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IN THE UNITED STATES BANKRUPTCY COURT
THE DISTRICT OF ARIZONA

In re:

LAKE PLEASANT GROUP, LLP
DLGC II, LLC

Debtors.

Chapter 11 Proceedings

Case No. 2:11-bk-10170-RTB
Case No. 2:11-bk-10174-SCC

Joint Administration Under
Case No. 2:11-bk-10170-RTB

This filing applies to:

- ☒ ALL DEBTORS
☐ SPECIFIED DEBTORS

**DEBTORS' DISCLOSURE STATEMENT
IN SUPPORT OF JOINT PLAN OF
REORGANIZATION DATED JULY 12,
2011**

I. INTRODUCTION

Lake Pleasant Group, LLP ("Lake Pleasant") and DLGC II, LLC ("DLGC") debtors and debtors-in-possession in the above-captioned jointly-administered Chapter 11 bankruptcy cases (the "Debtors"), hereby submit to the Court and creditors of the Debtors' estates the following *Disclosure Statement in Support of the Joint Plan of Reorganization Dated July 12, 2011* (the "Disclosure Statement"). This Disclosure Statement is submitted by the Debtors pursuant to 11 U.S.C. § 1125.

11 U.S.C. § 1125(b) prohibits the solicitation of acceptances or rejections of a plan of reorganization unless such plan is accompanied by a copy of the Disclosure Statement which has been approved by the Bankruptcy Court.

The purpose of this Disclosure Statement is to provide creditors and interested parties in this bankruptcy proceeding with such information as may reasonably be deemed sufficient to allow

creditors and interested parties to make an informed decision regarding the *Debtors' Joint Plan of Reorganization dated July 12, 2011* (the "Plan").

Unless otherwise noted, those portions of the Plan and this Disclosure Statement providing factual information concerning the Debtors, their assets and liabilities, have been prepared from information submitted by the Debtors and their retained professionals. The Debtors and other professionals employed by the Debtors have utilized all relevant, non-privileged information provided by the Debtors in preparing this Disclosure Statement and the Plan.

This Disclosure Statement contains information that may influence your decision to accept or reject the Debtors' proposed Plan. Please read this document with care.

Any financial information contained in this Disclosure Statement has not been subjected to an audit by an independent certified public accountant. For that reason, the Debtors are not able to warrant or represent that the information contained in this Disclosure Statement is without any inaccuracy. To the extent practicable, the information has been prepared from the Debtors' financial books and records, and great effort has been made to ensure that all such information is fairly represented.

This Disclosure Statement and the Plan will classify all creditors into Classes. The treatment of each Class of creditors will be set forth in this Disclosure Statement and in the Plan. You should carefully examine the treatment of the Class to which your Claim will be assigned.

This Disclosure Statement requires approval by the Bankruptcy Court after notice and a hearing pursuant to 11 U.S.C. § 1125(b). Once approved, the Disclosure Statement will be distributed with the Debtors' proposed Plan for voting. Approval of the Disclosure Statement by the Bankruptcy Court does not constitute either certification or approval of the Debtors' Plan by the Bankruptcy Court, or that the Disclosure Statement is without any inaccuracy.

The Bankruptcy Court will confirm the Plan if the requirements of § 1129 of the Bankruptcy Code are satisfied. The Bankruptcy Court must determine whether the Plan has been accepted by each impaired Class entitled to vote on the Plan. Impaired Classes entitled to vote on the Plan are those Classes of claims whose legal, equitable, or contractual rights are altered, as defined under § 1124 of the Bankruptcy Code. An impaired Class of claims is deemed to have

1 accepted the Plan if at least two-thirds (2/3) in amount of those claims who vote and more than one-
2 half (1/2) in number of those claims who vote have accepted the Plan. An impaired Class of
3 interests is deemed to have accepted the Plan if the Plan has been accepted by at least two-thirds
4 (2/3) in amount of the allowed interests who vote on the Plan.

5 Even if each Class of creditors does not accept the Plan, the Plan can be confirmed under
6 § 1129(b) of the Bankruptcy Code, so long as one impaired Class of creditors accepts the Plan.
7 This is referred to as the “cram down” provision. The failure of each Class to accept the Plan could
8 very well result in a conversion of this case to a Chapter 7, or dismissal of the Chapter 11, and the
9 secured creditors repossessing their collateral and disposing of it in a commercially reasonable
10 manner with no obligation to unsecured creditors.

11 Only the votes of those creditors or interested parties whose ballots are timely received will
12 be counted in determining whether a Class has accepted the Plan.

13 **II. DEFINITIONS**

14 The definitions set forth in Article I of the Plan apply in this Disclosure Statement, except to
15 the extent other definitions are set forth in this Disclosure Statement.

16 **III. THE DEBTORS, BACKGROUND, AND EVENTS PRECIPITATING THE** 17 **CHAPTER 11**

18 Debtor Lake Pleasant is an Arizona limited liability partnership. Its authorized partner is
19 CVF Holdings LLC, an Arizona limited liability company. Its partners are the Estate of John
20 Lancy, Gilbert Cyphert, David Waller, and James Blondin. Lake Pleasant was formed for the
21 purpose of purchasing and developing 244 acres of real property located near state Route 74 and
22 Old Lake Pleasant Road in Peoria, Arizona.

23 Debtor DLGC is an Arizona limited liability company. Its members are CVF Holdings
24 LLC, Gilbert Cyphert, David Waller, and James Blondin. DLGC was formed for the purposes of
25 purchasing and developing 220 acres of land located near State Route 74 and Old Lake Pleasant
26 Road in Peoria, Arizona. Ten of the acres originally owned by DLGC were taken by way of
27 condemnation, and as such, the real property owned by DLGC is currently comprised of
28 approximately 210 acres.

1 In connection with the purchase of the Properties, the Debtors executed that certain
2 Promissory Note dated December 2007 in favor of Johnson Bank, pursuant to which the Debtors
3 were advanced the principal sum of \$16,045,712 (the "Loan"). The Loan was scheduled to mature
4 on December 21, 2009 but, by agreement, was extended to June 30, 2010. Due to the current real
5 estate downturn, the Debtors were not able to pay off the Loan at its extended maturity. In order to
6 maximize the Properties' value, and allow them to pay off the Loan, the Debtors, prior to the filing
7 of the Petitions, commenced the process of rezoning the Properties. The rezoning process will
8 permit the Properties to enjoy their best use and highest value.

9 The Debtors are currently in the process of seeking a rezoning of the Properties as well as a
10 General Plan Amendment. The Property owned by DLGC is currently zoned planned area
11 development (PAD). This PAD designation provides for mixed use: resort, single family
12 residential, and commercial. The Property owned by Lake Pleasant is currently zoned 1 acre
13 residential (SR-43).

14 The request for a General Plan Amendment seeks to amend the land use designation from
15 "Residential Estate" to "Resort" and "Commercial" on the Property owned by DLGC, and seeks to
16 amend the land use designation from "Residential Estate" to "Resort" on the Property owned by
17 Lake Pleasant. In addition to the General Plan Amendments, the Debtors are seeking to rezone the
18 Property owned by DLGC (PAD) and Lake Pleasant (SR-43) to PAD (Mixed Use-Recreational
19 Vehicle Resort and Commercial) to allow a luxury oriented recreational-vehicle resort with
20 approximately 1,512 spaces to exist on the Properties. The Property owned by DLGC will also
21 include a 22-acre commercial site which will allow the opportunity for supporting retail and two
22 R.V. storage parcels, as ancillary uses to help support the RV resort and the surrounding areas.

23 The proposed Resort and Commercial PAD for the 454-acres owned by DLGC and Lake
24 Pleasant provides a more compatible designation and transition with the developments in the area.
25 Most of the lands surrounding these parcels are BLM, State Trust Land, or part of the Lake Pleasant
26 Regional Park, which are intended to have very limited development in order to preserve their
27 superior recreational characteristics.

1 The intent of the Rezoning and General Plan Amendment is to create an upscale, highly
2 amenitized, natural, and unique recreational-vehicle resort with minimal impact to the desert
3 environment and the existing terrain. This will fulfill the Debtors' intent in purchasing the
4 Properties to take advantage of the natural benefits of the desert and the site's proximity to Lake
5 Pleasant, trails, and natural desert. A copy of the revised General Plan Amendment is attached
6 hereto as Exhibit "A."

7 As a result of its rezoning efforts, the Debtors commenced negotiations with Pensus to sell
8 the Properties. The Debtors and Pensus have entered into the Sales Agreement attached hereto as
9 Exhibit "B," by which provides for the sale of the Properties to Pensus for not less than
10 \$23,000,000. The Sale of the Properties will be conditioned upon the Properties being rezoned as
11 set forth above. The Sale will result in all creditors being paid in full on their Allowed Claims.

12 **IV. SIGNIFICANT EVENTS DURING THE CHAPTER 11**

13 **A. Administrative Proceedings**

14 The Debtors filed their Petitions for Relief under Chapter 11 on April 13, 2011, and a first
15 meeting of creditors was scheduled shortly thereafter.

16 **B. Retention of Professionals**

17 On April 13, 2011, Polsinelli Shughart PC ("PS"), filed its petitions to be retained as
18 bankruptcy counsel for the Debtors. Orders approving PS as bankruptcy counsel for the Debtors
19 were lodged and entered on April 18, 2011.

20 **C. Plan and Disclosure Statement**

21 The Debtors filed the Plan and Disclosure Statement on July 12, 2011. The Debtors intend
22 to move dutifully and expeditiously towards confirmation of the Plan.

23 **V. DESCRIPTION OF ASSETS AND LIABILITIES OF THE DEBTORS**

24 The values ascribed to the assets below are based on the Debtors' best estimate and other
25 factors such as the purchase price, comparable sales, and tax assessments.

26 **A. Assets**

- 27 1. **Real Property** – Lake Pleasant owns approximately 244 acres of real
28 property located near State Route 74 and Old Lake Pleasant Road in Peoria, Arizona.

DLGC owns approximately 210 acres of real property located near State Route 74 and Old Lake Pleasant Road in Peoria, Arizona. The Debtor estimates that the Properties, in aggregate, are worth approximately \$30,000,000.

2. **Bank Accounts** – As of the Petition Date, the Debtors had the following bank accounts with the following balances:

- a. Lake Pleasant - JP Morgan Checking Account - \$76;
- b. DLGC - National Bank of Arizona checking account - \$19,267; and
- c. DLGC - Johnson Bank - \$96.

3. **Equipment and other Property** –

- a. Lake Pleasant owns a 1973 Jeep valued at \$3,875 (“Jeep”);
- b. DLGC owns a 2005 EZ Go Work Horse Utility Cart with trailer valued at \$9,350 (“Utility Cart”); and
- c. Lake Pleasant has an interest in a CDS insurance policy in the amount of \$452.

4. **Subsidiaries** – DLGC owns interests in Lake Pleasant Water Company and Lake Pleasant Sewer Company. DLGC has valued these interests at \$1,313,511.20 in its schedules.

5. **Condemnation Law Suit** – Currently DLGC is the defendant in a condemnation lawsuit with the Arizona Department of Transportation (“ADOT”) relating to property that was condemned by ADOT. ADOT’s position is that the property taken should be valued at \$214,000. The Debtors dispute this value, which is the subject of the litigation. The portion of the Real Property that is the subject of this litigation is not critical to the Debtors’ Plan.

B. Liabilities

1. Priority

a. The Debtors are not aware of the existence of any pre-petition priority claims.

2. Secured

1 a. The Debtors' schedules list Johnson Bank as a creditor with a total
2 claim in the approximate amount of \$19,363,940 secured by a first position lien on
3 the Properties.

4 b. The Debtors' schedules list Zwillinger, Greek, Zwillinger & Knecht
5 PC ("Zwillinger") as a secured creditor. The Debtors believe that Zwillinger holds
6 claims against Lake Pleasant and DLGC in the approximate amounts of \$729 and
7 \$648 respectively. Each of these claims is secured by a retainer for professional
8 services in the amount of \$1,500.

9 c. The Debtors' schedules list Hornick Contracting Co. ("Hornick") as a
10 creditor with a claim in the approximate amount of \$7,000, as to DLGC, secured by
11 a first position lien on a utility cart with trailer, and a \$3,000 claim to Lake Pleasant,
12 secured by a first position lien on the Jeep.

13 d. The Debtors' schedules list the Maricopa County Treasurer as a
14 creditor with claims in the approximate amounts of \$375 and \$336, derived from
15 accrued but unpaid property taxes relating to the Property.

16 **3. Unsecured**

17 a. Lake Pleasant's schedules list unsecured creditors in the amount of
18 \$151,000, and DLGC's schedules list unsecured creditors in the amount of
19 \$189,947.

20 The Debtors intend to remain current in the filing of their monthly operating reports and
21 copies can be obtained from the Court's electronic docket.

22 **C. Administrative Expenses**

23 The Debtors anticipate their administrative expenses will consist primarily of attorneys' fees
24 for PS. PS is currently in possession of pre-petition retainers in the amount of \$25,000 for each
25 Debtor. PS anticipates that an additional \$25,000 in attorneys' fees may be incurred by each
26 Debtor, and will be paid through additional retainers. Any amount by which the fees and costs
27 incurred by PS exceed the retainers received, though, will represent an administrative claim against
28 the Debtors' estates.

VI. PLAN SUMMARY

The following statements concerning the Plan are merely a summary of the Plan and are not complete. The statements are qualified entirely by express reference to the Plan. Creditors are urged to consult with counsel or each other in order to understand the Plan fully. The Plan is complete, inasmuch as it proposes a legally binding agreement by the Debtors, and an intelligent judgment cannot be made without reading it in full.

VII. TREATMENT OF CLASSES

A. Priority Claims: Class 1

1. Administrative Claims: 1-A

Unless they agree to an alternative form of treatment, the Allowed Claims of Class 1-A shall be paid in full, in cash, on or before the Effective Date, or as the same are Allowed and ordered paid by the Court. Any Class 1-A Claim not allowed as of the Effective Date shall be paid within 5 days of its being allowed by the Court.

This Class is not impaired.

2. Tax Claims: 1-B

This class consists of Allowed Priority Claims under 11 U.S.C. § 507(a)(8) which are not otherwise treated as Secured Claims herein. The Allowed Priority Claims of Class 1-B shall be paid in full, in cash, on or before the Effective Date, or as the same are Allowed and ordered paid by the Court. Any Class 1-B Claim not allowed as of the Effective Date shall be paid within 5 days of its being allowed by the Court.

This class is not impaired.

B. Secured Claims: Class 2

1. Allowed Secured Claim of Johnson Bank: 2-A

This class consists of the Allowed Secured Claim of Johnson Bank, in the approximate amount of \$19,363,940. This Claim derives from the Loan and is allegedly secured by a first-position lien on the Properties. The Debtors have entered into the Sales Agreement with Pensus. Pursuant to the terms of the Sales Agreement, Pensus will pay the Debtors not less than \$23,000,000, upon the closing of escrow, to purchase the Properties. The Sales Agreement will be

1 conditioned on the Debtors being able to successfully rezone the Property as set forth in the
2 Disclosure Statement. After costs of sale and commissions, the Net Proceeds from the Sale of the
3 Properties will be used to satisfy the claims of all creditors, including the Allowed Secured Claim
4 of Johnson Bank. Johnson Bank will be paid the full amount of its Allowed Secured Claim on the
5 Effective Date from the Net Proceeds generated by the Sale. The Sale of the Properties will be free
6 and clear of liens, claims, encumbrances, rights, and interests pursuant to Section 363(f) of the
7 Bankruptcy Code. The buyer under the Sales Agreement will be deemed a good faith purchaser
8 and afforded the protections of Section 363(m) of the Bankruptcy Code. The Confirmation Order
9 will operate as the Order approving the sale under Section 363(f) of the Bankruptcy Code.

10 This is an impaired class.

11 **2. Allowed Secured Claim of Zwillinger Greek Zwillinger & Knecht: 2-B**

12 This Class consists of the Allowed Secured Claim of Zwillinger against Lake Pleasant and
13 DLGC, in the approximate amounts of \$729 and \$648, respectively, for professional services
14 rendered to the Debtors. These Claims are secured by retainers paid to Zwillinger by each of the
15 Debtors in the amount of \$1,500 (the "Retainers"). Commencing on the Effective Date, the
16 Allowed Secured Claims of Zwillinger will be paid, through offset against the Retainers, in 5 equal
17 monthly installments. Zwillinger will not receive any interest on its Allowed Claims. Zwillinger
18 will retain its liens in and to the Retainers until its Allowed Secured Claims have been satisfied in
19 full.

20 This is an impaired class.

21 **3. Allowed Secured Claim of Hornick Contracting Co.: 2-C**

22 This class consists of the Allowed Secured Claims of Hornick. The claims consist of: (a)
23 \$3,000 owed by Lake Pleasant that relates to financing of the Jeep; and (b) \$7,000 owed by DLGC
24 related to the financing of the Utility Cart. These Claims are secured by a first position lien on the
25 Jeep and Utility Cart, respectively. On the Effective Date, the Allowed Claims of Hornick will be
26 satisfied in full through payment of \$9,000, \$2,500 of which shall be attributed to the claim against
27 Lake Pleasant, from the Net Proceeds derived from the sale of the Debtors' Property. The Jeep and
28 Utility Cart will be retained by the Debtors.

1 This is an impaired class.

2 **4. Allowed Secured Claim of Maricopa County: 2-D**

3 This class consists of the Allowed Secured Claims of Maricopa County, Arizona (the
4 “County”) in the amounts of \$375 and \$335 against Lake Pleasant and DLGC, respectively, derived
5 from property taxes relating to the Properties which were accrued, but unpaid, as of the Petition
6 Date. On the Effective Date, the Allowed Secured Claims of the County will be paid in full from
7 Net Proceeds derived from the sale of the Debtors’ Properties. Interest on the Allowed Claims of
8 Maricopa County will accrue and be paid at 2% over the statutory rate.

9 This is an impaired class.

10 **C. Unsecured Claims: Class 3**

11 On the Effective Date, the Allowed Unsecured Claims in this Class will be paid in full from
12 the Net Proceeds derived from the Sale of the Debtors’ Properties. Upon payment to the holder
13 thereof, each Allowed Unsecured Claim in this Class shall be deemed satisfied in full.

14 This is an impaired class.

15 **D. Interests: Class 4**

16 The holders of Allowed Interests in the Debtors will retain their Interests in the Reorganized
17 Debtors.

18 **VIII. RETAINED CAUSES OF ACTION**

19 The Debtors specifically retain all causes of action. Retained causes of action include, but
20 are not limited to, all avoidance actions, fraudulent conveyance actions, preference actions, and
21 other claims and causes of action of every kind and nature whatsoever, arising before the Effective
22 Date, which have not been resolved or disposed of prior to the Effective Date, whether or not such
23 claims or causes of action are specifically identified in the Disclosure Statement. To the extent that
24 a preference or fraudulent conveyance occurred before the bankruptcy filings, such transfer may be
25 recoverable by the bankruptcy estates for the benefit of the estate under §§ 544, 547, or 548 of the
26 Bankruptcy Code.

27 To date, the only lawsuit possessed by DLGC is the condemnation case. To the extent any
28 other claims exist, they are specifically preserved for the benefit of the bankruptcy estates. Any

1 recovery obtained from retained causes of action shall become an additional asset of the pertinent
2 estates, unless otherwise ordered by the Court, and shall be available for distribution in accordance
3 with the terms of the Plan.

4 **IX. MANAGEMENT**

5 The Reorganized Debtors will retain the Debtors' existing management structure.

6 **X. DISBURSING AGENT**

7 The Reorganized Debtors shall act as the Disbursing Agent, and shall issue the payments
8 and take whatever other actions are required under the Plan.

