

1 Andre Carman  
2 CARMAN LAW FIRM  
3 246 South Cortez  
4 Prescott, Arizona 86303  
(928) 255-0943  
Email: acarman@carmanlf.com

5 Andre Carman, No. 021448  
6 Attorney for Debtor

7 UNITED STATES BANKRUPTCY COURT  
8 FOR THE DISTRICT OF ARIZONA

9 In re:

10 RIDGE VILLAS MGMT, LLC

11 Debtor.

Chapter 11

Case No. 3:16-bk-14209-BKM

**DISCLOSURE STATEMENT**

12  
13 **I. INTRODUCTION**

14 This disclosure statement is submitted by Ridge Villas Mgmt, LLC (“RVM”), in  
15 connection with the filing of a Chapter 11 bankruptcy petition with the U.S. Bankruptcy Court  
16 for the District of Arizona (“Court”). RVM has filed a liquidating Chapter 11 Plan of  
17 Organization (“the Plan”), which it will ask the Court to confirm, after receiving ballots from  
18 interested creditors.

19 The Plan has already been approved by certain creditors, even though this Disclosure  
20 Statement has not as of yet been approved by the Court. Such a procedure is authorized by 11  
21 U.S.C. § 1125(g).

22 A copy of the Plan of Reorganization (the “Plan”) is submitted along with this  
23 Disclosure Statement, to all creditors and parties in interest.

24 All parties who receive this Statement preparatory to voting on the acceptability of the  
25 Plan should study the Plan carefully and should consult their counsel with regards to its impact  
26 on their legal rights, before voting on the Plan. In the event of any discrepancy between this  
27 Statement and the Plan, the terms of the Plan control.

28 This is a small business case, as defined by the Bankruptcy Code. RVM intends to ask

1 the court to waive the requirement of approval of a disclosure statement, pursuant to 11 § U.S.C.  
2 1125(f)(1). Nevertheless, this statement is being furnished to all parties in interest.

3 NO REPRESENTATIONS CONCERNING THE DEBTORS OR THE PLAN ARE  
4 AUTHORIZED OTHER THAN AS SET FORTH HEREIN. ANY REPRESENTATIONS OR  
5 INDUCEMENTS TO SECURE YOUR ACCEPTANCE OF THE PLAN OTHER THAN AS  
6 CONTAINED HEREIN SHOULD NOT BE RELIED UPON BY YOU.

7 RVM IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION  
8 CONTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH ALL SUCH  
9 INFORMATION IS ACCURATE TO THE BEST OF RVM'S CORPORATE KNOWLEDGE  
10 AND BELIEF. THE FINANCIAL INFORMATION PRESENTED HAS NOT BEEN  
11 AUDITED, AND IS BASED UPON RVM OWN BOOKS AND RECORDS AND  
12 BUSINESS EXPERIENCE. THE COURT HAS NOT VERIFIED THE ACCURACY OF  
13 THE INFORMATION CONTAINED HEREIN.

14 The Plan will not become effective or binding upon any party in interest until it has  
15 been confirmed by the Court. The Bankruptcy Code requires that a Plan must be submitted to  
16 holders of claims against the debtor, certain of whom must be provided with an opportunity to  
17 vote on whether to accept or reject it.

18 Creditors may vote on the Plan by mailing a ballot provided by RVM, whether the Plan  
19 should be confirmed, the Court will consider whether the Plan satisfies the various  
20 requirements of the Bankruptcy Code. The Court will also receive and consider a ballot report  
21 prepared by RVM, or their agents, concerning the votes for acceptance or rejection of the Plan  
22 by the parties entitled to vote.

23 Acceptance of the Plan is sought only from those holders of claims which are  
24 "impaired" by the Plan: that is acceptance is solicited only from those creditors whose legal,  
25 equitable or contractual rights are altered by the Plan or who will not receive under the Plan the  
26 amount of their allowed claim in cash. Holders of any claims which are not impaired under the  
27 Plan are deemed to have accepted the Plan pursuant to 11 U.S.C. § 1126(f).

28 Section 1129(b) of the Code provides that, if the Plan is rejected by one or more

1 impaired classes, the Plan, or modification thereof, may nevertheless be confirmed by the  
2 Court provided that the Court determines that the Plan does not discriminate unfairly and is fair  
3 and equitable with respect to the rejecting class or classes of claims impaired under the Plan. It  
4 is the intent of RVM to seek such confirmation by the Court in the event one or more impaired  
5 classes reject the Plan.

