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

11 In re:

12 SECURED ASSETS BELVEDERE
13 TOWERS, LLC,

14 Debtor.

Case No. BK-N-16-51162-GWZ

Chapter 11 Case

**DISCLOSURE STATEMENT IN SUPPORT
OF CHAPTER 11 PLAN OF
REORGANIZATION**

Hearing Date: February 14, 2017

Hearing Time: 2:00 p.m.

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I. INTRODUCTION

Debtor and Debtor-in-Possession Secured Assets Belvedere Towers, LLC, a Nevada limited liability company (“Debtor” or “SABT”) submits this Disclosure Statement in connection with the Chapter 11 Plan of Reorganization (“Plan”) to treat the Claims of the Creditors and the interests of Equity Security Holders of the Debtor.¹

The objective of a Chapter 11 bankruptcy case is to obtain Bankruptcy Court approval of a plan of reorganization. This process is referred to as confirmation of a plan. A plan describes in detail (and in language appropriate for a legal contract) the means for satisfying the Claims against the Debtor and for treating the Equity Security Interests in the Debtor. After this Disclosure Statement is approved, the Debtor may seek to confirm the Plan. The holders of claims that are “impaired” (a term defined in Bankruptcy Code Section 1124 and discussed in detail below) and that are permitted to vote may vote to accept or reject the Plan. Before the Debtor may solicit acceptances of a plan, Bankruptcy Code Section 1125 requires the Debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable those parties entitled to vote on the plan to make an informed judgment about the plan and whether they should accept or reject the plan.

The purpose of this Disclosure Statement is to provide sufficient information about the Debtor and the Plan to enable the Creditors and Equity Security Interests of the Debtor entitled to vote on the Plan to make an informed decision in exercising their rights. Through this Disclosure Statement, the Debtor asks those Creditors entitled to vote on the Plan to vote in favor of the Plan. In order to explain why the Plan deserves support, the Disclosure Statement summarizes the series of events that led to the Debtor’s bankruptcy case. It describes what has happened during Debtor’s Chapter 11 Case. The Disclosure Statement also describes the Plan and why the Plan offers the best opportunity for recovery by Creditors. The various exhibits to this Disclosure Statement included in the Appendix are incorporated into and are a part of this Disclosure Statement. The Plan is included as Exhibit “A” to this Disclosure Statement.

¹ Capitalized terms not otherwise defined herein will have the same meaning as are ascribed to such terms in the Plan which is attached hereto as Exhibit A.

1 The hearing at which the Court will determine whether to finally approve this Disclosure
2 Statement will take place in the C. Clifton Young Federal Building, 300 Booth Street, Reno,
3 Nevada 89509 on _____, as set forth in the Notice of
4 Hearing on Motion for Order: (1) Approving Disclosure Statement; (2) Setting Deadlines for
5 Balloting and Approving Form of Notice and Ballot; and (3) Setting Confirmation Hearing and
6 Related Deadlines that has been served on you. Objections to the Disclosure Statement must be
7 made as set forth in that Notice. If you require additional information about the Plan, please
8 contact:

9 LEE HIGH, LTD.
10 Cecilia Lee, Esq.
11 Elizabeth High, Esq.
12 499 West Plumb Lane, Suite 201
13 Reno, Nevada 89509
14 Telephone: 775-499-5712
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17 Interested parties may also obtain further information, including copies of pleadings filed
18 in the Bankruptcy Case, from the United States Bankruptcy Court for the District of Nevada at
19 its website: <http://www.nvb.uscourts.gov>.

20 After those Creditors and Equity Security Holders entitled to vote have voted to accept or
21 reject the Plan, the Bankruptcy Court will conduct a hearing on the Plan (“Confirmation
22 Hearing”) to determine whether the Plan should be confirmed. At the Confirmation Hearing, the
23 Bankruptcy Court will consider whether the Plan satisfies the various requirements of the
24 Bankruptcy Code. The Bankruptcy Court will consider a ballot summary that will present a tally
25 of the votes of Classes accepting or rejecting the Plan cast by those entitled to vote. Once
26 confirmed, the Plan will be treated essentially as a contract binding on all Creditors, Equity
27 Security Holders and other parties-in-interest in the Chapter 11 Case.

28 THIS DISCLOSURE STATEMENT IS NOT THE PLAN. FOR THE CONVENIENCE
OF CREDITORS, THE PLAN IS SUMMARIZED IN THIS DISCLOSURE STATEMENT.
ALL SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN ITSELF. IN

1 THE EVENT OF ANY INCONSISTENCY BETWEEN THIS DISCLOSURE STATEMENT
2 AND THE PLAN, THE PLAN WILL CONTROL.

3 **II.**
4 **SUMMARY OF THE PLAN**

5 The following is a general overview of the provisions of the Plan. This overview is
6 qualified in its entirety by reference to the provisions of the Plan. For a more detailed
7 description of the terms and provisions of the Plan, see Article IV of this Disclosure Statement
8 and the Plan attached as Exhibit A to this Disclosure Statement.

9 In summary, the Plan provides for the continued operation of the Debtor through the
10 leasing of its Units at The Belvedere and through the sale of its Units, either as a bulk sale or
11 individual sale of Units from which the Debtor will generate Net Operating Income for the
12 payment of its Creditors. The Debtor will institute a proceeding to adjudicate the Allowed
13 Secured Claim of its primary secured creditor, Belvedere Debt Holdings, LLC, (“BDH”) and,
14 when the Allowed Secured Claim has been finally determined, will transfer sufficient Units to
15 satisfy the Allowed Secured Claim to BDH in full. The Debtor will institute a proceeding to
16 adjudicate the Allowed Secured Claim of US Bank and to challenge the extent, validity and
17 priority of any Lien of US Bank against the US Bank Units. The Debtor will institute a
18 proceeding to adjudicate the Allowed Unsecured Claim of BTM to determine the amount of
19 offset the Debtor is entitled to and any other outstanding issues arising from any proof of claim
20 BTM may file. The Debtor will lease and sell its Unencumbered Units as the means by which to
21 fund payments to Creditors. The Debtor submits that the only means by which Creditors will be
22 paid is for the Debtor to remain in business and continue the orderly sale of its assets. The Plan
23 provides for the payment of allowed secured creditor claims and unsecured creditor claims in
24 full.

25 **III.**
26 **GENERAL INFORMATION ABOUT THE DEBTOR’S BUSINESS AND THE FILING**
27 **OF THE BANKRUPTCY CASES**

28 **A. Description of Debtor and Events Leading Up to the Bankruptcy Case.**

1 On September 19, 2016, (“Petition Date”), the Debtor filed its voluntary petition under
2 Chapter 11 of the Bankruptcy Code. The Debtor has continued to operate its business as a
3 Debtor-In-Possession.

4 **1. Debtor’s Loan History**

5 The Debtor is a Nevada limited liability company that was formed in 2011 by California
6 attorney David Lonich for the purpose of owning and operating condominium units (the “Units”)
7 located at The Belvedere, which is located at 450 North Arlington, Reno, Nevada 89502.

8 **A. The Greenlake Note and Deed of Trust.**

9 On May 16, 2012, SABT borrowed from GreenLake Real Estate Fund LLC
10 (“Greenlake”) the principal amount of \$2,600,000 at an annual fixed interest rate of twelve
11 percent (12%), which loan is evidenced by a “Promissory Note Secured by A Deed of Trust” (the
12 “Note”). The Note was secured by the “First Priority Deed of Trust, Security Agreement,
13 Assignment of Rents and Leases and Fixture Filing” for the benefit of Greenlake, also dated May
14 16, 2012, which included ninety-two (92) condominium units in The Belvedere as collateral for
15 the Note (the “Deed of Trust”). The mortgaged property described in the Deed of Trust
16 included, among other things, the Real Property, Leases, Rents, Property Agreement and rights
17 and privileges with respect thereto. In particular, the “Rents” are defined as

18 All of the rents, revenues, royalties, income, proceeds, profits,
19 security and other types of deposits, and other benefits paid to
20 payable by parties to the Leases for using, leasing, licensing [sic]
21 possessing, operating from, residing in, selling or otherwise
22 enjoying the Mortgaged Property[.]

21 Similarly, “Proceeds” are defined as

22 All accessions, replacements and substitutions for any of the
23 foregoing and all proceeds thereof[.]

24 The Note and Deed of Trust were amended several times. The First Amended Deed of
25 Trust between SABT and Greenlake was recorded on September 7, 2012 as Document 4149224
26 with Official Records, Washoe County. This document contains certain errors in descriptions of
27 the original Deed of Trust, such as the date it was made and recorded.² The collateral described

28 ² The Debtor takes no position at this time with respect to the legal effect of these errors.

1 in the First Amended Deed of Trust included 110 condominium units at The Belvedere. The
2 First Amended Note changed the Fixed Rate of interest to 11.5 percent and provided an
3 additional \$925,000 for SABT to acquire 21 additional units. The Second Amended Promissory
4 Note, dated June 26, 2013, included SABT and another entity, BTM, LLC (“BTM”), as
5 borrowers for a balance of \$4,880,000.

6 Before the Second Amended Promissory Note was executed, SABT owed approximately
7 \$3,250,000 to Greenlake. The Second Amended Promissory Note increased that debt by
8 \$1,355,000, which funds were used to purchase BTM’s units. Thus, of the \$4,880,000 principal
9 of the Second Amended Promissory Note, 72 percent is attributable to SABT and 28 percent is
10 attributable to the debt incurred by BTM.

11 Both SABT’s units and BTM’s units (those already owned and those BTM acquired as a
12 result of the Second Amended Promissory Note) served as collateral for the entire amount of the
13 Second Amended Deed of Trust.

14 Greenlake incurred additional charges and advances in the amount of \$1,851,802 through
15 December 2014. Even using allocations of debt that are more favorable to BTM of 80 percent
16 SABT/20 percent BTM, the percentage of the additional charges attributable to SABT would be
17 \$1,481,442 and \$370,360 to BTM.

18 In addition to these transactions, BTM, LLC executed a separate Promissory Note (the
19 “BTM Promissory Note”) in favor of Greenlake dated January 22, 2012, in the principal amount
20 of \$210,000 and accruing Fixed Interest at the rate of 12 percent. The BTM Promissory Note was
21 secured by a Deed of Trust for (the “BTM Deed of Trust”) for which three units in The
22 Belvedere served as collateral.

23 Thereafter, BTM became a joint obligor with SABT in the Second Amended Promissory
24 Note and Second Amended Deed of Trust described above. To SABT’s knowledge, BTM owns
25 approximately 30 condominium units in The Belvedere.

26 **B. Assignment to BDH.**
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1 On or about December 17, 2014, Greenlake executed an Allonge and Assignment of the
2 Note, the First Amended Note, Second Amended Note, and the Deed of Trust, First Amended
3 Deed of Trust and Second Amended Deed of Trust to Belvedere Debtor Holdings, LLC
4 (“BDH”). The Assignment refers to a certain “Loan Purchase Agreement effective as of
5 December ___, 2014 by and between Assignor and Assignee.” The Debtor does not have a copy
6 of any agreement between Assignor and Assignee dated in December 2014 or any other date.
7 The disclosed acquisition price was \$6,731,802. On or about December 17, 2014, Greenlake
8 executed an Allonge to the BTM Promissory Note in favor of BDH. Also on December 17, 2014,
9 Greenlake executed an Assignment of the BTM Deed of Trust. The Assignment also refers to a
10 certain “Loan Purchase Agreement effective as of December ___, 2014 by and between Assignor
11 and Assignee.” The Debtor does not have a copy of any agreement between Assignor and
12 Assignee dated in December 2014 or any other date.

13 BDH contends that it advanced an additional \$2,518,198 after its acquisition of the
14 Second Amended Note. Without addressing the enforceability of all of these amounts, the
15 Debtor assumes for the purposes of this discussion that the total amount of the debt owed by
16 SABT and BTM includes this figure and is thus \$9,250,000. Based on the more favorable
17 proportionality of debt for BTM of 80 percent SABT and 20 percent BTM, the Debtor’s
18 proportionate liability on this debt is \$7,021,000; BTM’s liability is \$2,229,000.³

19 The Debtor and others – but neither Greenlake nor BDH – executed a letter agreement
20 dated December 17, 2014 (the “Letter Agreement”), a copy of which is attached hereto as
21 Exhibit B. Among other things, the Letter Agreement includes a provision for the distribution of
22 SABT’s profits over \$5.5 million in the event SABT and BTM were unable to refinance the
23 Second Amended Promissory Note within a certain time frame. The distribution of profits is not
24 in proportion to ownership of condominium units and, as profits exceed \$17.5 million, the Letter
25 Agreement provides that SABT receives only 15 percent, while BTM receives 65 percent and
26

27 ³ If the Debtor employs the allocation of debt more favorable to itself, namely, 72 percent SABT
28 and 28 percent BTM, SABT’s allocation of debt would be \$6,660,000; BTM’s would be \$2,590,000.

1 David Lonich receives 20 percent. SABT has an agreement with David Lonich that predated the
2 Letter Agreement wherein Mr. Lonich agreed that in exchange for certain payments, he was
3 owed no additional funds by SABT for any services rendered. A copy of the Ananda Partners I
4 and Ananda Partners III Agreement setting forth this agreement on page 5, ¶4.3, is attached
5 hereto as Exhibit C.

6 After the execution of the Allonges and the Assignments, BDH, SABT and BTM entered
7 into a series of disbursement documents and amendments to the Second Promissory Note and
8 Second Deed of Trust, the most recent of which is the “Eighteenth Amendment to Promissory
9 Note Secured by a Deed of Trust” (the “Eighteenth Amendment”). The Eighteenth Amendment
10 provides that the Borrowers jointly and severally promise to pay BDH the principal amount of
11 \$9,250,000, which principal amount remained secured by the Second Deed of Trust, as amended.
12 The Eighteenth Amended Promissory Note is secured by a Fifth Amendment to First Priority
13 Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing,
14 recorded as Document 4567724, Official Records of Washoe County on March 8, 2016.⁴

15 The Eighteenth Amendment also provided for an “Interest and Additional Collateral
16 Reserve” of \$250,000. The Eighteen Amended stated:

17 “At the request of Borrower, so long as no Event of Default has
18 occurred and is continuing Lender may, from time to time, fund up to
19 the additional amount of \$500,000 as and for additional interest and
20 collateral reserves (such amount, together with the \$250,000 additional
21 interest and collateral reserve funded in December 2014, the
22 “Additional Interest and Additional Collateral Reserve; *provided* that
23 after giving effect to the amount of any proposed Additional Interest
24 and Collateral Reserve and any requested Additional Advances (as
25 defined below), the outstanding principal amount of indebtedness
26 outstanding under this Note shall not exceed \$9,250,000. If the
27 Borrower has insufficient cash flow from the Property to fund Interest
28 payments due, then Borrower may provide documentation of such fact
to Lender at least 10 business days prior to the date that the payment is

4 The Eighteenth Amendment to the Promissory Note appears to contain such critical terms as confirmation of a 12 percent interest rate, a due date of June 2017 and further states that “Borrower [SABT and BTM] and Lender and certain other parties have entered into that certain Binding Term Sheet dated as of December 17, 2014[.]” The Debtor is unaware of any document dated December 17, 2014 other than the Letter Agreement, to which the Lender was not a party.