9 **XI. DOCUMENTATION OF PLAN IMPLEMENTATION**

10 In the event any entity which possesses an Allowed Secured Claim, or any other lien in any
11 of the Debtors' property for which the Plan requires the execution of any documents to incorporate
12 the terms of the Plan fails to provide a release of its lien or execute the necessary documents to
13 satisfy the requirements of the Plan, the Debtors may record a copy of this Plan or the Confirmation
14 Order with the appropriate governmental agency, and such recordation shall constitute the lien
15 release and creation of any necessary new liens to satisfy the terms of the Plan. If the Debtors
16 deem advisable, they may obtain a further Order from the Court that may be recorded in order to
17 implement the terms of the Plan.

18 **XII. LIQUIDATION ANALYSIS**

19 As the Debtors' Plan contemplates payment of all claims in full through a Sale of the
20 Properties, there is no need to perform a liquidation analysis. If the Debtors are successful in
21 rezoning the Properties, all creditors will be paid in full on their allowed secured claims, regardless
22 of whether the sale contemplated herein is consummated. In the event the Debtors are not
23 successful in rezoning the Properties, Johnson Bank will foreclose on the Properties and there may
24 be no distribution to unsecured creditors. The Debtors believe that if Johnson Bank forecloses on
25 the Properties that their secured claim will be satisfied in full, since the value of the Properties
26 exceeds the indebtedness owed to Johnson Bank.

XIII. EFFECT OF CONFIRMATION

Except as otherwise provided in the Plan or the Confirmation Order, Confirmation acts as a Discharge, effective as of Confirmation, of any and all debts of the Debtors that arose any time before the entry of the Confirmation Order including, but not limited to, all principal and all interest accrued thereon, pursuant to § 1141(d)(1) of the Bankruptcy Code. The Discharge shall be effective as to each Claim, regardless of whether a Proof of Claim thereon was filed, whether the Claim is an Allowed Claim, or whether the Holder thereof votes to accept the Plan.

XIV. IMPLEMENTATION AND FUNDING OF DEBTORS' PLAN

The Debtors' Plan is based on an expected Sale of the Properties pursuant to the Sales Agreement. The Sale of the Properties will result in payment in full to all secured and unsecured creditors.

XV. TAX CONSEQUENCES

Pursuant to § 1125(a)(1) of the Bankruptcy Code, the Debtors are to provide a discussion of the potential material federal tax consequences of the Plan to the Debtors, any successor to the Debtors, and a hypothetical investor typical of the holders of claims or interests in the case, that would enable such a hypothetical investor of the relevant class to make an informed judgment about the Plan. Adequate information need not include such information about any other possible or proposed plan, and in determining whether the Disclosure Statement provides adequate information, the Court shall consider the complexity of the case, the benefit of additional information to creditors, and other parties in interest, and the cost of providing additional information.

Neither the Debtors nor their lawyers can make any statements with regard to the tax consequences of the Plan on any of the creditors. Each creditor in these cases, when analyzing the Plan, should consult with its own professional advisors to determine whether or not acceptance of the Plan by the creditor will result in any adverse tax consequences to the creditor.

XVI. NON-ALLOWANCE OF PENALTIES AND FINES

No distribution shall be made under this Plan on account of, and no Allowed Claim, whether Secured, Unsecured, Administrative, or Priority, shall include, any fine, penalty,

1 exemplary, or punitive damages, late charges, default interest, or other monetary charges relating to
2 or arising from any default or breach by the Debtors, and any Claim on account thereof shall be
3 deemed disallowed, whether or not an objection is filed.

4 **XVII. EXECUTORY CONTRACTS**

5 The Debtors hereby assume any and all leases and executory contracts listed in the Debtors'
6 Schedules of Assets and Liabilities. Every other executory contract and/or unexpired lease not
7 assumed by this Plan or separate order of the Court is hereby rejected. Claims under § 502(g) of
8 the Code arising as a result of the rejection of executory contracts or unexpired leases shall be filed
9 no later than 30 days after the Confirmation Date. Any such Claims not timely filed and served
10 shall be disallowed.

11 **XVIII. VOTING PROCEDURE**

12 The Plan divides the claims of Creditors and the Interests of Interest Holders into separate
13 Classes. All Classes of claimants are encouraged to vote; however, only the vote of holders of
14 Claims or Interests that are impaired by the Plan will have a significant impact upon the
15 confirmation process. Generally, this includes Creditors who, under the Plan, will receive less than
16 full payment of their Claims on the Effective Date of the Plan.

17 All creditors entitled to vote on the Plan must cast their vote by completing, dating, and
18 signing the ballot which has been mailed to them with this Disclosure Statement. The ballot
19 contains instructions concerning the deadline for submitting the ballot and the address to which the
20 ballot should be mailed.

21 **XIX. MODIFICATION OF PLAN**

22 In addition to their modification rights under § 1127 of the Bankruptcy Code, the Debtors
23 may amend or modify their Plan at any time prior to Confirmation without leave of the Court. The
24 Debtors or the Reorganized Debtors may propose amendments and/or modifications of their Plan at
25 any time subsequent to Confirmation, with leave of the Court, and upon notice to Creditors. After
26 Confirmation of the Plan, the Debtors or the Reorganized Debtors may, with approval of the Court,
27 as long as it does not materially or adversely affect the interests of Creditors, remedy any defect or
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omission or reconcile any inconsistencies of the Plan, or in the Confirmation Order, if any may be necessary to carry out the purposes and intent of their Plan.

XX. CLOSING OF THE CASE

If the Court does not close this case on its own motion, the Reorganized Debtors will move the Court to close this case once the Plan is deemed substantially consummated. Until substantial consummation, the Reorganized Debtors will be responsible for filing pre- and post-confirmation reports required by the United States Trustee and paying the quarterly post-confirmation fees of the United States Trustee, in cash, pursuant to 28 U.S.C. § 1930, as amended. Pursuant to 11 U.S.C. § 1129(a)(12), all fees payable under Section 1930 of Title 28, as determined by the Court at the hearing on confirmation of the Plan, will be paid, in cash, on the Effective Date.

XXI. RETENTION OF JURISDICTION

The Court will retain jurisdiction until the Plan has been fully consummated for, including but not limited to, the following purposes:

A. The classification of the Claims of any Creditors and the re-examination of any Claims which have been allowed for the purposes of voting, and for the determination of such objections as may be filed to the Creditor's Claims. The failure by the Debtors to object to, or examine, any Claim for the purpose of voting shall not be deemed to be a waiver of the Debtors' rights to object to, or to re-examine the Claim, in whole or in part.

B. To determine any Claims which are disputed by the Debtors, whether such objections are filed before or after Confirmation, to estimate any Unliquidated or Contingent Claims pursuant to 11 U.S.C. § 502(c)(1) upon request of the Debtors or any holder of a Contingent or Unliquidated Claim, and to make determinations on any objection to such a Claim.

C. To determine all questions and disputes regarding title to the assets of the estate, and determination of all causes of action, controversies, disputes, or conflicts, whether or not subject to action pending as of the date of Confirmation, between the Debtors and any other party, including but not limited to, any rights of the Debtors to recover assets pursuant to the provisions of the Bankruptcy Code.

1 D. The correction of any defect, the curing of any omission, or any reconciliation of
2 any inconsistencies in the Plan, or the Confirmation Order, as may be necessary to carry out the
3 purposes and intent of the Plan.

4 E. The modification of the Plan after Confirmation, pursuant to the Bankruptcy Rules
5 and the Bankruptcy Code.

6 F. To enforce and interpret the terms and conditions of the Plan.

7 G. To enter orders, including injunctions, necessary to enforce the title, rights, and
8 powers of the Debtors, and to impose such limitations, restrictions, terms, and conditions of such
9 title, right, and power as this Court may deem necessary.

10 H. To enter an order concluding and terminating this case.

11 **XXII. DISCLAIMER**

12 Court approval of this Disclosure Statement and the accompanying Plan of Reorganization,
13 including the exhibits attached hereto, is not a certification of the accuracy of the contents thereof.
14 Furthermore, Court approval of these documents does not constitute the Court's opinion as to
15 whether the Plan should be approved or disapproved.

16 **XXIII. PROPONENT'S RECOMMENDATION/ALTERNATIVES TO THE PLAN**

17 The Debtors recommend that all Creditors entitled to vote for the Plan do so. The Debtors'
18 Plan will pay all creditors in the full amount of their Allowed Claims. The alternatives to
19 confirmation of the Plan would be either conversion of this case to a case under Chapter 7 of the
20 Bankruptcy Code, or dismissal.

21 A conversion of the Debtors' bankruptcy will result in the appointment of a Chapter 7
22 trustee and, most likely, the hiring of an attorney by the trustee. Expenses incurred in administering
23 the Chapter 7 case would take priority in the right to payment over allowed, administrative
24 expenses incurred in the Chapter 11 case. Both Chapter 7 and Chapter 11 administrative expenses
25 take priority over the payment of unsecured claims without priority. In other words, conversion
26 would likely decrease the net amount available to pay currently existing creditors.

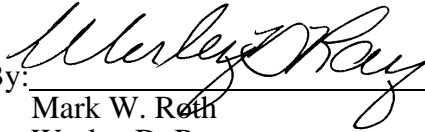
27 Dismissal of the Debtors' cases would likely result in a foreclosure upon the Property by
28 Johnson Bank. A dismissal would result then, in a smaller pool of assets available for distribution

1 to unsecured creditors. For all these reasons, the Debtors urge you to vote to accept the Plan and to
2 return your ballots in time to be counted.

3 *[Signatures on the following page]*
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1 DATED: July 12, 2011.

2 POLSINELLI SHUGHART PC

3 
By: _____

4 Mark W. Roth
5 Wesley D. Ray
6 CityScape Plaza
7 One E. Washington., Suite 1200
8 Phoenix, AZ 85004

9 *Attorneys for Debtors*

10 LAKE PLEASANT GROUP, LLP.

11 By: CVF Holdings, LLC
12 Its: Authorized Partner

13 By: _____
14 Donald R. Leo, Sr.
15 Its: Managing Member

16 DLGC II, LLC

17 By: CVF Holdings, LLC
18 Its: Manager

19 By: _____
20 Donald R. Leo, Sr.
21 Its: Managing Member

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9 *Attorneys for Debtors*

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15 DLGC II, LLC

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17 Its: Manager

18 By: Donald R. Leo, Sr.
19 Its: Managing Member

Cholla Hills

***General Plan
Amendment***

Approximately 454 acres

located

**Northwest corner of State Route 74
and Old Lake Pleasant Road**

Application Number:

Property Owners
DLGC II, LLC
and
Lake Pleasant Group, LLP

Prepared:
April 25, 2011
Revised May 23, 2011

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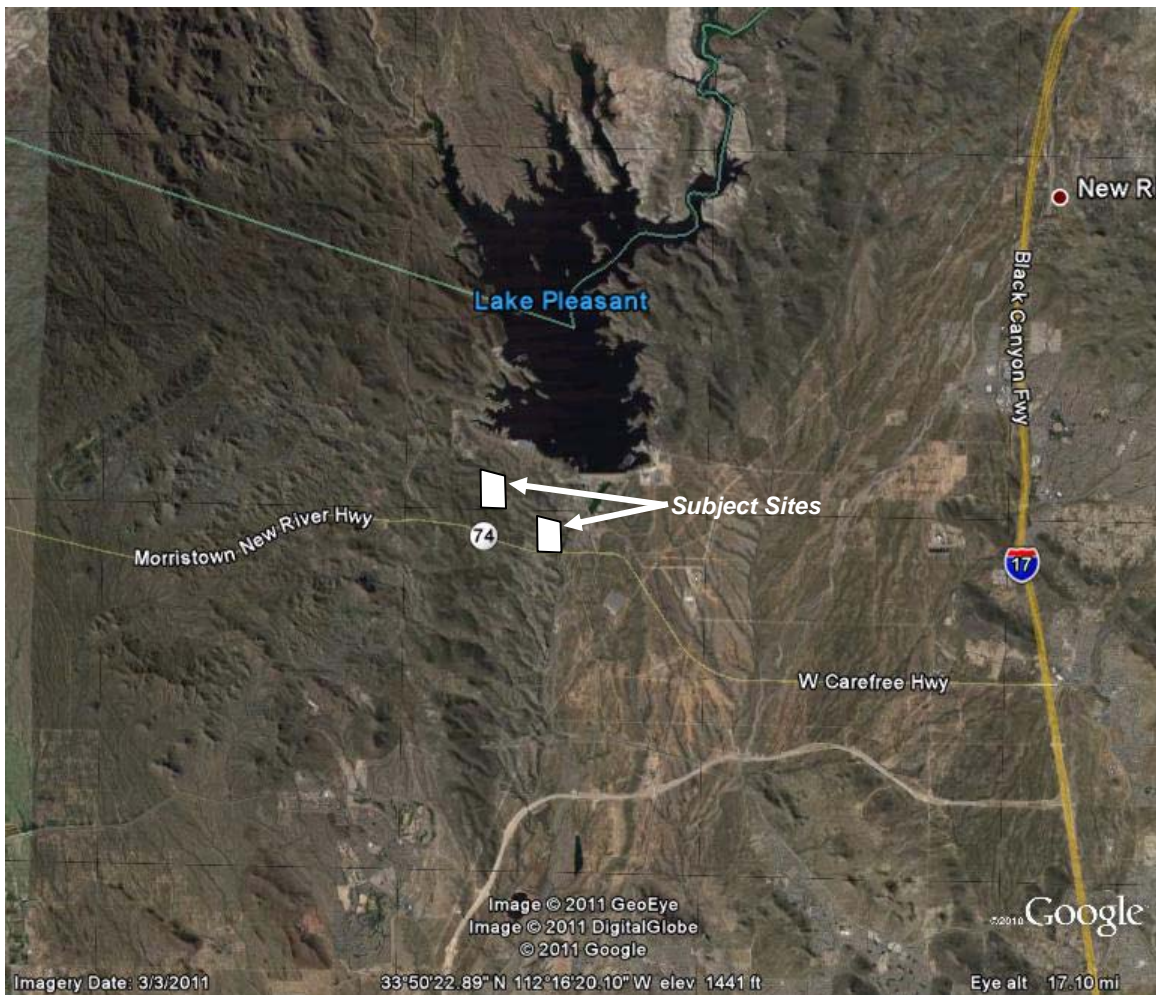
*Cholla Hills
General Plan Amendment*

*Cholla Hills
General Plan Amendment
Project Narrative*

APNs: 201-24-004H, 201-24-004K and 201-25-001A

INTRODUCTION

DLGC II, LLC and Lake Pleasant Group, LLP, the property owners are seeking a General Plan Amendment and a companion rezoning request (under separate application) for two properties located northwest of the northwest corner of State Route 74 and Old Lake Pleasant road and at the northwest corner of State Route 74 and Old Lake Pleasant Road. This General Plan Amendment for both parcels totals approximately 454 acres.



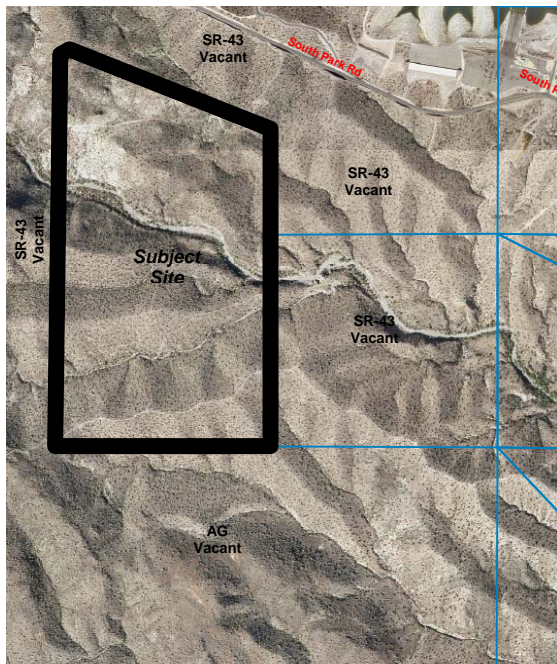
The subject properties are the former site of the Estate at Lakeside I and II. The two properties consist of a northwest and southeast site. The southeast site is a 210 acre site and is located at the immediate northwest corner of State Route 74 and Old Lake Pleasant

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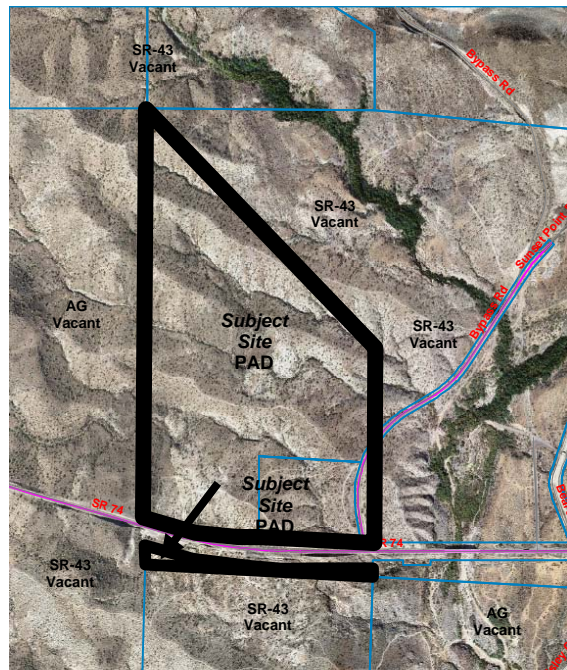
Cholla Hills General Plan Amendment

Road. It is zoned PAD. The northwest site is approximately 244-acres and zoned SR-43 and located northwest of the State Route 74 and Old Lake Pleasant Road. Both properties are located on the north side of State Route 74 and are undeveloped.

Two requests are being filed concurrently. The first request is for a Major General Plan Amendment (“GPA”) to amend the land use designation from “Residential Estate” to “Resort” and “Commercial” on the southeast property and “Resort” on the northwest property. The second companion request seeks to rezone the northwest property from “SR-43” (Suburban Ranch) and the southeast property from PAD (Z-98-03 Mixed Use - Resort, SF Residential and Commercial) to PAD (Mixed Use – Recreational Vehicle Resort and Commercial) to allow a unique Recreational Vehicle Resort development with ancillary commercial. The proposed “Resort” and “Commercial” land use designations and PAD zoning will allow development of portions of the properties to allow a luxury oriented Recreational Vehicle Resort with approximately 1,512 spaces over both properties. The southeast property will also include a small 22-acre commercial site which will allow the opportunity for support retail and two R.V. Storage parcels as ancillary uses to help support the RV resort and the surrounding area.



Cholla Hills R.V. Resort
Northwest Site
APN: 201-25-001A



Cholla Hills R.V. Resort
Southeast Site
APNs: 201-24-004H and 201-24-004K

The change of the Residential Estate designation for the proposed 454-acres to Resort and Commercial provides a more compatible designation and transition with the planned developments in the area. Most of the lands surrounding these parcels are BLM, State Trust Land, or part of the Lake Pleasant Regional Park which are intended to have very little development and which all have recreational characteristics. This proposal reduces the number and size of permanent structures and allows for retention of large amounts of

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open spaces which has less impact on the land than the existing Residential Estate land use designation where homes, yards, streets, and infrastructure are built to accommodate homes on a large footprint.

DESCRIPTION OF PROPOSAL

As previously stated, the properties are currently designated in the General Plan as “Residential Estate” land use which designates these properties as 0-2.0 dwelling units per acre, target density of 1 DU/AC. This request seeks to amend the land use designation of 454-acres to “Resort” and “Commercial.”

The proposed “Resort” land use designation and PAD zoning will allow development of portions of the properties for a Recreational Vehicle Resort with approximately 1,512 spaces over both properties. The southeast property will also include a small 22 acre commercial site which will include support commercial and opportunities for two R.V. Storage parcels as ancillary uses to help support the Recreational Vehicle Resort and the surrounding area. The previous approved PAD zoning allowed for 10-acres of commercial on the south side of State Route 74. However, since then ADOT (Arizona Department of Transportation) has taken the majority of the land along the south side of the roadway. This request shifts the approved commercial from the south side of the State Route 74 to the north side to allow a better and more logical commercial area. The commercial parcel will also allow development of retail and support services for the area.

The “Resort” land use designation is the most appropriate designation to accommodate this unique Recreational Vehicle Resort. Additionally, given the future intersection immediately west of this property, the approximately 22 acres commercial designation is a logical land transitional use to the future intersection of two major arterial streets.