## 6 **II. HISTORY OF DEBTOR**

7 RVM owns nine (9) condominium units in a residential project in Prescott, Arizona,  
8 known as Villas at the Ridge (the “Development”).

9 The Development consists of 68 units in total. The project was built in 1987 and 1988  
10 by Antelope Resorts Estates LP, a limited partnership in which RVM’s current equity owners  
11 held an ownership interest. The Development was originally built as a rental project.

12 In October 2002, RVM purchased the Development from Antelope Resorts Estates, LP.  
13 It then converted the property into a condominium development. It ultimately sold 58 of the  
14 68 units within the Development, retaining ten (10) units and an adjacent commercial property.  
15 The commercial property and one of the ten (10) units have since been lost through  
16 foreclosure. RVM rents out the units it owns within the Development.

17 The Development was and is managed by a homeowners association known as Villas at  
18 the Ridge Condominium Council (“Council”). Initially RVM controlled the Council. After a  
19 certain number of units were sold, control of the Council passed to a board of directors, who  
20 appointed a new property manager. That property manager filed a class action lawsuit on  
21 behalf of all of the unit owners within the Development, alleging construction defects. That  
22 lawsuit was settled, but the disputes between RVM and the Council have continued unabated.

23 RVM contends that the Council refuses or fails to provide RVM’s units with essential  
24 services that it performs for other unit owners, and which the Council is required to provide as  
25 consideration for the assessments it collects. In consequence, RVM suspended the payment of  
26 assessments on the units which it owned.

27 In 2013, the Council filed a lawsuit in Yavapai County Superior Court to recover  
28 unpaid assessments. RVM filed a counterclaim to recover damages for the actions of the

1 Council. RVM's counterclaims were eventually settled, and the Council obtained judgments  
2 of approximately \$19,000 per unit plus a total of approximately \$44,000 in attorney's fees.

3 The Council then filed another lawsuit in 2016 against RVM and its secured creditors.  
4 In the lawsuit, the Council alleges that deeds of trust held by RVM's secured creditors were  
5 fraudulent conveyances. These deeds of trust go back to 2007, and RVM believes that the  
6 Council's lawsuit is baseless.

7 However, RVM has been unable to make payments on the debts it owes to its secured  
8 creditors. With the exception of Unit 114, there is no equity in any of its nine (9) units, and  
9 RVM has elected to file this liquidating plan in order to return the properties to the first lien  
10 holders. RVM itself has nothing to gain by its continuing ownership of these properties. It  
11 believes that this liquidating plan is the fairest and most efficient way to wind up its affairs.

12 RVM previously filed a plan of reorganization with the Court in 2009, under case  
13 number 2-09-bk-17998. In that plan of reorganization, it proposed to make various payments  
14 to its secured and other creditors. The Court ultimately dismissed that plan as being  
15 unfeasible, given the lack of income which RVM had been able to generate to that point.

### 16 III. SUMMARY OF PLAN OF REORGANIZATION

17 RVM's Plan of Reorganization divides its creditors into nine separate classes. The  
18 treatment of each such class, as well as the treatment of equity holders, is described below.

#### 19 3.1 CLASS I. Administrative Expenses

20 Administrative expense claims, which are approved by the court, along with any  
21 outstanding fees to the U.S. Trustee, shall be paid in full in cash by the Effective Date, unless  
22 the creditor agrees to extended payment terms. The principals of the Debtor will loan it  
23 sufficient funds to pay those expenses.

#### 24 3.2 CLASS II. Holders of Property Tax Claims

25 Class II consists of the Yavapai County Treasurer and such persons or entities, if any,  
26 who may have purchased from the Yavapai County Treasurer, tax lien certificates on property  
27 owned by RVM.

28 A list of outstanding property taxes per unit, is attached as Exhibit A hereto.

1 All Class II claims, and all outstanding property taxes, shall be assumed by those  
2 secured creditors who receive a distribution of individual properties under the plan.

3 3.3 CLASS III. Miller Farm Investments, L.C.

4 Miller Farm Investments, L.C. (“MFI”) holds first deeds of trust on the following units  
5 in the Villas of the Ridge condominium project, Prescott Arizona, owned by the debtor, to  
6 secure loans in the original amounts set forth below.