1 due and request that Lender fund the shortfall from the Additional
2 Interest and Additional collateral Reserve, which consent Lender shall
3 not unreasonably withhold based on nits assessment that the shortfall
4 is legitimate and that all other operating expenses have been, or will
5 be, timely paid and at Lender's option, the balance of the Additional
6 interest and Additional Collateral reserve does not fall below \$15,000.
7 Borrower shall provide such additional information as Lender may
8 reasonably request related to the request. During the pendency of an
9 event of Default, Lender may apply the balance of the Additional
10 Interest and Additional Collateral Reserve to any sums due by
11 Borrower or to the repayment of principal in Lender's sole discretion.
12 The Additional Interest and Additional Collateral Reserve need not be
13 maintained by Lender in a separate account and shall not earn any
14 interest. At the Maturity Date or early full prepayment, the balance of
15 the Additional Interest and Additional Collateral Reserve shall be
16 applied to the outstanding principal balance of the Note."

17 Eighteenth Amendment, Paragraph 7, p. 2-3, attached hereto as Exhibit D.

18 BDH has informed the Debtor that it believes the total *principal* amount owed on the
19 Note has increased from \$9,250,000 in 2015 to \$15,852,176.19 as of the Petition Date. As set
20 forth above, BDH purchased the Note in December 2014 for \$6,731,802. In addition to that
21 amount, BDH has included as part of its asserted claim \$1,772,131 in additional advances,
22 default interest and charges that were due on the Note on October 31, 2014, which predated
23 BDH's acquisition of the Second Amended Note. Between December 2014 and September 20,
24 2016, BDH has informed the Debtor it has been paid \$1,675,164 in interest from the Interest
25 Reserve, sales and other unidentified sources. BDH did not fund the Additional Interest and
26 Additional Collateral Reserve, thereby forcing the "default" in interest payment BDH has
27 repeatedly asserted occurred in November 2015.

28 As a result of the assertion of default, BDH added unpaid interest from the inception of
the Note in 2012 to the principal and applied the default rate of interest retroactively from the
date of the Note and a late charge of \$1,441,106.93. The total default interest BDH asserts is
owed as of the Petition Date is \$4,851,387.13. The total principal due as of the date of the
Petition Date according to BDH is \$15,852,176.19. Thus, by the Secured Creditor's calculation
the principal it is owed is more than twice what the Secured Creditor paid for the Note less than
two years ago.

1 The Debtor disputes BDH's calculation of the amounts it is owed on a number of grounds
2 summarized here, which are set forth without waiver of any right the Debtor or Reorganized
3 Debtor has to pursue any other theory or claim against BDH. Although it is difficult to discern
4 from the limited documentation BDH has supplied to the Debtor on the calculation of principal it
5 asserts of over \$15,000,000, it appears that at least some of the amounts arise from penalties that
6 may not be enforceable under the law. For example, the ability to enforce fees and other charges
7 as part of an oversecured creditor's oversecured claim, those fees and charges are subject to a
8 requirement of reasonableness. 11 U.S.C. §506(b); see, e.g., In re Imperial Coronado Partners,
9 Ltd., 96 B.R. 997 (9th Cir. BAP 1989) (prepayment and maturity fees are subject to
10 reasonableness standard). Under Nevada law, liquidated damages consist of an amount a party
11 to an agreement agrees to pay if the party fails to perform and which, have been arrived at in an
12 effort to establish actual damages, is recoverable as agreed-upon damages. Mason v. Fakhimir,
13 109 Nev. 1153, 1156-57 (1993); Joseph F. Sansome Inv. Co. v. 268 Ltd., 106 Nev. 429, 435
14 (1990). In contrast, a contractual penalty provision is a punishment for a default and is
15 unenforceable under Nevada law. American Fire & Safety, Inc. v. City of North Las Vegas, 109
16 Nev. 357 (Nev. 1993) (penal bond is enforceable only to the extent the aggrieved party has
17 suffered real damages). A party challenging such a provision must show that the liquidated
18 damages are disproportionate to the actual damages sustained by the injured party. Haromy v.
19 Sawyer, 98 Nev 544, 547 (1982). The Nevada Supreme Court has held that a contractual
20 provision that required the breaching party to pay 150 percent of actual damages is a penalty and
21 unenforceable. Khan v. Bakhsh, 306 P.3d 411 (Nev. 2013).

22 The Debtor anticipates that BDH will vigorously dispute any and all grounds on which
23 the Debtor will object to the Allowed Amount of its Claim.

24 Since the Petition Date, BDH has been or will soon be paid an additional approximately
25 \$200,000 from the sale of the Debtor's Units. With the exception of the sale of one BTM unit,
26 BTM has contributed nothing to the payment on the Note. The Debtor is informed that BTM is
27 not actively marketing its units for sale.

28

1 The principal of BTM, Michael Madjlessi, is the brother-in-law of the principal of BDH,
2 Alexander Kendall.

3 **C. Potential Equitable Lien of BTM.**

4 The Debtor purchased ten additional Units in 2015 at homeowner association foreclosure
5 sales. SABT is on title to each of these Units; the purchase price for each Unit was paid 80
6 percent by SABT and 20 percent by BTM. BTM's contribution was \$63,444. BTM thus has
7 either a Claim for \$63,444 and a potential right to assert an equitable lien against these Units.
8 On this basis, the Debtor has classified BTM as an unsecured creditor with a potential equitable
9 lien.

10 **D. Disputed Claim of US Bank.**

11 US Bank was a lienholder of record for seven of Units the Debtor purchased at
12 foreclosure. The Debtor contends that US Bank's lien was extinguished by the foreclosure sale
13 on each Unit. SFR Inv. Pool I, LLC v. U.S. Bank, NA, 334 P.3 4088 (Nev. 2014) (foreclosure of
14 a homeowner association superpriority lien under NRS chapter 116 extinguishes the first deed of
15 trust on the same property). As set forth more fully below, the Debtor has retained attorney
16 Dane Anderson, Esq., Woodburn & Wedge, to represent it in the resolution of these issues with
17 US Bank.

18 The Debtor is not the maker or obligee of any obligation with U.S. Bank. The Debtor is
19 entitled to treat U.S. Bank's claims pursuant to its Plan by operation of 11 U.S.C. §102(2)
20 ("claim against the debtor" includes claim against property of the debtor["]). The Debtor treats
21 U.S. Bank as a disputed Class 2 Creditor, whose sole recovery (if any) will be against the seven
22 Units that are security for seven separate notes.

23 **E. Ananda III and Ananda I**

24 The Debtor also borrowed approximately \$6 million from Ananda III and an additional
25 \$2.9 million from Ananda III and Ananda I pursuant to the terms of an Operating Agreement. In
26 September 2013, the Debtor granted a security interest against its property in favor of Ananda
27 III. Exhibit C. The security interest was not perfected.

1 **F. Woodburn & Wedge**

2 The Debtor consented to the entry of a Judgment in favor of Woodburn & Wedge in 2014
3 in the amount of \$35,000. The Judgment was recorded with Official Records, Washoe County.
4 Pursuant to the recorded Judgment, Woodburn & Wedge has been paid from five pre-petition
5 sales of SABT's Units in the total amount of \$10,000, in equal payments of \$2,000 for each Unit.
6 Some of these payments were applied to other outstanding invoices the firm maintained, which
7 leads to an approximate balance of the Judgment of \$28,000. This secured portion of Woodburn
8 Wedge's pre-petition Claim is treated as a Secured Claim in Class 5. The balance of Woodburn
9 Wedge's prepetition Claim is treated in the Unsecured Creditor Class 6.

10 2. **Debtor's Management History.**

11 The Debtor was managed by entities owned or controlled by David Lonich and others
12 until approximately the spring of 2014. At that time, Mr. Lonich was indicted on various counts
13 of bank fraud and other theories.

14 On May 19, 2014, an Order Appointing Receiver was entered in the Second Judicial
15 District Court for the District of Nevada in Case No. CV14-00924, entitled Greenlake Real
16 Estate Fund, LLC v. Secured Assets of Belvedere Tower, LLC and BTM, LLC (the
17 "Receivership Action"). The Order Appointing Receiver appointed Stephen J. Donell as the
18 receiver for the Units owned by Defendants SABT and BTM in the real property located at the
19 Property at 450 Arlington, Reno, Nevada.

20 On May 29, 2014, the State Court entered a Stipulation and Order Expanding Authority
21 of Receiver (the "Stipulated Order"), approving a stipulation of the Plaintiff and the Defendants
22 to appoint Mr. Donell as the majority member of BTOA and the sole director of BTOA.

23 At the time the Receiver was appointed and the Stipulated Order was entered, BTOA was
24 in default of the requirement of maintaining statutorily mandated reserves. BTOA was also
25 being investigated by the Nevada Department of Real Estate in connection with the on-site and
26 financial management of the association. BTOA reported approximately \$500,000 in unpaid
27 owners' dues, the collectability of which was unknown.

1 On May 28, 2014 – one day before the Stipulated Order was entered - the State Court
2 entered an Order Denying Motion for a Preliminary Injunction and Granting Motion to Dismiss
3 (the “BTOA Order”) in Case No. CV13-02341 entitled Belvedere Towers Owners Association v.
4 Terry Barbery and Sage of the Desert LLC. In summary, in the Chiller Order the State Court
5 held that BTOA has no easement to an industrial Chiller which is located on the Casino Tower
6 adjacent to the Property and that services, among other things, the Units of the North Tower
7 where SABT’s Units are located. Under threat from Sage that the Chiller and switchbox that
8 services other power supply to the North Tower, including fire monitoring system, would be
9 turned off, Mr. Donell ultimately filed a voluntary chapter 11 petition for BTOA on June 5, 2014
10 in the United States Bankruptcy Court for the District of Nevada as Case No. BK-N-14-50989-
11 gwz.

12 BTOA confirmed its chapter 11 plan in October 2014, thereby consummating a
13 settlement that resolved many outstanding issues, including the effects of the Chiller Order, title
14 to various common elements and the shared utilities between The Belvedere and the
15 South/Casino tower.

16 Shortly after the confirmation of the BTOA chapter 11 plan, the parties to the
17 Receivership Action agreed to end the Receiver’s possession of the SABT and BTM Units at
18 The Belvedere. Accordingly, SABT regained possession of its Units in January 2015. In 2014,
19 Mr. Lonich and his entities were removed from control of SABT and Ananda Advisors, LLC
20 became the manager of SABT. M. Gregory Smith and Jed Cooper are the managers of Ananda
21 Advisors, LLC.

22 After regaining possession of its Units, the Debtor and BTM jointly employed Dickson
23 Commercial Group (“Dickson”) as their professional property manager. Since that time,
24 Dickson collects the monthly rental income and deposits it into a checking account that is in
25 Dickson’s name. Dickson then pays all expenses associated with SABT’s units from that
26 checking account, including but not limited to payment to third party vendors for utilities,
27 ongoing maintenance, homeowners’ dues and other routine expenses incurred in owning
28

1 approximately 120 condominium units. Expenses also include insurance, governmental fees and
2 taxes, maintenance and capital expenditures.

3 **3. Debtor's Estimated Value of the Collateral and Unit Sales**

4 Since April 2016, BDH has received \$534,482.76 in pre-petition sale proceeds from the
5 sale of the Debtor's Units, an additional \$143,786.13 on September 16, 2016, from the sale of a
6 BTM unit, \$39,369.27 from the sale of Unit 914 on November 7, 2016, and will shortly receive
7 fifty percent (50%) of the net proceeds from the sale of Unit 505. The title company has stated
8 that Unit 505, previously approved but the Court, will close shortly with estimated net proceeds
9 to BDH of approximately \$55,557. Thus, BDH has been paid a total of \$717,638.16 on its Note
10 since April 2016 and is expecting an additional \$55,557 (approximate) in very short order. In
11 addition, the Debtor has obtained approval of the Bankruptcy Court to sell two additional Units,
12 50 percent of the net proceeds of which will be turned over to the Secured Creditor.

13 Based on two brokers' opinions of value, the 155 condominium Units owned by BTM
14 and by SABT have an approximate combined value of \$23 million if sold individually.
15 Extrapolating from this value, SABT's property has a value of approximately \$18,000,000.
16 SABT believes that these values may be even higher because SABT owns the higher valued
17 units in the building, including the penthouse units.

18 SABT has not directly paid interest to BDH since April 2016. Even using the Secured
19 Creditor's alleged amounts owed in excess of \$15,000,000, it has an equity cushion based on the
20 value of the Debtor's ownership interest in the collateral. The Secured Creditor has an additional
21 equity cushion in the approximately 30 units owned by BTM. Although BDH has pressed the
22 Debtor to pay assessments approved by BTOA's board and reserves, discussed further below,
23 BDH has not made any demand on BTM for BTM to contribute its portion of the reserves or
24 assessments. Based on its information, SABT believes that BTM is not actively marketing its
25 Units for sale at this time.

26 On August 24, 2016, a Stipulation and Order for Settlement of Disciplinary Action was
27 filed with the Nevada Commission for Common Interest Communities and Condominium Hotels
28

1 in Decker v. Belvedere Towers Owners Association, David Lonich, Terry Strongin and Kelly
2 Vandever, a copy of which is attached hereto as Exhibit E. Pursuant to the Stipulation and
3 Order, BTOA agreed to fund a reserve account of \$500,000 by the transfer of \$175,000 in its
4 own reserve account, \$165,000 from the settlement of litigation against Fireman's Fund (which
5 settlement involved SABT's Units); an increase of the reserve assessment of \$28 per month for a
6 minimum reserve contribution by the owners of \$10,000; and the payment of one-half of one
7 percent of the purchase price of any unit by SABT or BTM.

8 To SABT's knowledge, the reserve has been funded in an amount in excess of \$400,000
9 attributable to its funds and contributions. The balance of the reserve, which remains subject to
10 the \$10,000 per month assessment to the owners and the one-half of one percent of sales of units,
11 exceeds SABT's proportionate ownership of Units. This disproportionality is one of the issues
12 SABT seeks to resolve with BTM and the amounts BTM may be owed as a Class 4 Creditor and
13 a Class 6 Creditor. Along similar lines, as set forth above, BTM is jointly and severally liable
14 with SABT on the BDH Note. Despite this, to date, BTM's contribution to payments has not
15 kept pace with its proportionate share of liability. SABT's rights to contribution and indemnity
16 from BTM and to offset any debt owed to BTM will also be the subject of the resolution of
17 BTM's Class 4 and Class 6 claims.

18 **B. Significant Events in the Chapter 11 Case**

19 **1. Debtor's First Day Motion**

20 On September 19, 2016, the Debtor filed its Motion Pursuant To 11 U.S.C. §§ 105(a) and
21 363(c) For Interim And Final Orders Authorizing the Debtor's Use Of Cash Collateral. Docket
22 No. 4. This motions was set on an order shortening time for hearing on September 19, 2016.
23 Docket No. 10. At the hearing, the Court granted the motion on an interim basis, Docket No. 16,
24 and set the final hearing for October 13, 2016. Docket No. 19. The Court granted final relief on
25 the motion and approved the Debtor's budget through November 2016. Docket No. 61.

26 Thereafter, on November 23, 2016, the Debtor filed its Motion to Approve Stipulation to
27 Use Cash Collateral and Proposed Budget, in which the Debtor and BDH stipulated to the
28

1 Debtor's budget through January 2017, subject to the line item for attorneys' fees not being paid
2 at this time. Docket No. 112. At the hearing on this motion on December 8, 2016, the Court
3 approved the motion. The Court entered the Order Granting Motion for Order Approving
4 Stipulation for Use of Cash Collateral and Proposed Budget on December 12, 2016. Docket No.
5 142.

6 **2. Meeting of Creditors and Schedules and Statements**

7 The Debtor filed its schedules of assets and liabilities and its statement of financial affairs
8 on September 19, 2016. Docket No. 1. The Debtor intends to file amendments to its Schedules
9 and Statements to correct its title to 10 Units acquired at homeowner association foreclosures, to
10 update for information provided on creditor claims and the like. Further amendments to the
11 Schedules and Statements are not anticipated at this time, but may be necessary.

