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8 UNITED STATES BANKRUPTCY COURT
9 SOUTHERN DISTRICT OF CALIFORNIA

10 In re
11 WARNER SPRINGS RANCHO OWNERS
12 ASSOCIATION

CASE NO. 12-03031-LA11

Chapter 11

**[PROPOSED]* AMENDED
DISCLOSURE STATEMENT FOR
LIQUIDATING CHAPTER 11 PLAN
FILED BY DEBTOR**

13 Debtor.

14 Date: September 19, 2013
15 Time: 10:30 a.m.
16 Dept: 2
Judge: Louise DeCarl Adler

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

21 **[NOTE: This Disclosure Statement has not yet been approved by the Court and is being**
22 **furnished to creditors at this time solely for the purpose of evaluating whether it contains**
23 **adequate information pursuant to the Bankruptcy Code]***

24 ***[Bracketed materials will be deleted for mailing to creditors.]**

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- Exhibit A Accounting of Sale Proceeds
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I. INTRODUCTION

A. Overview of Plan of Reorganization

Warner Springs Ranchowners Association (“Debtor”)¹ filed a voluntary bankruptcy petition pursuant to Title 11 of the United States Code (the “Bankruptcy Code”)² on March 1, 2012 (the “Petition Date”), thereby commencing the above-captioned bankruptcy case (the “Bankruptcy Case”). The Bankruptcy Case is pending before the United States Bankruptcy Court for the Southern District of California (the “Court”) as Case No. 12-03031-LA11. Debtor is managing its affairs as debtor-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

Under chapter 11, debtors-in-possession (such as Debtor) and, under some circumstances, creditors and other parties in interest, may propose a plan providing for the disposition of the debtor’s assets and the treatment of claims of creditors and interests of equity holders of the debtor. Chapter 11 plans may provide for the debtor to reorganize by continuing to operate its business or for the liquidation of debtor by selling assets of the debtor’s bankruptcy estate. Debtor is proposing the Liquidating Chapter 11 Plan (the “Plan”) provided to you with this document.

THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT FOR THE PLAN. THE PLAN IS BEING PROVIDED TO YOU ALONG WITH THIS DISCLOSURE STATEMENT.

The Plan is a liquidating plan. Through the Plan, Debtor will complete the liquidation of Debtor’s assets that were not sold as described herein and distribute the proceeds from the sale and liquidation of all of Debtor’s assets. The Plan provides for (i) the creation of a liquidating trust that will administer and liquidate all of Debtor’s assets and (ii) the allocation and the distribution of the proceeds from the sale of all of Debtor’s assets to Holders of Allowed Claims and Co-Owners. Debtor will be dissolved, its affairs wound-up and all assets transferred to the

¹ All capitalized terms used herein shall have the meaning ascribed to them in Article I of the Plan unless otherwise defined herein.

² All further statutory references will be to the Bankruptcy Code, unless otherwise noted.

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1 Liquidating Trust.³ An Oversight Committee will be formed to select the Liquidating Trustee
2 and provide input, oversight and guidance to the Liquidating Trust. The Effective Date of the
3 Plan is thirty (30) days after entry of the Court’s order confirming the Plan.

4 Debtor believes that confirmation of the Plan is in the best interests of Creditors and
5 Debtor. Under the Plan, all Holders of Allowed Claims will be paid in full and Co-Owners will
6 receive one or more Distributions from the remaining proceeds from the liquidation of Debtor’s
7 assets and Debtor’s UDI Proceeds. Debtor believes that the Plan maximizes recoveries for
8 Holders of Allowed Claims and Co-Owners and the administrative cost and delay will be far less
9 than any other alternative.

10 **B. Summary of Treatment of Claims and Equity Interests Under the Plan**

11 Under the Plan, all Allowed Claims are treated according to the priority rules set forth in
12 the Bankruptcy Code. The Plan does not classify Administrative Claims or Priority Claims. In
13 accordance with the Bankruptcy Code, the Plan provides that Allowed Administrative Claims
14 and Priority Claims are to be paid in full on, or as soon as reasonably practicable after, the
15 Effective Date of the Plan (or thereafter with respect to Claims that do not become Allowed
16 Claims until after the Effective Date).

17 Only Allowed Claims will receive Distributions under the Plan. Debtor estimates that
18 Allowed Claims will receive one hundred percent (100%) of their Claims. Co-Owners will
19 receive a Distribution based on their Co-Owner Interests.

20 **ALTHOUGH DEBTOR HAS DONE ITS BEST TO ENSURE THE ACCURACY**
21 **OF THE ESTIMATED DISTRIBUTIONS, THE ACTUAL CLAIM AMOUNTS AND**
22 **PERCENTAGES MAY VARY.**

23 The actual recoveries under the Plan are dependent upon a variety of factors, including,
24 but not limited to, whether, and what amount, and with what priority, contingent Claims against
25 Debtor become non-contingent, fixed and Allowed Claims; whether and to what extent Disputed
26 Claims are resolved in favor of Debtor and/or the Estate; the extent of litigation relating to

27 _____
28 ³ Dissolution will occur upon the liquidation of all of Debtor’s assets and completion of all Distributions to Co-Owners.

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1 resolution of and/or objections to Claims asserted against Debtor; the extent of collections on
2 accounts receivable owing to Debtor and expenses incurred in connection therewith; and ongoing
3 administrative expenses incurred in connection with the administration of Debtor’s Bankruptcy
4 Case and/or the Liquidating Trust. Accordingly, no representation can be nor is any
5 representation being made with respect to the estimated percentage of recovery set forth herein.

6 **IN DEBTOR’S OPINION, THE PLAN PROVIDES THE HOLDERS OF**
7 **ALLOWED CLAIMS WITH THE BEST RECOVERY FEASIBLE UNDER THE**
8 **CIRCUMSTANCES. ACCORDINGLY, DEBTOR BELIEVES THAT THE PLAN IS IN**
9 **THE BEST INTERESTS OF SUCH HOLDERS AND STRONGLY RECOMMENDS**
10 **THAT ALL SUCH HOLDERS ENTITLED TO VOTE, IF ANY, VOTE TO ACCEPT**
11 **THE PLAN.**

12 **C. Overview of Disclosure Statement**

13 Debtor submits this Disclosure Statement in accordance with § 1125 of the Bankruptcy
14 Code in connections with proceedings for confirmation of the Plan. The Plan has been proposed
15 by Debtor and filed with the Bankruptcy Court.

16 This Disclosure Statement provides information regarding (i) the history of Debtor, (ii)
17 Debtor’s debt, (iii) the events precipitating the commencement of this Bankruptcy Case and (iv)
18 major events that have occurred during this Bankruptcy case, including Debtor’s sale of
19 substantially all of its assets to WSRR. This Disclosure Statement also describes the Plan and
20 the Plan’s treatment of Claims. The purpose of the Disclosure Statement is to provide adequate
21 information to assist interested parties in making an informed decision regarding support or
22 opposition of the Plan. Each interested party should read this Disclosure Statement (including its
23 Exhibits) and the Plan in their entirety and consider them in connection with the proceedings
24 regarding Confirmation of the Plan. Debtor has not authorized any person to utilize, for
25 purposes of solicitation, any information concerning Debtor or the Estate other than the
26 information contained or referred to in this Disclosure Statement.

27 **D. Voting and Classes Under the Plan**

28 The Plan divides the Claims of Creditors and Co-Owners into two classes. Only classes

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1 of creditors and interest holders with claims or interests impaired under a chapter 11 plan are
2 entitled to vote on a plan. Generally, and subject to the specific provisions of the Bankruptcy
3 Code, this includes creditors and interest holders whose claims or interests, under a plan, will be
4 modified in terms of principal, interest, length of time for payment, or a combination of the
5 above. Each holder of a Claim in a Class that is not Impaired under the Plan is conclusively
6 presumed to have accepted the Plan, and solicitation of acceptances from the holders of such
7 Claims is not required and will not be undertaken. Administrative Claims and Priority Claims
8 are treated as unclassified Claims that are to be paid in full in Cash under the Plan. The holders
9 of unclassified Claims are not entitled to vote on the Plan.

10 Class 1(Allowed General Unsecured Claims) are not being asked to vote on the Plan
11 because such Holders are deemed, as a matter of law, to have accepted the Plan since the Plan
12 does not alter the legal, equitable or contractual rights of the Claim or Claim Holder. Class 2
13 (Co-Owner Interests) is impaired and is entitled to vote to accept or reject the Plan.

14 Pursuant to § 1129(b) of the Bankruptcy Code, the Court may confirm the Plan only if
15 accepted by each voting Class. Class 1 is deemed to have accepted the Plan.

16 **E. Disclaimer**

17 The Court has approved this Disclosure Statement as containing information of a kind and
18 in sufficient detail, as far as is reasonably practicable in light of the nature and history of Debtor
19 and the condition of Debtor’s books and records, adequate to enable a hypothetical, reasonably
20 investor typical of the holders of Impaired Claims, if any, to make an informed judgment as to
21 whether to accept or reject the Plan. **APPROVAL OF THIS DISCLOSURE STATEMENT
22 DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE
23 BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.**

24 **THIS DOCUMENT WAS COMPILED FROM INFORMATION OBTAINED BY
25 DEBTOR FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE TO THE
26 BEST OF DEBTOR’S KNOWLEDGE, INFORMATION AND BELIEF. DEBTOR HAS
27 NOT PERFORMED ITS OWN INDEPENDENT INVESTIGATION OF THE
28 ACCURACY AND COMPLETENESS OF INFORMATION CONTAINED HEREIN.**

1 **THEREFORE, DEBTOR DOES NOT REPRESENT HEREIN THAT ANY OF SUCH**
2 **INFORMATION IS ACCURATE OR COMPLETE PRIOR TO OR AS OF THE DATE**
3 **OF THIS DISCLOSURE STATEMENT.**

4 **EXCEPT AS EXPRESSLY STATED HEREIN, NOTHING CONTAINED HEREIN**
5 **SHALL BE ATTRIBUTABLE TO THE OFFICE OF THE UNITED STATES**
6 **TRUSTEE, BY ANY HOLDER OF A CLAIM OR INTEREST, OR BY ANY OF THEIR**
7 **RESPECTIVE ADVISORS, NOR HAS ANY SUCH PARTY INDEPENDENTLY**
8 **VERIFIED THE INFORMATION SET FORTH HEREIN AND EACH MAKES NO**
9 **REPRESENTATION OF THE ACCURACY THEREOF.**

10 **ALTHOUGH DEBTOR’S PROFESSIONAL ADVISORS ASSISTED IN THE**
11 **PREPARATION OF THIS DISCLOSURE STATEMENT BASED UPON FACTUAL**
12 **INFORMATION AND ASSUMPTIONS RESPECTING FINANCIAL, BUSINESS, AND**
13 **ACCOUNTING DATE PROVIDED BY DEBTOR, THEY HAVE NOT**
14 **INDEPENDENTLY VERIFIED THE INFORMATION SET FORTH HEREIN AND**
15 **MAKE NO REPRESENTATION AS TO THE ACCURACY THEREOF.**

16 **SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS:** The
17 information contained in this Disclosure Statement and certain other statements contained or
18 incorporated by reference herein, including, without limitation, statements containing the words
19 “may,” “will,” “believe,” “anticipate,” “expect,” “intend,” “can,” “could,” “estimate,” “project,”
20 “should” and words of similar import constitute “forward-looking statements.” Such forward-
21 looking statements involve known and unknown risks, uncertainties, and other factors that may
22 cause the actual results, performance or achievements to be materially different from any future
23 results expressed or implied by such forward-looking statements. Such factors include, among
24 others, the following: the extent and amount of Unsecured Claims, Administrative Claims and
25 Priority Claims allowed against Debtor, the extent of litigation relating to resolution of and/or
26 objections to Claims asserted against Debtor; the extent of collections of accounts receivable
27 owing to Debtor and expenses incurred therewith and the extent of ongoing administrative
28 expenses incurred in connection with the administration of this Bankruptcy Case and/or the

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Liquidating Trust. **GIVEN THESE UNCERTAINTIES, READERS OF THIS DISCLOSURE STATEMENT ARE CAUTIONED TO CONSIDER THESE RISKS AND TO NOT PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS.**

F. Balloting and Other Information

There are no Impaired Claims entitled to vote on the Plan. If you would like any additional copies of this Disclosure Statement and/or related documents, please contact Gordon & Rees LLP, Attn: Jeffrey D. Cawdrey, 101 W. Broadway, Suite 2000, San Diego, California 92101, Telephone: (619) 696-6700, Fax: (619) 696-7124, or Email: warnerspringsinfo@gordonrees.com.

G. Purpose of this Document

This Disclosure Statement summarizes what is in the Plan and provides you with certain information relating to the Plan and the process the Court follows in determining whether or not to confirm the Plan.

READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW ABOUT: (1) WHO CAN VOTE TO ACCEPT OR REJECT THE PLAN OR OBJECT TO CONFIRMATION; (2) WHAT THE TREATMENT OF ALLOWED CLAIMS AND CO-OWNERS CLAIMS WILL BE UNDER THE PLAN; (3) HOW THE TREATMENT OF ALLOWED CLAIMS AND CO-OWNER CLAIMS UNDER THE PLAN COMPARES TO THE TREATMENT OF ALLOWED CLAIMS AND CO-OWNER CLAIMS IN LIQUIDATION UNDER CHAPTER 7 OF THE BANKRUPTCY CODE; (4) THE PREPETITION OPERATING AND FINANCIAL HISTORY OF DEBTOR, THE DEBTOR’S FORMER BUSINESS OPERATIONS, THE DEBTOR’S DEBT STRUCTURE, EVENTS PRECIPITATING THE CHAPTER 11 FILING AND MAJOR EVENTS OCCURING DURING THIS BANKRUPTCY CASE; (5) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER OR NOT TO CONFIRM THE PLAN; (6) WHAT IS THE EFFECT OF CONFIRMATION; AND (7) WHETHER THIS PLAN IS FEASIBLE.

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1 This Disclosure Statement cannot tell you everything about your rights. You should
2 consider consulting your own lawyer to obtain more specific advice on how the Plan will affect
3 you and what is the best course of action for you. Be sure to read the Plan as well as the
4 Disclosure Statement. If there are any inconsistencies between the Plan and Disclosure
5 Statement, the Plan provisions will govern.

6 The Bankruptcy Code requires a Disclosure Statement to contain “adequate information”
7 concerning the Plan. The Court has approved this document as an adequate Disclosure
8 Statement, containing enough information to enable parties affected by the Plan to make an
9 informed judgment about the Plan.

10 **H. Deadlines for Voting and Objecting; Date of Confirmation Hearing**

11 **THE COURT HAS NOT YET CONFIRMED (APPROVED) THE PLAN**
12 **DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE**
13 **TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. HOWEVER, IF THE**
14 **COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON**
15 **THE DEBTOR, THE LIQUIDATING TRUSTEE, ANY ENTITY ACQUIRING**
16 **PROPERTY UNDER THE PLAN, ALL CREDITORS AND ALL CO-OWNERS.**

17 **1. Time and Place of the Confirmation Hearing**

18 The hearing (“Confirmation Hearing”) where the Court will determine whether or not to
19 confirm the Plan will take place on [TBD by Court], 2013 at _____:_____:m, in
20 Department 2, Courtroom 118, United States Bankruptcy Court, 325 West “F” Street, San Diego,
21 California 92101.

22 **2. Deadline for Voting for or Against the Plan**

23 The deadline for Class 2 to submit ballots accepting or rejecting the Plan is [TBD by
24 Court], 2013 at 5:00 p.m. prevailing Pacific Time (the “Ballot Deadline”). Ballots
25 must be received by Debtor’s counsel no later than the Ballot Deadline. Ballots must be
26 submitted to Gordon & Rees LLP, Attn: Jeffrey D. Cawdrey, 101 W. Broadway, Suite 2000,
27 San Diego, California 92101, email: warnerspringsinfo@gordonrees.com.
28

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3. ***Deadline for Objecting to the Confirmation of the Plan***

Objections to the confirmation of the Plan must be filed with the Court and served by [TBD by Court] _____, 2013, upon Debtor’s counsel, Gordon & Rees LLP, Attn: Jeffrey D. Cawdrey, 101 W. Broadway, Suite 2000, San Diego, California 92101, email: warnerspringsinfo@gordonrees.com.

4. ***Identity of Person to Contact for More Information***

Any interested party desiring further information about the Plan should contact counsel for Debtor, in writing, to the attention of Jeffrey D. Cawdrey at Gordon & Rees LLP, 101 W. Broadway, Suite 2000, San Diego, California 92101, email: warnerspringsinfo@gordonrees.com or by calling (619) 696-6700.

II. OVERVIEW OF DEBTOR

A. Description and History of Debtor and Its Business

Debtor is a non profit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law of California in May 1983 to provide for the management, maintenance, preservation, and control of the Warner Springs Ranch (the “Ranch”). Debtor is governed by its bylaws and CC&Rs. The administrations, operation, maintenance, repair, and restoration of the Ranch was the responsibility of Debtor, which acts through its board of directors (the “Board”).