7 Unit 110 - \$130,000

8 Unit 111 - \$130,000

9 Unit 113 - \$130,000

10 These loans were disbursed and the deed of trusts granted in 2008. Since that time,  
11 RVM has paid less than \$22,000 in principal and interest on these three loans. The combined  
12 amount owing now exceeds \$560,000. The debtor values Unit 110 at \$60,000, and Units 111  
13 and 113 at \$75,000 each, for a total value of the collateral of \$210,000. The Debtor has no  
14 equity in the units and no means of paying the debts in full.

15 The debtor shall convey units 110, 111 and 113 to MFI in full satisfaction of its claims.  
16 Such conveyances shall be free and clear of all liens other than property tax liens.

17 3.4 CLASS IV. Sonlight Investors Land Trust

18 Sonlight Investors Land Trust (“Sonlight”) holds first deeds of trust on the following  
19 units in the Villas of the Ridge condominium project, Prescott Arizona, owned by the debtor,  
20 to secure loans in the original amounts set forth below.

21 Unit 117 - \$140,000

22 Unit 217 - \$150,000

23 Unit 218 - \$150,000

24 These loans were advanced in 2007, and the deeds of trust granted at that time. RVM  
25 has paid less than \$12,000 in total in principal and interest on these loans.

26 RVM values Unit 117 at \$75,000 and Units 217 and 218 at \$90,000 each. Units 217  
27 and 218 are three bedroom units, whereas the remaining units owned by RVM at the  
28 Development are two bedroom units. RVM has no equity in any of the units, and no means in

1 paying the debts in full.

2 Sonlight, a trust, is an insider, in that its sole beneficiary is Kimberly Myers, the  
3 daughter of Lynn Myers, who is the principal of RVM. Lynn Myers has recently been  
4 appointed to act as successor trustee of this trust.

5 The debtor shall convey units 117, 217 and 218 to Sonlight in full satisfaction of its  
6 claims. Such conveyances shall be free and clear of all liens other than property tax liens.

7 3.5 CLASS V. Silvertip Resources Ltd.

8 Silvertip Resources Ltd. ("Silvertip") holds a first deed of trust on the following units  
9 in the Villas of the Ridge condominium project, Prescott Arizona, owned by the debtor, to  
10 secure a loan in the original amount set forth below.

11 Units 118 and 119 - \$60,000

12 Silvertip also holds a junior deed of trust on Unit 114 to secure the same loan.

13 This deed of trust was granted in 2011. \$28,549.99 of the loan secured by this deed of  
14 trust was advanced prior to 2011. The balance represented cash advances to pay property taxes  
15 on RVM's various units in the project. The Debtor's records show that it owes Silvertip  
16 \$282,072 on these loans, after netting any payments made thereon and accumulating interest.

17 It values Unit 118 at \$70,000 and Unit 119 at \$75,000. The difference in these  
18 valuations lies in the condition of the two units. The Debtor has no equity in either of these  
19 units and no means of paying its secured creditor in full.

20 The debtor will convey Units 118 and 119 to Silvertip, in full satisfaction of its debt,  
21 excepting that Silvertip shall retain its junior deed of trust on Unit 114, and shall receive any  
22 proceeds from the sale of Unit 114 as described below, after the payment of all prior liens on  
23 Unit 114. The conveyance of Units 118 and 119 shall be subject to existing property tax  
24 claims, but otherwise shall be free and clear of all liens and encumbrances.

25 3.6 CLASS VI. J. Kent MacKinlay PC

26 J. Kent MacKinlay, PC holds a first deed of trust on Unit 114, to secure unpaid  
27 attorney's fees. Such claim shall be paid in cash through the sale of Unit 114, as described in  
28 Article Four below.

1 This deed of trust was granted in 2009. It secures (a) an existing promissory note for  
2 \$15,000 and (b) payment of attorney's fees and costs rendered to the debtor after 2009. The  
3 \$15,000 note, which has since been renewed, represented attorney's fees owed to MacKinlay at  
4 the time the deed of trust was granted.

5 The total now owed to MacKinlay and secured by this debt is \$18,909. The first deed  
6 of trust is junior to outstanding property taxes of approximately \$2,000.

7 RVM values Unit 114 at \$75,000. Thus, there is clearly equity beyond the first deed of  
8 trust. However, the following liens in order of priority rank behind the first deed of trust:

9 Class VIII

10 Class VII

11 Class VI

12 As detailed below, Unit 114 will be sold under the Plan. The initial proceeds will repay  
13 Class II's lien and Class VI in full. The balance of the proceeds will be applied on the other  
14 liens listed above in order of priority. RVM does not expect to recover any cash beyond  
15 retirement of the liens on these units.

