved and treated as set forth
26 herein.

1 **II. DEFINED TERMS IN PLAN.**

2 The Plan, exhibits to the Plan, and the Disclosure Statement accompanying the Plan
3 employ certain words and phrases with specific meanings. The following provisions provide
4 definitions of these terms and/or references to other sources providing the meaning of such
5 terms.

6 **A. DEFINED TERMS.**

7 The following terms used in the Plan shall have the indicated meanings, except as
8 otherwise provided herein.

9 **1. Additional Advance.**

10 "**Additional Advance**" means the additional financing to be provided by Recap in the
11 amount of up to \$1,950,000, to Debtors, under existing financing agreements previously
12 acquired by Recap from Reliance Bank in order to pay administrative expenses and other
13 distributions to be made by Debtors under the Plan. The Additional Advance shall be
14 secured by Recap's first lien position upon the Parcel A Villa Fractional Intervals. Such
15 obligation shall bear interest at the rate of twelve (12) percent *per annum*. No interest shall
16 be payable, but, shall accrue for eighteen months after the Effective Date. Thereafter,
17 interest shall be paid quarterly in arrears by Reorganized Debtor. The Additional Advance
18 shall Mature 3 years from the Effective Date if not sooner paid.

19 **2. Administrative Claim.**

20 "**Administrative Claim**" means a Claim or expense, or a portion of a Claim or
21 expense, that is a cost or expense of the administration of the Estate allowed under § 503(b)
22 of the Bankruptcy Code and entitled to priority under § 507(a)(2) of the Bankruptcy Code,
23 including but not limited to (i) any actual and necessary cost and expense of preserving the
24 Estate, or operating the business of a Debtor, (ii) fees and expenses of professionals entitled
25 to compensation pursuant to Sections 328, 330 and/or 503(b) of the Bankruptcy Code, (iii)
26 Cure Payments payable by a Debtor, and (iv) pre- and post-confirmation fees due to the U.S.

1 Trustee.

2 **3. Affiliate.**

3 "Affiliate" of a Person refers to a person or entity that would be an "affiliate" of such
4 Person under § 101(2) of the Bankruptcy Code, if such Person were a debtor.

5 **4. Allowed.**

6 "Allowed" refers to a Claim or Interest or any portion thereof (a) that has been allowed
7 by a Final Order of the Bankruptcy Court; (b) that either (x) has been scheduled by the
8 Debtors as a non-liquidated, non-contingent, and undisputed Claim in an amount greater than
9 zero in the schedules of assets and liabilities, lists of Holders of Interests, and the Statement
10 of Financial Affairs filed by the Debtors pursuant to Bankruptcy Code §521 and the
11 Bankruptcy Rules, or (y) is the subject of a timely filed proof of claim as to which either (i) no
12 objection to its allowance has been filed by the Claim Objection Bar Date; or (ii) any objection
13 to its allowance has been settled, withdrawn, or overruled by Final Order of the Bankruptcy
14 Court, or (c) is expressly allowed in a liquidated amount in the Plan.

15 **5. Allowed Amount.**

16 "Allowed Amount" means the Allowed dollar amount of a Claim.

17 **6. Assumed Lease or Assumed Contract.**

18 "Assumed Lease or Contract" means an executory contract or lease, within the
19 meaning of § 365 of the Bankruptcy Code that is assumed by a Reorganized Debtor.

20 **7. Avoidance Action.**

21 "Avoidance Action" means a claim or cause of action of the Estate to avoid transfers
22 made by a Debtor to the extent such claim arises under §§ 544-551 of the Bankruptcy Code.

23 **8. Bankruptcy Code.**

24 "Bankruptcy Code" means the Bankruptcy Code, as set forth in Title 11 of the United
25 States Code, 11 U.S.C. §§ 101 *et seq.*, as applicable to Chapter 11 cases filed on the
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1 Petition Date.

2 **9. Bankruptcy Court.**

3 "Bankruptcy Court" or "Court" means the United States Bankruptcy Court for the District
4 of Arizona (or such other court as may have jurisdiction over the Chapter 11 Case) and, with
5 respect to any particular proceeding arising under Title 11 of the United States Code, or arising in
6 or related to the Chapter 11 Case, any other court which has jurisdiction over such proceeding.

7 **10. Bankruptcy Estate.**

8 "Bankruptcy Estate" or "Estate" means the estate created upon the filing of each of the
9 Chapter 11 Cases.

10 **11. Bankruptcy Rules.**

11 "Bankruptcy Rules" mean the Rules of Bankruptcy Procedure and the Local Rules of
12 Bankruptcy Procedure for the District of Arizona, including any applicable General Orders.

13 **12. Cavan Related Entities.**

14 "Cavan Related Entities" are, collectively, all entities in which David Cavan owns a
15 direct or indirect interest.

16 **13. Chapter 11 Case.**

17 "Chapter 11 Case" means either of, or collectively, the bankruptcy proceedings
18 commenced by the filing of the voluntary petitions filed by each of the Debtors, entitled *In re*
19 *Sedona Development Partners, LLC*, Case No. 2-10-bk-16711-RTBP, and *In re The Club at*
20 *Seven Canyons, LLC*, Case No. 2-10-16714-RTBP, respectively.

21 **14. Claim.**

22 "Claim" has the meaning set forth in § 101(5) of the Bankruptcy Code.

23 **15. Class.**

24 "Class" means a category of classified Claims or Interests in the Plan.

1 **16. Confirmation.**

2 **"Confirmation"** means the entry of the Confirmation Order.

3 **17. Confirmation Date.**

4 **"Confirmation Date"** means the date on which the Clerk of the Bankruptcy Court
5 enters the Confirmation Order on the docket.

6 **18. Confirmation Hearing.**

7 **"Confirmation Hearing"** means the hearing conducted by the Bankruptcy Court to
8 consider confirmation of the Plan, as such hearing may be continued from time to time.

9 **19. Confirmation Order.**

10 **"Confirmation Order"** means the order of the Bankruptcy Court confirming the Plan
11 pursuant to § 1129 of the Bankruptcy Code that is acceptable to each of the Proponents.

12 **20. Creditors' Committee.**

13 **"Creditors' Committee"** refers to any Official Unsecured Creditors' Committee
14 appointed in the Chapter 11 Case, as constituted from time to time.

15 **21. Cure Payment.**

16 **"Cure Payment"** means a payment required under § 365 of the Bankruptcy Code to
17 cure defaults under an Assumed Lease or Contract. Claims for Cure Payments are
18 considered Administrative Claims unless such cure payments are treated specifically with
19 respect to a particular treatment of a creditor (Scotsman, GECC, Colonial Pacific) and are
20 detailed under Section III.A.2 herein.

21 **22. Debtors.**

22 **"Debtors"** refers to SDP and The Club, as Debtors and Debtors in Possession in their
23 respective Chapter 11 Cases.
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1 **23. Deposit Secured Claim.**

2 **"Deposit Secured Claim"** refers to a Claim that is secured by a deposit provided for or
3 on behalf of a Debtor and currently held by, or for the benefit of, the holder of such Claim to
4 the extent such claim is an Allowed Secured Claim under § 506 of the Bankruptcy Code.

5 **24. Disbursing Agent.**

6 **"Disbursing Agent"** refers to the Person appointed to make distributions under the
7 Plan in accordance with Section VII(G) of the Plan.

8 **25. Disclosure Statement.**

9 **"Disclosure Statement"** refers to the written disclosure statement concerning the Plan
10 approved by the Bankruptcy Court pursuant to § 1125(b) of the Bankruptcy Code, including
11 any amendments and supplements authorized by the Bankruptcy Code or the Bankruptcy
12 Court.

13 **26. Effective Date.**

14 **"Effective Date"** refers to the date which is thirty days after entry of the Confirmation
15 Order or such other date (after entry of the Agreed Confirmation Order) designated by the
16 Proponents for the Plan to become effective, but no later than April 30, 2013. The
17 Confirmation Order must be entered on or before March 31, 2013.

18 **27. Final Order.**

19 **"Final Order"** means an order, judgment or other decree of the Bankruptcy Court,
20 including, without limitation, a stipulation or other agreement entered into that is "so ordered"
21 by the Bankruptcy Court, the operation or effect of which has not been reversed or stayed
22 and as to which order, judgment or other decree (or any revision, modification or amendment
23 thereof) the time to appeal or seek review has expired, and as to which no appeal or petition
24 for review or certiorari has been taken or is pending (or if such appeal or petition has been
25 taken or granted, it has been finally decided).
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1 **28. General Claim.**

2 **"General Claim"** means a Claim against a Debtor that is not a Priority Claim, a
3 Secured Claim, or an Inter-Company Claim. General Claims include claims arising from the
4 rejection of leases and executory contracts, any unsecured deficiency claim and any claim
5 determined to be wholly unsecured pursuant to §506(a) of the Bankruptcy Code.

6 **29. Golf Course.**

7 **"Golf Course"** means the real property constituting the Seven Canyons Golf Course
8 (including, but not limited to Tracts L, M, N, O, P and the Driving Range) and all equipment
9 and personal property of the Debtors which is currently used to operate the golf course.

10 **30. Golf Course Operations.**

11 **"Golf Course Operations"** means the business conducted by The Club related in any
12 manner to operating the Golf Course and the sale of Old Club Memberships.

13 **31. Insider.**

14 **"Insider"** has the meaning set forth in section 101(31) of the Bankruptcy Code.

15 **32. Inter-Company Claim.**

16 **"Inter-Company Claim"** means a Claim, other than a Priority Claim or a Secured
17 Claim, against a Debtor that was initially owned, or is now held, by an Affiliate of Debtor,
18 including, without limitation, any claim for reimbursement, indemnification or contribution.

19 **33. Interest.**

20 **"Interest"** means a right, privilege or option to participate in the profits of a Debtor.

21 **34. New Club Members.**

22 **"New Club Members"** means people who execute a New Club Membership
23 Agreement or VOA members, provided the VOA is current, within 180 days, on payment of
24 dues to Seven Canyons Club and has executed an agreement with Specialty consistent with
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1 the terms set forth in Section VIII and as otherwise required to effect the purposes of this
2 Plan.

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4 **35. New Club Membership.**

5 "New Club Membership" means the agreement between Specialty and a Person, or
6 the VOA, including Old Club Members, for golf and/or social club privileges at Seven
7 Canyons on the terms determined by Specialty and as summarized in Section VIII below.

8 **36. Old Club Members.**

9 "Old Club Members" means the holders of Old Club Memberships who have cured all
10 arrearages and are timely paying applicable dues as of ninety (90) days after the Effective
11 Date.

12 **37. Old Club Membership.**

13 "Old Club Membership" means collectively, the membership agreements entered
14 into by the Club for golf and/or social club privileges at Seven Canyons.

15 **38. Payment Commencement Date.**

16 "Payment Commencement Date" means the date upon which installment payments
17 provided for herein shall commence on account of a particular Claim. With respect to classes
18 entitled to receive monthly installment payments, the Payment Commencement Date shall be
19 the first day of the first calendar month that is at least thirty (30) days after the Effective Date.
20 With respect to classes entitled to receive quarterly installment payments, the Payment
21 Commencement Date shall be the first day of the first calendar month that is at least ninety
22 (90) days after the Effective Date.

23 **39. Person.**

24 "Person" includes "person," as defined in § 101(41) of the Bankruptcy Code, and
25 "governmental unit," as defined in § 101(27) of the Bankruptcy Code.
26

1 **40. Petition Date.**

2 **"Petition Date"** means May 27, 2010, the date upon which the petitions commencing
3 the Chapter 11 Cases were filed.

4 **41. Plan.**

5 **"Plan"** refers to this plan of reorganization, including any amendment or modification
6 made in accordance with the terms of the Plan, the Confirmation Order, or the applicable
7 provisions of the Bankruptcy Code.

8 **42. Post-Confirmation Fees.**

9 **"Post-Confirmation Fees"** refers to the quarterly fees provided for in 28 U.S.C. §
10 1930(a)(6), as applicable after the Confirmation Date.

11 **43. Priority Claim.**

12 **"Priority Claim"** means a Claim against a Debtor that is entitled to priority treatment
13 pursuant to § 507(a) of the Bankruptcy Code. Priority Claims are treated under the Plan as
14 Administrative Claims, Wage Claims, and Tax Claims. To the extent that an Allowed Claim
15 exceeds the amount that is Allowed as a Priority Claim, the balance of the Allowed Claim
16 shall be classified as a General Claim.

17 **44. Pro Rata.**

18 **"Pro Rata"** refers to the ratio of an Allowed Claim or Interest in a particular Class, or
19 identified portion of such Class, to the aggregate amount of all Allowed Claims or Interests in
20 that Class, or identified portion of such Class.

21 **45. Professional.**

22 **"Professional"** refers to a professional Person employed by a Debtor, including Avion
23 Holdings, LLC, Stinson Morrison Hecker, LLP, Keegan Linscott & Kenyon, PC, or other
24 professionals approved by the court, or the Committee pursuant to § 328 of the Bankruptcy
25 Code, with any court approval required by such section.
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1 **46. Professional Fee Claim.**

2 "Professional Fee Claim" refers to a Claim of a Professional against a Debtor for fees
3 and expenses allowable against the Estate of Debtor under §§ 326, 327, 328,330 or 331 of
4 the Bankruptcy Code, or otherwise set forth in a court approved retention agreement.

5 **47. Property.**

6 "Property" means the real property, together with rights, privileges, and expectancies
7 appurtenant thereto, owned by SDP commonly referred to as the Seven Canyons
8 Development.

9 **48. Proponents.**

10 "Proponents" means collectively, the Sedona Development Partners, LLC, The Club
11 at Seven Canyons, LLC, and Specialty Mortgage Corp., as loan servicer pursuant to that
12 certain Master Loan Participation and Servicing Agreement on behalf of the Specialty
13 Mortgage loan participants and other designees as listed on Exhibit A.

14 **49. Reorganized Debtor.**

15 "Reorganized Debtor" refers to the consolidated Debtors after the Effective Date
16 operating under the name of Villa Renaissance, LLC, and under the control of Seven Canyons
17 Investors, LLC, or its designee ("SCI").

18 **50. Secured Claim.**

19 "Secured Claim" means a Claim against a Debtor or its property defined as a secured
20 claim under § 506(a) of the Bankruptcy Code. Secured Claims are classified by the Plan in
21 Classes 2.01 through 2.05. To the extent a Claim is Allowed in an amount in excess of the
22 amount Allowed as a Secured Claim, the balance of the Claim shall be treated as a General
23 Claim, except as otherwise provided in Section VI.
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25 **51. Secured Claim Rate.**

26 "Secured Claim Rate" means a rate of interest, to be determined by the Bankruptcy
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1 Court at the Confirmation Hearing, that, when applied to the amount of a Secured Claim paid
2 in installments as provided herein, will result in such installments being of an aggregate
3 value, as of the Effective Date, equal to the Allowed Secured Claim, consistent with the
4 requirements of § 1129(b)(2)(A)(i)(II) of the Bankruptcy Code. Absent a contrary
5 determination by the Court, the Secured Claim Rate shall be five percent (5%) per annum.

6 **52. Secured Tax Claim.**

7 "Secured Tax Claim" means a Claim against a Debtor now held, or previously held,
8 by a taxing authority, that is secured by a lien on property of such Debtor.

9 **53. Seven Canyons Club.**

10 "Seven Canyons Club" means the new club established by Specialty for privileges to
11 play golf and otherwise participate in the amenities at Seven Canyons after the Effective Date
12 or the terms and conditions more particularly described in Section VIII herein.

13 **54. Specialty.**

14 "Specialty" means, all of the Specialty Mortgage loan participants including all parties
15 listed on the schedule attached hereto as Exhibit A.

16 **55. Specialty Mortgage Loan Participant.**

17 "Specialty Mortgage Loan Participant" means individually each person listed on
18 Exhibit A or its respective designee.

19 **56. Tax Claim.**

20 "Tax Claim" means a Claim against a Debtor for taxes of the kind specified in
21 § 507(a)(8) of the Bankruptcy Code, to the extent entitled to priority under such section.

22 **57. Tax Claim Rate.**

23 "Tax Claim Rate" means the rate of interest, to be determined by the Bankruptcy
24 Court at the Confirmation Hearing, that, when applied to the amount of a Tax Claim paid in
25 installments as provided herein, will result in such installments being of an aggregate value,
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1 as of the Effective Date, equal to the Allowed Tax Claim, consistent with the requirements of
2 §§ 1129(a)(9)(C) and 511 of the Bankruptcy Code. The Tax Claim Rate for taxes imposed
3 under Arizona law shall be the statutory rate of interest determined in accordance with
4 Arizona Revised Statutes § 42-18053 The Tax Claim Rate shall be determined in
5 accordance with the provisions of the Plan except as otherwise provided herein.

6 **58. Unclassified Claim.**

7 "Unclassified Claim" refers to an Administrative Claim or a Tax Claim, treated under
8 § 1123(a)(1) of the Bankruptcy Code as Claims not subject to classification in a Plan.
9

10 **59. Unsecured Claim.**

11 "Unsecured Claim" means a General Claim.

12 **60. US Trustee.**

13 "US Trustee" refers to the United States Trustee's Office.

14 **61. US Trustee Fees.**

15 "US Trustee's Fees" refers to the quarterly fees provided for in 28 U.S.C. §
16 1930(a)(6), as applicable prior to the Confirmation Date.

17 **62. VOA.**

18 "VOA" means The Villas At Seven Canyons Owners' Association.

19 **63. Wage Priority Claim.**

20 "Wage Priority Claim" means a claim for wages, salaries, or commissions, including
21 vacation pay, severance and sick leave pay, of the kind and in the amount specified in
22 § 507(a)(4) of the Bankruptcy Code. Wage Priority Claims are classified in Class 1.01.
23

24 **B. TERMS USED IN BANKRUPTCY CODE.**

25 The Plan also employs words and phrases that are defined or used in the Bankruptcy
26 Code. Unless another meaning is specified herein or the context requires otherwise, terms
27

1 used herein shall have the meanings provided in the Bankruptcy Code.

2 **III. UNCLASSIFIED CLAIMS.**

3 Section 1123(a)(1) of the Bankruptcy Code identifies certain Claims that are not
4 subject to separate classification and, as a result, are not claims entitled to vote on Chapter
5 11 plans. Instead, permissible treatment of Unclassified Claims is specified in §1129(a) of
6 the Bankruptcy Code. This Section III identifies Unclassified Claims and provides their
7 treatment under the Plan.

8 **A. ADMINISTRATIVE CLAIMS.**

9 **1. General Provisions.**

10 Except as otherwise specified in this section with regard to particular Allowed
11 Administrative Claims, or otherwise stated in this Plan, such holder of an Allowed
12 Administrative Claim shall be paid the Allowed Amount of such Claim, in cash, on the later of
13 (i) the Effective Date, (ii) the date on which the Claim becomes Allowed, or (iii) the date upon
14 which such obligation becomes due in accordance with its terms, including the terms of any
15 agreement entered into after the Petition Date.

16 **2. Cure Payments and Executory Contracts.**

17 Specialty may negotiate with creditors owed the Allowed Amount of Cure Payments for
18 executory contracts related to the Golf Course Operations that are assumed by the Debtors
19 and assigned to Specialty at Specialty's request. VOA may negotiate with creditors owed the
20 Allowed Amount of Cure Payments for any executory contracts regarding property used by
21 VOA in its operations that are assumed and assigned to the VOA. The Allowed Amount of
22 the applicable Cure Amounts for assumed and assigned executory contracts shall be paid as
23 soon as practicable after the Effective Date except as otherwise agreed with the Person
24 entitled to such Cure Payments.
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a. Williams Scotsman

There is an agreement between the Debtors and Williams Scotsman (the “**Williams Scotsman Stipulation**” filed with the Court at Docket No. 652), pursuant to which Williams Scotsman and the Debtors had agreed to the following treatment of the Williams Scotsman’s Claims arising from the Housekeeping Intervals No. 1 Agreement and the Housekeeping Intervals No. [2] Agreement (collectively, the “Housekeeping Intervals Agreements”) (regarding the three modular buildings that comprise the VOA Operations facilities), and the Clubhouse Intervals Agreement (regarding the four modular buildings that comprise the Clubhouse). The obligations of the Debtors under the Williams Scotsman Stipulation will be satisfied as follows:

Within three (3) business days of the Effective Date, Specialty will pay the sum of \$66,000, plus applicable sales tax, to Williams Scotsman in exchange for full title to the Clubhouse Intervals. None of the monthly payments made by the Debtors prior to the Effective Date will be credited to this purchase price.

On the Effective Date, unless otherwise agreed with the VOA that the VOA will accept an assignment and pay the Cure Payment, the Debtors will reject the Housekeeping Intervals Leases and will turn possession of the Housekeeping Intervals over to Williams Scotsman. Any unpaid rent due and owing to Williams Scotsman as of the date of the agreement between the parties shall be deemed to be satisfied and paid in full upon the payment by the Debtors to Williams Scotsman of the sum of \$19,129.15 either (a) on the Effective Date of the Plan or (b) in equal monthly payments totaling such amount between the Effective Date of the Plan and no later than December 31, 2013, in the Reorganized Debtor’s sole discretion.

b. GECC

There is an agreement between the Debtors and GECC, under which such parties agreed to modify existing leases and specify the treatment of GECC’s claims arising from the leases between the parties (collectively as modified below, the “GECC Leases”). Such

1 agreement had been memorialized in a stipulation filed with the Court (the "GECC/CP
2 Stipulation") at Docket Number 455. With respect to the GECC Leases for equipment related
3 to Golf Course Operations, in full satisfaction of all contractual obligations and liabilities of
4 SDP under such leases, SDP will assume and assign certain executory contracts and leases
5 modified by the GECC/CP Stipulation and reject all other executory contracts and leases as
6 identified below. There is one executory contract regarding VOA operating equipment. With
7 respect to that contract, subject to negotiations between VOA and GECC with respect to such
8 VOA related equipment, in full satisfaction of all contractual obligations and post-petition
9 liabilities of SDP under the leases, SDP will assume, partially assume, modify and/or reject
10 the leases, then assign such leases to VOA. Otherwise the lease re VOA equipment will be
11 rejected. Subject to further agreement between the affected parties, any Allowed Cure
12 payments owed to GECC shall be paid by the assignee of the related executory contract over
13 36 or 24 months, as stated below, from the approval of the Stipulation. The terms of the
14 GECC Leases are currently as follows as set forth in the GECC/CP Stipulation:

15 1) Lease 4434008-001 (golf course maintenance equipment): This Lease shall be
16 assumed and assigned to Specialty as modified by the GECC/CP Stipulation to
17 include only those items listed on exhibit A attached to the GECC/CP Stipulation.
18 The balance of the items originally covered by this lease will be returned to GECC in
19 "as is" condition. The modified lease shall be for a 36 month term, beginning on the
20 modification date (as set forth in the GECC/CP Stipulation), at a base lease rate of
21 \$14,000 per month, provided that \$7,250 of such amount shall be payable monthly
22 during the remaining term of the SDP bankruptcy and the remaining monthly
23 obligation of \$6,750 shall accrue and be payable in full on the Effective Date. In
24 addition to the base lease rate of \$14,000 per month, Specialty will pay the
25 applicable taxes to GECC under this lease. After the Effective Date of the Plan, the
26 full lease rate shall be payable monthly and such amount will continue to be payable
27 until the end of the modified lease term, with a \$1 buyout option by Specialty at the
28 end of the term.

