

1 Eric Slocum Sparks
Arizona State Bar No. 11726
2 LAW OFFICES OF ERIC SLOCUM SPARKS, P.C.
3505 North Campbell Avenue #501
3 Tucson, Arizona 85719
Telephone (520) 623-8330
4 Facsimile (520) 623-9157
law@ericlocumsparkspc.com
5 eric@ericlocumsparkspc.com
Attorney for Debtor

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7 IN THE UNITED STATES BANKRUPTCY COURT
8 FOR THE DISTRICT OF ARIZONA

9 In re:)
10 LANDMARK HOSPITALITY, LLC,) No. 4:16-bk-02826-BMW
11) Chapter 11
12 Debtor.) DEBTOR'S FIFTH AMENDED PLAN OF
13) REORGANIZATION DATED
October 30, 2017

14 Landmark Hospitality, LLC,(hereinafter "Debtor"), Debtor-in-possession in the above-captioned
15 Chapter 11 case, hereby proposes the following Plan of Reorganization pursuant to the provisions of
16 Chapter 11 of the Bankruptcy Code. All creditors and other parties in interest are encouraged to consult
17 the First Disclosure Statement prepared by the Debtor, as approved by the Bankruptcy Court, before
18 voting to accept or reject this Plan of Reorganization. The Disclosure Statement contains a discussion
19 of the Debtor, its business operations and the disclosure of all other information material to the approval
20 of this Plan of Reorganization. No solicitation materials, other than the Disclosure Statement and related
21 materials transmitted therewith as approved by the Bankruptcy Court, have been authorized by the
22 Bankruptcy Court for use in soliciting acceptances or rejections of this Plan of Reorganization.
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1 *ARTICLE I*

2 *Definitions*

3 For purposes of this Plan, except as expressly provided otherwise or unless the context otherwise
4 required, all of the following defined terms will have the following meanings. The terms defined below
5 will be equally applicable to both singular and plural forms, and to the masculine, feminine, and neuter
6 forms, of such defined terms.

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8 1.1 “Administrative Claim” will refer to and mean every cost or expense of administration
9 of the reorganization case allowed under Bankruptcy Code §503(b) and referred to in Bankruptcy Code
10 §507(a)(1), including without limitation: (a) any actual and necessary expense of preserving the estate
11 as approved the Bankruptcy Court; (b) all allowances, including professional fees and costs approved
12 by the Bankruptcy Court; (c) any actual and necessary expenses incurred in the operation of the Debtor's
13 business; and (d) all fees and charges assessed against the Debtor's estate under Chapter 123 of Title 28,
14 United States Code.

15 1.2 “Allowed Claim” shall mean (a) a claim of a person which has been scheduled by the
16 Debtor as undisputed, and as to which claim no objection has been made by any other person within the
17 time allowed for the making of objections; (b) a claim allowed by a final order; (c) a claim as to which
18 a timely and proper proof of claim or application for payment has been filed, and as to which proof of
19 claim or application for payment, no objection has been made within the time allowed for the making
20 of objections; or (d) a claim allowed under the Plan, notwithstanding any objection filed thereto by an
21 person. Interest accrued after the filing date of the Debtor’s reorganization case shall not be a part of
22 any allowed claim against such Debtor, except as required or permitted by law.

23 1.3 “Affiliate” shall mean any affiliate that is defined in Section 101(2) of the Bankruptcy
24 Code.

25 1.4 “Allowed Amount” shall mean with respect to any allowed claim in a particular class
26 under the Plan, the amount of such claims in such class.

27 1.5 “Allowed Interest” or “Allowed Equity Interest” shall mean (a) an equity interest in the
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1 Debtor held by a person as of the Effective Date, and as to which interest no objection has been made
2 by any other person within the time allowed for the making of objections; (b) an interest allowed by a
3 final order; (c) an interest as to which a timely and proper proof of claim or application for payment no
4 objection has been made within the time allowed for the making of objections or (d) an interest allowed
5 under the Plan, notwithstanding any objection filed thereto by any person.

6 1.6 “Assets” shall mean, with respect to the Debtor, all rights, causes of action, all of the
7 right, title and interest in and to property (real or personal, tangible or intangible) or whatsoever type or
8 nature, owned by such Debtor as of the Effective Date, together with assets subsequently acquired by
9 such Debtor, and including, but not limited to, property as defined in Section 541 of the Bankruptcy
10 Code (each identified item of property being herein sometimes referred to as an asset).

11 1.7 “Ballot” will refer to and mean the ballot for accepting or rejecting the Plan which will
12 be distributed to holders of claims and classes that are impaired under this Plan are entitled to vote on
13 this Plan.

14 1.8 “Bankruptcy Code” will refer to and mean Title 11 of the United States Code 11 U.S.C.
15 §101, *et seq.*, as the same may be amended from time to time.

16 1.9 “Bankruptcy Court or Court” will refer to and mean the United States Bankruptcy Court
17 for the District of Arizona, or such other court that exercises jurisdiction over all or part of the
18 reorganization case, including the United States District Court for the District of Arizona, to the extent
19 the reference of all or part of this reorganization case is withdrawn.

20 1.10 “Bankruptcy Rules” will refer to and mean the Federal Rules of Bankruptcy Procedure,
21 as amended, promulgated under 28 U.S.C. §2075 and the local rules of the Court, as applicable from
22 time to time during the reorganization case.

23 1.11 “Business Day” will refer to and mean any day other than a Saturday, Sunday, or federal
24 holiday recognized by the Federal Courts for the District of Arizona, and Arizona State holidays
25 recognized by the Federal Courts for the District of Arizona.

26 1.12 “Case” shall mean the Chapter 11 case commenced by the filing with the Court of a
27 voluntary petition for relief under Chapter 11 of the Code by the Debtor.

1 1.13 “Cash” will refer to and mean cash, cash equivalents, bank deposits, and negotiable
2 instruments.

3 1.14 “Chapter 11” shall mean Chapter 11 of the Code, 11 U.S.C. Section 1101-46.