The intent of this project is to create an upscale, highly amenitized, natural and unique Recreational Vehicle Resort that minimizes impacts to the desert environment and the existing terrain. This development has been specifically selected because the intent is to take advantage of the natural benefits of the desert and this sites proximity to the lake, trails and natural desert. Natural washes will largely be left undisturbed. Significant portions of the properties will remain undisturbed and the property will retain its pristine environment.

We believe that this general area will retain its natural open space character given the fact that the majority owners of the land consist of Lake Pleasant Regional Park, BLM and State Trust land. This natural desert area makes the proposed R.V. Resort development ideally suited for this area. Additionally, we believe that such a development creates significantly less impacts and demands upon urban services such as schools, parks, law and fire protection. We believe the proposed land use designations fits well with the area’s land pattern and will be consistent and compatible with these surrounding land uses.

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Primary access to the property will be provided via State Route 74 in large part due to the difficult topography of the property. The existing 10-acre commercial designation that was approved with the Estate at Lakeside project will be relocated to the north side of State Route 74 since the ADOT condemnation has essentially eliminated the parcel south of the roadway. The new proposed 22-acre commercial site is planned off the project's main entry road and located at the southern portion of the site, which provides good visibility and access. The proposed commercial designation will provide the opportunity for a neighborhood/convenience-oriented retail center to serve the R.V Resort and those passing by along State Route 74. Support retail/commercial and two R.V. storage sites, totaling approximately 22 acres, are located along the southern portion of the property of the southeastern site. The most viable commercial sites are those located at the intersection of major transportation routes or at entrances to a project. These locations increase visibility and traffic flow critical for successful retail businesses. The proposed neighborhood commercial designation additionally provides a buffer and excellent transition to State Route 74.

Vehicular loop roadway systems are planned to provide excellent circulation throughout both sites. The main internal roadways system will provide access to two different types of R. V. parking spaces. The first R.V. parking space type is known as a ridge parking space and is typically parallel to the ridge roadway system. The second parking space type is hill parking and is typically angled to the roadway. The intent of each RV space is to provide superior views in all directions. The southeast project proposes approximately 99 acres or 44 % open space and provides three clubhouses. The northwest project proposes approximately 137 acres or 56% open space and also provides three clubhouses. The clubhouse amenities may include a registration office, game rooms, fitness center, restroom, showers, laundry, activity room and/or a separate activity building and a pool.

Because R.V.s are not permanent structures and are a fraction of the size of a typical residential unit the physical impact of this request is far less than a conventional residential development. The proposed companion rezoning request for the subject properties seeks a R.V space/density range which compliments the surrounding natural environment and land uses in the area.

CONFORMANCE WITH GENERAL PLAN

The Land Use Element of the Plan includes Goals, Objectives and Policies that encourage the type of development requested in this General Plan and companion rezoning applications, such as:

Policy 1.C.3: Utilize performance standards and site design elements to reduce compatibility conflicts with adjacent uses. Most of the surrounding land is owned by Federal Government and is under Bureau of Land Management Jurisdiction, State Trust

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Land or part of the Lake Pleasant Regional Park. By use of the Planned Area Development zoning category, a balance of open space, design guidelines, site design, uses and ancillary commercial and R.V. storage, can be provided and property development standards can be modified to minimize impacts on the land. There is far greater opportunity for creative site planning and design under the proposed land use mix.

Objective 1.F: Promote sustainable development that elevate community identity and convenience, reduce vehicular trips, minimize infrastructure needs, improve air quality and provide a diversity of use. The proposed “Resort” and “Commercial” land use designations and PAD zoning will allow development of portions of the properties to allow a unique R.V. Resort environment which includes a small support commercial site and two R.V. Storage parcels as ancillary uses to help support the RV Resort and the surrounding area. The convenience retail portion on the site provides a service which allows guests to stay on the property for their goods.

Objective 1.I: Promote resort development that provides tourism opportunities within the City. This proposal takes advantage of one of the City’s most unique recreational facilities-Lake Pleasant. The proposed resort will be compatible and enhance this recreational area.

Policy 1.I.1: Identify and designate resort development sites that have direct access to significant recreational corridors and open spaces areas.

Policy 1.I.2: Identify recreational corridors with future access points to resort areas and visitor access that encourage tourism and visitors activity.

Goal 3: Protect and preserve the Sonoran Desert in its natural state.

Objective 3.A: Develop program that encourage the clustering of development in exchange for preserved natural open space area.

Policy 3.A.1: Open space preservation and planning is equally as important to the City as all other components of development review when considering the appropriateness of development proposals.

Policy 3.A.2: Encourage creative development patterns to ensure preservation of open spaces. The site has significant washes that cross the site, running generally from northwest to southeast. These washes are deeply incised, 30 to 50 feet deep in many locations. The topographic contour of the property is dramatic and offers both opportunities for creating a unique R.V. Resort environment and constraints in terms of construction of streets. As designed, the site provides over 40% open space.

This Resort and Commercial designations are intended to provide a development that integrates a combination of active and passive recreational amenities and ancillary commercial opportunities in areas of exceptional scenic and environmental quality. The plan has been designed in concert with existing contours of the land which minimizes

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cuts and fills. The individual R.V spaces have been designed to provide view corridors, minimizes permanent structures, and provides large amounts of open spaces.

This concept will be Peoria's first unique R.V. Resort community in the scenic desert at Lake Pleasant. A high standard of environmental sensitivity with creative planning will be incorporated into the PAD. This proposal will offer a true Arizona desert experience, with hiking, swimming, and other leisure activities while also being able to take advantage of the activities associated with the nearby Lake Pleasant Regional Park.

Based upon the analysis provided above, we believe this proposed amendment is consistent with the overall intent and goals of the General Plan and will be beneficial to the surrounding area.

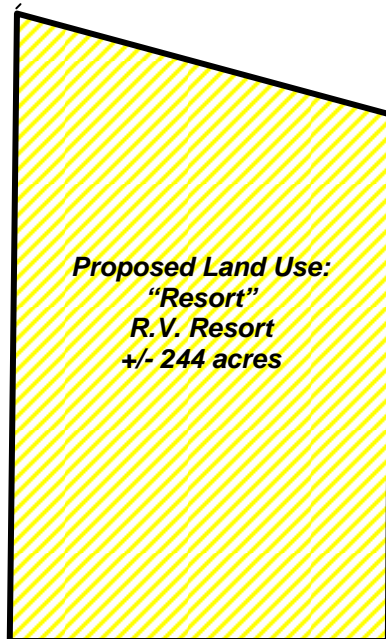
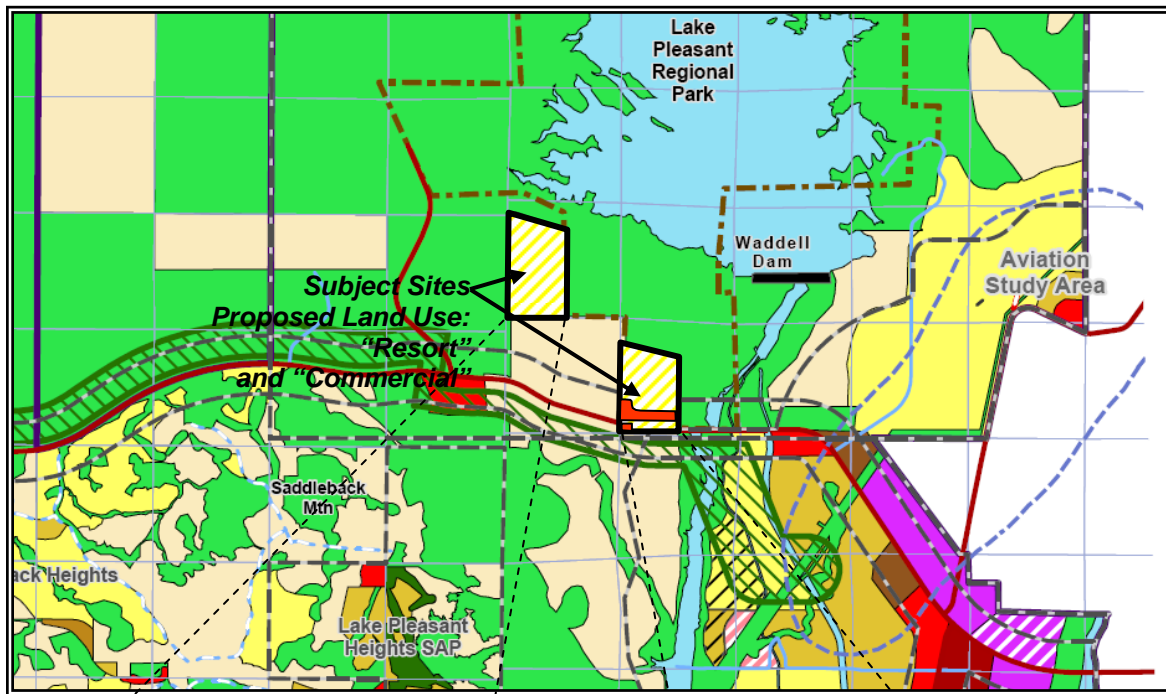
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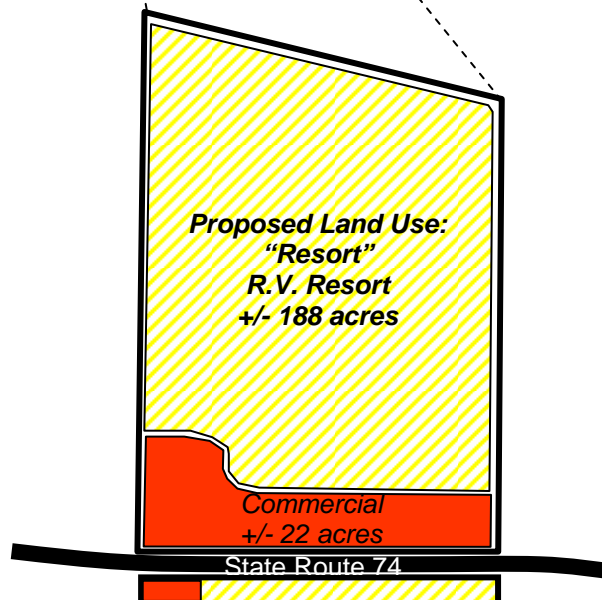
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Enlargement of Proposed General Plan Land Use Map



Northwest Property



Southeast Property

*Proposed General Plan Land Use
Proposed Land Use Designation: Resort and Commercial*

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ECONOMIC BENEFITS

Under separate cover an economic impact statement resulting from the development will be provided.

The economic opportunities afforded by this project include; the generation of construction jobs, management jobs, tax revenue from real estate, sales taxes, increased land values, revenue to local businesses, and general economic growth for the region.

PUBLIC FACILITIES

The public facilities plan shows the subject site to be within the City's Fire Management Area. This request to change the land use designation to Resort puts no demands for additional schools, parks, or municipal offices. In fact, changing the land use to resort should reduce the number of children from the existing Residential Estate land use which provides permanent homes with children. The properties are located within the service areas of the regional water and wastewater facilities defined in the City of Peoria Water & Wastewater Master Plans.

Fire protection is provided by an existing fire company at Lake Pleasant. Police protection is provided by the City of Peoria police department, Maricopa County Sheriffs department and park rangers.

The project is not presently within an incorporated school district and is anticipated to be primarily vacation/second or retirement population which would require no school facilities.

LOCATION AND ACCESSIBILITY

The I-17 Freeway and Carefree Highway (State Route 74) interchange is only just over 9 miles east of the proposed site. State Route 74 also provides excellent access to Grand Avenue which provides access to Las Vegas and other parts of the western United States. State Route 74 is a two-lane paved road and is designated to be a major roadway as the area matures. State Route 74 will provide primary access to the site. State Route 74 right-of-way has been expanded to 308-feet which will accommodate a "controlled access rural freeway". The current feasibility study indicates a ten lane roadway with a 65' open median. It is owned and maintained by the Arizona Department of Transportation (ADOT).

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Cholla Hills
General Plan Amendment

CONCLUSION

In summary the proposed land use amendment to the General Plan Land Use map is a unique opportunity to provide for a development which reflects the community's needs and is compatible with the cities planning goals, policies and objectives. The Cholla Hills project is a well planned, low impact and sustainable R.V Resort with a Commercial component that is compatible with the existing Lake Pleasant Regional Park, BLM and State land in the surrounding area. Further the very low density land use is very much in harmony with the Lake Pleasant Regional Park. Cholla Hills is particularly well suited to maintain the openness of the high desert terrain. The project will contribute to the orderly growth of the City and will provide a unique opportunity which is currently unavailable. We believe that this General Plan Amendment and companion rezoning will contribute positively to the well planned growth of the northern portion of Peoria and a high quality of life for its residents and visitors.

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PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "**Agreement**") is made and entered into as of June __, 2011 (the "**Agreement Date**"), by and between Lake Pleasant Group LLP, an Arizona limited liability partnership and DLGC II LLC, an Arizona limited liability company (collectively, "**Seller**"), and Pensus Cholla Hills RV Resort LLC, an Arizona limited liability company ("**Buyer**"), for the purpose of setting forth the agreement of the parties and to provide instructions to Chicago Title Insurance Company ("**Escrow Agent**") with respect to the transaction contemplated by this Agreement.

R E C I T A L S

A. Seller is the owner of an undivided fee simple interest in those certain parcels of real property located near Lake Pleasant, in the City of Peoria (the "**City**"), County of Maricopa, State of Arizona, as more particularly described on Exhibit "A" attached hereto (the "**Land Parcel**"), consisting of approximately 451 net acres of real property.

B. Seller is also the holder of a Right of Way No. 16-110226 from the State Land Department of the State of Arizona which commenced on February 6, 2007 and covers the real property described in Exhibit A-2 attached hereto ("**Right of Way**").

C. Two portions of the Land Parcel were taken in a condemnation proceeding encompassing the real property described on Exhibit A-3 and Exhibit A-4 attached hereto and incorporated herein by reference ("**Condemnations Parcels**") and proceedings are still underway to determine the damages for the taking ("**Condemnation Damages**").

D. The Land Parcel, together with any "Improvements," thereon, plus the Right of Way less the Condemnation Parcels to the extent included in Exhibit A and certain other rights are defined hereinafter collectively as the "Real Property," and together with the "Intangible Property" (as hereinafter defined), are sometimes collectively referred to in this Agreement as the "**Property**."

E. Seller DLGC II LLC also own Lake Pleasant Water Company and Lake Pleasant Sewer Company, each Arizona public service corporations ("**Utilities**") which were organized to serve and have franchises to serve ("**Franchises**") the Land Parcel and possibly some adjacent property owned by an affiliate with water and sewer. Each of the Utilities and DLGC II LLC have entered into an Asset Purchase Agreement with the City of Peoria, an Arizona municipal corporation ("**Peoria**") dated November __, 2005 ("**Asset Purchase Agreement**") wherein Peoria agrees to purchase, when constructed and subject to certain conditions all assets of the Utilities including, without limitation, franchises, water wells and water rights, distributions lines, collection lines, and waste water treatment plants for the Purchase price specified therein and the rebate of certain Impact Fees to be charged by Peoria upon the start of construction of lots within the described property ("collectively, the **Asset Purchase Price**"). The Asset Purchase Agreement was entered into as part of the Settlement Agreement and Release dated November __, 2005 ("**Settlement Agreement**") between DLGC II LLC and Peoria of action by

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DLGC II LLC against Peoria for an unconstitutional taking in the Maricopa County Arizona Superior Court assigned case number CV2002-005423 (“**Litigation**”).

F. Seller desires to sell, transfer, and convey the Property to Buyer, and Buyer desires to purchase and acquire the Property from Seller, upon and subject to the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller hereby agree, and instruct Escrow Agent, as follows:

1. PURCHASE AND SALE.

Subject to and upon all of the terms and conditions of this Agreement, Seller agrees to sell, transfer, and convey to Buyer, and Buyer agrees to purchase and acquire from Seller, a good and marketable fee simple interest in the Property.

2. PURCHASE PRICE.

The purchase price of the Property (the “**Purchase Price**”) shall be Twenty Three Million Dollars (\$23,000,000) (“**Initial Purchase Price**”) plus an amount equal to the additional payments (“**Additional Payments**”) set forth on Schedule 1 to this Agreement. The Purchase Price shall be payable as follows:

2.1 Deposit. Upon the “Opening of Escrow” (as hereinafter defined), Buyer shall make no deposit into “Escrow” (as hereinafter defined). Within five (5) “Business Days” (as hereinafter defined) after receipt of the Zoning Approval (as hereinafter defined) the Buyer will deposit the sum of Five Hundred Thousand Dollars (\$500,000) into Escrow (which amount, together with any and all interest and dividends earned thereon, shall hereinafter be referred to as the “**Deposit**”). Except as otherwise provided in this Agreement, the Deposit shall be non-refundable to Buyer. Escrow Agent shall invest the Deposit in insured money market accounts, certificates of deposit, or United States Treasury Bills (or repurchase agreements secured by same) as Buyer may instruct from time to time, provided that such investments are federally issued or insured. At the “Closing” (as hereinafter defined), the Deposit shall be paid to Seller and credited against the Purchase Price.

2.2 Balance. At the Closing, Buyer shall deposit into Escrow the balance of the Initial Purchase Price over and above the Deposit, by wire transfer or deposit of immediately available federal funds, net of all prorations and adjustments as provided in this Agreement.

2.3 Additional Payments. Additional Payments shall be made in the amounts and at the times set forth in Schedule 1

3. ESCROW.

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3.1 Opening of Escrow. Buyer and Seller shall cause an escrow ("**Escrow**") to be opened with Escrow Agent by delivery to Escrow Agent of a fully executed copy of this Agreement. Escrow Agent shall promptly deliver to Buyer and Seller written notice of the date of the "Opening of Escrow." As used herein, the term "**Opening of Escrow**" means the day on which Escrow Agent receives a fully executed copy of this Agreement and has notified each party in writing of such receipt.

3.2 Escrow Instructions. This Agreement shall constitute escrow instructions to Escrow Agent as well as the agreement of the parties. In the event that any other printed escrow instructions are requested of the parties and the terms thereof conflict or are inconsistent with any provision of this Agreement or any deed, instrument, or document executed or delivered in connection with the transaction contemplated hereby, the provisions of this Agreement, or such deed, instrument, or document shall control. Escrow Agent is hereby appointed and designated to act as Escrow Agent and instructed to deliver, pursuant to the terms of this Agreement, the documents and funds to be deposited into Escrow as herein provided.

3.3 Closing Protection Letter. If the Escrow Agent acts as an agent for an underwriter and does not directly issue policies of title insurance, Escrow Agent agrees that as a condition to acting as the Escrow Agent for this transaction, it shall, concurrently with the Opening of Escrow, cause its underwriter to issue to Buyer an escrow and closing protection letter or insured escrow and closing service in written form satisfactory to Buyer.

3.4 Termination/Cancellation. Upon any termination or cancellation (the terms being used interchangeably herein) by either of the parties hereto as expressly allowed under this Agreement (including, without limitation, any deemed termination or cancellation), (a) Buyer shall return to Seller the Property Materials; (b) the Deposit shall be delivered to the party that this Agreement specifies is entitled thereto; (c) all other documents, instruments, and funds delivered into Escrow shall be returned to the party that delivered the same into Escrow, and (d) the parties shall thereafter be relieved from further liability hereunder, except with respect to any obligations under this Agreement that are expressly stated to survive any termination of this Agreement. A copy of any notice of termination allowed under this Agreement shall be sent to Escrow Agent by the party electing to terminate.