16 3.7 CLASS VII. Indian Creek Investors L.L.C.

17 Indian Creek Investors L.L.C. holds a third lien, junior to the lien of Classes VI and  
18 VIII, on Unit 114, to secure a note in the amount of \$12,500. Such note will be paid from the  
19 proceeds of sale of Unit 114, to the extent proceeds remain after retirement of the liens of  
20 Classes VI and VII on this Unit.

21 Indian Creek Investors, LLC purchased the above note from J. Kent MacKinlay earlier  
22 in 2016. This note was issued in 2011, and the deed of trust then granted, to secure additional  
23 fees then owed to J. Kent MacKinlay, PC.

24 As noted above, RVM values Unit 114 at \$75,000. Whether Class VII can recover  
25 anything on this note, depends upon the sale price of Unit 114, and how much of the sales  
26 proceeds the court determines are payable to Class VIII, whose lien on this unit is superior to  
27 that of Class VII.

28 . . .

1           3.8    CLASS VIII. Villas at the Ridge Condominium Council

2           Villas at the Ridge Condominium Council (“VRCC”) holds a judgment against the  
3 Debtor. Such judgment represents a junior lien against each of the units in the Development  
4 owned by the debtor. The total amount of the judgment is \$308,288.20, inclusive of attorney’s  
5 fees and costs of approximately \$46,000.

6           The lien against Unit 114 is in the principal amount of \$18,525.66.

7           VRCC also holds an unsecured claim for post-judgment homeowner’s assessments  
8 unpaid by the Debtor. Like all other unsecured claims, RVM believes that this claim is  
9 valueless.

10          The Debtor will pay the secured claim of VRCC on Unit 114 in an amount to be  
11 approved by the court, from the proceeds of sale of Unit 114, and repayment of the prior lien in  
12 favor of Classes II and VI thereon.

13          The balance of VRCC’s claim shall be treated as unsecured, and treated pursuant to  
14 Class IX.

15           3.9    CLASS IX. General Unsecured Creditors

16          All other creditors not specifically included in any other class shall be included in Class  
17 IX.

18          Class IX shall receive nothing on its claims.

19          The Debtor recognizes the following unsecured creditors:

20           Carol Scott	-	\$85,730.31
21           Lynn Myers, CPA	-	\$50,000
22           Lynn Myers, Ltd.	-	\$16,704.54
23           Quantum Lenders Trust	-	\$1,050,000

24          The latter three of these creditors are insiders. Lynn Myers is the principal member and  
25 manager of RVM. Quantum Lenders Trust is an entity controlled by a sister of Lynn Myers.

26           3.10   CLASS X. Equity Holders

27          All equity interests in the Debtor shall be cancelled upon confirmation of the plan.  
28 Such interests are currently held by Mr. and Mrs. Lynn Myers.



1 **ARTICLE IV**  
2 **MEANS FOR IMPLEMENTATION OF PLAN**

3 The debtor shall convey Units 110, 111, 113, 117, 118, 119, 217 and 218 to Classes III,  
4 IV and V, pursuant to the provisions of Article III thereof.

5 Unit 114 shall be sold at a sale supervised by the court. The proceeds of sale shall be  
6 allocated in the following priority.

- 7 (a) To pay any expenses of sale, as may be approved by the court.  
8 (b) To pay outstanding property taxes on Unit 114.  
9 (c) To pay in full the secured claim of Class VI.  
10 (d) To pay the secured claim of Class VIII on Unit 114, in an amount to be  
11 approved by the Court.  
12 (e) To pay the secured claim of Class VII.  
13 (f) To pay towards the junior lien of Class V, any remaining amounts.

14 **ARTICLE V**  
15 **FEASIBILITY**

16 Inasmuch as this is a liquidating plan, the feasibility of the plan is not an issue.

17 **ARTICLE VI**  
18 **LIQUIDATION ANALYSIS**

19 Again, inasmuch as this is a liquidating plan, a liquidation analysis is unnecessary.

20 **ARTICLE VII**  
21 **VALUATION**

22 The Debtor's valuation of its various units is based upon its assessment of the market  
23 and the current condition of these units. This valuation is, in the Debtor's belief lowered  
24 because of the fact that the Villas at the Ridge Condominium Council, the homeowner's  
25 association managing the entire project, fails to provide services to any of these units, and  
26 because of the ongoing disputes with that entity.