B. The Ranch

The Ranch is located in northern San Diego County, approximately four miles south of Warner Springs, at 31652 Hwy 79, Warner Springs, CA 92086. The Ranch consists of approximately 2,380 acres of rural lands and its amenities include 250 casitas, an 18 hole golf course, tennis courts, natural hot springs, an aquatics center, an equestrian center, an airport, a spa, and two restaurants. Two of the adobe buildings on the Ranch were built in 1849 and 1857 and are historic landmarks.

As an alternative to a timeshare development, the original developer, Warner Springs Ranch, Ltd., contemplated the sale of 2,000 UDIs. The developer’s vision was that the Ranch would be a private resort owned by 2,000 families, maintained and operated through dues paid

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1 by the UDI owners. Unfortunately, the developer and its successors were only able to sell
2 approximately 1,200 of the 2,000 UDIs.

3 **C. Ownership of the Ranch**

4 Ownership of the Ranch is divided into 2,000 UDIs. Membership in Debtor is
5 appurtenant to and inseparable from ownership of a UDI. Presently, Debtor holds record title to
6 approximately 1,021 UDIs for the benefit of its members and the remaining 979 are owned by
7 individuals or entities as either half or whole UDIs. Debtor obtained legal title to its UDIs
8 through several avenues, including foreclosure for failure to pay dues, deeds in lieu of
9 foreclosure and from the original developer.

10 Each UDI interest except those titled in Debtor comes with an obligation to pay certain
11 regular and special assessments. Over time, the assessments increased approximately 650% to
12 \$382.00 per month. From and after the Petition Date and until April 30, 2013 following the sale
13 of the Ranch, the assessments were \$248 a month per whole UDI. The payment of assessments
14 is a personal obligation of each UDI owner other than Debtor.

15 Outside of Debtor, Pala Band of Mission Indians (“Pala”) is the largest UDI owner. Pala
16 owns the equivalent of 148.5 full UDIs, which is roughly fifteen percent (15%) of the UDIs not
17 owned by Debtor. The second largest UDI owner is Debt Acquisition Company of America V,
18 LLC (“DACA”). DACA has purchased the total of 97.5 whole equivalent UDIs.

19 A small minority of UDI owners either live immediately adjacent to, within close
20 proximity of, or otherwise frequently use the Ranch. As time went on, the interest and use of the
21 Ranch by UDI owners who do not live close to the Ranch waned and UDI owners began
22 defaulting on their regular monthly assessments.

23 **D. The Ranch’s Financial Difficulties**

24 The Ranch has had substantial financial difficulties for the last twenty years for a variety
25 of reasons. First, historically, the occupancy rate for lodging facilities has been approximately
26 30%. Prepetition, the UDI owners’ use of the Ranch represented approximately 20% and public
27 use represented 80%. Debtor attempted to market the Ranch for midweek use by individuals and
28 groups, which proved to be challenging because of the limited conference facilities, the lack of

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1 kitchens in the casitas and the lack of kitchens in the casitas.

2 As the cost of ownership rose, the ability of Debtor or any Co-Owner to sell their UDIs
3 decreased. As more and more Co-Owners refused to pay their Monthly Dues, the Ranch’s
4 financial situation worsened. It became apparent that something had to be done with the Ranch.
5 Alternatives included a timeshare operation, further development of the Ranch and selling the
6 Ranch. There was disagreement between groups of Co-Owners regarding which alternative was
7 the best. The Co-Owners living adjacent to the Ranch wanted continued use and ownership of
8 the Ranch, while other Co-Owners wanted to sell the Ranch.

9 **E. The Sale of the Ranch**

10 In 2006, a class action lawsuit to compel the sale of the Ranch entitled *Rodney Eales and*
11 *Jerrold Radway v. Warner Springs Ranchowners Association, et al*, Superior Court of California,
12 County of San Diego, Case No. GIC 866594 was filed. Prior to certification of the class, the
13 parties agreed to engage the services of Retired Appellate Court Justice Howard B. Wiener to
14 mediate the lawsuit. The ensuing mediation, referred to as the “Million Dollar Mediation”,
15 resulted in a recommendation that the sale of the Ranch to Pala “*is believed to be the most*
16 *certain, timely and equitable resolution primarily due to the following: Delivers timely fair*
17 *market value cash to all owners, Provides opportunity for continued usage rights for current*
18 *owners, Infuses capital into the Ranch for plant and operations, Preserves the cultural sensitivity*
19 *of the Ranch.*” At the request of Justice Wiener, Pala submitted a Letter of Intent in October of
20 2007 offering to pay the appraised fair market value in cash with escrow closing by June 30,
21 2008.

22 In November 2008, the Board solicited offers to purchase, with express provision for
23 continued use rights, from Pala and Eugene Gabrych. Pala submitted an all cash offer for
24 \$20,000,000 by the December 1, 2008 deadline. Mr. Gabrych submitted an offer after the
25 deadline for \$20,500,000. Ultimately, Pala increased its offer to \$20,500,000.

26 As of January 17, 2009, the Ranch had an appraised value of \$20,500,000, according to
27 an appraisal performed by Jones, Roach & Caringella, Inc. dated March 22, 2011.

28 By November 6, 2009, Debtor had received 66 2/3% UDI assents in favor of a sale as

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1 required by Article 8.3 of the CC&Rs. A majority favored a sale to Pala. On November 9, 2009,
2 the Board held a special meeting and, by resolution, accepted the offer submitted by Pala. On
3 December 15, 2009, Debtor and Pala executed the Purchase and Sale Agreement and Joint
4 Escrow Instructions (the “Pala PSA”).

5 **F. The Sale of the Ranch was Delayed**

6 The sale to Pala under the Pala PSA could not be closed prior to the Petition Date for
7 several reasons. One of the Pala PSA’s provisions was that Stewart Title, the title insurer, must
8 provide clear title to the Ranch or that Pala agreed to any title exception Stewart Title imposed.
9 Another condition to the closing of escrow as that there must not be a challenge to the validity of
10 the UDI owners’ assent to the sale. Stewart Title performed a title search and prepared a title
11 report having at least 2,000 exceptions and consisting of over four hundred pages. The
12 exceptions were driven primarily by the fact that the Co-Owners had changed and that there were
13 title issues regarding a great number of the Co-Owners due to the passage of time and events
14 such as divorces, deaths, and the like. The title exceptions included many easements that
15 appeared of record. Prepetition, the Board worked with Stewart Title and Pala to attempt to clear
16 title of such exceptions and encumbrances. Substantial resources were expended by both Debtor
17 and Pala in that regard. That process had been ongoing for over two years.

18 In addition, in 2010, a Co-Owner, Mr. John Gubler, brought a lawsuit, styled as *Gubler v.*
19 *Warner Springs Ranchowners Association*, Superior Court of California, County of San Diego,
20 Case No. 37-2010-00057759-CU-CL-NC, in which the Co-Owner claimed, among other things,
21 that Debtor did not follow the proper process to obtain owners’ consent to the sale. After a
22 bench trial and decision that the assent process was valid, Debtor resolved the *Gubler* suit
23 through a stipulated judgment wherein Mr. Gubler waived his right to appeal and withdrew his
24 motion for reconsideration in order to ensure that escrow could close. The stipulated judgment
25 states that the UDI assent process complied with the requirements of Debtor’s bylaws, CC&Rs,
26 and other governing documents.

27 Debtor and Pala then continued towards closing the sale of the Ranch under the Pala
28 PSA, including working to clear title issues. Debtor expended an exorbitant amount of time,

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1 money and resources working to resolve and overcome these hurdles and believed that the sale
2 of the Ranch to Pala would close in January 2012. As a result, Debtor closed the physical
3 operations of the Ranch on January 2, 2012 in preparation and anticipation of the close of escrow
4 on January 17, 2012.

5 The sale did not close on January 17, 2012. Then, on January 18, 2012, another Co-
6 Owner, William Francis, filed a complaint that is substantially identical to that filed by Mr.
7 Gubler against Debtor and again asserted that the assent process employed by Debtor did not
8 comply with Debtor’s bylaws, CC&Rs, and governing documents in the Superior Court of
9 California, County of San Diego, Case. No. 37-2012-00090903-CU-OR-CTL. Mr. Francis
10 sought to enjoin the sale.

11 Upon receiving notice of the *Francis* litigation, Stewart Title notified Debtor that it
12 would not issue a title insurance policy until the litigation was resolved. Since the issuance of a
13 title policy was a condition to close the sale under the terms of the Pala PSA, Debtor and Pala
14 were not able to complete the sale. Thus, Debtor filed this bankruptcy in order to continue the
15 process of selling the Ranch.

16 **G. The Burn Ash Site**

17 Another issue that Debtor had to address prepetition and in the sale to Pala was the
18 environmental clean-up of the Burn Ash Site. A very small portion of the northwest corner of
19 the Ranch was previously used as a burn ash dump site (the “Burn Ash Site”). It is unknown by
20 Debtor who created the Burn Ash Site or for how long it has been on the Ranch, but it is known
21 the site pre-dated current ownership. It is possible that the contamination on the site was
22 contributed to by adjoining property occupants, the United States Military, and/or previous
23 inhabitants of the Ranch.

24 On or about June 13, 2005, Debtor received a notice (the “2005 Notice”) from the County
25 of San Diego, Department of Environmental Health (the “LEA”), in its capacity as the Local
26 Enforcement Agency responsible for the enforcement of solid waste handling and disposal
27 regulations. The 2005 Notice states that the LEA will work with Debtor to remediate the site and
28 required Debtor to obtain a Preliminary Waste Characterization Study (“PWCS”) on the Burn

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1 Ash Site.

2 Prepetition, Debtor and the LEA were in discussion regarding the status and remediation
3 of the Burn Ash Site. On February 19, 2010, the LEA sent Debtor another notice (the “2010
4 Notice”) indicating that the Burn Ash Site had not been remediated. Debtor continued its
5 discussions with the LEA and CalRecycle regarding remediation of the Burn Ash Site. In
6 addition, Debtor engaged a consultant that specializes in remediation issues to advise and assist
7 Debtor with this issue prepetition. Debtor has always intended to provide for the remediation of
8 the Burn Ash Site and, in connection with the prepetition sale to Pala had made clear that it
9 would hold back in escrow and use proceeds from the sale of the Ranch to provide for the
10 remediation of the Burn Ash Site.

11 Debtor has received estimates that it could cost anywhere from \$400,000 to over a \$1
12 million to remediate the Burn Ash Site. However, this estimate is extremely speculative. The
13 actual clean-up costs have not been set and any estimate is essentially reasonable speculation at
14 this point.

15 **H. Postpetition Events**

16 Since the Petition Date, Debtor has complied fully and accurately with all of the
17 requirements of this bankruptcy case, including the U.S. Trustee’s reporting requirements, and
18 has continually acted in good faith to continue this Bankruptcy Case to conclusion. Debtor’s
19 focus throughout this Bankruptcy Case has been on selling the Ranch by obtaining the highest
20 and best offer possible.

21 **1. Employment of Professionals**

22 In order to move its Bankruptcy Case to conclusion and sell the Ranch, Debtor needed
23 the assistance of a number of professionals. Debtor employed Gordon & Rees LLP as general
24 bankruptcy counsel. In addition, Debtor employed Anderson, Hilbert & Parker, LLP and
25 Hendersen, Caverly, Pum & Charney, LLP as special counsel to provide assistance with title
26 issues and tax matters, respectively. In addition, Debtor engaged KMJ Corbin & Company as
27 accountants and CBRE, Inc. (“CBRE”) as Debtor’s real estate broker. Debtor and/or the
28 Liquidating Trust may continue to employ these professionals as necessary after entry of the

1 Confirmation Order.

2 **2. The 363(h) Adversary Proceeding**

3 On May 4, 2012, Debtor filed its Complaint to Sell Debtor’s Estate’s Interest and the
4 Interest of any Co-Owner in the Real and Personal Property Commonly Known as the Warner
5 Spring Ranch Pursuant to 11 U.S.C. § 363(h) (the “Complaint”), thereby commencing Adversary
6 Proceeding No. 12-90153 (the “Adversary Proceeding”). The Complaint sought a judgment
7 authorizing Debtor to sell Debtor’s UDIs and all Co-Owner UDIs.

8 Debtor filed an amended Complaint (the “Amended Complaint”) on October 25, 2012 to
9 correct, add or substitute the names and/or legal capacities of certain Co-Owners. Debtor
10 obtained default judgments against all but seven Co-Owners. Debtor entered into stipulated
11 judgments with the remaining Co-Owners, except for Pala. Two of the Co-Owners initially
12 declined to enter into a stipulated judgment, which caused Debtor and the two Co-Owners to file
13 cross motions for summary judgment. An order granting Debtor’s motion for summary
14 judgment, as to all Co-Owners, including Pala was entered by the Court on February 22, 2013.
15 Debtor received the necessary authority, pursuant to § 363(h) of the Bankruptcy Code, to sell the
16 Debtor UDIs along with the Co-Owners UDIs.

17 **3. The Sale Process**

18 CBRE and Debtor have extensively marketed the Ranch for sale since the Petition Date.
19 The Ranch was listed with CBRE on June 15, 2012 and CBRE began pre-marketing thirty days
20 later. CBRE contacted over 1,800 parties regarding the sale of the Ranch and prepared a formal
21 offering memorandum. CBRE gave forty-four parties access to CBRE’s due diligence website.
22 As a result of these efforts, CBRE received three written offers to purchase the Ranch as the
23 stalking horse bidder, subject to overbid. Offers were made by Pala, PHG/WSRR and DACA.
24 Pala made an offer that was \$5,000,000 less than the offers made by PHG/WSRR and DACA.
25 Debtor chose PHG/WSRR to act as the stalking horse bidder. Debtor and WSRR, as PHG’s
26 assignee, executed a Purchase and Sale Agreement and Escrow Instructions (the “WSRR PSA”)
27 on or about December 20, 2012.

28 Debtor sought and obtained an order setting bid procedures, authorizing an auction and

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1 approving the form of the WSRR PSA. An auction was held on March 6, 2013 before the Court
2 in accordance with the bid procedures approved by the Court. Pala and WSRR were the only
3 bidders. Bidding started with WSRR’s \$12,800,000 bid and continued up to Pala’s bid of
4 \$13,400,000. The Court then considered terms other than price, such as timing of close and
5 conditions to closing. The Court ultimately determined that the final offer of WSRR was the
6 highest and best bid.

7 The WSRR successful bid included a gross purchase price of \$12,300,000 (less a credit
8 of \$550,000 in accordance with the Court’s order setting bidding procedures (see Docket No.
9 678)) and relieved Debtor of the requirement to provide title insurance to WSRR. The WSRR
10 PSA provided that Debtor’s liability for the clean-up of the Burn Ash Site, and any other
11 environmental clean-up necessary on the Ranch, is \$250,000, which amount was credited to
12 WSRR against the purchase price at close of escrow in accordance with the terms of the PSA.
13 The final order approving the sale to WSRR was entered on April 12, 2013. The sale of the
14 Ranch to WSRR closed on April 29, 2013. The sale proceeds, less certain costs of sale, payment
15 of real property taxes and commission to Debtor’s real estate broker, CBRE, are being held in
16 escrow pending further instructions further instructions and/or Court order. Debtor is preparing
17 to seek Court authority to distribute Co-Owner UDI Proceeds that are not encumbered by liens
18 other than the WSRA lien for unpaid assessments.

19 The gross sale price, after deduction of the credit of \$550,000, is \$11,750,000. Debtor’s
20 broker’s commission is \$443,750, pursuant to Court approval as authorized by § 363(j). In
21 addition, costs of sale totaling \$17,925 and Debtor’s payment for the burn ash site of \$250,000
22 were deducted from the gross purchase price. As a result, the net Sale Proceeds total
23 \$11,038,325. The WSRR PSA provides for the allocation of twenty percent (20%), totaling
24 \$2,207,655, of the Sale Proceeds to Debtor’s personal property and goodwill. From this amount,
25 Debtor has paid \$300,331.92 in real property taxes that were due and payable. The remaining
26 80% of the Sale Proceeds (\$8,830,660) are allocated as follows: (i) Co-Owner UDI Proceeds,
27 \$4,322,608, and (ii) Debtor UDI Proceeds, \$4,508,052. Thus, based upon a total of 2,000 UDIs,
28 the allocation is \$4,415.33 per whole UDI or \$2,207.66 per half UDI, prior to any deduction

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1 attributable to any specific Co-Owner UDI, such as unpaid assessments, liens and costs. An
2 accounting of the costs, expenses and allocation of the gross Sale Proceeds is attached hereto as
3 **Exhibit A.**

4 On April 17, 2013, DACA filed a Notice of Appeal of the Court’s order approving the
5 sale to WSRR. The appeal is currently pending before the United States District Court for the
6 Southern District of California (the “District Court”). Absent a withdrawal or resolution of the
7 appeal, the appeal will not be heard by the District Court until at least November 2013. Section
8 363(m) of the Bankruptcy Code provides that an appeal of a sale order does not affect the
9 validity of a sale after approval by the Court. DACA has asserted a number of legal issues on
10 appeal, including that § 363(m) does not apply. Debtor and WSRR believe that § 363(m) does
11 apply. If DACA’s appeal is successful, it is possible that, among other things, the sale to WSRR
12 could be found invalid and unwound thereby revesting title to the Ranch to seller.

