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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 SIXTH AMENDED PLAN OF
13) REORGANIZATION DATED
January 30, 2018

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.

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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.

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

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

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

13 1.33 “Interest” shall mean any equity interest in the Debtor as of the petition date.

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

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

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

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

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

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

4 1.40 “Preference Recovery Amounts” shall mean all sums collected as preferences under §547
5 of the Code and as set-offs under §553 of the Code.

6 1.41 “Professional Persons” means persons retained or to be compensated pursuant to §§327,
7 328, 330 and 503(b) of the Code.

8 1.42 “The Property” means the real and/or personal property of the debtor.

9 1.43 “Proponent” shall mean the Debtor.

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

18 1.45 “Secured Creditors” means persons holding allowed secured claims within the meaning
19 of Section 506 of the Code.

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

24 1.47 “Taxing Authorities” shall mean any legal entity with authority to levy and collect taxes
25 pursuant to federal, state or local statutes or ordinances.

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

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

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

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8 **ARTICLE II**

9 *General Terms and Conditions*

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

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

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

1 **ARTICLE III**

2 *Classification and Treatment of Claims and Interests*

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

4 1. *Claim Amounts:* Because certain claims against the Debtor may be unknown or of
5 undetermined amounts, the amounts of claims specified in this Disclosure Statement reflect only the
6 Debtor’s best estimate at this time of the amount due. In addition, the amounts of the claims specified
7 in this Disclosure Statement do not include, for example, claims arising from the rejection of certain
8 executory contracts and other contingent or unliquidated claims arising against the debtor.

9 2. *Effective Date of the Plan:* The “Effective Date” of the Plan is important in determining
10 when performance of many of the Debtor’s obligations under the Plan is due. The Effective Date is
11 defined in the Plan as the first business day following the later of the following day;

12 (i) the date on which the Order confirming the Plan (the “Confirmation Order”) becomes
13 final and non-appealable with no appeal then pending; or

14 (ii) 60 days after the date of the Confirmation Order for unsecured claims; and

15 (iii) 30 days after the date of the Confirmation Order for secured claims.

16 3. *Classification:* The Plan divides claims against the Debtor into multiple separate classes
17 that the Debtor asserts are in accordance with the Bankruptcy Code. Unless otherwise expressly stated
18 in the Plan, distributions to holders of allowed claims are in full satisfaction of their allowed claims. All
19 claims against the Debtor arising prior to confirmation will be discharged by performance of the Plan
20 on the Effective Date to the extent that such claims are dischargeable under the Bankruptcy Code Section
21 1141(d). For the purposes of the Plan, claims are classified and treated as follows:

22 3.1 Class One - Administrative Claims.

23 A. Classification: Class 1 consists of all claims for the cost of administration of the
24 Debtor’s bankruptcy estate. Included in this class are all claims for administrative expenses entitled to
25 priority under Bankruptcy Code §507(A)(1), such as professional fees and costs, as approved by the
26 Bankruptcy Court, of the attorneys, accountants, and other professional persons employed by the Debtor,
27 and all actual and necessary expenses of operating the Debtor’s business pursuant to Bankruptcy Code

1 §503(b), including without limitation, all fees charged against the Debtor’s business pursuant to Chapter
2 123 of Title 28, United States Code. Debtor estimates administrative claims may exceed \$40,000.00.
3 All Trustee fees are currently being paid by the debtor.

4 B. Impairment: Not impaired.

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

12 3.2 Class Two - Claims of Governmental Units

13 A. Classification: Class 2 claims consists of all allowed claims of the United States
14 Internal Revenue Service (“IRS”) and/or State of Arizona, Department of Revenue (“AZDOR”) and/or
15 the Department of Economic Security (“DES), City of Tucson, Pima County or other government agency
16 which are entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code except ad valorem
17 taxes. Debtor is aware of a Proof of Claim filed by the Internal Revenue Service in the amount of
18 \$2,692.68 and the Arizona Department of Revenue in the amount of \$35,270.55.