27 The counsel's representative have expressed the opinion that the value of the units is  
28 somewhat higher, perhaps \$100,000 per unit. The Debtor has not obtained a formal appraisal  
of the units, because it is obvious, that with the exception of Unit 114, there is no equity in any

1 of the units, and these will, under the Plan, be returned to the first lien holders. As to Unit 114,  
2 the Plan proposes that it be sold at judicial sale. Such a sale eliminates the purpose of  
3 obtaining an appraisal.

4 **ARTICLE VIII**  
5 **MANAGEMENT**

6 The Debtor, a limited liability company, will continue to be managed by its statutory  
7 manager, Lynn Myers, until the distributions under the Plan have been made. He will then  
8 make the necessary filings with the Arizona Corporation Commission, to wind up and dissolve  
9 the Debtor.

10 **ARTICLE IX**  
11 **LITIGATION**

12 The only litigation in which RVM is involved, is that with the Council described in  
13 Article II above.

14 **ARTICLE X**  
15 **VOTING**

16 Creditors holding allowed claims which are impaired, and parties in interest whose  
17 interests are impaired, are entitled to vote. Classes I and II are not entitled to vote, as a matter  
18 of bankruptcy law.

19 Ballots will be sent to the known holders of allowed claims and all disputed claims.  
20 However, only the holders of allowed claims or allowed interests who are impaired are entitled  
21 to vote on the Plan. A claim to which an objection has been filed is not an allowed claim  
22 unless and until the Court rules on the objection and any appeals are finally determined. The  
23 holders of such disputed claims are not entitled to vote on the Plan unless they request that the  
24 Court, pursuant to Rule 3018, Federal Rules of Bankruptcy Procedure, temporarily allow their  
25 claims in appropriate amounts solely for the purpose of enabling the holder of such disputed  
26 claims to vote on the Plan, and the Court grants such request.

27 The forms of ballot for each of the classes entitled to vote on the Plan will be sent to  
28 you with a copy of this Disclosure Statement and the Plan. Please read the ballot carefully. If

1 you have any questions concerning voting procedures, you may contact RVM's attorney,  
2 Andre Carman, at the address provided immediately below

3 **YOU MUST RETURN YOUR BALLOTS TO:**

4 Andre Carman  
5 CARMAN LAW FIRM  
6 246 South Cortez  
7 Prescott, Arizona 86303  
8 (928) 255-0943

9 Even though a creditor may not choose to vote or may vote against the Plan, the creditor  
10 will be bound by the terms and treatments set forth in the Plan if the Plan is accepted by the  
11 requisite majorities in each Class of creditors and/or is confirmed by the Court. Creditors who  
12 fail to vote will not be counted in determining acceptance or rejection of the Plan. Allowance of  
13 a claim or interest for voting purposes does not necessarily mean that the claim will be allowed  
14 or disallowed for purposes of distribution under the terms of the Plan. Any claim to which an  
15 objection has been or will be made will be allowed only for distribution after determination by  
16 the Court. Such determination may be made after the Plan is confirmed.

17 In order for the Plan to be deemed accepted by a class of creditors deemed impaired,  
18 creditors that hold at least two-thirds (2/3) in the dollar amount and more than one-half (1/2) in  
19 the total number of allowed claims of creditors in that class who vote on the Plan must accept  
20 the Plan. Under certain circumstances more fully described in 11 U.S.C. § 1129(b), the Court  
21 may confirm a Plan notwithstanding the rejection thereof by more than 1/3 in amount or 1/2 in  
22 number of the creditors of any given class voting on the Plan. The debtor intends to seek  
23 confirmation under 11 U.S.C. § 1129(b) in the event one or more classes of creditors or parties  
24 in interest rejects the Plan.