13 **4. Claims Bar Date and Claim Objections**

14 The deadline to file claims against the estate was February 22, 2013. A summary of all
15 Claims is attached hereto as **Exhibit B.**

16 Debtor has filed objections to certain proofs of claim. Warner Springs Estates, LLC has
17 withdrawn its proof of claim. Debtor has contested the proof of claim filed by Pala and is in the
18 process of challenging the claim through the claims administration process. Debtor anticipates
19 filing additional claim objections as it continues its review and analysis of the claims filed. All
20 objections to claims will be filed no later than 180 days after the Effective Date, unless further
21 extended by order of the Court.

22 **PURSUANT TO THE PLAN, THE LIQUIDATING TRUSTEE MAY OBJECT TO**
23 **ANY CLAIM LISTED ON EXHIBIT B, AS WELL AS ALL OTHER CLAIMS**
24 **SUBSEQUENTLY FILED.**

25 **5. Extensions of Exclusive Periods to File Plan of Reorganization and**
26 **Solicit Acceptances Thereto**

27 Debtor requested and received an extension of its exclusive period to file a Plan
28 pursuant to § 1121(c)(2) (the “Plan Filing Period”) and its exclusive period during which only
Debtor may solicit acceptances of a plan under § 1121(c)(3) (the “Plan Solicitation Period.”)

collectively with the Plan Filing Period, the “Exclusive Periods”), up to and including April 15, 2013 and June 14, 2013 respectively. Debtor filed an additional request for an extension of the Exclusive Periods up to and including June 14, 2013 and August 13, 2013, respectively, which was granted by the Court up to and including August 8, 2013 and October 7, 2013, respectively.

6. Motion to Distribute Sale Proceeds to Co-Owners

On August 1, 2013, Debtor filed a motion requesting the Court’s authority to make an initial distribution to Co-Owners who hold a UDI that is not encumbered by any third party liens and deduct any unpaid assessments or dues payable to Debtor from the amount to be distributed to the Co-Owner. A hearing on the motion is currently set for August 29, 2013.

III. DEBTOR’S ASSETS AND FINANCIAL PERFORMANCE

A. Debtor’s Scheduled Assets and Liabilities

Debtor filed its Amended Schedules, which listed liabilities totaling \$1,466,076.77 consisting of \$14,525.02 in Priority Claims, \$0.00 in Secured Claims and \$1,451,551.75 in Unsecured Claims. Exhibit B contains a summary of all of the claims listed in Debtor’s Amended Schedules and all proofs of claim filed against the estate. In addition, the summary states whether Debtor currently disputes the amount listed in the proof of claim.

Debtor has listed the following assets in its Schedules based on values determined as of the Petition Date:

Description of Asset	Scheduled Value of Asset
Real Property (Debtors UDIs)	\$11,275,000.00
Personal Property	\$2,804,894.97
Total	\$14,079,894.97

The value for the Ranch was based on the purchase price under the Pala PSA and an appraisal that valued the Ranch at \$20,500,000. As set forth above, Debtor consummated a sale of the Ranch to WSRR for a gross purchase price of \$11,750,000. Twenty-percent of the Sale Proceeds were allocated to Debtor’s personal property and goodwill for a value of \$2,207,655. Debtor’s UDIs account for 51% of the remaining Sale Proceeds, for a value of \$4,508,052. Debtor has additional assets, including cash on hand, property tax refunds due and accounts receivable (primarily relating to unpaid assessments), that will be liquidated by the Liquidating

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1 Trustee. The value of these assets depends on the ability to collect Debtor’s accounts receivable.
2 Debtor estimates that these assets have a value of approximately \$700,000.

3 **B. Other Estate Assets**

4 Claims arising under the Bankruptcy Code and state and federal law are assets of the
5 estate.

6 **1. Avoidance Actions Generally**

7 Avoidance Actions include actions to avoid certain preferential or fraudulent transfers.
8 Avoidable preferential transfers under § 547 of the Bankruptcy Code are payments or transfers of
9 property made (i) to or for the benefit of a creditor, (ii) on account of an antecedent debt owed by
10 a debtor before the transfer was made, (iii) made while the debtor was insolvent, (iv) within
11 ninety days of the filing of a bankruptcy petition (one year before bankruptcy if the transfer was
12 made to an insider of the debtor) and (v) which enables such creditor to receive more than such
13 creditor would receive if, among other things, the case were a case under Chapter 7 of the
14 Bankruptcy Code. Under § 547 of the Bankruptcy Code, these payments are recoverable, subject
15 to certain defenses that include the contemporaneous exchange of new value, subsequent
16 advances of new value and payment in the ordinary course of business. Additionally, transfers
17 or payments received by the initial transferee which are subsequently passed on to a subsequent
18 transferee are recoverable under certain circumstances.

19 Sections 544 and 548 of the Bankruptcy Code authorize a trustee or debtor-in-possession
20 to avoid transfers deemed fraudulent under applicable state law (§ 544(b)) and under federal law
21 (§ 548). Specifically, § 548 of the Bankruptcy Code provides that a debtor or trustee may avoid
22 a transfer of an interest in property of a debtor or avoid obligations incurred by a debtor if the
23 debtor, within two years of the petition date, voluntarily or involuntarily:

24 (A) made such transfer or incurred such obligations with the actual intent to
25 hinder, delay or defraud any existing or future creditors; or

26 (B)(i) received less than the reasonably equivalent value in exchange for such
27 transfer or obligation and (ii)(a) the debtor was insolvent on the date the transfer was made or
28 became insolvent as a result of such transfer, (b) engaged in a business or transaction, or about to

1 engage in a business or transaction, for which any property remaining with the debtor was
2 unreasonably small capital, or (c) intended to incur, or believed that the debtor would incur,
3 debts that would be beyond the debtor’s ability to pay as such debts matured.

4 **2. Analysis of Possible Avoidance Actions.**

5 In its Statement of Financial Affairs (the “SOFA”), Debtor listed approximately
6 \$1,296,479.98 in transfers to creditors made within ninety days of the Petition Date and
7 approximately \$20,042.10 in transfers to insiders made within one year of the Petition Date
8 (collectively, the “Transfers”). These Transfers may potentially be avoidable under bankruptcy
9 law. Some of these Transfers may not be avoidable due to available potential defenses under
10 the Bankruptcy Code, including that the transfers were made in the ordinary course of business
11 by Debtor, were followed by off-setting advances of new goods or services or contemporaneous
12 charges (like C.O.D.) and thus not on account of antecedent debt. A list of the Transfers is
13 attached hereto as **Exhibit C**.

14 All parties listed on the SOFA are potentially liable for the return of those payments and
15 Debtor reserves the right to seek recovery of the Preferential Transfers. The Bankruptcy Code
16 requires any action seeking such recovery shall be commenced no later than two years following
17 the Petition Date.

18 **NOTWITHSTANDING THE FOREGOING, ANY OF THE TRANSFER**
19 **RECIPIENTS LISTED ON THE DEBTOR’S STATEMENT OF FINANCIAL AFFAIRS**
20 **MAY BE SUBJECT TO AVOIDANCE LITIGATION (UNLESS THE DEBTOR HAS**
21 **RELEASED SUCH PREFERENCE CLAIMS PURSUANT TO A COURT APPROVED**
22 **SETTLEMENT.)**

23 **3. Other Potential Litigation**

24 Debtor may have causes of action against others, including its prior Board and certain
25 members, directors, managers, and others and certain transferees for unpaid assessments, breach
26 of contract, fraud, breach of fiduciary duty, conspiracy, negligence, and other causes of action
27 (“Other Litigation”). Debtor may have claims based on (i) failure to circulate Pala’s first offer to
28 purchase the Ranch, (ii) continued failures to engage in a good faith effort to market and sell the

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Ranch when the majority of Co-Owners expressed a desire to sell the Ranch, (iii) self-serving use of Debtor’s assets to the detriment of Co-Owners, and (iv) the conveyance of an easement to Warner Springs Estates, LLC and later Board ratification of that conveyance without approval of Co-Owners. Due to the speculative nature of the recoveries, Debtor has not estimated any recoveries for Other Litigation. However, it should be noted that such claims may be covered by certain insurance policies, particularly Directors & Officers Liability coverage, maintained by Debtor and such insurance policies may be the source of a recovery.

4. Notice to all Holders of Claims and Identified Litigation Targets

ANY LITIGATION TARGETS IDENTIFIED IN THIS DISCLOSURE STATEMENT, WHETHER SPECIFICALLY BY NAME OR BY CATEGORY, MAY BE TARGETS OF ANY OF THE CAUSES OF ACTION DESCRIBED HEREIN, WHETHER OR NOT SPECIFICALLY IDENTIFIED IN ANY PARTICULAR EXHIBIT OR IN ANY DESCRIPTION OF CAUSES OF ACTION.

C. Executory Contracts and Leases

On the Petition Date, Debtor was party to twelve executory contracts and leases. Since the Petition Date, the Pala PSA was mutually terminated by agreement between Debtor and Pala. Pala disputes that the Pala PSA was mutually terminated and instead asserts that the Pala PSA was rejected by Debtor. As a result, Pala asserts that it has a claim in excess of \$2,000,000 against the estate for breach of the Pala PSA. Debtor disputes Pala’s claim, asserts that Pala breached the Pala PSA and has filed an objection to the claim.

Debtor is the lessor under leases by and between Debtor and United States Postal Service, Warner Springs Unified School District, Verizon Wireless and Vista Towers. Debtor has or intends to assume these leases and assign them to WSRR, as purchaser of the Ranch. A list of these leases is attached hereto as **Exhibit D**.

The remaining executory contracts are service agreements between Debtor and other parties. Debtor intends to reject these executory contracts. A list of executory contracts Debtor intends to reject is attached hereto as **Exhibit E**. Any executory contract or unexpired lease not listed on Exhibit D or E will be deemed rejected.

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D. Postpetition Operations and Financial Results

The Ranch has remained closed since January 2, 2012. As a result, Debtor has operated in a limited capacity since the Petition Date with a minimal staff of employees. These operations include maintaining the Ranch, ensuring that the Ranch was secure through the close of escrow, providing accounting and billing functions for Monthly Dues and other costs and expenses and navigating through this Bankruptcy Case. Debtor’s Board analyzed the potential costs and liabilities associated with reopening the Ranch and determined in its business judgment that it was not feasible.

Debtor’s financial performance is set forth in the monthly operating reports filed by Debtor. Copies of these reports can be obtained from the Court, or counsel for Debtor at www.bankruptcy.gordonrees.com/wsra. The monthly operating reports are unaudited. In summary, as of June 30, 2013, Debtor had \$296,036.69 in cash in its operating account and postpetition liabilities, excluding professional fees, of \$38,433. Please refer to Debtor’s monthly operating reports, available from the Clerk of the Court or at <http://bankruptcy.gordonrees.com/WSRA> for additional information regarding Debtor’s postpetition financial performance.

IV. DESCRIPTION OF THE PLAN

A. Concept of the Plan

The purpose of the Plan is to liquidate Debtor’s remaining assets, wind-up all remaining activities, and distribute proceeds from the sale of the Ranch and any remaining assets, to Co-Owners. The Plan divides Claims and Co-Owners into Classes with the Holders of Claims or Co-Owners within each Class receiving the same proposed treatment. If the Court confirms the Plan, Debtor and all creditors, Co-Owners and other parties in interest will be bound by the terms of the Plan.

The Plan will be funded by cash in Debtor’s bank accounts, which as of June 30, 2013 was approximately \$300,000, and the Sale Proceeds, exclusive of the Co-Owner UDI Proceeds.

All Administrative Claims will be paid in full on the later of (i) the Effective Date, or (ii) within fourteen (14) days after entry of an order allowing such Administrative Claim, unless

1 otherwise agreed from Trust Funds. Any unpaid Quarterly UST Fees will be paid on the
2 Effective Date from Trust Funds. Allowed Priority Tax Claims will also be paid in full on the
3 Effective Date or within fourteen (14) days of their allowance by the Court from Trust Funds.

4 Allowed Unsecured Claims will be paid in full from Trust Funds and will receive interest
5 from the Petition Date at the legal rate in effect as of the Effective Date. Pursuant to §363(j), and
6 to the extent Co-Owner distributions have not been made in full prior to confirmation of the Plan,
7 Co-Owners will receive their allocable share of the Co-Owner UDI Proceeds based on their Co-
8 Owner UDI ownership, subject to lien claims attached to the Co-Owner UDI Proceeds. Co-
9 Owners will also receive a share of the Trust Funds with respect to their Co-Owner Interests as
10 set forth herein.

11 On the Effective Date, all of Debtor’s assets and undistributed Co-Owner UDI Proceeds
12 will be transferred to a Liquidating Trust created by the Plan (a copy of the Liquidating Trust
13 Agreement is attached to the Plan as Exhibit A) and a Liquidating Trustee will be appointed. The
14 Liquidating Trustee shall be responsible for, among other things, the payment of all Claims, the
15 prosecution and filing of any remaining Claim objections, and the collection and distribution of
16 any remaining assets.

17 The Liquidating Trust shall also pay the fees U.S. Trustee fees assessed under 28 U.S.C.
18 § 1930(a)(6) until the case is closed on issuance of a final decree, and will submit the post-
19 Confirmation reports that are required by the U.S. Trustee. It is reasonably anticipated that the
20 resolution of Claim objections or other claims held by the Liquidating Trustee and distributions
21 will be completed within approximately one year after the Effective Date of the Plan. The
22 Liquidating Trustee shall file a motion for a final decree once substantial consummation of the
23 Plan has occurred.

24 **B. Classification of Claims and Equity Interests**

25 In general, a Chapter 11 plan (i) divides claims and equity interests into separate classes;
26 (ii) specifies the property that each class is to receive under the plan; and (iii) contains other
27 provisions necessary to confirm the plan. Under the Bankruptcy Code, “claims” and “equity
28 interests” are classified rather than “creditors” and “shareholders” or “members” because such

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1 entities may hold claims or equity interests in more than one class. Administrative Claims and
2 Priority Tax Claims are not “classified” pursuant to § 1123(a)(1) of the Bankruptcy Code.

3 A Chapter 11 plan may specify that certain classes of claims or equity interests are either
4 to be paid in full upon the effective date of the plan or are to remain unchanged by the plan.
5 Such claims are referred to as “unimpaired” and, because of such treatment, are deemed to
6 accept the plan. Accordingly, it is not necessary to solicit votes from the holders of claims or
7 equity interests in unimpaired classes. A Chapter 11 plan also may specify that certain claims
8 will not receive any distribution of property or retain any claim against a debtor. Such claims are
9 deemed to reject the plan and, therefore, need not be solicited to vote to accept or reject the plan.
10 Further, since Administrative Claims and Priority Tax Claims are not classified, holders of
11 Claims in such Classes are not entitled to vote to accept or reject the plan.

12 Section 1122(a) of the Bankruptcy Code provides that a plan may place a claim or equity
13 interest in a particular class only if that claim or equity interest is substantially similar to the
14 other Claims or interests in such Class. Classification is a method of recognizing differences in
15 rights of creditors which call for a difference in treatment. The Plan establishes a variety of
16 Classes, as set forth below. If the Plan is confirmed by the Court and becomes effective, the
17 Class into which a Claim or a Co-Owner Interest falls will be determinative of the manner in
18 which such Claim or Co-Owner Interest will be treated. Debtor believes that the Plan meets the
19 classification requirements of the Bankruptcy Code.

20 **C. Summary of Classes, Claims and Co-Owner Interests**

21 The Plan provides for the creation of one Class of Claims and one Class of Co-Owner
22 Interests. Priority Wage Claims are not classified because all Priority Wage Claims were
23 previously paid in full, as authorized by the Court. Secured Tax Claims are also not classified
24 because such Secured Tax Claims were paid through escrow as described above.

25 **THE FOLLOWING SUMMARY AND THE OTHER DESCRIPTIONS IN THIS**
26 **DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY**
27 **REFERENCE TO THE PROVISIONS OF THE PLAN. IT IS URGED THAT EACH**
28 **HOLDER OF A CLAIM OR CO-OWNER INTEREST CAREFULLY REVIEW THE**

1 **TERMS OF THE PLAN.**

2 **D. Description of Classes and Claims**

3 **1. Unclassified Claims**

4 The Bankruptcy Code does not require classification of certain priority claims against a
5 debtor. Administrative Claims and Priority Tax Claims shall not be classified for purposes of
6 voting or receiving Distributions under the Plan. Rather, all such Claims shall be treated
7 separately as unclassified claims pursuant to the terms set forth in Articles 2, 3 and 4 of the Plan.

8 **a. Administrative Claims**

9 Administrative Claims are Claims for costs and expenses of administration under
10 §§ 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code and include (a) the actual and necessary
11 costs and expenses incurred after the Petition Date of preserving the estate and operating the
12 Debtor’s business; (b) compensation for legal, financial advisory, accounting and other services
13 and reimbursement of expenses awarded or allowed under §§ 330(a) or 331 of the Bankruptcy
14 Code; and (c) all Quarterly UST Fees. These Administrative Claims are not designated as a
15 Class pursuant to §1123(a)(1) of the Bankruptcy Code and are not entitled to vote pursuant to the
16 Bankruptcy Code.

