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6 III, LLC

7  
8 UNITED STATES BANKRUPTCY COURT  
9 FOR THE DISTRICT OF NEVADA

10 In re:  
11 WEST SHORE RESORT PROPERTIES  
12 III, LLC,  
13 Debtor.

Case No. BK-N-10-51101-GWZ

Chapter Number: 11

**DEBTOR WEST SHORE RESORT  
PROPERTIES III, LLC'S DISCLOSURE  
STATEMENT**

Hearing Date: September 21, 2010  
Hearing Time: 2:00 p.m.

17  
18 West Shore Resort Properties III, LLC, a Nevada limited liability company ("Debtor") has  
19 prepared and provides this proposed Disclosure Statement, (the "Disclosure Statement") and  
20 Summary of Plan Of Liquidation to all of its known creditors and other parties-in-interest,  
21 pursuant to 11 U.S.C. § 1125. This Disclosure Statement must be approved by the Court as  
22 containing information which will permit a hypothetical investor to reach an informed decision on  
23 whether to cast a vote accepting the Plan of Reorganization ("Plan"). Once approved, the  
24 Disclosure Statement will be mailed together with the Plan and a ballot for voting. The Court  
25 will conduct a hearing to consider confirmation of the Plan.

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1 **I. INTRODUCTION**

2 This Disclosure Statement is provided to creditors by the connection with the solicitation  
3 of acceptances of the Debtor's Plan<sup>1</sup>, filed concurrently herewith, or any subsequent amended  
4 plan of reorganization. The Debtor's reorganization case is under Chapter 11 of the United States  
5 Code, and was initiated on March 30, 2010, in the United States Bankruptcy Court for the District  
6 of Nevada, as Case No. BK-N-10-51101-GWZ. The Plan provides for the treatment of claims of  
7 creditors.

8 The objective of a Chapter 11 bankruptcy case is to obtain Bankruptcy Court approval of a  
9 plan of reorganization. This process is referred to as confirmation of a plan. A plan describes in  
10 detail (and in language appropriate for a legal contract) the means for satisfying the claims against  
11 a Debtor. After a plan has been filed, the holders of such claims that are "impaired" (a term  
12 defined in Bankruptcy Code Section 1124 and discussed in detail below) are permitted to vote to  
13 accept or reject the plan. Before a Debtor or other plan proponent can solicit acceptances of a  
14 plan, Bankruptcy Code Section 1125 requires the Debtor or other plan proponent(s) to prepare a  
15 disclosure statement containing adequate information of a kind, and in sufficient detail, to enable  
16 those parties entitled to vote on the plan to make an informed judgment about the plan and  
17 whether they should accept or reject the plan.

18 **1.1 *Purpose of the Disclosure Statement***

19 The purpose of this Disclosure Statement is to ensure that claimants have adequate  
20 information to enable each class to make an informed judgment about the Plan. The assets and  
21 liabilities of the Debtor are summarized herein. To the extent the information contained in this  
22 Disclosure Statement may be inconsistent with the Debtor's Statement of Financial Affairs and  
23 Schedule of Assets and Liabilities filed on April 28, 2010, or subsequent amendments thereto,  
24 this Disclosure Statement shall supersede such Statements and Schedules.

25 This Disclosure Statement describes the business background and operating history of the  
26 Debtor before the filing of the case. It also summarizes certain significant events that have taken

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28 <sup>1</sup> Capitalized terms not otherwise defined herein will have the same meaning as are ascribed to such terms in the Plan which is filed contemporaneously herewith.

1 place during the case and describes the terms of the Plan, which divides creditor claims and the  
2 interests of shareholders into classes and provides for the satisfaction of allowed claims and  
3 interests.

4 The Court will set a time and date as the last day to file acceptances or rejections of the  
5 Plan. Thereafter, a hearing on confirmation of the Plan will be held in the United States  
6 Bankruptcy Court for the District of Nevada, located at the U.S. Federal Building & Courthouse,  
7 300 Booth Street, Reno, Nevada. Creditors may vote on the Plan by filling out and mailing a  
8 special form of ballot. The form of ballot and special instructions for voting will be forthcoming  
9 upon approval of the Disclosure Statement by the Court. Creditors are urged to carefully read the  
10 contents of this Disclosure Statement before making a decision to accept or reject the Plan.

### 11 **1.2 Acceptance and Confirmation**

12 In order for the Debtor's Plan to be confirmed, each impaired class of claims or interests  
13 must accept the Plan, except as set forth below. In order for the Plan to be deemed accepted, a  
14 majority in number and two-thirds in dollar amount of the claims of each class of creditors  
15 impaired under the Plan of those that actually vote, must vote for acceptance of the Plan. Holders  
16 of claims who fail to vote are not counted as either accepting or rejecting the Plan.

17 Classes of claims that are not "impaired" under a Plan are deemed to have accepted the  
18 Plan. Acceptances of the Plan are being solicited only from those persons who hold claims or  
19 interests in impaired classes. A class is "impaired" if the legal, equitable or contractual rights  
20 attaching to the claims or interests of that class are modified, other than by curing defaults and  
21 reinstating maturities, or by payment in full in cash.

### 22 **1.3 Confirmation Without Acceptance By All Impaired Classes**

23 The Bankruptcy Code contains provisions for confirmation of a Plan even if the Plan is  
24 not accepted by all impaired classes, as long as at least one impaired class of claims has accepted  
25 the Plan. These "cram-down" provisions for confirmation of a Plan, despite the non-acceptance  
26 of one or more impaired classes of claims or interest, are set forth in §1129(b) of the Bankruptcy  
27 Code.

28 If a class of unsecured claims rejects the Plan, it may still be confirmed so long as the Plan

1 provides that (i) each holder of a claim included in the rejecting class receive or retain on account  
2 of that claim property which has a value, as of the Effective Date, equal to the allowed amount of  
3 such claim; or that (ii) the holder of any claim or interest that is junior to the claims of such class  
4 will not receive or retain on account of such junior claim or interest any property at all.

5 If a class of secured claims rejects the Plan, it may still be confirmed so long as the Plan  
6 provides (i) the holders of such claims retain the lien securing such claim; (ii) the holders of such  
7 claims receive on account of such claims deferred cash payments totaling at least the allowed  
8 amount of such claims, of a value, as of the Effective Date of the Plan, of at least the value of  
9 such claimant's interest in the estate's interest in such property; (iii) for the sale of the property in  
10 accordance with § 1129(b)(2)(A)(ii); or (iv) for the realization by such claimants of the  
11 indubitable equivalent of the claim.