4 1.15 “Claim” will refer to and mean every right and remedy encompassed within the statutory
5 definition set forth in Bankruptcy Code §101(4), 11 U.S.C. §101(4), whether or not such claim is
6 asserted.

7 1.16 “Class” will refer to and mean each of the categories of claims and interests described
8 in Article II of this Plan.

9 1.17 “Confirmation Date” will refer to and mean the date on which the Bankruptcy Court
10 enters the Confirmation Order confirming this Plan.

11 1.18 “Confirmation Hearing” will refer to and mean the hearing regarding the confirmation
12 of this Plan conducted pursuant to Bankruptcy Code §1128, as adjourned or continued to from time to
13 time.

14 1.19 “Confirmation Order” will refer to and mean the order confirming this Plan pursuant to
15 Bankruptcy Code §1129.

16 1.20 “Court” shall mean the United States Bankruptcy Court for the District of Arizona,
17 Tucson Division.

18 1.21 “Creditor” will refer to and mean every holder of a claim whether or not such claim is
19 an allowed claim, encompassed within the statutory definition set forth in Bankruptcy Code §101(9),
20 11 U.S.C. §101(9).

21 1.22 “Debtor” will refer to and mean Landmark Hospitality, LLC, in the capacities as the
22 Debtor and Debtor-In-Possession in the reorganization case with the status and rights conferred by
23 U.S.C. Section 1107.

24 1.23 “Deficiency Claim” shall mean an allowed claim of a creditor, if any, equal to the amount
25 by which the aggregate allowed claims of such creditor exceed the sum of (a) any setoff rights of the
26 creditor permitted under Section 553 of the Bankruptcy Code rights of the creditor permitted under
27 Section 553 of the Bankruptcy Code plus (b) the secured claim of such creditor; provided however, that
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1 if the holder of a secured claim of the class of which such claim is a member makes the election
2 provided in Section 1111(b)(2) of the Bankruptcy Code, there shall be no deficiency claim in respect of
3 such claim.

4 1.24 “Disclosure Statement” will refer to and mean the written statement describing this Plan
5 which is prepared by the Debtor and distributed in accordance with Bankruptcy Code §§1125, 1126(b),
6 and 1145 and Bankruptcy Rule 3018, as amended, in its present form or as the same may be altered,
7 amended, or modified by the Debtor.

8 1.25 “Disputed Claim or Disputed Interests” will refer to and mean every claim; (a) that is
9 scheduled by the Debtor as disputed, contingent or unliquidated; or (b) proof of which has been filed
10 with the Bankruptcy Court and an objection to the allowance thereof, in whole or in part, has been
11 interposed prior to the final date provided under this Plan for the filing of such objections or such other
12 time as provided by the Bankruptcy Court and which objection has not been withdrawn, settled or
13 determined by the final order.

14 1.26 “Effective Date” shall mean the later of (a) the first business day following the **60th** day
15 after entry of the Court of an order confirming this Plan, or (b) the first business day after such order has
16 become final and unappealable; provided however, no appeal of said order is pending; provided further,
17 the Debtor may waive the condition that no appeal of the order of confirmation be pending by a writing
18 duly executed by the Debtor and filed with the Court on or before the date which but for the pendency
19 of appeal would become the effective date of the Plan, and in the event that said condition is timely
20 waived by the Debtor, the Plan shall become effective as provided herein notwithstanding the pendency
21 on said date of an appeal or appeals; in the event that said condition is not timely waived, the Plan shall
22 become effective on the first business day after an appeal is no longer pending.

23 1.27 “Estate” will refer to and mean the bankruptcy estate of the Debtor created in the
24 reorganization case under the Bankruptcy Code.

25 1.29 “Equity Contribution” means that money from an equity holder which needs to be
26 contributed so as to allow them to retain their interest in the Debtor.

27 1.30 “Final Order” shall mean an order of judgment of the Bankruptcy Court which (a) shall
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1 not have been reversed, stayed, modified or amended and the time to appeal from, or to seek review or
2 rehearing of, shall have expired and as to which no appeal or petition for review, or rehearing or
3 certiorari is pending; or (b) if appealed from, shall have been affirmed and no further hearing, appeal or
4 petition for certiorari can be taken or granted, or as to which no stay has been entered to affect the
5 operative provisions of such order of judgment.

6 1.31 “Franchise License Agreement” means that Franchise License Agreement with an
7 effective date of November 19, 2004, as amended by that Amendment to Franchise Agreement
8 Assignment by Franchisor, dated October 24, 2007, as may have been further amended, by HLT Existing
9 Franchise Holding LLC (“HLT”), as franchisor, and the Debtor, as franchisee.

10 1.32 “Insider” shall refer to and mean all persons who qualify as an "insider" pursuant to 11
11 U.S.C. §101(31).

12 1.33 “Interest” shall mean any equity interest in the Debtor as of the petition date.

13 1.34 “Interest Holder(s)” shall mean any person or persons owning an equity interest in the
14 Debtor as of the Effective Date.

15 1.35 “Minimum New Capital Contribution” refers to that sum of money that may be paid in
16 cash into the escrow account prior to confirmation in order to proceed with confirmation of the Plan, if
17 necessary. The amounts necessary to be funded by such Effective Date are detailed in the Disclosure
18 Statement.

19 1.36 “Participating Investors” shall mean those investors selected by the Debtor to make
20 capital contributions to the Reorganized Debtor in exchange for an interest in the Debtor.

21 1.37 “Person” will refer to and mean any individual, corporation, limited or general
22 partnership, joint venture, association, joint stock company, trust, unincorporated organization, or
23 government or any agency or political subdivision thereof.

24 1.38 “Petition Date” shall mean the date that the Debtor filed the voluntary petition under
25 Chapter 11 of the Bankruptcy Code with this Court.

26 1.39 “Plan” shall mean this Plan of Reorganization as set forth herein, in its entirety, and all
27 addenda, exhibits, schedules, releases, and other attachments thereto as may be amended or
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1 supplemented from time to time.