2) Lease 4495535-001(kitchen equipment re Clubhouse): This Lease shall be
assumed and assigned to Specialty as modified by the GECC/CP Stipulation to
provide for a 36 month term, beginning on the modification date (as set forth in the
GECC/CP Stipulation), at a base lease rate of \$950 per month, with a \$1 buyout
option by Specialty at the end of the term. In addition to the base lease rate,
Specialty will pay the applicable taxes to GECC under this lease.

1
2 3) Lease 4496396-001 (VOA carts): This Lease shall be assumed and assigned to the
3 VOA as modified by the GECC/CP Stipulation to provide for a 24 month term,
4 beginning on the modification date (as set forth in the GECC/CP Stipulation), at a
5 lease rate of \$1,425 per month, with a \$1 buyout option by VOA at the end of the
6 term. In addition to the base lease rate, VOA will pay the applicable taxes to GECC
7 under this lease.

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9 4) Lease 4444789-001 (fitness equipment): This Lease shall be assumed and
10 assigned to Specialty as modified by the GECC/CP Stipulation to provide for a 24
11 month term, beginning on the modification date, at a lease rate of \$1,250 per month
12 commencing on the modification date, with a \$1 buyout option by Specialty at the
13 end of the term. In addition to the base lease rate, Specialty will pay the applicable
14 taxes to GECC under this lease.

15 5) Debtors have previously rejected leases 4261256-002, 4261256-001, 4261256-000,
16 4261256-004, 4476501-001, 4317615-001, and turned over the leased equipment to
17 GECC.

18
19 **c. Colonial Pacific**

20 In full satisfaction of all contractual obligations and liabilities of SDP under the leases,
21 SDP will assume and assign certain leases modified by the GECC/CP Stipulation and reject
22 all other leases as follows:

23 i) Lease 5424365 (golf carts): Modify the lease to provide for a 24 month term,
24 beginning on the modification date (as set forth in the GECC/CP Stipulation), at a lease rate
25 of \$3,750 per month commencing on the modification date, with a \$1 buyout option by
26 Specialty at the end of the term. In addition to the base lease rate, Specialty will pay the
27 applicable taxes to GECC/Colonial Pacific under this lease.

28 ii) Reject leases 5424362-001, 5424363-001, 5424364-001 and turnover the
leased equipment to Colonial Pacific.

iii) The post petition liabilities of SDP with respect to the rejected leases, as set
forth in the Stipulation in the amount of \$313,879, or an amount to be determined and agreed
upon by the parties, shall be allowed as a general administrative claim to be paid pursuant to
a further agreement by SDP and Colonial Pacific.

1 **d. Sprung Lease**

2 The Sprung lease is a month to month lease for the Cart Barn for \$1045.45 per
3 month, and will be assumed and assigned, as is and where is, to Specialty. There is no Cure
4 Payment owed to Sprunger. There is a \$21,955 purchase option presently exercisable.

5 **3. Professional Fees.**

6 Debtor shall pay Allowed Professional Fees on the later of: (i) the Effective Date; (ii)
7 when such Claims are Allowed, or (iii) when agreed upon by such Professional.

8 **4. Operating Expenses.**

9 Debtor shall pay ordinary course expenses of operating during these proceedings,
10 including trade payables and lease payments, on the Effective Date or when due in
11 accordance with their terms.

12 **5. U.S. Trustees' Fees.**

13 Debtor shall pay U.S. Trustee's Fees when due.

14 **6. Tax Claims.**

15 Allowed Tax Claims that are not Secured Tax Claims, shall be paid, without any
16 penalties, on the Effective Date or when due in accordance with their terms.

17 **7. Administrative Property Tax Claims.**

18 Allowed Administrative Tax Claims of Yavapai County for taxes which have accrued
19 post-petition through 12/31/12 shall be paid in full on the Effective Date unless otherwise
20 agreed. Specialty shall pay such claims with respect to any property to be surrendered or
21 transferred to Specialty. Specialty shall also pay the Allowed Tax Claim on Tract D (Driving
22 Range and Range House). All Allowed Tax Claims against Parcel A are not claims against
23 the Debtors, but are claims against the VOA. However, regardless, such claims regarding
24 Parcel A for taxes related to Debtor's Villas Intervals, in the approximate total amount of
25 \$167,305, shall be paid by Reorganized Debtor as a part of treatment of the VOA claim.
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1 **IV. CLASSIFICATION OF CLAIMS AND INTERESTS.**

2 **A. CLASS 1: PRIORITY CLAIMS.**

3 **1. Class 1-A. Wage Priority Claims.**

4 Class 1-A shall consist of all Wage Priority Claims.

5 **B. CLASS 2: SECURED CLAIMS.**

6 **1. Class 2-A.**

7 Class 2-A consists of the Allowed Secured Claims of Seven Canyons Recap, LLC
8 ("Recap") secured by a first position lien in Parcel A and the Debtor's unsold Villa Fractional
9 Intervals, and any other Allowed Claims of such creditor.

10 **2. Class 2-B.**

11 Class 2-B consists of the Allowed Secured Claims of Developer Finance secured by
12 first and second position liens in the Range House and Practice Park on Tract D and the
13 Tennis Courts on Tract C.

14 **3. Class 2-C.**

15 Class 2-C consists of the Allowed Secured Claim(s) of 7C Clubhouse secured by an
16 alleged first position lien on Tract K and an alleged second position lien on the Debtor's
17 unsold Villa Fractional Intervals on Parcel A.

18 **4. Class 2-D.**

19 Class 2-D(1) through Class 2-D(6) consists of the Allowed Secured Claim(s) of
20 Specialty Mortgage and Specialty. Until Confirmation of this Plan, Specialty Mortgage and
21 Specialty reserves all rights with respect to the claims set forth in Adversary 2:11-ap-01439-
22 RTB with respect to the priority of liens, in the Parcel A Villas Intervals, and asserted
23 entitlement to liens in first position on Tract K, as are further set forth in detail in the
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1 Adversary proceeding Amended Complaint filed at Docket # 3. Classes 2-D(1) through Class
2 2-D(6) are set forth as follows:

3 **a. Class 2-D(1).**

4 Class 2-D(1) consists of the Allowed Secured Claim arising from Specialty Note No. 1
5 in the original face amount of \$12,500,000 secured by a first position lien in the Golf Course
6 on Tract L and assets related thereto.
7

8 **b. Class 2-D(2).**

9 Class 2-D(2) consists of the Allowed Secured Claim arising from Specialty Note No. 2
10 in the original face amount of \$11,700,000 secured by a first position lien in Parcel C and a
11 second position lien in Tract N.

12 **c. Class 2-D(3).**

13 Class 2-D(3) consists of the Allowed Secured Claim arising from Specialty Note No. 3
14 in the original face amount of \$4,250,000 secured by a first position lien in Parcel B.

15 **d. Class 2-D(4).**

16 Class 2(d)-4 consists of the Allowed Secured Claim arising from Specialty Note No. 4
17 in the original face amount of \$18,250,000 secured by (i) first position liens in Tract N, Well
18 Site #2 (Tract O), Well Site #3 (Tract P), certain landscaping and retention areas related to
19 Seven Canyons, certain roadways related to Seven Canyons, and a pledge of SDP's stock of
20 the Water Treatment Company and Water Company, (ii) a second position lien in the Golf
21 Course on Tract L, and (iii) fourth position liens on Parcel A, Parcel B and Parcel C.
22

23 **e. Class 2-D(5).**

24 Class 2-D(5) consists of the Allowed Secured Claim arising from Specialty Note No. 5
25 in the original face amount of \$6,000,000 secured by (i) a second position lien in Parcel B, to
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1 the extent of the value of Parcel B, pursuant to § 506 of the Bankruptcy Code and (ii) a third
2 position lien in the Golf Course on Tract L, Parcel A and Parcel C.

3
4 **f. Class 2-D(6).**

5 Class 2-D(6) consists of the Allowed Secured Claim arising from Specialty Note No. 6
6 in the original face amount of \$5,000,000 secured by (i) a second position lien in Parcel C, (ii)
7 a third position lien in Parcel B, and (iii) a fourth position lien in the Golf Course on Tract L.

8 **5. Class 2-E**

9 Class 2-E consists of the pre-petition Allowed Secured Tax Claim(s) of the Yavapai
10 County Treasurer that are secured by the Debtors' real properties located in Yavapai County.

11 **6. Class 2-F**

12 Class 2-E consists of the Allowed Secured Claim of the VOA to the extent secured by
13 a statutory lien against the unsold Villa Interval Units on Parcel A as either agreed between
14 the parties or determined by the Court.

15 **C. CLASS 3: UNSECURED CLAIMS.**

16 **1. Class 3-A: Allowed Unsecured Claims of Club Members**

17 Class 3-A consists of the Allowed Unsecured Claims of Club Members.

18 **2. Class 3-B: Allowed General Unsecured Claims Against the Debtors**

19 Class 3-B consists of the Allowed Unsecured Claims against SDP and the Club not
20 otherwise treated in the Plan. Such claims shall include, but not be limited to, all claims of all
21 Spa Unit Fractional Interval owners.

22 **3. Class 3-C: Allowed Unsecured Claims of the Road Association**

23 Class 3-C consists of the Allowed Unsecured Claims of the Road Association.

24 **4. Class 3-D: Allowed Unsecured Claims of Cavan Related Entities**

25 Class 3-D consists of the Allowed Unsecured Claims of the Cavan Related Entities
26
27

1 against Debtors.

2 **5. Class 3-E: Intercompany Claims by SDP and the Club Against Each Other**

3 Class 3-F consists of the Intercompany Claims by Debtors against each other.

4 **D. INTERESTS.**

5 **1. Class 4: Interest Holders of SDP**

6 Class 4 consists of all Allowed Interests of Interest Holders in both Debtors.

7 **V. IMPAIRMENT OF CLASSES.**

8 All Classes are impaired, as that term is defined in 11 U.S.C. § 1124.

9 **VI. TREATMENT OF CLASSES.**

10 **A. CLASS 1: PRIORITY CLAIMS.**

11 **1. Class 1-A. Wage Priority Claims.**

12 This Class consists of Allowed Priority Claims under 11 U.S.C. § 507(a)(4). As
13 provided in 11 U.S.C. § 1129(a)(9)(B), unless Claimants holding Claims in this Class agree to
14 an alternative form of treatment, the Allowed Priority Claims of Class 1-B shall be paid in full,
15 in cash, on or before the Effective Date from the Additional Advance. The Debtors do not
16 believe that any claims exist under this class. Any Class 1-A Claim not allowed as of the
17 Effective Date shall be paid as soon thereafter as they are allowed by the Court according to
18 the terms of this Class. This class is not impaired.

19 **B. CLASS 2: SECURED CLAIMS.**

20 **1. Class 2-A- Allowed Secured Claims of Recap.**

21 This Class consists of the Allowed Secured Claim of Recap secured by a first position
22 lien in Debtors' Villa Fractional Intervals in Parcels A. According to the Debtors' Schedules,
23 the amount of Seven Canyons Recap's secured claim as of the Petition Date was
24 \$2,171,448.19. In addition, Recap has loaned the estate approximately \$289,000 to date,
25 and owes another approximately \$11,000 on court approved DIP financing. Further, Recap
26
27

1 has committed to funding the Additional Advance herein. Provided that Recap funds the
2 balance of approved DIP financing and fully satisfies the aggregate amount of the debt owed
3 to 7-C Clubhouse, the Reorganized Debtor shall pay:

4 (1) the aggregate amount of the prepetition debt due and owing to Recap, the
5 aggregate amount of the debt due and owing to 7-C Clubhouse actually satisfied by Recap
6 and the aggregate amount of the DIP Financing in the following manner:

7 (a) Interest at the Secured Claims Rate;

8 (b) Interest shall accrue but not be paid for eighteen months;

9 (c) Regular equal payments of principal and all accrued and accruing interest
10 shall commence on the first day of the first month following the eighteen month
11 anniversary of the Effective Date and shall continue for the next thirty months until paid
12 in full;

13 (d) A final payment of all remaining principal and interest on the fifth year
14 anniversary of the Effective Date;

15 (2) the aggregate amount of the Additional Advance in the following manner:

16 (a) Interest at the rate of 12% *per annum*;

17 (b) Interest shall accrue but not be paid for eighteen months;

18 (c) Regular equal payments of principal and all accrued and accruing interest
19 shall commence on the first day of the first month following the eighteen month
20 anniversary of the Effective Date and shall continue for the next eighteen months until
21 paid in full;

22 (d) A final payment of all remaining principal and interest on the third year
23 anniversary of the Effective Date.

24 Recap agrees such treatment shall be in full satisfaction of the Recap claims and liens.

25 Class 2-A is impaired under the Plan.
26
27

1 residential lots may acquire a total of two New Club Memberships by commencing payment
2 of monthly dues for both memberships on the Effective Date. Thereafter, memberships may
3 be acquired for \$7500 each for up to three years from the Effective Date, and \$10,000 each
4 for up to four years from the Effective Date. Thereafter, regular terms of membership shall
5 apply. Developers Finance agrees that the treatment set forth herein shall be in full
6 satisfaction of any and all Claims and liens. This Court shall retain jurisdiction to determine
7 any disputes related to the foregoing.

8 Class 2-B is impaired.

9 **3. Class 2-C- Allowed Secured Claims of 7C Clubhouse.**

10 This Class consists of the Allowed Secured Claim of 7C Clubhouse secured by a first
11 position lien on Tract K, and a second position lien in Parcel A in the Debtors' unsold Villa
12 Fractional Intervals. Specialty disputes the validity of such liens and reserves rights pending
13 Confirmation of this Plan. According to the Debtors' Schedules, the amount of 7C Clubhouse
14 Lenders' claim as of the Petition Date was approximately \$5,600,000.

15 Recap has agreed to satisfy the claim of 7C Clubhouse in addition to the amount of
16 the Additional Advance. Except obligations created or related to carrying out this Plan,
17 Specialty and 7C Clubhouse have agreed to and shall release any and all claims, rights,
18 causes of action, debts or liabilities, known or unknown, between them. Adversary No. 11-
19 01439 shall be dismissed with prejudice. As a part of such settlement of the Adversary
20 proceeding, 7C Clubhouse agrees to release any claim and lien in Tract K, and Debtors shall
21 deed Tract K to Specialty pursuant to the treatment of Class 2-D below. At such time as the
22 Confirmation Order becomes a Final Order, and the Effective Date has occurred, these
23 releases and transfers shall be deemed to have been issued and be binding even if no further
24 document relating to such releases or transfers is executed, recorded or filed by the releaser
25 or transferor.

26 7C Clubhouse agrees that such treatment shall be in full satisfaction of any and all
27
28

1 claims and liens.

2 Class 2-C is impaired.

3 **4. Class 2-D – Allowed Secured Claims of Specialty**

4 These Classes consists of the various Allowed Secured Claims of Specialty. Debtors
5 propose the following treatment for the Specialty Claims.

6 On the Effective Date, Debtors shall transfer to the Specialty Loan Participants as
7 tenants in common in proportion to their percentage interests in the Specialty Secured Claims
8 the following property subject to the Master Loan Participation and Servicing Agreement:

9 1) Tract L (Golf Course—legal includes access through Parcels A & D).

10 2) Tract M, (the Golf Course Maintenance Facility).

11 3) Tract N (the Waste Water Treatment Plant).

12 3) Tract O, (Well Site #2).

13 4) Tract P, (Well Site #3).

14 5) The stock of both the Seven Canyons Water Treatment Company and the
15 Seven Canyons Water Company. Cavan Entities have no claims against, and/or shall be
16 deemed to have no claims against either the Seven Canyons Water Treatment Company or
17 the Seven Canyons Water Company as of the Effective Date. Debtors' transfer of control of
18 the Seven Canyons Water Treatment Company or the Seven Canyons Water Company does
19 not waive or change any rights, of any party including Debtors and Reorganized Debtor, to
20 obtain water related services, and the legal requirements under all applicable legal authorities
21 for the proper ownership and operation of such services are still applicable.

22 6) Control of The Seven Canyons Road Association, including the Gatehouse
23 and IT operations center, except that upon such transfer such Association shall have no
24 existing claims for association dues owed prior to the Effective Date and such claims shall be
25 waived against Debtors or the VOA. Cavan Entities shall have no claims against, or shall be
26 deemed to have no claims against, The Seven Canyons Road Association as of the Effective

1 Date. VOA shall have no claims against, or shall be deemed to have no claims against, The
2 Seven Canyons Road Association as of the Effective Date.

3 7) Parcel B.

4 8) Parcel C.

5 9) Tract K.

6 10) The Driving Range (but not the Range House).

7 11) Member accounts receivable, which may be collected and enforced solely
8 for purposes of qualification of electing Old Club Members as New Club Members.

9 12) All of Debtors' transferable personal property currently used in connection
10 with the Golf Course Operations.

11 13) All Trademarks, Logos and Trade Names belonging to the Debtors;
12 however, both Reorganized Debtor and the VOA shall have licenses to use the intellectual
13 property, trademarks, and trade names for approved marketing purposes with such approval
14 not to be unreasonably withheld by Specialty.

15 14) An easement on Tracts C and D sufficient for reasonable access to
16 the Driving Range from the Golf Course shall be recorded.

17 15) Certain landscaping and retention areas related to the Golf Course
18 Operations that are fragmented parcels as agreed between the Proponents.

19 Collectively, the "**Specialty Property**". The Specialty Property above shall be
20 surrendered or transferred to the Specialty Loan Participants free and clear of all liens, claims
21 and encumbrances except the following claims related directly to the Specialty Property:

22 (i) any and all Allowed Tax Claims.

23 (ii) any and all Cure Payments or other Allowed Administrative Claims
24 related solely to the Golf Course Operations.

25 Turnover of Specialty Property to the Specialty Loan Participants shall be in full
26 satisfaction of any and all Claims and liens of Class 2-D.

27 Reorganized Debtor shall retain Parcel A and the unsold Villa Interval Units and all

1 Claims and liens of Specialty Mortgage and Specialty shall be deemed satisfied and released
2 upon Parcel A and the Villas Interval Units on the Effective Date. The Proponents and
3 Specialty shall cooperate to execute any documentation necessary to effectuate this Plan.

4 Classes 2-D (1-6) are impaired.

5 **5. Class 2-E – Allowed Secured Claim of Yavapai County.**

6 All property turned over to creditors shall be subject to the Allowed Secured Tax
7 Claims of Yavapai County. Specialty accepts return of its collateral subject to any secured
8 property taxes. Specialty agrees to pay the property taxes on Tract D within three business
9 days after the Effective Date.

10 Class 2-E is impaired.

11 **6. Class 2-F – Allowed Secured Claim of VOA.**

12 This Class consists of the Secured Claim of the VOA allegedly secured by a statutory
13 lien on the Debtors' Parcel A Villa Interval Units.

14 The holders of the Class 2-F Claim shall be entitled to receive the following in full
15 satisfaction of such Class 2-F Claim:

16 a. SDP will deed the "Arrivals Building", and assign the lease for the VOA
17 Operations facilities (subject to VOA agreement), and all related furniture, fixtures and
18 equipment, except all computer equipment, to the VOA (valued at \$200,000);

19 b. The Club will credit VOA for \$525,088 the amount due and owing to the
20 Club by VOA as of October 31, 2012, and VOA shall be deemed to release any and all pre-
21 Effective Date claims against The Seven Canyons Road Association;

22 c. Reorganized Debtor will pay the real property taxes related to Debtors'
23 Parcel A Villa Interval Units through December 2012 in the amount of approximately
24 \$167,305;

25 d. VOA will be permitted to continue to site its Arrivals and Operations
26 facilities (if VOA negotiates retention from William Scotsman) on Parcel B for at least two
27

1 years from the Effective Date subject to a written agreement to be entered into between
2 Specialty and the VOA prior to Confirmation;

3 e. After the two years, or such period as agreed by Specialty and the VOA,
4 Specialty agrees that VOA may locate its "Arrivals" and "Operations" facilities on Tract K on
5 terms agreeable to both of such parties.

6 f. The VOA will be entitled to manage and control the Member's Guest
7 Program (discussed at Section VIII (F) below) for Villas Units and retain the income. Guests
8 of Specialty shall be entitled to use of one (1) of Debtors' Villa Interval Units, subject to
9 availability, during the first two years after the Effective Date, free of charge except for the
10 cleaning fee charged to other members of the VOA.

11 g. Debtors will agree to transfer the Debtors larger phone system to the
12 VOA in exchange for VOA's purchase of a smaller phone system for Debtors/Reorganized
13 Debtor's operations. (In process at present.)

14 h. Except for amounts credited in (b) above, VOA shall continue to assess,
15 collect and pay to Specialty all membership dues owed Seven Canyons Club by the VOA.