19 B. Impairment: Class 2 is impaired.

20 C. Treatment: In the event there are determined to be allowed Class 2 claims, each
21 holder of a Class 2 allowed claim shall retain its claim, in accordance with Section 1129 of the
22 Bankruptcy Code. The claim shall bear simple interest at a fixed rate equal to that rate which would be
23 required to be paid as of the Effective Date under Section 6621 and/or 6622 of the Internal Revenue
24 Code, or such other interest rate as the Bankruptcy Court determines is sufficient to confer upon the tax
25 note a value as of the Effective Date equal to the principal amount of such claim. The allowed claim
26 shall be payable in equal monthly installments of principal, along with accrued interest, in deferred cash
27 payments over a period not to exceed five years from the date of petition. The first payment shall
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1 commence on the first day of the month immediately following the month of the Effective Date. The
2 claim is subject to prepayment at any time without penalty or premium and shall have such other terms
3 as are required by law. In the event the Debtor defaults on any payment due as required under the
4 confirmed plan, and in the event the Debtor fails to cure said default within thirty days after written
5 notice of the default is mailed to the Debtor and the Debtor's attorney, the entire imposed liability
6 together with any unpaid current liabilities, shall become due and payable immediately unless amended
7 by the Court. The governmental unit may collect unpaid liabilities that become due as a result of the
8 default through the administrative collection provisions or the judicial remedies. The governmental unit
9 shall not be required to seek a modification from the automatic stay to collect any tax liabilities that were
10 not discharged by the confirmation of the plan and from property that has reverted with the Debtor.

11 3.3 Class Three - Secured Ad Valorem Real Property Tax Claims

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

15 B. Impairment: Class 3 is impaired.

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

24 3.4 Class Four - Secured Ad Valorem Personal Property Tax Claims

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

1 B. Impairment: Class 4 is impaired.

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

10 3.5 Class Five - Secured Lien Claim of Zions First National Bank (“Zions”)

11 A. Classification: Class 5 consists of the allowed secured claim of Zions (the “Zions
12 Allowed Secured Claim”). Zions’ claim is evidenced by a promissory note, deed of trust, UCC
13 Financing Statement and other related loan documents (collectively the “Zions Loan Documents”). The
14 Zions Allowed Secured Claim is fully secured with its interest in the Debtor’s interest in real and
15 personal property located at 4100 E. Snyder Blvd., Sierra Vista, AZ 85635 (collectively the “Zions
16 Collateral”), which is a valid and enforceable first position lien against the Zions collateral. The amount
17 of Zions Allowed Secured Claim is \$2,239,095.14, plus attorney’s fees and costs incurred, as of August
18 15, 2017. Interest continues to accrue on the balance of this claim, together with attorney’s fees and
19 related costs.

20 B. Impairment: Class 5 is impaired.

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

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

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

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

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

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

16 3.6 Class Six - Second Lien Claim of Business Development Finance Corporation (“BDFC”)

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

21 B. Impairment: Class 6 is impaired.

22 C. Treatment: The allowed secured claim in the amount of \$881,318.62 of the Class
23 6 creditor shall be paid as follows:

24 1. BDFC’s Claim shall be payable in monthly installment payments of
25 \$3,125.00 over 96 months at 0.0% interest. The first monthly installment payments of \$3,125.00 shall
26 be due thirty (30) days after the entry of the Final Confirmation Order and subsequent monthly
27 installments shall be due on the same day of each subsequent month.

1 C. Treatment: The Class 8 claimant, which holds a fourth position on the personal
2 property, is believed to be wholly unsecured. The Class 8 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 3.9 Class Nine - Secured Claim of American Express Bank, FSB (“American Express”).

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

10 B. Impairment: Class 9 is impaired.

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

15 3.10 Class Ten - Secured Claim of K&R Holdings, Inc. (“K&R”).

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

19 B. Impairment: Class 10 is impaired.

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

24 3.11 Class Eleven - Secured Claim of Sprinkle Family Trust (“Sprinkle”).

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

2 B. Impairment: Class 11 is impaired.

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

7 3.12 Class Twelve - Secured Claim of Holiday Inn Express (“Holiday Inn”).

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

12 B. Impairment: Class 12 is impaired.

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

17 3.13 Class Thirteen - Secured Claim of Western Contract Furnishings, Inc. (“WCF”).

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

21 B. Impairment: Class 13 is impaired.

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

26 3.14 Class Fourteen - Secured Claim of Lodging Enterprises, Inc. (“Lodging”).

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

3 B. Impairment: Class 14 is impaired.

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

8 3.15 Class Fifteen - Secured Claim of MMM, Div. (“MMM”).

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

12 B. Impairment: Class 15 is impaired.

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

17 3.16 Class Sixteen - Secured Claim of Shree Yogiji, Inc. (“SYI”).