#### 12 **1.4 Disclaimer**

13 No representations concerning the Debtor is authorized by the Debtor except as set forth  
14 in this Disclosure Statement. Any representations or inducements made to secure your  
15 acceptance or rejection of the Plan other than as contained herein have not been authorized and  
16 should not be relied upon by you in making your decision, and such additional representations  
17 and inducements should be reported to counsel for the Debtor, who in turn should deliver such  
18 information to the Court for such action as may be deemed appropriate. The information  
19 contained herein has not been subjected to a certified audit, and, as noted throughout this  
20 Disclosure Statement, the Plan is being funded, in part, by Voluntary Contributions. In addition,  
21 the records kept by the Debtor and other information relied on herein are dependent upon  
22 investigations and accounting performed by the Debtor and others consulting with the Debtor.  
23 The Debtor is unable to warrant that the information contained herein is without inaccuracy,  
24 although a great effort has been made to be accurate, and the Debtor believes that the information  
25 contained herein is, in fact, accurate.

## 26 **II. INFORMATION REGARDING THE CHAPTER 11 ESTATE**

### 27 **2.1 *History of the Debtor and Events Leading to the Filing of the Chapter 11 Case***

28 Debtor is a limited liability company, organized and existing under the laws of the State of

1 Nevada since approximately February 9, 2010. Debtor owns and operates certain property  
2 located at 5110, 5130, and 5140 West Lake Boulevard, Homewood, California, which includes  
3 Lots 2, 3, and 4 (Parcel Numbers 097-130-027, 097-130-028, and 097-130-029) (the "Property").  
4 The Debtor continues to manage its property as Debtor-in-Possession pursuant to Sections  
5 1107(a) and 1108 of the Bankruptcy Code.

6 The Property was originally acquired by the principal of the Debtor, Nathan L. Topol,  
7 Virginia Topol, the Nathan L. Topol and Virginia Topol Trust (the "Topols") and Homewood  
8 Marina, a California general partnership ("Homewood Marina," and together with the Topols, the  
9 "Borrowers") on or about October 15, 2007.

10 On or about October 15, 2007, American California Bank ("AmCal") extended a extended  
11 a loan to the Borrowers in the maximum principal amount of \$14,874,500.00 (the "Loan"). The  
12 Loan was made to Borrowers in order to (i) refinance an existing land acquisition loan, and (ii)  
13 finance the construction of various villas on the Property. The Loan bore interest at the rate of  
14 9.250%. At the time the Loan was extended, the Prime Rate was approximately 8.25%. Thus, the  
15 effective interest rate of the Loan was the Prime Rate plus one percent (1%).

16 The Loan is evidenced by a Promissory Note dated October 15, 2007 and a Construction  
17 Loan Agreement dated October 15, 2007. The Loan is secured, by among other things, a  
18 Construction Deed of Trust dated October 15, 2007. The Construction Deed of Trust was  
19 recorded in the official records of Placer County, California, and constitutes a first-position lien in  
20 and to the Property.

21 On February 16, 2010, Borrowers transferred the property to Debtor.<sup>2</sup> The Property is  
22 part of an informal master plan that has been conceived and has evolved over many years, which  
23 involves developing the properties as commercial and residential, luxury, lakefront properties,  
24 although the purpose for which these properties are held has changed to reflect current market  
25 conditions. The Property currently consists of three real estate parcels—Lots 2, 3, and 4.

26 \_\_\_\_\_  
27 <sup>2</sup> The transfer was made for business purposes. Adjacent to these properties are properties owned by Homewood  
28 High and Dry Marina, a California Limited Partnership ("Homewood High and Dry Marina"), which is a well-  
respected operating marina in the Homewood (Lake Tahoe) area. Prior to the filing, it became clear that the name  
Homewood Marina could cause problems for the Homewood High and Dry Marina.

1 Regarding Lots 2 and 3, entitlements are secured, and foundations are poured for the construction  
2 of two (2) villas on each lot. Lot 4 already has one (1) villa completed, and an additional villa  
3 nearly completed.

4 Borrowers and Debtor were in default under the terms of the Loan. AmCal provided  
5 notice of the default, and, thereafter, commenced exercising its rights and remedies, including  
6 commencing a lawsuit in the Placer County, California, Superior Court against Borrowers  
7 requesting judicial foreclosure and preparing to conduct a non-judicial trustee's sale of the  
8 Property. The non-judicial trustee's sale of the Property was scheduled to take place on April 1,  
9 2010. This case was filed to stay the foreclosure sale and provide the Debtor the opportunity to  
10 reorganize this property in conjunction with Other Property in a different manner than previously  
11 contemplated given the downturn in the real estate market.

12 **2.2 Ownership of Debtor and Its Management.**

13 The managing member of the Debtor is Nathan L. Topol.

14 **2.3 Co-Debtors**

15 Borrowers were the original obligors on the Loan extended by AmCal.

16 **III. DEVELOPMENTS DURING THE COURSE OF THIS CHAPTER 11 CASE**

17 **3.1 Meeting of Creditors**

18 The United States Trustee conducted a meeting of creditors pursuant to 11 U.S.C. §341 on  
19 May 3, 2010. The Debtor appeared through its managing member, Nathan L. Topol. AmCal  
20 appeared through its local counsel, Amy N. Tirre.

21 **3.2 Schedules and Statement of Affairs**

22 The Debtor filed its Schedule of Assets and Liabilities and Statement of Financial Affairs  
23 on April 28, 2010. Those schedules and statements may be viewed online at  
24 [www.nvb.uscourts.gov](http://www.nvb.uscourts.gov) or may be obtained from the Bankruptcy Clerk for a fee.

25 **3.3 Monthly Operating Reports**

26 Monthly operating reports through May 31, 2010 reflecting the Debtor's ongoing financial  
27 status are filed with the United States Bankruptcy Court and can be viewed online at  
28 [www.nvb.uscourts.gov](http://www.nvb.uscourts.gov).

1           **3.4    Employment of General Counsel**

2           On May 4, 2010, the Debtor filed an application to employ Downey Brand LLP as general  
3 counsel for the Debtor [Docket No. 24]. At the hearing on June 3, 2010, the Court approved the  
4 Debtor's employment of Downey Brand LLP. An order approving the application has not yet  
5 been entered.