17 Under the Plan, unless otherwise agreed, Administrative Claims shall receive payment in
18 full (unless previously paid in full pursuant to Court Orders), in Cash on the later of (a) the
19 Effective Date, or (b) within fourteen (14) business days after entry of an order allowing such
20 Administrative Claims, or (c) on such other terms as may be agreed upon by such Holder and the
21 Liquidating Trustee or as otherwise set forth in an Order of the Bankruptcy Court. All
22 Administrative Claims shall be filed within (60) days of the Effective Date or shall be forever
23 barred.

24 All fees and costs paid to the Approved Professionals to date were paid pursuant to
25 Orders entered by the Court after the Court’s review of such fees and costs. Debtor anticipates
26 that Administrative Claims will total approximately \$646,500 as of the Effective Date, as
27 follows:

28 //

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Name	Estimated Amount	Treatment
Gordon & Rees, LLP	\$600,000	Paid in full, or as otherwise agreed
Andersen, Hilbert & Parker, LLP	\$15,000.00	Paid in full, or as otherwise agreed
Henderson, Caverly, Pum & Charney LLP	\$20,000.00	Paid in full, or as otherwise agreed
KMJ Corbin & Company	\$5,000.00	Paid in full, or as otherwise agreed
CBRE, Inc. ⁴	\$0.00	Paid in full, or as otherwise agreed
Clerk’s Office Fees	TBD	Paid in full on Effective Date
Office of the U.S. Trustee Quarterly Fees	\$6,500.00 (est.)	Paid in full on or Effective Date
	\$646,500	

Unpaid Quarterly UST Fees, if any, will be paid in cash in full on the Effective Date. The obligation to timely remit quarterly fees to the UST and to timely file quarterly post-confirmation reports, pursuant to 28 U.S.C. § 1930(a)(6) shall continue until the Chapter 11 Cases are dismissed, converted or closed.

The Court must approve all professional fees listed in this chart. For all fees except the Clerk’s Office fees and Quarterly UST Fees, the holder of an Administrative Claim must file and serve a properly noticed fee application and the Court must rule on the application. Only the amount of fees allowed by the Court will be required to be paid under the Plan. All Administrative Claims shall be filed within sixty (60) days of the Effective Date or shall be forever barred.

(i) Potential Capital Gains Tax from Sale of Debtor UDIs

Debtor is aware that the Internal Revenue Service may assert that the sale of UDIs held by Debtor in trust for the benefit of the Co-Owners is subject to capital gains taxation. Debtor believes that all capital gains taxation or loss for the sale of Debtor UDIs should be attributed to the Co-Owners. Prior to the filing of Debtor’s bankruptcy, Debtor requested a private letter ruling from the Internal Revenue Service addressing this issue. The Internal Revenue Service declined to issue a ruling. In accordance with the provisions of the Bankruptcy Code providing

⁴ CBRE, Inc. was not paid its commission at Closing because the commission was subject to Court approval. The Court approved CBRE’s commission on June 18, 2013 and CBRE’s commission was paid as a cost of sale pursuant to § 363(j) from the gross purchase price.

1 for an expedited tax determination, Liquidating Trustee will seek a determination of any taxation
2 arising out of the sale of the Debtor UDIs. Further, Debtor possesses non-member net operating
3 losses of approximately \$5.4 million, which may be used to offset any capital gains.

4 **b. Priority Tax Claims**

5 A Priority Tax Claim is any unsecured pre-petition tax due a governmental unit,
6 including, but not limited to, income and gross receipts taxes and employment taxes against the
7 debtor that are entitled to priority in accordance with § 507(a)(8) of the Bankruptcy Code. These
8 Claims consist of:

Name	Estimated Amount	Claim
Internal Revenue Service	\$1,398.59	Claim No. 4, Taxes \$1,398.59
California Franchise Tax Board	\$0.00	Claim No. 2; Taxes \$800.00
	\$1,398.59	

14 Except to the extent a Holder of an Allowed Priority Tax Claim agrees to a different
15 treatment, the Holders of such Claims shall be paid in full in an amount equal to their Proofs of
16 Claim on the Effective Date or within fourteen (14) days of their allowance by the Court from
17 Trust Funds. All Priority Tax Claims shall be filed within sixty (60) days of the Effective Date
18 or shall be forever barred.

19 **2. Classified Claims**

20 The following is a summary of the Plan’s classification of the Claims that are required to
21 be classified under the Bankruptcy Code.

22 **a. Class 1: General Unsecured Claims**

23 Class 1 consists of non-priority Allowed Unsecured Claims, which is all Claims against
24 Debtor that are not Administrative Claims or Priority Tax Claims, including without limitation
25 any Claims arising from the rejection of executory contracts and/or unexpired leases. Allowed
26 Claims in this Class will be paid from the Sales Proceeds.

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1 Total Unsecured Claims are \$4,035,415.31.⁵ Debtor disputes the validity and amount of
2 certain Claims, including, but not limited to, Pala’s Claim of \$2,596,182.50⁶. In addition, the
3 scheduled inter-company Claim of \$1,011,510.00 will not be repaid. Debtor estimates that the
4 total Allowed Unsecured Claims will be \$440,419.06. A list of the Claims that Debtor believes
5 will become Allowed Unsecured Claims and paid under the Plan is attached hereto as **Exhibit F**.
6 Debtor does not waive its right to object to any Class 1 Claims and, to the extent Debtor objects
7 to any Class 1 Claims, such Class 1 Claims shall be allowed in the amount set by the Court or
8 agreed upon by Debtor and the claimant.

9 Debtor estimates that Allowed Unsecured Claims will be paid 100% of their Claims, plus
10 interest at the legal rate in effect on the Effective Date. Unless otherwise agreed, Allowed
11 Unsecured Claims will be paid in full on the later of (i) the Effective Date or (ii) fourteen (14)
12 business days after entry of an order allowing such Claim. Allowed Unsecured Claims will bear
13 interest from the Petition Date to the date paid at the legal rate in effect on the Effective Date.
14 Since Class 1 is unimpaired, the holders of such Claims are not entitled to vote to accept or reject
15 the Plan.

16 **b. Class 2: Co-Owner Interests**

17 Class 2 consists of Co-Owners holding Co-Owner Interests. Co-Owners may receive
18 Distributions from Trust Funds remaining after payment of Administrative Claims, Priority Tax
19 Claims, Allowed Unsecured Claims, Trust Expenses and any other Claims against Debtor or the
20 Liquidating Trust.

21 Debtor will be allocated approximately \$6,415,385 from the Sale Proceeds on account of
22 Debtor’s UDIs and Debtor’s other assets sold to WSRR. These proceeds will become Trust
23 Funds as provided for in the Liquidating Trust together with Debtor’s other assets.

24 Class 2 is impaired. The holders of Co-Owner Interests are entitled to vote to accept or
25 reject the Plan.

26 _____
27 ⁵ The claim filed by Pala asserts that Pala is entitled to a secured claim based on § 365 of the Bankruptcy Code.
28 Debtor disputes this characterization and the amount of Pala’s claim and has included only a portion of Pala’s claim
amount in the calculation of the Total Unsecured Claims. Further, such amount treats Curative Title’s claim for a
priority unsecured claim as a general unsecured claim.

⁶ The amount of Pala’s claim is unclear and may be for more or less than the amount listed herein.

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1 **E. Implementation of the Plan**

2 **1. Creation of Trust**

3 i. Upon the Effective Date, the Liquidating Trust shall be created
4 pursuant to the terms of the Liquidating Trust Agreement contained in Exhibit A to the Plan. As
5 of the Effective Date, title to the Sales Proceeds and all of Debtor’s assets and property,
6 including the Sales Proceeds, WSRR PSA and the Pala Back-Up Bidder PSA, all claims, causes
7 of actions, cash, Trust Funds and other interests, shall be vested in the Liquidating Trust and the
8 Liquidating Trust shall be considered the successor in interest to Debtor. The Liquidating
9 Trustee will be appointed and approved by the Court. The Liquidating Trustee shall be
10 responsible for, among other things, (a) collecting and liquidating, as necessary, any remaining
11 assets of Debtor; (b) making Distributions to creditors, Co-Owners and Co-Owner Lienholders,
12 as set forth in the Plan and the Liquidating Trust Agreement; and (c) objecting to any Claims as
13 appropriate.

14 ii. If the Order approving the sale to WSRR is reversed on appeal and
15 the sale unwound, title to the Ranch, and all of the rights of the bankruptcy estate under the
16 existing stipulations for judgment, shall vest in the Liquidating Trust or as otherwise ordered by
17 the Court. A resale of the Ranch shall thereafter be conducted by the Liquidating Trustee, under
18 the supervision of the Oversight Committee, or as otherwise ordered by the Court.

19 **2. Appointment of Liquidating Trustee and Compensation**

20 The Liquidating Trustee will be appointed by the Oversight Committee prior to the
21 Effective Date of the Plan.

22 As consideration for the Liquidating Trustee’s services, the Liquidating Trustee shall
23 receive an amount equal to such Liquidating Trustee’s hourly billing rate, as adjusted from time
24 to time, subject to the approval of the Oversight Committee as set forth herein. .

25 **3. Termination or Resignation of Liquidating Trustee**

26 The Liquidating Trustee may be terminated for any reason by a supermajority of 4 of 5
27 members of the Oversight Committee voting in favor of termination and terminated “for cause”
28 by a simple majority of the Oversight Committee voting in favor of termination.

1 The Liquidating Trustee may resign for any reason upon forty-five (45) days notice of
2 such resignation to the Oversight Committee.

3 In the event that the Liquidating Trustee resigns or his employment or the appointment is
4 terminated by the Oversight Committee, the Oversight Committee may appoint a replacement,
5 and may condition that appointment on the furnishing of a bond or any other requirement
6 deemed necessary by the Oversight Committee. The appointment of a replacement Liquidating
7 Trustee will require a majority vote by the Oversight Committee.

8 **4. Oversight Committee**

9 **4.1.1. Formation and Initial Members of Oversight Committee**

10 Upon the Effective Date, an Oversight Committee will be formed to oversee the
11 Liquidating Trustee. The Oversight Committee shall consist of DACA, Pala, Kang Won Lee,
12 Patrick Roche and R. Barry Wrenn.

13 **4.1.2. Recusal of Members**

14 Each member of the Oversight Committee shall recuse itself from any decision being
15 made by the Oversight Committee that directly affects such member. In the event that, after
16 recusal, the Oversight Committee cannot reach a majority vote on that decision, the Oversight
17 Committee shall appoint a provisional member of the Oversight Committee with the power to
18 vote on any proposal arising from or relating to that issue. In the event that the Oversight
19 Committee cannot reach a majority vote on the appointment of a provisional member, the
20 Oversight Committee will select at least two but no greater than three candidates and the
21 Liquidating Trustee will decide between those candidates.

22 **4.1.3. Vacancy on the Oversight Committee**

23 Should a vacancy occur the Committee may name a successor by a majority vote. If the
24 Oversight Committee cannot name a successor, one member may voluntarily resign and the
25 Oversight Committee may continue with 3 members. If no resignation occurs and the Oversight
26 Committee is deadlocked, the Oversight Committee shall appoint a member of the Oversight
27 Committee with the same power to vote on any issue, matter or proposal as any member of the
28 Oversight Committee. In the event that the Oversight Committee cannot reach a majority vote

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1 on the appointment of a member to fill the vacancy, the Oversight Committee will select at least
2 two but no greater than three candidates and the Liquidating Trustee will decide between those
3 candidates.

4 **4.1.4. Oversight Committee Professionals**

5 The Oversight Committee may engage counsel or other professionals if deemed
6 necessary due to a dispute between the Oversight Committee and the Liquidating Trustee. Any
7 fees and costs incurred by professionals engaged by the Oversight Committee will be paid from
8 Trust Funds.

9 **4.1.5. Oversight Committee E&O Insurance**

10 The Oversight Committee may purchase Errors & Omissions insurance, including a tail
11 at the conclusion of its duties, as it deems necessary and proper. The cost of such insurance shall
12 be paid from Trust Funds.

13 **4.1.6. Approval and Oversight of Liquidating Trustee**

14 The following actions by the Liquidating Trustee shall require the approval of the
15 Oversight Committee as set forth herein and in the Liquidating Trust:

16 **4.1.6.1 Retention of Counsel:** The Oversight Committee shall approve the
17 Liquidating Trustee’s engagement of any specific law firm or individual counsel taking into
18 account particular experience and expertise, support staff available, billing rates and other items
19 determined to be factors in performing the work for which they are to be retained. The Oversight
20 Committee shall not disapprove the Liquidating Trustee’s selection without exercising due
21 diligence and applying a best business judgment analysis.

22 **4.1.6.2 Retention of Accountant or Disbursing Agent:** The Oversight Committee
23 shall approve the engagement of any specific accounting firm or individual accountant or
24 disbursing agent taking into account particular experience and expertise, support staff available,
25 billing rates and other items determined to be factors in performing the work for which they are
26 to be retained. The Oversight Committee shall not disapprove the Liquidating Trustee’s selection
27 without exercising due diligence and applying a best business judgment analysis.

28 **4.1.6.3 Payment of Professional Fees:** The Liquidating Trustee shall submit

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1 invoices for professional fees to the Oversight Committee fourteen (14) days prior to payment or
2 submittal to the Court for approval. If the Oversight Committee does not object within seven (7)
3 days prior to payment or submittal to the Court, the Liquidating Trustee may make payment or
4 submit to the court for approval. If the Oversight Committee does object, the Liquidating Trustee
5 shall not make payment or submit to the Court and the parties shall meet and confer to resolve
6 the issue. If the Oversight Committee and the Liquidating Trustee cannot resolve the matter
7 within thirty (30) days, the Liquidating Trustee will submit the payment to the court for approval
8 with the proviso that the payment has been denied by the Oversight Committee and there exists a
9 dispute between the Liquidating Trustee and the Oversight Committee which requires resolution
10 by the Court.

11 **4.1.6.4 Commencement of Litigation:** The Liquidating Trustee will investigate any
12 claim made known to him and determine, in his best business judgment, whether or not the claim
13 should be pursued and if so, by what method. If the Liquidating Trustee determines that the
14 claim should not be pursued, the Oversight Committee may not override that determination. If
15 the Liquidating Trustee determines that the claim should be pursued, he will present his analysis
16 to the Oversight Committee for concurrence. If the Oversight Committee does not believe that
17 the claim should be pursued, the Liquidating Trustee may submit the dispute to the Court for
18 determination. The Oversight Committee may submit its objection to pursuing the claim to the
19 Court. Any member of the Oversight Committee having any interest in the claim must recuse
20 himself from deliberations and voting on the matter by the Oversight Committee.

21 **4.1.6.5 Objections to Claims:** The Liquidating Trustee will investigate claims
22 against the estate to determine, in his best business judgment, whether or not the claim should be
23 objected to. If the Liquidating Trustee determines that the claim should not be objected to, the
24 Oversight Committee may not override that determination. If the Liquidating Trustee determines
25 that the claim should be objected to, he will present his analysis to the Oversight Committee for
26 concurrence. If the Oversight Committee does not believe that the claim should be objected to,
27 the Liquidating Trustee may submit the dispute to the Court for determination. The Oversight
28 Committee may submit its objection to objecting to the claim to the Court. Any member of the

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1 Oversight Committee having any interest in the claim must recuse himself from deliberations
2 and voting on the matter by the Oversight Committee.

3 **4.1.6.6 Compromise or Settlement of Claims or Litigation:** In the event that a claim
4 has been pursued and a settlement has been offered or that litigation has been commenced and
5 settlement offered, the Liquidating Trustee shall notify the Oversight Committee in writing of his
6 intention to settle and the settlement amount he believes to be equitable in his best business
7 judgment. If the Oversight Committee does not object within seven (7) days after receiving such
8 written notification, the Liquidating Trustee may settle the matter and submit the settlement to
9 the court for approval. If the Oversight Committee does object, the Liquidating Trustee shall not
10 settle the matter or submit to the Court and the parties shall meet and confer to resolve the issue.
11 If the Oversight Committee and the Liquidating Trustee cannot resolve the matter within thirty
12 (30) days, the Liquidating Trustee will submit the settlement to the court for approval with the
13 proviso that the settlement has been denied by the Oversight Committee and there exists a
14 dispute between the Liquidating Trustee and the Oversight Committee which requires resolution
15 by the Court.

16 **F. Dissolution of Debtor**

17 Debtor will continue in existence and will not be dissolved until the liquidating of assets
18 and distributions to Co-Owners is complete. However, having transferred all assets and
19 obligations to the Liquidating Trust pursuant to the Plan, Debtor’s affairs have been wound up
20 and Debtor shall not have standing to object to claims, commence litigation or make further
21 assessments against Co-Owners.