16 Class 2-F is impaired.

17 **C. CLASS 3 ALLOWED UNSECURED CLAIMS.**

18 **1. Class 3-A: Allowed Unsecured Claims of Club Members.**

19 Class 3-A consists of the Allowed Unsecured Claims of Club Members arising from
20 alleged claims under each member's respective Membership Agreement, including but not
21 limited to, in certain circumstances the right to a refund of membership deposits. Defaulting
22 Club Members who have not cured all arrearages **as of ninety (90) days after the Effective**
23 **Date**, shall be treated as Class 3-B unsecured claims. Club Members currently in default
24 may become Class 3-A Club Members by completing payment of dues in arrearage by or
25 before such date. Class 3-A Club Members that are or become current on dues shall be
26 treated as follows:

1 a. The deposit claims are, and shall be, claims against The Club, and no
2 other person or entity. Old Club Members shall be deemed to have elected the equivalent of
3 Section 11 U.S.C. § 1111(b) with respect to such deposit claims, such claims shall be non-
4 refundable, and such members may deem such lost deposits as a capital investment loss.

5 b. The Club assigns all Club accounts receivable, including all membership
6 dues due and owing, to Specialty. After the Effective Date, Reorganized Debtor shall
7 cooperate in turning over any membership dues collected to Specialty, if any. Reorganized
8 Debtor and Specialty shall work to transition all other Golf Course Operations to Specialty as
9 soon as reasonably practical after the Effective Date.

10 c. Old Club Members shall have the right to join the Seven Canyons Club
11 offered by Specialty upon the terms set forth in Section VIII, provided **the initiation fee shall**
12 **be waived**. Specialty, or its designee, shall be entitled to set the amount of monthly dues
13 payable from the Old Club Members for the Seven Canyons Club Membership on and after
14 the Effective Date.

15 d. At the time that Specialty sells all intervals on Parcels B and C, or earlier
16 at Specialty's discretion, all then current New Club Members (including the Old Club
17 Members that become New Club Members) may form an equity held golf club which shall
18 have at least a ninety (90) day right of first refusal to purchase the Golf Course and Tract K
19 (Clubhouse and related property) from Specialty at market price.

20 Class 3-A is impaired.

21 **2. Class 3-B: Allowed General Unsecured Claims.**

22 Class 3B consists of the Allowed Unsecured Claims asserted by all remaining
23 creditors of both SDP and the Club, unless otherwise separately treated herein.

24 The Allowed Unsecured Claims in this Class will share, pro-rata, in a distribution of the
25 sum of \$100,000 in cash (the "**Unsecured Distribution Amount**") paid by the Reorganized
26 Debtor from the Additional Advance proceeds, on the 120th day following the Effective Date
27

1 of the Plan. Upon their receipt of their respective pro rata portions of the Unsecured
2 Distribution Amount, all Allowed Unsecured and Undersecured Claims in this Class shall be
3 deemed paid and discharged in full.

4 The deposit claims are, and shall be, claims against The Club, and no other person or
5 entity. Old Club Members shall be deemed to have elected the equivalent of Section 11
6 U.S.C. § 1111(b) with respect to such deposit claims, such claims shall be non-refundable
7 except to the extent of any distribution received under this Plan, and such members may
8 deem such lost deposits as a capital investment loss.

9 Class 3-B is impaired.

10 **3. Class 3-C: Allowed Unsecured Claims of the Road Association**

11 Class 3-C consists of the Allowed Unsecured Claims of The Seven Canyons Road
12 Association. According to the Debtors' books and records, and the proofs of claim filed to
13 date, the total aggregate amount of Allowed Unsecured Claims in this Class, for both
14 Debtors, is anticipated to be approximately \$268,306.

15 All pre Effective Date claims asserted by the Roads Association are released. From
16 the Effective Date, the Roads Association will be controlled by Specialty. Any claims against
17 The Seven Canyons Roads Association are correspondingly released and no claims that
18 existed, or could exist, prior to the Effective Date may be asserted against the Roads
19 Association.

20 Class 3-C is impaired.

21 **4. Class 3-D: Allowed Unsecured Claims of Cavan Related Entities**

22 Class 3-D consists of the Allowed Unsecured Claims of Cavan Related Entities
23 According to the Debtors' books and records, and the proofs of claim filed to date, the total
24 aggregate amount of Allowed Unsecured Claims in this Class is anticipated to be over
25 \$36,000,000.

26 There is no proposed distribution to this Class. Class 3-D is impaired.

1 **5. Class 3-E: Intercompany Claims by SDP and the Club.**

2 Class 3-E consists of the Intercompany Claims by SDP and the Club against each
3 other. The Intercompany Claims of SDP and the Club in this Class will be deemed waived
4 and released as against each other, and neither Debtor will recover anything from the other
5 on account of such Intercompany Claims.

6 Class 3-E is impaired.

7 **D. CLASS 4 -ALL ALLOWED INTERESTS OF SDP'S AND THE CLUB'S INTEREST HOLDERS.**

8 Class 4 consists of all Allowed Interests of the Interest Holders in the Debtors. SDP
9 shall terminate, and all assets shall transfer to the Reorganized Debtor which shall be
10 controlled by Seven Canyons Investors, LLC ("SCI"). SCI is currently the sole Member of
11 SDP. SCI is comprised of approximately 13 investors in Seven Canyons who have
12 previously invested approximately \$15,000,000 in Seven Canyons.

13 All equity interests in the Club shall terminate and the Club shall be dissolved.

14 Avion shall control the Reorganized Debtor for at least three months, after the
15 Effective Date, and thereafter as Voting Trustee sees fit and until SCI can appoint a manager.
16 In addition, SCI shall become the sole manager of Seven Canyons Lot Holdings, LLC in
17 place of SDP.

18 Class 4 is impaired.

19 **VII. SALE / TRANSFER OF ASSETS TO SPECIALTY**

20 On the Effective Date, Debtors shall sell and transfer, in full satisfaction of all Claims of
21 Specialty Mortgage and Specialty, the Specialty Property to the Specialty Mortgage
22 Participants free and clear of all liens, claims and encumbrances pursuant to Bankruptcy
23 Code Section 1129(b)(2)(ii) and 363, subject to the claims as listed in the treatment of Class
24 2-D above.

25 The Driving Range purchase price shall be paid on the Effective Date. The
26 Confirmation Order shall contain a schedule including the personal property, intangibles and
27

1 intellectual property referenced in Section VI(B)(4) and legal description of the Driving Range.
2 Debtors shall otherwise cooperate in the execution of any documentation or performance
3 requested by Specialty to effectuate the above sales.

4 **VIII. SEVEN CANYONS CLUB MEMBERSHIP**

5 After the Effective Date, Specialty shall control the terms for playing golf and enjoying
6 the amenities at Seven Canyons. The material terms of the Seven Canyons Club
7 Membership include:

8 (i) The Golf Course shall be converted to a semi-public play golf
9 course with the public portion of play available through limited resort participation
10 or as otherwise deemed necessary by Specialty in its sole discretion to maintain
11 the standards of the golf course.

12 (ii) All Old Club Members who become current on their dues on or
13 before ninety (90) days after the Effective Date shall be entitled to a New Club
14 Membership without the payment of any initiation fee.

15 (iii) New Club Membership initiation and dues shall be as follows with
16 Specialty reserving the right to revise the monthly dues to adjust to market
17 conditions:

18 (a) Full Membership: \$40,000 initiation fee, \$700 per month, and
19 minimum food and beverage tab of \$2000
20 annually.

21 (b) Fractional Membership: Graduated initiation fee as set forth
22 below, \$300 per month, and minimum
23 food and beverage tab of \$600
24 annually.

25 (c) Social Membership: \$10,000 initiation fee, \$300 per month
26 dues, and minimum food and beverage
27 tab of \$600 annually. These members
28 will not have golf privileges and will
restricted from receiving guest passes.

1 (d) Affiliated Club Membership: \$5,000 initiation fee, \$300 per
2 month dues and no food and
3 beverage minimum.

4 (iv) Unsold fractional interests on Parcel A will not incur membership
5 dues until such fractional interest is sold. Unsold fractional interests will have an
6 initiation fee based upon the year the fractional interest is sold as follows: (i)
7 \$5,000 within the eighteen months after the Effective Date; (ii) \$10,000 during the
8 second year thereafter; (iii) \$15,000 during the third year thereafter; (iv) \$20,000
9 during the fourth year thereafter, and (v) a rate to be determined in Specialty's
10 discretion after all of such periods have expired.

11 (v) Fractional members shall have the same golf privileges as currently
12 set forth in the VOA membership agreement. Membership and dues will be
13 required as part of the VOA and will be collected and remitted to Specialty by the
14 VOA. The VOA and Specialty shall execute such documents as may be
15 appropriate to effectuate the terms of this Plan.

16 (vi) Guests of New Club Members who are in residence and play with
17 the Member, may play at Seven Canyons Golf Course for a price of \$75 per
18 person per round of golf plus other fees (e.g. cart fee). Guests of New Club
19 Members who are not in residence at the time of the guest's play (including any
20 guests pursuant to the program described in Section IX(F), may play at Seven
21 Canyons Golf Course for a price of \$175 per person per round of golf, plus other
22 fees (e.g. cart fee). Guests will only be allowed for New Club Members who are
23 current on all dues owed.

24 (vii) New Club Members, except Fractional Members, will be allowed to
25 sell their memberships based on the existing waiting list (a "**Waiting List**
26 **Membership**"). Only New Club Members who remain current on dues will be
27 allowed to join and remain on the waiting list. Third parties may not be used to
28

1 sell Club Memberships. Seven Canyons intellectual property, including
2 trademarks, may not be used without the expressed written consent of Specialty;
3 however, both Reorganized Debtor and the VOA shall have licenses to use the
4 intellectual property, trademarks, and trade names on approved marketing
5 material with approval not unreasonably withheld by Specialty. The sale of
6 Specialty memberships and New Club Member waiting list memberships will be
7 conducted in the following order:

- 8 (a) 7 Specialty golf memberships to 1 Waiting List Membership
9 until Specialty has sold 14 memberships;
10 (b) 5 Specialty golf memberships to 1 Waiting List Membership
11 until Specialty has sold an additional 25 memberships;
12 (c) 4 Specialty golf memberships to 1 Waiting List Membership
13 thereafter.

14 If a waiting list member does not approve of the price in which the
15 membership is sold, he may choose to decline the membership sale and move to
16 the back of the waiting list. The Waiting List Membership resale will be subject to
17 a 20% resale fee to Specialty.

18 (viii) Any New Club Member and the VOA who does not timely pay dues
19 (within 60 days of written notice) will accrue interest on the amount payable at
20 the rate of 18% per annum and will have membership privileges suspended until
21 all dues and interest become current. If the VOA defaults upon the payment of
22 dues and does not cure such default within one hundred eighty (180) days of
23 written notice, Specialty may suspend the privileges of all VOA members.
24 Specialty may restrict the use of the Seven Canyon's facilities for any member
25 that fails to pay the annual food and beverage minimum.

26 (ix) New fractional members who acquire third party fractional interests
27 will not have to pay an initiation fee so long as the selling fractional owner is
28

1 current on its membership dues.

2 (x) Specialty shall have the sole right to market and sell new
3 memberships. Specialty reserves the right to revise membership dues at its sole
4 discretion.

5 **IX. MEANS FOR EXECUTING THE PLAN**

6 **A. FUNDING.**

7 The Plan will initially be funded by the proceeds from the Additional Advance and the
8 items to be funded by Specialty and the VOA as set forth herein. The Additional Advance will
9 provide for the payment of all amounts necessary to be funded on or before the Effective
10 Date of the Plan, and thereafter as set forth in the Plan. The conditions which must be met
11 prior to the Additional Advance being funded are as follows:

12 1. Confirmation of the Joint Plan by the Bankruptcy Court by Final Order-
13 acceptable to each Proponent and Recap, entered by March 31, 2013. Any modification to
14 this Plan must be approved by Debtors and Specialty in writing.

15 2. Any revision modifying treatment of the Additional Advance, Recap claims or
16 7C Clubhouse claims must also be approved by Recap.

17 3. Adversary No. 11-01439 (Specialty Mortgage v. 7C Clubhouse, et al) is
18 dismissed with prejudice and all claims related thereto are irrevocably released by the
19 parties.

20 **B. MANAGEMENT.**

21 SDP's sole Member and manager is Seven Canyons Investors, LLC ("SCI").
22 Effective August 10, 2012, the membership of SCI has been placed into a Voting Trust with
23 Mr. G. Neil Eley. Management of SCI is now performed by Avion Holdings, LLC ("Avion"),
24 under a Retention Agreement dated August 10, 2012, approved by the Court. Principals of
25 Avion are Mr. G. Neil Eley and Mr. James Lentine. Avion is paid a monthly fee of \$25,000
26 per month by Cavan Management Company, LLC. Avion and the Voting Trustee's authority
27

1 permit decisions to be made independent of any Cavan authority. The purpose of these
2 agreements is to provide new management and control of the Debtors.

3 SCI will manage the Reorganized Debtor subject to all obligations set forth in this Plan.
4 After the Plan's Effective Date, and after the Effective Date Distributions (a period of not less
5 than three months after Confirmation), the Voting Trustee may determine to terminate the
6 Voting Trust and permit new management to take control of SCI and the Reorganized Debtor.

7 **C. GOLF COURSE OPERATIONS.**

8 Specialty intends to return the Golf Course to a primarily private access, with limited
9 public access through identified resorts. Entities entitled to golf privileges shall be
10 determined by Specialty or its designee, but shall include at least Club Members who enter
11 into a Seven Canyons Membership Agreement with Specialty, and VOA members (including
12 Reorganized Debtor), and their approved guests. VOA must remain in good standing
13 regarding payment of Seven Canyons Club Membership dues. In the event VOA fails to
14 remain in good standing under Section VIII(viii) herein, continued use of Parcel B for Arrivals
15 and Operations facilities for the VOA may be subject to termination upon 30 days notice by
16 Specialty to VOA. Specialty may open the Golf Course to public play to maintain the
17 standards of the Golf Course.

18 **D. SALE OF VILLA INTERVALS.**

19 The Reorganized Debtor will market and sell Villa Fractional Intervals on Parcel A in a
20 joint marketing effort, on reasonable terms and conditions. Specialty shall cooperate in a
21 commercially reasonable manner at no cost to Specialty. Proceeds from the sale of the
22 Reorganized Debtor's Villa Intervals shall be distributed as follows:

- 23 1. First, to pay commissions, closing costs and accrued association dues on the
24 unit being sold.
- 25 2. Twenty five percent (25%) of the remaining proceeds shall be paid to
26 Reorganized Debtor.
- 27

1 3. Seventy Five percent (75%) of the remaining proceeds shall be paid to Recap.
2 Such proceeds shall be applied, *pari passu*, to pay the Additional Advance and the aggregate
3 amount of the Recap Class 2(A) Claim, as set forth above, with interest, as provided herein.
4

5 4. The balance of the proceeds thereafter shall be distributed to the Reorganized
6 Debtor.

7 **E. DISBURSING AGENT**

8 Reorganized Debtor shall act as the Disbursing Agent under the Plan. Avion agrees to
9 remain in control of Reorganized Debtor for at least 90 days after the Effective Date.
10

11 **F. MEMBERS VILLAS GUEST PROGRAM**

12 Such program will be operated by the VOA, and will permit the Villa Owners and
13 Reorganized Debtor's Parcel A Villas Interval Units to place excess weeks in Villas units into
14 a space available pool available to only Villa owners', New Club Members', and Reorganized
15 Debtor's guests, or Special Guests (to be defined by agreement with the VOA). The Guests
16 shall pay the pro-rata share of the Villa owner's dues and said payment will be credited to the
17 Villa owner's account. Any charges for un-owned weeks provided to guests will be credited
18 to VOA revenues.

19 For Reorganized Debtor units only, the VOA will charge 1) an appropriate amount to
20 service such units, and 2) charge a fee on a weekly basis in order to provide income which
21 would offset Reorganized Debtor's VOA dues payable. The fee charged must be the pro rata
22 share of Reorganized Debtor's VOA dues payable for the period of stay.

23 **G. PLAN IMPLEMENTATION**

24 Pursuant to 11 U.S.C. § 1142 and the terms of the Confirmation Order, the court shall
25 order the parties, and any other necessary party, to exercise, deliver or document the
26 provisions of the Plan as confirmed by this Court. The implementation of the Plan shall be
27 exempt from the imposition of any and all transfer, transaction or sales taxes of any manner
28

1 whatsoever. In addition, treatment set forth in this Plan shall be deemed payment in full of all
2 claims and no party or entity may assert any claims against any party, equity holder, or
3 affiliate thereof, which is contrary to such treatment.

4 In the event any entity which possesses an Allowed Secured Claim or any other lien in
5 any of the Debtor's property for which the Plan requires the execution of any documents to
6 incorporate the terms of the Plan, fails to provide a release of its lien or execute the
7 necessary documents to satisfy the requirements of the Plan, a Proponent may record a copy
8 of this Plan or the Confirmation Order with the appropriate governmental agency and such
9 recordation shall be deemed to constitute the satisfaction and lien release, and creation of
10 any necessary new liens to satisfy the terms of the Plan. If the Debtor deems advisable, it
11 may obtain a further Order from the Court that may be recorded in order to implement the
12 terms of the Plan.

13 **H. NEW OBLIGATIONS**

14 Any Allowed Claims which are otherwise impaired herein, and which are paid in
15 deferred payments, shall be a New Obligation of the Reorganized Debtor under the terms
16 described herein and completely replace any pre-confirmation obligations of the Debtor.

17 **X. EFFECT OF CONFIRMATION**

18 Except as otherwise provided in the Plan or the Confirmation Order, Confirmation acts
19 as a Discharge, effective as of Confirmation, of any and all claims against or debts of the
20 Debtors that arose any time before the entry of the Confirmation Order including, but not
21 limited to, all principal and all interest accrued thereon, pursuant to § 1141(d)(1) of the
22 Bankruptcy Code. The Discharge shall be effective as to each Claim, regardless of whether
23 a Proof of Claim thereon was filed, whether the Claim is an Allowed Claim, or whether the
24 Holder thereof votes to accept the Plan.

25 In addition, any pre-confirmation obligations of the Debtor dealt with in this Plan shall
26 be considered New Obligations, and these New Obligations shall not be considered in default

1 unless and until the Reorganized Debtor defaults on the New Obligations pursuant to the
2 terms of the Plan. The New Obligations provided for in the Plan shall be in the place of, and
3 completely substitute for, any pre-Confirmation obligations of the Debtor. Once the Plan is
4 confirmed, the only obligations of the Reorganized Debtor shall be such New Obligations as
5 provided for under the Plan.

6 Finally, as of the Confirmation Date, any party that has held, currently holds, or may a
7 Claim or other debt or liability or an Equity Interest, is permanently enjoined from taking any
8 of the following actions on account of such Claims, debts, liabilities, or Equity Interests: (a)
9 commencing or continuing in any manner any action or other proceeding against any
10 property to be distributed under this Plan; (b) enforcing, attaching, collecting or recovering in
11 any manner any judgment, award, decree, or order against any property to be distributed
12 under this Plan; (c) creating, perfecting, or enforcing any lien or encumbrance against any
13 property to be distributed under this Plan; and (d) commencing or continuing any action, in
14 any manner, in any place, that does not comply with or is inconsistent with the provisions of
15 this Plan or the Bankruptcy Code. Treatment under the Plan is in full satisfaction of all
16 Claims.

17 All claims arising from, or related to, any act or omission of the Plan Proponents or
18 their current and former officers, directors, members, employees, agents, brokers, advisors,
19 members, shareholders, representatives, and professionals, and the affiliates, heirs, assigns
20 and successors of any of the foregoing, after the Petition Date must be brought in, and
21 adjudicated by, the United States Bankruptcy Court for the District of Arizona. Any action
22 brought in any forum that is not in accordance with this paragraph is hereby enjoined, subject
23 to jurisdictional limitations.

24 **XI. OBJECTIONS TO AND ESTIMATIONS OF CLAIMS**

25 **A. OBJECTIONS AND BAR DATE FOR FILING OBJECTIONS**

26 As soon as practicable, but in no event later than 90 days after the Effective Date,
27

1 objections to Claims shall be filed with the Bankruptcy Court and served upon the holders of
2 each of the Claims to which objections are made pursuant to the Bankruptcy Code and the
3 Bankruptcy Rules. Objections filed after such date will be barred.

4 **B. SETTLEMENT OF CLAIMS.**

5 Settlement of any objection to a Claim not exceeding \$10,000 shall be permitted on
6 the eleventh (11th) day after notice of the settlement has been provided to the Debtors, the
7 Creditors, the settling party, and other persons specifically requesting such notice, and if on
8 such date there is no written objection filed, such settlement shall be deemed approved. In
9 the event of a written objection to the settlement, the settlement must be approved by the
10 Court on notice to the objecting party.

11 **C. ESTIMATION OF CLAIMS.**

12 For purposes of making distributions provided for under the Plan, all Claims objected
13 to shall be estimated by the Disbursing Agent at an amount equal to (i) the amount, if any,
14 determined by the Court pursuant to § 502(c) of the Bankruptcy Code as an estimate for
15 distribution purposes; (ii) an amount agreed to between the Debtors and the Claimant; or, (iii)
16 that amount set forth as an estimate in the Plan or Disclosure Statement. Notwithstanding
17 anything herein to the contrary, no distributions shall be made on account of any Claim until
18 such Claim is an Allowed Claim.

19 **D. UNCLAIMED FUNDS AND INTEREST**

20 Distribution to Claimants shall be mailed by the Reorganized Debtor to the Claimants
21 at the address appearing on the master mailing matrix unless the Claimant provides the
22 Reorganized Debtor with an alternative address. For a period of one year from the date that
23 a distribution was to be made by the disbursing agent but has gone uncollected by the
24 Claimant, the disbursing agent shall retain any distributions otherwise distributable hereunder
25 which remain unclaimed or as to which the disbursing agent has not received documents
26 required pursuant to the Plan. Thereafter, the unclaimed funds shall be deposited in the
27

1 appropriate distribution account for distribution to other Claimants entitled to participate in
2 such respective fund.