4. ACTIONS PENDING CLOSING.

4.1 Due Diligence.

4.1.1 Property Materials.

4.1.1.1 On or before the tenth day after the Opening of Escrow (the "**Document Delivery Date**"), Seller shall, at Seller's sole cost and expense, provide to Buyer and Buyer's counsel true, correct, and complete copies of all of the following documents (collectively, the "**Property Materials**"), or written notice as to the non-existence of any such Property Materials:

- (a) A current ALTA survey for the Property certified to Buyer, Escrow Agent, and Title Insurer;

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- (b) Any existing, proposed, or draft site plans, plats, and development plans for the Property (including, without limitation, with respect to offsite development related to the Property) and Section 404 permits to the extent within Seller's possession or control;
- (c) The most recent environmental reports for the Land Parcel and, to the extent within Seller's possession or control, all other existing environmental reports for the Property;
- (d) All leases, occupancy agreements, operating agreements, and licenses that affect the Property;
- (e) All current zoning stipulations, agreements, and requirements that affect or that are proposed to affect the Property;
- (f) All archaeological, biological, soil, geological, grading, drainage, and hydrology reports, surveys, or assessments and any other engineering reports for the Property to the extent within Seller's possession or control;
- (g) The contact information for all engineers, architects, draftspersons, and/or consultants known to Seller to have information concerning the Property and/or its development (each of whom Buyer shall be authorized to contact, discuss the Property and/or its development with, and, if desired by Buyer, retain at Buyer's expense);
- (h) Any other third-party reports, contracts, and agreements of any kind in Seller's possession or control pertaining to the Property; and
- (i) Any notices or demands or correspondence from Peoria with respect to the Asset Purchase Agreement, the Settlement Agreement or the Annexation and Pre-Development Agreement dated October 17, 1995, as extended ("**Annexation Agreement**").

4.1.1.2 If Seller does not have the items described in Subsections (a) and (c) of Section 4.1.1.1, Seller shall obtain such items and, at the Closing, Seller shall be reimbursed by Buyer as an addition to the Purchase Price in the amount of the fees and costs incurred by Seller to obtain such items. Seller shall provide Buyer with written receipts confirming the amount of such fees and costs.

4.1.1.3 In addition, to the extent any of the items described in Section 4.1.1.1 were obtained by Seller from third-party consultants paid by Seller and are not otherwise addressed to Buyer, if requested by Buyer Seller shall, within twenty (20) days prior to the Close of Escrow, cause each such preparer of such items to provide Buyer with a reliance letter reasonably acceptable to Buyer confirming Buyer's right to rely upon and use such items.

4.1.1.4 Seller shall promptly furnish to Buyer for its review (a) any of the items described in Section 4.1.1.1 that may come into Seller's possession or control from and

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after the Document Delivery Date, and (b) any additional documents and information in the possession or control of Seller reasonably requested in writing by Buyer.

4.1.2 Buyer's Diligence Tests.

4.1.2.1 At all reasonable times from the Opening of Escrow to the Closing (or earlier termination of this Agreement), Buyer and its employees, agents, consultants, and contractors shall be entitled, at Buyer's sole cost and expense, to: (a) enter onto the Real Property to perform any inspections, investigations, studies, and tests of the Real Property (including, without limitation, physical, engineering, soils, geotechnical, and environmental tests) that Buyer deems reasonable; (b) review all Property Materials; and (c) investigate such other matters pertaining to the Property as Buyer may desire. Buyer's entry onto and inspections of the Real Property in accordance with the terms of this Agreement shall not damage the Real Property in any material respect. Any entry by Buyer onto the Real Property shall be subject to, and conducted in accordance with, all applicable laws.

4.1.2.2 Buyer shall indemnify, protect, defend, and hold Seller and Seller's managers, members, agents, employees, and representatives (each an "**Indemnified Party**" and collectively, the "**Indemnified Parties**") harmless from and against any and all claims (including, without limitation, claims for mechanic's liens or materialman's liens), causes of action, demands, obligations, losses, damages, liabilities, judgments, costs, and expenses (including, without limitation, reasonable attorneys' fees, charges, and disbursements) (collectively, "**Claims**") in connection with or arising out of any inspections of the Real Property carried on by or on behalf of Buyer pursuant to the terms hereof; provided, however, that Buyer shall have no responsibility or liability for (a) any act or omission of any Indemnified Party; (b) any adverse condition or defect on or affecting the Property not caused by Buyer or its employees, agents, consultants, or contractors but discovered or impacted during their inspections including, without limitation, the pre-existing presence or discovery of any matter (such as, but not limited to, any "Hazardous Substance" (as hereinafter defined)); (c) the results or findings of any inspection; and/or (d) Buyer's election to terminate this Agreement as a result of any inspection pursuant to this Agreement.

4.1.2.3 In the event that this Agreement is terminated by Buyer other than pursuant to Section 12.1 upon a default or breach by Seller, Buyer shall repair any material damage to the Property caused by its entry thereon and restore the same to substantially the same condition in which it existed prior to such entry.

4.1.2.4 The provisions of this Section 4.1.2 shall survive the Closing or the earlier termination of this Agreement.

4.1.3 Buyer's Termination Right.

Buyer shall have the right at any time within ten business days after receipt of the Zoning Approval from Peoria (the "**Due Diligence Termination Date**") to determine in its sole and absolute discretion whether or not the Zoning Approval of Property is acceptable to Buyer, including, without limitation, the conditions to vesting of Zoning, the stipulations, and the required off site infrastructure improvements, impact fees or exactions from the City. The Due

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Diligence Termination Date shall be automatically extended by the period of any delay by Seller in timely providing the Property Materials to Buyer. Buyer shall indicate its satisfaction and/or waiver of the Due Diligence condition described in this Section 4.1 by delivering written notice of such satisfaction and/or waiver to Seller and Escrow Agent on or prior to the Due Diligence Termination Date. In the event Buyer fails to deliver written notice of such satisfaction and/or waiver on or prior to the Due Diligence Termination Date, then this Agreement and the Escrow shall be automatically deemed terminated. In the event this Agreement is terminated in accordance with this Section, then the Deposit if the same has been theretofore made shall be immediately returned to Buyer.

4.2 Title.

4.2.1 Deliveries by Seller. On or before the Document Delivery Date, Seller shall cause Chicago Title Insurance Company ("**Title Insurer**") to issue and deliver to Buyer (a) a current commitment for an ALTA extended coverage owner's policy of title insurance for the Real Property (the "**Title Report**") and (b) legible copies of all documents referenced therein (collectively with the Title Report, the "**Title Documents**").

4.2.2 Buyer's Review of Title. Buyer shall have sixty days after receipt of the Title Report and Title Documents to notify Seller in writing of any objection that Buyer may have to any matters reported or shown in the Title Documents or any amendments or updates thereof (a "**Buyer's Objection Letter**") (provided, however, that if any such amendments or updates are received by Buyer after or within ten (10) Business Days before the Due Diligence Termination Date, Buyer shall have an additional ten (10) Business Days following Buyer's receipt of such amendment or update and copies of all documents referenced therein to notify Seller of objections to matters shown on any such amendment or update that were not disclosed on the previously delivered Title Documents). Matters shown in Schedule B, Part Two of the Title Report (or any amendments or updates thereof) that are not timely objected to by Buyer as provided above shall be deemed to be "**Permitted Exceptions.**" Seller shall cooperate with Buyer to eliminate title exceptions objected to by Buyer, but, except as set forth in the last sentence of this Section 4.2.2, Seller shall have no obligation to cure or correct any matter objected to by Buyer. On or before the fifth (5th) Business Day following Seller's receipt of Buyer's Objection Letter, Seller may elect, by delivering written notice of such election to Buyer and Escrow Agent ("**Seller's Response**"), to cause Title Insurer to remove or insure over any matters objected to in Buyer's Objection Letter. If Seller fails to deliver Seller's Response within the period set forth above, it shall be deemed an election by Seller not to cause Title Insurer to so remove or insure over such objections. If Seller elects or is deemed to have elected not to cause Title Insurer to so remove or insure, or if Buyer determines, in its sole discretion, that any proposed endorsement for or insurance over an objected matter is unsatisfactory, then Buyer must elect, by delivering written notice of such election to Seller and Escrow Agent on or before the earlier to occur of (a) the fifth (5th) Business Day following Buyer's receipt of Seller's Response or (b) if no Seller's Response is received by Buyer, the fifth (5th) Business Day following the date on which Seller shall have been deemed to have responded, as provided above, to: (i) terminate this Agreement, in which case the Deposit if theretofore made shall be immediately returned to Buyer; or (ii) proceed with this transaction, in which event those objected to exceptions or matters that Seller has not elected to cause Title Insurer to so remove or insure shall be deemed to be Permitted Exceptions. In the event that Buyer fails to make such

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election on a timely basis, then Buyer shall be deemed to have elected to terminate this Agreement in accordance with the preceding clause (i). Notwithstanding anything else stated herein, in all events, regardless of whether Buyer has given notice of objection as stated above, Seller shall be obligated to satisfy and otherwise remove all monetary and financial liens and encumbrances in existence as of the Agreement Date or incurred by Seller on or before Closing hereunder (other than current taxes not yet due) and any additional encumbrances incurred by Seller after the Agreement Date in violation of any provision of this Agreement, and Seller shall, except as may be otherwise specifically set forth in this Agreement, terminate all leases, possessory agreements, licenses, and operating agreements that affect the Property and cause all parties-in-possession title exceptions shown on the Title Report, if any, to be deleted, and Buyer need not object to any such matters.

4.2.3 Condition of Title at Closing. Upon the Closing, Seller shall sell, transfer, and convey to Buyer fee simple title to the Real Property by a duly executed and acknowledged deed in the form of Exhibit "B" attached hereto (the "**Deed**"), subject only to the Permitted Exceptions.

4.3 Zoning Approval. As soon as practical following the Opening of Escrow for a period of the shorter of (i) eighteen months after the Agreement Date or (ii) the date that Zoning Approval is obtained (the "**Zoning Period**"), Buyer shall use its reasonable efforts to obtain rezoning of the Real Property from the City of Peoria, Arizona of the following in form acceptable to Buyer in its sole and absolute discretion: a rezoning of the Property to permit Buyer's intended development of the Property as a recreational vehicle park or higher inclusive zoning (the "**Rezoning**"). The approval by City of Peoria, Arizona of the Rezoning, including expiration of all applicable protest, appeal, and referendum periods without a protest, appeal, or referendum being filed (or if a protest, appeal, or referendum has been filed, then on the date that such protest, appeal, or referendum has been resolved on terms satisfactory to Buyer), shall be referred to herein as the collectively, the "**Zoning Approval**." Buyer shall pursue the Zoning Approval and shall conduct all negotiations with the City of Peoria, Arizona, and Seller will pay monthly, upon presentations of a written demand for payment accompanied by evidence of such expenditures, all third party Rezoning costs incurred up to the sum of \$125,000.00. In the event that Seller does not pay such costs upon demand, the Buyer may, but is not required to, pay such costs and those costs together with interest at the rate of eighteen percent (18%) per annum will be deducted from any portion of the purchase price due the Seller as an Additional Payment. Seller shall cooperate with Buyer in its efforts to obtain the Zoning Approval and shall timely execute any and all applications, consents, and other documents reasonably requested by Buyer in connection therewith. The Parties may by mutual agreement extend the Zoning Approval Period. Upon satisfaction of the Zoning Approval the Buyer shall make a Deposit required under Section 2.1.

5. DESCRIPTION OF PROPERTY.

5.1 The Real Property. As used in this Agreement, the term "**Real Property**" shall mean, collectively, all of Seller's right, title, and interest in and to: (a) the Land Parcel; (b) all buildings, structures, and improvements if any thereon (the "**Improvements**"); (c) the Right of Way rights; and (d) all of the rights, privileges, appurtenances, hereditaments, easements,

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reversions, and remainders pertaining to or used in connection with the Land Parcel and/or any of the Improvements, including, without limitation, all (i) development rights and credits, air rights, water, water rights, and water stock relating to the Land Parcel, (ii) strips and gores, streets, alleys, easements, rights-of-way, public ways, or other rights appurtenant, adjacent, or connected to the Land Parcel, and (iii) minerals, oil, gas, and other hydrocarbon substances in, under, or that may be produced from the Land Parcel but excluding therefrom the Condemnation Parcels and the Condominium Damages which shall be retained by the Seller.

5.2 The Intangible Property. As used in this Agreement, the term “**Intangible Property**” shall mean all of Seller’s right, title, and interest in and to that certain intangible property owned by Seller or used by Seller exclusively in connection with all or any portion of the Real Property, including, without limitation, all of Seller’s right, title, and interest, if any, in and to: (a) all plats, improvement plans, drawings and specifications, and development rights and credits relating to the Property, (b) all books, records, reports, test results, environmental assessments, if any, as-built plans, specifications, and other similar documents and materials relating to the use, operation, maintenance, repair, construction, or fabrication of all or any portion of the Real Property; (c) all transferable business licenses, architectural, site, landscaping or other permits, applications, approvals, authorizations, and other entitlements affecting any portion of the Real Property; (d) all transferable guarantees, warranties, and utility contracts or water rights relating to all or any portion of the Real Property; (e) all ownership interests or rights in the Utilities, including without limitation all common stock, all preferred stock, all rights to purchase common stock or preferred stock, all debt obligations convertible into any form of ownership interest and (f) the Franchises..

6. CONDITIONS TO CLOSING.

6.1 Buyer’s Closing Conditions. The obligation of Buyer to complete the transaction contemplated by this Agreement is subject to each of the following conditions precedent (and conditions concurrent, with respect to deliveries to be made by Seller at the Closing) (the “**Buyer’s Closing Conditions**”), which conditions may be waived, or the time for satisfaction thereof extended, by Buyer only in a writing executed by Buyer:

6.1.1 Title. Title Insurer shall be irrevocably and unconditionally prepared and committed to issue to Buyer (with an effective date not earlier than the Closing Date), an ALTA Extended Owner’s Policy of Title Insurance in favor of Buyer for the Real Property (the “**Owner’s Title Policy**”) and an ALTA Lenders Policy of Title Insurance (the “**Lender’s Title Policy**”) in favor of any lender to Buyer in connection with the purchase (a) showing fee title to the Real Property vested in Buyer, (b) with liability coverage in an amount equal to the Purchase Price in the Owner’s policy and the Loan amount in the Lender’s Title Policy, (c) with those endorsements reasonably requested by Buyer and such lender (provided that such endorsements are available in the State of Arizona and are paid for in accordance with the terms in this Agreement), and (d) containing no exceptions other than the Permitted Exceptions

6.1.2 Seller’s Due Performance. All of the representations and warranties of Seller set forth in this Agreement shall be true, correct, and complete in all material respects as of the Closing Date, and Seller, on or prior to the Closing Date, shall have complied with and/or

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performed all of the obligations, covenants, and agreements required on the part of Seller to be complied with or performed pursuant to the terms of this Agreement on or prior to the Closing.

6.1.3 Physical Condition of Property. The physical condition of the Property shall be substantially the same on the Closing Date as on the Agreement Date, except for reasonable wear and tear and any damages due to any act of Buyer or Buyer's representatives.

6.1.4 No Moratorium. As of the Closing Date, there shall be no moratorium, injunction, restraining order, or similar restriction imposed by any governmental authority, court, administrative body, or private entity that precludes or prevents the issuance of building permits or certificates of occupancy with respect to the Real Property and/or the construction of residences or other improvements on the Real Property.

6.1.5 Bankruptcy. Buyer shall have obtained a final order which has not been appealed or stayed from the United States Bankruptcy Court for the District of Arizona ("Bankruptcy Court") , which is handling the Seller's bankruptcy case or cases as 2-11 BK-10174ssc and 2-11-BK-10170rtb, approving the transactions contemplated by this Agreement under the terms of this Agreement, and no judgment, attachment, execution, lien, or levy shall have attached to or been issued with respect to Seller's interest in the Property or any portion thereof.

6.1.5 Zoning Approval. The Zoning Approval satisfactory to Buyer has been obtained.

6.1.6 Final Approval of Transfers. Any final approval required from (i) the State Land Department to the transfer of the rights under the Right of Way and (ii) the Arizona Corporation Commission ("Commission") to the Transfer of the Franchises or the ownership interests in the Utilities has been obtained.

6.1.7 No Termination of the Asset Purchase Agreement. Peoria has not terminated the Asset Purchase Agreement.

6.1.8 Financing Contingency. Buyer has received a loan ("Loan") in an amount satisfactory to Buyer with satisfactory terms in Buyer's sole and absolute judgment from a lender who is prepared to and does advance the loan on the Closing Date.

6.1.9 Estoppel Certificate From Peoria. Buyer shall have received an estoppel certificate in form satisfactory to Buyer from Peoria stating the Asset Purchase Agreement is in full force and effect and that Peoria has no right to terminate such agreement under the terms thereof.

6.1.10 No Utility Debt. At the Closing, the Utilities shall be subject to no outstanding debts or obligations, whether secured or unsecured.

6.2 Failure of Buyer's Closing Conditions. If any of Buyer's Closing Conditions described in Section 6.1 above have not been fulfilled within the applicable time periods, Buyer may:

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6.2.1 Waive the unfulfilled Buyer's Closing Condition and close Escrow in accordance with this Agreement, without adjustment or abatement of the Purchase Price;

6.2.2 Extend the Closing for a period of three months upon the payment of an additional \$500,000 as a Deposit to attempt to cause the Closing Conditions to occur but if the Closing Conditions still are not met, the Buyer may terminate the Agreement under Section 6.2.3 below;

6.2.3 Terminate this Agreement by written notice to Seller and Escrow Agent, in which event (a) the Deposit and additional Deposit shall be immediately returned to Buyer, and (b) to the extent that the failure of any applicable Buyer's Closing Condition is caused by a Seller default, Buyer shall be entitled to pursue its rights and remedies pursuant to the terms of Section 12.1.

7. CLOSING.

7.1 Closing Date. Subject to the provisions of this Agreement, the Closing shall take place on a date selected by Buyer not later than 90 days after the satisfaction of the Zoning Approval, or on such other date as the parties hereto may agree. As used herein, the following terms shall have the following meanings: (a) the "**Closing**" shall mean the recordation of the Deed in the official records of Maricopa County, Arizona (the "**Official Records**"); and (b) the "**Closing Date**" shall mean the date upon which the Closing actually occurs.

7.2 Deliveries by Seller. On or before the Closing Date, Seller, at its sole cost and expense, shall deliver or cause to be delivered into Escrow the following items, documents, and instruments, each shall, unless otherwise stated, be dated as of the Closing Date, fully executed and, if appropriate acknowledged, and, if applicable, in proper form for recording:

7.2.1 Deed. The Deed conveying the Real Property to Buyer;

7.2.2 Non-Foreign Affidavit. A Non-Foreign Affidavit in the form attached hereto as Exhibit "C" (the "**Non-Foreign Affidavit**");

7.2.3 General Assignment. A general assignment to Buyer of the Intangible Property in the form attached hereto as Exhibit "D" (the "**General Assignment**");

7.2.4 Ownership Certificates. All stock or other ownership interests in the Utilities shall be delivered with endorsements in blank or as Buyer may direct.

7.2.5 Certified Copies or Orders. Certified copies of the final order of the Bankruptcy Court approving the transactions under this Agreement and the sale of the Property free and clear of liens to Buyer, and of the final order of the Commission approving the transfers of the Franchises and the ownership interest in the Utilities.

7.2.6 Proof of Authority. Such proof of Seller's authority and authorization to enter into this Agreement and the transaction contemplated hereby, and such proof of the power and authority of the individual(s) executing or delivering any instruments, documents, or

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certificates on behalf of Seller to act for and bind Seller as may be reasonably required by Title Insurer, Escrow Agent, or Buyer; and

7.2.4 Other. Such other items, documents, and instruments as may be reasonably required by Buyer, Title Insurer, Escrow Agent, or otherwise in order to effectuate the provisions of this Agreement and the Closing and/or otherwise to fulfill the covenants and obligations to be performed by Seller at the Closing pursuant to this Agreement, including without limitations any assignment or transfers of water and water rights to Buyer or the Utilities..