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

21 B. Impairment: Class 16 is impaired.

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

26 3.17 Class Seventeen - Secured Claim of Rue Cinque (“Rue”).

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

3 B. Impairment: Class 17 is impaired.

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

8 3.18 Class Eighteen - Secured Claim of U.S. Bank (“U.S. Bank”).

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

14 B. Impairment: Class 18 is impaired.

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

19 3.19 Class Nineteen - Claim of HLT (“HLT”).

20 A. Classification: Class 19 consists of the claim of HLT arising out of the Franchise
21 License Agreement. HLT’s claim consists of the following: (1) prepetition franchise fees owed by the
22 Debtor under the Franchise License Agreement in the total amount of \$31,058.26 (the “HLT Prepetition
23 Franchise Fees”); (2) attorneys’ fees and costs incurred by HLT in this Case in the amount of \$60,000.00
24 (the “HLT Attorneys’ Fees,” and, together with the HLT Prepetition Franchise Fees, the “HLT Monetary
25 Cure”); and (3) non-monetary cure obligations described in Article VI of the Plan (the “HLT Non-
26 Monetary Cure” and, together with the Monetary Cured, the “HLT Cure”). Should HLT’s attorneys’ fees
27 and costs exceed \$60,000, HLT shall provide the Debtor with an invoice for such additional fees and
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1 costs and, within ten (10) business days, the Debtor shall pay such fees and costs. At the conclusion of
2 the Case, should HLT's attorneys' fees and costs be less than \$60,000, HLT shall refund or credit any
3 overpayment to the Debtor within ten (10) days. All such attorneys' fees, including any amounts over
4 \$60,000, shall constitute part of the HLT Cure.

5 B. Impairment: Class 19 impaired.

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

13 3.20 Class Twenty - Unsecured Deficiency Claims and Unsecured Claims.

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

18 B. Impairment: Class 20 is impaired.

19 C. Treatment: The Plan provides that each and every holder of a Class 20 Allowed
20 Claim shall be paid 15% of the allowed amount of their claims at 2.5% interest on the unpaid balance
21 in equal monthly installments in seventy-two (72) equal monthly installments with the first payment due
22 30 days from the Effective Date. Any liens held by the Class 20 creditors shall be null and void and
23 removed as of the Effective Date.

24 3.21 Class Twenty one - Contingent, Unliquidated and Disputed Claims.

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

27 B. Impairment: Class 21 is impaired.

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

2 3.22 Class Twenty two - Claims of Participating Investors.

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

4 B. Impairment: Class 22 is not impaired.

5 C. Treatment: Unless participating investors contribute substantial capital required
6 to fund this Plan and/or make capital improvements to the subject property they will receive no
7 percentage of the equity interest of the debtor and no distribution under the Plan.

8 3.23 Class Twenty three - Interest of Equity Holders.

9 A. Classification: Class 23 consists of the interest of the debtor.

10 B. Impairment: Class 23 is impaired.

11 C. Treatment: The debtor shall be allowed to retain its current percentage of interest
12 or a percentage thereof unless participating investors are required to contribute substantial capital
13 required to fund this Plan and/or make capital improvements to the subject property.

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ARTICLE IV

16

General Provisions

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4.1. Notwithstanding any other provision of this Plan, each claim shall be paid only after it
18 has been allowed in accordance with the Code.

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4.2 At the option of the Debtor, this Plan may be withdrawn at any time prior to the Effective
20 Date of the Plan. Such option shall be exercised by the filing in the case of a notice of withdrawal and
21 mailing a copy of such notice to all creditors, equity security holders and persons specially requesting
22 all notices in this case. If such option is timely and properly exercised, the case shall continue and be
23 administered as if the Plan has been withdrawn prior to the confirmation.

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4.3 Pursuant to Section 1123(b)(3)(B) of the Code, the Debtor shall retain each and every
25 claim, demand or cause of action whatsoever, which the Debtor had or had power to assert immediately
26 prior to confirmation of the Plan, including without limitation, actions for the avoidance and recovery
27 pursuant to Section 550 of the Code or transfers avoidable by reason of Sections 544, 545, 548, 549 or

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1 553(b) of the Code, and may commence or continue in any appropriate court or tribunal and suit or other
2 proceeding for the enforcement of same.