12 The §341(a) meeting of creditors was scheduled for October 17, 2016 at 2:00 p.m.
13 Docket No. 8. Stefanie Sharp, Esq. appeared on behalf of Secured Creditor BDH. No other
14 appearances were made. The meeting was conducted at the regularly scheduled time and
15 concluded that same day. Docket No. 58. The Debtor is current on its monthly operating
16 reports.

17 **3. Employment of the Debtor's Professionals**

18 The Debtor filed its Motion to Employ Counsel for the Debtor, in which the Debtor
19 sought to employ Cecilia Lee, Esq. and Elizabeth High, Esq., Davis Graham & Stubbs, on
20 September 27, 2016. Docket No. 27. Following a hearing on October 13, 2016, the Court
21 granted the motion in its entirety on October 20, 2016. Docket No. 60.⁵

22 The Debtor filed its Motion to Sell Condominium Unit 1109 and Unit 515 Located at 450
23 N. Arlington Street, Reno, Nevada and Application to Employ Dickson Realty – Caughlin and
24 For Approval of Compensation on November 10, 2016, and its Motion to Sell Condominium
25 Units Located at 450 N. Arlington Street, Reno, Nevada and Application to Employ Dickson

26
27 ⁵ The Debtor intends to submit a stipulated Substitution of Counsel, reflecting the substitution of
28 Lee High, Ltd. in the place and stead of Davis Graham & Stubbs, LLP effective as of November
1, 2016.

1 Realty – Caughlin and For Approval of Compensation, involving Unit 914 and Unit 505, on
 2 October 17, 2016. Docket Nos. 92 and 59, respectively. The Court granted both Applications to
 3 Employ. The order approving the October 17, 2016 Application to Employ was entered on
 4 November 1, 2016. Docket No. 80. The November 10, 2016 Application to Employ was
 5 granted at the December 8, 2016 hearing; the order has not been entered as of the filing of this
 6 Disclosure Statement.

7 The Debtor intends to file applications to employ Dickson Commercial Group as the
 8 Debtor's real property manager and to employ Dane Anderson, Esq., Woodburn Wedge, as the
 9 Debtor's special litigation counsel to resolve the validity of US Bank's deed of trust. Further,
 10 the Debtor intends to file an application to employ Dickson Realty, Inc. in connection with the
 11 sale of the Debtor's real property.

12 As a result, the Debtor has employed or intends to employ the following professionals in
 13 this case:

Name of Professional	Scope of Employment	Docket Nos.
Davis Graham & Stubbs, LLP, substituted by Lee High, Ltd.	Bankruptcy Counsel	60
Woodburn Wedge	Special Litigation Counsel	_____
Dickson Commercial Group	Property Manager	_____
Dickson Realty, Inc.	Property Sales	80

4. Motions to Sell Real Property.

21 The Debtor filed its Motion to Sell Condominium Units Located at 450 N. Arlington
 22 Street, Reno, Nevada and Application to Employ Dickson Realty – Caughlin and For Approval
 23 of Compensation, involving Unit 914 and Unit 505, on October 17, 2016. Docket No. 59. The
 24 Court entered an order granting that Motion to Sell. Docket No. 80. The Debtor filed its Motion
 25 to Sell Condominium Unit 1109 and Unit 515 Located at 450 N. Arlington Street, Reno, Nevada
 26 and Application to Employ Dickson Realty – Caughlin and For Approval of Compensation on
 27
 28

1 November 10, 2016. Docket Nos. 92. The Court granted the Motion to Sell at the hearing.
2 Docket Nos. 156 and 157. As a result of these sales, the Debtor anticipates that it will have paid
3 an additional approximately \$200,000 to Secured Creditor BDH since the filing of this chapter
4 11 case. In addition, the Debtor will have set aside an additional \$200,000 held in counsel's trust
5 account, the use of which is subject to further court order.

6 **5. Stipulation for Relief from Automatic Stay.**

7 On December 6, 2016, Sage of the Desert, LLC filed a Stipulation for Relief from the
8 Automatic Stay for Naming of Debtor and Filing of Waiver and Disclaimer in Quiet Title
9 Action. Docket No. 138. Negative notice of the Stipulation was filed and served on creditors
10 and parties in interest. Docket No. 139. The purpose of the Stipulation is to enable Sage to
11 name the Debtor in a quiet title action and for the Debtor to disclaim any interest in the Lobby of
12 the Casino Tower that was conveyed to Sage in connection with the BTOA chapter 11 case. In
13 entering into the Stipulation, the Debtor is merely confirming the true state of affairs in which
14 the Debtor has no interest in the Lobby. The Stipulation further makes it clear that Sage is
15 entitled to no other form of relief against the Debtor.

16 **6. Discovery By Secured Creditor BDH.**

17 In a Subpoena dated October 24, 2016, BDH requested the production of 26 categories of
18 documents. The Subpoena was issued without the prior entry of a Rule 2004 Order, and there
19 was no pending contested matters at that time. Subsequently, on November 2, 2016, BDH filed
20 two *ex parte* Rule 2004 applications to conduct examinations of Gregg Smith and Jed Cooper.
21 Docket Nos. 83 and 84, respectively. The parties stipulated to continue the Rule 2004
22 examinations to December 12 and 13, 2016, respectively. Docket Nos. 90 and 91, respectively.
23 Thereafter, the parties entered into a second stipulation to continue the Rule 2004 examinations
24 to January 17, 2017 and January 19, 2017, respectively. Docket Nos. 131 and 132, respectively.

25 The Debtor filed and served its Responses and Objections to Subpoena on November 14,
26 2016. Docket No. 98. Without waiving any of its objections, the Debtor served responsive
27 documents on November 16, 2016 and again on November 17, 2016. Docket Nos. 103 and 106,
28

1 respectively. The Debtor re-served two pages of the discovery on or about November 22, 2016.
2 The parties have since resolved the Debtor's sole objection to a category for which it did on
3 produce any documents.

4 **IV.**
5 **DESCRIPTION OF THE PLAN:**
6 **CLASSIFICATION AND TREATMENT OF CLAIMS**

7 The following is a general overview of the provisions of the Plan. This overview is
8 qualified in its entirety by reference to the provisions of the Plan. For a more detailed
9 description of the terms and provisions of the Plan, please review the Plan, which is attached
10 hereto as Exhibit A.

11 Pursuant to Section 1123(a)(1) of the Bankruptcy Code, Unclassified Claims against the
12 Debtor are not designated as Classes and the holders of such claims are not entitled to vote on
13 this Plan. The treatment of Unclassified Claims is consistent with the requirements of Section
14 1129(a)(9)(A) of the Bankruptcy Code.

15 Administrative Claims that have been allowed by final order of the Bankruptcy Court
16 will be paid on the Effective Date or, if not Allowed by the Effective Date, then at such time as
17 the administrative claimant and the Debtor agree. Except as provided herein, Administrative
18 Claims that are allowed will be paid from the Net Operating Income.

19 Unless provided for payment in this Plan, all requests for payment of Administrative
20 Claims against Debtor must be filed by the Administrative Claims Bar Date or the holders
21 thereof shall be forever barred from asserting such Administrative Claims against Debtor and the
22 Reorganized Debtor. Requests for Administrative Claims may be amended to include any fees
23 and costs incurred after the Effective Date.

24 The Administrative Claims that the Debtor seeks approval of in this Plan and that it
25 proposes to pay from the Debtor's Net Operating Income on the Effective Date are as follows:

26 Allowed professional fees to Lee High, Ltd., Davis Graham & Stubbs, LLP, Woodburn
27 Wedge, Dickson Commercial Group and Dickson Reality, Inc. and to any other professional
28 employed by the Debtor in connection with this Bankruptcy Case.

All Priority Claims of any kind specified in Sections 507(a)(1) through (a)(10) are not

1 classified and are excluded from the following classes in accordance with Section 1123(a)(1) of
2 the Bankruptcy Code. All Priority tax claims, if any, will be paid by the Reorganized Debtor (a)
3 on the Distribution Date; (b) such other time as is agreed to by the holder of such Claim and the
4 Debtor and the holder of such Claim prior to the Effective Date or the Reorganized Debtor and
5 the holder of such Claim after the Effective Date; or (c) regular payments in case of a total value,
6 as of the Effective Date of the Plan, equal to the allowed amount of such claim, over a period
7 ending not later than 5 years after the Petition Date and in a manner not less favorable than the
8 most favored nonpriority unsecured Claim provided by this Plan.

9 The Debtor is unaware of any Priority Claims that the Debtor owes.

10 All fees required to be paid to the United States Trustee will be paid in full upon
11 confirmation of the Plan, and shall remain current until the case is fully administered or closed,
12 whichever occurs first.

13 Pursuant to Section 1123(a)(1) of the Bankruptcy Code, all Claims against the Debtor,
14 except Unclassified Claims, are placed in the following classifications as set forth below. Classes
15 of Claims 1, 2, 3, 4, 5 and 6 are impaired and are entitled to vote on the Plan. The Class of
16 Equity Security Interests is not impaired and is not entitled to vote.

17 **Class 1:** Secured Claim of Belvedere Debt Holding, LLC (“BDH”).

18 **Class 2:** Secured Claim of U.S. Bank.

19 **Class 3:** Secured and unperfected Claim of Ananda III and Ananda I.

20 **Class 4:** Unsecured and unperfected equitable lien Claim of BTM, LLC.

21 **Class 5:** Secured Claim of Woodburn & Wedge.

22 **Class 6:** Allowed Claims of Unsecured Creditors not entitled to priority under
23 Section 507 of the Bankruptcy Code and not otherwise included in any other class hereof,
24 including, without limitation, claims which may arise out of the rejection of executory contracts
25 or unexpired leases.

26 **Class 7:** The claims and interests of the Equity Security Holders of the Debtor.

27 Classes of Claims and Interests shall be treated as set forth herein below.

28

1 **4.1. Class 1** – The Secured Claim of BDH. The Debtor proposes to pay the Debtor’s
2 liability for the Allowed Secured Claim of BDH as follows: The amount of BDH’s Allowed
3 Secured Claim will be determined in a claim objection or other proceeding in the Bankruptcy
4 Case that the Debtor will commence. The Debtor will object to the unenforceable terms of the
5 Claim as it has been presented to the Debtor, including among other things, accrual and
6 calculation of default interest, accrued interest, default interest and other charges incurred prior
7 to BDG’s acquisition of the Claim; the portion of the Claim that is attributable to co-maker
8 BTM, LLC; and the accrual and calculation of default interest, penalties and other charges since
9 BDH acquired the Claim. Upon determination of the Allowed amount of the Secured Claim, the
10 Debtor will deed Units from the BDH Units of sufficient value to satisfy the Allowed Secured
11 Claim in full. The Debtor will have no further liability of any nature or form on any debt owed
12 to BDH, and the lien of BDH’s Deed of Trust and UCC-1 financing statement against any of the
13 Debtor’s other property will be forever released and extinguished.

14 The Secured Claim of BDH is impaired and BDH is allowed to vote on the Plan.

15 **4.2 Class 2** – The Secured Claim of US Bank. The Allowed Secured Claim of US
16 Bank will be determined in claim objection or other proceedings the Debtor commences in any
17 court of competent jurisdiction, including the Bankruptcy Court, to adjudicate the extent,
18 validity, priority and amount of US Bank’s Secured Claim against the US Bank Units. To the
19 extent US Bank is determined to have a valid lien on any of the US Bank Units that may be
20 encumbered by a US Bank deed of trust, in an amount or amounts certain, such lien will continue
21 as a Lien against the respective US Bank Unit, and the Debtor proposes to satisfy the Allowed
22 Secured Claim against each such US Bank Unit by payment of simple interest at the rate of 4
23 percent per annum, with principal and interest due and payable in five years from the Effective
24 Date and with the Lien against a respective US Bank Unit to continue to the extent any such Lien
25 is valid, or as agreed to between the Debtor and US Bank. The principal and interest accrued on
26 the Allowed Secured Claim will be paid from the sale of each of the seven Units securing US
27 Bank’s Allowed Claim, with the proceeds of sale of each particular Unit satisfying the Allowed
28

1 Secured Claim only against that Unit. The Allowed Secured Claim of US Bank, if any, is
2 without recourse against the Debtor and may be enforced, if at all, solely against any respective
3 US Bank Unit that secures each respective separate note. The Secured Claim of US Bank is
4 impaired and US Bank is entitled to vote on the Plan.

5 **4.3 Class 3** – Secured and unperfected Allowed Claim of Ananda III and Ananda I.
6 The Secured and unperfected Allowed Claim of Ananda III and Ananda I will be paid in
7 accordance with the terms of the operative agreement between the Debtor and Ananda III or on
8 terms as mutually agreed to between the Debtor and Class 3. Unless otherwise agreed to
9 between the parties, Ananda III and Ananda I will be paid the full amount of the Allowed Claim
10 from the Net Operating Income of the Debtor's Units over a period of five years beginning on
11 the first Distribution Date and any subsequent Distribution Date on which the Reorganized
12 Debtor has Net Operating Income, after Creditors in Classes 4 and 6 have been paid in full.
13 Class 3 is impaired and is entitled to vote on the Plan.

14 **4.4 Class 4** – Unsecured and unperfected equitable lien Claim of BTM, LLC. The
15 Allowed Unsecured and unperfected equitable lien Claim of BTM, LLC will be satisfied by
16 offset against the pre-petition and post-petition amounts the Debtor has paid BDH on its Claim
17 and for which BTM has joint and several liability but has not contributed its appropriate share,
18 and offset against any amounts SABT has contributed to reserves to Belvedere Tower Owners
19 Association in excess of SABT's proportionate share. The amount of the offset will be
20 determined in a proceeding commenced by the Debtor or Reorganized Debtor in the Bankruptcy
21 Court. To the extent Class 4 is owed funds greater than SABT's right to offset, BTM will be
22 paid from the Net Operating Income of the Debtor's Units over a period of five years beginning
23 on the first Distribution Date and any subsequent Distribution Date on which the Reorganized
24 Debtor has Net Operating Income, *in pari passu* with Creditors in Class 6.

25 **4.5 Class 5** –
26 Secured Claim of Woodburn & Wedge. The Debtor proposes to satisfy the Secured
27 Claim of Woodburn & Wedge in the approximate amount of \$23,000 from the proceeds of sale
28

1 of Unencumbered Units, with a release amount of \$2,000.00 from such sales until this Secured
2 Claim is satisfied in full. The Secured Claim of Woodburn & Wedge will accrue interest at the
3 Federal Judgment Rate from the Effective Date until paid in full.

4 **4.6. Class 6** – Allowed Claims of Unsecured Creditors will be paid 100 percent of
5 their Allowed Claims plus interest at the Federal Judgment Rate calculated from the Effective
6 Date from the Net Operating Income of the Debtor’s Units over a period of five years beginning
7 on the first Distribution Date and any subsequent Distribution Date on which the Reorganized
8 Debtor has Net Operating Income, *in pari passu* with Creditors in Class and 4 .

9 **4.7 Class 7** – Equity Security Holders will retain their interests in the Reorganized
10 Debtor. Equity Security Interests are unimpaired and the holders of Equity Security Interests are
11 conclusively deemed to have accepted the Plan pursuant to §1126(f) of the Bankruptcy Code.
12 Therefore, the holders of Equity Security Interests are not entitled to vote to accept or reject the
13 Plan.

14
15 Unless otherwise specifically noted, the financial information in this Disclosure
16 Statement has not been subject to audit. This Disclosure Statement was prepared from
17 information compiled from the Debtor’s schedules and statements and other sources. The Debtor
18 has attempted to be accurate in the preparation of this Disclosure Statement.