25 DATED this \_\_\_\_\_ day of December, 2016

26 RIDGE VILLAS MGMT, LLC

27 By: /s/Lynn Myers  
28 Lynn Myers for ID Investors Ltd.  
Manager

/s/ Andre Carman, #021448  
Attorney for Debtor

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

**EXHIBIT A**

Amount of claim of Yavapai County Treasurer by Unit

<u>UNIT</u>	<u>TAX PARCEL #</u>	<u>TAX YEAR OWED</u>	<u>TOTAL AMOUNT OWED</u>
119	102-15-04305	2013-2016	\$2,166.79
118	102-15-04066	2013-2016	2,24.65
110	102-15-024	2016	628.14
111	102-15-027	2016	628.14
113	102-15-031	2016	628.14
114	102-15-032	2013-2016	1,987.27
117	102-15-039	2016	628.14
217	102-15-041	2016	786.14
218	102-15-042	2016	<u>786.14</u>
			\$10,487.55

1 Andre Carman  
2 CARMAN LAW FIRM  
3 246 South Cortez  
4 Prescott, Arizona 86303  
5 (480) 898-9239  
6 Email: acarman@carmanlf.com

7 Andre Carman, No. 021448  
8 Attorney for Debtor

9 UNITED STATES BANKRUPTCY COURT  
10 FOR THE DISTRICT OF ARIZONA

11 In re:

12 RIDGE VILLAS MGMT, LLC

13 Debtor.

Chapter 11

Case No. 3:16-BK-14209-BKM

**PLAN OF REORGANIZATION**

14 For the purposes of this plan, and any amendments thereto, the following terms shall  
15 have the meanings set forth in this Article:

16 1.1 ADMINISTRATIVE CLAIM. Every cost or expense of administration in this  
17 bankruptcy case, in accordance with 11 U.S.C. 503(b).

18 1.2 APPROVED CLAIMS. The claims of any creditor which are approved by the  
19 debtor in this Plan of Reorganization, or, if not so approved by the debtor, are approved by the  
20 Court.

21 1.3 CLAIM. A claim of a creditor which has been filed with the Bankruptcy Court  
22 prior to the bar dates set in this case, and which is allowed (or disallowed) by the Bankruptcy  
23 Court.

24 1.4 CONFIRMATION AND CONFIRMATION ORDER. The entry of an order by  
25 the Court confirming the plan.

26 1.5 CONTINGENT CLAIM. Any claim arising prior to confirmation of the Plan, as  
27 to which the amount of said claim is unknown or has not been determined by the Court.

28 1.6 COURT. The United States Bankruptcy Court for the District of Arizona.

1.7 CREDITOR. All creditors of the debtor holding claims for debts, liabilities,

1 demands or claims of any character whatsoever.

2 1.8 DEBTOR. Ridge Villas Management, LLC, an Arizona limited liability  
3 company (“RVM”) or (“Debtor”).

4 1.9 EFFECTIVE DATE. 15 days following the entry of a Confirmation Order,  
5 provided no stay of such Order is in effect. If a stay of such order is in effect, the Effective  
6 Date shall be 30 days following the lifting of such stay.

7 1.10 PLAN. This Plan of Reorganization in its present form, or as the same may be  
8 amended or supplement.

9 1.11 PRIORITY CLAIM. Any claim entitled to priority under 11 U.S.C. 507(a)(1-7).

10 1.12 SECURED CLAIM. Any claim secured or partly secured by a lien of any kind  
11 on property of the Estate.

12 1.13 UNSECURED CLAIM. Any claim not secured by a valid lien on property of  
13 the Estate.

14 **ARTICLE II**  
15 **CLASSES OF CLAIMS AND INTERESTS**

16 2.1 CLASS I. Administrative expense claims.

17 2.2 CLASS II. Holders of Property Tax Claims

18 2.3 CLASS III. Miller Farm Investments, LLC

19 2.4 CLASS IV. Sonlight Investors Land Trust

20 2.5 CLASS V. Silvertip Resources Ltd.

21 2.6 CLASS VI. J. Kent MacKinlay, P.C.

22 2.7 CLASS VII. Indian Creek Investors L.L.C.

23 2.8 CLASS VIII. Villas of the Ridge Condominium Council

24 2.9 CLASS IX. General Unsecured Creditors

25 2.10 CLASS X. Equity Holders

26 **ARTICLE III**  
27 **TREATMENT OF CLAIMS UNDER THE PLAN**

28 3.1 CLASS I. Administrative Expenses

1 Administrative expense claims, which are approved by the court, along with any  
2 outstanding fees to the U.S. Trustee, shall be paid in full in cash by the Effective Date, unless  
3 the creditor agrees to extended payment terms. The principals of the Debtor will loan it  
4 sufficient funds to pay those expenses.

5 3.2 CLASS II.  Holders of Property Tax Claims

6 Class II consists of the Yavapai County Treasurer and such persons or entities who  
7 have purchased from the Yavapai County Treasurer, tax lien certificates on property owned by  
8 RVM.