6           **3.5    Creditor's Committee**

7           There has been no appointment in this case of a creditor's committee pursuant to 11  
8 U.S.C. § 1102.

9           **3.6    Pleadings**

10          On May 4, 2010, the Debtor moved to substantively consolidate this case with the case of  
11 West Shore Resort Properties, LLC, Case No. 10-50506. On May 10, 2010, AmCal filed a  
12 motion asking the Bankruptcy Court for a single asset real estate determination. The Debtor's  
13 motion for substantive and AmCal's motion for single asset real estate determination were heard  
14 by the Bankruptcy Court on June 3, 2010. The Court denied the Debtor's motion and granted  
15 AmCal's motion. The Court entered its *Order Denying Motion for Substantive Consolidation* and  
16 its *Order Granting American California Bank's Motion for Single Asset Real Estate*  
17 *Determination* on June 11, 2010. Under 11 U.S.C. Section 362(d)(3), the Debtor has 30 days  
18 after June 11, 2010 (which, in this case, is until Monday, July 12, since the 30<sup>th</sup> day falls on a  
19 Sunday) to file a plan of reorganization that has a reasonable possibility of being confirmed  
20 within a reasonable time.

21          **IV.    DESCRIPTION OF ASSETS**

22          **4.1    Description of Real Property**

| Description/Type                   | Estimated Value <sup>3</sup> |
|------------------------------------|------------------------------|
| 5110, 5130 and 5140 Westlake Blvd. | \$16,000,000.00              |

23  
24  
25  
26  
27  
28  
<sup>3</sup> This is the Debtor's estimate of value placing a value of approximately \$5,000,000 on each completed Unit and \$1,500,000 on each foundation. The Debtor believes that its Development Plan will increase the value of the real property by at least \$8,000,000, or \$2,000,000 for each Unit on which there is a foundation, and perhaps as much as \$14,000,000, or \$3,500,000 for each Unit on which there is a foundation. The security for AmCal's Deed of Trust increases dramatically by virtue of the Debtor's Development Plan, which provides for completion of each Unit over a four year period (2011 to 2015).

1           **4.2 Description of Personal Property**

| Description   | Estimated Current Value <sup>4</sup> |
|---|--------------------------------------|
| Potential claims against American California Bank for breach of contract, breach of implied covenant of good faith and fair dealing, and other bad acts which devalued the real property securing its claim | \$12,000,000.00                      |

6           **V. DESCRIPTION OF DEBTS**

7           **5.1 Administrative Claims**

8           (a) Attorneys' Fees/Downey Brand LLP. The Debtor has retained Downey  
9 Brand LLP as general counsel. However, as set forth in the Application to Employ Downey  
10 Brand, and as approved by the Court, the Topol Group and Nathan L. Topol have agreed to be  
11 responsible for Downey Brand LLP's fees on a monthly basis (which are held in trust to be  
12 applied to fees after periodic application and approval by the Court). Although Debtor does not  
13 anticipate that it will have any liability for an Administrative Claim based on attorneys' fees owed  
14 to Downey Brand LLP, that claim will constitute an Administrative Claim in this case.

15           (b) U.S. Trustee Fees. All fees required to be paid to the United States Trustee  
16 will be paid in full upon the Effective Date of the Debtor's Plan. U.S. Trustee fees due in this  
17 case have been paid.

18           **5.2 Priority Claims**

19           There are no priority claims filed in this case.

20           **5.3 Secured Claims**

21           The Debtor has the following secured claims. Insofar as the claims deadline has not yet  
22 expired, additional claims or superseded claims amounts may be filed against the Debtor.

| Creditor                    | Nature of Lien | Est. Amount of Secured Claim |
|-----------------------------|----------------|------------------------------|
| American California Bank    | Deed of Trust  | \$15,813,466.49              |
| Placer County               | Property Taxes | \$26,627.45                  |
| <b>TOTAL SECURED CLAIMS</b> |                | <b>\$15,840,093.94</b>       |

27           <sup>4</sup> The Borrowers have significant other claims against AmCal, but the Debtor has identified approximately  
28 \$12,000,000 in claims which Debtor believes devalued the Property, and, therefore, arguably, belong to the entity  
owing the Property, which, in this instance, is the Debtor.



1           **5.4    Unsecured Claims**

2           The Debtor has the following unsecured claims. Insofar as the claims deadline has not yet  
3 expired, additional claims or superseded claims amounts may be filed against the Debtor.

4

| <b>Creditor</b>               | <b>Basis of Claim</b> | <b>Est. Amount of Claim</b> |
|-------------------------------|-----------------------|-----------------------------|
| Backen & Gillam               | Professional Services | \$1,678.56                  |
| David C. Antonucci            | Professional Services | \$825.00                    |
| Gary Davis Group              | Professional Services | \$11,103.15                 |
| Stoel Rives                   | Professional Services | \$1,684.25                  |
| Ward Young                    | Professional Services | \$2,149.16                  |
| <b>TOTAL UNSECURED CLAIMS</b> |                       | <b>\$17,440.12</b>          |

8

9           **5.5    Claims Deadline**

10           In accordance with the Bankruptcy Court's Notice of Chapter 11 Bankruptcy Case,  
11 Meeting of Creditors, and Deadlines filed on March 30, 2010 [Docket No. 3], the deadline for  
12 filing a proof of claim for all creditors in this action is August 2, 2010.

13           **VI.    EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

14           As of the filing of this Disclosure Statement, the Debtor is not a party to any executory  
15 contracts.

16           The Bankruptcy Code grants the Debtor the power, subject to the approval of the  
17 Bankruptcy Court, to assume or reject executory contracts and unexpired leases. If an executory  
18 contract or unexpired lease is rejected, the non-debtor party to the agreement may file a claim for  
19 damages incurred by reason of the rejection.

20           **VII.   DESCRIPTION OF PENDING AND COMPLETED LITIGATION**

21           The Debtor was not a party to litigation prior to the commencement of the Chapter 11  
22 case. However, Borrowers, the original obligors under the Loan, were sued for judicial  
23 foreclosure by AmCal in Placer County, California, Superior Court. In answer to the Complaint  
24 filed by AmCal, the Borrowers filed certain claims against AmCal, including claims for breach of  
25 contract and breach of the implied covenant of good faith and fair dealing. Certain of AmCal's  
26 alleged bad acts are believed by the Debtor to have devalued the real property securing AmCal's  
27 claim. Debtor believes that the causes of action arising from these bad acts may follow the  
28 property and belong to the current owner of the Property, in this case the Debtor. These potential

1 causes of action against AmCal are reserved in the Plan.

2 **VIII. SUMMARY OF PLAN OF REORGANIZATION**

3 THE FOLLOWING IS A BRIEF SUMMARY OF THE PLAN WHICH IS FILED  
4 CONCURRENTLY HEREWITH, AND SHOULD NOT BE RELIED UPON FOR VOTING  
5 PURPOSES. CREDITORS ARE URGED TO READ THE PLAN IN ITS ENTIRETY. A  
6 COPY OF THE PLAN WILL BE PROVIDED TO ALL CREDITORS AFTER THIS  
7 DISCLOSURE STATEMENT IS APPROVED. TO THE EXTENT THE FOLLOWING  
8 SUMMARY INCLUDES DEFINED TERMS, THOSE DEFINITIONS ARE INCLUDED IN  
9 THE PLAN FILED CONCURRENTLY HEREWITH. ALL CAPITALIZED TERMS  
10 HEREINAFTER HAVE THE MEANINGS SET FORTH IN THE PLAN.