22 **G. Executory Contracts and Unexpired Leases**

23 Upon the Effective Date, Debtor will assume the leases listed on **Exhibit D** hereto, if not
24 previously assumed, which have or will be subsequently assigned to WSRR or Pala at Closing.
25 Upon the Effective Date, the executory contracts listed on **Exhibit E** hereto will be deemed
26 rejected. All other unexpired leases or executory contracts which were entered into prior to the
27 Petition Date and have not already been rejected, or previously assumed and assigned, will be
28 deemed rejected. Holders of Claims arising as a result of rejection will have until thirty (30)

1 days from the service of notice of the Confirmation Date within which to file proofs of claim for
2 such rejected Claims, or will otherwise be barred. Rejection shall be deemed to have occurred
3 on the earlier of: (i) the date the property was returned to the holder thereof or abandoned or (ii)
4 the Confirmation Date.

5 **H. Distributions**

6 **1. Initial Distributions.**

7 On the later of (i) the Effective Date or (ii) within fourteen (14) days after entry of an
8 order allowing such Priority Tax Claim or Administrative Claim, Liquidating Trustee will pay
9 from the Trust Funds all Priority Tax Claims and Allowed Administrative Claims. Thereafter,
10 the Liquidating Trustee will pay Administrative Claims within fourteen (14) days of a final order
11 allowing such Administrative Claim. Any Quarterly UST Fees shall be made when due, which
12 payment obligation shall continue until Debtor’s chapter 11 case is closed. Liquidating Trustee
13 shall also comply with all reporting requirements of the Office of the U.S. Trustee.

14 **2. Unsecured Claims**

15 As to Allowed Class 1 Claims, Liquidating Trustee shall, on the later of (i) the Effective
16 Date or (ii) fourteen (14) days after entry of an order allowing such Unsecured Claim, pay all
17 Allowed Unsecured Claims Pro Rata from Trust Funds.

18 **3. Trust Funds**

19 i. After payment of Allowed Administrative Claims, Priority Tax
20 Claims, Unsecured Claims and Trust Expenses and upon the later of: (i) a favorable
21 determination of Debtor’s tax liability under § 505(b)(2) of the Bankruptcy Code; (ii) the
22 expiration of time for the taxing authorities to object; or (iii) the Effective Date of the Plan, an
23 initial distribution on account of Debtor UDI Proceeds will be made such that the gross amount
24 remaining for further administration is \$4 Million.

25 ii. The Oversight Committee may approve a larger or additional
26 interim distribution.

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1 iii. To the extent that delinquent assessments were not fully recovered
2 by charging them against the Co-Owner UDI Proceeds, the balance may be charged against this
3 distribution.

4 iv. Upon completion of administration of the Liquidating Trust,
5 including Article 2.2 of the Liquidating Trust, the Liquidating Trustee will distribute any
6 remaining Trust Funds to Co-Owners Pro Rata.

7 **4. Payments from Co-Owners UDI Proceeds**

8 Upon the Effective Date, the Liquidating Trustee will create the Co-Owner UDI Trust
9 and deposit all undistributed Co-Owner UDI Proceeds therein. The Liquidating Trustee will
10 distribute the Co-Owner UDI Proceeds from the Co-Owner UDI Trust as set forth in Article 2.1
11 of the Liquidating Trust Agreement.

12 **I. Disputed Claims**

13 **1. Objections**

14 After the Effective Date, objections to Claims shall be made only by the Liquidating
15 Trustee, subject to Oversight Committee approval as set forth in Section E.4 herein, and
16 objections to Claims made prior to the Effective Date shall be pursued only by the Liquidating
17 Trustee. The Liquidating Trustee may, at any time up to the six month anniversary of the
18 Effective Date, file an objection to any Claim. The period within which to file any such
19 objections may be extended with Court approval. This objection procedure will apply, without
20 limitation, to Claims arising from the rejection of executory contracts and unexpired leases.
21 Upon the filing of any such objection, such Claim will be considered a Disputed Claim, as
22 applicable.

23 **OBJECTIONS MAY BE FILED TO ANY CLAIM LISTED ON EXHIBITS B AND**
24 **F. NO HOLDER OF A CLAIM IS GUARANTEED ANY DISTRIBUTION, OR A**
25 **DISTRIBUTION BASED ON THE FACE AMOUNT OF A CLAIM; NO HOLDER OF A**
26 **CO-OWNER INTEREST IS GUARANTEED ANY DISTRIBUTION.**

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2. Allowance of Disputed Claims and Payment of Distribution

Upon the allowance of a Disputed Claim, either by compromise and settlement or by Final Order, the Liquidating Trustee shall distribute to the holder of such Allowed Claim the distributions to which such holder shall be then entitled within thirty days after the date of the entry of the order or judgment by which such Disputed Claim becomes an Allowed Claim or otherwise consistent with the timing and terms of distribution to other members of the same Class.

3. Estimation of Disputed Claims

Any Disputed Claim may be estimated by the Court at any time, regardless of whether such Claim has been Allowed by the Court or another court, and regardless of whether any judgment or order with respect to such Claim is on appeal, for purposes of making distributions or holding funds in reserve under the Plan (if applicable).

J. Delivery of Distributions

1. Delivery of Distributions in General

Except as may be otherwise provided in the Plan, and notwithstanding any authority to the contrary, distributions to holders of Allowed Claims, Co-Owner UDIs and Co-Owner Interests shall be made by the Liquidating Trustee or his designee, at his discretion, (i) to the signatory set forth on any of the proofs of claim (or at the last known address of such holder if no proof of claim is filed or if Debtor or the Liquidating Trustee has been notified in writing of a chance of address); (ii) at the addresses reflected in Debtor’s books and records; (iii) at the address reflected on the relevant title documents, such as any title report, deed or lien; or (iv) on any counsel that has appeared in this Chapter 11 Case on the holder’s behalf. The Liquidating Trustee shall not incur any liability whatsoever on account of any distributions so long as such distributions are made to holders of Allowed Claims, Co-Owner UDIs and Co-Owner Interests, as such claims and interests may have been assigned, pursuant to the provisions of the Bankruptcy Code and Bankruptcy Rules, using the Liquidating Trustee’s business judgment.

2. Undeliverable Distributions

If any distribution to a holder of an Allowed Claim, Co-Owner UDI or Co-Owner Interest

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1 is returned to the Liquidating Trustee or his designee as undeliverable, no further distributions
2 shall be made to such holder or Co-Owner unless and until Liquidating Trustee or his designee is
3 notified in writing of such holder’s then-current address, at which time all currently due missed
4 distributions shall be made to such holder without interest. Undeliverable distributions shall
5 remain in the possession of the Liquidating Trustee or his designee until such time as a
6 distribution becomes deliverable. All distributions under the Plan that are unclaimed for a period
7 of 90 days after distribution thereof shall be deemed unclaimed property and shall thereafter be
8 delivered by Trustee or his designee to the appropriate governmental agency in accordance with
9 applicable escheat, abandoned or unclaimed property laws. The provisions of the Plan regarding
10 undeliverable distributions shall apply with equal force to distributions made with respect to any
11 Co-Owner UDI or Co-Owner Interest, notwithstanding any provision in Debtor’s Articles of
12 Incorporation, Bylaws or CC&Rs to the contrary.

13 **3. Time Bar to Payment of Distributions**

14 Checks issued by the Liquidating Trustee or his designee on account of Allowed Claims,
15 Co-Owner UDIs and Co-Owner Interests shall be null and void if not negotiated within 90 days
16 from and after the date of issuance thereof. Requests for reissuance of any check shall be made
17 directly to the Liquidating Trustee or his designee by the holder of the relevant Allowed Claim,
18 Co-Owner UDI or Co-Owner Interests with respect to which such check originally was issued,
19 and shall be made within 120 days after the date of issuance of such check. After such dates,
20 claims for the reissuance of checks shall be discharged and forever barred, and any distributions
21 represented thereby shall be deemed unclaimed property and treated in accordance with the
22 provisions of the foregoing paragraph.

23 **K. General Provisions**

24 **1. Amendments and Modifications**

25 Debtor may propose amendments or modifications of the Plan at any time prior to entry
26 of the Confirmation Order. Any provisions that the Court may determine render this Plan
27 unconfirmable may be severed or altered at the option of Debtor. After entry of the
28 Confirmation Order, the Liquidating Trustee may, with approval of the Court, and so long as it

1 does not materially and adversely affect a Claim holder, remedy any defect or omission, or
2 reconcile inconsistencies in the Plan or in the Confirmation Order, in such manner as may be
3 necessary to carry out the purposes and intent of the Plan. Further, nothing contained in this
4 Article shall limit Debtor’s or the Liquidating Trustee’s ability, as applicable, to modify the Plan
5 pursuant to § 1127 of the Bankruptcy Code.

6 **2. Exculpation**

7 Neither Debtor nor any of its officers, directors, employees, counsel, accountants or
8 agents shall have or will incur any liability, except for a liability based upon willful misconduct,
9 to a holder of a Claim, Co-Owner Interests, Co-Owner Lienholder or Co-Owner UDI for any act
10 or omission in connection with, or arising out of, the pursuit of confirmation of the Plan, the
11 consummation of the Plan, the administration of the Plan or the distribution of property under the
12 Plan, and in all respects shall be entitled to rely upon the advice of counsel with respect to their
13 duties and responsibilities under the Plan. This provision, however, is not intended to expand the
14 limits of § 1125(e) and other applicable law.

15 **3. Reservation of Rights/Preservation of Causes of Action**

16 Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the
17 Court shall enter the Confirmation Order. None of the filing of the Plan, any statement or
18 provision contained in the Plan, or the taking of any action by Debtor with respect to the Plan or
19 the Disclosure Statement shall be or shall be deemed to be an admission or waiver of any rights
20 of Debtor with respect to the holders of Claims or Co-Owner Interests, whether prepetition or
21 postpetition, prior to the Effective Date. Unless a claim or cause of action against a creditor, a
22 Co-Owner or other party is expressly waived, relinquished, released, compromised or settled in
23 the Plan or any Final Order, Debtor expressly reserves such claim or cause of action for later
24 adjudication by the Liquidation Trustee, and therefore no preclusion doctrine, including, without
25 limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion,
26 waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such claims or causes
27 of action upon or after the Confirmation or consummation of the Plan based on the Disclosure
28 Statement, the Plan, or the Confirmation Order, except where such claims or causes of action

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1 have been expressly waived, relinquished, released, compromised, or settled in the Plan or a
 2 Final Order. In addition, Debtor or the Liquidating Trustee, as applicable, expressly reserve the
 3 right to pursue or adopt any claims not so waived, relinquished, released, compromised or settled
 4 that are alleged in any lawsuit in which Debtor is a defendant or an interested party, against any
 5 person or entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.
 6 Any person to whom Debtor has incurred an obligation (whether on account of services,
 7 purchase, or sale of goods or otherwise), or who has received services from Debtor or a transfer
 8 of money or property of Debtor, or who has transacted business with Debtor, or leased
 9 equipment or property from Debtor should assume that such obligation, transfer, or transaction
 10 may be reviewed by the Liquidating Trustee subsequent to the Effective Date and may, to the
 11 extent not theretofore expressly waived, relinquished, released, compromised, or settled, be the
 12 subject of an action after the Effective Date, whether or not (i) a proof of claim was filed against
 13 Debtor in this case; (ii) Debtor has objected to such proof of claim; (iii) a claim was included in
 14 Debtor’s Schedules; or (iv) such scheduled Claim has been objected to by Debtor or has been
 15 identified by Debtor as disputed, contingent, or unliquidated.

16 **V. FEASIBILITY OF THE PLAN**

17 The Court must find that the Plan is feasible. The feasibility requirement also
 18 contemplates that Debtor establish the wherewithal to make the required Plan distributions to
 19 creditors. The following table summarizes cash distributions required by the Plan (i) on the
 20 Effective Date and (ii) after the Effective Date:

Class	Payee	Payment Date	Est. Total Payments
N/A	Administrative Claims	Later of (i) the Effective Date, or (ii) within fourteen (14) days after the order allowing such Administrative Claim becomes final.	\$646,500
N/A	Priority Tax Claims	Effective Date or within fourteen (14) days of their allowance by the Court.	\$1,398.59

1	1	Allowed Unsecured Claims	Later of (i) the Effective Date or (ii) fourteen (14) days after entry of an order allowing such Unsecured Claim becomes final.	\$440,420.65
2				
3				
4	3	Co-Owners	After Closing as set forth in the Liquidating Trust Agreement	Pro Rata from Trust Funds adjusted according to each Co-Owners interest
5				
6				
7				
		Total Funds Required		\$1,088,319⁷

The sources of funds for the cash obligations described above are as follows:

Source	Estimated Cash Amt. on hand or available on or after the Effective Date
Debtor's Operating Accounts	\$300,000.00
Estimated Recoverable Accounts Receivable	Est. \$700,000.00
Sales Proceeds, Except Co-Owner UDI Proceeds ⁸	Est. \$6,415,375
Total Available Funds	\$7,615,375.00

The Liquidating Trust will have sufficient cash to make all payments required pursuant to the above chart. Thus, the Plan is feasible.

VI. LIQUIDATION ANALYSIS AND RISK FACTORS

A. Introduction

A business debtor has two alternatives under bankruptcy law: Chapter 7 liquidation or Chapter 11 reorganization. As in this case, Chapter 11 reorganization can include the liquidation of a debtor's assets. If a debtor files a petition under Chapter 7 (or if a Chapter 11 case is converted to a case under Chapter 7), all of the debtor's assets are placed under the control of a "trustee" who is required to liquidate all of the assets promptly and distribute the proceeds to creditors in order of priority.

Any funds collected by the trustee are generally distributed: first, to secured creditors;

⁷ Distributions to Co-Owners will be in addition to this amount.

⁸ Co-Owner UDI Proceeds are estimated to be approximately \$4,322,608 and are not included in the calculation of this amount. Co-Owners will receive a Distribution from the balance of the Trust Funds, as set forth herein, the Plan and the Liquidating Trust Agreement.

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1 second, to Administrative Claims (such as the trustee and his or her counsel); third, to priority
2 Claims such as employee wages and taxes; fourth, to unsecured creditors; and fifth, to equity
3 interest Holders (shareholders). The trustee is compensated by a percentage fee equal to
4 approximately 5% of the first \$1 million and 3% of all amounts thereafter.

5 Under Chapter 11 of the Bankruptcy Code, a debtor remains in possession and control of
6 all of its assets and is permitted to continue to operate its business while it seeks to reorganize its
7 business or, as here, liquidate its assets. A Chapter 11 plan may take many forms, including a
8 total or partial liquidation of the debtor’s assets in installment payments, conversion of debt
9 Claims into equity interests, any combination of these or countless other alternatives. There are
10 many rules that must be followed by a debtor seeking to propose a Chapter 11 plan. Generally,
11 any plan must (i) be feasible; (ii) treat similar creditors and interest holders equally; (iii) provide
12 a distribution to creditors with a present value greater than what the creditors would receive
13 under a Chapter 7 liquidation; and (iv) follow the absolute priority rule, which provides that no
14 creditor may receive anything of value unless the class(es) of creditors with a priority above such
15 creditor are paid in full or agree to lesser treatment under the plan. Once a plan has been
16 formulated and a disclosure statement is created, creditors (and equity interest holders, if
17 applicable) are asked to vote for or against the proposed plan. If certain Bankruptcy Code
18 requirements are satisfied, a plan can be confirmed despite a negative vote of creditors or equity
19 interests holders, as long as at least a single class of impaired creditors or equity interest holders
20 votes for the plan. Debtor believes that its Chapter 11 liquidating plan provides the best
21 alternative. As all creditors are being paid in full, no creditors are entitled to vote on the Plan.

22 **B. Liquidation Analysis**

23 **1. Summary**

24 The attached **Exhibit H** sets forth the Debtor’s liquidation analysis. A description of the
25 liquidating analysis follows, including assumptions. THE FOLLOWING TEXT IS A
26 SUMMARY ONLY AND DOES NOT ADDRESS EACH LINE ITEM ON THE
27 LIQUIDATION ANALYSIS. YOU ARE URGED TO CAREFULLY REVIEW THE
28 ANALYSIS.

1 Debtor believes that a Chapter 11 liquidating plan is the most efficient way to permit
2 distributions, if any, to Co-Owners because a Liquidating Plan is the best method of navigating
3 through the very complex process of making Distributions to Co-Owners. Debtor believes the
4 proposed Chapter 11 liquidating trustee will have the necessary expertise to perform such an
5 equity distribution (if any).

6 **2. Assets**

7 Debtor’s assets are estimated to be approximately \$7,500,000 as of a projected Effective
8 Date no later than June 31, 2013. There remain minimal assets to collect. Debtor is expecting to
9 receive approximately \$700,000 in recoverable accounts receivable after the Effective Date.

10 **3. Post-Confirmation Expenses**

11 This is a liquidating Plan that contemplates distribution of all proceeds. A liquidation
12 may occur under Chapter 11, as proposed herein, or under Chapter 7 where a Chapter 7 Trustee
13 is automatically appointed and there is no need to confirm a plan of reorganization or appoint a
14 liquidating trustee, as proposed in Debtor’s Plan. Under Chapter 7, a Chapter 7 Trustee is
15 entitled to statutory compensation pursuant to § 326 of the Bankruptcy Code amounting to
16 approximately \$351,149.⁹ In addition, the Chapter 7 Trustee would certainly have to retain
17 lawyers and accountants to assist with administering the estate. Those lawyers and accountants
18 would charge the estate their regular hourly rates as approved by the Court. The Chapter 7
19 trustee’s lawyers and accountants would face a significant learning curve resulting in,
20 potentially, additional expenses to the estate. It is reasonable to estimate the fees and expenses
21 of liquidating under Chapter 7 would amount to \$750,000.