19 Except as stated in this Disclosure Statement, no representations or assurances
20 concerning the Debtor or the value of the Debtor’s assets should be relied on. Therefore, in
21 deciding whether to accept or reject the Plan, you should not rely on any information relating to
22 Debtor or the Plan other than that contained in this Disclosure Statement and in the Plan itself.

23 **V.**

24 **RISK FACTORS**

25 Because the Plan provides for the reorganization of the Debtor through the operation and
26 sale of its Units, many of the common risk factors found in typical reorganizations apply with
27 respect to the Plan. These include:

1 (a) the Debtor's operations are largely dependent on its ability to lease existing Units and
2 to sell Units. There is no assurance that the Debtor's ability to attract renters or purchasers will
3 continue or that the market for leasing and sales will not adversely change during the life of the
4 Plan;

5 (b) there is a risk that the projections of Net Operating Income, with is the source with
6 which to pay the Allowed Claims of Creditors, may not be met;

7 (c) because the Debtor's projections for payment to Creditors rely in part on the Net
8 Operating Income from the continued operation of the Debtor and the sale of Units, the Allowed
9 Claims of Unsecured Creditors may receive no distribution under the Plan;

10 (d) the Bankruptcy Case may adversely affect the Debtor's business prospects and/or its
11 ability to operate during the reorganization;

12 (e) the Bankruptcy Case and attendant difficulties of operating the Debtor's business
13 while attempting to reorganize its business in bankruptcy may make it more difficult to maintain
14 the Debtor's business;

15 (f) the Bankruptcy Case may cause the Debtor's vendor and service providers to require
16 stricter terms and conditions;

17 (g) the Bankruptcy Case will cause the Debtor to incur substantial costs for professional
18 fees and other expenses associated with the bankruptcy;

19 (h) the Bankruptcy Case may restrict the Debtor's ability to pursue opportunities to grow
20 the Debtor's business;

21 (i) transactions outside the ordinary course of business are subject to the prior approval
22 of the Bankruptcy Court, which may limit the Debtor's ability to timely respond to certain events
23 or to take advantage of certain opportunities;

24 (j) the Debtor may not be able to obtain Bankruptcy Court approval of the Plan or such
25 approval may be delayed with respect to actions the Debtor seeks to undertake in the case;

26 (k) the Debtor may be unable to retain and motivate key professionals through the
27 process of reorganization, and may have difficulty attracting new professionals. In addition, for
28

1 so long as the Bankruptcy Case continues, the Debtor's management will be required to spend a
2 significant amount of time and effort dealing with the reorganization instead of focusing on
3 business operations and sales;

4 (l) there can be no assurance that the Debtor will be able to confirm the Plan. Third
5 parties may also seek and obtain Bankruptcy Court approval to terminate or shorten the
6 exclusivity period for the Debtor to propose and confirm one or more plans of reorganization, to
7 appoint a chapter 11 trustee, or to convert to Chapter 7;

8 (m) the market in the Reno-Sparks metropolitan area and environs for the rental and sale
9 of the Units may be adversely affected by economic conditions and changes that the Debtor is
10 unable to predict. In addition to the local economy, economic conditions regionally, nationally
11 and internationally may change over the life of the Plan, none of which the Debtor is able to
12 control or predict;

13 (n) the Bankruptcy Court may allow BDH's asserted claim in excess of \$15,000,000 in
14 full. Although the Debtor retains the right to seek indemnify and contribution from the co-maker
15 of the BDH note – BTM – collection of such amounts and enforcement of its rights against BTM
16 will involve litigation that entails risk. As a result of these risk facts, it is possible that Creditors
17 other than BDH may not receive anything under this Plan.

18 If the Bankruptcy Case continues for a prolonged amount of time, the proceeding could
19 adversely affect the Debtor's business and operations. So long as the Bankruptcy Case
20 continues, the Debtor's management will be required to spend a significant amount of time and
21 effort dealing with the Debtor's reorganization instead of focusing on business operations and
22 sales. Prolonged continuation of the Bankruptcy Case may also make it more difficult to attract
23 and retain key professionals necessary to the success of the Debtor's business and sales efforts.
24 In addition, the longer the Bankruptcy Cases continues, the more likely it is that the Debtor's
25 customers, suppliers and agents will lose confidence in the Debtor's ability to successfully
26 reorganize the Debtor's business and seek to establish alternative relationships. Furthermore, so
27 long as the Bankruptcy Case continues, the Debtor will be required to incur substantial costs for
28

1 professional fees and other expenses associated with the Bankruptcy Case. Prolonged
2 continuation of the Bankruptcy Case may also require the Debtor to seek additional financing. It
3 may not be possible for the Debtor to obtain additional financing during or after the Bankruptcy
4 Case on commercially favorable terms or at all. If the Debtor were to require additional
5 financing during the Bankruptcy Cases and were unable to obtain the financing on favorable
6 terms or at all, the chances of successfully reorganizing its business may be seriously
7 jeopardized.

8 The Debtor is unaware of any regulatory contingencies or risks in connection with the
9 Plan.

10 VI.

11 **FINANCIAL INFORMATION AND PROJECTIONS**

12 In essence, the Plan provides that, upon the Effective Date, the Debtor will be revested
13 with its existing assets. Exhibit F to this Disclosure Statement contains certain financial
14 projections for the Reorganized Debtor, which are subject to modification. The projections are
15 subject to the assumptions and limitations contained in Exhibit F, as well as any business,
16 operational, strategic or financial decisions that the Reorganized Debtor and its management may
17 make with respect to the operations of the Reorganized Debtor in the future. Subject to those
18 limitations and assumptions and to the Risk Factors set forth in this Disclosure Statement, the
19 Debtor believes that Exhibit F to this Disclosure Statement demonstrates that the Reorganized
20 Debtor has a reasonable prospect of success in its future operations following the Effective Date
21 of the Plan.

22 VII.

23 **SUMMARY OF VOTING PROCESS**

24 A. **Who May Vote to Accept or Reject the Plan.**

25 Generally, holders of Allowed Claims or Equity Security Interests that are “impaired”
26 under a plan are permitted to vote on the plan. A “claim” is defined by the Bankruptcy Code and
27 includes a right to payment from a debtor; an equity security represents an ownership stake in a
28

1 debtor. In this case, the Debtor is a California corporation. The Plan provides that Classes 2, 4,
2 5 and 6 of Claims are impaired and entitled to vote. The Plan also provides that the holders of
3 Equity Security Interests in the Debtor will retain their interests and are not entitled to vote.

4 In order to vote, a Creditor must first have an Allowed Claim. The solicitation of votes
5 on the Plan will be sought only from those holders of Allowed Claims who are impaired and who
6 will receive property or rights under the Plan. As explained more fully below, to be entitled to
7 vote, a Claim must be both “Allowed” and “Impaired.”

8 **B. Summary of Voting Requirements.**

9 In order for the Plan to be confirmed (i) either all Classes of Claims must be unimpaired,
10 or (ii) the Plan must be accepted by at least one non-insider, impaired Class of Creditors. A class
11 of claims is deemed to have accepted a plan when allowed votes representing at least two-thirds
12 (2/3) in amount and a majority in number of the claims of the class actually voting cast votes in
13 favor of a plan. The Debtor is soliciting votes from all of the impaired Classes of Creditors.

14 The Debtor anticipates that all holders of Administrative Claims and Priority Claims will
15 be paid in full. The claims of Creditors in Classes 1, 2, 3, 4, 5 and 6 are considered impaired.
16 The treatment of each Class is described in the Plan and is summarized generally in Article IV of
17 this Disclosure Statement above.

18 A VOTE FOR ACCEPTANCE OF THE PLAN BY IMPAIRED CREDITORS IS MOST
19 IMPORTANT. THE DEBTOR BELIEVES THAT THE TREATMENT OF CREDITORS
20 UNDER THE PLAN IS THE BEST ALTERNATIVE FOR CREDITORS AND THE DEBTOR
21 RECOMMENDS THAT THE HOLDERS OF ALLOWED CLAIMS VOTE IN FAVOR OF
22 THE PLAN.

23 **VIII.**
24 **POST EFFECTIVE DATE OPERATIONS AND PROJECTIONS**

25 **A. Effective Date Requirements and Means to Effectuate the Plan.**

26 **Means to Effectuate the Plan.**

27 **5.0.1** The Debtor will, as the Reorganized Debtor, continue to exist after the
28 Effective Date, with all the corporate powers under applicable law and without prejudice to any

1 right to alter or terminate such existence (whether by merger, dissolution or otherwise) under
2 applicable state law, and the Debtor may enter into and consummate one or more corporate
3 restructuring transactions, including, but not limited to, changing the business or corporate form
4 of the Debtor. Except as otherwise provided herein, as of the Effective Date, all property of the
5 Estate of the Debtor, and any property acquired by the Debtor or Reorganized Debtor under the
6 Plan, will vest in the Reorganized Debtor, free and clear of all Claims, liens, charges, other
7 encumbrances and interests, other than those otherwise expressly provided for pursuant to the
8 Plan. On and after the Effective Date, the Reorganized Debtor may operate its business and may
9 use, encumber, acquire and dispose of property and compromise or settle any Claims without
10 supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy
11 Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the
12 Confirmation Order. Without limiting the foregoing, the Reorganized Debtor may pay the
13 charges that it incurs on or after the Effective Date for Professionals' fees, disbursements,
14 expenses or related support services (including fees relating to the preparation of Professional fee
15 applications) without application to the Bankruptcy Court. To the extent the Reorganized Debtor
16 has Net Operating Income, the Reorganized Debtor will use its Net Operating Income to meet
17 Effective Date requirements and to make Distributions under the Plan. Distributions under the
18 Plan will be made from the Debtor's Net Operating Income.

19 **5.0.2.** In accordance with Section 1123(b)(3) of the Bankruptcy Code, all
20 Litigation Claims will be assigned and transferred to the Reorganized Debtor.

21 **5.0.3.** The Reorganized Debtor will continue to prosecute and defend any
22 Disputed Claims in the court or administrative venue in which each is currently pending,
23 including any appeals therefrom. In addition, the Reorganized Debtor will continue to prosecute
24 any and all Litigation Claims in the discretion of the Reorganized Debtor.

25 **5.0.4** The Reorganized Debtor will continue to manage and operate its assets,
26 including the lease and sale of Units to generate Net Operating Income.

27 **Effective Date Events.** On the Effective Date, the following events shall occur:
28

1 **5.1.1** The Reorganized Debtor will be created as set forth in this Plan and the
2 Confirmation Order.

3 **5.1.2.** Payments to Creditors as set forth in this Plan as required to be made on
4 the Effective Date will be made.

5 **5.1.3** The Reorganized Debtor will continue to operate the business of the
6 Debtor, including the lease and sale of Unencumbered Units. The sales process and terms will
7 be in the Reorganized Debtor's discretion.

8 **5.1.4.** Upon final determination of the Allowed Secured Claim of BDH, the
9 Reorganized Debtor will transfer by quitclaim deed sufficient Units of its choice and
10 determination to BDH in full and final satisfaction of BDH's Allowed Secured Claim and any
11 Lien in favor of BDH on the Reorganized Debtor's Property shall be satisfied in full and
12 extinguished. To the extent documentation is required to be recorded with Official Records,
13 Washoe County to confirm that the Debtor's Unencumbered Units are not encumbered by the
14 Lien of BDH's Claim, BDH will cooperate in executing such documentation.

15 **B. Discharge.**

16 The Debtor will receive a discharge in accordance with 11 U.S.C. §1141.

17 **C. Injunction.**

18 The Plan provides as follows:

19 From and after the Effective Date and except as provided in this Plan and the
20 Confirmation Order, all entities that have held, currently hold or may hold a Claim or Equity
21 Security Interest in the Debtor that is Allowed, terminated, transferred, or conveyed pursuant to
22 this Plan or Disallowed or is not entitled to receive any distribution pursuant to this Plan, are
23 permanently enjoined from taking any of the following actions on account of any such claim or
24 interest: (i) commencing or continuing in any manner any action or proceeding against the
25 Debtor or the Reorganized Debtor or any of their respective property; (ii) enforcing, attaching,
26 collecting or recovering in any manner any judgment, award, decree or order against the
27 Reorganized Debtor, or their respective property; (iii) creating, perfecting or enforcing any lien
28

1 or encumbrance against the Reorganized Debtor's property; (iv) asserting a setoff, right of
2 subrogation or recoupment of any kind against any debt, liability or obligation due to the
3 Reorganized Debtor or its property; (v) commencing or continuing any action, in any manner or
4 any place, that does not comply with or is inconsistent with the provisions of this Plan or the
5 Bankruptcy Code.

6 **D. Exculpation and Limitation of Liability.**

7 The Plan provides as follows:

8 Through the Effective Date, the Debtor and its officers, directors, managers, attorneys,
9 accountants, consultants, agents and employees since the Petition Date, including but not limited
10 to any professionals employed by them pursuant to an order of the Court under Sections 327 and
11 1103 of the Bankruptcy Code, shall not incur any liability to the Debtor or any other Creditor,
12 Equity Security Interest or interest holder, and other parties in interest in the Bankruptcy Case for
13 any act or omission in connection with or arising out of the Bankruptcy Case, including, without
14 limitation, prosecuting confirmation of this Plan, the administration of this Estate, the Plan or the
15 property to be distributed under this Plan, except for gross negligence or willful misconduct, and
16 in all respects, such person will be entitled to rely on the advice of counsel with respect to their
17 duties and responsibilities with respect to the Bankruptcy Case and this Plan.

18 **E. Releases.**

19 The Plan provides as follows:

20 From and after the Effective Date, the following releases shall become effective: by and
21 between the Debtor ("Released Party"), on the one hand, and the holders of Claims and Equity
22 Security Interests, on the other hand, that to the fullest extent permissible under applicable law,
23 as such law may be extended or interpreted subsequent to the Effective Date; each such person
24 that has held, holds or may hold a Claim or Equity Security, whether Allowed, terminated,
25 transferred, or conveyed pursuant to this Plan, Disallowed or is not entitled to receive any
26 distribution pursuant to this Plan, in consideration for the obligations of the Reorganized Debtor
27 and other contracts, instruments, releases, agreements or documents to be delivered in
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1 connection with this Plan, shall conclusively, absolutely, unconditionally, irrevocably and
2 forever, release and discharge the Released Party from any claim or cause of action existing as of
3 the Effective Date, including but not limited to, any claim or cause of action, interest, right, or
4 dispute, including but not limited to any claim or cause of action, interest, right or dispute arising
5 from, based on or relating to, in whole or in part, the subject matter of or the transactions or
6 events giving rise to any Claim against the Debtor, and in the act, omission, occurrence or event
7 in any matter relating to such subject matter, transaction or obligation. This release is intended
8 to be as broad as possible, and shall include the Released Party's officers, directors, managers,
9 attorneys, accountants, agents and employees.

10 **F. United States Trustee's Fees**

11 The Debtor and, after the Effective Date, the Reorganized Debtor, is obligated to pay the
12 United States Trustee quarterly fees based upon all disbursements in accordance with the sliding
13 scale set forth in 28 U.S.C. §1930(a)(6). These fees accrue throughout the pendency of the
14 Chapter 11 Case, until entry of a final decree. United States Trustee fees paid prior to
15 confirmation of the Plan will be reported in operating reports required by 11 U.S.C. §704(8),
16 1106(a)(1), 1107(a) and the United States Trustee Guidelines. All United States Trustee
17 quarterly fees accrued prior to confirmation of the Plan will be paid on or before the Effective
18 Date pursuant to 11 U.S.C. §1129(a)(12) from the Cash held by the Debtor. All United States
19 Trustee fees accrued post-confirmation will be timely paid on a calendar quarter basis and
20 reported on any post-confirmation reports that are required to be filed by the Liquidation Trustee.
21 Final fees will be paid on or before the entry of a final decree in the Chapter 11 Cases.