2 1.40 “Preference Recovery Amounts” shall mean all sums collected as preferences under §547
3 of the Code and as set-offs under §553 of the Code.

4 1.41 “Professional Persons” means persons retained or to be compensated pursuant to §§327,
5 328, 330 and 503(b) of the Code.

6 1.42 “The Property” means the real and/or personal property of the debtor.

7 1.43 “Proponent” shall mean the Debtor.

8 1.44 “Secured Claim” shall mean (a) a claim secured by a lien on property of the Debtor,
9 which lien is valid, perfected and enforceable under applicable law and is not subject to avoidance under
10 the Bankruptcy Code or other applicable non-bankruptcy law, and which is duly established in such
11 Debtor’s reorganization case, but only to the extent that such claim does not exceed the value of such
12 Debtor’s assets which the Bankruptcy Court finds are valid security for such claim (except, if the class
13 of which such claim is a part makes the election provided in Section 1111(b)(2) of the Bankruptcy Code,
14 the entire amount of the claim shall be a secured claim and (b) a claim allowed under the Plan as a
15 secured claim.

16 1.45 “Secured Creditors” means persons holding allowed secured claims within the meaning
17 of Section 506 of the Code.

18 1.46 “Tax Claims” shall mean the claims of any person for the payment of taxes (a) accorded
19 a priority pursuant to Section 507(a)(1) and (7) of the Bankruptcy Code, but excluding all claims for
20 post-petition interest and pre-petition and post-petition penalties, all of which interest and penalties shall
21 be deemed disallowed and discharged on the Effective Date.

22 1.47 “Taxing Authorities” shall mean any legal entity with authority to levy and collect taxes
23 pursuant to federal, state or local statutes or ordinances.

24 1.48 “Unsecured Claims” shall mean all claims held by creditors of the Debtor, including
25 deficiency claims, dissolution claims and claims arising out of the rejection of executory contracts, other
26 than secured claims, administrative claims and tax claims.

27 1.49 “Unsecured Creditors” shall mean persons holding allowed unsecured claims against the
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1 Debtor for which there are no assets of the Debtor serving as security (excluding undersecured mortgage
2 deficiency creditors), but not including priority claims.

3 All terms not specifically defined by this Plan shall have the meaning designated in the
4 Bankruptcy Code, or if not defined therein, their ordinary meanings.

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6 **ARTICLE II**

7 *General Terms and Conditions*

8 2.1 Class of Claims and Payment: Various classes of claims and interests are defined in this
9 Plan. This Plan is intended to deal with all claims against the Debtor of whatever character, whether or
10 not contingent or liquidated, and whether or not allowed by the Court pursuant to Section 502(h) of the
11 Code. However, only those claims allowed pursuant to Section 502(a) of the Code will receive payment
12 under this Plan.

13 2.2 Preserved Liens: To the extent required under Section 1124(2) of the Code, to preserve
14 the rights of a creditor having a secured claim addressed pursuant to that Section, the lien or
15 encumbrance of that creditor shall, to the extent valid, be preserved.

16 2.3 Time for Filing of Claims: The list of creditors filed in these proceedings by the Debtor
17 shall constitute the filing of a claim by each creditor which is not listed as disputed, contingent or
18 unliquidated as to amount. The Debtor reserves the right to object to any such claim where it appears
19 that the amount scheduled by the Debtor is improper or where there is some dispute with regard to that
20 claim. All other creditors, or creditors who disagree with the amounts as scheduled by the Debtor must
21 file prior to the date set for the hearing on the Disclosure Statement, a proof of claim or proof of interest.
22 Failure to timely file a proof of claim or file a proof of interest, if not listed on the Debtor's schedules
23 as non-contingent, liquidated and undisputed, will result in a disallowance of the proof of claim or proof
24 of interest.

25 **ARTICLE III**

26 *Classification and Treatment of Claims and Interests*

27 For purposes of the plan, claims are classified and treated as follows:

1 B. Impairment: Not impaired.

2 C. Treatment: The Plan provides for the payment in cash, in full, of all Allowed
3 Administrative Claims on the later of the Effective Date or the date upon which such Claims become
4 Allowed Claims, or as otherwise ordered by the Bankruptcy Court. Class 1 claims will be paid from
5 assets of the estate or other sources. The Debtor currently estimates that the Class 1 claims will total
6 approximately \$40,000.00 and may include some post-petition administrative expenses. Such payments
7 will reduce the amount of administrative expenses due on the Effective Date of the Plan unless otherwise
8 provided for.

9 3.2 Class Two - Claims of Governmental Units

10 A. Classification: Class 2 claims consists of all allowed claims of the United States
11 Internal Revenue Service (“IRS”) and/or State of Arizona, Department of Revenue (“AZDOR”) and/or
12 the Department of Economic Security (“DES), City of Tucson, Pima County or other government agency
13 which are entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code except ad valorem
14 taxes. Debtor is aware of a Proof of Claim filed by the Internal Revenue Service in the amount of
15 \$2,692.68 and the Arizona Department of Revenue in the amount of \$35,270.55.

16 B. Impairment: Class 2 is impaired.

17 C. Treatment: In the event there are determined to be allowed Class 2 claims, each
18 holder of a Class 2 allowed claim shall retain its claim, in accordance with Section 1129 of the
19 Bankruptcy Code. The claim shall bear simple interest at a fixed rate equal to that rate which would be
20 required to be paid as of the Effective Date under Section 6621 and/or 6622 of the Internal Revenue
21 Code, or such other interest rate as the Bankruptcy Court determines is sufficient to confer upon the tax
22 note a value as of the Effective Date equal to the principal amount of such claim. The allowed claim
23 shall be payable in equal monthly installments of principal, along with accrued interest, in deferred cash
24 payments over a period not to exceed five years from the date of petition. The first payment shall
25 commence on the first day of the month immediately following the month of the Effective Date. The
26 claim is subject to prepayment at any time without penalty or premium and shall have such other terms
27 as are required by law. In the event the Debtor defaults on any payment due as required under the

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1 confirmed plan, and in the event the Debtor fails to cure said default within thirty days after written
2 notice of the default is mailed to the Debtor and the Debtor's attorney, the entire imposed liability
3 together with any unpaid current liabilities, shall become due and payable immediately unless amended
4 by the Court. The governmental unit may collect unpaid liabilities that become due as a result of the
5 default through the administrative collection provisions or the judicial remedies. The governmental unit
6 shall not be required to seek a modification from the automatic stay to collect any tax liabilities that were
7 not discharged by the confirmation of the plan and from property that has reverted with the Debtor.