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4 **ARTICLE V**

5 *Means for Execution of the Plan*

6 5.1 Continuation of the Debtor's Business: The Debtor, as reorganized, will retain all
7 property of the estate, excepting property which is to be sold or otherwise disposed of as provided for
8 herein (if applicable), executory contracts which are assumed pursuant to this Plan, and property
9 transferred to creditors of the Debtor pursuant to the express terms hereof. The retained property shall
10 be used and employed by the Debtor in the continuance of its business. (Further details concerning the
11 nature and scope of the Debtor's future business operations may be found in the Disclosure Statement
12 which accompanies the Plan.)

13 5.2 Raising Additional Capital: The Plan may be implemented by current owners and/or new
14 Participating Investors making capital contributions in the Reorganized Debtor if required.

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16 **ARTICLE VI**

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

19 The Debtor assumes all executory contracts or unexpired leases to which it is a party, except any
20 specifically rejected prior to confirmation of the Plan. The Franchise License Agreement will be assumed
21 by the Debtor on the Effective Date, subject to HLT's receipt of the HLT Monetary Cure and the
22 Debtor's completion of the HLT Non-Monetary Cure as set forth herein. The Debtor expressly
23 acknowledges that applicable nonbankruptcy law requires HLT's consent before the Debtor may assume
24 the Franchise License Agreement. The Debtor further acknowledges that HLT has consented to the
25 Debtor's assumption of the Franchise License Agreement solely on the condition that (1) the HLT
26 Monetary Cure is paid in accordance with the terms of Article 3.19 of the Plan; (2) the Debtor strictly
27 and timely complies with the "Hilton Improvement Plan" attached hereto at Exhibit A; and (3) the
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1 maintenance, upgrades, repairs and other obligations in the Hilton Improvement Plan are completed in
2 a manner satisfactory to HLT in its sole discretion. The estimated costs set forth in Exhibit A are
3 provided for disclosure purposes only and costs exceeding the estimates in the Hilton Improvement Plan
4 shall not relieve the Debtor of its obligation to strictly and timely complete the maintenance, upgrades,
5 repairs and other obligations in the Hilton Improvement Plan. If (1) the HLT Monetary Cure is not paid
6 in accordance with the terms of Article 3.19 of the Plan; or (2) the Debtor defaults in timely and strictly
7 complying with any of the requirements of the Hilton Improvement Plan, HLT will be entitled to
8 immediately exercise all rights and remedies against the Debtor contained in, related to, or arising out
9 of the Franchise License Agreement, without approval from or notice to the Bankruptcy Court and
10 whether or not the Case is pending at the time of the Debtor's default. Further, if, at any time subsequent
11 to the Effective Date, HLT determines in its sole and absolute discretion that the Debtor has failed an
12 inspection conducted pursuant to Section 3(e) of the Franchise License Agreement, such failure will
13 constitute a default under the Franchise License Agreement, and, notwithstanding anything to the
14 contrary contained in the Franchise License Agreement, HLT will be entitled to immediately terminate
15 the Franchise License Agreement and exercise all other rights and remedies contained in, related to, or
16 arising out of the Franchise License Agreement, without approval from or notice to the Bankruptcy
17 Court, and whether or not the Case is pending at such time.

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19 **ARTICLE VII**

20 *Retention of Jurisdiction*

21 The Bankruptcy Court will retain jurisdiction over this case for purposes of determining the
22 allowance of claims or interests or obligations thereto and for any other purpose which is contemplated
23 in the Plan or which will otherwise assist in the consummation of the Plan. The Court also will retain
24 jurisdiction for purposes of determining the allowance of any payment of any other claims or
25 administrative expenses. The Court shall retain jurisdiction for purposes of determining any dispute
26 arising from the interpretation, implementation or consummation of the Plan. In addition, the Court shall
27 retain jurisdiction for the following purposes:

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ARTICLE X

Closing of the Case

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

In the period after confirmation but before closing of the case, the Debtor may continue to avail itself of the services of professional persons whose employment was approved at or prior to confirmation in completing administration of the case and in the consummation and performance of the Plan, and, if necessary, with approval of the Court employ additional professional persons to render services in and in connection with this case. With respect to services rendered and expenses incurred in or in connection with the case by any professional person during such period, the professional person may render periodic billings therefore to the Debtor which shall promptly pay the same, but each such payment shall be subject to review and approval by the Court as to reasonableness thereof, as set forth herein below.

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

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

1 **CONCLUSION**

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

5 DATED: January 30, 2018

6 LAW OFFICES OF
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8 /s/ Sparks AZBAR #11726
9 Eric Slocum Sparks
10 Attorney for Debtor

11 Copies of the foregoing
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