11 **8.1 *Classification and Treatment of Claims***

12 The Plan designates three (3) classes of claims. Those classes take into account the  
13 differing nature and priority of the various classified claims under the Bankruptcy Code.

14 The following table briefly summarizes the classification and treatment of all Claims  
15 under the Plan and the consideration distributable on account of such Claims under the Plan. The  
16 information set forth in the following table is for convenience of reference only, and each holder  
17 of a Claim should refer to the Plan for a full understanding of the classification and treatment of  
18 Claims provided for under the Plan. Claims will receive designated treatment within a Class only  
19 to the extent Allowed within that class. The Claim allowance procedure is an ongoing process  
20 and the actual amount of the Allowed Claims may vary from the estimates. For a complete  
21 description of the risks associated with the recoveries provided under the Plan, see Section 12,  
22 entitled "Certain Risks To Be Considered."

| 23 CLASS         | CLAIMS                         | SUMMARY OF TREATMENT <sup>5</sup> |
|------------------|--------------------------------|-----------------------------------|
| 24 Nonclassified | Administrative Expenses        | See Section 8.2 below             |
| 25 Class 1       | Secured Claim of AmCal         | See Section 8.2 below             |
| 26 Class 2       | Secured Claim of Placer County | See Section 8.2 below             |
| 27 Class 3       | Unsecured Claims               | See Section 8.2 below             |

28 <sup>5</sup> Attached hereto as Exhibit D is a proposed payment schedule which provides for the treatment of Class 1, Class 2, and Class 3 claims.

1           **8.2    *Treatment of Claims and Interests***

2           Each Creditor class shall be treated as follows:

3                   (a)    *Class 1 (AmCal)*

4           The AmCal Secured Claim shall be treated under the Plan as follows:

5                           (i)    *Amount of the AmCal Secured Claim*

6           The amount of the AmCal Secured Claim shall be equal to the balance owed on the  
7 AmCal Note as of the Confirmation Date, including accrued interest and reasonable attorney’s  
8 fees allowed under 11 U.S.C. § 506.

9                           (ii)   *Retention of Security Interest in Property and Rents*

10          AmCal shall retain its security interest in the Property and Rents as evidenced by the  
11 AmCal Deed of Trust which secures the AmCal Note.

12                           (iii)   *Payment of the AmCal Secured Claim*

13          The AmCal Secured Claim shall bear interest at the rate of 2.25% over the Prime Rate of  
14 interest from and after the Effective Date (the “AmCal Interest Rate”) until the AmCal Note  
15 becomes fully due and payable eight (8) years following the Effective Date. From the Effective  
16 Date through December 31, 2015, the AmCal Interest Rate shall be divided into two portions: (1)  
17 the Prime Rate in effect on the Confirmation Date, and (2) the Deferred Rate, representing the  
18 difference between the AmCal Interest Rate and the Prime Rate.

19          On or before the 15<sup>th</sup> day of each and every month, commencing on the 15<sup>th</sup> day of June,  
20 2011 and continuing through the payment due on December 15, 2015, the Debtor shall pay to  
21 AmCal interest at the Prime Rate on a loan balance of \$16,000,000. The Debtor shall defer the  
22 difference between the AmCal Interest Rate and the Prime Rate, and such interest shall be added  
23 to the principal balance under the AmCal Note. If the Prime Rate is 3.25% on the Confirmation  
24 Date, an example of the treatment to be provided to AmCal is as follows:

25       ///

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27       ///

28       ///

|                                  |       |                                |
|----------------------------------|-------|--------------------------------|
| AmCal Interest Rate              | 5.50% |                                |
| Prime Rate (as of June 30, 2010) | 3.25% | Monthly Interest Only Payments |
| Deferred Rate                    | 2.25% | Interest Deferred and Accrues  |

Commencing January 15, 2016, the Debtor shall make payments to AmCal at the AmCal Interest Rate on the loan balance then owing. Also commencing January 15, 2016, any Surplus Net Income will be paid to AmCal to reduce the principal amount owed on the AmCal Note.

(iv) Payment of the America California Note

The balance owed on the AmCal Note, together with any and all accrued interest, fees and costs due thereunder, shall be paid on or before eight (8) years following the Effective Date as set forth in Section 7 below.

(v) Loan Documents Remain in Effect

The AmCal Note and the AmCal Deed of Trust shall remain in full force and effect, except as modified by or otherwise inconsistent with the Plan, in which event the terms of this Plan shall supersede.

(vi) Release Prices

If at anytime a Unit sells, AmCal shall release its security interest in the sold Unit, as long as the amount to be paid to AmCal from the sale equals at least one-sixth (1/6) of the amount then owed to AmCal, including amounts accrued pursuant to the Deferred Rate.

If at anytime a fractional interest in a Unit sells, AmCal shall release its security interest in the sold fractional interest in the Unit, as long as the amount to be paid to AmCal from the sale equals at least one-twenty fourth (1/24) of the amount then owed to AmCal, including amounts accrued pursuant to the Deferred Rate, for each fractional interest sold.

(vii) Plan Default

In the event of a default by the Debtor under the Plan, and in the event Debtor fails to cure such default within fifteen (15) business days after delivery of notice to the Debtor and to Debtor's counsel, AmCal shall be entitled to enforce all of the terms of the AmCal Deed of Trust

1 and the AmCal Note, in addition to all rights available under the California law, including,  
2 without limitation, foreclosure upon the Property and the opportunity to credit bid the entire  
3 amount of the AmCal Note at any foreclosure sale.

4 (b) Class 2 (Placer County)

5 Placer County shall receive three yearly disbursements equal to one-third (1/3) of the  
6 outstanding balance of the amount due. The first payment to Placer County shall be made on  
7 June 1, 2011, and such payments shall continue thereafter on June 1, 2012, and June 1, 2013. The  
8 Claim of Placer Allowed shall accrue interest on the outstanding balance at the greater of 5.50%  
9 or the non-bankruptcy rate of interest required under California law.

10 (c) Class 3 (Unsecured Claims)

11 The holders of Allowed Unsecured Claims shall receive three yearly disbursements equal  
12 to one-third (1/3) of the outstanding balance of the Allowed Unsecured Claims. The first  
13 payment to holders of Allowed Unsecured Claims shall be made on June 1, 2011, and such  
14 payments shall continue thereafter on June 1, 2012, and June 1, 2013. The Allowed Unsecured  
15 Claims shall accrue interest on the outstanding balance at 5.50% until paid in full.