8 3.3 Class Three - Secured Ad Valorem Real Property Tax Claims

9 A. Classification: Class 3 shall consist of pre-petition allowed Ad Valorem Real
10 Property Tax Claims which are secured by liens on real property. The Debtor is unaware of any claims
11 in this class.

12 B. Impairment: Class 3 is impaired.

13 C. Treatment: Each holder of a Class 3 allowed claim shall retain its lien having
14 an aggregate principal amount sufficient to satisfy, in accordance with Section 1129 of the Bankruptcy
15 Code, the allowed claim. Such claim shall bear simple interest at a statutory rate required to be paid as
16 of the Effective Date, or such other interest rate as the Bankruptcy Court determines is sufficient to
17 confer upon the tax claim a value as of the Effective Date equal to the principal amount of such claim
18 charged by the County or the statutory rate of interest. Payments shall be made in equal monthly
19 installments of principal, along with accrued interest, in deferred cash payments over a period not to
20 exceed five years from date of petition.

21 3.4 Class Four - Secured Ad Valorem Personal Property Tax Claims

22 A. Classification: Class 4 shall consist of pre-petition allowed Ad Valorem Personal
23 Property Tax Claims which are secured by liens on personal property. Debtor estimates claims in this
24 class in the amount of \$10,510.35 for the 2014 and 2015 tax years.

25 B. Impairment: Class 4 is impaired.

26 C. Treatment: Each holder of a Class 4 allowed claim shall retain its lien having an
27 aggregate principal amount sufficient to satisfy, in accordance with Section 1129 of the Bankruptcy
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1 Code, the allowed claim. Such claim shall bear simple interest at a statutory rate required to be paid as
2 of the Effective Date, or such other interest rate as the Bankruptcy Court determines is sufficient to
3 confer upon the tax claim a value as of the Effective Date equal to the principal amount of such claim
4 charged by the County or the statutory rate of interest. Payments shall be made in equal monthly
5 installments of principal, along with accrued interest, in deferred cash payments over a period not to
6 exceed five years from date of petition.

7 3.5 Class Five - Secured Lien Claim of Zions First National Bank (“Zions”)

8 A. Classification: Class 5 consists of the allowed secured claim of Zions (the “Zions
9 Allowed Secured Claim”). Zions’ claim is evidenced by a promissory note, deed of trust, UCC
10 Financing Statement and other related loan documents (collectively the “Zions Loan Documents”). The
11 Zions Allowed Secured Claim is fully secured with its interest in the Debtor’s interest in real and
12 personal property located at 4100 E. Snyder Blvd., Sierra Vista, AZ 85635 (collectively the “Zions
13 Collateral”), which is a valid and enforceable first position lien against the Zions collateral. The amount
14 of Zions Allowed Secured Claim is \$2,239,095.14, plus attorney’s fees and costs incurred, as of August
15 15, 2017. Interest continues to accrue on the balance of this claim, together with attorney’s fees and
16 related costs.

17 B. Impairment: Class 5 is impaired.

18 C. Treatment: The Zions Allowed Secured Claim shall be paid, as follows:

19 1. The Zion’s Allowed Secured Claim shall accrue interest from the Effective Date
20 of the Plan at 6.45% per annum.

21 2. The Zion’s Allowed Secured Claim shall be payable in equal monthly installment
22 payments amortized over twenty-five (25) years with a 8 year balloon. The first monthly installment
23 shall be due thirty (30) days after the entry of the Final Confirmation Order and subsequent monthly
24 installments shall be due on the same day of each subsequent month. On the eighth anniversary of the
25 Effective Date of the Plan the outstanding principal balance of the note and all accrued and unpaid
26 interest and other costs thereon shall be due and payable in full.

27 3. Zions shall retain its first position lien interests in the Zions Collateral as security
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1 for payment of the Zions Allowed Secured Claim. Except as modified by the Plan, the terms and
2 conditions of the Zions Loan Documents shall remain in full force and effect.

3 4. Immediately upon the entry of the Final Confirmation Order, the Debtor shall
4 fund a reserve of not less than \$375,000.00 for the purpose of funding the Hilton Improvement Plan as
5 defined in Article VI hereinafter. From its current operating funds, the Debtor shall establish this reserve
6 in a segregated account, and convey a security interest in an lien upon these funds to Zions to secure
7 payment of the Hilton Improvement Plan and the Zions Allowed Secured Claim. The Debtor agrees to
8 pay the reasonable and necessary fees and costs, at a rate of \$1,500 per day plus reasonable travel
9 expenses, of Zions construction consultant to monitor the progress of construction of the Hilton
10 Improvement Plan.

11 5. The Debtor and the Class 5 creditor shall agree to execute any documents that are
12 reasonably necessary to reflect the provisions of the Plan treatment for this secured creditor.

13 3.6 Class Six - Second Lien Claim of Business Development Finance Corporation (“BDFC”)

14 A. Classification: Class 6 consists of the allowed second lien claim of BDFC to the
15 extent of the value of the secured creditor’s interest in the Debtor’s interest in the real property located
16 at 4100 E. Snyder Blvd., Sierra Vista, AZ, 85635. This claim is evidenced by a Promissory Note, Deed
17 of Trust, and UCC Financing Statement. BDFC has filed a claim in the amount of \$955,685.00.