22 Debtor estimates that the fees of the proposed Liquidating Trustee will be significantly
23 less than the statutory compensation of a Chapter 7 trustee as the Liquidating Trustee’s fees are
24 based upon the number of hours times hourly rate while the Chapter 7 trustee is entitled to a
25 statutory commission. The Liquidating Trustee will also be required to engage lawyers and

26 ⁹ Pursuant to § 326, the Court may allow reasonable compensation . . . for the trustee’s services, . . . , not to exceed
27 25 percent on the first \$5,000 or less, 10 percent on any amount in excess of \$5,000 but not in excess of \$50,000, 5
28 percent on any amount in excess of \$50,000 but not in excess of \$1,000,000, and reasonable compensation not to
exceed 3 percent of such monies in excess of \$1,000,000, upon all monies disbursed or turned over in the case by
the trustee. . .

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1 accountants and the Liquidating Trustee will benefit from the input of the Oversight Committee.

2 **4. Risk Factors**

3 The Allowed Administrative Claims, Priority Tax Claims and Allowed Unsecured
4 Claims, may be materially larger than the amounts projected by Debtor in this Disclosure
5 Statement, resulting in a smaller distribution to Class 2, Co-Owners.

6 The projected recoverable accounts receivable may be substantially less than anticipated,
7 thereby reducing the amount available for payment to holders of Co-Owner Interests.

8 In addition, Trust Expenses may be higher than anticipated, thereby reducing the amount
9 available to holders of Co-Owner Interests.

10 **VII. TAX LAW CONSEQUENCES OF THE PLAN**

11 **NOTHING STATED IN THE DISCUSSION WHICH FOLLOWS IS OR SHOULD**
12 **BE CONSTRUED AS TAX ADVICE TO ANY CREDITOR OR HOLDER OF AN**
13 **EQUITY INTEREST. ALL PARTIES SHOULD CONSULT WITH THEIR OWN TAX**
14 **ADVISOR REGARDING THE TAX CONSEQUENCES OF THE PLAN.**

15 **IRS CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH**
16 **REQUIREMENTS IMPOSED BY THE U.S. INTERNAL REVENUE SERVICE, WE**
17 **INFORM YOU THAT ANY TAX ADVICE CONTAINED IN THIS COMMUNICATION**
18 **(INCLUDING ANY ATTACHMENTS) WAS NOT INTENDED OR WRITTEN TO BE**
19 **USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF (1)**
20 **AVOIDING TAX-RELATED PENALTIES UNDER THE U.S. INTERNAL REVENUE**
21 **CODE OF 1986, AS AMENDED (THE “CODE”), OR (2) PROMOTING, MARKETING**
22 **OR RECOMMENDING TO ANOTHER PARTY ANY TAX-RELATED MATTERS**
23 **ADDRESSED HEREIN.**

24 The statements contained in this portion of the Disclosure Statement are based on
25 existing provisions of the Code, Treasury Regulations promulgated thereunder, existing court
26 decisions, published Revenue Rulings, Revenue Procedures and other technical releases from the
27 Internal Revenue Service (the “IRS”), and legislative history. Any changes in existing law may
28 be retroactive, may affect transactions commenced or completed prior to the effective date of the

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1 changes, and may significantly modify this discussion.

2 Legislation may be introduced in future sessions of Congress that could eliminate or alter
3 some of the anticipated tax results of the Plan. No attempt has been made to evaluate in any
4 detail the impact, which may be substantial, of any proposed legislation of the Plan.

5 The following is intended to be only a summary of certain tax considerations under
6 current law that may be relevant to Debtor’s creditors and Co-Owners. It is impractical to set
7 forth in this Disclosure Statement all aspects of federal, state, and local tax law that may have tax
8 consequences to the Debtor, its creditors and Co-Owner Interests.

9 Most of the tax aspects discussed herein are complex and uncertain. Moreover, the
10 discussion below is necessarily general, and the full tax impact of the Plan will vary depending
11 upon each creditor’s or a Co-Owner’s individual circumstances. Therefore, all the creditors and
12 Co-Owners should satisfy themselves as to the federal, state, and local tax consequences of the
13 Plan by obtaining advice solely from their own advisors.

14 **CREDITORS AND CO-OWNERS SHOULD NOT CONSIDER THE**
15 **DISCUSSION THAT FOLLOWS TO BE A SUBSTITUTE FOR CAREFUL,**
16 **INDIVIDUAL TAX PLANNING AND ARE EXPRESSLY CAUTIONED THAT THE**
17 **INCOME TAX CONSEQUENCES ARE COMPLEX AND UNCERTAIN AND MAY**
18 **VARY CONSIDERABLY DEPENDING UPON EACH PARTY’S CIRCUMSTANCES.**

19 **IN ADDITION, THE TAX CONSEQUENCES DESCRIBED HEREIN ARE**
20 **UNDER THE LAWS OF THE UNITED STATES OF AMERICA. NO ATTEMPT HAS**
21 **BEEN MADE BY THE PLAN PROPONENTS TO DESCRIBE OR IDENTIFY ANY TAX**
22 **CONSEQUENCES UNDER THE LAWS OF ANY OTHER COUNTRY, INCLUDING**
23 **CANADA.**

24 **A. Federal Taxes**

25 The terms of the Plan contemplate that holders of Allowed Unsecured Claims will be
26 paid in full; however, this may not be the case. The Plan may have the following effect on
27 creditors of Debtor:
28

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1 1. To the extent that creditors receive payments under the Plan as interest,
2 such creditors will recognize interest income under Section 61(a)(4) of the IRS Code.

3 2. The gain or loss to be recognized by such creditors will be either ordinary
4 income or capital gain depending on, among other factors, the status of the creditor and nature of
5 the Claim in the hands of the creditor.

6 3. Section 166 of the IRS Code permits the deduction of debts which have
7 become totally or partially worthless. Therefore; to the extent that certain creditors will receive
8 less than full payment from Debtor with respect to the debt owed such creditors, such creditors
9 may be able to deduct such bad debts for federal income tax purposes. The nature if the
10 deduction for a bad debt depends on its classification as either a business or non-business debt.
11 For non-corporate taxpayers, non-business bad debts are deductible as short-term capital losses,
12 and so are subject to the limitations on deductibility of capital losses under Sections 1211 and
13 1212 of the IRS Code. Business bad debts and bad debts held by corporate taxpayers are
14 deductible as ordinary losses. A bad debt is deductible to a creditor at the time it becomes wholly
15 or partially worthless determined under the particular facts and circumstances.

16 **B. State and Local Taxes**

17 In addition to the federal income tax consequences described above, creditors should
18 consider potential state and local tax consequences that are not discussed herein.

19 Co-Owners will recognize gain or loss with respect to amounts realized with respect to
20 their Co-Owner UDIs. The amount and characterization of such gain or loss depends on the
21 individual circumstances of the Co-Owner.

22 //
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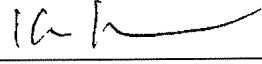
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VIII. RECOMMENDATION

In the opinion of Debtor, the Plan is preferable to the alternatives described herein because it provides for a greater distribution to the holders of Claims, who would otherwise receive less in a liquidation under Chapter 7 of the Bankruptcy Code. In addition, any alternative other than confirmation of the Plan could result in extensive delays and increase administrative expenses resulting in smaller distributions to the holders of Co-Owner Interests. Accordingly, Debtor recommends that holders of Claims and Co-Owners support confirmation of the Plan.

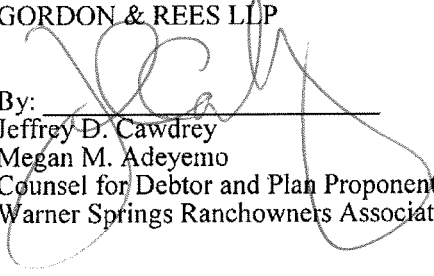
DATED 8th day of August, 2013.

WARNER SPRINGS RANCHO OWNERS ASSOCIATION

By: 
Kang Won Lee
President

PRESENTED BY:

GORDON & REES LLP

By: 
Jeffrey D. Cawdrey
Megan M. Adeyemo
Counsel for Debtor and Plan Proponent
Warner Springs Ranchowners Association

Gordon & Rees LLP
101 West Broadway, Suite 2000
San Diego, CA 92101

WSPR/1076542/16512678v.1

EXHIBIT A



Chicago Title - Commercial Division

701 B Street, Suite 760, San Diego, CA 92101
 Phone: (619) 230-6363 Fax: (619) 230-6368

Post Closing Statement

Seller: Warner Springs Ranchowners Association, a California non profit mutual benefit corporation

Escrow No: 12201702-U42

Date: April 29, 2013

Property: 31652 Highway 79, Warner Springs, CA

Officer: Della DuCharme

	DEBIT	CREDIT
Total Consideration	-	11,750,000.00
Prorates		
Taxes based on \$101,747.92 per installment and \$565.30 per day from close of escrow to 7/1/13 for apn(s) 137-092-30 & 31	-	35,048.60
Credit per section 9 B	250,000.00	-
	-	-
Misc. Disbursements	-	-
Commission: CBRE	443,750.00	-
POTENTIAL CALIFORNIA 593 WITHHOLDING	na	-
Eaton Escrow- Liquor License	35,000.00	-
Title & Escrow Fees	-	-
CLTA Owner's Policy	paid by Buyer	-
Documentary Transfer Tax based on full value	12,925.00	-
TAXES HOLD POST CLOSING FOR FINAL FIGURE FROM SELLER COUNSEL	-	-
2012-13 Taxes apn 137-092-30	223,855.42	-
2012-13 Taxes apn 137-092-31	16.63	-
Defaulted Tax Figure	76,459.87	-
Escrow Fee	5,000.00	-
Additional Document, Messenger, Courier and Overnight Fees	included	-
	-	-
SUBTOTAL	1,047,006.92	11,785,048.60
Amount due SELLER	10,738,041.68	-
TOTALS	11,785,048.60	11,785,048.60

EXHIBIT B

WARNER SPRINGS RANCHO OWNERS ASSOCIATION
CASE NO 12-03031-LA11

Exhibit B - Summary of All Claims

Claim No.	Date Filed	Creditor Name	Creditor Second Name (or Representative)	Address	City	State	Zip	Acct Ref.	Basis	Total Amount of Claim	UNS/NonP	Comments
Sch F		Air Exhaust, Inc.		PO Box 1166	Lemon Grove	CA	91946			\$182.00	\$182.00	
1	03/22/12	AT&T Corp.	c/o AT&T Services, Inc. James Grudus, Esq.	One AT&T Way, Room 3A218	Bedminster	NJ	07921	-0003 -2486 -0235	Services Performed	\$672.08	\$672.08	
Sch F		Cameron Welding Supplies		PO Box 266	Stanton	CA	90680		Supplies	\$82.88	\$82.88	
Sch F		Club Car, LLC		PO Box 204658	Augusta	GA	30917		Repairs	\$2,595.00	\$2,595.00	
3	05/03/12	Curative Title Solutions, transferred to DACA		5005 La Mart Drive, Sutie 204	Riverside	CA	92507	-1800	Services Performed	\$18,987.50	\$5,387.50	
11	01/07/13	Dan McAllister San Diego County Treasurer - Tax Collector	Attn: Bankruptcy Desk	1600 Pacific Highway, Room 162	San Diego	CA	92101	-3000	Taxes	\$336,389.64		
Sch F		Delta Care		Dept. 0170	Los Angeles	CA	90084		Employee Dental Insurance	\$486.41	\$486.41	
4	05/15/12	Department of the Treasury - Internal Revenue Service		P.O. Box 7346	Philadelphia	PA	19101-7346	-0015	Taxes	\$1,398.59		
Sch F		Elevon Merchant Service		7300 Chapman Hwy	Knoxville	TN	37920		Credit Card Processor	\$300.00	\$300.00	
Sch F		Eric Jan De Lagillardaie		PO Box 12	Warner Springs	CA	92086		Settlement	\$25,000.00	\$25,000.00	
5	05/22/12	First National Bank of Omaha		1620 Dodge St., Stop Code 3105	Omaha	NE	68197	-9424	Credit Card	\$1,188.64	\$1,188.64	
2	04/02/12	Franchise Tax Board	Bankrupcy Section MS A340 Franchise Tax Board	PO Box 2952	Sacramento	CA	95812-2952	-1038	Taxes and/or fees	\$800.00		
Sch F		Henderson, Caverly, Pum & Charney		12750 High Bluff Dr., Ste. 300	San Diego	CA	92130		Tax Attorneys	\$3,049.43	\$3,049.43	
13	02/07/13	Joanne T. Moore		5412 Caminito Herminia	LaJolla	CA	92037			\$250,000.00	\$250,000.00	
10	01/28/13 (Amended - Original filed 08/29/12)	John H. Gubler		8020 Via Umer Way	Bonsail	CA	92003		Settlement agreement and closure of Ranch	\$95,498.17	\$95,498.17	Original filed 08/29/12 for \$70,000.00

WARNER SPRINGS RANCHO OWNERS ASSOCIATION
CASE NO 12-03031-LA11

Exhibit B - Summary of All Claims

Claim No.	Date Filed	Creditor Name	Creditor Second Name (or Representative)	Address	City	State	Zip	Acct Ref.	Basis	Total Amount of Claim	UNS/NonP	Comments
Sch F		Lincoln National Life		PO Box 0821	Carol Stream	IL	60132		Life Insurance	\$86.20	\$86.20	
Sch F		Network Design Integrators		59495 Granite Gulley	Anza	CA	92539		IT Technician	\$712.00	\$712.00	
Sch F		Network US Inc		PO Box 44	Naperville	IL	60566		Long Distance	\$18.04	\$18.04	
6	06/19/12	Pacific Bell Telephone Company	c/o AT&T Services, Inc. James Grudus, Esq.	One AT&T Way, Room 3A218	Bedminster	NJ	07921	-6481 -6022 -3555	Services Performed	\$10,384.85	\$10,384.85	
Sch F		Pacificare	c/o United Healthcare	5701 Katella Ave	Cyrpress	CA	90630		Employee Health Insurance	\$8,803.42		
16	02/21/13	Pala Band of Mission Indians, a federally recognized Indian Tribal Entity	c/o Slater & Truxaw, LLP	15373 Innovation Drive, Suite 210	San Diego	CA	92128		Escrow and Liquor License	\$2,596,182.50	\$2,596,182.50	
Sch F		Pitney Bowes Global	Financial Services LLC	PO Box 856460	Louisville	KY	40285		Postage Meter	\$433.50	\$433.50	
Sch F		Ramona Disposal Service		PO Box 6450	Buena Park	CA	90622		Trash Company	\$650.69	\$650.69	
Sch F		Safeguard Health Plans		PO Box 30910	Laguna Hills	CA	92654		Eye Insurance	\$237.06	\$237.06	
8	08/29/12	Shirley Lockwood		3615 Lake Wohlford Rd.	Escondido	CA	92027		Unknown - UDI Owner			
9	08/29/12	Tom Bache		410 Westbourne Street	LaJolla	CA	92037		Unknown - UDI Owner			
Sch F		UPS		PO Box 894820	Los Angeles	CA	90189		Shipping	\$15.38	\$15.38	
12	01/31/13	ValleyCrest Golf Course Maintenance, Inc.	Tomas A. Kuehn, Esq.	24151 Venture Blvd.	Calabasas	CA	91302	-9111	Services Performed	\$17,000.00	\$17,000.00	
Sch F		ValleyCrest Golf Course Maintenance, Inc.		PO Box 57515	Los Angeles	CA	90074		Landscape Maintenance	\$5,000.00	\$5,000.00	
Sch F		ValleyCrest Golf Course Maintenance, Inc.		24121 Ventura Blvd	Calabasas	CA	91302		Fuel	\$200.72	\$200.72	
15	02/21/13	Warner Springs Estates, LLC	William D. Coffee, Esq. Songstad Randall Coffee & Humphrey LLP	2201 Dupont Drive, Suite 100	Irvine	CA	92612		Easement	\$0.00	\$0.00	Claim Withdrawn

WARNER SPRINGS RANCHOOWNERS ASSOCIATION
CASE NO 12-03031-LA11

Exhibit B - Summary of All Claims

Claim No.	Date Filed	Creditor Name	Creditor Second Name (or Representative)	Address	City	State	Zip	Acct Ref.	Basis	Total Amount of Claim	UNS/NonP	Comments
Sch F		Warner Springs Ranchowners Interfund Loan							Interfund loan	\$1,011,510.00	\$1,011,510.00	
Sch F		Water Quality Specialist of San Diego, Inc.		PO Box 3028	Valley Center	CA	92082		Water Permit	\$2,578.46	\$2,578.46	
14	02/13/13	White and Bright, LLP	Michael A. Friedrichs	970 Canterbury Place	Escondido	CA	92025		Services Performed	\$5,963.80	\$5,963.80	
7	08/28/12	William Francis		2695 Calle Compadres	Alpine	CA	91901		Unknown - UDI Owner			Attached Superior Court Action documents
									TOTALS	\$4,396,406.96	\$4,035,415.31	