16 (d) Treatment of Unclassified Claims

17 (i) Administrative Claims

18 Claims arising during the administration of the Debtor's Chapter 11 case and entitled to  
19 priority under Section 507(a)(1) of the Bankruptcy Code are not classified under the Plan.  
20 Holders of such claims shall be paid in full on the latter of the Effective Date, or fifteen (15) days  
21 after the entry of an order creating an Allowed Administrative Claim, unless holders of an  
22 Allowed Administrative Claim agree to alternative treatment.

23 (ii) Fees to the United States Trustee

24 All fees required to be paid to the United States Trustee will be paid in full upon the  
25 Effective Date of the Debtor's Plan, and shall remain current until the case is fully administered,  
26 closed, converted or dismissed, whichever occurs first.

27 (iii) Disputed Claims

28 All payments hereunder to creditors whose claims are not liquidated or are disputed shall

1 be paid into a segregated trust account until such claims are an Allowed Claim, in which case the  
2 proceeds shall be disbursed, or such claim shall be disallowed.

3  
4 **8.3 Means of Implementing and Funding The Plan**

5 (a) Operation of the Property

6 The Debtor shall operate the Property, post-confirmation, as part of a greater resort  
7 concept in conjunction with some or all of the Other Property. The Net Income from the Property  
8 and Voluntary Contributions from the Other Property will be used to fund the Plan. Attached  
9 hereto as Exhibit A are the projections for the Property; attached hereto as Exhibit B are the  
10 projections for the Other Property; and attached hereto as Exhibit C are the projections of the  
11 Voluntary Contributions from the Other Property as it relates to the completion of the  
12 Development Plan. The projections are based upon an Allowed Secured Claim of AmCal in the  
13 amount of \$16,000,000 with the AmCal Interest Rate of 5.50%, on which the Prime Rate per  
14 annum is paid monthly (beginning June 15, 2011).

15 Under the Plan, the Property, along with the Other Property, will informally combine to  
16 create a destination resort with amenities and accommodations, as well as multiple venue options  
17 for any type of private gathering, such as weddings, receptions, corporate retreats, family  
18 gatherings, seminars, and recurring events. Available structures located on the Property and on  
19 the Other Property will be utilized for these purposes until the for-sale market recovers.

20 (b) Completion of the Development Plan on the Property

21 The Debtor shall complete the remaining Units in the Development Plan, as approved and  
22 entitled, per the construction schedule outline in *Table 7.2* below. The Debtor believes that the  
23 completion of the Development Plan increases the value of AmCal's security by at least  
24 \$8,000,000 or approximately \$2,000,000 for each Unit on which there is currently only a  
25 foundation, or perhaps as much as \$14,000,000 or approximately \$3,500,000 for each Unit on  
26 which there is currently only a foundation. As each Unit is completed, the operation of the  
27 Property, in conjunction with the Other Property, will generate income sufficient to make the  
28 payments to AmCal without need for further borrowing, thereby providing additional security to

1 AmCal, as well as increasing the value of the Property. As each remaining Unit is constructed,  
 2 the Unit will immediately be added to the inventory of the resort to be utilized as resort  
 3 accommodations and event venue supply under the Plan. It is anticipated that the Development  
 4 Plan will be completed at the end of 2014, and the resort destination use on the Property in  
 5 conjunction with Other Property will stabilize in 2016.

6 The proposed construction schedule is as follows:

| Unit  | Completion Year | Estimated Construction Cost |
|-------|-----------------|-----------------------------|
| 5140B | 2011            | \$300,000                   |
| 5130A | 2012            | \$900,000                   |
| 5130B | 2013            | \$925,000                   |
| 5110A | 2014            | \$950,000                   |
| 5110B | 2014            | \$950,000                   |

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13 *Table 7.2*

14 (c) Management of the Property

15 The Debtor intends to manage the Property under the Plan, and it reserves the right to  
 16 employ such other management professionals, agents and/or consultants as the Debtor deems  
 17 advisable following the Confirmation Date.

18 (d) Property to be Sold or Refinanced

19 On or before eight (8) years following the Effective Date, the Property shall be sold or  
 20 refinanced. The manner in which the Property is sold or refinanced shall be the sole discretion of  
 21 the Debtor, provided such sales or refinance is in sufficient amount to pay all AmCal in full.  
 22 Thus, the Debtor shall undertake one or more of the following actions to assure compliance with  
 23 the payment provisions under the Plan.

24 (i) Refinancing of the Property

25 The Debtor may obtain new financing for the Property at any time the Debtor deems  
 26 advisable, but not later than eight (8) years following the Effective Date, in a sufficient amount to  
 27 pay the entire balance owed under the AmCal Note, including accrued interest, reasonable  
 28

1 attorneys' fees, and costs. Under the Plan the value of the Property at the time of refinancing will  
2 be based upon the highest and best use of the Property at that time, which may be as either a  
3 destination resort or some form of a for-sale product. If the Debtor elects this means to effectuate  
4 the Plan, such refinancing shall be on reasonable terms generally available in the lending  
5 marketplace, and may be accomplished without seeking approval of the Bankruptcy Court.

6 (ii) Sale of the Property

7 The Debtor may market the Property for sale at any time the Debtor deems advisable. The  
8 listing amount for the Property will be determined by the Debtor, but shall be in a minimum  
9 amount to pay the entire balance owed under the AmCal Note, including accrued interest,  
10 reasonable attorneys' fees, and costs (in the event the Property is sold). There shall be no county  
11 or state transfer taxes associated with any sale under this Plan in accordance with 11 U.S.C. §  
12 1146.

13 (e) Revesting of Assets in the Debtor

14 Upon confirmation of the Plan, all property of the estate of the Debtor shall be revested in  
15 West Shore Resort Properties III, LLC, pursuant to 11 U.S.C. § 1141(c), which shall retain such  
16 property as the Reorganized Debtor free and clear of all claims and interests of the creditors,  
17 except as set forth in the Plan, and which shall include any and all potential claims against  
18 AmCal. and are hereby reserved.

19 (f) Disbursing Agent

20 West Shore Resort Properties III, LLC will serve as disbursing agent and shall disburse all  
21 property to be distributed under the Plan. The disbursing agent may employ or contract with  
22 other entities to assist in or to perform the distribution of the property and shall serve without  
23 bond.

24 **IX. POST-CONFIRMATION FINANCIAL CONDITION OF THE DEBTOR**

25 Following Plan confirmation, the Debtor believes that its post-confirmation financial  
26 condition shall be as set forth in Exhibit "A" attached hereto.