22 **G. Executory Contracts and Unexpired Leases.**

23 Any executory contract and unexpired lease in which the Debtor is the lessee that (i) has
24 not expired by its own terms on or prior to the Effective Date, (ii) has not been assumed or
25 rejected by the Debtor during the pendency of the Chapter 11 Case, (iii) is not listed in an exhibit
26 to the Disclosure Statement ("Rejected Executory Contracts") as executory contracts or
27 unexpired leases to be rejected, and (iv) is not the subject of a pending motion to reject such
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1 executory contract or unexpired lease, shall be deemed assumed by the Debtor as of immediately
2 prior to the Effective Date, and the entry of the Confirmation Order by the Bankruptcy Court
3 shall constitute approval of any such assumption pursuant to section 365(a) and 1123 of the
4 Bankruptcy Code. Any executory contract or unexpired lease listed in the Rejected Executory
5 Contracts attached to the Disclosure Statement as an executory contract or unexpired lease to be
6 rejected by the Debtor shall be deemed rejected by the Debtor as of immediately prior to the
7 Effective Date, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute
8 approval of any such rejection pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

9 Entry of the Confirmation Order shall constitute on the Effective Date (i) approval,
10 pursuant to Section 365(a) of the Bankruptcy Code, of the assumption by the Reorganized
11 Debtor of each executory contract and unexpired lease listed on the Rejected Executory
12 Contracts attached to the Disclosure Statement and each executory contract and unexpired lease
13 assumed by prior order of the Bankruptcy Court, (ii) approval for the Estate to reject each
14 executory contract and unexpired lease to which a Debtor is a party and which is not listed in the
15 Rejected Executory Contracts attached to the Disclosure Statement and neither assumed,
16 assumed and assigned nor rejected by separate order prior to the Effective Date. Upon the
17 Effective Date, each counter party to an executory contract or unexpired lease listed on the
18 Rejected Executory Contracts attached to the Disclosure Statement shall be deemed to have
19 consented to assumption contemplated by Bankruptcy Code Section 365(c)(1)(B), to the extent
20 such consent is necessary for such assumption. Any default entitled to monetary cure respecting
21 any assumed executory contract or unexpired lease shall be deemed a Class 6 Unsecured Claim
22 subject to the claim allowance and disallowance process and paid as set forth in Section 4.6
23 above. Confirmation of this Plan will conclusively determine that the December 17, 2014 Letter
24 Agreement, a copy of which is attached to the Disclosure Statement, is not an executory contract
25 subject to assumption or rejection. The parties to the December 17, 2014 Letter Agreement shall
26 not be entitled to any payment or other rights arising from the December 17, 2014 Letter
27 Agreement against the Debtor pursuant to this Plan, the confirmation of which conclusively
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1 extinguishes any such rights.

2 All proofs of claim arising from the rejection (if any) of executory contracts or unexpired
3 leases must be filed with the Bankruptcy Court by no later than 30 days after the earlier of: (i)
4 the date of entry of an order of the Bankruptcy Court approving any such rejection and (ii) the
5 Effective Date. Any Claims arising from the rejection of an executory contract or unexpired
6 lease for which no proof of claim was timely filed will be forever barred from assertion against
7 the Debtor or the Reorganized Debtor, its estate and property. All such Claims shall, as of the
8 Effective Date, be subject to the discharge and permanent injunctions set forth in the Plan.

9 Any monetary amounts by which an executory contract or unexpired lease to be assumed
10 pursuant to the Plan is in default shall be satisfied pursuant to section 365(b)(1) of the
11 Bankruptcy Code by payment of the default amount in cash on the Effective Date or on such
12 other terms as the parties to each such executory contract or unexpired lease may otherwise
13 agree. In the event of any dispute regarding the amount of any cure payments, (a) the
14 Bankruptcy Court will retain jurisdiction to adjudicate any such dispute, and (b) if the
15 Bankruptcy Court determines that any such disputed cure amount is required to be paid (in full or
16 in part) by the Debtor pursuant to section 365(b)(1) of the Bankruptcy Code, the Debtor will pay
17 such cure amount in the ordinary course following entry of the Bankruptcy Court's Final Order
18 resolving such cure dispute, provided that, the Debtor or Reorganized Debtor shall have the
19 right, following entry of such a Final Order fixing a cure amount (if any) to reject the applicable
20 executory contract or unexpired lease and any such rejection shall be deemed to have occurred
21 immediately prior to the Effective Date.

22 **IX.**
23 **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

24 Implementation of the Plan may have federal, state, and local tax consequences to Debtor
25 and to the holders of Allowed Claims and Equity Security Interests. This Disclosure Statement
26 does not purport to cover any aspects of federal income taxation of the Plan that may apply to the
27 Debtor, the Creditors, Equity Security Holders or to any other persons, and in particular does not
28

1 deal with issues that may be material to one or more of those persons based upon their particular
2 circumstances or tax status. Moreover, this Disclosure Statement does not address the federal
3 income tax consequences to certain types of Creditors (including, but not limited to, brokers,
4 dealers, traders of certain securities, life insurance companies, tax-exempt organizations, and
5 foreign individuals and entities) having a tax status with respect to which special rules may apply
6 or to Equity Securities Holders in their capacity as such.

7 **NO TAX OPINION HAS BEEN SOUGHT OR WILL BE OBTAINED WITH**
8 **RESPECT TO ANY CONSEQUENCES OF THE PLAN. HOLDERS OF ALLOWED**
9 **CLAIMS ARE ADVISED TO CONSULT WITH THEIR OWN TAX ADVISORS**
10 **REGARDING THE TAX CONSEQUENCES (INCLUDING FEDERAL, STATE, LOCAL**
11 **AND FOREIGN TAX CONSEQUENCES) TO THEM AND/OR TO DEBTORS ARISING**
12 **FROM THE TRANSACTIONS CONTEMPLATED BY THE PLAN. THIS**
13 **DISCLOSURE STATEMENT IS NOT A SUBSTITUTE FOR CAREFUL TAX**
14 **PLANNING AND ADVICE BASED ON THE PARTICULAR CIRCUMSTANCES OF**
15 **EACH CREDITOR AND EQUITY SECURITY HOLDER, OR ANY OTHER PERSON**
16 **THAT MAY BE AFFECTED BY THE PLAN.**

17 **X.**
18 **CONFIRMATION OF THE PLAN**

19 **A. Confirmation of the Plan.**

20 Pursuant to Section 1128(a) of the Bankruptcy Code, the Bankruptcy Court will hold a
21 hearing regarding confirmation of the Plan at the United States Bankruptcy Court, 300 Booth
22 Street, Fifth Floor, Courtroom 2, Reno, Nevada, commencing on _____ at _____
23 prevailing pacific time.

24 **B. Objections to Confirmation of the Plan.**

25 Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to
26 confirmation of a plan. Any objections to confirmation of the Plan must be in writing, must state
27 with specificity the grounds for any such objections and must be filed with the Bankruptcy Court
28

1 and served upon the following parties so as to be received by the following on or before the time
2 fixed by the Bankruptcy Court:

3 Counsel for the Debtor:

4 LEE HIGH, LTD.
5 Cecilia Lee, Esq.
6 Elizabeth High, Esq.
7 499 West Plumb Lane, Suite 201
8 Reno, Nevada 89509
9 Telephone: 775-499-5712
10 Email: c.lee@lee-high.com
11 e.high@lee-high.com

12 For the Plan to be confirmed, the Plan must satisfy the requirements stated in Section
13 1129 of the Bankruptcy Code. In this regard, the Plan must satisfy, among other things, the
14 following requirements.

15 **C. Best Interest of Creditors and Liquidation Analysis**

16 Pursuant to Section 1129(a)(7) of the Bankruptcy Code for the Plan to be confirmed, it
17 must provide that Creditors with Allowed Claims will receive at least as much under the Plan as
18 they would receive in a liquidation of Debtor under Chapter 7 of the Bankruptcy Code (the “Best
19 Interest Test”). The Best Interest Test with respect to each impaired Class requires that each
20 holder of an Allowed Claim of such Class either: (i) accepts the Plan; or (ii) receives or retains
21 under the Plan property of a value, as of the Effective Date, that is not less than the value such
22 holder would receive or retain if Debtor were liquidated under Chapter 7 of the Bankruptcy
23 Code. The Bankruptcy Court will determine whether the value received under the Plan by the
24 holders of Allowed Claims in each Class of Creditors equals or exceeds the value that would be
25 allocated to such holders in a liquidation under Chapter 7 of the Bankruptcy Code. The Debtor
26 believes that the Plan meets the Best Interest Test and provides value that is not less than that
27 which would be recovered by each such holder of an Allowed Claim in a Chapter 7 bankruptcy
28 proceeding.

Generally, to determine what holders of Allowed Claims in each impaired Class would receive if the Debtor were liquidated, the Bankruptcy Court must determine what funds would be

1 generated from the liquidation of Debtor’s assets and properties in the context of a Chapter 7
2 liquidation case, which for unsecured Creditors would consist of the proceeds resulting from the
3 disposition of the assets of Debtor, augmented by the unencumbered cash held by Debtor at the
4 time of the commencement of the liquidation case. Such cash amounts would be reduced by the
5 costs and expenses of the liquidation and by such additional Administrative Claims and Priority
6 Claims as may result from the termination of Debtor’s activities and the use of Chapter 7 for the
7 purpose of liquidation.⁶

8 In a Chapter 7 liquidation, holders of all Allowed Unsecured Claims would receive
9 distributions based on the liquidation of the non-exempt assets of Debtor.⁷ Such assets would
10 include the same assets being collected and liquidated under the Plan – the interest of Debtor in
11 the cash, the Debtor’s assets and all claims and causes of action.

12 The distributions from the proceeds of liquidation of the Debtor would be paid Pro Rata
13 according to the amount of the aggregate Allowed Claims held by each Creditor. The Debtor
14 believes that the most likely outcome of liquidation proceeds under Chapter 7 would be the
15 application of the “absolute priority rule.” Under that rule, no junior Creditor may receive any
16 distribution until all senior Creditors are paid in full, with interest, and no Equity Security Holder
17 may receive any distribution until all Creditors are paid in full.

18 As a result, the Debtor has determined that confirmation of the Plan will provide each
19 Creditor with no less of a recovery than it would receive if Debtor were liquidated under a
20 Chapter 7, and in fact, a greater and timelier recovery than in a Chapter 7.

21 The following analysis summarizes the Debtor’s best estimate of recoveries by Creditors
22 with Allowed Claims in the event of a conversion of a Debtor to a Chapter 7. The Debtor
23 begins this discussion with the assumption that whatever the current value of the Debtor’s assets
24 – interests in real and personal property, claims and causes of action and cash – that value will be
25 insufficient to pay all Allowed Claims. This is so because the value of the Debtor’s primary

26 _____
27 ⁶ Because Debtor is a corporation, there are no non-exempt assets.

28 ⁷ Regardless of whether the Chapter 11 Case remains in Chapter 11 or is converted to a Chapter 7, the analysis below will generally be the same.

1 asset – its ownership of Units – may be achieved through sales over time. The Debtor’s
2 investigation of the value of the Units as a bulk sale would not yield sufficient return to return
3 much, if anything, to unsecured creditors. The Debtor’s available cash is substantially less than
4 would be necessary to pay creditors. The Debtor submits that in a Chapter 7, these limited funds
5 would be used primarily to pay the Administrative Claims of the Chapter 7 Estate, with little, if
6 any funds, remaining to pay Priority Claims and, thereafter, no funds available to pay Unsecured
7 Creditors. As a result, in a Chapter 7, a Chapter 7 Trustee would be required to liquidate the
8 Estate’s assets without the protections for timing and marketing that is available only through the
9 Plan.

10 Accordingly, regardless of the value placed on the existing assets of the Estate, the Plan
11 provides for a greater return to Creditors. In particular, if the Debtor were to be forced by
12 creditors into a Chapter 7 case, several results would occur that would be overwhelmingly
13 unfavorable to unsecured creditors. These include:

- 14 (a) The risk that Secured Creditor would seek and be granted relief from the
15 automatic stay to commence foreclosure on the Debtor’s Units would be
16 substantially increased. This is so because the protections of 11 U.S.C.
17 §362(d)(3) for a single asset real estate debtor would be significantly impaired
18 and the Chapter 7 Trustee would be required to either pay non-default interest
19 each and every month as the only defense to relief from the stay. In turn, the
20 Chapter 7 Trustee’s ability to pay non-default interest would depend on the
21 Chapter 7 Trustee’s ability to continue to sell Units. The proposed treatment of
22 the Secured Creditor to accept Units in satisfaction of its Allowed Secured Claim
23 is only available in Chapter 11. Because the Secured Creditor contends that it
24 was owed \$15 million on the Petition Date on the Note, the Chapter 7 Trustee
25 would also have to object to the Secured Creditor’s Claim and invoke state
26 foreclosure law to compel the Secured Creditor to foreclose on Units seriatim.
27 The outcome of such a proceeding is unknown. Thus, the primary reason
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Creditors receive more in Chapter 11 is that the Debtor’s Plan is the only means by which some of the Debtor’s assets may be unencumbered and thereby operated and sold for the benefit of Creditors.

(b) The Debtor’s imbedded value in the Units is dependent on the Debtor’s ability to continue to lease and sell those Units over time. Because the Chapter 7 Trustee would be at serious risk of losing the Units through foreclosure to Secured Creditor BDH, there would be little, if any, funds available to pay unsecured creditors.

(c) The Debtor owns relatively few personal property assets and the Debtor believes liquidation could yield next to no value. Thus, whatever value the Debtor has in its assets, the most that would be available to pay the claims of creditors would be the nominal liquidation value of the remaining assets;

(d) Because the Debtor anticipates that liquidation would be inadequate to pay the administrative expenses of the liquidation, the unsecured creditors would likely receive pennies on the dollar, if anything at all.

For these reasons, the confirmation of the Plan provides a greater recovery for Creditors than a Chapter 7 liquidation. The Best Interest of Creditors test is satisfied.

D. Feasibility.

The Bankruptcy Code requires that in order to confirm the Plan, the Bankruptcy Court must find that Confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of Debtor (the “Feasibility Test”). For the Plan to meet the Feasibility Test, the Bankruptcy Court must find that Debtor will possess the resources and have the other tools necessary to meet its obligations under the Plan. The Debtor’s financial projections are attached hereto as Exhibit F.

E. Accepting Impaired Class.

Because a Class of Claims is impaired under the Plan, for the Plan to be confirmed, the Plan must be accepted by at least one impaired Class of Claims (not including the votes of any

1 insiders of a Debtor).

2 **F. Acceptance of Plan.**

3 For an impaired Class of Claims to accept the Plan, those representing at least two-thirds
4 (2/3) in amount and a majority in number of the Allowed Claims voted in that Class must be cast
5 their votes for acceptance of the Plan.