9 All Class II claims, and all outstanding property taxes, shall be assumed by those  
10 secured creditors who receive property under the plan, subject to such tax liens.

11 3.3 CLASS III.  Miller Farm Investments, L.C.

12 Miller Farm Investments, L.C. (“MFI”) holds first deeds of trust on the following units  
13 in the Villas of the Ridge condominium project, Prescott Arizona, owned by the debtor, to  
14 secure loans in the original amounts set forth below.

15 Unit 110 - \$130,000

16 Unit 111 - \$130,000

17 Unit 113 - \$130,000

18 The debtor shall convey units 110, 111 and 113 to MFI in full satisfaction of its claims.  
19 Such conveyances shall be free and clear of all liens other than property tax liens.

20 3.4 CLASS IV.  Sonlight Investors Land Trust

21 Sonlight Investors Land Trust (“Sonlight”) holds first deeds of trust on the following  
22 units in the Villas of the Ridge condominium project, Prescott Arizona, owned by the debtor,  
23 to secure loans in the original amounts set forth below.

24 Unit 117 - \$140,000

25 Unit 217 - \$150,000

26 Unit 218 - \$150,000

27 The debtor shall convey units 117, 217 and 218 to Sonlight in full satisfaction of its  
28 claims. Such conveyances shall be free and clear of all liens other than property tax liens.



1           3.5    CLASS V.    Silvertip Resources Ltd.

2           Silvertip Resources Ltd. (“Silvertip”) holds a first deed of trust on the following units  
3 in the Villas of the Ridge condominium project, Prescott Arizona, owned by the debtor, to  
4 secure loans in the original amounts set forth below.

5           Units 118 and 119 - \$60,000

6           Silvertip also holds a junior deed of trust on Unit 114.

7           The debtor will convey Units 118 and 119 to Silvertip, in full satisfaction of its debt,  
8 excepting that Silvertip shall retain its junior deed of trust on Unit 114, and shall receive any  
9 proceeds from the sale of Unit 114 as described below, after the payment of all prior liens on  
10 this unit. The conveyance of Units 118 and 119 shall be subject to existing property tax  
11 claims, but otherwise shall be free and clear of all liens and encumbrances.

12           3.6    CLASS VI.   J. Kent MacKinlay PC

13           J. Kent MacKinlay, PC hold a first deed of trust on Unit 114, to secure unpaid  
14 attorney’s fees in the amount of \$18,909. Such claim shall be paid in cash through the sale of  
15 Unit 114, as described in Article 4 below.

16           3.7    CLASS VII.   Indian Creek Investors L.L.C.

17           Indian Creek Investors L.L.C. holds a third lien, junior to the lien of Classes VI and  
18 VIII, on Unit 114, to secure a note in the amount of \$12,500. Such note will be paid from the  
19 proceeds of sale of Unit 114, to the extent proceeds remain after retirement of the liens of  
20 Classes VI and VII on this Unit.

21           3.8    CLASS VIII.   Villas at the Ridge Condominium Council

22           Villas at the Ridge Condominium Council (“VRCC”) holds a judgment against the  
23 Debtor. Such judgment represents a junior lien against each of the units in the project owned  
24 by the debtor. The lien against Unit 114 is in the principal amount of \$18,525.66.

25           VRCC also holds an unsecured claim for post-judgment homeowner’s assessment  
26 unpaid by the Debtor.

27           The Debtor will pay the secured claim of VRCC on Unit 114 in an amount to be  
28 approved by the court, in such amount as is obtained from the sale of Unit 114, and repayment

1 of the prior liens thereon.

2 The balance of VRCC's claim shall be treated as unsecured, and treated pursuant to  
3 Class IX.

4 3.9 CLASS IX. General Unsecured Creditors

5 All other creditors not specifically included in any other class shall be included in Class  
6 IX.

7 Class VIII shall receive nothing on its claims.

8 3.10 CLASS X. Equity Holders

9 All equity interests in the Debtor shall be cancelled upon confirmation of the plan.

10 **ARTICLE IV**  
11 **MEANS FOR IMPLEMENTATION OF PLAN**

12 The debtor shall convey Units 110, 111, 113, 117, 118, 119, 217 and 218 to Classes III,  
13 IV and V, pursuant to the provisions of Article III thereof.