27 **X. POST-CONFIRMATION MANAGEMENT OF THE DEBTOR**

28 The Debtor shall be managed post-confirmation by Nathan L. Topol, its current managing



1 member, without salary.

2 **XI. ALTERNATIVES TO THE PLAN**

3 The Debtor believes that the Plan provides its creditors with the earliest and greatest  
4 possible value that can be realized on their claims.

5 Under § 1121 of the Bankruptcy Code, the Debtor has the exclusive right to file a plan of  
6 reorganization during the first 120 days after commencement of its Chapter 11 case, or as  
7 otherwise extended by the Court. The Plan Will be filed within such 120 day period. In addition,  
8 if the Plan is not accepted, other parties in interest may have an opportunity to file an alternative  
9 plan of reorganization.

10 Alternatively, a liquidation of the Debtor's assets could be conducted as described in  
11 Section 13 of this Disclosure Statement. For the reasons described in that section, Debtor  
12 believes that the distribution to each impaired class under the Plan will be greater than  
13 distributions that might be received in a Chapter 7 liquidation of the Debtor's assets.

14 **XII. CERTAIN RISKS TO BE CONSIDERED**

15 HOLDERS OF CLAIMS AGAINST THE DEBTOR SHOULD READ AND CONSIDER  
16 CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER  
17 INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE  
18 DOCUMENTS ATTACHED OR DELIVERED HERewith AND/OR INCORPORATED  
19 HEREIN BY REFERENCE), IN DETERMINING WHETHER OR NOT TO ACCEPT OR  
20 REJECT THE DEBTOR'S PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE  
21 REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH  
22 THE PLAN AND ITS IMPLEMENTATION.

23 **12.1 *Risks Upon Confirmation of the Plan***

24 Because the Plan provides for the reorganization of the Debtor as an going concern, many  
25 of the common risk factors found in typical reorganizations apply with respect to the Plan. These  
26 include that (a) because the Plan is dependent on continued operation of the Property and Other  
27 Property, there is a risk that the projections of Net Income, may not be met; (b) the Debtor may  
28 not be able to sell its Property within eight (8) years; (c) the Debtor may not be able to secure

1 alternative financing to fully satisfy the Allowed Secured Claim of AmCal; and (d) if AmCal is  
2 not paid in accordance with the Plan, and the Debtor is unable to sell the Property or to secure  
3 alternative financing, AmCal may foreclose on the Property. The only regulatory contingency in  
4 connection with the Plan of which the Debtor is aware is that its building permits (not its TRPA  
5 permits) have expired and will have to be renewed in order to allow the Debtor to commence  
6 construction under its Development Plan in 2011.

### 7 **12.2 Non-Consensual Confirmation**

8 In the event one or more impaired Classes of Claims does not accept the Plan, the  
9 Bankruptcy Court may nevertheless confirm the Plan at the Debtor's request, if all other  
10 conditions for confirmation have been met and at least one impaired Class has accepted the Plan  
11 (such acceptance being determined without including the vote of any "insider" in such Class) and,  
12 as to each impaired Class that has not accepted the Plan "does not discriminate unfairly" and is  
13 "fair and equitable" with respect to the rejecting impaired classes. The Debtor believes that the  
14 Plan satisfies those requirements.

### 15 **12.3 Tax Consequences of the Plan**

16 The Debtor believes that there are no federal income tax consequences peculiar to its Plan.  
17 EACH HOLDER OF A CLAIM IS STRONGLY URGED TO CONSULT WITH HIS/HER TAX  
18 ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX  
19 CONSEQUENCES TO HIM/HER OF THE PLAN.

### 20 **12.4 Estimated Amounts**

21 The valuations provided herein are based on the estimates of the Debtor, and its managing  
22 member, based on knowledge of current market conditions. Those estimates are a reflection of  
23 the Debtor's best subjective valuation at the time. In light of the current volatility of the real  
24 estate market, it is difficult to predict what the values will be at the time of any sale of the  
25 Property, although it cannot be disputed that the Debtor's Development Plan will add substantial  
26 value to the Property. Furthermore, the liquidation value of real property, particularly liquidation  
27 in a depressed real estate market, is generally far below fair market value, further compounding  
28 the ability to accurately determine the value of the Debtor's Property.

1           **12.5   Liquidation Analysis**

2           Should AmCal be allowed to foreclose or the Debtor be forced to convert its case to  
3 Chapter 7 and have a trustee conduct the liquidation of its assets, Debtor estimates that such a  
4 liquidation at the current time would not result in full payment to AmCal (Class 1 creditor), and  
5 the unsecured creditors (Class 3) would not receive any payment on their claims. The Debtor  
6 believes the value of the Property (and, therefore, the full payment to AmCal) can only be  
7 enhanced by continued operation and development of the Property.

8           **XIII.   CONFIRMATION OF THE PLAN**

9           **13.1   Confirmation of the Plan**

10           Pursuant to Section 1128(a) of the Bankruptcy Code, the Bankruptcy Court will conduct a  
11 hearing regarding confirmation of the Plan at the United States Bankruptcy Court, 300 Booth  
12 Street, Reno, Nevada 89509, pursuant to separate notice provided to creditors and interested  
13 parties.

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**13.2 Objections to Confirmation of the Plan.**

Section 1128(b) provides that any party-in-interest may object to confirmation of a plan. Any objections to confirmation of the Plan must be in writing, must state with specificity the grounds for any such objections and must be filed with the Bankruptcy Court and served upon the following parties so as to be received on or before the time fixed by the

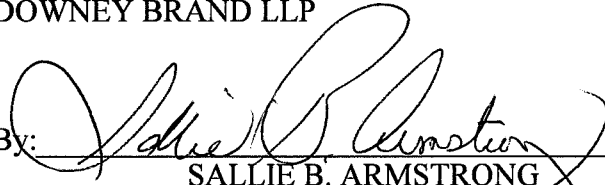
Bankruptcy Court:  
Counsel for Debtor:

Sallie B. Armstrong, Esq.  
427 W. Plumb Lane  
Reno, Nevada 89509  
Telephone: (775) 329-5900  
Facsimile: (775) 786-5443  
Email: reno@downeybrand.com

For the Plan to be confirmed, the Plan must satisfy the requirements stated in Section 1129 of the Bankruptcy Code.