3 **XII. NON-ALLOWANCE OF PENALTIES AND FINES**

4 No distribution shall be made under this Plan on account of, and no Allowed Claim,
5 whether Secured, Unsecured, Administrative, or Priority, shall include any fine, penalty,
6 exemplary or punitive damages, late charges, default interest or other monetary charges
7 relating to or arising from any default or breach by the Debtors, and any Claim on account
8 thereof shall be deemed Disallowed, whether or not an objection was filed to it.

9 **XIII. CLOSING OF CASE**

10 Until these cases are officially closed, the Reorganized Debtor will be responsible for
11 filing pre- and post-confirmation reports required by the United States Trustee and paying the
12 quarterly post-confirmation fees of the United States Trustee, in cash, pursuant to 28 U.S.C.
13 § 1930, as amended. Pursuant to 11 U.S.C. § 1129(a)(12), all fees payable under § 1930 of
14 Title 28, as determined by the Court at the hearing on confirmation of the Plan, will be paid, in
15 cash, on the Effective Date.

16 **XIV. MODIFICATION OF THE PLAN**

17 In addition to its modification rights under § 1127 of the Bankruptcy Code, the
18 Proponents may amend or modify this Plan *at any time* prior to Confirmation without leave of
19 the Court. In addition, while it is the intent of Proponents to confirm this Plan, in the event
20 either Proponent desires to withdraw from this Plan, it may do so. The Proponents may
21 jointly propose amendments and/or modifications of this Plan at any time subsequent to
22 Confirmation with leave of the Court and upon notice to Creditors. After Confirmation of the
23 Plan, the Debtors may, with approval of the Court, as long as it does not materially or
24 adversely affect the interests of Creditors, remedy any defect or omission or reconcile any
25 inconsistencies in the Plan, or in the Confirmation Order, if any may be necessary to carry out
26 the purposes and intent of this Plan.

1 **XV. JURISDICTION OF THE COURT**

2 The Court will retain jurisdiction until this Plan has been fully consummated for,
3 including but not limited to, the following purposes: The classification of the Claims of any
4 Creditors and the re-examination of any Claims which have been allowed for the purposes of
5 voting, and for the determination of such objections as may be filed to the Creditor's Claims.
6 The failure by the Debtor to object to or examine any Claim for the purpose of voting shall not
7 be deemed to be a waiver of the Debtors' rights to object to or to re-examine the Claim in
8 whole or in part.

- 9 • To determine any Claims which are disputed by the Debtors, whether such
10 objections are filed before or after Confirmation, to estimate any Un-liquidated
11 or Contingent Claims pursuant to 11 U.S.C. § 502(c)(1) upon request of the
12 Debtors or any holder of a Contingent or Un-liquidated Claim, and to make
13 determination on any objection to such Claim.
- 14 • To determine all questions and disputes regarding title to the assets of the
15 Estate, and determination of all causes of action, controversies, disputes or
16 conflicts, whether or not subject to action pending as of the date of
17 Confirmation, between the Debtors and any other party, including but not limited
18 to, any rights of the Debtors to recover assets pursuant to the provisions of the
19 Bankruptcy Code.
- 20 • The correction of any defect, the curing of any omission or any reconciliation of
21 any inconsistencies in this Plan, or the Confirmation Order, as may be
22 necessary to carry out the purposes and intent of this Plan.
- 23 • The modification of this Plan after Confirmation, pursuant to the Bankruptcy
24 Rules and the Bankruptcy Code.
- 25 • To enforce and interpret the terms and conditions of this Plan.
- 26 • The entry of an order, including injunctions, necessary to enforce the title, rights
27 and powers of the Debtors, and to impose such limitations, restrictions, terms

1 and conditions of such title, right and power that this Court may deem
2 necessary.

- 3 • The entry of an order concluding and terminating this case.

4 **XVI. RETENTION AND ENFORCEMENT OF CLAIMS**

5 Pursuant to § 1123(b)(3) of the Bankruptcy Code, the Reorganized Debtor shall retain
6 and may enforce any and all claims of the Debtor, except those claims specifically waived
7 herein. Any retained causes of action include, but are not limited to, all avoidance actions,
8 fraudulent conveyance actions, preference actions, and other claims and causes of action of
9 every kind and nature whatsoever, arising before the Effective Date which have not been
10 resolved or disposed of prior to the Effective Date, whether or not such claims or causes of
11 action are specifically identified in the Disclosure Statement.

12 Any recovery obtained from retained causes of action shall become an additional
13 asset of the Reorganized Debtor, unless otherwise ordered by the Court, and shall be
14 available for distribution in accordance with the terms of this Plan.

15 **XVII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

16 Every executory contract and unexpired lease to which the Debtors (or either of them)
17 are a party that is not specifically assumed by the Debtors shall be rejected by the Debtors.
18 The Debtors currently intend to assume and modify as set forth herein the Membership Plan
19 and all Membership Agreements relating thereto.

20 Claims under § 502(g) of the Bankruptcy Code arising as a result of the rejection of
21 executory contracts and/or unexpired lease shall be filed no later than 30 days after the
22 Confirmation Date. Any such Claims not timely filed and served shall be disallowed.

23 **XVIII. REVESTING**

24 Except as provided for in the Plan or in the Confirmation Order, on the Effective Date
25 the Reorganized Debtor shall be vested with all the property of the Estate that is not directed
26 to be transferred to a creditor as set forth herein, free and clear of all claims, liens, charges,
27

1 and other interests of Creditors, arising prior to the Effective Date. Upon the Effective Date,
2 the Reorganized Debtor shall operate their business free of any restrictions.

3 DATED: January 18, 2013.

4
5 **THE CLUB AT SEVEN CANYONS, LLC,**
6 An Arizona limited liability company,
7 By: Sedona Development Partners, LLC
8 Its Managing Member

9 **And**

10 **SEDONA DEVELOPMENT PARTNERS, LLC,**
11 An Arizona limited liability company,

12 By: Seven Canyon's Investors, LLC ("SCI"),
13 An Arizona limited liability company
14 Its: Member Manger
15 By Avion Holdings, LLC
16 Designated Representative of SCI

17 /s/ G. Neil Elsey

18 By: G. Neil Elsey
19 Its Manager

20 **AND**

21 **SPECIALTY MORTGAGE CORP.,**
22 A Nevada Corporation,

23 /s/ Nello Gonfiantini

24 By: Nello Gonfiantini,
25 President

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STINSON MORRISON HECKER LLP

By: /s/ Alisa C. Lacey (#010571)
Alisa C. Lacey, Esq.
1850 N. Central Avenue, Suite 2100
Phoenix, Arizona 85004-4584
Attorneys for Debtors

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Scottsdale, Arizona 85251
Attorneys for Specialty Mortgage Corporation

and

DICKINSON WRIGHT PLLC
Kristi A. Katsma, Esq.
500 Woodward Ave., Ste. 4000
Detroit, MI 48226
Attorneys for Specialty Mortgage Corporation

COPY of the foregoing mailed (or served via electronic notification if indicated by an “*”) on January 18, 2013, to:

U.S. TRUSTEE’S OFFICE
230 N. 1st Avenue, Suite 204
Phoenix, AZ 85003
ustpreion14.px.ecf@usdoj.gov

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Scottsdale, Arizona 85251
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Phoenix, AZ 85004
4 *Attorneys for Don H. Davis, Jr., Lute
Riley, and Hans Epprechth*

5
6 /s/ Anne Finch

7 DETROIT 51765-2 1263899v4

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EXHIBIT A

Sedona Investors

Investor	% of Total
Adriana Rogers and/or Lisa Rogers	0.03%
Alfred J. Brewer	0.09%
Albright Persing Profit Sharing Plan	0.18%
Andrew S. Johnson Trust	0.15%
Angelo & Joan Petrini Family Trust dated 10/7/87	5.73%
Ansari Family Trust	0.04%
Avansino Family Trust	0.37%
Ballardini Family Trust dated 4/14/92	2.14%
Batt, Randy	0.10%
Batt, Sara	0.01%
Ben P. and Bea J. Avent	0.04%
Brandon Seevers	0.14%
Brenda C. Toriyama	0.05%
Brian E.& Amy M. Lessinger Family Trust	0.05%
Bridget Jean Selmi Trust dated 4/1/97	0.28%
C & A Investments LLC	0.06%
The Cecile Caramella Survivors Trust	0.20%
Carol R. Porta Revocable Trust	0.29%
Charles E. & Carmen V. Bowman	0.09%
Comstock Insurance Agencies, Inc.	0.18%
Coxey Living Trust dated 12/3/98	0.05%
Crothers Family Trust dated 11/11/99	0.92%
Crothers Investment LTD Partnership	0.18%
Dale N. Wagner	0.15%
Daniell D. Henderson	0.09%
Deel Revocable Trust u/a dated 7/12/78	2.76%
Dilts & Kappeler Family Trust	2.39%
Donald and Virginia Reniers Family Trust	0.18%
Donna J. Hellwinkel DDS LTD Prosit Sharing Plan	0.41%
Double R Real Properties, LLC	0.18%
Dry Creek Partners, LLC	0.46%

Sedona Investors

Elaine Louise Barnhart	0.05%
Eleanor Kolseth Trust	0.29%
Elisabeth Galvin	0.57%
John Galvin	0.17%
Erickson, Thorpe & Swainston, LTD Profit Sharing Plan	0.18%
Ernest Martinelli Family Trust	0.12%
Estate of Eton Associates	4.14%
Fennell Family Trust	0.18%
Francesca Barbagelata	0.04%
Francesca L. Brake	0.01%
Glenn &/or Janet M. McMahon	0.15%
Harold Larragueta Family Trust (A)	0.37%
Harold Wesley Wright	0.14%
Herrera Family Trust	0.02%
Hotel & Casino Management Inc.	0.92%
Estate of Investor's Joint Venture	5.27%
J. Michael O'Gara	0.70%
J.A. Frost Trust	0.18%
Jacie Caramella	0.10%
Jacie, LLC	1.57%
James & Andrea Anderson	0.05%
James L. Peri Trust	0.18%
Jane D. Puliz	0.02%
Janet M. McMahon	0.14%
Jerry G. Scolari 1980 Revocable Trust	0.09%
Joann Petrini-Cassas	0.13%
The Joey Eldon Scolari 1979 Revocable Trust	0.09%
John Oppenheimer	0.09%
John A. Beatty & Kathleen Akers	0.18%
John and Mary O'Gara Family Trust	0.02%
John C. Fitzgerald & Corrine A. Dwyer	0.14%
Joseph D. Peri Family Trust	0.18%

Sedona Investors

Keith & Rosemarie Horner	0.20%
Kenneth B. & Jan H. Abrams	0.09%
Kent R. Robison Family Trust	0.18%
Lisa M. and/or Leonard Rogers	0.06%
Louis G. Damonte Trust	0.14%
Marissa A. Rogers and/or Lisa M. Rogers	0.03%
Martinelli Limited Family Partnership	0.18%
Mary Depaoli	0.14%
Matt & Katie Anderson	0.05%
MBJ Investments, LLC	0.37%
Melissa C. Wright	0.05%
Michael Miyazaki under UTMA	0.06%
My Very Own Dreams, a Nevada corporation	0.37%
N.E. & G.M. Quilici Family Trust	0.28%
Nancy L. Austin	0.14%
Naomi Schwartz	0.09%
Nicole C. Ballardini	0.09%
Noonan Family Trust, Steve Noonan, Trustee	0.18%
Northlight Trust I	7.85%
Paul Miyazaki under UTMA	0.06%
Paula Billau	0.86%
Peirce Living Trust	0.09%
Peter & Turkey Stremmel Family Trust	0.37%
Peter M Menicucci Trust	0.11%
Peter M. DiGrazia DMD Ltd., Profit Sharing Plan	0.20%
Polycomp Trust Company FBO Angelo Petrini IRA	0.90%
Polycomp Trust Company FBO Joan Petrini IRA	0.11%
Putnam Living Trust	0.05%
Quilici Family Partnership	0.28%
Rober L. & Carolyn M. Quilici Family Trust	0.92%
Durham Family Trust	0.55%
Raymond J. Poncia Jr., Family Trust dated 12/12/84	3.13%

Sedona Investors

Richard Schaller & Jill Marie Schaller	0.46%
Richard L. and Cindy L. Garaventa Revocable Living Trust	0.10%
Richard W. & Angelina Capurro	0.64%
Riley S. Johnson Trust	0.13%
Robert S. & Dorothy H. Drakulich	0.32%
Robert Lawless	0.12%
Robert R. Barengo Pension Plan	0.74%
Robert S. & Suzanne M. Capurro Family Trust	0.04%
Robin L. Keith	0.05%
Roger Puccinelli Family Trust	0.18%
Rose Family Trust	0.30%
Rosmino Barengo	0.09%
Ruth Brown	0.23%
S. Brooks Johnson	0.37%
Sandra C. Wagner	0.05%
Selmi Marital Trust	0.09%
Sierra Eye Assoc. Profit Sharing Plan & Trust	0.18%
Specialty Trust Inc.	37.46%
Steve & Henri Stremmel FamilyTrust	0.37%
Steve E. Wenzel a Profession Corporation 401 (k) Profit Sharing Plan	0.18%
Steve S. Johnson Family Trust	0.64%
Tammy Poncia-Jackson	0.55%
Thomas L. Belaustegui	0.28%
Tripp Enterprises Inc.	0.37%
Tripp Enterprises Inc. Restated Profit Sharing Plan	0.37%
Union Bank, Trustee FBO Josie Trust	0.55%
Union Bank, Trustee FBO Susan Trust	0.37%
Vera Stern Revocable Trust dtd 4/10/92	0.37%
Vern S. and Irma Juenke	0.03%
William & Lynn Miyazaki	0.24%
William and/or Theresa Field	0.18%
Akert Family Trust	0.55%

Sedona Investors

William and Buff H. Crothers	0.28%
William E. Kahl Family Trust	0.46%
	100.00%

Exhibit 2

to

Disclosure Statement to Accompany Joint Plan of
Reorganization Filed by Debtors and Specialty Mortgage Corp.
Dated January 18, 2013

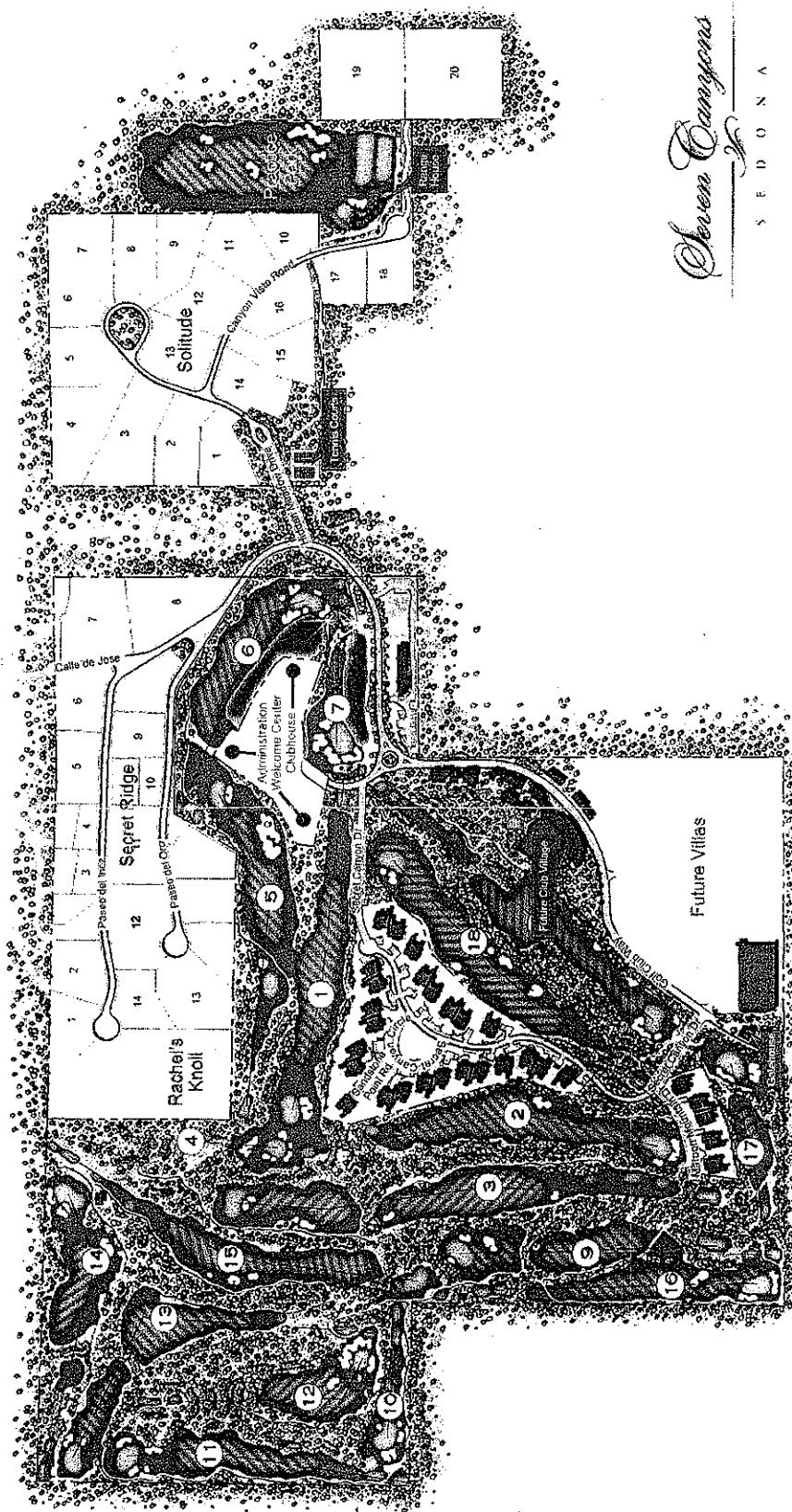
**EXHIBIT 2 TO
DISCLOSURE STATEMENT ACCOMPANYING
JOINT PLAN DATED JANUARY 18, 2013**

Plan Class	Creditor	Claim Amount	Collateral	Priority
2-A	Seven Canyon Recap	2,440,000	Parcel A and D and villa intervals	1st
2-B	Developer Finance	5,054,386	Range House, Practice Park, Tennis Courts	1st
2-C	7C Clubhouse Lenders	5,600,000	Tract K	1st
			Parcel A and villa intervals	2d
2-D(1)	Specialty	12,500,000	Tract L Golf Course	1st
2-D(2)	Specialty	11,700,000	Parcel C	1st
			Tract N	2d
2-D(3)	Specialty	4,250,000	Parcel B	1st
2-D(4)	Specialty	18,250,000	Well sites and water company stock	1st
2-D(5)	Specialty	6,000,000	Parcel B	2d
			Tract L Golf Course	3d
			Parcel A and intervals	3d
			Parcel C	3d
2-D(6)	Specialty	5,000,000	Parcel C	2d
			Parcel B	3d
			Tract L Golf Course	4th
Totals		70,794,386		

Exhibit 3

to

Disclosure Statement to Accompany Joint Plan of Reorganization Filed by Debtors and Specialty Mortgage Corp. Dated January 18, 2013



Seven Camps

S E D O N A

Exhibit 4

to

Disclosure Statement to Accompany Joint Plan of
Reorganization Filed by Debtors and Specialty Mortgage Corp.
Dated January 18, 2013

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In re:)
)
Sedona Development Partners, LLC)
)
)
)
)
)
Debtor)
)

CASE NO. 2:10-bk-16711-RTBP

BUSINESS AND INDUSTRY
MONTHLY OPERATING REPORT

MONTH OF Nov-12

DATE PETITION FILED: 27-May-10

TAX PAYER ID NO. : 86-1025147

Nature of Debtor's Business: Owner of Seven Canyons Private Residence Golf Club
and sales of fractional interest in residences (villas)

DATE DISCLOSURE STATEMENT FILED 12/18/2012 TO BE FILED _____
DATE PLAN OF REORGANIZATION FILED 12/3/2012 TO BE FILED _____

I CERTIFY UNDER PENALTY OF PERJURY THAT THE FOLLOWING MONTHLY OPERATING REPORT AND
THE ACCOMPANYING ATTACHMENTS ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

RESPONSIBLE PARTY:



ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

Jim Lentine

PRINTED NAME OF RESPONSIBLE PARTY

MEMBER - AILION HOLDINGS, LLC

TITLE DESIGNATED REPRESENTATIVE

January 14, 2012

DATE

PREPARER:



ORIGINAL SIGNATURE OF PREPARER

Christopher G. Linscott

PRINTED NAME OF PREPARER

CPA

TITLE

January 14, 2012

DATE

PERSON TO CONTACT REGARDING THIS REPORT: Christopher G. Linscott

PHONE NUMBER: 520-884-0176

ADDRESS: 33 N. Stone Ave, Ste 1100
Tucson, AZ 85701

FILE ORIGINAL REPORT ELECTRONICALLY WITH THE COURT, FILE PAPER COPY WITH U.S. TRUSTEE'S OFFICE

Case Number: 2:10-bk-16711-RTBP

**CURRENT MONTH'S
RECEIPTS AND DISBURSEMENTS**

	BANK ACCOUNTS			Total
	Operating	Payroll	Tax	
	# 5499	#	#	

Balance at Beginning of Period		15,047.76			15,047.76
--------------------------------	--	-----------	--	--	-----------

RECEIPTS					
Cash Sales					-
Accounts Rceivable - Prepetition		-			-
Accounts Rceivable - Postpetition					-
Loans and Advances					-
Sale of Assets					-
Transfers from Other DIP Accounts					-
Other (attach list)					-
					-
TOTAL RECEIPTS	-	-	-	-	-

DISBURSEMENTS					
Business - Ordinary Operations					
Capitol Improvements					
Pre-Petition Debt					
Transfers to Other DIP Accounts					
Other (attach list)					
Reorganization Expenses:					
Attorney Fees					
Accountant Fees					
Other Professional Fees					
U. S. Trustee Quarterly Fee					
Court Costs					
TOTAL DISBURSEMENTS	-	-	-	-	-

Balance at End of Month	-	15,047.76	-	-	15,047.76
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*Information provided above should reconcile with balance sheet and income statement amounts

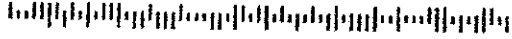
DISBURSEMENTS FOR CALCULATING QUARTERLY FEES:	
Total Disbursements From Above	-
Less: Transfers to Other DIP Accounts	
Plus: Estate Disbursements Made by Outside Sources (payments from escrow; 2-party check; etc.)	
Total Disbursements for Calculating Quarterly Fees	-



JPMorgan Chase Bank, N.A.
 P O Box 659754
 San Antonio, TX 78265 - 9754

November 01, 2012 through November 30, 2012
 Account Number: **000000888875499**

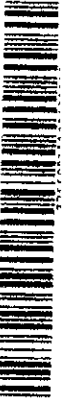
00049595 1 AV 0.35



00049595 DRE 601 141 33612 NNNNNNNNNNN T 1 000000000 83 0000 T882031 P20460
 SEDONA DEVELOPMENT PARTNERS LLC
 DEBTOR IN POSSESSION-GENERAL
 CASE #210BK16711RTBP
 15300 N 90TH ST STE 200
 SCOTTSDALE AZ 85260-2772

CUSTOMER SERVICE INFORMATION

Web site: www.Chase.com
 Service Center: 1-877-425-8100
 Deaf and Hard of Hearing: 1-800-242-7389
 Para Espanol: 1-888-622-4273
 International Calls: 1-713-262-1679



You will see more information about your ATM deposits on your account statement.