7.3 Deliveries by Buyer. On or before the Closing Date, Buyer, at its sole cost and expense, shall deliver or cause to be delivered into Escrow the following funds and the following items, documents, and instruments, each dated as of the Closing Date, fully executed and, if appropriate acknowledged, and, if applicable, in proper form for recording:

7.3.1 Purchase Price. Cash or other immediately available funds in an amount equal to the unpaid sum of the Purchase Price (less the Deposit) and all of Buyer's share of the Closing Costs (and otherwise sufficient to close the transaction contemplated herein);

7.3.2 Proof of Authority. Such proof of Buyer's authority and authorization to enter into this Agreement and the transaction contemplated hereby, and such proof of the power and authority of the individual(s) executing or delivering any instruments, documents, or certificates on behalf of Buyer to act for and bind Buyer as may be reasonably required by Title Insurer, Escrow Agent, or Seller; and

7.3.3 Other. Such other items, documents, and instruments as may be reasonably required by Seller, Title Insurer, Escrow Agent, or otherwise in order to effectuate the provisions of this Agreement and the Closing and/or otherwise to fulfill the covenants and obligations to be performed by Buyer at the Closing pursuant to this Agreement.

7.4 Actions by Escrow Agent. Provided that Escrow Agent shall not have received written notice from Buyer or Seller of the failure of any condition to the Closing or of the termination of the Escrow and this Agreement, when Buyer and Seller have deposited into Escrow the documents and funds required by this Agreement and Title Insurer is irrevocably and unconditionally prepared and committed to issue the Owner's Title Policy in accordance with the terms hereof, Escrow Agent shall, in the order and manner herein below indicated, take the following actions:

7.4.1 Funds. Disburse all funds as follows:

7.4.1.1 Pursuant to the "Closing Statement" (as hereinafter defined), retain for Escrow Agent's own account all escrow fees and costs, disburse to Title Insurer the fees and expenses incurred in connection with the issuance of the Owner's Title Policy, and disburse to any other persons or entities entitled thereto the amount of any other Closing Costs;

7.4.1.2 Disburse to Seller an amount equal to the Purchase Price, less or plus the net debit or credit to Seller by reason of the prorations and allocations of Closing Costs provided for in this Agreement; and

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7.4.1.3 Disburse to the party who deposited the same any remaining funds in the possession of Escrow Agent after the payments pursuant to Sections 7.4.1.1 and 7.4.1.2 above have been completed.

7.4.2 Recording. Cause the Deed and any other documents customarily recorded and/or that the parties hereto may mutually direct to be recorded in the Official Records and obtain conformed copies thereof for distribution to Buyer and Seller.

7.4.3 Delivery of Documents. Deliver: (a) to Seller (i) one original of all documents deposited into Escrow (other than the Deed, the other documents recorded pursuant to the terms of this Agreement, the Non-Foreign Affidavit, and the General Assignment), (ii) one copy of the Non-Foreign Affidavit and the General Assignment, and (iii) one conformed copy of each document recorded pursuant to the terms of this Agreement; and (b) to Buyer, (i) one original of all documents deposited into Escrow (other than the Deed and the other documents recorded pursuant to the terms of this Agreement, but including, without limitation, the Non-Foreign Affidavit), and (ii) the one conformed copy of each document recorded pursuant to the terms of this Agreement. Originals of any documents recorded at Closing shall be delivered after such recording as indicated thereon.

7.4.4 Owner and Lender's Title Policies. Cause Title Insurer to issue or be irrevocably and unconditionally prepared and committed to issue the Owner's Title Policy to Buyer and the Lender's title Policy to the Lender..

7.5 Prorations/Appportionment

7.5.1 Method of Proration. Taxes and assessments affecting the Property shall be prorated between Buyer and Seller as of the Closing Date based on a 365-day year. All non-delinquent real estate taxes and assessments on the Property shall be prorated based on the actual current tax bill, but if such tax bill has not yet been received by Seller by the Closing Date or if supplemental taxes are assessed after the Closing for the period prior to the Closing, the parties shall make any necessary adjustment after the Closing by cash payment to the party entitled thereto so that Seller shall have borne all real property taxes, including all supplemental taxes, allocable to the period prior to the Closing and Buyer shall bear all real property taxes, including all supplemental taxes, allocable to the period from and after the Closing. If any expenses attributable to the Property and allocable to the period prior to the Closing are discovered or billed after the Closing, the parties shall make any necessary adjustment after the Closing by cash payment to the party entitled thereto so that Seller shall have borne all expenses allocable to the period prior to the Closing and Buyer shall bear all expenses allocable to the period from and after the Closing. All improvement and special liens and assessments shall be paid in full by Seller at or before the Closing.

7.5.2 Appportionment. If taxes and/or assessments must be prorated and/or paid before the appropriate tax/assessment records reflect the Property as a separate parcel, such taxes and/or assessments will be allocated between the Property and the rest of the applicable parcel on the basis of acreage, except that any taxes attributable to improvements will be allocated to the land on which the improvements are located.

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7.5.3 Survival. The obligations under this Section 7.5 shall survive the Closing and the delivery and recordation of the Deed for the Property.

7.6 Closing Costs. Each party shall pay its own costs and expenses arising in connection with the Closing (including, without limitation, its own attorneys' and advisors' fees, charges, and disbursements), except the following costs (the "Closing Costs"), which shall be allocated between the parties as follows:

7.6.1 Escrow Agent's escrow fees and costs shall be paid one-half by Seller and one-half by Buyer;

7.6.2 The cost of the Owner's Title Policy attributable to standard coverage shall be paid by Seller;

7.6.3 The cost of the Owner's Title Policy attributable to extended coverage shall be paid by Buyer and the cost of the Lender's Title Policy shall be paid by the Buyer;

7.6.4 The cost of any endorsements to the Owner's Title Policy or other items required to be provided by Seller pursuant to Section 4.2.2 shall be paid by Seller, and the costs of any other endorsements to the Owner's Title Policy or the Lender's Title Policy shall be paid by Buyer; and

7.6.5 All recording fees and other closing fees and costs shall be charged to and paid by Seller and Buyer in accordance with Escrow Agent's customary practices.

7.7 Closing Statement. Five (5) Business Days prior to the Closing Date, Escrow Agent shall deliver to each of the parties for their review and approval a preliminary closing statement (the "Preliminary Closing Statement") setting forth: (a) the proration amounts allocable to each of the parties pursuant to Section 7.5; and (b) the Closing Costs allocable to each of the parties pursuant to Section 7.6. Based on each of the party's comments, if any, regarding the Preliminary Closing Statement, Escrow Agent shall revise the Preliminary Closing Statement and deliver a final, signed version of a closing statement to each of the parties at the Closing (the "Closing Statement").

7.8 Deliveries Outside of Escrow. Upon the Closing, Seller shall deliver sole and exclusive possession of the Property to Buyer, subject only to the Permitted Exceptions. Further, Seller hereby covenants and agrees to deliver to Buyer, on or prior to the Closing, the Intangible Property, including, without limitation, the original Property Materials. Effective immediately upon the Closing, any personal property remaining on the Land Parcel shall be deemed abandoned and may be removed and disposed of by Buyer at its sole cost and expense.

8. SELLER'S REPRESENTATIONS AND WARRANTIES.

Seller represents, and warrants to and agrees with Buyer, as of the Agreement Date and as of the Closing Date, as follows:

8.1 Due Organization. Each Seller is a duly organized, validly existing, limited liability company in good standing under the laws of the State of Arizona.

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8.2 Seller's Authority; Validity of Agreements. Each Seller has full right, power, and authority to sell the Property to Buyer as provided in this Agreement and to carry out its obligations hereunder. The individual(s) executing this Agreement and the instruments referenced herein on behalf of each Seller has/have the legal power, right, and actual authority to bind such Seller to the terms hereof and thereof. This Agreement is, and all other instruments, documents and agreements to be executed, and delivered by each Seller in connection with this Agreement shall be, duly authorized, executed, and delivered by such Seller and the valid, binding, and enforceable obligations of each Seller (except as enforcement may be limited by bankruptcy, insolvency, or similar laws) and do not, and as of the Closing Date will not result in any violation of, or conflict with, or constitute a default under, any provisions of any agreement of Seller or any mortgage, deed of trust, indenture, lease, security agreement, or other instrument, covenant, obligation, or agreement to which each Seller or the Property is subject, or any judgment, law, statute, ordinance, writ, decree, order, injunction, rule, ordinance, or governmental regulation or requirement affecting Seller or the Property.

8.3 Sole Owner. Seller is the sole owner of fee simple interest to the Property. Seller shall not take any action to affect title to the Property while this Agreement is in effect, and the sole and exclusive possession of the Property shall be delivered to Buyer on or before the date of Closing and there shall be no leases or other rights to occupancy in effect at Closing except for the grazing lease described in Section 8.4.

8.4 No Third-Party Rights. There are no leases, occupancy agreements, easements, licenses, or other agreements that grant third-parties any possessory or usage rights to all or any part of the Property except for an annual grazing lease which can be terminated at the end of the current term by Buyer.

8.5 Litigation. To Seller's knowledge (as hereinafter defined), (a) there are no actions, investigations, suits, or proceedings (other than tax appeals or protests and the Seller's pending bankruptcy proceedings and the pending trustee's foreclosure sale noticed by Johnson Bank) pending or threatened that affect the Property, the ownership or operation thereof, or the ability of Seller to perform its obligations under this Agreement, and (b) there are no judgments, orders, awards, or decrees currently in effect against Seller with respect to the ownership or operation of the Property that have not been fully discharged prior to the Agreement Date.

8.6 Zoning and Condemnation. To Seller's knowledge and except as disclosed in the Property Materials or as disclosed in this Agreement, there are no pending proceedings to alter or restrict the zoning or other use restrictions applicable to the Property, to condemn all or any portion of the Property by eminent domain proceedings or otherwise, or to institute a moratorium or similar restriction on building on or issuing certificates of occupancy for construction on the Property.

8.7 No Violations of Environmental Laws. To Seller's knowledge and except as disclosed in the Property Materials: (a) the Property is not in, nor has it been or is it currently under investigation for violation of any federal, state, or local law, ordinance, or regulation relating to industrial hygiene, worker health and safety, or to the environmental conditions in, at, on, under, or about the Property, including, but not limited to, soil and groundwater conditions ("**Environmental Laws**"); (b) the Property has not been subject to a deposit of any Hazardous

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Substance (as hereinafter defined); (c) neither Seller nor any third party has used, generated, manufactured, stored, or disposed in, at, on, or under the Property any Hazardous Substance; and (d) there is not now in, on, or under the Property any underground or above ground storage tanks or surface impoundments, any asbestos containing materials, or any polychlorinated biphenyls used in hydraulic oils, electrical transformers, or other equipment. Seller hereby assigns to Buyer as of the Closing all claims, counterclaims, defenses, and actions, whether at common law or pursuant to any other applicable federal, state or other laws that Seller may have against any third party or parties relating to the existence or presence of any Hazardous Substance in, at, on, under, or about the Property. For purpose of this Agreement, the term “**Hazardous Substance**” shall be deemed to include any wastes, materials, substances, pollutants, and other matters regulated by Environmental Laws.

8.8 Fees. Except as disclosed in the Property Materials, Seller has not received written notice from any government entity of any new (or increases in existing) development fees, impact fees, or other fees that will be levied (or are under consideration by any governmental agency or body) in connection with the development of the Property.

8.9 Government Approvals. Seller has not received written notice from any Governmental Entity of any governmental policy or action precluding or inhibiting (a) issuance of grading or building permits with respect to the Property; (b) approval of precise engineering plans, environmental impact reports, or preliminary or final plat maps with respect to the Property; (c) issuance of certificates of occupancy for residences on the Property; or (d) issuance of water, sewer, or other utility connection permits affecting the development of the Property.

8.10 No Liens. To Seller’s knowledge, there are no mechanic’s or materialman’s liens or similar claims or liens now asserted against the Property for work performed or commenced prior to the date hereof; and Seller shall timely satisfy and discharge any and all obligations relating to work performed on or conducted at or materials delivered to the Property prior to Closing in order to prevent the filing of any claim or mechanic’s lien with respect thereto, but Seller shall not be responsible for any amounts due to consultants or other third-parties performing work at Buyer’s request and Buyer shall timely pay all amounts due to such persons.

8.11 No Other Commitments. Except as may be disclosed in the Title Report, Seller has not made any commitment or representation to any governmental authority, or any adjoining or surrounding property owner, that would in any way be binding on Buyer or would interfere with Buyer’s ability to develop and improve the Property as a recreational vehicle park, and Seller shall not make any such commitment or representation that would affect the Property or any portion thereof, without Buyer’s written consent.

8.12 Endangered Species. To Seller’s knowledge and except as disclosed in the Property Materials or this Agreement, there are no endangered species or protected natural habitat, flora, or fauna on the Property nor are there any areas on or near the Property that are designated as wetlands or otherwise subject to the United States Army Corps of Engineers’ Section 404 permit requirements.

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8.13 Wells/Underground Tanks. To Seller's knowledge and except as disclosed in the Property Materials, there are no wells, drilling holes, wellheads, or underground storage tanks located on or under the Property except for the existing wells disclosed in writing to the Buyer.

8.14 Landfill/Waste Disposal Site. Seller has not used the Property and, to Seller's knowledge and except as disclosed in the Property Materials, the Property has never been used as a landfill, waste disposal site, or burial site.

8.15 No Other Agreements. There are no shared expense agreements, repayment agreements, reimbursement agreements, or development payback agreements that affect all or any portion of the Property other than the Asset Purchase Agreement.

8.16 Property Materials. To Seller's knowledge, there are no defects, deficiencies, or inaccuracies in any of the Property Materials, and all information furnished by Seller to Buyer pursuant to this Agreement is true, accurate, and complete.

8.17 Survival. All of the representations, warranties, and agreements of Seller set forth in this Agreement shall be true upon the Agreement Date, shall be deemed to be repeated at and as of the Closing Date, and shall survive the delivery of the Deed and the Closing. Prior to a termination of this Agreement, Seller shall not take any action, fail to take any required action, or willfully allow or consent to any action that would cause any of Seller's representations or warranties to become untrue.

8.18 Seller's Knowledge. To Seller's knowledge shall mean to the actual knowledge of Donald R. Leo after due inquiry.

9. BUYER'S REPRESENTATIONS AND WARRANTIES.

Buyer represents and warrants to Seller, as of the Agreement Date and as of the Closing Date, as follows:

9.1 Due Organization. Buyer is a duly organized and validly existing limited liability company, and in good standing under the laws of the State of Arizona.

9.2 Buyer's Authority; Validity of Agreements. Buyer has full right, power, and authority to purchase and acquire the Property from Seller as provided in this Agreement and to carry out its obligations hereunder. The individual(s) executing this Agreement and the instruments referenced herein on behalf of Buyer has/have the legal power, right, and actual authority to bind Buyer to the terms hereof and thereof. This Agreement is, and all instruments, documents, and agreements to be executed and delivered by Buyer in connection with this Agreement shall be, duly authorized, executed, and delivered by Buyer and shall be valid, binding, and enforceable obligations of Buyer (except as enforcement may be limited by bankruptcy, insolvency, or similar laws) and do not, and as of the Closing Date will not, violate any provision of any law, statute, ordinance, rule, regulation, agreement or judicial order to which Buyer is a party or to which Buyer is subject.

9.3 Survival. All of the representations, warranties, and agreements of Buyer set forth in this Agreement shall be true upon the Agreement Date, shall be deemed to be repeated at

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and as of the Closing Date (except as otherwise set forth in writing to Seller) and shall survive the delivery of the Deed and the Closing.

10. AS-IS.

THE PARTIES HEREBY ACKNOWLEDGE AND AGREE AS FOLLOWS: (A) BUYER IS A SOPHISTICATED BUYER WHO IS FAMILIAR WITH THIS TYPE OF PROPERTY; (B) EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THIS AGREEMENT, THE DEED, AND/OR ANY OTHER DOCUMENT OR INSTRUMENT DELIVERED BY SELLER AT CLOSING (THE “**EXPRESS REPRESENTATIONS**”), NEITHER SELLER NOR ANY OF ITS AGENTS, REPRESENTATIVES, BROKERS, OFFICERS, DIRECTORS, SHAREHOLDERS, MEMBERS, OR EMPLOYEES HAS MADE OR WILL MAKE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY; AND (C) THE PROPERTY IS BEING SOLD TO BUYER IN ITS PRESENT “AS IS” CONDITION SUBJECT TO THE EXPRESS REPRESENTATIONS. SUBJECT TO THE EXPRESS REPRESENTATIONS AND THE TERMS HEREOF, BUYER WILL BE AFFORDED THE OPPORTUNITY TO MAKE ANY AND ALL INSPECTIONS OF THE PROPERTY AND SUCH RELATED MATTERS AS BUYER MAY REASONABLY DESIRE AND, ACCORDINGLY, SUBJECT TO THE EXPRESS REPRESENTATIONS, BUYER WILL RELY SOLELY ON ITS OWN DUE DILIGENCE AND INVESTIGATIONS IN PURCHASING THE PROPERTY.

11. RISK OF LOSS.

11.1 Condemnation. If, prior to any Closing, all or any portion of the Property other than the Condemnation Parcels are taken by condemnation or eminent domain (or is the subject of a pending or contemplated taking which has not been consummated), Seller shall immediately notify Buyer of such fact. In such event, Buyer shall have the option to terminate this Agreement upon written notice to Seller given within sixty (60) days after receipt of such notice from Seller, in which event the Deposit shall be returned to Buyer. Prior to any termination of this Agreement, Buyer shall have the right to participate in any proceedings and negotiations with respect to the taking and any transfer in lieu of taking (and Seller shall not consummate any transfer in lieu of taking without Buyer’s prior written consent). If Buyer waives the right to terminate this Agreement and elects to proceed with the Closing, then (a) Seller, at, and as a condition precedent to Buyer’s obligation to proceed with, the Closing, must: (i) pay to Buyer (or direct Escrow Agent to credit Buyer against the Purchase Price for) the amount of all awards for the taking (and any consideration for any transfer in lieu of taking) actually received by Seller; and (ii) assign to Buyer by written instrument reasonably satisfactory to Buyer all rights or claims to any future awards for the taking (and any consideration for any transfer in lieu of taking); and (b) the parties shall proceed to the Closing pursuant to the terms hereof without further modification of the terms of this Agreement. Buyer has no right to the Condemnation damages from the taking of the Condemnation Parcels which shall remain the property of the Seller.

11.2 Casualty. Prior to the Closing and notwithstanding the pendency of this Agreement, the entire risk of loss or damage by earthquake, hurricane, tornado, flood, landslide,

EXHIBIT B

fire, sinkhole, or other casualty shall be borne and assumed by Seller. If, prior to the Closing, any portion of the Property is damaged as a result of any earthquake, hurricane, tornado, flood, sinkhole, landslide, fire, or other casualty, Seller shall immediately notify Buyer of such fact. In such event, Buyer shall have the option to terminate this Agreement upon written notice to Seller given within sixty (60) days after receipt of any such notice from Seller, in which event the Deposit shall be returned to Buyer. Prior to any termination of this Agreement, Buyer shall have the right to participate in any adjustment of the insurance claim. If Buyer waives the right to terminate this Agreement and elects to proceed with the Closing, then (a) Seller, at, and as a condition precedent to Buyer's obligation to proceed with, the Closing, must either: (i) pay to Buyer (or direct Escrow Agent to credit Buyer against the Purchase Price for) the amount of any insurance proceeds actually received by Seller plus the amount of any deductible under Seller's insurance; or (ii) if no insurance proceeds have been received by Seller, assign to Buyer by written instrument reasonably satisfactory to Buyer all rights or claims to the insurance proceeds and credit Buyer against the Purchase Price for any deductible payable under Seller's insurance policy; and (b) the parties shall proceed to the Closing pursuant to the terms hereof without further modification of the terms of this Agreement.