DATED: July 9, 2010

DOWNEY BRAND LLP

By:   
SALLIE B. ARMSTRONG  
Attorneys for Debtor  
West Shore Resort Properties III, LLC

Reviewed and Approved:

  
Nathan L. Topol  
Managing Member  
West Shore Resort Properties III, LLC

# Exhibit A

# Exhibit A

**West Shore Resort Properties III, LLC**  
**Projections for Property**  
 Exhibit A - Disclosure Statement

|                                  | 3          | 6        | 9         | 12        | 18        | 18        | 18        |
|----------------------------------|------------|----------|-----------|-----------|-----------|-----------|-----------|
| Available Rooms                  | 3          | 6        | 9         | 12        | 18        | 18        | 18        |
| ADR                              | 318.56     | 346.24   | 392.23    | 414.27    | 426.69    | 439.50    | 439.50    |
| Occupancy                        | 35%        | 54.20%   | 58.30%    | 63.50%    | 63.50%    | 63.50%    | 63.50%    |
| <b>Revenue</b>                   |            |          |           |           |           |           |           |
| Resort Room Rental Revenue       | 122,088    | 410,980  | 751,181   | 1,152,209 | 1,780,129 | 1,833,572 | 6,050,160 |
| Weddings/Events                  | 234,000    | 400,000  | 350,000   | 300,000   | 250,000   | 200,000   | 1,734,000 |
| Total Revenue                    | 356,088    | 810,980  | 1,101,181 | 1,452,209 | 2,030,129 | 2,033,572 | 7,784,160 |
| <b>Expense</b>                   |            |          |           |           |           |           |           |
| Start-Up Costs                   | 65,000     |          |           |           |           |           |           |
| Resort Room Expense 45%          | 54,940     | 184,941  | 338,032   | 518,494   | 801,058   | 825,107   | 2,722,572 |
| Wedding/Event Expense 50%        | 117,000    | 200,000  | 175,000   | 150,000   | 125,000   | 100,000   | 867,000   |
| Total Expense                    | 236,940    | 384,941  | 513,032   | 668,494   | 926,058   | 925,107   | 3,589,572 |
| <b>Net Operating Income</b>      | 119,148    | 426,039  | 588,150   | 783,715   | 1,104,071 | 1,108,465 | 4,129,588 |
| Debt Service - Property          |            |          |           |           |           |           |           |
| America California Prime Rate    | 3.25%      | 3.25%    | 3.25%     | 3.25%     | 3.25%     | 5.50%     |           |
| Debt Service Paid Annually       | 303,333    | 520,000  | 520,000   | 520,000   | 520,000   | 880,000   | 3,263,333 |
| <b>Net Cash Flow</b>             | (184,185)  | (93,961) | 68,150    | 263,715   | 584,071   | 228,465   | 866,255   |
| Deferred Interest                |            |          |           |           |           |           |           |
| America California Deferred Rate | 2.25%      | 2.25%    | 2.25%     | 2.25%     | 2.25%     |           |           |
|                                  | 16,000,000 | 360,000  | 360,000   | 360,000   | 360,000   |           | 2,016,667 |

# Exhibit B

# Exhibit B

**West Shore Resort Properties III, LLC**  
**Projections for Other Property**  
*Exhibit B - Disclosure Statement*

|  |  |                  |                  |                  |                  |                  |                  |                   |           |
|--|--|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-----------|
| <b>Revenue from Contributing Properties (Other Property)</b> |  |                  |                  |                  |                  |                  |                  |                   |           |
| Total Revenue  |  | 3,101,137        | 5,349,933        | 5,848,292        | 6,308,299        | 6,585,269        | 6,875,018        | 34,067,948        |           |
| <b>Expenses of Contributing Properties (Other Property)</b>  |  |                  |                  |                  |                  |                  |                  |                   |           |
| Total Expense  |  | 1,675,511        | 2,868,970        | 3,116,306        | 3,347,538        | 3,497,615        | 3,654,715        | 18,160,656        |           |
| <b>Net Operating Income</b>                                  |  | <b>1,425,625</b> | <b>2,480,963</b> | <b>2,731,985</b> | <b>2,960,760</b> | <b>3,087,654</b> | <b>3,220,304</b> | <b>15,907,292</b> |           |
| <b>Debt Service - Other Property</b>                         |  |                  |                  |                  |                  |                  |                  |                   |           |
| Estimated  |  | 894,482          | 1,533,397        | 1,533,397        | 1,533,397        | 1,533,397        | 1,533,397        | 1,533,397         | 8,561,467 |
| Debt Service Paid Annually                                   |  | 894,482          | 1,533,397        | 1,533,397        | 1,533,397        | 1,533,397        | 1,533,397        | 1,533,397         | 8,561,467 |
| <b>Net Cash Flow</b>   |  | <b>531,143</b>   | <b>947,566</b>   | <b>1,198,588</b> | <b>1,427,363</b> | <b>1,554,257</b> | <b>1,686,907</b> | <b>7,345,825</b>  |           |



# Exhibit C

# Exhibit C

**West Shore Resort Properties III, LLC**  
**Projections for Voluntary Contributions from Other Property**  
 Exhibit C - Disclosure Statement

| Cash Position - Beginning of year   | 46,958         | 564            | 342,302          | 53,719           |
|---|----------------|----------------|------------------|------------------|
| Net Cash Flow from Property   | (184,185)      | (93,961)       | 68,150           | 263,715          |
| Net Cash Flow from Other Property   | 531,143        | 947,566        | 1,198,588        | 1,427,363        |
| <b>Total Net Cash Flow</b>  | <b>346,958</b> | <b>900,564</b> | <b>1,267,302</b> | <b>2,033,380</b> |
| Unit(s) under construction  | 51408          | 51304          | 51308            | 51104, 51108     |
| Construction Cost (Funding provided by Voluntarily Contributing Properties) | 300,000        | 900,000        | 925,000          | 1,900,000        |
| Cash Position - End of year   | 46,958         | 564            | 342,302          | 133,380          |
|   |                |                |                  | 4,025,000        |
|   |                |                |                  | 4,158,380        |

# Exhibit D

# Exhibit D

West Shore Resort Properties III, LLC  
 Payment Schedule  
 Exhibit D - Disclosure Statement