18 B. Impairment: Class 6 is impaired.

19 C. Treatment: The allowed secured claim in the amount of \$881,318.62 of the Class
20 6 creditor shall be paid as follows:

21 1. BDFC’s Claim shall be payable in monthly installment payments of
22 \$3,125.00 over 96 months at 0.0% interest. The first monthly installment payments of \$3,125.00 shall
23 be due thirty (30) days after the entry of the Final Confirmation Order and subsequent monthly
24 installments shall be due on the same day of each subsequent month.

25 2. The monthly payments over 96 months total \$300,000.00. There is a balloon
26 payment due and owing in 96 months totaling \$581,318.62.

27 3. BDFC shall retain its second position lien interest as security for payment of
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1 BDFC's allowed claim in the amount of \$881,318.62. Except as modified by the Plan, the terms and
2 conditions of the BDFC Loan Documents shall remain in full force and effect.

3 4. Accrued interest on the loan pre and post petition will be waived, subject to the
4 SBA loan payments being received per the payment schedule on page 13, paragraphs 1 and 2. In the
5 event the SBA loan payments are not received per the payment schedule, SBA/CDC reserves the right
6 to reinstate its claim for accrued interest per the Promissory Note and the loan may be declared to be in
7 default if payments are not made.

8 5. BDFC will not proceed with any claims against guarantors as long as the debtor
9 remains current on these modified terms.

10 3.7 Class Seven - Secured Claim of The Bank of Las Vegas ("Bank of LV").

11 A. Classification: Class 7 consists of the third lien claim of Bank of LV on the
12 personal property located at 4100 E. Snyder Blvd., Sierra Vista, AZ, 85635. This claim is evidenced by
13 a UCC-1 Filing. Debtor is unaware of the amount of this claim. Debtor believes this entire claim is
14 unsecured.

15 B. Impairment: Class 7 is impaired.

16 C. Treatment: The Class 7 claimant, which holds a third position on the personal
17 property, is believed to be wholly unsecured. The Class 7 creditor shall have its lien released upon
18 confirmation of the Plan of Reorganization and its allowed claim shall be treated as a Class 20 unsecured
19 claim and paid on a pro-rata basis with other unsecured creditors.

20 3.8 Class Eight - Secured Claim of Direct, LLC ("Direct").

21 A. Classification: Class 8 consists of the fourth lien claim of Direct on the personal
22 property located at 4100 E. Snyder Blvd., Sierra Vista, AZ, 85635. This claim is evidenced by a UCC-1
23 Filing. Debtor is unaware of the amount of this claim. Debtor believes this entire claim is unsecured.

24 B. Impairment: Class 8 is impaired.

25 C. Treatment: The Class 8 claimant, which holds a fourth position on the personal
26 property, is believed to be wholly unsecured. The Class 8 creditor shall have its lien released upon
27 confirmation of the Plan of Reorganization and its allowed claim shall be treated as a Class 20 unsecured
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1 claim and paid on a pro-rata basis with other unsecured creditors.

2 3.9 Class Nine - Secured Claim of American Express Bank, FSB (“American Express”).

3 A. Classification: Class 9 consists of the fifth lien claim of American Express on
4 the personal property located at 4100 E. Snyder Blvd., Sierra Vista, AZ, 85635. This claim is evidenced
5 by a UCC-1 Filing. Debtor estimates this claim at \$15,000.00. Debtor believes this entire claim is
6 unsecured.

7 B. Impairment: Class 9 is impaired.

8 C. Treatment: The Class 9 claimant, which holds a fifth position on the personal
9 property, is believed to be wholly unsecured. The Class 9 creditor shall have its lien released upon
10 confirmation of the Plan of Reorganization and its allowed claim shall be treated as a Class 20 unsecured
11 claim and paid on a pro-rata basis with other unsecured creditors.

12 3.10 Class Ten - Secured Claim of K&R Holdings, Inc. (“K&R”).

13 A. Classification: Class 10 consists of the sixth lien claim of K&R on the personal
14 property located at 4100 E. Snyder Blvd., Sierra Vista, AZ, 85635. This claim is evidenced by a UCC-1
15 Filing. Debtor estimates this claim at \$15,049.89. Debtor believes this entire claim is unsecured.

16 B. Impairment: Class 10 is impaired.

17 C. Treatment: The Class 10 claimant, which holds a sixth position on the personal
18 property, is believed to be wholly unsecured. The Class 10 creditor shall have its lien released upon
19 confirmation of the Plan of Reorganization and its allowed claim shall be treated as a Class 20 unsecured
20 claim and paid on a pro-rata basis with other unsecured creditors.

21 3.11 Class Eleven - Secured Claim of Sprinkle Family Trust (“Sprinkle”).

22 A. Classification: Class 11 consists of the seventh lien claim of Sprinkle on the
23 personal property located at 4100 E. Snyder Blvd., Sierra Vista, AZ, 85635. This claim is evidenced by
24 a UCC-1 Filing. Debtor estimates this claim at \$14,000.00. Debtor believes this entire claim is
25 unsecured.

26 B. Impairment: Class 11 is impaired.

27 C. Treatment: The Class 11 claimant, which holds a seventh position on the personal
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1 property, is believed to be wholly unsecured. The Class 11 creditor shall have its lien released upon
2 confirmation of the Plan of Reorganization and its allowed claim shall be treated as a Class 20 unsecured
3 claim and paid on a pro-rata basis with other unsecured creditors.

4 3.12 Class Twelve - Secured Claim of Holiday Inn Express (“Holiday Inn”).

5 A. Classification: Class 12 consists of the eighth lien claim of Holiday Inn on the
6 personal property located at 4100 E. Snyder Blvd., Sierra Vista, AZ, 85635. This claim is evidenced by
7 a UCC-1 Filing. Debtor estimates this claim at \$124,000.00. Debtor believes this entire claim is
8 unsecured.

9 B. Impairment: Class 12 is impaired.

10 C. Treatment: The Class 12 claimant, which holds a eighth position on the personal
11 property, is believed to be wholly unsecured. The Class 12 creditor shall have its lien released upon
12 confirmation of the Plan of Reorganization and its allowed claim shall be treated as a Class 20 unsecured
13 claim and paid on a pro-rata basis with other unsecured creditors.