12. REMEDIES.

12.1 Default by Seller. If Seller shall breach any of the terms or provisions of this Agreement or otherwise fail to perform any of Seller's obligations under this Agreement at or prior to Closing, and if such failure continues for ten (10) days after Buyer provides Seller and Escrow Agent with written notice thereof, and provided Buyer is not then in default, then Buyer may, as Buyer's sole remedies for such failure, but without limiting Buyer's right to recover attorneys' fees pursuant to Section 14.15 below: (a) waive the effect of such matter and proceed to consummate this transaction; (b) cancel this Agreement and receive a full refund of the Deposit and recover from Seller the reasonable out-of-pocket expenses incurred by Buyer related to the Property and this transaction; or (c) proceed to bring an action against Seller for specific performance, including the attorneys fees and costs and expenses of bringing the specific performance action. incurred by Buyer as a result of any breach or failure by Seller to perform any of Seller's obligations under this Agreement.

12.2 Default by Buyer. If Buyer shall breach any of the terms or provisions of this Agreement or otherwise fail to perform any of Buyer's obligations under this Agreement and if such failure continues for ten (10) days after Seller provides Buyer and Escrow Agent with written notice thereof, and provided Seller is not then in default, then Seller may waive such breach and proceed to consummate this transaction in accordance with the terms hereof, or Seller may, as its exclusive remedy, cancel this Agreement and retain the Deposit as liquidated damages and as consideration for the acceptance of this Agreement and for taking the Property off the market, and not as a penalty. Buyer and Seller have determined and hereby agree that it would be impractical or extremely difficult, if not impossible, to ascertain with any degree of certainty the amount of damages that would be suffered by Seller if Buyer fails to purchase the Property in accordance with the provisions of this Agreement, and the parties agree that a reasonable estimate of such damages under the circumstances is an amount equal to the Deposit. Accordingly, Buyer and Seller agree that if Buyer breaches any of its obligations under this Agreement or otherwise defaults hereunder, Seller may retain the Deposit as liquidated damages.

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13. BROKERS.

Seller and Buyer each hereby agrees to pay any commission due and payable to any Broker retained by them in connection with the transaction contemplated hereby pursuant to its separate agreement with the Broker. Seller shall indemnify, defend, protect, and hold Buyer harmless for, from, and against any and all Claims incurred by Buyer by reason of any breach or inaccuracy of the representation, warranty, and agreement of Seller contained in this Section. Buyer shall indemnify, defend, protect, and hold Seller harmless from and against any and all Claims incurred by Seller by reason of any breach or inaccuracy of the representation, warranty, and agreement of Buyer contained in this Section. The provisions of this Section shall survive the Closing or earlier termination of this Agreement.

14. MISCELLANEOUS PROVISIONS.

14.1 Governing Law; Venue. This Agreement and the legal relations between the parties hereto shall be governed by, and construed and enforced in accordance with, the laws of the State of Arizona without regard to its principles of conflicts of law. Venue for any action brought to interpret or enforce this Agreement shall be Maricopa County, Arizona

14.2 Entire Agreement. This Agreement, including the exhibits attached hereto, constitutes the entire agreement between Buyer and Seller pertaining to the subject matter hereof and supersedes all prior agreements, understandings, letters of intent, term sheets, negotiations, and discussions, whether oral or written, of the parties, and there are no warranties, representations, or other agreements, express or implied, made to either party by the other party in connection with the subject matter hereof except as specifically set forth herein or in the documents delivered pursuant hereto or in connection herewith.

14.3 Modification; Waiver. No supplement, modification, waiver, or termination of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

14.4 Notices. All notices, consents, requests, reports, demands or other communications hereunder (collectively, "**Notices**") shall be in writing and may be given personally, by registered or certified mail, by facsimile transmission, by electronic mail, by courier, or by Federal Express (or other reputable overnight delivery service) for overnight delivery, as follows:

To Seller:	c/o Donald R. Leo 2390 E. Camelback Road, Suite 310 Phoenix, Arizona Phone: 602-957-8181 Facsimile: 602-957-8230 E-mail: donald.leo@drlcpa.com
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To Buyer:	Pensus Cholla Hills RV Resort LLC
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EXHIBIT B

c/o Pensus Group, LLC
2929 N. 44th Street, Suite 2
Phoenix, Arizona 85018
Attention: David Finch
Telephone: 602-230-9000
Facsimile: 602-865-7030
E-mail: Finch@Pensus.com

To Escrow Agent: Chicago Title Insurance Company
2555 E. Camelback Road, Suite 500
Phoenix, Arizona 85106
Attention: David S. Miller
Telephone: 602-667 1030
Facsimile: 602-527-7787
E-mail: millerds@ctt.com

or to such other address or such other person as the addressee party shall have last designated by Notice to the other party and Escrow Agent. All Notices shall be deemed to have been given three (3) days following deposit in the United States Postal Service (postage prepaid) or, upon receipt, if sent by overnight delivery service, courier, facsimile transmission (so long as confirmed by the appropriate automatic confirmation page), electronic mail (so long as receipt is acknowledged or otherwise confirmed), or personally delivered. The inability to deliver a Notice because of a changed address of which no Notice was given or an inoperative facsimile number for which no Notice was given of a substitute number, or any rejection or other refusal to accept any Notice, shall be deemed to be the receipt of the Notice as of the date of such inability to deliver or rejection or refusal to accept. Any Notice to be given by any party hereto may be given by legal counsel for such party. Telephone numbers are provided herein for convenience only and shall not alter the manner of giving Notice set forth in this Section 14.4.

14.5 Expenses. Subject to the provision for payment of the Closing Costs in accordance with the terms of Section 7.6 of this Agreement and of any other provision of this Agreement, whether or not the transaction contemplated by this Agreement shall be consummated, all fees and expenses incurred by any party hereto in connection with this Agreement shall be borne by such party.

14.6 Severability. Any provision or part of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall, as to such situation and such jurisdiction, be ineffective only to the extent of such invalidity and shall not affect the enforceability of the remaining provisions hereof or the validity or enforceability of any such provision in any other situation or in any other jurisdiction.

14.7 Successors and Assigns. All of the parties' rights, duties, benefits, liabilities, and obligations under this Agreement shall inure to the benefit of, and be binding upon, their respective successors and assigns.

EXHIBIT B

14.8 Counterparts. This Agreement may be executed in as many counterparts as may be deemed necessary and convenient, and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same instrument.

14.9 Multiple Parties. In the event Seller consists of more than one person and/or entity and Seller defaults or is in breach of any of the terms of this Agreement, all of the persons and entities comprising Seller shall be jointly and severally liable for the performance and/or satisfaction of Seller's obligations under this Agreement.

14.10 Headings. The Section headings of this Agreement are for convenience of reference only and shall not be deemed to modify, explain, restrict, alter, or affect the meaning or interpretation of any provision hereof.

14.11 Time of Essence. Time shall be of the essence with respect to all matters contemplated by this Agreement.

14.12 Further Assurances. In addition to the actions recited herein and contemplated to be performed, executed, and/or delivered by Seller and Buyer, Seller and Buyer agree to perform, execute, and/or deliver or cause to be performed, executed, and/or delivered at the Closing or after the Closing any and all such further acts, instruments, deeds, and assurances as may be reasonably required to consummate the transaction contemplated hereby.

14.13 Construction. As used in this Agreement, the masculine, feminine, and neuter gender and the singular or plural shall each be construed to include the other whenever the context so requires. This Agreement shall be construed as a whole and in accordance with its fair meaning, without regard to any presumption or rule of construction causing this Agreement or any part of it to be construed against the party causing the Agreement to be written. The parties acknowledge that each has had a full and fair opportunity to review the Agreement and to have it reviewed by counsel. If any words or phrases in this Agreement have been stricken, whether or not replaced by other words or phrases, this Agreement shall be construed (if otherwise clear and unambiguous) as if the stricken matter never appeared and no inference shall be drawn from the former presence of the stricken matters in this Agreement or from the fact that such matters were stricken.

14.14 Attorneys' Fees. In the event that either party hereto brings an action or proceeding against the other party to enforce or interpret any of the covenants, conditions, agreements, or provisions of this Agreement, the prevailing party in such action or proceeding shall be entitled to recover all costs and expenses of such action or proceeding, including, without limitation, attorneys' fees, charges, disbursements, and the fees and costs of expert witnesses. If any party secures a judgment in any such action or proceeding, then any costs and expenses (including, but not limited to, attorneys' fees and costs) incurred by the prevailing party in enforcing such judgment, or any costs and expenses (including, but not limited to, attorneys' fees and costs) incurred by the prevailing party in any appeal from such judgment in connection with such appeal shall be recoverable separately from and in addition to any other amount included in such judgment. The preceding sentence is intended to be severable from the other provisions of this Agreement, and shall survive and not be merged into any such judgment.

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14.15 Business Days. As used herein, the term “**Business Day**” shall mean a day that is not a Saturday, Sunday, or legal holiday. In the event that the date for the performance of any covenant or obligation under this Agreement shall fall on a Saturday, Sunday, or legal holiday, the date for performance thereof shall be extended to the next Business Day. Similarly, in the event that the day for the performance of any covenant or obligation under this Agreement involving Escrow Agent shall fall on a Business Day on which Escrow Agent is closed for business to the public, the date for performance thereof shall be extended to the next Business Day on which Escrow Agent is open for business to the public.

Remainder of this page intentionally left blank.

Signature page(s) follows(s).

EXHIBIT B

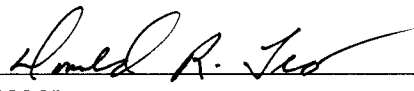
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

SELLER:

Lake Pleasant Group LLP, an Arizona limited liability partnership
and

DLGC II LLC, an Arizona limited liability company

By: CVF Holdings, LLC as partner in Lake Pleasant Group LLP and Manager of DLGC II LLC

By: 
Its: Manager

BUYER:

Pensus Cholla Hills RV Resort LLC, an Arizona limited liability company

By: Pensus Group, L.L.C., an Arizona limited Liability company, its sole member

By: 
Its: Manager

ESCROW AGENT:

The undersigned Escrow Agent hereby accepts the foregoing Purchase and Sale Agreement and Joint Escrow Instructions, agrees to act as Escrow Agent under this Agreement in strict accordance with its terms, agrees to insert as the "Agreement Date" on page 1 hereof, if not otherwise dated, the latest date this Agreement was signed by Seller and Buyer and delivered to Escrow Agent, and agrees to comply with the applicable provisions of the Internal Revenue Code with respect to the transactions contemplated hereby.

Chicago Title Insurance Company

By _____
Its _____

EXHIBIT B

LIST OF SCHEDULES AND EXHIBITS

SCHEDULE 1	ADDITIONAL PAYMENT CALCULATION
EXHIBIT “A-1”	LEGAL DESCRIPTION OF LAND PARCELS
EXHIBIT “A-2”	LEGAL DESCRIPTION OF RIGHTS OF WAY PARCELS
EXHIBIT “A-3”	LEGAL DESCRIPTION OF COMDENATION PARCEL
EXHIBIT “A-4”	LEGAL DESCRIPTION OF SECOND CONDEMNATION PARCEL
EXHIBIT “B”	DEED
EXHIBIT “C”	NON-FOREIGN AFFIDAVIT
EXHIBIT “D”	GENERAL ASSIGNMENT

EXHIBIT B

Schedule 1

Schedule 1

Additional Payments Calculation

“Additional Payments” shall mean the Applicable Percentages, from time to time, of cumulative positive sum from (i) Net Operating Receipts determined at the end of each fiscal period, and from (ii) any Net Sales Proceeds, (iii) any Net Financing Proceeds, and (iv) any Net Recoveries From Casualties or Takings upon completion of a Sale, Refinancing or Casualty or Taking, where the following terms have the following meanings:

“Applicable Percentages shall mean fifty percent (50%) of the cumulative positive sum from Net Operating Receipts, Net Sales Proceeds, Net Financing Proceeds and Net Recoveries From Casualties or Takings until the Seller has been paid a total of \$2,500,000 and twenty five percent (25%) of the additional cumulative sum of such items thereafter.

“Company” shall mean a limited liability company or partnership formed by the Buyer to acquire the Property under the Agreement.

“Net Operating Proceeds” means the excess of the Operating Receipts over Operating Costs and Expenses determined on a cumulative basis from inception of the Company to the end of each annual fiscal period, and Net Operating Proceeds for the current fiscal year shall be determined by deducting from the Net Operating Proceeds so determined the cumulative Net Operating Proceeds at the end of the immediately prior fiscal year.

“Operating Receipts” means for any fiscal period the sum of any receipts from (i) rentals of recreational vehicle spaces and/or mobile home spaces upon the Property, (ii) other services provided on the Property to residents, (iii) any other business which may be conducted by the Company, and (iv) any decrease in the Operating Expense Reserve, but excluding from the definition of Operating Receipts any amounts received by the Company from the collection of transaction privilege or rental taxes, withholding taxes or other similar taxes and withholdings which the Company is required to pay to any governmental entity federal, state or local, or from any security or other deposits paid to the Company until such deposits have been earned and can be used by the Company..

“Operating Costs and Expenses” means for any fiscal period the sum of (i) all operating costs of owning and operating the Property, providing the services or conducting the other business, excluding in each case non-cash expenses like depreciation and amortization, (ii) an operations management fee of up to five percent of Operating Receipts to be paid to the manager of the Company or its affiliate, (iii) all payments of principal and interest on any loan, (iv) any funds required to be escrowed with any lender for tax, insurance, leasing and other reserves until used to pay an operating expense; and (v) any increase in the Operating Expense Reserve funded from Operating Receipts.

EXHIBIT B

“Operating Expense Reserve” means an amount of up to \$500,000 in the discretion of the manager of the Company to be carried over at the end of a fiscal year which has been funded by a deduction from Operating Receipts.

“Net Financing Proceeds” means the excess of the funds actually paid directly to or directly for the benefit of the Company from a financing or refinancing (each a “Financing”) of any loan upon the Property after deducting from the principal sum all charges, fees and expenses charged or incurred by the lender in making and closing the loan which the borrower is required to pay, and all fees, premiums, costs and expenses of every kind and nature incurred by the Company in applying for, documenting and closing the loan over, without duplication, (i) any amount paid to acquire the Property, (ii) any amounts budgeted or to be incurred for any capital improvements on the Property which are approved by the Lender, including all hard and soft costs and any development management fees in an amount of up to four percent of total costs to be paid to the manager of the Company or its affiliate for the development management, (iii) any amount paid or budgeted for any equipment to provide services on the Property or to run the business of the Company, (iv) a financing fee of up to 25/100 of one percent (.25%) of the gross financing amount to be paid to the manager of the Company or its affiliate for managing the Financing, and (v) any amount paid to release any current loan on the Property which is being refinanced not deducted under subpart (i) or subpart (iii).

“Net Sales Proceeds” means the gross proceeds received from the sale of the Property (“Sale”) to an unaffiliated third party less all costs and expenses of the Company of every kind and nature incurred in connection with the documentation and the closing of the sale, including, without limitation, attorneys’ fees and costs, brokers’ commissions, title insurance and escrow costs, survey costs, prorations of taxes, assessments; rents and other items, holdback reserves in favor of the buyer or other party until released to the Company, an sales fee of up to three percent of gross sales price paid for the Property to be paid to the manager of the Company or its affiliate for managing the Sale process, and the amount required to pay off and release any loans or liens which encumber the Property sold, but in the event of an installment Sale only as proceeds from the Sale are actually received.

“Net Recoveries From Casualties or Takings” means the amount of insurance proceeds or condemnation proceeds received as a result of a casualty on the Company’s Property or a taking of Company Property by a governmental entity (a “Casualty or Taking”), less in each case all costs and expenses, including, without limitations, attorneys’ fees and costs, professional fees and costs, court and witness costs, reconstruction or restoration costs, incurred in rebuilding improvements or restoring the Property to the condition, as closely as possible, to that which existed prior to the casualty or taking but excluding any recoveries which are taken by a lender and applied to any lien upon the Company’s Property.

EXHIBIT B

EXHIBIT “A-1”

DESCRIPTION OF THE LAND PARCELS

EXHIBIT B

DLGC II, LLC

PARCEL NO. 1:

THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER OF SECTION 29, TOWNSHIP 6 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THAT PORTION LYING NORTH OF A LINE BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 29;

THENCE SOUTHEASTERLY TO THE CENTER OF SAID SECTION 29; AND

EXCEPT THAT PORTION WHICH LIES WITHIN A STRIP OF LAND 200.00 FEET IN WIDTH, BEING 100.00 FEET WIDE ON EACH SIDE OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE WEST QUARTER CORNER OF SAID SECTION 29;

THENCE SOUTH 00 DEGREES 08 MINUTES 58 SECONDS WEST ALONG THE WEST LINE OF SAID SECTION 29, 2174.08 FEET;

THENCE NORTH 73 DEGREES 42 MINUTES 02 SECONDS WEST; 308.14 FEET TO THE TRUE POINT OF BEGINNING OF THIS LINE DESCRIPTION;

THENCE SOUTH 73 DEGREES 42 MINUTES 02 SECONDS EAST, 474.00 FEET;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 5729.58 FEET A DISTANCE OF 1646.86 FEET;

THENCE NORTH 89 DEGREES 49 MINUTES 51 SECONDS EAST, 3440 FEET, MORE OR LESS, TO THE EAST LINE OF SAID SECTION 29, AND THE TERMINUS OF SAID LINE; AND

EXCEPT THOSE PORTIONS OF THE SOUTHWEST QUARTER OF SAID SECTION 29 CONVEYED TO THE COUNTY OF MARICOPA IN WARRANTY DEEDS RECORDED NOVEMBER 16, 1995, IN DOCUMENT NOS. 95-0706064, 95-0706065 AND 95-0706096 MARICOPA COUNTY RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A PARCEL OF LAND LYING WITHIN THE SOUTHWEST QUARTER OF SECTION 29, TOWNSHIP 6 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, SAID PARCEL BEING AN 80 FEET (24.384 METERS) WIDE STRIP OF LAND, BEING 40 FEET (12.192 METERS), MEASURED AT RIGHT ANGLES, ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 29;

THENCE SOUTH 00 DEGREES 08 MINUTES 58 SECONDS WEST (ASSUMED BEARING) A DISTANCE OF 2069.97 FEET (630.927 METERS) ALONG THE SOUTHERLY PROLONGATION OF A STRAIGHT LINE BETWEEN SAID WEST QUARTER CORNER AND THE SOUTHWEST CORNER OF SAID SECTION TO THE NORTHERLY RIGHT-OF-WAY LINE OF MORRISTOWN-NEW RIVER HIGHWAY AS SHOWN ON SHEETS 5 AND 6, ARIZONA DEPARTMENT OF TRANSPORTATION PROJECT S-4, =34-705 AT A POINT 100 FEET LEFT OF HIGHWAY STATION 1076+79.18;

THENCE SOUTH 73 DEGREES 42 MINUTES 02 SECONDS EAST, A DISTANCE OF 194.82 FEET (59.381 METERS) ALONG SAID NORTHERLY RIGHT-OF-WAY LINE TO THE BEGINNING OF A CURVE CONCAVE TO THE LEFT HAVING A RADIUS 5629.58 FEET (1715.896 METERS);

EXHIBIT B

No. NCS-202187B-PHX1

THENCE AN ARC DISTANCE OF 1618.12 FEET (493.203 METERS) SOUTHEASTERLY AND EASTERLY ALONG SAID CURVE TO THE BEGINNING OF A TANGENT;

THENCE NORTH 89 DEGREES 49 MINUTES 51 SECONDS EAST, A DISTANCE OF 733.12 FEET (223.455 METERS) TO THE INTERSECTION OF THE NORTHERLY RIGHT-OF-WAY LINE OF SAID MORRISTOWN-NEW RIVER HIGHWAY AND THE CENTER LINE OF THE ACCESS ROAD (STATE ROUTE 74 TO LAKE PLEASANT) AS SHOWN ON THE MARICOPA COUNTY HIGHWAY DEPARTMENT PLANS MARKED W.O.30081 AT STATION 1+01.40 AND THE TRUE POINT OF BEGINNING OF SAID STRIP OF LAND 80 FEET (24.384 METERS) WIDE, LYING 40 FEET (12.192 METERS) ON EACH SIDE OF A LINE DESCRIBED AS FOLLOWS:

THENCE NORTH 09 DEGREES 42 MINUTES 09 SECONDS WEST, A DISTANCE OF 331.88 FEET (101.157 METERS) TO THE BEGINNING OF A CURVE CONCAVE TO THE RIGHT HAVING A RADIUS OF 1145.92 FEET (349.276 METERS);

THENCE NORTHERLY AND NORTHEASTERLY, AN ARC DISTANCE OF 1358.19 FEET (413.976) METERS ALONG SAID CURVE TO THE BEGINNING OF A TANGENT;

THENCE NORTH 58 DEGREES 12 MINUTES 23 SECONDS EAST, A DISTANCE OF 400.64 FEET (122.115 METERS) TO THE BEGINNING OF A CURVE CONCAVE TO THE LEFT HAVING A RADIUS OF 1145.92 FEET (349.276 METERS);

THENCE NORTHEASTERLY AND NORTH-NORTHEASTERLY, AN ARC DISTANCE OF 505.06 FEET (153.942 METERS) ALONG SAID CURVE TO THE BEGINNING OF A TANGENT;

THENCE NORTH 32 DEGREES 57 MINUTES 11 SECONDS EAST, A DISTANCE OF 1242.88 FEET (378.830 METERS) TO THE BEGINNING OF A CURVE CONCAVE TO THE RIGHT HAVING A RADIUS OF 1145.92 (349.276 METERS);

THENCE NORTHEASTERLY, AN ARC DISTANCE OF 178.35 FEET (54.361 METERS) ALONG SAID CURVE TO THE BEGINNING OF A TANGENT;

THENCE NORTH 41 DEGREES 52 MINUTES 13 SECONDS EAST A DISTANCE OF 281.60 FEET (85.832 METERS) TO THE POINT OF ENDING OF THE HEREIN DESCRIBED 80 FEET (24.384 METERS) WIDE STRIP OF LAND, THE NORTHEAST CORNER OF SAID SECTION BEARS NORTH 41 DEGREES 52 MINUTES 13 SECONDS EAST, A DISTANCE OF 460.52 FEET (140.366 METERS),

THENCE NORTH 11 DEGREES 16 MINUTES 05 SECONDS EAST, A DISTANCE OF 954.12 FEET (290.816 METERS). THE SIDELINES OF THE 80 FEET (24.384 METERS) WIDE STRIP ARE TO BE SHORTENED OR LENGTHENED AS NECESSARY TO END ON THE NORTHERLY RIGHT-OF-WAY LINE OF SAID STATE HIGHWAY AT STATION 1+01.40 AND ARE TO END AT RIGHT ANGLES TO THE PONT OF ENDING AT STATION 44+00.00; AND

EXCEPT THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 29, TOWNSHIP 6 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, WHICH LIES EASTERLY OF THE EAST RIGHT-OF-WAY LINE OF THE 80 FEET WIDE STRIP OF LAND KNOWN AS THE WADDELL DAM LOOKOUT ROAD FROM STATE ROUTE 74 TO LAKE PLEASANT REGIONAL PARK;

ALSO EXCEPT ALL OIL, GAS, OTHER HYDROCARBON SUBSTANCES, HELIUM OR OTHER SUBSTANCES OF GASEOUS NATURE, COAL, METALS, MINERALS, FOSSILS, FERTILIZER OF EVERY NAME AND DESCRIPTION AND EXCEPT ALL URANIUM, THORIUM OR ANY OTHER MATERIAL WHICH IS OR MAY BE DETERMINED TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS WHETHER OR NOT OF COMMERCIAL VALUE, AS SET FORTH IN SECTION 37-231, ARIZONA REVISED STATUTES.

EXHIBIT B

PARCEL NO. 2:

A NONEXCLUSIVE EASEMENT FOR THE PURPOSE OF TRANSPORTING WATER AND OTHER UTILITY FACILITIES, AS CREATED IN INSTRUMENT RECORDED NOVEMBER 16, 1995, IN DOCUMENT NO.95-0706097, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A 50 FEET (15.240 METERS) WIDE STRIP OF LAND LYING IN THE SOUTHWEST QUARTER OF SECTION 29, TOWNSHIP 6 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, SAID STRIP LYING NORTHERLY OF THE NORTHERLY RIGHT-OF-WAY LINE OF MORRISTOWN-NEW RIVER HIGHWAY AND LYING EASTERLY OF THE WEST RIGHT-OF-WAY LINE OF AN 80 FEET (24.384 METERS) WIDE STRIP OF LAND BEING 40 FEET (12.192 METERS) ON EACH SIDE OF THE CENTER LINE DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 29;

THENCE SOUTH 00 DEGREES 08 MINUTES 58 SECONDS WEST (ASSUMED BEARING), A DISTANCE OF 2069.97 FEET (630.927 METERS) ALONG THE SOUTHERLY PROLONGATION OF A STRAIGHT LINE BETWEEN SAID WEST QUARTER CORNER AND THE SOUTHWEST CORNER OF SAID SECTION TO THE NORTHERLY RIGHT-OF-WAY LINE OF THE MORRISTOWN-NEW RIVER HIGHWAY AS SHOWN ON SHEETS 5 AND 6, ARIZONA DEPARTMENT OF TRANSPORTATION PROJECT S-4, =34-705 AT A POINT 100 FEET LEFT OF HIGHWAY STATION 1076+79.18;

THENCE SOUTH 73 DEGREES 42 MINUTES 02 SECONDS EAST, A DISTANCE OF 194.82 FEET (59.381 METERS) ALONG SAID NORTHERLY RIGHT-OF-WAY LINE TO THE BEGINNING OF A CURVE CONCAVE TO THE LEFT HAVING A RADIUS OF 5629.58 FEET (1715.896 METERS);

THENCE AN ARC DISTANCE OF 1618.12 FEET (493.203 METERS) SOUTHEASTERLY AND EASTERLY ALONG SAID CURVE TO THE BEGINNING OF A TANGENT;

THENCE NORTH 89 DEGREES 49 MINUTES 51 SECONDS EAST, A DISTANCE OF 733.12 FEET (223.455 METERS) TO THE INTERSECTION OF THE NORTHERLY RIGHT-OF-WAY LINE OF SAID MORRISTOWN-NEW RIVER HIGHWAY AND THE CENTER LINE OF THE ACCESS ROAD (STATE ROUTE 74 TO LAKE PLEASANT AS SHOWN ON THE MARICOPA COUNTY HIGHWAY DEPARTMENT PLANS MARKED W.O.30081 AT STATION 1+01.40 AND THE TRUE POINT OF BEGINNING OF SAID STRIP OF LAND 80 FEET (24.384 METERS) WIDE, LYING 40 FEET (12.192 METERS) ON EACH SIDE OF A LINE DESCRIBED AS FOLLOWS:

THENCE NORTH 09 DEGREES 42 MINUTES 09 SECONDS WEST, A DISTANCE OF 331.88 FEET (101.157 METERS) TO THE BEGINNING OF A CURVE CONCAVE TO THE RIGHT HAVING A RADIUS OF 1145.92 FEET (349.276 METERS);

THENCE NORTHERLY AND NORTHEASTERLY, AN ARC DISTANCE OF 1358.19 FEET (413.976 METERS) ALONG SAID CURVE TO THE BEGINNING OF A TANGENT;

THENCE NORTH 58 DEGREES 12 MINUTES 23 SECONDS EAST, A DISTANCE OF 400.64 FEET (122.115 METERS) TO THE BEGINNING OF A CURVE CONCAVE TO THE LEFT HAVING A RADIUS OF 1145.92 FEET (349.276 METERS);

THENCE NORTHEASTERLY AND NORTH-NORTHEASTERLY, AN ARC DISTANCE OF 505.06 FEET (153.942 METERS) ALONG SAID CURVE TO THE BEGINNING OF A TANGENT;

THENCE NORTH 32 DEGREES 57 MINUTES 11 SECONDS EAST A DISTANCE OF 1242.88 FEET (378.830 METERS) TO THE BEGINNING OF A CURVE TO THE RIGHT HAVING A RADIUS OF 1145.92 FEET (349.276 METERS);

THENCE NORTHEASTERLY AN ARC DISTANCE OF 178.35 FEET (54.361 METERS) ALONG SAID CURVE TO THE BEGINNING OF A TANGENT;

THENCE NORTH 41 DEGREES 52 MINUTES 13 SECONDS EAST, A DISTANCE OF 281.60 FEET (85.832 METERS) TO THE POINT OF ENDING OF THE HEREIN DESCRIBED 80 FEET (24.384 METERS) WIDE STRIP OF LAND, THE NORTHEAST CORNER OF SAID SECTION BEARS NORTH 41 DEGREES 52 MINUTES 13 SECONDS EAST, A DISTANCE OF 460.52 FEET (140.366 METERS),

THENCE NORTH 11 DEGREES 16 MINUTES 05 SECONDS, EAST, A DISTANCE OF 954.12 FEET (290.816 METERS).

EXHIBIT B

LAKE PLEASANT GROUP, LLP

PARCEL NO. 3:

THAT PART OF SECTION 19, TOWNSHIP 6 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 19;

THENCE NORTH 00 DEGREES 52 MINUTES 38 SECONDS EAST, ALONG THE WEST LINE OF SAID SECTION 19, A DISTANCE OF 1916.62 FEET RECORD (1920.00 FEET, MEASURED) TO AN ANGLE POINT ON SAID WEST LINE;

THENCE NORTH 00 DEGREES 28 MINUTES 22 SECONDS WEST, ALONG THE WEST LINE OF SAID SECTION 19, A DISTANCE OF 689.76 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 19;

THENCE CONTINUING NORTH 00 DEGREES 28 MINUTES 22 SECONDS WEST ALONG THE WEST LINE OF SAID SECTION 19, A DISTANCE OF 1922.77 FEET RECORD NORTH 00 DEGREES 28 MINUTES 10 SECONDS WEST 2612.40 FEET MEASURED, TO AN ANGLE POINT ON SAID WEST LINE;

THENCE NORTH 00 DEGREES 00 MINUTES 52 SECONDS WEST ALONG SAID WEST LINE OF SECTION 19, A DISTANCE OF 146.02 FEET, RECORD NORTH 00 DEGREES 00 MINUTES 52 SECONDS WEST 146.02 FEET 146.02 MEASURED;

THENCE NORTH 76 DEGREES 25 MINUTES 06 SECONDS EAST, A DISTANCE OF 153.80 FEET, RECORD NORTH 76 DEGREES 31 MINUTES 28 SECONDS EAST 153.79 FEET MEASURED;

THENCE SOUTH 69 DEGREES 35 MINUTES 55 SECONDS EAST 2288.02 RECORD, SOUTH 69 DEGREES 35 MINUTES 56 SECONDS EAST, A DISTANCE OF 2288.02 FEET MEASURED;

THENCE SOUTH 75 DEGREES 35 MINUTES 58 SECONDS EAST, A DISTANCE OF 174.03 FEET RECORD, SOUTH 75 DEGREES 38 MINUTES 07 SECONDS EAST 174.06 FEET MEASURED TO A POINT ON THE NORTH-SOUTH MIDSECTION LINE OF SAID SECTION 19 FROM WHICH THE NORTH QUARTER CORNER OF SAID SECTION 19 BEARS NORTH 00 DEGREES 40 MINUTES 50 SECONDS WEST, A DISTANCE OF 1385.78 FEET;

THENCE SOUTH 00 DEGREES 40 MINUTES 50 SECONDS EAST ALONG SAID NORTH-SOUTH MIDSECTION LINE, A DISTANCE OF 1235.58 FEET RECORD, SOUTH 00 DEGREES 40 MINUTES 13 SECONDS EAST 1235.69 FEET MEASURED, TO THE CENTER OF SAID SECTION 19;

THENCE CONTINUING SOUTH 00 DEGREES 40 MINUTES 50 SECONDS EAST ALONG SAID MIDSECTION LINE, A DISTANCE OF 2608.24 FEET RECORD SOUTH 00 DEGREES 41 MINUTES 11 SECONDS EAST 2607.91 FEET MEASURED TO THE SOUTH QUARTER CORNER OF SAID SECTION 19;

THENCE SOUTH 89 DEGREES 23 MINUTES 44 SECONDS WEST ALONG THE SOUTH LINE OF SAID SECTION 19, A DISTANCE OF 2516.11 FEET, RECORD SOUTH 89 DEGREES 23 MINUTES 44 SECONDS WEST 2516.33 FEET MEASURED TO THE POINT OF BEGINNING;

EXCEPT 1/16TH OF ALL OIL, GAS, OTHER HYDROCARBON SUBSTANCES, HELIUM OR OTHER

HYDROCARBON SUBSTANCES OF A GASEOUS NATURE, COAL, METALS, MINERALS, FOSSILS, FERTILIZER OF EVERY NAME AND DESCRIPTION, TOGETHER WITH ALL URANIUM, THORIUM, OR ANY OTHER MATERIAL WHICH IS OR MAY BE DETERMINED BY THE LAWS OF THE UNITED STATES OR OF THIS STATE, OR DECISIONS OF COURT, TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, WHETHER OR NOT OF COMMERCIAL VALUE AND THE EXCLUSIVE RIGHT THERETO, ON, IN OR UNDER THE ABOVE DESCRIBED LANDS, SHALL BE AND REMAIN AND ARE HEREBY RESERVED IN AND RETAINED BY THE STATE OF ARIZONA.

EXHIBIT B

EXHIBIT “A-2”

Legal Description of the Rights of Way Parcels

EXHIBIT B



January 11, 2006
Rick No. 3486
LPB

LEGAL DESCRIPTION

A portion of the North Half of Section 30, Township 6 North, Range 1 East, Gila and Salt River Meridian, Maricopa County, Arizona, being more particularly described as follows:

BEGINNING at a point in the East line of said Section 30 from which the Northeast corner of said Section 30 bears North 00 degrees 29 minutes 39 seconds West a distance of 1554.96 feet; THENCE South 00 degrees 29 minutes 39 seconds East, along said East line of Section 30, a distance of 80.02 feet to a point from which the West quarter corner of said Section 30 bears South 00 degrees 29 minutes 39 seconds East 986.94 feet and being the beginning of a non-tangent curve, the center of which bears North 00 degrees 36 minutes 24 seconds East, 240.00 feet;

THENCE westerly, along the arc of said curve, through a central angle of 22 degrees 03 minutes 24 seconds for an arc distance of 92.39 feet;

THENCE North 67 degrees 36 minutes 06 seconds West, 139.84 feet to the beginning of a curve with a radius of 410.00 feet to the left;

THENCE westerly, along the arc of said curve, through a central angle of 25 degrees 31 minutes 13 seconds, for an arc distance of 182.62 feet;

THENCE South 86 degrees 52 minutes 40 seconds West, 250.22 feet to the beginning of a curve with a radius of 490.00 feet to the right;

THENCE westerly, along the arc of said curve, through a central angle of 23 degrees 25 minutes 06 seconds, for an arc distance of 200.28 feet;

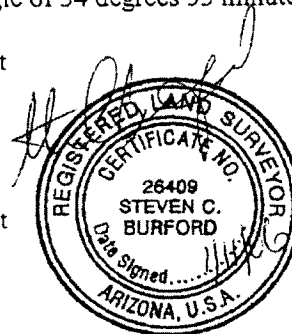
THENCE North 69 degrees 42 minutes 14 seconds West, 371.52 feet to the beginning of a curve with a radius of 690.00 feet to the right;

THENCE westerly, along the arc of said curve, through a central angle of 34 degrees 53 minutes 11 seconds, for an arc distance of 420.13 feet;

THENCE North 34 degrees 49 minutes 03 seconds West, 425.72 feet to the beginning of a curve with a radius of 310.00 feet to the left;

THENCE northwesterly, along the arc of said curve, through a central angle of 21 degrees 44 minutes 25 seconds, for an arc distance of 117.63 feet;

THENCE North 56 degrees 33 minutes 27 seconds West, 424.49 feet to the beginning of a curve with a radius of 390.00 feet to the right;



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ROADWAY-R1.doc

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EXHIBIT B

THENCE northwesterly, along the arc of said curve, through a central angle of 21 degrees 32 minutes 05 seconds, for an arc distance of 146.58 feet;
THENCE North 35 degrees 01 minute 23 seconds West, 117.82 feet to the beginning of a curve with a radius of 310.00 feet to the left;
THENCE northwesterly, along the arc of said curve, through a central angle of 40 degrees 29 minutes 16 seconds, for an arc distance of 219.06 feet;
THENCE North 75 degrees 30 minutes 39 seconds West, 160.36 feet to the beginning of a curve with a radius of 190.00 feet to the right;
THENCE westerly, along the arc of said curve, through a central angle of 38 degrees 07 minutes 32 seconds, for an arc distance of 126.43 feet;
THENCE North 37 degrees 23 minutes 06 seconds West, 16.00 feet;
THENCE North 89 degrees 23 minutes 28 seconds East, along the North line of said Section 30, a distance of 118.04 feet to a point from which the North Quarter Corner of said Section 30 bears North 89 degrees 23 minutes 28 seconds East a distance of 20.58 feet, said point being the beginning of a non-tangent curve, the center of which bears North 22 degrees 48 minutes 42 seconds East, 110.00 feet;
THENCE southeasterly, along the arc of said curve, through a central angle of 08 degrees 19 minutes 20 seconds for an arc distance of 15.98 feet;
THENCE South 75 degrees 30 minutes 39 seconds East, 160.36 feet to the beginning of a curve with a radius of 390.00 feet to the right;
THENCE easterly, along the arc of said curve, through a central angle of 40 degrees 29 minutes 16 seconds, for an arc distance of 275.59 feet;
THENCE South 35 degrees 01 minute 23 seconds East, 117.82 feet to the beginning of a curve with a radius of 310.00 feet to the left;
THENCE southeasterly, along the arc of said curve, through a central angle of 21 degrees 32 minutes 05 seconds, for an arc distance of 116.51 feet;
THENCE South 56 degrees 33 minutes 27 seconds East, 424.49 feet to the beginning of a curve with a radius of 390.00 feet to the right;
THENCE southeasterly, along the arc of said curve, through a central angle of 21 degrees 44 minutes 25 seconds, for an arc distance of 147.98 feet;
THENCE South 34 degrees 49 minutes 03 seconds East, 425.72 feet to the beginning of a curve with a radius of 610.00 feet to the left;
THENCE southeasterly, along the arc of said curve, through a central angle of 34 degrees 53 minutes 11 seconds, for an arc distance of 371.42 feet;
THENCE South 69 degrees 42 minutes 14 seconds East, 371.52 feet to the beginning of a curve with a radius of 410.00 feet to the left;
THENCE easterly, along the arc of said curve, through a central angle of 23 degrees 25 minutes 06 seconds, for an arc distance of 167.58 feet;
THENCE North 86 degrees 52 minutes 40 seconds East, 250.22 feet to the beginning of a curve with a radius of 490.00 feet to the right;

EXHIBIT B

THENCE easterly, along the arc of said curve, through a central angle of 25 degrees 31 minutes 13 seconds, for an arc distance of 218.25 feet;
THENCE South 67 degrees 36 minutes 06 seconds East, 139.84 feet to the beginning of a curve with a radius of 160.00 feet to the left;
THENCE easterly, along the arc of said curve, through a central angle of 21 degrees 37 minutes 53 seconds, for an arc distance of 60.41 feet to the POINT OF BEGINNING, as shown on Exhibit "A" attached herewith as pages 3 and 4 of 4. Subject parcel comprising 6.137 acres, more or less, and subject to all easements of record.