Tracking your ATM deposits will be even easier beginning November 12, 2012. In the Deposits and Additions section of your statement, you will see the date you made your deposit (in addition to the date we posted it to your account), and the last four digits of the card number for each ATM deposit.

In the ATM & Debit Card Summary section, ATM and debit card transactions will be totaled by card number. This will help you track activity by cardholder. Please note that any ATM deposit transactions that post to your account before November 12, 2012, will not show this additional information and will not be included in the ATM & Debit Card Summary section at the end of your statement.

We value you as a Chase customer. If you have questions, please call us at the number on this statement or visit your nearest branch.

CHECKING SUMMARY

Chase Analysis Business Checking

	INSTANCES	AMOUNT
Beginning Balance		\$15,047.76
Ending Balance	0	\$15,047.76

There has been no activity on your account during this statement period. You may not receive a statement through the mail in the future if there is no activity on your account. You can always view your account activity and statement by logging on to your account through chase.com. If you have questions, please call us at the number on this statement.

Your service charges, fees and earnings credit have been calculated through account analysis.



Note: Ensure your checkbook register is up to date with all transactions to date whether they are included on your statement or not.

1. Write in the Ending Balance shown on this statement: **Step 1 Balance:** \$ _____

2. List and total all deposits & additions not shown on this statement:

Date	Amount	Date	Amount	Date	Amount

Step 2 Total: \$ _____

3. Add Step 2 Total to Step 1 Balance.

Step 3 Total: \$ _____

4. List and total all checks, ATM withdrawals, debit card purchases and other withdrawals not shown on this statement.

Check Number or Date	Amount	Check Number or Date	Amount

Step 4 Total: -\$ _____

5. Subtract Step 4 Total from Step 3 Total. This should match your Checkbook Balance: \$ _____

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC FUNDS TRANSFERS: Call or write us at the phone number or address on the front of this statement (non-personal accounts contact Customer Service) if you think your statement or receipt is incorrect or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent you the FIRST statement on which the problem or error appeared. Be prepared to give us the following information:

- Your name and account number
- The dollar amount of the suspected error
- A description of the error or transfer you are unsure of, why you believe it is an error, or why you need more information.

We will investigate your complaint and will correct any error promptly. If we take more than 10 business days (or 20 business days for new accounts) to do this, we will credit your account for the amount you think is in error so that you will have use of the money during the time it takes us to complete our investigation.

IN CASE OF ERRORS OR QUESTIONS ABOUT NON-ELECTRONIC TRANSACTIONS: Contact the bank immediately if your statement is incorrect or if you need more information about any non-electronic transactions (checks or deposits) on this statement. If any such error appears, you must notify the bank in writing no later than 30 days after the statement was made available to you. For more complete details, see the Account Rules and Regulations or other applicable account agreement that governs your account.



JPMorgan Chase Bank, N.A. Member FDIC

INCOME STATEMENT

(Accrual Basis)

*Debtor's own form may be substituted if (1) it is prepared in accordance with generally accepted accounting principals, (2) year-to-date and filing-to-date information is provided, and (3) if reorganization expenses are segregated in the statement.

REVENUES	Current Month	Year to Date	Total Since Filing
Gross Revenue			
Less: Returns & Discounts			
Net Revenue			
COST OF GOODS SOLD			
Material			
Direct Labor			
Direct Overhead (attach detail)			
Total Cost of Goods Sold			
GROSS PROFIT			
OPERATING EXPENSES			
Officer/Insider Compensation			
Selling & Marketing (attach detail)			
General & Administrative (attach detail)			
Other Expenses (attach detail)			
Total Operating Expenses			
Income Before Non-operating Income and Expense			
OTHER INCOME & EXPENSE			
Other Income (attach list)			
Other Expense (attach list)			
Interest Expense			
Depreciation/Depletion			
Amortization			
Net Other Income & Expense			
Income Before Reorganization Expense			
REORGANIZATION EXPENSES			
Professional Fees			
U.S. Trustee Fees			
Other (attach list)			
Total Reorganization Expenses			
Income Tax			
NET PROFIT OR (LOSS)			

Sedona Development Partners
Income Statement
For the Period Ended November 30, 2012

	Current Activity	YTD Balance
<u>Income</u>		
SDP-4950 Interest Income	-	1,899.00
Total Income	-	1,899.00
<u>Cost of Sales</u>		
Total Cost of Sales	-	-
Gross Margin	-	1,899.00
<u>Expenses</u>		
SDP-6560 Direct Investor Marketing	-	1,300.00
SDP-6595 Gratis - Promotional Pkgs, Sales	4,000.00	44,000.00
SDP-7010 Cntr Srvc & Fees-Accntg/Tax Prep	-	-
SDP-7040 Cntr Srvc & Fees-Legal	-	319,000.00
SDP-7045 Cntr Srvc & Fees-Professional/Cons	-	10,000.00
SDP-7095 Operating Expenses - Other	-	10,600.00
SDP-7255 Taxes - Real Estate Property	-	53,250.00
SDP-7280 Association Fees	-	605,890.00
SDP-7290 Mise. Fees	-	325.00
SDP-7315 Depreciation Expense	11,443.00	126,026.00
SDP-7320 Amortization Expense	21,520.00	239,998.00
Total Expenses	36,963.00	1,410,389.00
<u>Other Income</u>		
Total Other Income	-	-
Net Income (Loss)	(36,963.00)	(1,408,490.00)

COMPARATIVE BALANCE SHEET
(Accrual Basis)

*Debtor's own form may be substituted if (1) it is prepared in accordance with generally accepted accounting principals, (2) current and prior period information is provided, and (3) if pre-petition and post-petition liabilities are segregated.

ASSETS	SCHEDULE AMOUNT ¹	CURRENT MONTH	PRIOR MONTH
Unrestricted Cash			
Restricted Cash			
Total Cash			
Accounts Receivable (net)			
Inventory			
Notes Receivable			
Prepaid Expenses			
Other (attach list)			
Total Current Assets			
Property, Plant & Equipment			
Less: Accumulated Depreciation			
Net Property, Plant & Equip.			
Due From Insider(s)			
Other Assets - net (attach list)			
Other (attach list)			
TOTAL ASSETS			
POST-PETITION LIABILITIES			
Accounts Payable			
Taxes Payable			
Notes Payable			
Professional Fees			
Secured Debt			
Other (attach list)			
Total Post-Petition Liabilities			
PRE-PETITION LIABILITIES			
Secured Debt			
Priority Debt			
Unsecured Debt			
Other (attach list)			
Total Pre-Petition Liabilities			
TOTAL LIABILITIES			
EQUITY			
Pre-petition Owner's Equity			
Post-Petition Cumulative Profit/Loss			
Direct Charges to Equity (explain)			
Total Equity			
TOTAL LIABILITIES & OWNER'S EQUITY			

¹ This column should reflect the information provided in Schedules A, B, C, D, E, and F filed with the Court

Sedona Development Partners
Balance Sheet
November 30, 2012

<u>ASSETS</u>	
Current Assets	
Cash & Cash Equivalents	15,048.00
Notes Receivable	180,939.00
Total Current Assets	<u>195,987.00</u>
Land and Development Costs	
Land and Development Costs	39,213,373.00
Property, Buildings and Equipment	
Property, Buildings and Equipment	28,652,645.00
Less: Accumulated Depreciation	<u>(4,422,706.00)</u>
Total Property, Buildings and Equipment	24,229,939.00
Other Assets	
Restricted Cash-Escrows	
Investments	32,067,032.00
Deposits	7,463.00
Total Long Term Assets	<u>32,074,495.00</u>
Total Assets	<u><u>95,713,794.00</u></u>
 <u>LIABILITIES & EQUITY</u> 	
Current Liabilities	
Accounts Payable	6,984,867.00
Accrued Liabilities	25,722,835.00
Due to Related Parties	20,116,633.00
Total Current Liabilities	<u>52,824,335.00</u>
Long Term Liabilities	
Membership Deposits	26,804,350.00
Long Term Debt	66,399,493.00
Total Long Term Liabilities	<u>93,203,843.00</u>
Total Liabilities	146,028,178.00
Equity	
Contributed Capital	15,000,000.00
Retained Earnings	(63,905,894.00)
Net Income	(1,408,490.00)
Total Equity	<u>(50,314,384.00)</u>
Total Liabilities and Equity	<u><u>95,713,794.00</u></u>

Sedona Development Partners
Balance Sheet
October 31, 2012

ASSETS

Current Assets	
Cash & Cash Equivalents	15,048.00
Notes Receivable	180,939.00
Total Current Assets	<u>195,987.00</u>
Land and Development Costs	
Land and Development Costs	39,213,373.00
Property, Buildings and Equipment	
Property, Buildings and Equipment	28,652,645.00
Less: Accumulated Depreciation	<u>(4,389,743.00)</u>
Total Property, Buildings and Equipment	24,262,902.00
Other Assets	
Restricted Cash-Escrows	
Investments	32,067,032.00
Deposits	<u>7,463.00</u>
Total Long Term Assets	<u>32,074,495.00</u>
Total Assets	<u><u>95,746,757.00</u></u>

LIABILITIES & EQUITY

Current Liabilities	
Accounts Payable	6,955,300.00
Accrued Liabilities	25,752,402.00
Due to Related Parties	<u>20,112,633.00</u>
Total Current Liabilities	52,820,335.00
Long Term Liabilities	
Membership Deposits	26,804,350.00
Long Term Debt	<u>66,399,493.00</u>
Total Long Term Liabilities	<u>93,203,843.00</u>
Total Liabilities	146,024,178.00
Equity	
Contributed Capital	15,000,000.00
Retained Earnings	(63,905,894.00)
Net Income	<u>(1,371,527.00)</u>
Total Equity	<u>(50,277,421.00)</u>
Total Liabilities and Equity	<u><u>95,746,757.00</u></u>

STATUS OF ASSETS

*Information provided on this page should reconcile with balance sheet amounts

ACCOUNTS RECEIVABLE	TOTAL	0-30 Days	31-60 Days	60+ Days
Total Accounts Receivable	180,939.00			180,939.00
Less Amount Considered Uncollectible				
Net Accounts Receivable	180,939.00			

DUE FROM INSIDER	
Schedule Amount	
Plus: Amount Loaned Since Filing Date	
Less: Amount Collected Since Filing Date	
Less: Amount Considered Uncollectible	
Net Due From Insiders	

INVENTORY	
Beginning Inventory	
Plus: Purchases	
Less: Cost of Goods Sold	
Ending Inventory	

Date Last Inventory was taken: _____

FIXED ASSETS	SCHEDULE AMOUNT	ADDITIONS	DELETIONS	CURRENT AMOUNT
Real Property	39,213,373.00			39,213,373.00
Buildings	25,791,944.77			25,791,944.77
Accumulated Depreciation	(3,091,238.10)			(3,156,248.97)
Net Buildings	22,700,706.67			22,635,695.80
Equipment	2,625,316.20			2,625,316.20
Accumulated Depreciation	(999,863.77)			(1,033,642.09)
Net Equipment	1,625,452.43			1,591,674.11
Autos/Vehicles	235,383.96			235,383.96
Accumulated Depreciation	(232,384.06)			(232,815.18)
Net Autos/Vehicles	2,999.90			2,568.78

Provide a description of fixed assets added or deleted during the reporting period; include the date of Court order:

Invoice Aging with Cut-off Date
 (No Pending)

Sedona Development Partners
 Design: T:\Cavan\Custom Reports\AP CREI Invoice Aging with Cut-off Date.rpt

Aging Date : 11-30-2012 Entity ID : SDP
 Aging Basis: Accounting date
 Include Retainage in Unpaid Balance?: Yes

Invoice	Description	Original Accounting Date	Total Unpaid Balance	Aged Accounts Payable				Retainage Payable
				Current	Over 30 Days	Over 60 Days	Over 90 Days	
9000312	March 2012 Dues	04-01-2012	4,000.00	.00	.00	.00	4,000.00	.00
9000412	April 2012 Dues	04-30-2012	4,000.00	.00	.00	.00	4,000.00	.00
9000512	May 2012 developer incentives	05-01-2012	4,000.00	.00	.00	.00	4,000.00	.00
9000612	June 2012 developer incentive	06-30-2012	4,000.00	.00	.00	.00	4,000.00	.00
9000712	July 2012 dev incentives	07-31-2012	4,000.00	.00	.00	.00	4,000.00	.00
90000112	January 2012 Dues	01-31-2012	4,000.00	.00	.00	.00	4,000.00	.00
90000212	Febr'12 developer incentives	02-02-2012	4,000.00	.00	.00	.00	4,000.00	.00
90000711	July 2011 developer incentives	07-31-2011	16,500.00	.00	.00	.00	16,500.00	.00
90000811	August 2011 developer incentiv	08-29-2011	11,015.90	.00	.00	.00	11,015.90	.00
90000812	August 2012 developer incentiv	08-31-2012	4,000.00	.00	.00	.00	4,000.00	.00
90000911	Sept'11 Developer Incentives	09-30-2011	9,500.00	.00	.00	.00	9,500.00	.00
90000912	Sept'12 dev Incentive Dues	09-30-2012	4,000.00	.00	4,000.00	.00	.00	.00
90001011	Oct'11 Developer Incentives	10-24-2011	9,500.00	.00	.00	.00	9,500.00	.00
90001012	Oct'12 developer incentives	10-31-2012	4,000.00	4,000.00	.00	.00	.00	.00
90001111	Nov'11 Developer Incentives	11-01-2011	7,000.00	.00	.00	.00	7,000.00	.00
90001112	November'12 Dues	11-01-2012	4,000.00	.00	.00	.00	4,000.00	.00
90001211	Dec'11 Developer Incentives	12-05-2011	5,000.00	.00	.00	.00	5,000.00	.00
90000711cr	July '11 dev inc to inter-co	07-31-2011	16,500.00	.00	.00	.00	16,500.00	.00
90000811cr	August '11 dev inc to inter-co	08-29-2011	11,015.90	.00	.00	.00	11,015.90	.00
90001011cr	Oct'11 Developer Incentives	10-24-2011	9,500.00	.00	.00	.00	9,500.00	.00
90001112cr	November'12 Dues	11-01-2012	4,000.00	4,000.00	.00	.00	.00	.00
9000312cr	March 2012 Dues	04-01-2012	4,000.00	.00	.00	.00	4,000.00	.00
9000412cr	April 2012 Dues	04-30-2012	4,000.00	.00	.00	.00	4,000.00	.00
9000512cr	May 2012 developer incentives	05-01-2012	4,000.00	.00	.00	.00	4,000.00	.00
9000612cr	June 2012 developer incentive	06-30-2012	4,000.00	.00	.00	.00	4,000.00	.00
cr073112cr	July 2012 dev incentives	07-31-2012	4,000.00	.00	.00	.00	4,000.00	.00
cr083112	August 2012 developer incentiv	08-31-2012	4,000.00	.00	.00	.00	4,000.00	.00
cr093011	Sept'11 Dev Inc to iner-co	09-30-2011	9,500.00	.00	.00	.00	9,500.00	.00
cr110111	Nov'11 Dues	11-01-2011	7,000.00	.00	.00	.00	7,000.00	.00
cr120111	Dec'11 Developer Incentives	12-05-2011	5,000.00	.00	.00	.00	5,000.00	.00
cr13112	January 2012 Dues	01-31-2012	4,000.00	.00	.00	.00	4,000.00	.00
cr90000212	Febr'12 developer incentives	02-02-2012	4,000.00	.00	.00	.00	4,000.00	.00
cr90001012	Oct'12 developer incentives	10-31-2012	4,000.00	.00	.00	.00	4,000.00	.00
cr93012	Sept developer Incentive Dues	09-30-2012	4,000.00	4,000.00	.00	.00	.00	.00
Vendor Totals:				.00	.00	.00	.00	.00
LAR02 Larson Allen								
6272011		10-27-2011	11,589.00	.00	.00	.00	11,589.00	.00
MAR03 Jeff Market								
er053111a	May 2011 mileage	06-20-2011	120.00	.00	.00	.00	120.00	.00

AP CREI Invoice Aging with Cut-off Date.rpt

Entity ID : SDP

Aging Date : 11-30-2012
 Aging Basis: Accounting date
 Include Retainage in Unpaid Balance?: Yes

Invoice	Description	Original Accounting Date	Total Unpaid Balance	Aged Accounts Payable				Retainage Payable
				Current	Over 30 Days	Over 60 Days	Over 90 Days	
UST02	U.S. Trustee 167111012 Acct#: 702-10-16711 Q3 2012	09-30-2012	325.00	.00	.00	325.00	.00	.00
WIT001	Withey Anderson & Morris 61547 April 2011 services	06-30-2011	805.66	.00	.00	.00	805.66	.00
YAV01	Yavapai County Treasurer							
12200	2012 Prp tax sgl 408-35-340	11-30-2012	29.62	29.62	.00	.00	.00	.00
12201	2012 Prp tax sgl 408-35-341	11-30-2012	11.48	11.48	.00	.00	.00	.00
149753	408-35-290	10-01-2010	9.70	.00	.00	.00	9.70	.00
149780	408-35-317A	10-01-2010	63.44	.00	.00	.00	63.44	.00
149802	408-35-340	10-01-2010	20.42	.00	.00	.00	20.42	.00
149803	408-35-341	10-01-2010	7.92	.00	.00	.00	7.92	.00
12182A	2012 Prp tax 1st 408-35-281A	11-30-2012	2,569.80	2,569.80	.00	.00	.00	.00
12182B	2012 Prp tax 2nd 408-35-281A	11-30-2012	2,569.90	2,569.90	.00	.00	.00	.00
12197A	2012 Prp tax 1st 408-35-337 ✓	11-30-2012	3,055.15	3,055.15	.00	.00	.00	.00
12197B	2012 Prp tax 2nd 408-35-337 ✓	11-30-2012	3,055.15	3,055.15	.00	.00	.00	.00
12198A	2012 Prp tax 1st 408-35-338 ✓	11-30-2012	4,485.21	4,485.21	.00	.00	.00	.00
12198B	2012 Prp tax 2nd 408-35-338 ✓	11-30-2012	4,485.21	4,485.21	.00	.00	.00	.00
12199A	2012 Prp tax 1st 408-35-339 ✓	11-30-2012	4,652.77	4,652.77	.00	.00	.00	.00
12199B	2012 Prp tax 2nd 408-35-339 ✓	11-30-2012	4,652.77	4,652.77	.00	.00	.00	.00
149722a	408-35-281A	10-01-2010	4,001.40	.00	.00	.00	4,001.40	.00
149722b	408-35-281A	03-01-2011	4,001.40	.00	.00	.00	4,001.40	.00
149725a	408-35-281D	10-01-2010	4,005.03	.00	.00	.00	4,005.03	.00
149725b	408-35-281D	03-01-2011	4,005.03	.00	.00	.00	4,005.03	.00
149726a	408-35-281E	10-01-2010	3,958.19	.00	.00	.00	3,958.19	.00
149726b	408-35-281E	03-01-2011	3,958.19	.00	.00	.00	3,958.19	.00
149746a	408-35-282	10-01-2010	3,589.63	.00	.00	.00	3,589.63	.00
149746b	408-35-282	03-01-2011	3,589.63	.00	.00	.00	3,589.63	.00
149752a	408-35-286B	10-01-2010	4,061.72	.00	.00	.00	4,061.72	.00
149752b	408-35-286B	03-01-2011	4,061.72	.00	.00	.00	4,061.72	.00
149775a	408-35-313	10-01-2010	2,174.85	.00	.00	.00	2,174.85	.00
149775b	408-35-313	03-01-2011	2,174.85	.00	.00	.00	2,174.85	.00
149776a	408-35-314	10-01-2010	7,954.23	.00	.00	.00	7,954.23	.00
149776b	408-35-314	03-01-2011	7,954.23	.00	.00	.00	7,954.23	.00
149799a	408-35-337	10-01-2010	910.15	.00	.00	.00	910.15	.00
149799b	408-35-337	03-01-2011	910.15	.00	.00	.00	910.15	.00
149800a	408-35-338	10-01-2010	1,618.06	.00	.00	.00	1,618.06	.00
149800b	408-35-338	03-01-2011	1,618.06	.00	.00	.00	1,618.06	.00
149801a	408-35-339	10-01-2010	2,053.70	.00	.00	.00	2,053.70	.00
149801b	408-35-339	03-01-2011	2,053.70	.00	.00	.00	2,053.70	.00

AP CREI Invoice Aging with Cut-off Date.rpt

Invoice Aging with Cut-off Date
 (No Pending)

Sedona Development Partners
 Design: T:\Cavan\Custom Reports\AP CREI Invoice Aging with Cut-off Date.rpt

Entity ID: SDP

Aging Date: 11-30-2012
 Aging Basis: Accounting date
 Include Retainage in Unpaid Balance?: Yes

Invoice	Description	Original Accounting Date	Total Unpaid Balance	Aged Accounts Payable					Retainage Payable	
				Current	Over 30 Days	Over 60 Days	Over 90 Days	Over		
YAV01	Yavapai County Treasurer									
149804a	408-35-342	10-01-2010	2,504.39	.00	.00	.00	2,504.39	.00	.00	
149804b	408-35-342	03-01-2011	2,504.39	.00	.00	.00	2,504.39	.00	.00	
149805a	408-35-338	12-31-2011	8,041.87	.00	.00	.00	8,041.87	.00	.00	
149805b	408-35-338	12-31-2011	8,041.87	.00	.00	.00	8,041.87	.00	.00	
149806a	408-35-337	12-31-2011	5,555.29	.00	.00	.00	5,555.29	.00	.00	
149806b	408-35-337	12-31-2011	5,555.29	.00	.00	.00	5,555.29	.00	.00	
149807a	408-35-339	12-31-2011	8,342.98	.00	.00	.00	8,342.98	.00	.00	
149807b	408-35-339	12-31-2011	8,342.98	.00	.00	.00	8,342.98	.00	.00	
981703a	880042-012	10-01-2010	3,565.83	.00	.00	.00	3,565.83	.00	.00	
981703b	880042-012	03-01-2011	3,565.83	.00	.00	.00	3,565.83	.00	.00	
Vendor Totals:			154,343.18	29,567.06	.00	.00	124,776.12	.00	.00	
Report Totals:			167,182.84	29,567.06	.00	325.00	137,290.78	.00	.00	

Add: Property taxes 42,455.25
201,638.09

Case Number: 2:10-bk-16711-RTBP

CASE STATUS

QUESTIONNAIRE

	YES	NO
Have any funds been disbursed from any accounts other than a Debtor-in-Possession account?		X
Are any post-petition receivables (accounts, notes or loans) due from related parties?		X
Are any wages past due?		X
Are any U. S. Trustee quarterly fees delinquent?		X

Provide a detailed explanation of any "YES" answers to the above questions: (attach additional sheets if needed)

Current number of employees: 0

INSURANCE

Carrier & Policy Number	Type of Policy	Period Covered	Payment Amount & Frequency
SEE ATTACHED LIST			

What steps have been taken to remedy the problems which brought on the chapter 11 filing?