14 3.13 Class Thirteen - Secured Claim of Western Contract Furnishings, Inc. (“WCF”).

15 A. Classification: Class 13 consists of the ninth lien claim of WCF on the personal
16 property located at 4100 E. Snyder Blvd., Sierra Vista, AZ, 85635. This claim is evidenced by a UCC-1
17 Filing. Debtor estimates this claim at \$12,500.00. Debtor believes this entire claim is unsecured.

18 B. Impairment: Class 13 is impaired.

19 C. Treatment: The Class 13 claimant, which holds a ninth position on the personal
20 property, is believed to be wholly unsecured. The Class 13 creditor shall have its lien released upon
21 confirmation of the Plan of Reorganization and its allowed claim shall be treated as a Class 20 unsecured
22 claim and paid on a pro-rata basis with other unsecured creditors.

23 3.14 Class Fourteen - Secured Claim of Lodging Enterprises, Inc. (“Lodging”).

24 A. Classification: Class 14 consists of the tenth lien claim of Lodging on the personal
25 property located at 4100 E. Snyder Blvd., Sierra Vista, AZ, 85635. This claim is evidenced by a UCC-1
26 Filing. Debtor estimates this claim at \$8,602.00. Debtor believes this entire claim is unsecured.

27 B. Impairment: Class 14 is impaired.

1 C. Treatment: The Class 14 claimant, which holds a tenth position on the personal
2 property, is believed to be wholly unsecured. The Class 14 creditor shall have its lien released upon
3 confirmation of the Plan of Reorganization and its allowed claim shall be treated as a Class 20 unsecured
4 claim and paid on a pro-rata basis with other unsecured creditors.

5 3.15 Class Fifteen - Secured Claim of MMM, Div. (“MMM”).

6 A. Classification: Class 15 consists of the eleventh lien claim of MMM on the
7 personal property located at 4100 E. Snyder Blvd., Sierra Vista, AZ, 85635. This claim is evidenced by
8 a UCC-1 Filing. Debtor estimates this claim at \$4,111.56. Debtor believes this entire claim is unsecured.

9 B. Impairment: Class 15 is impaired.

10 C. Treatment: The Class 15 claimant, which holds a eleventh position on the personal
11 property, is believed to be wholly unsecured. The Class 15 creditor shall have its lien released upon
12 confirmation of the Plan of Reorganization and its allowed claim shall be treated as a Class 20 unsecured
13 claim and paid on a pro-rata basis with other unsecured creditors.

14 3.16 Class Sixteen - Secured Claim of Shree Yogiji, Inc. (“SYI”).

15 A. Classification: Class 16 consists of the twelfth lien claim of SYI on the personal
16 property located at 4100 E. Snyder Blvd., Sierra Vista, AZ, 85635. This claim is evidenced by a UCC-1
17 Filing. Debtor estimates this claim at \$50,000.00. Debtor believes this entire claim is unsecured.

18 B. Impairment: Class 16 is impaired.

19 C. Treatment: The Class 16 claimant, which holds a twelfth position on the personal
20 property, is believed to be wholly unsecured. The Class 16 creditor shall have its lien released upon
21 confirmation of the Plan of Reorganization and its allowed claim shall be treated as a Class 20 unsecured
22 claim and paid on a pro-rata basis with other unsecured creditors.

23 3.17 Class Seventeen - Secured Claim of Rue Cinque (“Rue”).

24 A. Classification: Class 17 consists of the thirteenth lien claim of Rue on the personal
25 property located at 4100 E. Snyder Blvd., Sierra Vista, AZ, 85635. This claim is evidenced by a UCC-1
26 Filing. Debtor estimates this claim at \$3,666.18. Debtor believes this entire claim is unsecured.

27 B. Impairment: Class 17 is impaired.

1 C. Treatment: The Class 17 claimant, which holds a thirteenth position on the
2 personal property, is believed to be wholly unsecured. The Class 17 creditor shall have its lien released
3 upon confirmation of the Plan of Reorganization and its allowed claim shall be treated as a Class 20
4 unsecured claim and paid on a pro-rata basis with other unsecured creditors.

5 3.18 Class Eighteen - Secured Claim of U.S. Bank (“U.S. Bank”).

6 A. Classification: Class 18 consists of the allowed secured claim of U.S. Bank to
7 the extent of the value of the secured creditor’s interest in the Debtor’s interest in the personal property
8 identified as a 2009 Chrysler Town & Country Van. This claim is evidenced by a title lien on the
9 personal property. Debtor estimates this claim at \$19,000.00. Debtor believes the value of the vehicle
10 is \$11,724.00. Debtor believes this claim is not fully secured.

11 B. Impairment: Class 18 is impaired.

12 C. Treatment: The Class 18 creditor will be paid the current market value of its
13 allowed secured claim in 60 equal monthly installments at 4.5% interest beginning 30 days after the
14 Effective Date. Any deficiency claim of the Class 18 creditor shall be treated as a Class 20 unsecured
15 claim and paid on a pro-rata basis.

16 3.19 Class Nineteen - Claim of HLT (“HLT”).

17 A. Classification: Class 19 consists of the claim of HLT arising out of the Franchise
18 License Agreement. HLT’s claim consists of the following: (1) prepetition franchise fees owed by the
19 Debtor under the Franchise License Agreement in the total amount of \$31,058.26 (the “HLT Prepetition
20 Franchise Fees”); (2) attorneys’ fees and costs incurred by HLT in this Case in the amount of \$35,000.00
21 (the “HLT Attorneys’ Fees,” and, together with the HLT Prepetition Franchise Fees, the “HLT Monetary
22 Cure”); and (3) non-monetary cure obligations described in Article VI of the Plan (the “HLT Non-
23 Monetary Cure” and, together with the Monetary Cured, the “HLT Cure”). Should HLT’s attorneys’ fees
24 and costs exceed \$35,000, HLT shall provide the Debtor with an invoice for such additional fees and
25 costs and, within ten (10) business days, the Debtor shall pay such fees and costs. At the conclusion of
26 the Case, should HLT’s attorneys’ fees and costs be less than \$35,000, HLT shall refund or credit any
27 overpayment to the Debtor within ten (10) days. All such attorneys’ fees, including any amounts over
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1 \$35,000, shall constitute part of the HLT Cure.