6 **G. Confirmation Over Dissenting Class (“Cram Down”).**

7 If a Class of Claims does not accept the Plan, the Bankruptcy Court nevertheless may
8 confirm the Plan at the request of the Debtor. Bankruptcy Code Section 1129(b) provides that if
9 all other requirements of Bankruptcy Code Section 1129(a) are satisfied and if the Bankruptcy
10 Court finds that: (i) the Plan does not discriminate unfairly and (ii) the Plan is fair and equitable
11 with respect to the rejecting Class(es) of Claims impaired under the Plan, the Bankruptcy Court
12 may confirm the Plan despite the rejection of the Plan by an impaired Class of Claims. The
13 Debtor will request confirmation of the Plan pursuant to Bankruptcy Code Section 1129(b) with
14 respect to any impaired Class of Claims that does not vote to accept the Plan. The Debtor
15 believes that the Plan satisfies all of the statutory requirements for Confirmation, that it has
16 complied with or will have complied with all the statutory requirements for Confirmation of the
17 Plan and that the Plan is proposed in good faith. At the Confirmation Hearing, the Bankruptcy
18 Court will determine whether the Plan satisfies the statutory requirements for Confirmation.

19 **H. Allowed Claims.**

20 A. You have an Allowed Claim if: (i) you or your representative timely file a proof
21 of Claim and no objection has been filed to your Claim within the time period set for the filing of
22 such objections; (ii) you or your representative timely file a proof of Claim and an objection was
23 filed to your Claim upon which the Bankruptcy Court has ruled and allowed your Claim; (iii)
24 your Claim is listed by the Debtor in its Schedules or any amendments thereto (which are on file
25 with the Bankruptcy Court as a public record) as liquidated in amount and undisputed and no
26 objection has been filed to your Claim; or (iv) your Claim is listed by a Debtor in its Schedules
27 as liquidated in amount and undisputed and an objection was filed to your Claim upon which the
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1 Bankruptcy Court has ruled to allow your Claim. Under the Plan, the deadline for filing Claims
 2 is the Bar Date of January 17, 2017 for non-governmental creditors and March 20, 2017, the date
 3 established by the Notice of Commencement of Case for the filing of proofs of claims by certain
 4 governmental creditors.

5 If your Claim is not an Allowed Claim, it is a Disputed Claim and, provided your Class
 6 is impaired, you will not be entitled to vote on the Plan unless the Bankruptcy Court temporarily
 7 or provisionally allows your Claim for voting purposes pursuant to Section 502(c) and Federal
 8 Rule of Bankruptcy Procedure 3018. If you are uncertain as to the status of your Claim or if you
 9 have a dispute with Debtor, you should check the Bankruptcy Court record carefully, including
 10 the Schedules of Debtor, and you should seek appropriate legal advice. The Debtor cannot
 11 advise you about such matters.

12 The Debtor is unable to estimate the Administrative Claims at this time, in large part
 13 because of the uncertainty as to the professional expenses of the Debtor's counsel and any Court-
 14 approved expert. The Debtor will supplement its estimate of the Administrative Claims in its
 15 Plan supplement. This estimate will increase or decrease as a function of the amount of litigation
 16 generated in this case, including, for example, resolving objections against the Plan and any
 17 discovery issues that may arise. Based on the Debtor's Schedules and the proofs of claim on file,
 18 the Debtor believes that there are few, if any, Priority Claims of the Debtor.

19 **I. Listing of Unsecured Creditors.**

20 To follow is a chart of the Debtor's listing of creditors in Class 6. The Debtor is unable
 21 to estimate the amount paid to Classes 3, 4, 5, and 6 which may be zero.

22 ///

23 ///

24 **Class 6: Unsecured Creditors**

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CREDITOR	AMOUNT CLAIMED	AMOUNT ALLOWED
Beyers, Costin & Simon	\$8,010.00	\$8,010.00
David Lonich, individually,	Unknown	\$0.00

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1 2 3	and as Trustee of the MFR Investment Trust and as Trustee of the Houseco Investment Trust		
4	Mike Zalkaske	\$10,897.00	\$10,897.00
5	Woodburn & Wedge	\$23,000	\$23,000.00
6	BTM, LLC	Unknown	\$0.00
7	Michael Madjlessi	Unknown	\$0.00
8	Greenbriar Realty, Inc.	Unknown	\$0.00
9	Prime Vest Realty, Inc.	Unknown	\$0.00
10	Greenbriar Construction Corporation	Unknown	\$0.00
11	Biganeh Madjlessi	Unknown	\$0.00

12 Impaired Claims include those whose legal, equitable or contractual rights are altered by
13 the Plan, even if the alteration is beneficial to the Creditor, or if the full amount of the Allowed
14 Claims will not be paid under the Plan. Holders of Claims which are not impaired under the Plan
15 are deemed to have accepted the Plan pursuant to Section 1126(f) of the Bankruptcy Code and
16 the Debtor need not solicit the acceptances of the Plan of such unimpaired Claims. Holders of
17 Claims which are to receive nothing under the Plan are deemed to have voted to reject the Plan.
18 There are no such Claims in the Plan. As such, holders of Claims in Classes 1, 2, 3, 4, 5 and 6
19 under the Plan are entitled to vote. Holders of Equity Security Interests are not entitled to vote.

20 **J. Voting Procedures.**

21 **1. Submission of Ballots.**

22 All Creditors entitled to vote will be sent a Ballot, together with instructions for voting, a
23 copy of this approved Disclosure Statement and a copy of the Plan. You should read the Ballot
24 carefully and follow the instructions contained therein. Please use only the Ballot that was sent
25 with this Disclosure Statement. You should complete your Ballot and return it as follows:

26 LEE HIGH, LTD.
27 Cecilia Lee, Esq.
28 Elizabeth High, Esq.
499 West Plumb Lane, Suite 201
Reno, Nevada 89509
Telephone: 775-499-5712

Email: c.lee@lee-high.com
e.high@lee-high.com

TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED AT THE ADDRESS LISTED ABOVE BY 5:00 P.M. PREVAILING PACIFIC TIME, ON _____ at 5:00 p.m. prevailing pacific time.

2. Incomplete Ballots.

Unless otherwise ordered by the Bankruptcy court, Ballots which are signed, dated and timely received, but on which a vote to accept or reject the Plan has not been indicated, will be counted as a vote in favor of the Plan.

3. Withdrawal of Ballots.

A Ballot may not be withdrawn or changed after it is cast unless the Bankruptcy Court permits you to do so after notice and a hearing to determine whether sufficient cause exists to permit the change.

4. Questions and lost or damaged Ballots.

If you have any questions concerning these voting procedures, if your Ballot is damaged or lost or if you believe you should have received a Ballot but did not receive one, you may contact:

LEE HIGH, LTD.
Cecilia Lee, Esq.
Elizabeth High, Esq.
499 West Plumb Lane, Suite 201
Reno, Nevada 89509
Telephone: 775-499-5712
Email: c.lee@lee-high.com
e.high@lee-high.com

K. Alternatives To The Plan

The Debtor believes that the Plan provides Creditors the best and most complete form of recovery available. As a result, the Debtor believes that the Plan serves the best interests of all Creditors and parties-in-interest in the Chapter 11 Case.

The Debtor believes not only that the Plan, as described herein, fairly adjusts the rights of various Classes of Creditors and enables the Creditors to realize the greatest sum possible

1 under the circumstances, but also that rejection of the Plan in favor of some theoretical
2 alternative method of reconciling the Claims of the various Classes will require, at the very least,
3 an extensive and time consuming negotiation process and/or litigation and will not result in a
4 better recovery for any Class.

5 **1. Alternative Plans of Reorganization.**

6 Under the Bankruptcy Code, a debtor has an exclusive period of one hundred and twenty
7 (120) days and an additional vote solicitation period of sixty (60) days from the entry of the
8 order for relief during which time, assuming that no trustee has been appointed by the
9 Bankruptcy Court, only a debtor may propose and confirm a plan. After the expiration of the
10 initial one hundred and eighty (180) day period and any extensions thereof, Debtor, or any other
11 party-in-interest, may propose a different plan provided the exclusivity period is not further
12 extended by the Bankruptcy Court.

13 The only alternative available to the Estate is liquidation under Chapter 7 of the
14 Bankruptcy Code. As set forth above, the Debtor believes that Unsecured Creditors, other than
15 Administrative Creditors, will receive little, if any, recovery in a Chapter 7 liquidation.

16 **2. Liquidation Under Chapter 7.**

17 If a plan cannot be confirmed, a Chapter 11 case may be converted to a case under
18 Chapter 7 of the Bankruptcy Code, in which a Chapter 7 trustee would be elected or appointed to
19 liquidate the assets of a debtor for distribution to its creditors in accordance with the priorities
20 established by the Bankruptcy Code. For a discussion of the effect that a Chapter 7 liquidation
21 would have on the recovery by Creditors and Equity Security Holders, see Section X(b)(i),
22 “Confirmation of the Plan -- Best Interest of Creditors and Equity Security Holders and
23 Liquidation Analysis.”

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26 **XI.**
LITIGATION CLAIMS

27 The Plan provides that Litigation Claims will be transferred to the Reorganized Debtor on
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1 the Effective Date. Without limiting the Plan provisions for claims resolution, the Reorganized
2 Debtor will continue to prosecute and defend the Colorado Litigation and the Henry Litigation,
3 to the extent Henry preserves his right to pursue his Claim as set forth in the Plan, in the
4 respective court in which each is currently pending, including any appeals therefrom and, upon
5 entry of final judgment on appeal, by the trial court or by consensual resolution, the claims of the
6 Colorado Plaintiffs and Henry will be deemed either an Allowed Claim for each respective
7 Colorado Plaintiff, in whole or part, or it will be disallowed, in whole or part.

8 **XII.**

9 **RECOMMENDATION AND CONCLUSION**

10 The Plan provides the best possible recovery for Creditors and Equity Security Holders.
11 Accordingly, to the extent any Class is entitled to vote, the Debtor recommends that all Creditors
12 and Equity Security Holders who are entitled to vote on the Plan should vote to accept the Plan.

13 DATED this 19th day of December, 2016.

14 LEE & HIGH, LTD.

15 /s/ Cecilia Lee
16 CECILIA LEE, ESQ.
17 ELIZABETH HIGH, ESQ.

EXHIBIT A

1 LEE HIGH, LTD.
Cecilia Lee, Esq.
2 Nevada State Bar No. 3344
Elizabeth High, Esq.
3 Nevada State Bar No. 10082
4 499 West Plumb Lane, Suite 201
Reno, Nevada 89501
5 Telephone: (775) 449-5712
Email: c.lee@lee-high.com
6 Email: e.high@lee-high.com

7 Attorneys for Debtor Secured Assets Belvedere Tower, LLC

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

11 In re:
12 SECURED ASSETS BELVEDERE
13 TOWERS, LLC.,
14 Debtor.

Case No. BK-N-16-51162-GWZ
Chapter 11 Case

**CHAPTER 11 PLAN OF
REORGANIZATION**

Hearing Date: TBD
Hearing Time: TBD

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17 Debtor and Debtor-in-Possession Secured Assets Belvedere Towers, LLC (“Debtor” or
18 “SABT”) submits this Chapter 11 Plan of Reorganization (“Plan”) pursuant to Section 1121(a) of
19 the Bankruptcy Code for the resolution of the outstanding claims of the Creditors and Equity
20 Security Holders of the Debtor. All parties-in-interest should refer to the Disclosure Statement
21 for a discussion of the Debtor’s history, assets, and for a summary and analysis of this Plan and
22 certain related matters.

23 Subject to the restrictions on modifications set forth in Section 1127 of the Bankruptcy
24 Code and Bankruptcy Rule 3019, and those restrictions on modification set forth herein, the
25 Debtor expressly reserve the right to alter, amend, strike, withdraw or modify this Plan one or
26 more times before its substantial consummation.

27 **1. DEFINITIONS, RULES OF INTERPRETATION**

28 **1.1 Definitions.**

1 For purposes of this Plan, except as expressly provided or unless the context otherwise
2 requires, all capitalized terms not otherwise defined shall have the meanings ascribed in this
3 Section 1. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy
4 Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy
5 Code or the Bankruptcy Rules, in that order of priority. Whenever the context requires, such
6 terms shall include the plural as well as the singular, the masculine gender shall include the
7 feminine, and the feminine gender shall include the masculine. As used in this Plan, the
8 following terms shall have the meanings specified below.

9 **A. Administrative Claim.** A Claim for any cost or expense of administration of the
10 Chapter 11 Case allowed under Sections 507(b) or 546(c) of the Bankruptcy Code and entitled to
11 priority under Section 507(a)(1) of the Bankruptcy Code, including, but not limited to (i) fees
12 payable pursuant to Section 1930 of Title 28 of the United States Code; (ii) the actual and
13 necessary costs and expenses incurred after the Petition Date of preserving the Estate, including
14 wages, salaries or commissions for services rendered after the commencement of the Chapter 11
15 case; and (iii) all professional fees approved by the Bankruptcy Court pursuant to interim and
16 final allowances. To the extent that a Claim is allowed as an Administrative Claim pursuant to
17 Section 365(d)(3) of the Bankruptcy Code, such Claim shall also be deemed an Administrative
18 Claim under this paragraph.

19 **B. Administrative Claim Bar Date.** Forty-five days after the Effective Date.

20 **C. Allowed Claim.** Any claim, or any portion thereof, against Debtor (except for an
21 Unclassified Claim): (i) as to which a proof of claim has been filed with the Court within the
22 time fixed by the Court or, if such claim arises from the Debtor's rejection of an unexpired lease
23 or other executory contract, within thirty (30) days after the Effective Date of the Plan, or (ii)
24 which is scheduled as of the Confirmation Date of the Plan in the schedules filed by the Debtor
25 or amended by the Debtor as of said date, and is liquidated in amount and undisputed; and in
26 either of the above events, as to which no objection to allowance of such claim or request for
27 subordination thereof has been filed within any applicable time period fixed by the Court or as to
28 which an order allowing such claim and establishing its priority has become final and non-

1 appealable. Any Litigation Claim against the Debtor will be an Allowed Claim upon entry of a
2 final determination after post-judgment proceedings and appellate rights are exhausted.

3 **D. Bankruptcy Case.** The pending Chapter 11 case entitled In re: Secured Assets
4 Belvedere Towers, LLC., Case No. BK-N-16-51162-GWZ.

5 **E. Bankruptcy Code.** The Bankruptcy Code of 1978, as codified in Title 11 of the
6 United States Bankruptcy Code by Public Law 95-598, including all amendments thereof and
7 thereto applicable to the Bankruptcy Case.

8 **F. Bankruptcy Court.** The United States Bankruptcy Court for the District of
9 Nevada, Reno, or such other court as has jurisdiction of the Bankruptcy Case.

10 **G. Bankruptcy Rules.** Collectively, the Federal Rules of Bankruptcy Procedure and
11 the Local Rules of the Bankruptcy Court as applicable to the Chapter 11 Case.

12 **H. Bar Date.** January 17, 2017, the date established by the Notice of
13 Commencement of Case for the filing of proofs of Claim by Creditors and March 20, 2017, the
14 date established by the Notice of Commencement of Case for the filing of proofs of claims by
15 certain governmental creditors.

16 **I. BDH Unit.** A Unit of the Debtor that secured a Claim to Belvedere Debt
17 Holdings on the Petition Date.

18 **J. Claim.** Any right to payment, whether or not such right is reduced to judgment,
19 liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal,
20 equitable, secured or unsecured; or any right to an equitable remedy for breach of performance,
21 if such breach gives rise to a right to payment, whether or not such right to an equitable remedy
22 is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or
23 unsecured.

24 **K. Confirmation Date.** The date upon which an order is entered in the Bankruptcy
25 Case confirming the Plan, including amendments thereto.

26 **L. Confirmation Hearing.** The duly noticed initial hearing held by the Bankruptcy
27 Court to confirm this Plan pursuant to Sections 1128 and 1129 of the Bankruptcy Code, and any
28 subsequent hearing held by the Bankruptcy Court from time to time to which the initial hearing

1 is adjourned without further notice other than the announcement of the adjourned dates at the
2 Confirmation Hearing.