Identify any matters that are delaying the filing of a plan of reorganization:

Case Number: 2:10-bk-16711-RTBP

DISBURSEMENT DETAIL

Please use a separate form for each bank account

Month: Nov-12
 Account # 5499
 Bank Name Chase

Cash/Electronic Disbursements			
Date	Payee	Purpose	Amount
Total Cash/Electronic Disbursements			0.00

CHECKS ISSUED				
Check Number	Date	Payee	Purpose	Amount
NO DISBURSEMENTS				
Total checks listed on this page				0.00
Total checks listed on continuation pages				0.00

TOTAL DISBURSEMENTS FOR THE MONTH (include cash/electronic disbursements)				0.00
---	--	--	--	------

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

The Club At Seven Canyons, LLC)
)
)
)
)
)
)
 Debtor)
)

CASE NO. 2:10-bk-16714-RTBP
2:10-bk-16711-RTBP

BUSINESS AND INDUSTRY
MONTHLY OPERATING REPORT

MONTH OF Nov-12

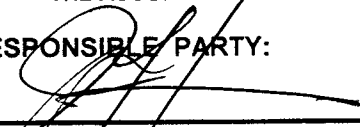
DATE PETITION FILED: 27-May-10

TAX PAYER ID NO. : 27-0982111

Nature of Debtor's Business: Operator of Seven Canyons Residence Golf Club and other facilities

DATE DISCLOSURE STATEMENT FILED 12/18/2012 TO BE FILED _____
DATE PLAN OF REORGANIZATION FILED 12/3/2012 TO BE FILED _____

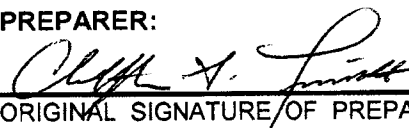
I CERTIFY UNDER PENALTY OF PERJURY THAT THE FOLLOWING MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

RESPONSIBLE PARTY:


ORIGINAL SIGNATURE OF RESPONSIBLE PARTY
Jim Lentine - Avion Holdings, LLC
PRINTED NAME OF RESPONSIBLE PARTY

MEMBER - AVION HOLDINGS, LLC
TITLE

17-Dec-12
DATE

PREPARER:


ORIGINAL SIGNATURE OF PREPARER
Christopher G. Linscott
PRINTED NAME OF PREPARER

CPA
TITLE

17-Dec-12
DATE

PERSON TO CONTACT REGARDING THIS REPORT: Christopher G. Linscott

PHONE NUMBER: 520-884-0176

ADDRESS: 33 North Stone Ave
Tucson, AZ 85701

FILE ORIGINAL REPORT ELECTRONICALLY WITH THE COURT, FILE PAPER COPY WITH U.S. TRUSTEE'S OFFICE

Case Number: 2:10-bk-16714-RTBP
2:10-bk-16711-RTBP

**CURRENT MONTH'S
RECEIPTS AND DISBURSEMENTS**

	BANK ACCOUNTS			Total
	Operating	Petty Cash	Tax	
	#5507	#	#	

Balance at Beginning of Period		77,469.29	3,000.00		80,469.29
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RECEIPTS					
Cash Sales		102,933.10			102,933.10
Accounts Rceivable - Prepetition					-
Accounts Rceivable - Postpetition		99,786.74			99,786.74
Loans and Advances					-
Sale of Assets					-
Transfers from Other DIP Accounts					-
Other (attach list)					-
					-
TOTAL RECEIPTS	-	202,719.84	-	-	202,719.84

DISBURSEMENTS					
Business - Ordinary Operations		235,564.39			235,564.39
Capitol Improvements					
Pre-Petition Debt					
Transfers to Other DIP Accounts					
Other (attach list)					
Reorganization Expenses:					
Attorney Fees					
Accountant Fees					
Other Professional Fees					
U. S. Trustee Quarterly Fee					-
Court Costs					
TOTAL DISBURSEMENTS	-	235,564.39	-	-	235,564.39

Balance at End of Month	-	44,624.74	3,000.00	-	47,624.74
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*Information provided above should reconcile with balance sheet and income statement amounts

DISBURSEMENTS FOR CALCULATING QUARTERLY FEES:	
Total Disbursements From Above	235,564.39
Less: Transfers to Other DIP Accounts	-
Plus: Estate Disbursements Made by Outside Sources (payments from escrow; 2-party check; etc.)	-
Total Disbursements for Calculating Quarterly Fees	235,564.39

The Club at Seven Canyons
Bank Reconciliation
Nov-12

Acct 888875607

Book balance per general ledger at month start **77,488.31**
A Month's deposits

Vendor Commissions 148.83
Holiday Fund Payment 100.00
TPT Refund 4.00
Night Audit 2,364.28
Vendor Commissions 35.55
Vendor Commissions 156.80
0.00
a/r- cash receipts 99,786.74
0.00
POS 100,123.95
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00

Cash SALES \$② = \$102,933.10

202,719.84

B Checks written -132,037.04 ②

C Electronic Disbursements:

PPE 11/11 -39,484.04
PPE 11/25 -36,838.44
cobra management fee -100.00
AX Merchant Fee -23.85
BC Fees -3,432.71
Overcharge of villa phone calls 0.00
HOA CC Dues to villa 0.00
CC HOA to Villa 0.00
Aps Surepays -15,642.64
HOA CC Dues to villa 0.00
Amex CC Fees -1,226.51
Loan to SDP 0.00
x/r to Road- pymnt on A/R -6,666.16
x/r to Road- pymnt on A/R 0.00
Paychex ACH 0.00

Total Disbursements \$② = \$295,564.39

-103,527.35 ② 0.00

D Difference

Book balance per general ledger at end of month

44,624.78 Compare to Check Register

	cash	Visa	MC	Amex
11/28 Golf			1,239.54	181.70
11/28 F&B			84.02	4.00
11/29 Golf			378.67	257.36
11/29 F&B			9.00	30.78
11/30 Golf			1,180.21	324.84
11/30 F&B			108.04	15.38
CC A/R to 11/30				548.51
CC A/R to 11/30			56.18	
CC A/R to 11/30				1,481.86
Cash A/r to bank 12/3 for 11/30 A/R	908.70			
11/30 Golf Cash	715.89			
11/30 F&B Cash	93.45			
Outstanding deposits				
Outstanding checks - below				

Bank balance at the end of the month

75,686.03

Balance on bank statement at the end of the month

75,621.08

DIFFERENCE

-64.97

1,718.04 3,052.66 814.04 2,717.09

Employee Payroll \$② = 76,932.48

BANK FEES \$② = 4,683.07

OUTSTANDING CHECKS:

Total

8,301.83

4018	1,168.12
4113	1,177.58
4188	1,700.40
4189	2,722.51
4219	10,000.00
4223	484.03
4234	331.58
4235	65.81
4236	134.03
4238	1,045.45
4240	626.64
4241	98.99
4242	85.00
4243	28.83
4244	201.56
4245	5,014.84
4246	312.50
4248	9,142.73
4249	291.76
4255	4,249.26

Total check outstanding

38,882.82



JPMorgan Chase Bank, N.A.
 P O Box 659754
 San Antonio, TX 78265 - 9754

November 01, 2012 through November 30, 2012
 Account Number: 000000888875507

CUSTOMER SERVICE INFORMATION

Web site: www.Chase.com
 Service Center: 1-877-425-8100
 Deaf and Hard of Hearing: 1-800-242-7383
 Para Espanol: 1-888-622-4273
 International Calls: 1-713-262-1679

00068508 1 AV 0.35



00068508 DRE 601 141 33612 NNNNNNNNNN T 1 000000000 64 0000 T892096 P20461

THE CLUB AT SEVEN CANYONS LLC
 DEBTOR IN POSSESSION-GENERAL
 CASE #210BK16714RTBP
 755 GOLF CLUB WAY
 SEDONA AZ 86336-3023



You will see more information about your ATM deposits on your account statement. Tracking your ATM deposits will be even easier beginning November 12, 2012. In the Deposits and Additions section of your statement, you will see the date you made your deposit (in addition to the date we posted it to your account), and the last four digits of the card number for each ATM deposit. In the ATM & Debit Card Summary section, ATM and debit card transactions will be totaled by card number. This will help you track activity by cardholder. Please note that any ATM deposit transactions that post to your account before November 12, 2012, will not show this additional information and will not be included in the ATM & Debit Card Summary section at the end of your statement. We value you as a Chase customer. If you have questions, please call us at the number on this statement or visit your nearest branch.

CHECKING SUMMARY Chase Analysis Business Checking

	INSTANCES	AMOUNT
Beginning Balance		\$149,298.97
Deposits and Additions	118	215,314.82
Checks Paid	86	- 141,582.24
Electronic Withdrawals	40	- 147,410.49
Ending Balance	244	\$75,621.06

DEPOSITS AND ADDITIONS

DATE	DESCRIPTION	AMOUNT
11/01	Remote Online Deposit 69	\$590.44
11/01	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	5,772.97
11/01	American Express Settlement 5020954319 CCD ID: 1134992250	4,038.16
11/01	American Express Settlement 5020954343 CCD ID: 1134992250	252.90
11/01	American Express Settlement 5020954335 CCD ID: 1134992250	120.00
11/01	Bankcard Merch Setl 430134840063500 CCD ID: 1210001923	84.35
11/02	Remote Online Deposit 69	11,156.39
11/02	Bankcard Merch Setl 430134840063499 CCD ID: 1210001923	4,538.59
11/02	American Express Settlement 5020954319 CCD ID: 1134992250	765.51
11/02	Bankcard Merch Setl 430134840063500 CCD ID: 1210001923	264.21



November 01, 2012 through November 30, 2012

Account Number: 00000888875507

DEPOSITS AND ADDITIONS

(continued)

DATE	DESCRIPTION	AMOUNT
11/02	American Express Settlement 5020954343 CCD ID: 1134992250	148.95
11/05	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	2,043.63
11/05	American Express Settlement 5020954335 CCD ID: 1134992250	1,549.01
11/05	American Express Settlement 5020954319 CCD ID: 1134992250	1,522.50
11/05	American Express Settlement 5020954319 CCD ID: 1134992250	430.00
11/05	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	367.32
11/05	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	133.36
11/05	American Express Settlement 5020954343 CCD ID: 1134992250	34.27
11/06	Remote Online Deposit 69	1,994.29
11/06	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	6,197.96
11/06	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	742.57
11/07	American Express Settlement 5020954319 CCD ID: 1134992250	1,568.31
11/07	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	1,236.78
11/07	Bankcard Merch Sell 430134840040649 CCD ID: 1210001923	324.77
11/07	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	159.77
11/07	American Express Settlement 5020954343 CCD ID: 1134992250	101.02
11/08	Remote Online Deposit 69	1,928.57
11/08	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	3,349.44
11/08	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	356.07
11/08	American Express Settlement 5020954319 CCD ID: 1134992250	284.30
11/08	American Express Settlement 5020954335 CCD ID: 1134992250	25.00
11/09	Deposit 389053355	7,562.65
11/09	Remote Online Deposit 69	1,864.25
11/09	Remote Online Deposit 69	148.63
11/09	American Express Settlement 5020954319 CCD ID: 1134992250	1,745.26
11/09	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	1,681.28
11/09	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	495.51
11/09	American Express Settlement 5020954343 CCD ID: 1134992250	123.74
11/13	Remote Online Deposit 69	5,299.85
11/13	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	3,332.67
11/13	American Express Settlement 5020954343 CCD ID: 1134992250	2,962.66
11/13	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	1,873.44
11/13	American Express Settlement 5020954319 CCD ID: 1134992250	821.19
11/13	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	658.90
11/13	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	489.35
11/13	American Express Settlement 5020954319 CCD ID: 1134992250	447.18
11/13	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	341.79
11/13	American Express Settlement 5020954343 CCD ID: 1134992250	194.84
11/13	Bankcard Merch Sell 430134840040649 CCD ID: 1210001923	178.35
11/14	Remote Online Deposit 69	1,477.56
11/14	Remote Online Deposit 69	1,304.91
11/14	Remote Online Deposit 69	156.60
11/14	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	3,035.35
11/14	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	526.80
11/14	Bankcard Merch Sell 430134840040649 CCD ID: 1210001923	500.00
11/15	Remote Online Deposit 69	1,737.52
11/15	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	3,383.55



November 01, 2012 through November 30, 2012

Account Number: 00000888875507

DEPOSITS AND ADDITIONS

(continued)

DATE	DESCRIPTION	AMOUNT
11/15	American Express Settlement 5020954319 CCD ID: 1134992250	1,218.51
11/15	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	253.21
11/15	American Express Settlement 5020954343 CCD ID: 1134992250	229.60
11/15	American Express Settlement 5020954335 CCD ID: 1134992250	213.20
11/16	Deposit 389053356	5,139.46
11/16	Remote Online Deposit 69	3,105.48
11/16	Remote Online Deposit 69	602.06
11/16	Deposit 389053357	37.90
11/16	American Express Settlement 5020954319 CCD ID: 1134992250	1,216.59
11/16	American Express Settlement 5020954335 CCD ID: 1134992250	211.20
11/16	American Express Settlement 5020954343 CCD ID: 1134992250	33.06
11/16	American Express Settlement 5020954343 CCD ID: 1134992250	2,129.18
11/19	Remote Online Deposit 69	12,800.36
11/19	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	5,699.93
11/19	American Express Settlement 5020954319 CCD ID: 1134992250	1,864.02
11/19	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	379.19
11/19	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	143.44
11/19	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	138.51
11/19	American Express Settlement 5020954343 CCD ID: 1134992250	59.92
11/19	American Express Settlement 5020954343 CCD ID: 1134992250	23.40
11/19	Bankcard Merch Sell 430134840040649 CCD ID: 1210001923	37,691.88
11/20	Remote Online Deposit 69	2,416.21
11/21	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	604.19
11/21	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	3,345.15
11/23	Deposit 389053361	2,091.73
11/23	Remote Online Deposit 69	4.09
11/23	Remote Online Deposit 69	3,617.98
11/23	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	2,120.48
11/23	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	1,402.83
11/23	American Express Settlement 5020954319 CCD ID: 1134992250	495.40
11/23	American Express Settlement 5020954335 CCD ID: 1134992250	432.17
11/23	American Express Settlement 5020954319 CCD ID: 1134992250	164.22
11/23	American Express Settlement 5020954343 CCD ID: 1134992250	155.19
11/23	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	94.46
11/23	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	78.04
11/23	American Express Settlement 5020954343 CCD ID: 1134992250	4,218.97
11/26	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	2,963.38
11/26	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	1,872.74
11/26	American Express Settlement 5020954319 CCD ID: 1134992250	764.18
11/26	American Express Settlement 5020954319 CCD ID: 1134992250	345.97
11/26	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	181.70
11/26	American Express Settlement 5020954343 CCD ID: 1134992250	139.70
11/26	American Express Settlement 5020954343 CCD ID: 1134992250	4,048.47
11/27	Remote Online Deposit 69	1,953.11
11/27	American Express Settlement 5020954319 CCD ID: 1134992250	1,172.31
11/28	Bankcard Merch Sell 430134840063499 CCD ID: 1210001923	848.44
11/28	Bankcard Merch Sell 430134840063500 CCD ID: 1210001923	11.70
11/28	Bankcard Merch Sell 430134840040649 CCD ID: 1210001923	





November 01, 2012 through November 30, 2012

Account Number: 000000888875507

DEPOSITS AND ADDITIONS

(continued)

DATE	DESCRIPTION	AMOUNT
11/29	Remote Online Deposit 69	2,452.37
11/29	Remote Online Deposit 69	35.55
11/29	Bankcard Merch Setl 430134840063499 CCD ID: 1210001923	824.96
11/29	American Express Settlement 5020954319 CCD ID: 1134992250	630.58
11/29	American Express Settlement 5020954343 CCD ID: 1134992250	59.04
11/29	Bankcard Merch Setl 430134840063500 CCD ID: 1210001923	23.22
11/29	American Express Settlement 5020954335 CCD ID: 1134992250	7.40
11/30	Remote Online Deposit 69	3,289.50
11/30	Deposit 389053362	3,030.94
11/30	Bankcard Merch Setl 430134840063499 CCD ID: 1210001923	794.78
11/30	American Express Settlement 5020954319 CCD ID: 1134992250	465.22
11/30	American Express Settlement 5020954335 CCD ID: 1134992250	373.86
11/30	Bankcard Merch Setl 430134840063500 CCD ID: 1210001923	156.37
11/30	American Express Settlement 5020954343 CCD ID: 1134992250	14.88
Total Deposits and Additions		\$215,314.82

CHECKS PAID

CHECK NO.	DESCRIPTION	DATE PAID	AMOUNT
3981 ^		11/21	\$46.04
4009 * ^		11/09	101.58
4037 * ^		11/27	71.58
4057 * ^		11/07	680.00
4100 * ^		11/06	6,500.00
4109 * ^		11/02	418.72
4112 * ^		11/06	10,000.00
4117 * ^		11/08	627.00
4120 * ^		11/14	2,599.57
4128 * ^		11/01	12,179.81
4130 * ^		11/02	389.00
4132 * ^		11/05	782.11
4134 * ^		11/02	1,847.57
4135 ^		11/05	1,381.12
4137 * ^		11/02	540.00
4138 ^		11/02	242.00
4139 ^		11/06	219.40
4140 ^		11/02	63.75
4141 ^		11/06	714.30
4142 ^		11/08	298.26
4143 ^		11/07	355.00
4144 ^		11/06	154.95
4145 ^		11/08	188.04
4146 ^		11/06	369.56
4147 ^		11/06	8,699.00
4148 ^		11/06	1,048.33
4149 ^		11/05	4,138.13



November 01, 2012 through November 30, 2012
Account Number: 00000888875507

CHECKS PAID (continued)

CHECK NO.	DESCRIPTION	DATE PAID	AMOUNT
4157 * ^		11/06	1,379.38
4158 ^		11/07	484.00
4159 ^		11/13	144.20
4160 ^		11/05	57.94
4161 ^		11/02	6,669.16
4162 ^		11/05	280.00
4163 ^		11/09	10,073.83
4164 ^	11/08	11/08	741.58
4166 * ^		11/09	362.25
4167 ^		11/08	839.79
4168 ^		11/07	337.12
4169 ^		11/09	455.70
4170 ^		11/09	131.98
4171 ^		11/14	447.21
4172 ^		11/14	498.41
4173 ^		11/15	81.96
4174 ^		11/14	146.04
4175 ^		11/21	2,090.27
4176 ^		11/09	57.75
4177 ^		11/23	2,978.33
4178 ^		11/19	990.00
4179 ^		11/13	155.18
4180 ^		11/19	1,250.00
4181 ^		11/14	280.76
4182 ^		11/15	540.71
4183 ^		11/14	371.39
4184 ^		11/13	77.50
4186 * ^		11/19	729.93
4187 ^		11/27	440.55
4190 * ^		11/20	15,219.69
4191 ^		11/20	102.21
4192 ^		11/19	46.34
4193 ^		11/20	655.09
4194 ^		11/19	2,563.32
4195 ^		11/19	1,761.25
4196 ^		11/21	223.00
4197 ^		11/20	3,298.62
4198 ^		11/23	1,226.52
4199 ^		11/21	25.00
4200 ^		11/21	401.25
4201 ^		11/26	895.62
4202 ^		11/26	1,770.84
4203 ^		11/26	275.27
4218 * ^		11/28	1,200.00
4220 * ^		11/28	3,873.29
4221 ^		11/27	2,421.87





November 01, 2012 through November 30, 2012
 Account Number: 000000888875507

CHECKS PAID (continued)

CHECK NO.	DESCRIPTION	DATE PAID	AMOUNT
4222 ^		11/27	795.38
4224 * ^		11/27	118.37
4225 ^		11/27	916.26
4226 ^		11/26	1,275.00
4227 ^		11/23	1,085.98
4228 ^		11/23	2,801.29
4229 ^		11/26	604.12
4230 ^		11/30	1,836.00
4231 ^		11/29	504.25
4232 ^		11/28	356.16
4237 * ^		11/29	230.03
4239 * ^		11/29	883.32
4247 * ^		11/30	6,469.16
Total Checks Paid			\$141,582.24

If you see a description in the Checks Paid section, it means that we received only electronic information about the check, not the original or an image of the check. As a result, we're not able to return the check to you or show you an image.