2011

| Secured Creditor          | Amount           | Interest Rate                                 | Term | Start Date | End Date | Balance   | Final Payment   |
|---------------------------|------------------|---|------|------------|----------|-----------|-----------------|
| America California Bank   | 16,000,000.00    | Prime Rate payment (3.25%)                    | 30   | 1/1/11     | 12/31/11 | 43,333.33 | 303,333.33      |
| America California Bank   | 16,000,000.00    | Deferred Rate amount (5.50%/2.25%)            | 30   | 1/1/11     | 12/31/11 | 30,000.00 | 576,666.65      |
| <b>Piaacet County</b>     | <b>26,627.45</b> | <b>Periodic Payment with Interest (5.50%)</b> |      |            |          |           | <b>5,712.18</b> |
| <b>Property Taxes</b>     |                  |   |      |            |          |           |                 |
| <b>Unsecured Creditor</b> |                  |   |      |            |          |           |                 |
| Antonucci, David C.       | 825.00           | Periodic Payment with Interest (5.50%)        | 30   | 1/1/11     | 12/31/11 | 177.00    | 177.00          |
| Baden & Gilliam           | 1,578.56         | Periodic Payment with Interest (5.50%)        | 30   | 1/1/11     | 12/31/11 | 360.06    | 360.06          |
| Gary David Group          | 11,103.15        | Periodic Payment with Interest (5.50%)        | 30   | 1/1/11     | 12/31/11 | 2,381.88  | 2,381.88        |
| Steel Rives               | 1,684.25         | Periodic Payment with Interest (5.50%)        | 30   | 1/1/11     | 12/31/11 | 361.32    | 361.32          |
| Ward Young                | 2,149.16         | Periodic Payment with Interest (5.50%)        | 30   | 1/1/11     | 12/31/11 | 461.04    | 461.04          |

2012

| Secured Creditor          | Amount           | Interest Rate                                 | Term | Start Date | End Date | Balance   | Final Payment    |
|---------------------------|------------------|---|------|------------|----------|-----------|------------------|
| America California Bank   | 16,000,000.00    | Prime Rate payment (3.25%)                    | 30   | 1/1/12     | 12/31/12 | 43,333.33 | 520,000.00       |
| America California Bank   | 16,000,000.00    | Deferred Rate amount (2.25%)                  | 30   | 1/1/12     | 12/31/12 | 30,000.00 | 360,000.00       |
| <b>Piaacet County</b>     | <b>26,627.45</b> | <b>Periodic Payment with Interest (5.50%)</b> |      |            |          |           | <b>11,424.36</b> |
| <b>Property Taxes</b>     |                  |   |      |            |          |           |                  |
| <b>Unsecured Creditor</b> |                  |   |      |            |          |           |                  |
| Antonucci, David C.       | 825.00           | Periodic Payment with Interest (5.50%)        | 30   | 1/1/12     | 12/31/12 | 354.00    | 354.00           |
| Baden & Gilliam           | 1,578.56         | Periodic Payment with Interest (5.50%)        | 30   | 1/1/12     | 12/31/12 | 720.12    | 720.12           |
| Gary David Group          | 11,103.15        | Periodic Payment with Interest (5.50%)        | 30   | 1/1/12     | 12/31/12 | 4,763.76  | 4,763.76         |
| Steel Rives               | 1,684.25         | Periodic Payment with Interest (5.50%)        | 30   | 1/1/12     | 12/31/12 | 722.64    | 722.64           |
| Ward Young                | 2,149.16         | Periodic Payment with Interest (5.50%)        | 30   | 1/1/12     | 12/31/12 | 922.08    | 922.08           |

2013

| Secured Creditor          | Amount           | Interest Rate                                 | Term | Start Date | End Date | Balance   | Final Payment    |
|---------------------------|------------------|---|------|------------|----------|-----------|------------------|
| America California Bank   | 16,000,000.00    | Prime Rate payment (3.25%)                    | 30   | 1/1/13     | 12/31/13 | 43,333.33 | 520,000.00       |
| America California Bank   | 16,000,000.00    | Deferred Rate amount (2.25%)                  | 30   | 1/1/13     | 12/31/13 | 30,000.00 | 360,000.00       |
| <b>Piaacet County</b>     | <b>26,627.45</b> | <b>Periodic Payment with Interest (5.50%)</b> |      |            |          |           | <b>11,424.36</b> |
| <b>Property Taxes</b>     |                  |   |      |            |          |           |                  |
| <b>Unsecured Creditor</b> |                  |   |      |            |          |           |                  |
| Antonucci, David C.       | 825.00           | Periodic Payment with Interest (5.50%)        | 30   | 1/1/13     | 12/31/13 | 354.00    | 354.00           |
| Baden & Gilliam           | 1,578.56         | Periodic Payment with Interest (5.50%)        | 30   | 1/1/13     | 12/31/13 | 720.12    | 720.12           |
| Gary David Group          | 11,103.15        | Periodic Payment with Interest (5.50%)        | 30   | 1/1/13     | 12/31/13 | 4,763.76  | 4,763.76         |
| Steel Rives               | 1,684.25         | Periodic Payment with Interest (5.50%)        | 30   | 1/1/13     | 12/31/13 | 722.64    | 722.64           |
| Ward Young                | 2,149.16         | Periodic Payment with Interest (5.50%)        | 30   | 1/1/13     | 12/31/13 | 922.08    | 922.08           |

|                           |               | 2014                         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |
|---------------------------|---------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| <b>Secured Creditor</b>   |               |                              |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |
| America California Bank   | 16,000,000.00 | Prime Rate payment (3.25%)   | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 520,000.00 |
| America California Bank   | 16,000,000.00 | Deferred Rate amount (2.25%) | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 360,000.00 |
| Placer County             |               |                              |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |
| Paid                      |               |                              |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |
| <b>Unsecured Creditor</b> |               |                              |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |
| Paid                      |               |                              |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |

|                           |               | 2015                         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |
|---------------------------|---------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| <b>Secured Creditor</b>   |               |                              |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |
| America California Bank   | 16,000,000.00 | Prime Rate payment (3.25%)   | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 43,333.33 | 520,000.00 |
| America California Bank   | 16,000,000.00 | Deferred Rate amount (2.25%) | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | 360,000.00 |
| Placer County             |               |                              |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |
| Paid                      |               |                              |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |
| <b>Unsecured Creditor</b> |               |                              |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |
| Paid                      |               |                              |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |

|                           |               | 2016                        |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |
|---------------------------|---------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| <b>Secured Creditor</b>   |               |                             |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |
| America California Bank   | 16,000,000.00 | Market Rate payment (5.50%) | 73,333.33 | 73,333.33 | 73,333.33 | 73,333.33 | 73,333.33 | 73,333.33 | 73,333.33 | 73,333.33 | 73,333.33 | 73,333.33 | 73,333.33 | 73,333.33 | 73,333.33 | 73,333.33 | 73,333.33 | 73,333.33 | 73,333.33 | 880,000.00 |
| Placer County             |               |                             |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |
| Paid                      |               |                             |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |
| <b>Unsecured Creditor</b> |               |                             |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |
| Paid                      |               |                             |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |            |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |           |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|-----------|
| <b>TOTAL PAID TO SECURED CREDITOR (2011-2016)</b>  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |           |
| <b>TOTAL DEFERRED INTEREST ACCRUED (2011-2016)</b> |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |           |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 3,263,333 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 2,016,667 |