EXHIBIT C

WARNER SPRINGS RANCHOWNERS ASSOCIATION
CASE NO. 12-03031 LA

Check Number	Check Date	Check Amount	Vendor Name	Void	Void Date	Reconciled Amount	Reconciled Date
63725	12/01/11	1,670.00	ABACUS 21	N		1,670.00	12/05/11
63726	12/01/11	1,051.00	AIR EXHAUST CO., INC.	N		1,051.00	12/05/11
63727	12/01/11	372.20	ALFORD DISTRIBUTING CO	N		372.20	12/06/11
63728	12/01/11	7,870.00	ALLIANT INSURANCE	N		7,870.00	12/06/11
63729	12/01/11	355.74	ARNTZ DISTRIBUTING CO.	N		355.74	12/07/11
63730	12/01/11	259.70	AT&T	N		259.70	12/07/11
63731	12/01/11	175.76	BUTLER EQUIPMENT	N		175.76	01/04/12
63732	12/01/11	1,366.67	CORE-MARK	N		1,366.67	12/05/11
63733	12/01/11	722.84	CREEKSIDE VETERINARY SERVICE	N		722.84	12/07/11
63734	12/01/11	246.00	DIAMOND ENVIRONMENTAL	N		246.00	12/06/11
63735	12/01/11	1,090.00	E.S. BABCOCK & SONS, INC.	N		1,090.00	12/06/11
63736	12/01/11	67.77	EUROPEAN PORTABLE	N		67.77	12/08/11
63737	12/01/11	329.46	FARMER BROS. CO.	N		329.46	12/05/11
63738	12/01/11	12.04	FEDERAL EXPRESS CORP.	N		12.04	12/07/11
63739	12/01/11	12,186.50	GORDON & REES LLP	N		12,186.50	12/08/11
63740	12/01/11	2,337.77	HIDDEN VALLEY PUMP	N		2,337.77	12/07/11
63741	12/01/11	320.00	HVAC AIR COMMAND	N		320.00	12/05/11
63742	12/01/11	399.60	JON NELSON	N		399.60	12/05/11
63743	12/01/11	456.00	LA SERENISSIMA LLC	N		456.00	12/05/11
63744	12/01/11	4,121.43	MOCERI PRODUCE	N		4,121.43	12/06/11
63745	12/01/11	3,041.50	NETWORK DESIGN INTEGRATOR	N		3,041.50	12/02/11
63746	12/01/11	1,075.00	PRICELESS MOMENTS PHOTO BOOTH	N		1,075.00	12/22/11
63747	12/01/11	136.70	RED BULL DISTRIBUTION COMPANY, INC.	N		136.70	12/06/11
63750	12/01/11	31,938.16	SAN DIEGO GAS & ELECTRIC	N		31,938.16	12/06/11
63752	12/01/11	7,268.06	SKS, INC.	N		7,268.06	12/05/11
63753	12/01/11	85.00	STEWART VACATION	N		85.00	12/13/11
63754	12/01/11	5,437.00	SWRCB FEES	N		5,437.00	12/09/11
63755	12/01/11	620.40	TAYLOR MADE GOLF	N		620.40	12/05/11

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63756	12/01/11	635.00	TIM MILLER	N	635.00	12/07/11
63757	12/01/11	23,945.00	TRAVELERS	N	23,945.00	12/09/11
63758	12/01/11	731.21	WAXIE SANITARY SUPPLY	N	731.21	12/05/11
63759	12/06/11	2,910.00	WSR PETTY CASH	N	2,910.00	12/07/11
63760	12/08/11	5,583.23	ABACUS 21	N	5,583.23	12/14/11
63761	12/08/11	1,122.50	ADAM MACHADO	N	1,122.50	12/16/11
63762	12/08/11	262.30	ALFORD DISTRIBUTING CO	N	262.30	12/13/11
63767	12/08/11	19,104.74	ALSCO AMERICAN LINEN DIV.	N	19,104.74	12/15/11
63768	12/08/11	205.11	ARNTZ DISTRIBUTING CO.	N	205.11	12/14/11
63769	12/08/11	21.04	AT&T	N	21.04	12/15/11
63770	12/08/11	75.00	ATHomeNet, Inc.	N	75.00	12/14/11
63771	12/08/11	145.00	COUNTY OF SAN DIEGO	N	145.00	12/14/11
63772	12/08/11	6,989.66	CROSS BAR T RANCHES	N	6,989.66	12/21/11
63773	12/08/11	101,811.82	DAN MC ALLISTER	N	101,811.82	12/14/11
63774	12/08/11	163.98	DIRECTV	N	163.98	12/12/11
63775	12/08/11	75.00	ESPRESSO-ETC. OF	N	75.00	12/12/11
63776	12/08/11	459.88	EZ FIRE PRODUCTS	N	459.88	12/13/11
63777	12/08/11	281.55	KANG WON LEE	N	281.55	12/22/11
63778	12/08/11	3,360.97	MOCERI PRODUCE	N	3,360.97	12/12/11
63779	12/08/11	22,409.61	UNITED HEALTH CARE	N	22,409.61	12/14/11
63780	12/08/11	21.58	QUILL CORPORATION	N	21.58	01/10/12
63781	12/08/11	2,036.90	RAMONA DISPOSAL SERVICE	N	2,036.90	12/13/11
63782	12/08/11	132.60	RED BULL DISTRIBUTION COMPANY, INC.	N	132.60	12/13/11
63783	12/08/11	1,448.92	SPENCER CHOI	N	1,448.92	12/12/11
63784	12/08/11	4,950.00	STEWART VACATION	N	4,950.00	12/21/11
63785	12/08/11	299.04	TEMECULA VALLEY PIPE &	N	299.04	12/14/11
63786	12/08/11	214.40	THE HOME DEPOT	N	214.40	12/14/11
63788	12/08/11	16,846.95	U.S. FOODSERVICE, INC.	N	16,846.95	12/12/11
63789	12/08/11	48.57	UNITED PARCEL SERVICE	N	48.57	12/13/11
63790	12/08/11	18,750.00	VALLEY CREST	N	18,750.00	12/12/11
63791	12/08/11	127.21	WASH	N	127.21	12/14/11

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63792	12/08/11	14,483.82	WHITE AND BRIGHT	N		14,483.82	12/14/11
63793	12/13/11	2,355.54	WSR PETTY CASH	N		2,355.54	12/14/11
63794	12/14/11	171.00	ABCANA INDUSTRIES	N		171.00	12/19/11
63795	12/14/11	882.10	ALFORD DISTRIBUTING CO	N		882.10	12/20/11
63796	12/14/11	10,347.15	ANDERSEN HILBERT & PARKER LLP	N		10,347.15	12/20/11
63797	12/14/11	216.85	ARNTZ DISTRIBUTING CO.	N		216.85	12/21/11
63798	12/14/11	95.35	AT&T	N		95.35	12/22/11
63799	12/14/11	43.13	AT&T	N		43.13	12/20/11
63800	12/14/11	512.07	DELTA CARE	N		512.07	12/19/11
63801	12/14/11	121.98	DIRECTV	N		121.98	12/19/11
63802	12/14/11	1,331.57	FARMER BROS. CO.	N		1,331.57	12/19/11
63803	12/14/11	12.04	FEDERAL EXPRESS CORP.	N		12.04	12/19/11
63804	12/14/11	215.00	FIRST BANKCARD CENTER	N		215.00	12/19/11
63805	12/14/11	1,113.71	FRITO-LAY INC.	N		1,113.71	12/23/11
63806	12/14/11	13,176.87	GORDON & REES LLP	N		13,176.87	12/20/11
63807	12/14/11	195.00	JAUREGUI& CULVER, INC.	N		195.00	12/28/11
63808	12/14/11	300.00	Jimi Wells	N		300.00	12/19/11
63809	12/14/11	66.79	LESLIE'S SWIMMING POOL	N		66.79	12/19/11
63810	12/14/11	2,094.01	NETWORK DESIGN INTEGRATOR	N		2,094.01	12/16/11
63811	12/14/11	17.86	NETWORK US, INC.	N		17.86	12/23/11
63812	12/14/11	895.63	PEPSI-COLA LOS ANGELES	N		895.63	12/21/11
63813	12/14/11	50.00	POSTMASTER	N		50.00	12/19/11
63814	12/14/11	4,115.69	PROFLAME OF SANTA YSABEL	N		4,115.69	12/19/11
63815	12/14/11	421.49	QUILL CORPORATION	N		421.49	12/20/11
63816	12/14/11	251.25	SAFEGUARD HEALTH PLANS	N		251.25	12/20/11
63817	12/14/11	5,314.57	SKS, INC.	N		5,314.57	12/16/11
63818	12/14/11	1,046.36	SOUTHERN WINE & SPRITS	N		1,046.36	12/19/11
63819	12/14/11	250.00	STEWART VACATION	N		250.00	12/27/11
63820	12/14/11	298.24	THE HOME DEPOT	N		298.24	12/19/11
63821	12/14/11	750.00	TOD FROMLATH	N		750.00	12/16/11
63822	12/14/11	23,950.00	TRAVELERS	N		23,950.00	12/23/11
63823	12/14/11	60.47	VERIZON WIRELESS	N		60.47	12/19/11

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63824	12/14/11	76.34	WASH	N	76.34	12/22/11
63825	12/14/11	2,516.80	WATER QUALITY SPECIALIST	N	2,516.80	01/04/12
63826	12/14/11	1,459.89	WAXIE SANITARY SUPPLY	N	1,459.89	12/19/11
63827	12/19/11	1,676.59	AFCO	N	1,676.59	12/27/11
63828	12/19/11	6,038.38	AGRICREDIT	N	6,038.38	01/03/12
63829	12/19/11	170.00	AIR EXHAUST CO., INC.	N	170.00	12/22/11
63830	12/19/11	101.29	ARNITZ DISTRIBUTING CO.	N	101.29	12/28/11
63831	12/19/11	255.71	AT&T	N	255.71	12/28/11
63832	12/19/11	3,130.60	AT&T	N	3,130.60	12/30/11
63833	12/19/11	603.31	BUTLER CHEMICALS, INC	N	603.31	01/03/12
63834	12/19/11	175.76	BUTLER EQUIPMENT	N	175.76	01/04/12
63835	12/19/11	56.50	CAMERON WELDING SUPPLY	N	56.50	12/23/11
63836	12/19/11	304.97	CLUB CAR INC.	N	304.97	12/27/11
63837	12/19/11	118.17	CREEKSIDE VETERINARY SERVICE	N	118.17	12/29/11
63838	12/19/11	140.85	CULLIGAN	N	140.85	12/23/11
63839	12/19/11	86.99	DIRECTV	N	86.99	12/23/11
63840	12/19/11	428.58	JON NELSON	N	428.58	12/27/11
63841	12/19/11	3,000.00	KMJ CORBIN AND COMPANY	N	3,000.00	12/29/11
63842	12/19/11	480.00	LA SERENISSIMA LLC	N	480.00	12/29/11
63843	12/19/11	177.08	LINCOLN NATIONAL LIFE	N	177.08	12/27/11
63844	12/19/11	2,410.25	MOCERI PRODUCE	N	2,410.25	12/22/11
63845	12/19/11	228.06	QUILL CORPORATION	N	228.06	01/03/12
63846	12/19/11	477.50	ROTO-ROOTER SEWER	N	477.50	12/29/11
63847	12/19/11	145.87	SEIDL'S	N	145.87	12/28/11
63848	12/19/11	119.28	SIERRA NATURAL CLEANERS	N	119.28	12/23/11
63849	12/19/11	47,261.00	STATE COMPENSATION	N	47,261.00	12/28/11
63850	12/19/11	345.00	TIM MILLER	N	345.00	12/27/11
63851	12/19/11	60.13	UNITED PARCEL SERVICE	N	60.13	12/23/11
63852	12/19/11	19,191.55	VALLEY CREST	N	19,191.55	12/22/11
63853	12/19/11	16,400.00	ValleyCrest LANDSCAPE	N	16,400.00	12/29/11
63854	12/19/11	1,871.75	WAXIE SANITARY SUPPLY	N	1,871.75	12/27/11
63855	12/19/11	3,787.95	WSR PETTY CASH	N	3,787.95	12/21/11

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63856	12/19/11	570.62	YOUNG'S MARKET COMPANY	N		570.62	12/23/11
63857	12/19/11	5,536.60	AFCO	N		5,536.60	12/27/11
63858	12/27/11	1,710.51	WSR PETTY CASH	N		1,710.51	12/28/11
63859	12/29/11	494.05	AT&T	N		494.05	01/05/12
63860	12/29/11	111.80	CAROL MANNING	N		111.80	01/04/12
63861	12/29/11	254.00	DEPT. OF ALCOHOLIC BEV.	N		254.00	01/06/12
63862	12/29/11	10.00	DMV RENEWAL	N		10.00	01/09/12
63863	12/29/11	115.40	FARMER BROS. CO.	N		115.40	01/04/12
63864	12/29/11	24.08	FEDERAL EXPRESS CORP.	N		24.08	01/04/12
63865	12/29/11	5,499.00	HENDERSON, CAVERLY, PUM & CHARNEY LLP	N		5,499.00	01/05/12
63866	12/29/11	1,230.19	MOCERI PRODUCE	N		1,230.19	01/05/12
63867	12/29/11	600.00	PAUL ESHELMAN	N		600.00	01/03/12
63870	12/29/11	36,671.82	SAN DIEGO GAS & ELECTRIC	N		36,671.82	01/09/12
63871	12/29/11	99.75	SAN DIEGO SPRING WATER CO	N		99.75	01/03/12
63872	12/29/11	6,352.39	SKS, INC.	N		6,352.39	01/04/12
63873	12/29/11	408.00	SKY SAILING, INC.	N		408.00	01/10/12
63874	12/29/11	335.00	STATE OF CALIFORNIA	N		335.00	01/06/12
63875	12/29/11	93.10	TEMECULA VALLEY PIPE & VALLEY CREST	N		93.10	01/06/12
63876	12/29/11	18,750.00	VALLEY CREST	N		18,750.00	01/03/12
63877	12/29/11	365.79	WAXIE SANITARY SUPPLY	N		365.79	01/04/12
63878	12/29/11	441.47	WORKFLOWONE	N		441.47	01/04/12
63879	01/03/12	3,900.82	WSR PETTY CASH	N		3,900.82	01/04/12
63880	01/05/12	4,920.19	CROSS BAR T RANCHES	N		4,920.19	01/31/12
63881	01/05/12	400.00	DON WILLIAMS	N		400.00	01/13/12
63882	01/05/12	320.00	AFFORDABLE SELF STORAGE	N		320.00	01/10/12
63883	01/05/12	2,320.28	SPENCER CHOI	N		2,320.28	01/06/12
63884	01/06/12	2,678.06	NETWORK DESIGN INTEGRATOR	N		2,678.06	01/09/12
63885	01/10/12	80.47	WSR PETTY CASH	N		80.47	01/12/12
63886	01/11/12	50.00	ABRAM ADAMS	N		50.00	01/27/12
63887	01/11/12	170.00	AIR EXHAUST CO., INC.	N		170.00	01/20/12
63892	01/11/12	14,629.27	ALSCO AMERICAN LINEN DIV.	N		14,629.27	01/20/12

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63893	01/11/12	206.02	ARMSTRONG FEED STORE	N		206.02	01/20/12
63894	01/11/12	95.35	AT&T	N		95.35	01/17/12
63895	01/11/12	46.06	AT&T	N		46.06	01/18/12
63896	01/11/12	75.00	AHomeNet, Inc.	N		75.00	01/19/12
63897	01/11/12	100.00	COUNTY OF SAN DIEGO	N		100.00	01/25/12
63898	01/11/12	275.00	E.S. BABCOCK & SONS, INC.	N		275.00	01/17/12
63899	01/11/12	307.08	FARMER BROS. CO.	N		307.08	01/17/12
63900	01/11/12	994.00	FIRST BANKCARD CENTER	N		994.00	01/17/12
63901	01/11/12	287.38	FRITO-LAY INC.	N		287.38	01/20/12
63902	01/11/12	1,946.84	HARRY HAUBERT	N		1,946.84	01/20/12
63903	01/11/12	250.23	JAMAL BISSAT	N		250.23	01/17/12
63904	01/11/12	195.00	JAUREGUI & CULVER, INC.	N		195.00	01/20/12
63905	01/11/12	249.83	JON NELSON	N		249.83	01/17/12
63906	01/11/12	169.28	LINCOLN NATIONAL LIFE	N		169.28	01/18/12
63907	01/11/12	2,604.00	LLOYD PEST CONTROL	N		2,604.00	01/19/12
63908	01/11/12	4,596.12	MOCERI PRODUCE	N		4,596.12	01/19/12
63909	01/11/12	21,920.85	UNITED HEALTH CARE	N		21,920.85	01/17/12
63910	01/11/12	204.60	PEPSI-COLA LOS ANGELES	N		204.60	01/17/12
63911	01/11/12	3,064.65	PROFLAME OF SANTA YSABEL	N		3,064.65	01/19/12
63912	01/11/12	171.55	QUARTERMASTER	N		171.55	01/17/12
63913	01/11/12	297.31	QUILL CORPORATION	N		297.31	01/17/12
63914	01/11/12	1,855.48	RAMONA DISPOSAL SERVICE	N		1,855.48	01/20/12
63915	01/11/12	118.34	SAN DIEGO GAS & ELECTRIC	N		118.34	01/17/12
63916	01/11/12	96.09	TAYLOR MADE GOLF	N		96.09	01/13/12
63917	01/11/12	500.00	TOD FROMLATH	N		500.00	01/13/12
63919	01/11/12	17,134.52	U.S. FOODSERVICE, INC.	N		17,134.52	01/17/12
63920	01/11/12	100.32	UNITED PARCEL SERVICE	N		100.32	01/17/12
63921	01/11/12	1,005.12	VALLEY CREST	N		1,005.12	01/17/12
63922	01/11/12	60.07	VERIZON WIRELESS	N		60.07	01/17/12
63923	01/11/12	2,516.80	WATER QUALITY SPECIALIST	N		2,516.80	01/19/12
63924	01/12/12	7.50	WARNER SPRINGS	N		7.50	01/17/12
63925	01/17/12	860.00	ANGELA ACOSTA	N		860.00	01/18/12