* All of your recent checks may not be on this statement, either because they haven't cleared yet or they were listed on one of your previous statements.

^ An image of this check may be available for you to view on Chase.com.

ELECTRONIC WITHDRAWALS

DATE	DESCRIPTION	AMOUNT
11/01	Paychex Payroll 47329300000516X CCD ID: 1161124166	\$18,894.53
11/01	Paychex Inc. Payroll 47328600026374X CCD ID: 1161124166	15,515.82
11/01	Paychex Cgs Garnish Col0038227684 CCD ID: 1161124166	165.23
11/02	Paychex Tps Taxes 47330200006077X CCD ID: 1161124166	9,173.67
11/02	Bankcard Merch Fees 430134840063499 CCD ID: 3210001923	2,620.89
11/02	Bankcard Merch Fees 430134840063500 CCD ID: 3210001923	631.86
11/02	Paychex Eib Invoice X47331700002451 CCD ID: 1161124166	133.89
11/02	Bankcard Merch Fees 430134840040649 CCD ID: 3210001923	120.96
11/02	Bankcard Merch Fees 430134840075015 CCD ID: 3210001923	59.00
11/13	American Express Collection 5020954335 CCD ID: 1134992250	7.95
11/13	American Express Collection 5020954343 CCD ID: 1134992250	7.95
11/13	American Express Collection 5020954319 CCD ID: 1134992250	7.95
11/14	11/14 JPMorgan Access Transfer To Account 827049545	6,669.16
11/14	Aps Billing 208596286 PPD ID: 1860011170	3,400.07
11/14	Aps Billing 059496288 PPD ID: 1860011170	3,317.12
11/14	Aps Billing 360596287 PPD ID: 1860011170	2,975.29
11/14	Aps Billing 818596286 PPD ID: 1860011170	2,382.03
11/14	Aps Billing 971296284 PPD ID: 1860011170	1,097.57
11/14	American Express Axp Discht 5020954319 CCD ID: 1134992250	1,048.37
11/14	Aps Billing 487596281 PPD ID: 1860011170	872.73
11/14	Aps Billing 591896283 PPD ID: 1860011170	843.10
11/14	Aps Billing 050596287 PPD ID: 1860011170	358.20
11/14	Aps Billing 359496288 PPD ID: 1860011170	178.79
11/14	Aps Billing 327396289 PPD ID: 1860011170	97.05



November 01, 2012 through November 30, 2012
 Account Number: 00000888875507

ELECTRONIC WITHDRAWALS (continued)

DATE	DESCRIPTION	AMOUNT
11/14	American Express Axp Discont 5020954343 CCD ID: 1134992250	95.29
11/14	American Express Axp Discont 5020954335 CCD ID: 1134992250	82.85
11/14	Aps Billing 788196282 PPD ID: 1860011170	64.36
11/14	Aps Billing 928596286 PPD ID: 1860011170	36.58
11/15	Paychex Payroll 47510600000458X CCD ID: 1161124166	17,003.04
11/15	Paychex Inc. Payroll 47510100024384X CCD ID: 1161124166	14,343.64
11/15	Paychex Cgs Garnish Col0038466487 CCD ID: 1124166001	165.23
11/16	Paychex Tps KS Uiltx CR 47510800017842X CCD ID: 1161124166	7,855.17
11/16	Paychex Eib Invoice X47514400005506 CCD ID: 1161124166	126.96
11/16	Paychex-Hrs Hrs Pmt 16637310 CCD ID: 2555124166	100.00
11/16	Aps Billing 339496288 PPD ID: 1860011170	19.75
11/29	Paychex Payroll 47688400000426X CCD ID: 1161124166	15,526.53
11/29	Paychex Inc. Payroll 47688600024976X CCD ID: 1161124166	13,539.02
11/29	Paychex Cgs Garnish Col0038709517 CCD ID: 1124166001	165.23
11/30	Paychex Tps Taxes 47688800021143X CCD ID: 1161124166	7,513.75
11/30	Paychex Eib Invoice X47694000002800 CCD ID: 1161124166	193.91
Total Electronic Withdrawals		\$147,410.49

Your service charges, fees and earnings credit have been calculated through account analysis.

DAILY ENDING BALANCE

DATE	AMOUNT	DATE	AMOUNT
11/01	\$113,402.40	11/16	66,361.39
11/02	107,365.58	11/19	82,258.50
11/05	106,806.37	11/20	100,674.77
11/06	86,656.27	11/21	100,909.61
11/07	88,190.80	11/23	106,819.23
11/08	91,439.51	11/26	112,485.02
11/09	93,877.74	11/27	113,722.59
11/13	110,077.23	11/28	110,323.59
11/14	89,216.51	11/29	83,508.33
11/15	64,117.52	11/30	75,621.06





November 01, 2012 through November 30, 2012

Account Number: 000000888875507

BALANCING YOUR CHECKBOOK

Note: Ensure your checkbook register is up to date with all transactions to date whether they are included on your statement or not.

1. Write in the Ending Balance shown on this statement: **Step 1 Balance: \$ _____**

2. List and total all deposits & additions not shown on this statement:

Date	Amount	Date	Amount	Date	Amount

Step 2 Total: \$ _____

3. Add Step 2 Total to Step 1 Balance.

Step 3 Total: \$ _____

4. List and total all checks, ATM withdrawals, debit card purchases and other withdrawals not shown on this statement.

Check Number or Date	Amount	Check Number or Date	Amount

Step 4 Total: -\$ _____

5. Subtract Step 4 Total from Step 3 Total. This should match your Checkbook Balance: **\$ _____**

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC FUNDS TRANSFERS: Call or write us at the phone number or address on the front of this statement (non-personal accounts contact Customer Service) if you think your statement or receipt is incorrect or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent you the FIRST statement on which the problem or error appeared. Be prepared to give us the following information:

- Your name and account number
- The dollar amount of the suspected error
- A description of the error or transfer you are unsure of, why you believe it is an error, or why you need more information.

We will investigate your complaint and will correct any error promptly. If we take more than 10 business days (or 20 business days for new accounts) to do this, we will credit your account for the amount you think is in error so that you will have use of the money during the time it takes us to complete our investigation.

IN CASE OF ERRORS OR QUESTIONS ABOUT NON-ELECTRONIC TRANSACTIONS: Contact the bank immediately if your statement is incorrect or if you need more information about any non-electronic transactions (checks or deposits) on this statement. If any such error appears, you must notify the bank in writing no later than 30 days after the statement was made available to you. For more complete details, see the Account Rules and Regulations or other applicable account agreement that governs your account.



JPMorgan Chase Bank, N.A. Member FDIC

Case Number: 2:10-bk-16714-RTBP
2:10-bk-16711-RTBP

INCOME STATEMENT

(Accrual Basis)

*Debtor's own form may be substituted if (1) it is prepared in accordance with generally accepted accounting principals, (2) year-to-date and filing-to-date information is provided, and (3) if reorganization expenses are segregated in the statement.

REVENUES	Current Month	Year to Date	Total Since Filing
Gross Revenue			
Less: Returns & Discounts			
Net Revenue			
COST OF GOODS SOLD			
Material			
Direct Labor			
Direct Overhead (attach detail)			
Total Cost of Goods Sold			
GROSS PROFIT			
OPERATING EXPENSES			
Officer/Insider Compensation			
Selling & Marketing (attach detail)			
General & Administrative (attach detail)			
Other Expenses (attach detail)			
Total Operating Expenses			
Income Before Non-operating Income and Expense			
OTHER INCOME & EXPENSE			
Other Income (attach list)			
Other Expense (attach list)			
Interest Expense			
Depreciation/Depletion			
Amortization			
Net Other Income & Expense			
Income Before Reorganization Expense			
REORGANIZATION EXPENSES			
Professional Fees			
U.S. Trustee Fees			
Other (attach list)			
Total Reorganization Expenses			
Income Tax			
NET PROFIT OR (LOSS)			

Seven Canyons-#21

Pg 1

All Dept Comparative - Current to Previous - November, 2012

	Current Month Actual	Current Month Budget	Current Month Last Year	Actual YTD Current Year	YTD Budget	YTD Last Year
Net Operating Income						
**** REVENUES ****						
Membership						
Golf Membership Dues	80,500	79,300	90,000	890,000	872,300	988,600
Social Membership Dues	750	750	750	8,250	8,250	9,250
Total Membership	81,250	80,050	90,750	898,250	880,550	997,850
Other Income-Villas						
Villa Management Fee	0	20,000	-2,325	180,000	220,000	2,325
TOTAL Other Income-Villas	0	20,000	-2,325	180,000	220,000	2,325
Merchandise Sold						
Merchandise Hard Goods	1,107	1,395	2,140	26,592	16,080	30,820
Merchandise Soft Goods	6,210	8,370	5,424	114,353	96,473	106,042
Discounts Given	-542	0	-497	-12,201	0	-7,937
Total Merchandise Sold	6,775	9,765	7,067	128,744	112,553	128,925
Food & Beverage						
Restaurant Revenue	12,163	14,010	17,117	143,264	155,439	230,097
Beer Revenue	2,785	5,153	2,907	54,037	59,330	56,229
Wine Revenue	1,852	1,413	2,920	26,227	14,475	31,109
Liquor Revenue	1,869	1,497	1,789	38,610	16,349	28,432
Banquet Dining Revenue	0	1,140	1,147	58,050	41,700	31,229
Banquet Beer Revenue	0	0	0	0	4,800	0
Food-Bev Cart	0	2,790	826	4,127	32,157	7,236
Employee Food	1,099	0	0	2,717	0	0
F&B Minimum Billing Revenue	0	0	0	-2,546	0	-2,877
Restaurant Discount	0	0	-222	-3,067	0	-11,418
Total Food & Beverage	19,768	26,003	26,484	321,418	324,249	370,036
Golf Services Income						
Cart Fee Revenue	28,974	43,547	32,042	430,163	506,308	457,411
Guest Fee Revenue	46,012	56,655	35,290	545,386	650,077	492,335
Family Rounds	121	0	61	839	0	1,272
Tournaments	-2,422	0	537	24,900	66,750	32,835
Hotel Rounds	-63	0	0	-63	0	0

Seven Canyons-#21

All Dept Comparative - Current to Previous - November, 2012

	Current Month Actual	Current Month Budget	Current Month Last Year	Actual YTD Current Year	YTD Budget	YTD Last Year
Lesson Income	89	90	150	1,705	1,980	10,015
Other Income-Golf	4,384	2,625	-1,145	36,674	28,679	40,544
Handicap Fees	-35	0	0	385	2,975	-1,110
Landscape Service Revenue	0	0	0	14,315	0	0
TOTAL Golf Services Income	77,061	102,917	66,934	1,054,303	1,256,769	1,033,303
Other Fees & Income						
Other Income	2,003	-20	1,052	34,510	13,140	13,020
Total Revenues	186,858	238,715	189,962	2,617,226	2,807,261	2,545,459
TOTAL Other Fees & Income	2,003	-20	1,052	34,510	13,140	13,020
** COST OF GOODS SOLD **						
COS-Golf Shop Merchandise						
COS - Merchandise	2,858	6,496	1,966	62,167	74,872	56,927
Total-Golf Shop Merchandise	2,858	6,496	1,966	62,167	74,872	56,927
COS-Food & Beverage Costs						
COS - Food	7,446	5,590	6,300	44,745	61,780	101,273
COS - Beer	716	0	410	12,539	0	10,090
COS - Wine	429	0	1,482	7,351	0	12,057
COS - Liquor	1,679	0	494	5,444	0	8,093
COS - Member Event	0	0	70	1,262	0	895
COS - Banquets	0	5,614	644	14,651	18,676	3,531
COS- Employee Food	0	0	66	220	0	66
COS - Bev Cart -Food	0	1,745	121	987	20,109	10,948
Total F&B Costs	10,269	12,948	9,587	87,199	100,564	146,953
COS- Other						
COS - Other	0	0	0	436	0	8,067
TOTAL Other Costs	0	0	0	436	0	8,067
Total Cost of Goods Sold	13,128	19,444	11,553	149,803	175,437	211,948
** GROSS PROFIT **	173,730	219,271	178,409	2,467,423	2,631,824	2,333,511

All Dept Comparative - Current to Previous - November, 2012

	Current Month Actual	Current Month Budget	Current Month Last Year	Actual YTD Current Year	YTD Budget	YTD Last Year
* SALARY & WAGE EXPENSE *						
Wages & Salaries	70,454	94,948	83,695	960,773	1,030,533	1,106,919
Commissions	0	4,750	0	667	22,600	6,612
Payroll Taxes	5,914	9,144	6,954	92,768	101,051	104,316
Contract Labor	0	600	0	1,112	6,600	2,506
Paychex Expense	321	400	640	4,855	6,310	6,259
Workmens Comp	1,761	1,532	1,459	17,561	16,560	7,137
Employee Benefits	8,072	11,888	7,658	91,970	122,798	91,938
Employee Food/Meals	0	1,150	279	3,102	12,350	10,017
Employee Travel Expense	0	235	184	2,926	3,485	3,044
Total Salary & Wage Expense	86,521	124,646	100,870	1,175,734	1,322,287	1,338,748
*** OPERATING EXPENSES ***						
Water (Utilities)	3,644	3,910	3,671	40,200	43,068	41,523
Electric & Natural Gas	16,578	15,300	16,687	175,098	201,390	186,148
Telephone	4,410	2,995	3,038	50,923	33,045	33,448
Supplies	775	400	536	14,827	17,250	22,760
Building Lease	2,723	2,722	0	29,948	29,942	0
Equipment Leases	10,000	28,243	20,172	176,858	307,393	273,140
Member Relations	221	100	685	17,067	1,300	15,483
Gratis To Golfers	0	1,358	281	11,951	15,650	15,440
Outside Promotions	0	50	182	9,274	850	931
Outside Services	1,106	1,600	1,055	25,683	19,800	11,190
Equipment Rental	66	1,020	680	7,784	11,380	5,570
Uniforms	0	400	0	2,924	13,300	2,952
Cable/Website/Computer Serv	338	278	460	9,094	3,062	8,251
Road Association Dues	13,338	13,338	0	146,722	146,722	0
Cash Short/Over	0	0	0	724	150	-12,700
R&M-Equipment	1,490	2,250	460	38,849	35,350	20,744
Repair & Maint-Irrigation	984	1,000	0	1,223	23,000	5,401
R&M-Pumps	0	0	0	1,954	4,500	2,930
R&M-Buildings	121	300	0	5,889	3,900	2,784
R&M - HVAC	0	1,000	0	1,482	13,000	2,822
R&M-Contract Labor	0	1,000	0	5,330	11,000	1,176
Fertilizer	1,445	2,000	0	19,750	27,250	15,287
Chemicals	332	0	0	7,871	6,000	3,749
Sand & Gravel	1,178	1,000	0	6,458	11,000	1,000
Landscape Maintenance	0	0	0	1,544	0	108
Small Tools	0	250	31	787	3,350	2,677
Gas & Oil, Lubricants	1,771	1,650	2,698	28,541	28,750	29,390
Fees, Licenses, Permits	1,553	1,500	1,475	17,811	17,138	9,329
Water Testing & Analysis	0	0	202	5,721	0	202
Cart Leases	0	0	0	1,360	0	5,125

All Dept Comparative - Current to Previous - November, 2012

	Current Month Actual	Current Month Budget	Current Month Last Year	Actual YTD Current Year	YTD Budget	YTD Last Year
Cart Maintenance	0	9,229	0	17,548	64,600	5,486
Tournament Prizes	75	0	0	185	6,000	3,160
Linens	0	0	0	0	0	26
Flowers & Decorations	0	100	0	417	1,100	736
Laundry Expense	1,466	1,686	1,926	14,316	18,666	18,364
Cleaning Supplies	0	0	99	327	4,800	318
Other Costs	341	5,698	422	42,923	65,771	6,837
Casualty Insurance Expense	3,033	6,263	3,634	60,404	68,893	40,005
Property Taxes	7,917	4,250	4,250	55,774	46,750	46,750
Office Expense	3	370	10	3,702	4,395	5,213
Postage & Statements	112	224	140	2,522	2,459	2,266
Professional Fees	4,411	5,000	7,540	76,565	75,800	76,834
Advertising	0	500	2,054	6,449	13,000	8,917
Computer Consultants	0	732	4,982	15,100	8,052	9,255
Credit Card Fees	3,255	3,237	5,102	39,749	40,009	40,823
Total Operating Expense	82,683	120,952	82,474	1,199,627	1,448,833	971,851
GROSS OPERATING PROFIT	4,526	-26,327	-4,935	92,062	-139,296	22,912
OTHER EXPENSES						
Management Fees	0	12,000	12,000	60,000	132,000	132,000
Bad Debt Expense	0	0	0	25,356	0	131,060
Other Expense-Admin	0	0	1,625	5,804	129	22,962
Intraproperty Credits	0	0	12,583	0	0	138,417
Intra Property-Villa Admin	0	0	-28,333	0	0	-308,166
Donations	0	0	0	0	0	0
Gain/Loss on Disposal FA	0	0	0	0	0	14,325
Interest Income/Late Fees	-8,503	2,200	-8,638	-71,580	23,900	-28,817
Prior Year Adjtmnts	0	0	0	0	0	-69,300
Total Other Expenses	-8,503	14,200	-10,763	19,580	156,029	32,481
Net Operating Income	13,029	-40,527	5,827	72,482	-295,325	-9,569

Case Number: 2:10-bk-16714-RTBP
2:10-bk-16711-RTBP

COMPARATIVE BALANCE SHEET
(Accrual Basis)

*Debtor's own form may be substituted if (1) it is prepared in accordance with generally accepted accounting principals, (2) current and prior period information is provided, and (3) if pre-petition and post-petition liabilities are segregated.

ASSETS	SCHEDULE AMOUNT ¹	CURRENT MONTH	PRIOR MONTH
Unrestricted Cash			
Restricted Cash			
Total Cash			
Accounts Receivable (net)			
Inventory			
Notes Receivable			
Prepaid Expenses			
Other (attach list)			
Total Current Assets			
Property, Plant & Equipment			
Less: Accumulated Depreciation			
Net Property, Plant & Equip.			
Due From Insider(s)			
Other Assets - net (attach list)			
Other (attach list)			
TOTAL ASSETS			
POST-PETITION LIABILITIES			
Accounts Payable			
Taxes Payable			
Notes Payable			
Professional Fees			
Secured Debt			
Other (attach list)			
Total Post-Petition Liabilities			
PRE-PETITION LIABILITIES			
Secured Debt			
Priority Debt			
Unsecured Debt			
Other (attach list)			
Total Pre-Petition Liabilities			
TOTAL LIABILITIES			
EQUITY			
Pre-petition Owner's Equity			
Post-Petition Cumulative Profit/Loss			
Direct Charges to Equity (explain)			
Total Equity			
TOTAL LIABILITIES & OWNER'S EQUITY			

¹ This column should reflect the information provided in Schedules A, B, C, D, E, and F filed with the Court

Seven Canyons-#21
Balance Sheet - November, 2012

Pg 1

	Ending Balance
*** ASSETS ****	
Current Assets	
Cash	47,799.76
Accounts Receivable	1,531,197.47
Bad Debt Reserve	-302,181.00
Accounts Receivable - Other	211,750.08
Inventories	46,878.92
Prepaid Expenses/Deposits	-28,968.57

TOTAL Current Assets	1,506,476.66

*** TOTAL ASSETS ***	1,506,476.66
	=====
*** LIABILITIES & EQUITY ***	
Liabilities	
Current Liabilities	
Accounts Payable	887,673.61
Accrued Payroll/Gratuities	17,540.73
Deposits	-36,357.00
Accrued Property/Sales Taxes	12,773.03
Other Accrued Liabilities	2,794.03
Intercompany Payables	20,962,650.89
Pre-Petition Payables	974,830.88
Gift Cert/Awards/Credit Bk/Lessons	5,608.58
Deferred Revenue	45,326.08

TOTAL Current Liabilities	22,872,840.83

TOTAL Liabilities	22,872,840.83

Equity	
Capital	26,353,766.00
Current Earnings	-47,720,130.17

TOTAL Equity	21,366,364.17

TOTAL LIABILITIES & EQUITY	-1,506,476.66
	=====

Seven Canyons-#21
 Balance Sheet - October, 2012

Pg 1

	Ending Balance
*** ASSETS ****	
Current Assets	
Cash	80,644.31
Accounts Receivable	1,521,318.98
Bad Debt Reserve	-302,181.00
Accounts Receivable - Other	212,606.37
Inventories	44,539.84
Prepaid Expenses/Deposits	-25,935.81

TOTAL Current Assets	1,530,992.69

*** TOTAL ASSETS ***	1,530,992.69 =====
*** LIABILITIES & EQUITY ***	
Liabilities	
Current Liabilities	
Accounts Payable	925,119.92
Accrued Payroll/Gratuities	21,230.37
Deposits	-36,357.00
Accrued Property/Sales Taxes	4,856.03
Other Accrued Liabilities	-333.79
Intercompany Payables	20,966,650.89
Pre-Petition Payables	974,830.88
Gift Cert/Awards/Credit Bk/Lessons	7,986.40
Deferred Revenue	46,402.15

TOTAL Current Liabilities	22,910,385.85

TOTAL Liabilities	22,910,385.85

Equity	
Capital	26,353,766.00
Current Earnings	-47,733,159.16

TOTAL Equity	21,379,393.16

TOTAL LIABILITIES & EQUITY	-1,530,992.69 =====

Case Number: 2:10-bk-16714-RTBP
 2:10-bk-16711-RTBP

STATUS OF ASSETS

Accounts Receivable	TOTAL	0-30 Days	31-60 Days	60+ Days
Total Accounts Receivable	1,531,197.47	113,383.42	30,721.83	1,387,092.22
Less Amount Considered Uncollectible	(302,181.00)			
Net Accounts Receivable	1,229,016.47			

DUE FROM INSIDER	
Schedule Amount	
Plus: Amount Loaned Since Filing Date	
Less: Amount Collected Since Filing Date	
Less: Amount Considered Uncollectible	
Net Due From Insiders	