2 B. Impairment: Class 19 impaired.

3 C. Treatment: The HLT Monetary Cure shall be an allowed claim under the Plan
4 and shall be paid in full on or before the Effective Date. Notwithstanding anything in the Disclosure
5 Statement of the Plan to the contrary, the Debtor shall continue to pay all post-petition fees due under
6 the Franchise License Agreement in the ordinary course, as they become due, pursuant to the terms of
7 the Franchise License Agreement. HLT shall have no obligation to file any request for payment of
8 administrative expenses and the obligation of the Debtor to pay the HLT Cure shall be an obligation
9 under the Plan.

10 3.20 Class Twenty - Unsecured Deficiency Claims and Unsecured Claims.

11 A. Classification: Class 20 consists of all unsecured deficiency claims and unsecured
12 claims against the debtor including trade creditors, lease rejection claims and other unsecured claims.
13 Debtor estimates claims in this class in the amount of \$153,498.54 and \$1,333,777.49 for deficiency
14 amounts for secured creditors.

15 B. Impairment: Class 20 is impaired.

16 C. Treatment: The Plan provides that each and every holder of a Class 20 Allowed
17 Claim shall be paid 15% of the allowed amount of their claims at 2.5% interest on the unpaid balance
18 in equal monthly installments in seventy-two (72) equal monthly installments with the first payment due
19 30 days from the Effective Date. Any liens held by the Class 20 creditors shall be null and void and
20 removed as of the Effective Date.

21 3.21 Class Twenty one - Contingent, Unliquidated and Disputed Claims.

22 A. Classification: Class 21 consists of the claims of all contingent, unliquidated and
23 disputed claims.

24 B. Impairment: Class 21 is impaired.

25 C. Treatment: Class 21 creditors shall receive no distribution under the Plan.

26 3.22 Class Twenty two - Claims of Participating Investors.

27 A. Classification: Class 22 consists of the claims of participating investors.

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ARTICLE V

Means for Execution of the Plan

5.1 Continuation of the Debtor’s Business: The Debtor, as reorganized, will retain all property of the estate, excepting property which is to be sold or otherwise disposed of as provided for herein (if applicable), executory contracts which are assumed pursuant to this Plan, and property transferred to creditors of the Debtor pursuant to the express terms hereof. The retained property shall be used and employed by the Debtor in the continuance of its business. (Further details concerning the nature and scope of the Debtor’s future business operations may be found in the Disclosure Statement which accompanies the Plan.)

5.2 Raising Additional Capital: The Plan may be implemented by current owners and/or new Participating Investors making capital contributions in the Reorganized Debtor if required.

ARTICLE VI

Provisions for the Assumption or Rejection of Executory Contracts and Unexpired Leases

The Debtor assumes all executory contracts or unexpired leases to which it is a party, except any specifically rejected prior to confirmation of the Plan. The Franchise License Agreement will be assumed by the Debtor on the Effective Date, subject to HLT’s receipt of the HLT Monetary Cure and the Debtor’s completion of the HLT Non-Monetary Cure as set forth herein. The Debtor expressly acknowledges that applicable nonbankruptcy law requires HLT’s consent before the Debtor may assume the Franchise License Agreement. The Debtor further acknowledges that HLT has consented to the Debtor’s assumption of the Franchise License Agreement solely on the condition that (1) the HLT Monetary Cure is paid in accordance with the terms of Article 3.19 of the Plan; (2) the Debtor strictly and timely complies with the “Hilton Improvement Plan” attached hereto at Exhibit A; and (3) the maintenance, upgrades, repairs and other obligations in the Hilton Improvement Plan are completed in a manner satisfactory to HLT in its sole discretion. The estimated costs set forth in Exhibit A are provided for disclosure purposes only and costs exceeding the estimates in the Hilton Improvement Plan

1 shall not relieve the Debtor of its obligation to strictly and timely complete the maintenance, upgrades,
2 repairs and other obligations in the Hilton Improvement Plan. If (1) the HLT Monetary Cure is not paid
3 in accordance with the terms of Article 3.19 of the Plan; or (2) the Debtor defaults in timely and strictly
4 complying with any of the requirements of the Hilton Improvement Plan, HLT will be entitled to
5 immediately exercise all rights and remedies against the Debtor contained in, related to, or arising out
6 of the Franchise License Agreement, without approval from or notice to the Bankruptcy Court and
7 whether or not the Case is pending at the time of the Debtor's default.

8 9 **ARTICLE VII**

10 *Retention of Jurisdiction*

11 The Bankruptcy Court will retain jurisdiction over this case for purposes of determining the
12 allowance of claims or interests or obligations thereto and for any other purpose which is contemplated
13 in the Plan or which will otherwise assist in the consummation of the Plan. The Court also will retain
14 jurisdiction for purposes of determining the allowance of any payment of any other claims or
15 administrative expenses. The Court shall retain jurisdiction for purposes of determining any dispute
16 arising from the interpretation, implementation or consummation of the Plan. In addition, the Court shall
17 retain jurisdiction for the following purposes:

- 18 a) the classification of any claim or interest, the determination of such objections
19 as may be filed to claims, or interest, and the re-examination of the allowance of any claim or interest;
20 b) the correction of any defect, the curing of any omission, or the reconciliation of
21 any inconsistency in the Plan or the order of confirmation as may be necessary to carry out the purposes
22 and intent of this Plan;
23 c) to enforce and interpret the terms and conditions of this Plan;
24 d) entry of any order, including injunctions, necessary to enforce the title, rights and
25 powers of the Debtor and to impose such limitations and terms of such title, rights and powers as the
26 Court may deem necessary;
27 e) determination of any claims asserted by the Debtor against any other person or
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1 entity, including but not limited to any right of the Debtor to recover assets pursuant to the provisions
2 of Title 11, if such claim is pursued in the Court prior to the closing of the case;

3 f) determination of all questions and disputes concerning the sale, lease,
4 encumbrancing or other transfer of the property of the Debtor; and

5 g) entry of a final decree closing this case.