3 **M. Confirmation Order.** The order entered by the Bankruptcy Court
4 confirming this Plan.

5 **N. Creditor.** Any holder of a Claim, whether or not such Claim is an Allowed
6 Claim.

7 **O. Debtor.** Secured Assets Belvedere Towers, LLC, a Nevada limited liability
8 company.

9 **P. Disclosure Statement.** The written disclosure statement that relates to this Plan,
10 as approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code and
11 Bankruptcy Rule 3017, as such disclosure statement may be amended, modified or supplemented
12 from time to time.

13 **Q. Disputed Claim.** A Claim that is (i) subject to timely objection interposed by
14 the Debtor or any party-in-interest entitled to file and prosecute such objection in this Chapter 11
15 case, if at such time the objection remains unresolved; (ii) listed by the Debtor as disputed
16 unliquidated or contingent in the Bankruptcy Schedules; or (iii) if no objection has been timely
17 filed, a Claim which has been asserted in a timely filed proof of claim in an amount greater than
18 or in a Class different than that listed by the Debtor in the Bankruptcy Schedules as Liquidated in
19 amount and not disputed or contingent; provided, however, that the Bankruptcy Court may
20 estimate a Disputed Claim for purposes of allowance pursuant to Section 502(c) of the
21 Bankruptcy Code. The term “Disputed”, when used to modify a reference in this Plan to any
22 Claim or Class of Claims shall mean a Claim that is a Disputed Claim as defined herein. If there
23 is a dispute as to classification or priority of a Claim, the Claim shall be considered a Disputed
24 Claim in its entirety. Until such time as a Disputed Claim becomes fixed and absolute, such
25 Claim shall be treated as a Disputed Claim and not an Allowed Claim for purposes related to
26 allocations and distributions under this Plan. A Disputed Claim includes each Litigation Claim.

27 **R. Disputed Claim Reserve.** The Reserves established to hold in one or more
28 accounts of cash equal to the aggregate amount thereof as provided for in this Plan that would

1 have been distributed on a Distribution Date on account of a Disputed Claim or as otherwise
2 established by Final Order.

3 **S. Distribution.** Any Distribution by the Debtor or the Reorganized Debtor to the
4 holders of Allowed Unclassified Claims and Allowed Claims in accordance with the terms of
5 this Plan.

6 **T. Distribution Date.** Each of: (a) the date on which the Debtor makes a
7 Distribution pursuant to any order entered by the Bankruptcy Court to Allowed Unclassified
8 Claims or Allowed Claims; (b) the date that is the first day of the third month following the First
9 Distribution Date on which the Reorganized Debtor will make Distributions as provided in this
10 Plan and to the extent the Debtor has Net Operating Income.

11 **U. Effective Date.** The date which is the fourteenth calendar day after the
12 Confirmation Order becomes a Final Order.

13 **V. Equity Security.** Any equity security in the Debtor as the term is defined in
14 Section 101(16) of the Bankruptcy Code, which states “(A) share in a corporation, whether or
15 not transferable or denominated ‘stock’, or similar security; (b) interest of a limited partners in a
16 limited partnership; or (C) warrant or right, other than a right to convert, to purchase, sell, or
17 subscribe to a share, security, or interest of a kind specified in subparagraph (A) or (B) of this
18 paragraph.”

19 **W. Equity Security Holder.** The holder of an Equity Security of the Debtor. For
20 purposes of this Plan, the holders of Equity Security of the Debtor are Annealisa, LLC, Kalassen
21 LLC and Naju LLC.

22 **X. Federal Judgment Rate.** The rate of interest on judgments as provided for by 28
23 U.S.C. §1961 as of the Petition Date.

24 **Y. Final Order.** An order, judgment or other decree of the Bankruptcy Court which
25 has been appealed but which has not been vacated, reversed, modified or amended or stayed, or
26 for which the time to appeal or seek review or rehearing has expired with no appeal having been
27 filed.

28 **Z. Litigation Claim.** All rights, claims, torts, liens, liabilities, obligations, action,

1 causes of action, Avoidance Actions, derivative actions, proceedings, debts, contracts,
2 judgments, damages and demands whatsoever in law or in equity, whether known or unknown,
3 contingent or otherwise, that Debtor or the Estate may have against any person, or that any
4 person may have against the Debtor or the Estate. Failure to list a Litigation Claim herein or in
5 the Debtor's Disclosure Statement shall not constitute a waiver or release by the Debtor or the
6 Reorganized Debtor.

7 **AA. Net Operating Income.** The cash generated from operations of the Reorganized
8 Debtor and the sale of the Unencumbered Units, minus Operating Costs and Operating Reserves.

9 **BB. Operating Costs.** All costs associated with the operation, maintenance and
10 management of the Reorganized Debtor, including without limitation, homeowner dues,
11 assessments and reserves.

12 **CC. Operating Reserves.** The amount of cash determined in good faith by the
13 Debtor or the Reorganized Debtor as appropriate, from time to time, to be reserved and
14 maintained in order to pay all reasonably anticipated Operating Costs of the Reorganized Debtor
15 for up to a two month period of time.

16 **DD. Petition Filing Date.** September 19, 2016, the date on which Debtor filed its
17 voluntary petition commencing the Bankruptcy Case.

18 **EE. Plan.** This Plan of Reorganization, together with any amendments or
19 modifications thereto as may hereafter be filed by the Plan Proponents.

20 **FF. Real Property.** The Debtor's ownership of or any other interest in Units.

21 **GG. Reorganized Debtor.** The entity known as Secured Assets Belvedere Towers., a
22 Nevada limited liability company, created upon entry of the Confirmation Order.

23 **HH. Secured Claim.** A Claim that is secured by a Lien against property of the Estate
24 to the extent of the value of any interest in such property of the Estate securing such Claim or to
25 the extent of the amount of such Claim subject to setoff in accordance with Section 553 of the
26 Bankruptcy Code, in either case as determined pursuant to Section 506(a) of the Bankruptcy
27 Code.

28 **II. Unencumbered Units.** Any BDH Unit the Lien for which is released and

1 extinguished by BDH's treatment under this Plan.

2 **JJ. Unit.** As defined in the Declaration of Covenants, Conditions and Restrictions
3 and reservation of easements for Belvedere Towers recorded February 18, 2006, as Document
4 No. 3350350 of Official Records of Washoe County, as thereafter amended. and as defined in the
5 Maps, Condominium tract map No. 4606, recorded on February 18, 2006 as document No.
6 3350349 in the Office of the County Recorder, Washoe County, Nevada, and Map No. 4747,
7 recorded as document No. 3499187 in the Office of the County Recorder, Washoe County,
8 Nevada on February 16, 2007, and any amendments thereto, the Debtor's fee simple interest in
9 and to a single unit depicted on the Plat and Plans designated for separate ownership and
10 occupancy the boundaries of which are described in the CC&Rs, together with the undivided
11 interest in the Common Elements appurtenant to the Unit as specified in the CC&Rs, any
12 particular interest or rights in the Limited Common Elements appurtenant to the Unit as defined
13 in the CC&Rs, and any interest in parking stalls made appurtenant to the Unit as defined in the
14 CC&Rs.

15 **KK. US Bank Units.** The Debtor's Units 912, 1002, 1003, 1004, 1011, 1012 and
16 1015, on which US Bank has or claims to have a respective separate Lien arising from a
17 respective separate deed of trust.

18 **1.2 Computation of Time.** In computing any period of time prescribed or allowed
19 by this Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a)
20 shall apply.

21 **1.3 Rules of Interpretation.** For purposes of this Plan only (i) any reference in
22 this Plan to a contract, instrument, release, or other agreement or documents being in particular
23 form or on particular terms and conditions means that such document shall be substantially in
24 such form or substantially on such terms and conditions; (ii) any reference in this Plan to an
25 existing document or exhibit filed or to be filed means such document or exhibit as it may have
26 been or may be amended, modified, or supplemented; (iii) unless otherwise specified, all
27 references in this Plan to Sections, Articles, schedules and exhibits are references to Sections,
28 Articles, schedules or exhibits of or to this Plan; (iv) the words "herein," "hereof," hereto," and

1 “hereunder” refer to this Plan in its entirety rather than to a particular portion of this Plan; (v)
2 captions and headings to Articles and Sections are inserted for convenience of reference only and
3 are not intended to be a part of or to affect the interpretation of this Plan; and (vi) the rules of
4 constructions and definitions set forth in Sections 101 and 102 of the Bankruptcy Code and in the
5 Bankruptcy Rules shall apply unless otherwise expressly provided.

6 **2. TREATMENT OF UNCLASSIFIED CLAIMS**

7 Pursuant to Section 1123(a)(1) of the Bankruptcy Code, Unclassified Claims against the
8 Debtor are not designated as Classes and the holders of such claims are not entitled to vote on
9 this Plan. The treatment of Unclassified Claims is consistent with the requirements of Section
10 1129(a)(9)(A) of the Bankruptcy Code.

11 **2.1 Administrative Claims.**

12 Administrative Claims that have been allowed by final order of the Bankruptcy Court
13 will be paid on the Effective Date or, if not Allowed by the Effective Date, then at such time as
14 the administrative claimant and the Debtor agree. Except as provided herein, Administrative
15 Claims that are allowed will be paid from the Reorganized Debtor’s Net Operating Income.

16 Unless provided for payment in this Plan, all requests for payment of Administrative
17 Claims against Debtor must be filed by the Administrative Claims Bar Date or the holders
18 thereof shall be forever barred from asserting such Administrative Claims against Debtor and the
19 Reorganized Debtor. Requests for Administrative Claims may be amended to include any fees
20 and costs incurred after the Effective Date.

21 The Administrative Claims that the Plan Proponents seek approval of in this Plan and that
22 they propose to pay from the Reorganized Debtor’s Net Operating Income on the Effective Date
23 or thereafter as agreed between the Debtor and each respective administrative professional are as
24 follows:

25 Allowed professional fees to Lee High, Ltd., Davis Graham & Stubbs, LLP, Woodburn
26 Wedge, Dickson Commercial Group and Dickson Reality, Inc. and to any other professional
27 employed by the Debtor in this Bankruptcy Case.

28 **2.2 Priority Claims.**

1 All Priority Claims of any kind specified in Sections 507(a)(1) through (a)(10) are not
2 classified and are excluded from the following classes in accordance with Section 1123(a)(1) of
3 the Bankruptcy Code. All Priority tax claims, if any, will be paid by the Reorganized Debtor (a)
4 on the Distribution Date; (b) such other time as is agreed to by the holder of such Claim and the
5 Debtor and the holder of such Claim prior to the Effective Date or the Reorganized Debtor and
6 the holder of such Claim after the Effective Date; or (c) regular payments in case of a total value,
7 as of the Effective Date of the Plan, equal to the allowed amount of such claim, over a period
8 ending not later than 5 years after the Petition Date and in a manner not less favorable than the
9 most favored nonpriority unsecured Claim provided by this Plan.

10 The Debtor is unaware of any Priority Claims that the Debtor owes.

11 **2.3 Fees to Office of the United States Trustee.**

12 All fees required to be paid to the United States Trustee will be paid in full upon
13 confirmation of the Plan, and shall remain current until the case is fully administered or closed,
14 whichever occurs first.

15 **3. CLASSIFICATION OF CLAIMS AND INTERESTS**

16 Pursuant to Section 1123(a)(1) of the Bankruptcy Code, all Claims against the Debtor,
17 except Unclassified Claims, are placed in the following classifications as set forth below. Classes
18 of Claims 1, 2, 3, 4, 5 and 6 are impaired and are entitled to vote on the Plan. The Class of
19 Equity Security Interests is not impaired and is not entitled to vote.

20 **Class 1:** Secured Claim of Belvedere Debt Holding, LLC (“BDH”).

21 **Class 2:** Secured Claim of U.S. Bank.

22 **Class 3:** Secured and unperfected Claim of Ananda III and Ananda I.

23 **Class 4:** Unsecured and unperfected equitable lien Claim of BTM, LLC.

24 **Class 5:** Secured Claim of Woodburn & Wedge.

25 **Class 6:** Allowed Claims of Unsecured Creditors not entitled to priority under
26 Section 507 of the Bankruptcy Code and not otherwise included in any other class hereof,
27 including, without limitation, claims which may arise out of the rejection of executory contracts
28 or unexpired leases.

1 **Class 7:** The claims and interests of the Equity Security Holders of the Debtor.

2 **4. TREATMENT OF CLAIMS AND INTERESTS**

3 Classes of Claims and Interests shall be treated as set forth herein below.

4 **4.1. Class 1** – The Secured Claim of BDH. The Debtor proposes to pay the Debtor’s
5 liability for the Allowed Secured Claim of BDH as follows: The amount of BDH’s Allowed
6 Secured Claim will be determined in a claim objection or other proceeding in the Bankruptcy
7 Case that the Debtor will commence. The Debtor will object to the unenforceable terms of the
8 Claim as it is been presented to the Debtor, including among other things, accrual and calculation
9 of default interest, accrued interest, default interest and other charges incurred prior to BDG’s
10 acquisition of the Claim; the portion of the Claim that is attributable to co-maker BTM, LLC;
11 and the accrual and calculation of default interest, penalties and other charges since BDH
12 acquired the Claim. Upon determination of the Allowed amount of the Secured Claim, the
13 Debtor will deed Units from the BDH Units of sufficient value to satisfy the Allowed Secured
14 Claim in full. The Debtor will have no further liability of any nature or form on any debt owed
15 to BDH, and the lien of BDH’s Deed of Trust and UCC-1 financing statement against any of the
16 Debtor’s other property will be forever released and extinguished.

17 The Secured Claim of BDH is impaired and BDH is allowed to vote on the Plan.

18 **4.2 Class 2** – The Secured Claim of US Bank. The Allowed Secured Claim of US Bank
19 will be determined in claim objection or other proceedings the Debtor commences in any court
20 of competent jurisdiction, including the Bankruptcy Court to adjudicate the extent, validity,
21 priority and amount of US Bank’s Secured Claim against the US Bank Units. To the extent US
22 Bank is determined to have a valid lien on any of the US Bank Units that may be encumbered by
23 a US Bank deed of trust, in an amount or amounts certain, such lien will continue as a Lien
24 against the respective US Bank Unit, and the Debtor proposes to satisfy the Allowed Secured
25 Claim against each such US Bank Unit by payment of simple interest at the rate of 4 percent per
26 annum, with principal and interest due and payable in five years from the Effective Date and
27 with the Lien against a respective US Bank Unit to continue to the extent any such Lien is valid,
28 or as agreed to between the Debtor and US Bank. The principal and interest accrued on the

1 Allowed Secured Claim will be paid from the sale of each of the seven Units securing US Bank's
2 Allowed Claim, with the proceeds of sale of each respective Unit satisfying the Allowed Secured
3 Claim only against that Unit. The Allowed Secured Claim of US Bank, if any, is without
4 recourse against the Debtor and may be enforced, if at all, solely against any respective US Bank
5 Unit that secures each respective separate note. The Secured Claim of US Bank is impaired and
6 US Bank is entitled to vote on the Plan.

7 **4.3 Class 3** – Secured and unperfected Allowed Claim of Ananda III and Ananda I.
8 The Secured and unperfected Allowed Claim of Ananda III and Ananda I will be paid in
9 accordance with the terms of the operative agreement between the Debtor and Ananda III or on
10 terms as mutually agreed to between the Debtor and Class 3. Unless otherwise agreed to
11 between the parties, Ananda III and Ananda I will be paid the full amount of the Allowed Claim
12 from the Net Operating Income of the Debtor's Units over a period of five years beginning on
13 the first Distribution Date and any subsequent Distribution Date on which the Reorganized
14 Debtor has Net Operating Income, after Creditors in Classes 4 and 6 have been paid in full.
15 Class 3 is impaired and is entitled to vote on the Plan.