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63926	01/17/12	71.04	WSR PETTY CASH	N		71.04	01/18/12
63927	01/19/12	5,536.60	AFCO	N		5,536.60	01/24/12
63928	01/19/12	7,050.00	ANDERSEN HILBERT & PARKER LLP	N		7,050.00	01/24/12
63929	01/19/12	255.02	AT&T	N		255.02	01/25/12
63930	01/19/12	3,241.82	AT&T	N		3,241.82	01/25/12
63931	01/19/12	486.41	DELTA CARE	N		486.41	01/23/12
63932	01/19/12	11.85	LESLIE'S SWIMMING POOL	N		11.85	01/23/12
63933	01/19/12	3,426.50	NETWORK DESIGN INTEGRATOR	N		3,426.50	01/20/12
63934	01/19/12	17.76	NETWORK US, INC.	N		17.76	01/24/12
63935	01/19/12	600.00	RESERVE ACCOUNT	N		600.00	01/24/12
63936	01/19/12	237.06	SAFEGUARD HEALTH PLANS	N		237.06	01/25/12
63937	01/19/12	162.71	SAN DIEGO COUNTY SHERIFF	N		162.71	01/27/12
63938	01/19/12	635.73	SOUTERN CALIFORNIA EDISON	N		635.73	02/03/12
63939	01/19/12	1,226.54	STATE BOARD OF	N		1,226.54	01/26/12
63940	01/19/12	71,444.00	STATE COMPENSATION	N		71,444.00	01/25/12
63941	01/19/12	240.00	TIM MILLER	N		240.00	01/23/12
63942	01/19/12	23,950.00	TRAVELERS	N		23,950.00	01/25/12
63943	01/19/12	59.87	UNITED PARCEL SERVICE	N		59.87	01/23/12
63944	01/19/12	1,700.40	WHITE AND BRIGHT	N		1,700.40	01/23/12
63945	01/19/12	34.97	AT&T	N		34.97	01/25/12
63946	01/24/12	216.32	WSR PETTY CASH	N		216.32	01/25/12
63947	01/26/12	1,676.59	AFCO	N		1,676.59	01/31/12
63948	01/26/12	494.05	AT&T	N		494.05	01/31/12
63949	01/26/12	58.15	CAMERON WELDING SUPPLY	N		58.15	01/30/12
63950	01/26/12	128.15	COUNTY OF SAN DIEGO	N		128.15	02/06/12
63952	01/26/12	23.08	FEDERAL EXPRESS CORP.	N		23.08	02/02/12
63953	01/26/12	9,971.40	GORDON & REES LLP	N		9,971.40	01/31/12
63954	01/26/12	2,000.00	KMJ CORBIN AND COMPANY	N		2,000.00	01/30/12
63955	01/26/12	215.00	PROFLAME OF SANTA YSABEL	N		215.00	01/31/12
63956	01/26/12	30,596.50	DAN MC ALLISTER	N		30,596.50	01/31/12
63957	01/26/12	109.84	DAN MC ALLISTER	N		109.84	01/31/12
63958	02/01/12	142.26	CULLIGAN	N		142.26	02/06/12

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63959	02/01/12	68.88	DIRECTV	N	68.88	02/13/12
63960	02/01/12	95.00	DMV RENEWAL	N	95.00	02/08/12
63961	02/01/12	3,668.00	HENDERSON, CAVERLY, PUM & CHARNEY LLP	N	3,668.00	02/06/12
63962	02/01/12	433.36	PITNEY BOWES	N	433.36	02/07/12
63963	02/01/12	1,171.99	RAMONA DISPOSAL SERVICE	N	1,171.99	02/08/12
63966	02/01/12	34,063.75	SAN DIEGO GAS & ELECTRIC	N	34,063.75	02/06/12
63967	02/01/12	41.86	WASH	N	41.86	02/08/12
63968	02/01/12	38.43	DIRECTV	N	38.43	02/13/12
63969	02/01/12	290.00	AFFORDABLE SELF STORAGE	N	290.00	02/07/12
63970	02/06/12	184.32	WSR PETTY CASH	N	184.32	02/15/12
63975	02/09/12	400.00	ANGELA ACOSTA	N	400.00	02/21/12
63981	02/09/12	294.96	DELTA CARE	N	294.96	02/21/12
63986	02/09/12	355.50	MARLENE BATES	N	355.50	02/24/12
63987	02/09/12	2,941.00	NETWORK DESIGN INTEGRATOR	N	2,941.00	02/09/12
63992	02/09/12	165.87	SAFEGUARD HEALTH PLANS	N	165.87	02/17/12
63995	02/09/12	52,991.00	STATE COMPENSATION	N	52,991.00	02/13/12
64005*	02/17/12	68,698.21	UNION BANK CASHIER CHECKS	N	68,698.21	02/17/12
64006*	02/24/12	250,000.00	UNION BANK CASHIER CHECKS	N	250,000.00	02/24/12
64007	03/01/12	517.42	WSR PETTY CASH	N	517.42	03/01/12
64008*	03/01/12	23,955.00	UNION BANK CASHIER CHECKS	N	23,955.00	03/01/12
		1,296,479.98			1,296,479.98	

*Please see attached spreadsheet for detail of Union Bank Cashier's Checks

Name	Date	Amount Paid	Still Owing
Betsy Stilwell	3/2/11	\$216.00	\$0.00
ex employee	3/18/11	\$180.00	\$0.00
	4/1/11	\$270.00	\$0.00
	4/30/11	\$516.00	\$0.00
	5/25/11	\$132.00	\$0.00
Barbara Mason	4/27/11	\$889.93	\$0.00
ex employee	4/28/11	\$382.77	\$0.00
	5/3/11	\$341.98	\$0.00
	5/10/11	\$588.22	\$0.00
Kathy Fishkin	6/9/11	\$198.00	\$0.00
owner			
Jim Stilwell	6/18/11	\$904.21	\$0.00
ex GM			
Richard Bye	3/24/11	\$392.85	\$0.00
owner	4/19/11	\$212.50	\$0.00
	5/24/11	\$212.50	\$0.00
Caroline Scott	6/22/11	\$65.75	\$0.00
owner			
Shirley Parry	7/7/11	\$27.12	\$0.00
employee	7/7/11	\$86.99	\$0.00
Eryn Sisk	7/21/11	\$136.84	\$0.00
employee			
Pala Band of Indians	8/11/11	\$296.80	\$0.00
owner			
Kang Won Lee	7/20/11	\$322.28	\$0.00
owner	8/11/11	\$344.23	\$0.00
	9/8/11	\$516.55	\$0.00
	11/9/11	\$281.55	\$0.00
	11/10/11	\$281.55	\$0.00
	12/8/11	\$281.55	\$0.00
Angela Acosta	1/17/11	\$860.00	\$0.00
owner	2/9/11	\$400.00	\$0.00

Harry Haubert	1/11/12	\$1,946.84	\$0.00
owner			
Marlene Bates	6/27/11	\$361.00	\$0.00
owner	8/25/11	\$1,219.74	\$0.00
	10/6/11	\$378.85	\$0.00
	11/10/11	\$378.85	\$0.00
	12/15/11	\$408.85	\$0.00
	1/10/12	\$378.85	\$0.00
	2/9/12	\$355.50	\$0.00
Barry Wrenn	5/24/11	\$276.24	\$0.00
owner	7/13/11	\$234.42	\$0.00
	11/11/11	\$887.22	\$0.00
	12/22/11	\$565.32	\$0.00
	2/15/12	\$112.11	\$0.00
Greg Maizlish	6/27/11	\$485.24	\$0.00
owner	7/27/11	\$273.24	\$0.00
	8/25/11	\$408.24	\$0.00
	1/10/11	\$100.00	\$0.00
Patrick Roche	6/27/11	\$1,000.00	\$0.00
owner	10/12/11	\$933.42	\$0.00
TOTAL		\$20,042.10	

EXHIBIT D

ASSUMED LEASES

Assumed Leases

1. Lease dated June 9, 1995, between Warner Springs Ranchowners Association, as Lessor, and Warner Unified School District, as Lessee, recorded with the San Diego County Recorder on August 2, 1995, as Document No. 1995-332639, and as amended.
2. Lease dated November 1, 2000 between Warner Springs Ranchowners Association, as Landlord, and Air Touch Cellular dba Verizon Wireless, as Tenant, recorded with the San Diego County Recorder on December 19, 2000, as Document No. 2000-690417, and as amended.
3. Lease dated September 1, 2005, between Warner Springs Ranchowners Association, as Lessor, and Vista Towers, LLC, as Lessee, with the San Diego County Recorder on November 6, 2009, as Document No. 2009-0623076, and as amended.
4. Ground Lease effective September 1, 2008, between Warner Springs Ranchowners Association, as Landlord, and United States Postal Service, as Tenant.

EXHIBIT E

**WARNER SPRINGS RANCHO OWNERS ASSOCIATION
CASE NO 12-03031-LA11**

**EXHIBIT E
REJECTED EXECUTORY CONTRACTS**

Airport Operating Agreement
31930 Hwy 79
Warner Springs, CA 92086

Cintas Uniform
PO Box 636525
Cincinnati, OH 45263

Pitney Bowes
PO Box 856460
Louisville, KY 40285

Proflame
PO Box 7
Santa Ysabel, CA 92070

Protection One
800 East Waterman
Wichita, KS 67202

Valley Crest
PO Box 57515
Los Angeles, CA 90074-7515

EXHIBIT F

WARNER SPRINGS RANCHO OWNERS ASSOCIATION
CASE NO. 12-03031-LA11

Exhibit F - Anticipated Allowed Claims

Claim No.	Date Filed	Creditor Name	Creditor Second Name (or Representative)	Address	City	State	Zip	Acct Ref.	Basis	Total Amount of Claim	Amount Estimated Allowed as Unsecured Claim
Sch F		Air Exhaust, Inc.		PO Box 1166	Lemon Grove	CA	91946			\$182.00	\$182.00
1	03/22/12	AT&T Corp.	c/o AT&T Services, Inc. James Grudus, Esq.	One AT&T Way, Room 3A218	Bedminster	NJ	07921	-0003 -2486 -0235	Services Performed	\$672.08	\$672.08
Sch F		Cameron Welding Supplies		PO Box 266	Stanton	CA	90680		Supplies	\$82.88	\$82.88
Sch F		Club Car, LLC		PO Box 204658	Augusta	GA	30917		Repairs	\$2,595.00	\$2,595.00
3	05/03/12	Curative Title Solutions, transferred to DACA		5005 La Mart Drive, Sutie 204	Riverside	CA	92507	-1800	Services Performed	\$18,987.50	\$18,987.50
Sch F		Delta Care		Dept. 0170	Los Angeles	CA	90084		Employee Dental Insurance	\$486.41	\$486.41
Sch F		Elevon Merchant Service		7300 Chapman Hwy	Knoxville	TN	37920		Credit Card Processor	\$300.00	\$300.00
Sch F		Eric Jan De Lagillardaie		PO Box 12	Warner Springs	CA	92086		Settlement	\$25,000.00	\$25,000.00
5	05/22/12	First National Bank of Omaha		1620 Dodge St., Stop Code 3105	Omaha	NE	68197	-9424	Credit Card	\$1,188.64	\$1,188.64
Sch F		Henderson, Caverly, Pum & Charney		12750 High Bluff Dr., Ste. 300	San Diego	CA	92130		Tax Attorneys	\$3,049.43	\$3,049.43
10	01/28/13 (Amended - Original filed 08/29/12)	John H. Gubler		8020 Via Urner Way	Bonsail	CA	92003		Settlement agreement and closure of Ranch	\$95,498.17	\$70,000.00
Sch F		Lincoln National Life		PO Box 0821	Carol Stream	IL	60132		Life Insurance	\$86.20	\$86.20
Sch F		Network Design Integrators		59495 Granite Gulley	Anza	CA	92539		IT Technician	\$712.00	\$712.00

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Exhibit F - Anticipated Allowed Claims

Claim No.	Date Filed	Creditor Name	Creditor Second Name (or Representative)	Address	City	State	Zip	Acct Ref.	Basis	Total Amount of Claim	Amount Estimated Allowed as Unsecured Claim
Sch F		Network US Inc		PO Box 44	Naperville	IL	60566		Long Distance	\$18.04	\$18.04
6	06/19/12	Pacific Bell Telephone Company	c/o AT&T Services, Inc. James Grudus, Esq.	One AT&T Way, Room 3A218	Bedminster	NJ	07921	-6481 -6022 -3555	Services Performed	\$10,384.85	\$10,384.85
Sch F		Pacificare	c/o United Healthcare	5701 Katella Ave	Cypress	CA	90630		Employee Health Insurance	\$8,803.42	\$8,803.42
16	2/21/2013	Pala Band of Mission Indians	c/o Slater & Truxaw	15373 Innovation Drive, Suite 210	San Diego	CA	92128		Breach of PSA	\$2,596,182.50	\$265,791.00
Sch F		Pitney Bowes Global	Financial Services LLC	PO Box 856460	Louisville	KY	40285		Postage Meter	\$433.50	\$433.50
Sch F		Ramona Disposal Service		PO Box 6450	Buena Park	CA	90622		Trash Company	\$650.69	\$650.69
Sch F		Safeguard Health Plans		PO Box 30910	Laguna Hills	CA	92654		Eye Insurance	\$237.06	\$237.06
Sch F		UPS		PO Box 894820	Los Angeles	CA	90189		Shipping	\$15.38	\$15.38
12	01/31/13	ValleyCrest Golf Course Maintenance, Inc.	Tomas A. Kuehn, Esq.	24151 Venture Blvd.	Calabasas	CA	91302	-9111	Services Performed	\$17,000.00	\$17,000.00
Sch F		ValleyCrest Golf Course Maintenance, Inc.		PO Box 57515	Los Angeles	CA	90074		Landscape Maintenance	\$5,000.00	\$5,000.00
Sch F		ValleyCrest Golf Course Maintenance, Inc.		24121 Ventura Blvd	Calabasas	CA	91302		Fuel	\$200.72	\$200.72
Sch F		Water Quality Specialist of San Diego, Inc.		PO Box 3028	Valley Center	CA	92082		Water Permit	\$2,578.46	\$2,578.46
14	02/13/13	White and Bright, LLP	Michael A. Friedrichs	970 Canterbury Place	Escondido	CA	92025		Services Performed	\$5,963.80	\$5,963.80
									TOTAL	\$2,796,308.73	\$440,419.06

Note: Pala Band of Mission Indians claim amount is subject to ongoing litigation and may be allowed in a higher amount.

EXHIBIT G
[Reserved]

EXHIBIT H

WARNER SPRINGS RANCHO OWNERS ASSOCIATION
CASE NO 12-03031-LA11

EXHIBIT H - LIQUIDATION ANALYSIS

		Market Value	Secured Claims*	Remaining Value (Equity)
<i>Assets:</i>				
Debtor UDIs		\$ 4,401,020.50	\$ 336,389.64	\$ 4,064,630.86
Personal Property & Other Assets		\$ 2,155,250.00	\$ -	\$ 2,155,250.00
Cash		\$ 500,000.00	\$ -	\$ 500,000.00
Accounts Receivable		\$ 700,000.00	\$ -	\$ 700,000.00
TOTALS		\$ 7,756,270.50	\$ 336,389.64	\$ 7,419,880.86
<i>Chapter 7 Expenses:</i>				
Trustee Statutory Commission	\$ 346,500.00			
Legal and Professional Fees	\$ 700,000.00			
Administrative Expenses and Claim Administration	\$ 500,000.00			
TOTAL	\$ 1,546,500.00			
Payment to Chapter 11 Administrative Claims (including UST Fees)	\$ 1,690,250.00			
Payment to General Unsecured Claims	\$ 440,420.65			
Estimated Amount to be Distributed to Co-Owners	\$ 3,742,710.21			

*This secured claim is for past due real property taxes. Debtor has paid the due real property taxes from sales proceeds. However, the payment of this claim is affected by the outcome of the appeal.