EXHIBIT B

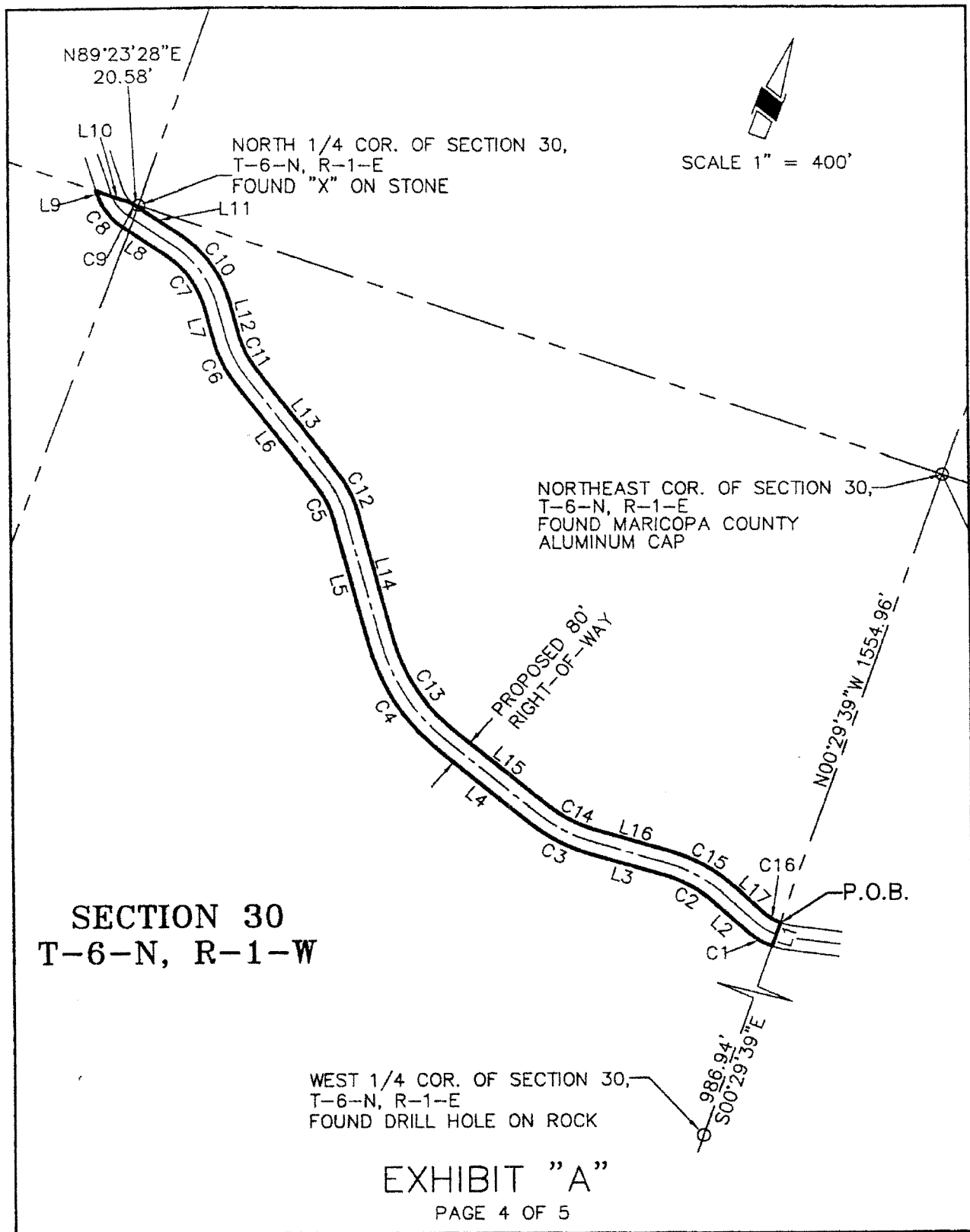


EXHIBIT B

LINE TABLE

Course	Bearing	Distance
L1	S 00°29'39" E	80.02'
L2	N 67°36'06" W	139.84'
L3	S 86°52'40" W	250.22'
L4	N 69°42'14" W	371.52'
L5	N 34°49'03" W	425.72'
L6	N 56°33'27" W	424.49'
L7	N 35°01'23" W	117.82'
L8	N 75°30'39" W	160.36'
L9	N 37°23'06" W	16.00'
L10	N 89°23'28" E	118.04'
L11	S 75°30'39" E	160.36'
L12	S 35°01'23" E	117.82'
L13	S 56°33'27" E	424.49'
L14	S 34°49'03" E	425.72'
L15	S 69°42'14" E	371.52'
L16	N 86°52'40" E	250.22'
L17	S 67°36'06" E	139.84'

CURVE TABLE

Curve	Radius	Length	Delta
C1	240.00'	91.28'	21°47'30"
C2	410.00'	182.62'	25°31'13"
C3	490.00'	200.28'	23°25'06"
C4	690.00'	420.13'	34°53'11"
C5	310.00'	117.63'	21°44'25"
C6	390.00'	146.58'	21°32'05"
C7	310.00'	219.06'	40°29'16"
C8	190.00'	126.43'	38°07'32"
C9	110.00'	15.98'	8°19'20"
C10	390.00'	275.59'	40°29'16"
C11	310.00'	116.51'	21°32'05"
C12	390.00'	147.98'	21°44'25"
C13	610.00'	371.42'	34°53'11"
C14	410.00'	167.58'	23°25'06"
C15	490.00'	218.25'	25°31'13"
C16	160.00'	59.32'	21°14'28"

EXHIBIT "A"

PAGE 5 OF 5

EXHIBIT B

EXHIBIT “A-3”

Legal Description of Condemnation Parcel

DESCRIPTION FOR ENTRY AGREEMENT

PARCEL NO. 1:

That portion of the Southwest quarter of the Southwest quarter (SW $\frac{1}{4}$ SW $\frac{1}{4}$) of said Section 29 which lies between the existing northerly right of way line of State Route 74 (MORRISTOWN - NEW RIVER HIGHWAY) and the following described **NEW RIGHT OF WAY LINE**:

Commencing at a $\frac{1}{2}$ inch rebar tagged 'L.S. 35870' marking the Southwest corner of said Section 29, being South 0°05'41" West 2599.72 feet from a stone marked "1/4" in rock mound marking the West quarter corner of said Section 29;

thence along the West line of said Section 29, North 0°05'41" East 423.22 feet to the existing right of way centerline of said State Route 74;

thence along said existing right of way centerline, South 73°32'07" East 156.35 feet;

thence continuing along said existing right of way centerline, along a curve to the Left having a radius of 5729.58 feet, a length of 196.75 feet;

thence North 14°29'50" East 100.00 feet to the POINT OF BEGINNING on said existing northerly right of way line of State Route 74;

thence North 61°12'03" West 415.65 feet to the POINT OF ENDING on the West line of said Section 29, being South 0°05'41" West 1976.27 feet from said West quarter corner of Section 29.

There shall be no right or easement of access to the limited access highway to be constructed over and upon the right of way described above.

PARCEL NO. 2:

That portion of the Southwest quarter of the Southwest quarter (SW $\frac{1}{4}$ SW $\frac{1}{4}$) of said Section 29 which lies between the existing northerly right of way line of said State Route 74 and the following described line:

Commencing at said Southwest corner of said Section 29;

(continued)

PAGE 1

PROJECT: 074 MA 020 H6912 01R	LOCATION: MP 20 - MP 22	PARCEL: 7-10791-A
	E/A	CR 10/23/08

EXHIBIT B

EXHIBIT A 3

thence along the West line of said Section 29, North 0°05'41" East 423.22 feet to the existing right of way centerline of said State Route 74;

thence along said existing right of way centerline, South 73°32'07" East 156.35 feet;

thence continuing along said existing right of way centerline, along a curve to the Left having a radius of 5729.58 feet, a length of 624.42 feet;

thence North 10°13'14" East 100.00 feet to the POINT OF BEGINNING on said existing northerly right of way line of said State Route 74;

thence continuing North 10°13'14" East 20.00 feet;

thence from a Local Tangent Bearing of North 79°46'46" West, along a curve to the Right, having a radius of 5609.58 feet, a length of 150.00 feet;

thence South 11°45'09" West 120.00 feet to said existing right of way centerline of State Route 74;

thence along said existing right of way centerline, from a Local Tangent Bearing of North 78°14'51" West, along a curve to the Right, having a radius of 5729.58 feet, a length of 471.21 feet;

thence continuing along said existing right of way centerline, North 73°32'07" West 156.35 feet to the POINT OF ENDING on the West line of said Section 29, being North 0°05'41" East 423.22 feet from said Southwest corner of Section 29.

EXCEPT any portion lying within said State Route 74.

There shall be no right or easement of access to the limited access highway to be constructed over and upon the right of way described above.

PARCEL NO. 3:

All that portion of the Southwest quarter (SW¼) of Section 29, Township 6 North, Range 1 East, Gila and Salt River Meridian, Maricopa County, Arizona, which lies South of the existing southerly right of way line of said State Route 74.

(continued)

PAGE 2

PROJECT: 074 MA 020 H6912 01R

LOCATION: MP 20 - MP 22
E/A

PARCEL: 7-10791-A
CR 7/31/08

EXHIBIT B

EXHIBIT “A-4”

Legal Description of Additional Condemnation Parcel

DESCRIPTION FOR ENTRY AGREEMENT

TRACT NO. 1:

That portion of the Southwest quarter (SW¼) of Section 29, Township 6 North, Range 1 East, Gila and Salt River Meridian, Maricopa County, Arizona, which lies between the existing northerly right of way line of State Route 74 (MORRISTOWN - NEW RIVER HIGHWAY) and the following described line:

COMMENCING at a ½ inch rebar tagged 'L.S. 35870' marking the Southwest corner of said Section 29, being South 00°05'41" West 2599.72 feet from a stone marked ¼ in rock mound marking the West quarter corner of said Section 29;

thence along the West line of said Section 29 North 00°05'41" East 423.22 feet to the existing right of way centerline of said State Route 74;

thence along said existing right of way centerline South 73°32'07" East 156.35 feet;

thence continuing along said existing right of way centerline, along a curve to the Left having a radius of 5729.58 feet, a length of 410.21 feet;

thence North 12°21'45" East 100.00 feet to the POINT OF BEGINNING on said existing northerly right of way line of State Route 74;

thence continuing North 12°21'45" East 20.00 feet;

thence from a Local Tangent Bearing of South 77°38'15" East, along a curve to the Left having a radius of 5609.58 feet, a length of 59.72 feet;

thence South 11°45'09" West 20.00 feet to said existing northerly right of way line of State Route 74;

thence continuing South 11°45'09" West 100.00 feet to said existing right of way centerline of State Route 74;

(continue)

PAGE 1

PROJECT: 074 MA 020 H6912 01R

LOCATION: MP 20 - MP 22

PARCEL: 7-10791

E/A

CR 7/8/08

thence along said existing right of way centerline, from a Local Tangent Bearing of South 78°14'51" East, along a curve to the Left, having a radius of 5729.58 feet, a length of 584.50 feet;

thence North 5°54'27" East 100.00 feet to said existing northerly right of way line of State Route 74;

thence continuing North 5°54'27" East 20.00 feet;

thence from a Local Tangent Bearing of South 84°05'33" East, along a curve to the Left, having a radius of 5609.58 feet, a length of 79.30 feet;

thence South 5°05'51" West 20.00 feet to said existing northerly right of way line of State Route 74;

thence continuing South 5°05'51" West 100.00 feet to said existing right of way centerline of State Route 74;

thence along said existing right of way centerline, from a Local Tangent Bearing of South 84°54'09" East, along said curve to the Left, having a radius of 5729.58 feet, a length of 268.00 feet;

thence North 2°25'03" East 100.00 feet to said existing northerly right of way line of State Route 74;

thence continuing North 2°25'03" East 20.00 feet;

thence from a Local Tangent Bearing of South 87°34'57" East, along a curve to the Left, having a radius of 5609.58 feet, a length of 141.96 feet;

thence North 0°58'03" East 12.00 feet;

thence from a Local Tangent Bearing of South 89°01'57" East along a curve to the Left, having a radius of 5597.58 feet, a length of 95.18 feet;

thence North 89°59'36" East 342.57 feet;

thence South 84°56'45" East 136.03 feet;

thence South 0°00'24" East 20.00 feet to said existing northerly right of way line of State Route 74;

thence continuing South 0°00'24" East 100.00 feet to said existing right of way centerline of State Route 74;

(continue)

PAGE 2

PROJECT: 074 MA 020 H6912 01R

LOCATION: MP 20 - MP 22

PARCEL: 7-10791

E/A

CR 7/8/08

~~EXHIBIT A~~ **EXHIBIT B**

thence along said existing right of way centerline of State Route 74, North 89°59'36" East 358.45 feet to the POINT OF ENDING on the North - South mid section line of said Section 29, being North 0°10'50" East 290.98 feet from a 3½ inch Bureau of Reclamation (BOR) aluminum cap marking the South quarter corner of said Section 29.

EXCEPT any portion lying within said existing State Route 74.

TRACT NO. 2:

That portion of the Southwest quarter (SW¼) of Section 29, Township 6 North, Range 1 East, Gila and Salt River Meridian, Maricopa County, Arizona, which lies between the existing southerly right of way line of said State Route 74 and the following described line:

Commencing at said South quarter corner of Section 29;

thence along the North - South mid section line of said Section 29, North 0°10'50" East 290.98 feet to said existing right of way centerline of State Route 74;

thence along said existing right of way centerline, South 89°59'36" West 730.45 feet;

thence South 0°00'24" East 100.00 feet to the POINT OF BEGINNING on said existing southerly right of way line of said State Route 74;

thence continuing South 0°00'24" East 20.00 feet;

thence North 89°59'36" East 381.00 feet;

thence North 0°00'24" West 20.00 feet to said existing southerly right of way line of said State Route 74;

thence continuing North 0°00'24" West 100.00 feet to said existing right of way centerline of State Route 74;

thence along said existing right of way centerline, North 89°59'36" East 349.45 feet to the POINT OF ENDING on said North - South mid section line of Section 29, being North 0°10'50" East 290.98 feet from said South quarter corner of Section 29.

EXCEPT any portion lying within said existing State Route 74.

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PROJECT: 074 MA 020 H6912 01R

LOCATION: MP 20 - MP 22

PARCEL: 7-10791

E/A

CR 7/8/08

EXHIBIT B

EXHIBIT "B"

WHEN RECORDED, RETURN TO:

SPECIAL WARRANTY DEED

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned, _____, a(n) _____ (the "**Grantor**"), hereby grants, sells, and conveys to _____, a(n) _____ (the "**Grantee**"), that certain real property described on Exhibit "A" attached hereto and incorporated herein by this reference, together with (a) all buildings, structures, and improvements located thereon; (b) all development rights and credits, air rights, water, water rights, and water stock relating thereto; (c) all right, title, and interest of Grantor in and to all strips and gores, streets, alleys, easements, rights-of-way, public ways, or other rights appurtenant, adjacent, or connected thereto; (d) minerals, oil, gas, and other hydrocarbon substances therein, thereunder, or that may be produced therefrom; and (e) any other rights, privileges, appurtenances, hereditaments, easements, reversions, and remainders pertaining thereto or used in connection therewith;

SUBJECT ONLY TO those matters set forth on Exhibit "B" attached hereto and incorporated herein by this reference (the "**Permitted Exceptions**").

AND GRANTOR hereby binds itself and its successors and assigns to warrant and defend the title against all of the acts of Grantor and no other, subject only to the Permitted Exceptions. Furthermore, Grantor hereby assigns, transfers, and conveys to Grantee any and all rights, remedies, and warranties acquired by Grantor from Grantee's predecessors in title.

IN WITNESS WHEREOF, the undersigned has executed this Special Warranty Deed as of this _____ day of _____, 20____.

GRANTOR:

By _____

Its _____

EXHIBIT B

STATE OF _____)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this ____ day of _____,
20__, by _____, as _____ of
_____, a(n) _____, on behalf thereof.

Notary Public

My commission expires:

EXHIBIT B

EXHIBIT “A” TO SPECIAL WARRANTY DEED

Legal Description

EXHIBIT B

EXHIBIT “B” TO SPECIAL WARRANTY DEED

Permitted Exceptions

EXHIBIT B

EXHIBIT "C"

NON-FOREIGN AFFIDAVIT

STATE OF _____)
) ss.
County of _____)

The undersigned, as authorized agent of _____, a(n) _____
_____ ("Transferor"), after being duly sworn upon his oath deposes and says that:

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform _____, a(n) _____
_____ ("Transferee"), that withholding of tax is not required upon the disposition of Transferor's interest in a U.S. real property interest, the undersigned hereby certifies the following:

1. Transferor is not a non-resident alien, foreign corporation, foreign partnership, foreign trust, foreign estate, or other foreign person within the meaning of § 1445 and § 7701 of the Internal Revenue Code and the treasury regulations promulgated thereunder;
2. Transferor is not a disregarded entity as defined in Treas. Reg. § 1.1445-2(b)(2)(iii);
3. Transferor's U.S. taxpayer identification number is: _____;
4. Transferor's business address is: _____

_____.

Transferor understands that this certification may be disclosed to the Internal Revenue Service by Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury Transferor declares that it has examined this certification and to the best of its knowledge and belief this certification is true, correct, and complete. The undersigned agent declares that he has the authority to sign this document on behalf of Transferor.

TRANSFEROR:

By _____

Its _____

EXHIBIT B

STATE OF _____)
) ss.
County of _____)

The foregoing document was acknowledged before me this ____ day of _____, 20____, by _____, as _____ of _____, a(n) _____, on behalf thereof.

Notary Public

My Commission Expires:

EXHIBIT B

EXHIBIT "D"

GENERAL ASSIGNMENT

THIS GENERAL ASSIGNMENT (this "Assignment") is executed as of the ____ day of _____, _____, by _____, a(n) _____ ("Assignor"), to and for the benefit of _____, a(n) _____ ("Assignee").

WHEREAS, contemporaneously herewith, Assignee is acquiring from Assignor certain real property described in Exhibit "A" attached hereto (the "Land Parcel"), together with all of Assignor's right, title, and interest in and to: (a) all buildings, structures, and improvements thereon (the "Improvements"); and (c) all of the rights, privileges, appurtenances, hereditaments, easements, reversions, and remainders pertaining to or used in connection with the Land Parcel and/or any of the Improvements, including, without limitation, all (i) development rights and credits, air rights, water, water rights, and water stock relating to the Land Parcel, (ii) strips and gores, streets, alleys, easements, rights-of-way, public ways, or other rights appurtenant, adjacent, or connected to the Land Parcel, and (iii) minerals, oil, gas, and other hydrocarbon substances in, under, or that may be produced from the Land Parcel (collectively, the "Real Property");

WHEREAS, in connection with the foregoing acquisition, Assignor desires to transfer and assign to Assignee all of Assignor's right, title, and interest in and to certain items and rights applicable or relating thereto, all as hereinafter provided.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor hereby grants, sells, transfers, and assigns unto Assignee all of Assignor's right, title, and interest in and to that certain intangible property owned by Assignor or used by Assignor exclusively in connection with all or any portion of the Real Property, including, without limitation, all of Assignor's right, title, and interest, if any, in and to: (a) all plats, improvement plans, drawings and specifications, and development rights and credits relating to the Property, (b) all books, records, reports, test results, environmental assessments, if any, as-built plans, specifications, and other similar documents and materials relating to the use, operation, maintenance, repair, construction, or fabrication of all or any portion of the Real Property; (c) all transferable business licenses, architectural, site, landscaping or other permits, applications, approvals, authorizations, and other entitlements affecting any portion of the Real Property; (d) all transferable guarantees, warranties, and utility contracts and water rights relating to all or any portion of the Real Property, (e) all ownership interests or rights in the Utilities, including without limitation all common stock, all preferred stock, all rights to purchase common stock or preferred stock, all debt obligations convertible into any form of ownership interest and (f) the Franchises..

and Assignor agrees not to release, waive, or alter the liability of any persons providing such guarantees or warranties from and after the date of this Assignment.

EXHIBIT B

This Assignment is binding upon the successors and assigns of Assignor and will inure to the benefit of the successors and assigns of Assignee.

Assignor hereby covenants that it will, at any time and from time to time upon written request therefor, execute and deliver to Assignee, and its successors and assigns, any new or confirmatory instruments and take such further acts as Assignee may reasonably request to evidence the assignment contained herein.

This Assignment shall be governed by and interpreted under the laws of the State of Arizona without regards to its principles of conflict of laws.

ASSIGNOR:

By_____

Its_____

EXHIBIT B

EXHIBIT "A" TO GENERAL ASSIGNMENT

Legal Description