INVENTORY	
Beginning Inventory	44,539.84
Plus: Purchases	8,335.72
Less: Cost of Goods Sold	(5,996.64)
Ending Inventory	46,878.92

Date Last Inventory was taken: Oct-12

FIXED ASSETS	SCHEDULE AMOUNT	ADDITIONS	DELETIONS	CURRENT AMOUNT
Real Property				
Buildings				
Accumulated Depreciation				
Net Buildings				
Equipment				
Accumulated Depreciation				
Net Equipment				
Autos/Vehicles				
Accumulated Depreciation				
Net Autos/Vehicles				

Provide a description of fixed assets added or deleted during the reporting period; include the date of Court order:

Case Number: 2:10-bk-16714-RTBP
2:10-bk-16711-RTBP

STATUS OF LIABILITIES AND SENSITIVE PAYMENTS

POST-PETITION LIABILITIES	TOTAL	0-30 Days	31-60 Days	61-90 Days	91+ Days
Accounts Payable *	830,582.54	45,608.05	73,880.18	9,014.67	702,079.64
Sales Tax	65,795.85	7,964.02		8,704.78	49,127.05
Property Tax (see attached)	(4,068.25)	(4,068.25)			
Accrued Payroll	17,540.73	17,540.73			
Secured Debt					
Other (attach list)	17,371.69				17,371.69
Total Post-Petition Liabilities	927,222.56	67,044.55	73,880.18	17,719.45	768,578.38

*DEBTOR MUST ATTACH AN AGED ACCOUNTS PAYABLE LISTING

PAYMENTS TO INSIDERS AND PROFESSIONALS

Insiders			
Name	Reason for Payment	Amount Paid this Month	Total Paid to Date
Cavan Management Services LLC (CMS)	Property and GL Insurance Premi	-	56,135.27
Cavan Management Services LLC (CMS)	Reimbursed Expenses	-	8,883.08
Total Payments to Insiders			

Professionals				
Name	Date of Court Order Authorizing Payment	Amount Aproved	Amount Paid this Month	Total Paid to Date
Highland Financial Consulting LLC	Various	60,781.58	-	60,781.58
Highland Financial Consulting LLC	Filed in escrow	13,618.50	-	13,618.50
Walshcomm	12/21/2010	11,275.00	-	6,000.00
CliftonLarsonAllen			-	20,000.00
Total Payments to Professionals				

A/P - Club Payables

Summary Aged Payables List

As of Nov30/12

Aged by Invoiced Date

Code	Supplier Name	Net A/P	Current	31-60Days	61-90Days	Over90Days
ACI001	Associate Clubs International	1,200.00	1,200.00	0.00	0.00	0.00
ACI01	Arizona Correctional Ind	91.18	0.00	91.18	0.00	0.00
AFL01	Aflac	193.86	193.86	0.00	0.00	0.00
AMA01	AMA Golf	1,529.29	520.97	1,008.32	0.00	0.00
APS05	APS Acct # 339496288 Pump	4.31	0.00	0.00	0.00	4.31
ARIC01	Arizona Department of Revenue	57,091.07 (3)	7,964.02 (5)	0.00	0.00	49,127.05 (4)
ATOC1	AmeriTurf	4,755.56	1,445.06	-662.10	3,972.60	0.00
CFC001	Certi Fresh Cigar	792.59	0.00	0.00	792.59	0.00
COT004	Cottonwood Signs	195.61	0.00	195.61	0.00	0.00
DIS003	Dish Network - 8255 70 708 1725157	204.14	204.14	0.00	0.00	0.00
DOR001	Dorfman Pacific	2,443.11	2,443.11	0.00	0.00	0.00
DYN001	Dynamic Brands	834.49	834.49	0.00	0.00	0.00
ZSPM001	EcoServ Pest Management LLC	500.00	250.00	250.00	0.00	0.00
FMY001	Port McDowell Yavapai Materials	1,103.84	0.00	1,103.84	0.00	0.00
GEC001	GE Capital VFS	287,609.79	0.00	0.00	0.00	287,609.79
GEC005	GE Capital 111-0252106-000	2,837.04	0.00	0.00	0.00	2,837.04
GEC006	GE Capital - 4434008-004 - GCMEquip	16,767.00	8,699.00	8,068.00	0.00	0.00
GEC007	GE Capital - 4495535-002 - Kitchen	1,359.72	1,048.33	311.39	0.00	0.00
GEC008	GE Capital - 5424365-002 - CartFlt	4,138.13	4,138.13	0.00	0.00	0.00
GEC009	GE Capital - 4444789-002 - Fitness	2,324.85	1,379.38	945.47	0.00	0.00
GOS01	GOS Products for Business	528.17	115.65	347.63	64.89	0.00
INF003	Infincom, Inc	9,357.04	0.00	0.00	0.00	9,357.04
JB001	Jason Bazuin	2,877.94	2,877.94	0.00	0.00	0.00
JCH021	John Jacob's Golf Schools	10,041.85	0.00	0.00	0.00	10,041.85
JCN002	Jonas Software USA, Inc.	1,017.43	0.00	1,017.43	0.00	0.00
KP01	K.P. Ventures Drilling & Pump Co	1,637.86	0.00	0.00	0.00	1,637.86
LAR001	Larson Newspapers	346.17	0.00	0.00	0.00	346.17
LAR002	Larson Allen LLC	40,600.00	0.00	0.00	0.00	40,600.00
MAR022	Mark Hoaglund Sales & Consulting	1,200.00	0.00	400.00	0.00	800.00
MAX001	Maxx Sunglasses	422.95	0.00	422.95	0.00	0.00
MIS001	Mission Linen & Uniform Service	482.15	0.00	0.00	0.00	482.15
MOB002	Mobile Mini Inc. 21126482	136.71	136.71	0.00	0.00	0.00
NOR002	Norspan Inc. / DBA Spanner	4,081.31	762.94	0.00	3,318.37	0.00
ORA01	Orange Tree Golf Resort	900.00	0.00	0.00	0.00	900.00
QWEC05	Qwest #69776258	51.13	51.13	0.00	0.00	0.00
QWEC06	Qwest - 695B	2,050.02	2,050.02	0.00	0.00	0.00
RIV001	River's End Trading Company	4,514.82	0.00	0.00	0.00	4,514.82
ROSD03	Ross. D. Jacobs	117,127.64	0.00	60,380.46	0.00	56,747.18
SDC001	Straight Down Clothing Co.	866.22	0.00	0.00	866.22	0.00
SEV001	Seven Canyons Water Company	14,385.67	983.38	0.00	0.00	13,402.29
SEV006	Seven Canyons Road Association	268,306.18	13,338.32	0.00	0.00	254,967.86
SEV010	Seven Canyons Water Treatment Co.	17,261.35	2,660.49	0.00	0.00	14,600.86

Due to AZDOR (sales tax) (3) 57,091.07
 Add. Sales Tax Accrued 8,704.78
 Sales Tax Payable @ 11/30/12 65,795.85 (4)

A/P - Club Payables

Summary Aged Payables List

As of Nov30/12

Aged by Invoiced Date

Code	Supplier Name	Net A/P	Current	31-60Days	61-90Days	Over90Days
SIM001	Simpson Norton	507.91	0.00	0.00	0.00	507.91
WIL011	Williams Scotsman - CFX-08436	2,722.51	0.00	0.00	0.00	2,722.51
YAV002	Yavapai County Health Department	275.00	275.00	0.00	0.00	0.00
Total Report		887,673.61 ①	53,572.07 ②	73,880.18	9,014.67	751,206.69 ③

----- End of Report -----

NET AP PER AGING ① 887,673.61
 LESS: DUE TO AZDOR ③ (57,091.07)
 NET AP @ 11/30/12 830,582.54

Current AP ② 53,572.07
 Less: Sales Tax Payable ⑤ (7,964.02)
 Total Current AP 45,608.05

Over 90 days ③ 751,206.69
 Less: Sales tax payable ④ (49,127.05)
 Total over 90 days 702,079.64

		Property Tax (p. 6)
1	Accrued Property Tax	(6,434.57)
	Accrued Personal Property Tax	2,366.32
	Sales Tax Payable (included on page 5)	(8,704.78)
		<u>(12,773.03)</u>
2	Other Post Petition Liabilities:	
	Deposits	(36,357.00)
	Other Accrued Liabilities	2,794.03
	Gift Certificate	5,608.58
	Deferred Revenue	45,326.08
		<u>17,371.69</u>

Case Number: 2:10-bk-16714-RTBP
2:10-bk-16711-RTBP

CASE STATUS

QUESTIONNAIRE

	YES	NO
Have any funds been disbursed from any accounts other than a Debtor-in-Possession account?		X
Are any post-petition receivables (accounts, notes or loans) due from related parties?		X
Are any wages past due?		X
Are any U. S. Trustee quarterly fees delinquent?		X

Provide a detailed explanation of any "YES" answers to the above questions: (attach additional sheets if needed)

Current number of employees: 44

INSURANCE

Carrier & Policy Number	Type of Policy	Period Covered	Payment Amount & Frequency
SEE ATTACHED			

What steps have been taken to remedy the problems which brought on the chapter 11 filing?

Identify any matters that are delaying the filing of a plan of reorganization:

Case Number: 2:10-bk-16714-RTBP
2:10-bk-16711-RTBP

DISBURSEMENT DETAIL

Month: Nov-12
Account # 5507
Bank Name Chase

Please use a separate form for each bank account

Cash/Electronic Disbursements			
Date	Payee	Purpose	Amount
	Employee Payroll		76,532.48
	Bank Fees		4,683.07
	APS		15,642.64
	Seven Canyons Road Assoc.		6,669.16
Total Cash/Electronic Disbursements			103,527.35

CHECKS ISSUED				
Check Number	Date	Payee	Purpose	Amount
SEE ATTACHED				132,037.40
Total checks listed on this page				132,037.40
Total checks listed on continuation pages				-
TOTAL DISBURSEMENTS FOR THE MONTH (include cash/electronic disbursements)				235,564.75

21 - Seven Canyons-#21
 01DIP - Debtor In Possession Account-Cha
 Check Register for Nov 1/12 thru Nov 30/12

Pg 1

Check	Issued to:	Date	Check Amount	
4140	Hensley Co.	Nov 1/12	63.75	
4141	Shamrock Foods Company	Nov 1/12	714.30	
4142	Alliance Beverage	Nov 2/12	298.26	
4143	Pepsi Cola Bottling	Nov 2/12	355.00	
4144	Canyon Distributing Co.	Nov 2/12	154.95	
4145	Dish Network - 8255 70 708 1725157	Nov 2/12	188.04	
4146	Ernest Trunzo Jr.	Nov 2/12	369.56	
4147	GE Capital - 4434008-004 - GCMEquip	Nov 2/12	8,699.00	
4148	GE Capital - 4495535-002 - Kitchen	Nov 2/12	1,048.33	
4149	GE Capital - 5424365-002 - CartFlt	Nov 2/12	4,138.13	
4150	GE Capital - 4444789-002 - Fitness	Nov 2/12	1,379.38	
4150	GE Capital - 4444789-002 - Fitness	Nov 2/12	-1,379.38	CancNov02
4151	H2Ology	Nov 2/12	484.00	
4151	H2Ology	Nov 2/12	-484.00	CancNov02
4152	Jim Lentine	Nov 2/12	144.20	
4152	Jim Lentine	Nov 2/12	-144.20	CancNov02
4153	Qwest #69776258	Nov 2/12	57.94	
4153	Qwest #69776258	Nov 2/12	-57.94	CancNov02
4154	Seven Canyons Road Association	Nov 2/12	6,669.16	
4154	Seven Canyons Road Association	Nov 2/12	-6,669.16	CancNov02
4155	Sedona Urgent Care, Ltd.	Nov 2/12	280.00	
4155	Sedona Urgent Care, Ltd.	Nov 2/12	-280.00	CancNov02
4156	United Healthcare Insurance Comp	Nov 2/12	10,073.83	
4156	United Healthcare Insurance Comp	Nov 2/12	-10,073.83	CancNov02
4157	GE Capital - 4444789-002 - Fitness	Nov 2/12	1,379.38	
4158	H2Ology	Nov 2/12	484.00	
4159	Jim Lentine	Nov 2/12	144.20	
4160	Qwest #69776258	Nov 2/12	57.94	
4161	Seven Canyons Road Association	Nov 2/12	6,669.16	
4162	Sedona Urgent Care, Ltd.	Nov 2/12	280.00	
4163	United Healthcare Insurance Comp	Nov 2/12	10,073.83	
4165	Villas at Seven Canyons	Oct 31/12	-6,715.24	CancNov16
4166	Bob's Commercial Service	Nov 5/12	362.25	
4167	Shamrock Foods Company	Nov 6/12	839.79	
4168	Mission Linen & Uniform Service	Nov 6/12	337.12	
4169	Pepsi Cola Bottling	Nov 7/12	455.70	
4170	Nackard Beverage Co	Nov 7/12	131.98	
4171	Southern Wine & Spirits of Arizona	Nov 7/12	447.21	
4172	Shamrock Foods Company	Nov 8/12	498.41	
4173	Young's Market Company	Nov 9/12	81.96	
4174	Aflac	Nov 9/12	146.04	
4175	GCA of Greater Phoenix, LLC.	Nov 9/12	2,090.27	
4176	Graciela Romero	Nov 9/12	57.75	
4177	Jason Bazuin	Nov 9/12	2,978.33	
x 4178	Lewkowitz Law Office PLC	Nov 9/12	990.00	
4179	Professional Office Services, Inc.	Nov 9/12	155.18	
4180	William Ewing	Nov 9/12	1,250.00	
4181	Alliance Beverage	Nov 9/12	280.76	

December 27, 2012 11:11am

User: HLP Term: H5

21 - Seven Canyons-#21
 01DIP - Debtor In Possession Account-Cha
 Check Register for Nov 1/12 thru Nov 30/12

Pg 2

Check	Issued to:	Date	Check Amount
4182	Shamrock Foods Company	Nov 13/12	540.71
4183	Mission Linen & Uniform Service	Nov 13/12	371.39
4184	Rebecka Guilfoyle	Nov 13/12	77.50
4185	Shamrock Foods Company	Nov 15/12	818.53
4185	Shamrock Foods Company	Nov 15/12	-818.53 CancNov15
4186	Shamrock Foods Company	Nov 15/12	729.93
4187	S & S Tire Co - Corporate	Nov 15/12	440.55
4188	Villas at Seven Canyons	Nov 16/12	1,700.40
4189	Williams Scotsman Inc. CPX-08436	Nov 15/12	2,722.51
4190	Arizona Department of Revenue	Nov 16/12	15,219.69
4191	Qwest #707B	Nov 16/12	102.21
4192	Qwest-416B	Nov 16/12	46.34
4193	Qwest 686M	Nov 16/12	655.09
4194	River's End Trading Company	Nov 16/12	2,563.32
4195	RPS WorkCare	Nov 16/12	1,761.25
4196	Toro NSN	Nov 16/12	223.00
4197	Golf Clubs Away, LLC	Nov 16/12	3,298.62
4198	Southern Wine & Spirits of Arizona	Nov 16/12	1,226.52
4199	Nackard Beverage Co	Nov 19/12	25.00
4200	Mission Linen & Uniform Service	Nov 19/12	401.25
4201	Shamrock Foods Company	Nov 20/12	895.62
4202	Supreme Oil Company	Nov 20/12	1,770.84
4203	Shamrock Foods Company	Nov 21/12	275.27
4204	APS Acct # 591896283 Well 2	Nov 21/12	0.00
4205	APS Acct # 059496288 Well 3	Nov 21/12	0.00
4206	APS Acct # 818596286 Well 4	Nov 21/12	0.00
4207	APS Acct # 359496288 Well 5	Nov 21/12	0.00
4208	APS Acct # 339496288 Pump	Nov 21/12	0.00
4209	APS Acct # 208596286	Nov 21/12	0.00
4210	APS Acct # 788196282	Nov 21/12	0.00
4211	APS Acct # 487596281 Bldg Maint	Nov 21/12	0.00
4212	APS Acct # 050596287 Salespav	Nov 21/12	0.00
4213	APS Acct # 971296284	Nov 21/12	0.00
4214	APS Acct # 928596286	Nov 21/12	0.00
4215	APS Acct # 327396289	Nov 21/12	0.00
4216	APS Acct # 360596287	Nov 21/12	0.00
4217	Arizona Department of Revenue	Nov 21/12	0.00
4218	Associate Clubs International	Nov 23/12	1,200.00
4219	Arizona Department of Revenue	Nov 23/12	10,000.00
4220	AmeriTurf	Nov 23/12	3,873.29
4221	Ernest Trunzo Jr.	Nov 23/12	2,421.87
4222	GOS Products for Business	Nov 23/12	795.38
4223	H2Ology	Nov 23/12	484.03
4224	Mobile Mini Inc. 21126482	Nov 23/12	118.37
4225	Prestige Flag	Nov 23/12	916.26
4226	Qwest - #75704051	Nov 23/12	1,275.00
4227	Seven Canyons Water Company	Nov 23/12	1,085.98
4228	Seven Canyons Water Treatment Co.	Nov 23/12	2,801.29

December 27, 2012 11:11am

User: HLP Term: H5

21 - Seven Canyons-#21
 01DIP - Debtor In Possession Account-Cha
 Check Register for Nov 1/12 thru Nov 30/12

Pg 3

Check	Issued to:	Date	Check Amount
4229	UNS Gas, Inc. Acct # 8845540781	Nov 23/12	604.12
4230	MerIT Technology Partners	Nov 26/12	1,836.00
4231	Shamrock Foods Company	Nov 27/12	504.25
4232	Mission Linen & Uniform Service	Nov 27/12	356.16
4233	Arizona Department of Revenue	Nov 28/12	0.00
4234	AmeriTurf	Nov 28/12	331.58
4235	Club Car, Inc	Nov 28/12	65.81
4236	Dish Network 8255 70 708 1740677	Nov 28/12	134.03
4237	Mitel NetSolutions Act # 031133560	Nov 28/12	230.03
4238	Sprung Instant Structures, Inc.	Nov 28/12	1,045.45
4239	Waste Management	Nov 28/12	883.32
4240	Shamrock Foods Company	Nov 29/12	626.84
4241	Alliance Beverage	Nov 29/12	99.99
4242	Nackard Beverage Co	Nov 29/12	85.00
4243	Shamrock Foods Company	Nov 30/12	28.83
4244	Southern Wine & Spirits of Arizona	Nov 30/12	201.56
4245	Villas at Seven Canyons	Nov 30/12	5,014.84
4246	Verde SOL - AIR Services	Nov 30/12	312.50
4247	Seven Canyons Road Association	Nov 30/12	6,469.16
4248	United Healthcare Insurance Comp	Nov 30/12	9,142.73
4249	PETTY CASH	Nov 30/12	291.76
4255	Villas at Seven Canyons	Nov 30/12	4,249.26
Total Cks Issued			132,037.04

===== End of Report =====

December 27, 2012 11:11am

User: HLP Term: H5

Exhibit 5

to

Disclosure Statement to Accompany Joint Plan of Reorganization Filed by Debtors and Specialty Mortgage Corp. Dated January 18, 2013

Exhibit 5 Liquidation Analysis

Sedona Development Partners, LLC / The Club at Seven Canyons, LLC

Assets

Cash	\$	20,000
Accounts Receivable	\$	525,000
Vehicles	\$	40,000
Modular Buildings (Admin / Arrivals & Fitness)	\$	210,000

Real Property

Parcel L - Golf Course	\$	800,000
Parcel C	\$	2,950,000
Parcel B	\$	740,000
Water Company stock and well sites	\$	250,000
Parcel A Villas	\$	6,000,000
Parcel K	\$	1,300,000
Range House, Tracts D & C	\$	1,915,000
Tract M - Maintenance Building	\$	500,000

Total Assets **\$ 15,250,000**

<u>Secured Claims</u>	Claim	Assumed Allowed Amount	Percentage Recovery	
Specialty - Note #1	\$ 12,500,000	\$ 12,500,000	100%	\$ 12,500,000
Specialty - Note #2	\$ 11,700,000	\$ 11,700,000	100%	\$ 11,700,000
Specialty - Note #3	\$ 4,250,000	\$ 4,250,000	100%	\$ 4,250,000
Specialty - Note #4	\$ 18,250,000	\$ 18,250,000	100%	\$ 18,250,000
Specialty - Note #5	\$ 6,000,000	\$ 6,000,000	100%	\$ 6,000,000
Specialty - Note #6	\$ 5,000,000	\$ 5,000,000	100%	\$ 5,000,000
Seven Canyons Recap	\$ 2,440,000	\$ 2,440,000	100%	\$ 2,440,000
7C Clubhouse Lenders	\$ 5,600,000	\$ 5,600,000	100%	\$ 5,600,000
Developer's Finance	\$ 5,054,386	\$ 5,054,386	100%	\$ 5,054,386
Priority Tax Claims	\$ 338,654	\$ 338,654	100%	\$ 338,654

Total Secured Claims **\$ 71,133,040**

Net Proceeds After Secured Claims **\$ (55,883,040)**

Administrative Expense Claims				
Stinson Morrison Hecker	390,098	390,098	100%	\$ 390,098
Posinelli Shugart	203,180	203,180	100%	\$ 203,180
Post Petition Accounts Payable	812,558	812,558	100%	\$ 812,558
Accrued Expenses	55,486	55,486	100%	\$ 55,486

Total Administrative Expense Claims **1,461,322**

Net Proceeds After Administrative Expense Claims **\$ (57,344,362)**

Unsecured Claims

The Club at Seven Canyons Member Deposits	26,000,000	0.00	0%	\$ (26,000,000)
General Unsecured Claims	2,412,551	0.00	0%	\$ (2,412,551)
Road Association Claims	209,299	0.00	0%	\$ (209,299)
Villa Owners Association	409,556	0.00	0%	\$ (409,556)
SCLH	14,109,880	0.00	0%	\$ (14,109,880)
Cavan Related Entities	35,839,130	0.00	0%	\$ (35,839,130)

Total Unsecured Claims **78,980,416**

Net Proceeds After Unsecured Claims **\$ (136,324,778)**