14 Unit 114 shall be sold at a sale supervised by the court. The proceeds of sale shall be  
15 allocated in the following priority.

- 16 (a) To pay any expenses of sale, as may be approved by the court.  
17 (b) To pay outstanding property taxes on Unit 114.  
18 (c) To pay in full the secured claim of Class VI.  
19 (d) To pay the secured claim of Class VIII, in an amount to be approved by  
20 the Court.  
21 (e) To pay the secured claim of Class VII.  
22 (f) To pay towards the junior lien of Class V any remaining amounts.

23 **ARTICLE V**  
24 **DEFAULT**

25 The Debtor's failure to make any payment or transfer due under the Plan within thirty  
26 (30) days after the Effective Date shall constitute a default unless the Debtor and the affected  
27 creditor agree to delayed payment or transfer

28 Upon default, creditors may pursue any remedy provided by state or federal law,

1 including foreclosing any security interest and/or suing on any promissory note issued or  
2 continued in effect under the Plan.

3 **ARTICLE VI**  
4 **MODIFICATION OF THE PLAN**

5 The debtors may amend or modify this Plan at any time prior to confirmation, without  
6 leave of the Court. The debtors may propose amendments or modifications of this Plan at any  
7 time subsequent to confirmation, but such amendments or modifications shall require the  
8 approval of the Court.

9 **ARTICLE VII**  
10 **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

11 All executory contracts and unexpired leases, excepting for short-term leases of a  
12 remaining term of one month or less shall be rejected as of the Effective Date of the plan.

13 **ARTICLE VIII**  
14 **RETENTION OF JURISDICTION**

15 8.1 The Court will retain jurisdiction until all payments and transfers required by  
16 the Plan have been made, for the following purposes:

17 (a) The classification of the claim of any creditor and the re-examination of  
18 claims which have been allowed for purposes of voting, and the determination of such  
19 objections as may be filed to various claims. The failure by the Debtor to object to any claim  
20 for the purposes of voting, shall not be deemed to be a waiver of the Debtor's right to object to  
21 the claim following confirmation of the Plan.

22 (b) Determination of all questions and disputes regarding title of the assets  
23 of the estate, and determination of all cause of action, controversies, disputes, or conflicts,  
24 whether or not subject to an action pending as of the date of confirmation, between the Debtor  
25 and any other party.

26 (c) The correction of any defect, the curing of any omission, or the  
27 reconciliation of any inconsistency of the Plan or the order of confirmation as may be  
28 necessary to carry out the purposes and intent of this Plan.

- (d) The modification of this Plan after confirmation.
- (e) To enforce and interpret the terms and conditions of this Plan.
- (f) Entry of any order, including injunctions, as may be necessary to enforce the title, rights and powers of the Debtor and to impose such limitations, restrictions, terms and conditions as the Court may deem necessary.
- (g) Entry of an order concluding and terminating this case.

**ARTICLE IX**  
**TREATMENT OF IMPAIRED CLASSES**

The court shall determine any controversy as to whether a class of claims is impaired under the Plan, after notice and an opportunity for hearing. All impaired classes of claims shall receive the distributions set forth as described above, on account of, and in complete satisfaction of, all claims against the debtor, and shall have no further rights or remedies against the debtor or any of its assets or properties.

**ARTICLE X**  
**PROVISION FOR CLASSES OF IMPAIRED CLAIMS WHICH DO NOT ACCEPT THE PLAN**

With respect to any impaired classes of claims which do not accept the Plan with the requisite vote under 11 U.S.C. 1126(c), the debtor will ask the court to confirm the Plan despite such rejection, for reason that the Plan does not discriminate unfairly, is fair and equitable with respect to the class or classes of claims that are impaired which do not accept the Plan, and otherwise complies with 11 U.S.C. 1129(b).

**ARTICLE XI**  
**MISCELLANEOUS**

12.1 In the event this Plan is not confirmed for any reason, neither the Plan nor any statement contained therein, nor any statement in the Disclosure Statement submitted with or prior to this Plan, may be used or relied upon in any manner in any action or controversy within or outside of this reorganization case.

...

1 DATED this 16<sup>th</sup> day of December, 2016

2 CARMAN LAW FIRM

3  
4  
5 By: /s/ Andre Carman  
6 Andre Carman  
7 Attorney for Debtor

8 ORIGINAL of the foregoing electronically  
9 filed this 16<sup>th</sup> day of December, 2016.

10  
11 /s/ 