6 Notwithstanding anything to the contrary contained herein, the Debtor shall not be bound by
7 estoppel, the principal of res judicata or collateral estoppel with respect to any term or provisions
8 contained herein in the event the plan is not confirmed as set forth herein.

9
10 **ARTICLE VIII**

11 *Modification of the Plan*

12 This Plan may be modified in accordance with the provisions of the Bankruptcy Code and
13 Chapter 11. In this regard:

14 a) in accordance with Section 1127(a) of the Bankruptcy Code and Chapter 11, 11
15 U.S.C. Section 1127(a), modification(s) of the Plan may be proposed in writing by the Debtor at any
16 time before its confirmation, provided that the Plan, as thus modified meets the requirements of Sections
17 1122 and 1123 of the Bankruptcy Code and Chapter 11, 11 U.S.C. Section 1122 and 1123; and provided
18 further that the circumstances then existing justify such modification(s), and the Bankruptcy Court
19 confirms the Plan as thus modified, under Section 1129 of the Bankruptcy Code and Chapter 11, 11
20 U.S.C. Section 1129;

21 b) any holder(s) of a claim or equity interest(s) that has accepted or rejected the Plan
22 will be deemed to have accepted or rejected, as the case may be, the Plan as modified unless, within the
23 time fixed by the Bankruptcy Court for doing so, such holder(s) changes its previous acceptance or
24 rejection; and

25 c) every modification of the Plan will supersede the previous version(s) of the Plan
26 as and whenever each such modification is effective provided in this Article. When superseded, the
27 previous version(s) of the Plans will be in the nature of a withdrawn or rejected settlement proposal(s),
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1 and will be null, void and unusable by the Debtor or any other party for any purpose(s) whatsoever with
2 respect to any of the contents of such version(s) of the Plan.

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5 **ARTICLE IX**

6 *Miscellaneous Provisions*

7 9.1 Securities Law: Any satisfaction or exchange provided to any creditor pursuant to this
8 Plan which may be deemed to be a security is exempt from registration under certain state and federal
9 securities laws pursuant to Section 1145 of the Code. Absent registration or another exemption from
10 the requirements of registration pursuant to the Securities Act of 1933, as amended, and any applicable
11 state securities laws, the subsequent transfer of any such securities is not so exempt.

12 9.2 Title to Property: Upon confirmation, all assets of the Debtor will be reinvested in the
13 Debtor.

14 9.3 Curing of Defaults: The confirmation of a plan shall result in the curing of any default
15 to the holder of a claim or interest according to the terms and conditions of the Plan.

16
17 **ARTICLE X**

18 *Closing of the Case*

19 At such time as the case has been fully administered, that is, when all things requiring action by
20 the Court have been done, and the Plan has been substantially consummated, this case shall be closed.
21 To close the case the Debtor shall file an application for final decree showing that the case has been fully
22 administered and that the Plan has been substantially consummated. The Court shall conduct a hearing
23 upon the application after notice to all creditors, equity security holders and persons specially requesting
24 notice, after which an order approving the Debtor's report and closing the case (final decree) may be
25 entered.

26 In the period after confirmation but before closing of the case, the Debtor may continue to avail
27 itself of the services of professional persons whose employment was approved at or prior to confirmation

1 in completing administration of the case and in the consummation and performance of the Plan, and, if
2 necessary, with approval of the Court employ additional professional persons to render services in and
3 in connection with this case. With respect to services rendered and expenses incurred in or in connection
4 with the case by any professional person during such period, the professional person may render periodic
5 billings therefore to the Debtor which shall promptly pay the same, but each such payment shall be
6 subject to review and approval by the Court as to reasonableness thereof, as set forth herein below.

7 In its application for final decree, the Debtor shall detail all amounts paid during such period to
8 professional persons as compensation for services rendered or reimbursement of expenses incurred, and
9 with respect to which no prior allowance thereof has been made by the Court. At the hearing on the
10 Debtor's application for final decree the Court shall consider and determine whether or not such
11 payments shall be approved as reasonable.

12 Confirmation of this Plan shall constitute a discharge of any debt that arose prior to confirmation
13 and any debt of any kind specified in Bankruptcy Code Section 502(g), (h) and (i), other than those
14 liabilities expressly to be assumed hereby by the Reorganized Debtor.

15
16 **CONCLUSION**

17 The materials provided in the Disclosure Statement and Plan are intended to assist you in voting
18 on the Plan in an informed fashion. If the Plan is confirmed, you will be bound by its terms; therefore,
19 you are urged to review this material and to make such informed vote on the Plan.

20 DATED: October 30, 2017

21
22 LAW OFFICES OF
ERIC SLOCUM SPARKS, P.C.

23
24 /s/ Sparks AZBAR #11726
Eric Slocum Sparks
25 Attorney for Debtor

1 Copies of the foregoing
mailed October 30, 2017 to:

2 United States Trustee
3 230 N. First Ave. #204
Phoenix, AZ 85003

4 David Wm. Engelman
5 Tamalyn E. Lewis
Engelman Berger PC
6 3636 N. Central Ave., Ste 700
Phoenix, AZ 85012
7 *Attorneys for Zions First National Bank*

8 R. David Sobel
1600 N. Kolb Rd., Ste. 118
9 Tucson, AZ 85715
Attorney for Business Development Finance Corporation

10 John R. Worth
11 Forrester & Worth, PLLC
3636 North Central Avenue, Suite 700
12 Phoenix, AZ 85012
Attorney for HLT Existing Franchise Holding, LLC

13 Thomas P. Clinkscales
14 Alston & Bird, LLP
1201 West Peachtree Street
15 Atlanta, GA 30309-3424
Attorney for HLT Existing Franchise Holding, LLC

16 /s/ A. Court-Sanchez

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