16 **4.4 Class 4** – Unsecured and unperfected equitable lien Claim of BTM, LLC. The
17 Allowed Unsecured and unperfected equitable lien Claim of BTM, LLC will be satisfied by
18 offset against the pre-petition and post-petition amounts the Debtor has paid BDH on its Claim
19 and for which BTM is jointly and severally liable but has not contributed its appropriate share,
20 and offset against any amounts SABT has contributed to reserves to Belvedere Tower Owners
21 Association in excess of SABT's proportionate share. The amount of the offset will be
22 determined in a proceeding commenced by the Debtor or Reorganized Debtor in the Bankruptcy
23 Court. To the extent Class 4 is owed funds greater than SABT's right to offset, BTM will be
24 paid from the Net Operating Income of the Debtor's Units over a period of five years beginning
25 on the first Distribution Date and any subsequent Distribution Date on which the Reorganized
26 Debtor has Net Operating Income, *in pari passu* with Creditors in Class 6.

27 **4.5 Class 5** – Secured Claim of Woodburn & Wedge. The Debtor proposes to satisfy
28 the Secured Claim of Woodburn & Wedge in the approximate amount of \$23,000 from the

1 proceeds of sale of Unencumbered Units, with a release amount of \$2,000.00 from such sales
2 until this Secured Claim is satisfied in full. The Secured Claim of Woodburn & Wedge will
3 accrue interest at the Federal Judgment Rate from the Effective Date until paid in full.

4 **4.6. Class 6** – Allowed Claims of Unsecured Creditors will be paid 100 percent of
5 their Allowed Claims plus interest at the Federal Judgment Rate calculated from the Effective
6 Date from the Net Operating Income of the Debtor’s Units over a period of five years beginning
7 on the first Distribution Date and any subsequent Distribution Date on which the Reorganized
8 Debtor has Net Operating Income, *in pari passu* with Creditors in Class 4.

9 **4.7 Class 7** – Equity Security Holders will retain their interests in the Reorganized
10 Debtor. Equity Security Interests are unimpaired and the holders of Equity Security Interests are
11 conclusively deemed to have accepted the Plan pursuant to §1126(f) of the Bankruptcy Code.
12 Therefore, the holders of Equity Security Interests are not entitled to vote to accept or reject the
13 Plan.

14 **5. MEANS TO EFFECTUATE THE PLAN**

15 **5.0 Means to Effectuate Plan.** The Debtor intends to effectuate the Plan as follows:

16 **A. Means to Effectuate the Plan.**

17 **5.0.1** The Debtor will, as the Reorganized Debtor, continue to exist after the
18 Effective Date, with all the corporate powers under applicable law and without prejudice to any
19 right to alter or terminate such existence (whether by merger, dissolution or otherwise) under
20 applicable state law, and the Debtor may enter into and consummate one or more corporate
21 restructuring transactions, including, but not limited to, changing the business or corporate form
22 of the Debtor. Except as otherwise provided herein, as of the Effective Date, all property of the
23 Estate of the Debtor, and any property acquired by the Debtor or Reorganized Debtor under the
24 Plan, will vest in the Reorganized Debtor, free and clear of all Claims, liens, charges, other
25 encumbrances and interests, other than those otherwise expressly provided for pursuant to the
26 Plan. On and after the Effective Date, the Reorganized Debtor may operate its business and may
27 use, encumber, acquire and dispose of property and compromise or settle any Claims without
28 supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy

1 Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the
2 Confirmation Order. Without limiting the foregoing, the Reorganized Debtor may pay the
3 charges that it incurs on or after the Effective Date for Professionals' fees, disbursements,
4 expenses or related support services (including fees relating to the preparation of Professional fee
5 applications) without application to the Bankruptcy Court. To the extent the Reorganized Debtor
6 has Net Operating Income, the Reorganized Debtor will use its Net Operating Income to meet
7 Effective Date requirements and to make Distributions under the Plan. Distributions under the
8 Plan will be made from the Debtor's Net Operating Income.

9 **5.0.2.** In accordance with Section 1123(b)(3) of the Bankruptcy Code, all
10 Litigation Claims will be assigned and transferred to the Reorganized Debtor.

11 **5.0.3.** The Reorganized Debtor will continue to prosecute and defend any
12 Disputed Claims in the court or administrative venue in which each is currently pending,
13 including any appeals therefrom. In addition, the Reorganized Debtor will continue to prosecute
14 any and all Litigation Claims in the discretion of the Reorganized Debtor.

15 **5.0.4** The Reorganized Debtor will continue to manage and operate its assets,
16 including the lease and sale of Units to generate Net Operating Income.

17 **5.1 Effective Date Events.** On the Effective Date, the following events shall occur:

18 **5.1.1** The Reorganized Debtor will be created as set forth in this Plan and the
19 Confirmation Order.

20 **5.1.2.** Payments to Creditors as set forth in this Plan as required to be made on
21 the Effective Date will be made.

22 **5.1.3** The Reorganized Debtor will continue to operate the business of the
23 Debtor, including the lease and sale of Unencumbered Units. The sales process and terms will
24 be in the Reorganized Debtor's discretion.

25 **5.1.4.** Upon final determination of the Allowed Secured Claim of BDH, the
26 Reorganized Debtor will transfer by quitclaim deed sufficient Units of its choice and
27 determination to BDH in full and final satisfaction of BDH's Allowed Secured Claim and any
28 Lien in favor of BDH on the Reorganized Debtor's Property shall be satisfied in full and

1 extinguished. To the extent documentation is required to be recorded with Official Records,
2 Washoe County to confirm that the Debtor's Unencumbered Units are not encumbered by the
3 Lien of BDH's Claim, BDH will cooperate in executing such documentation.

4 **5.2 Procedures for Resolving Disputed Claims**

5 **5.2.1 Prosecution of Objections to Claims**

6 The Bar Date for filing proofs of claim is January 17, 2017 for nongovernmental
7 Creditors and March 20, 2017, for certain governmental creditors. After the Confirmation Date,
8 only the Debtor or the Reorganized Debtor will have the authority to file, settle, compromise,
9 withdraw or litigate to judgment objections to Claims, including pursuant to any alternative
10 dispute resolution or similar procedures approved by the Bankruptcy Court. After the Effective
11 Date, the Reorganized Debtor may settle or compromise any Disputed Claim without approval of
12 the Bankruptcy Court.

13 **5.2.2 Treatment of Disputed Claims**

14 Notwithstanding any other provisions of the Plan, no payments or distributions
15 will be made on account of a Disputed Claims until such Claim becomes an Allowed Claim.

16 **5.2.3. Distributions on Account of Disputed Claims Once Allowed**

17 The Reorganized Debtor will promptly make all distributions on account of any
18 Disputed Claim that has become an Allowed Claim. Such distributions will be made pursuant to
19 the provisions of the Plan governing the applicable Class.

20 **5.2.4 Estimation**

21 The Debtor or the Reorganized Debtor, as the case may be, may at any time
22 request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the
23 Bankruptcy Code regardless of whether the Debtor or the Reorganized Debtor has previously
24 objected to such Claim. The Bankruptcy Court will retain jurisdiction to estimate any Claim at
25 any time, including during proceedings concerning any objection to such Claim. If the
26 Bankruptcy Court estimates any Disputed Claim, such estimated amount may constitute either
27 (a) the Allowed amount of such Claim, (b) the amount on which a reserve is to be calculated for
28 purposes of any reserve requirement under the Plan, or (c) a maximum limitation on such Claim,

1 as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum
2 limitation on such Claim, the Debtor or the Reorganized Debtor, as the case may be, may elect to
3 object to ultimate payment of such Claim. All of the aforementioned Claims objection,
4 estimation and resolution procedures are cumulative and not necessarily exclusive of one
5 another.

6 **6. EXECUTORY CONTRACTS AND UNEXPIRED LEASES.**

7 Any executory contract and unexpired lease in which the Debtor is the lessee that (i) has
8 not expired by its own terms on or prior to the Effective Date, (ii) has not been assumed or
9 rejected by the Debtor during the pendency of the Chapter 11 Case, (iii) is not listed in an exhibit
10 to the Disclosure Statement (“Rejected Executory Contracts”) as executory contracts or
11 unexpired leases to be rejected, and (iv) is not the subject of a pending motion to reject such
12 executory contract or unexpired lease, shall be deemed assumed by the Debtor as of immediately
13 prior to the Effective Date, and the entry of the Confirmation Order by the Bankruptcy Court
14 shall constitute approval of any such assumption pursuant to section 365(a) and 1123 of the
15 Bankruptcy Code. Any executory contract or unexpired lease listed in the Rejected Executory
16 Contracts attached to the Disclosure Statement as an executory contract or unexpired lease to be
17 rejected by the Debtor shall be deemed rejected by the Debtor as of immediately prior to the
18 Effective Date, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute
19 approval of any such rejection pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

20 Entry of the Confirmation Order shall constitute on the Effective Date (i) approval,
21 pursuant to Section 365(a) of the Bankruptcy Code, of the assumption by the Reorganized
22 Debtor of each executory contract and unexpired lease listed on the Rejected Executory
23 Contracts attached to the Disclosure Statement and each executory contract and unexpired lease
24 assumed by prior order of the Bankruptcy Court, (ii) approval for the Estate to reject each
25 executory contract and unexpired lease to which a Debtor is a party and which is not listed in the
26 Rejected Executory Contracts attached to the Disclosure Statement and neither assumed,
27 assumed and assigned nor rejected by separate order prior to the Effective Date. Upon the
28 Effective Date, each counter party to an executory contract or unexpired lease listed on the

1 Rejected Executory Contracts attached to the Disclosure Statement shall be deemed to have
2 consented to assumption contemplated by Bankruptcy Code Section 365(c)(1)(B), to the extent
3 such consent is necessary for such assumption. Any default entitled to monetary cure respecting
4 any assumed executory contract or unexpired lease shall be deemed a Class 6 Unsecured Claim
5 subject to the claim allowance and disallowance process and paid as set forth in Section 4.6
6 above. Confirmation of this Plan will conclusively determine that the December 17, 2014 Letter
7 Agreement, a copy of which is attached to the Disclosure Statement, is not an executory contract
8 subject to assumption or rejection. The parties to the December 17, 2014 Letter Agreement shall
9 not be entitled to any payment or other rights arising from the December 17, 2014 Letter
10 Agreement against the Debtor pursuant to this Plan, the confirmation of which conclusively
11 extinguishes any such rights.

12 All proofs of claim arising from the rejection (if any) of executory contracts or unexpired
13 leases must be filed with the Bankruptcy Court by no later than 30 days after the earlier of: (i)
14 the date of entry of an order of the Bankruptcy Court approving any such rejection and (ii) the
15 Effective Date. Any Claims arising from the rejection of an executory contract or unexpired
16 lease for which no proof of claim was timely filed will be forever barred from assertion against
17 the Debtor or the Reorganized Debtor, its estate and property. All such Claims shall, as of the
18 Effective Date, be subject to the discharge and permanent injunctions set forth in the Plan.

19 Any monetary amounts by which an executory contract or unexpired lease to be assumed
20 pursuant to the Plan is in default shall be satisfied pursuant to section 365(b)(1) of the
21 Bankruptcy Code by payment of the default amount in cash on the Effective Date or on such
22 other terms as the parties to each such executory contract or unexpired lease may otherwise
23 agree. In the event of any dispute regarding the amount of any cure payments, (a) the
24 Bankruptcy Court will retain jurisdiction to adjudicate any such dispute, and (b) if the
25 Bankruptcy Court determines that any such disputed cure amount is required to be paid (in full or
26 in part) by the Debtor pursuant to section 365(b)(1) of the Bankruptcy Code, the Debtor will pay
27 such cure amount in the ordinary course following entry of the Bankruptcy Court's Final Order
28 resolving such cure dispute, provided that, the Debtor or Reorganized Debtor shall have the

1 right, following entry of such a Final Order fixing a cure amount (if any) to reject the applicable
2 executory contract or unexpired lease and any such rejection shall be deemed to have occurred
3 immediately prior to the Effective Date.

4 ///

5 **7. MISCELLANEOUS PROVISIONS**

6 **7.1** On the Confirmation Date, all property of the estate of Debtor shall be re-vested
7 in the Reorganized Debtor, which shall retain such property free and clear of all liens, claims,
8 encumbrances and interests of the Creditors. The name of the Reorganized Debtor will be
9 Secured Assets Belvedere Towers, LLC, a Nevada limited liability company.

10 **7.2** Reorganized Debtor will serve as disbursing agent and shall disburse all property
11 to be distributed under the Plan. Reorganized Debtor may employ or contract with other entities
12 to assist in or to perform Distributions and shall serve without bond.

13 **7.3** Confirmation of the Plan constitutes the discharge pursuant to 11 U.S.C. § 1141
14 of any and all liabilities of the Debtor which are discharged pursuant to the provisions of the
15 Bankruptcy Code.

16 **7.4** In accordance with Section 1123(b)(3) of the Bankruptcy Code, any and all
17 Litigation Claims that may exist shall be transferred and assigned to the Reorganized Debtor.

18 **7.5** The estate shall be deemed to be fully administered upon the commencement of
19 Distribution to Creditors as set forth herein, and a final decree may be entered in accordance with
20 Fed. R. Bankr. Pro. 3022. In the event of any default by the Reorganized Debtor in performing
21 any term of this Plan, the Reorganized Debtor will have 60 days after receipt of written notice of
22 such a default by the holder of an Allowed Claim within which to cure the default.

23 **7.6 Releases.** From and after the Effective Date, the following releases shall become
24 effective: by and between the Debtor (“Released Party”), on the one hand, and the holders of
25 Claims and Equity Security Interests, on the other hand, that to the fullest extent permissible
26 under applicable law, as such law may be extended or interpreted subsequent to the Effective
27 Date; each such person that has held, holds or may hold a Claim or Equity Security, whether
28 Allowed, terminated, transferred, or conveyed pursuant to this Plan, Disallowed or is not entitled

1 to receive any distribution pursuant to this Plan, in consideration for the obligations of the
2 Reorganized Debtor and other contracts, instruments, releases, agreements or documents to be
3 delivered in connection with this Plan, shall conclusively, absolutely, unconditionally,
4 irrevocably and forever, release and discharge the Released Party from any claim or cause of
5 action existing as of the Effective Date, including but not limited to, any claim or cause of action,
6 interest, right, or dispute, including but not limited to any claim or cause of action, interest, right
7 or dispute arising from, based on or relating to, in whole or in part, the subject matter of or the
8 transactions or events giving rise to any Claim against the Debtor, and in the act, omission,
9 occurrence or event in any matter relating to such subject matter, transaction or obligation. This
10 release is intended to be as broad as possible, and shall include the Released Party's officers,
11 directors, managers, attorneys, accountants, agents and employees.

12 **7.7 Plan Injunction.** From and after the Effective Date and except as provided in this
13 Plan and the Confirmation Order, all entities that have held, currently hold or may hold a Claim
14 or Equity Security Interest in the Debtor that is Allowed, terminated, transferred, or conveyed
15 pursuant to this Plan or Disallowed or is not entitled to receive any distribution pursuant to this
16 Plan, are permanently enjoined from taking any of the following actions on account of any such
17 claim or interest: (i) commencing or continuing in any manner any action or proceeding against
18 the Debtor or the Reorganized Debtor or any of their respective property; (ii) enforcing,
19 attaching, collecting or recovering in any manner any judgment, award, decree or order against
20 the Reorganized Debtor, or their respective property; (iii) creating, perfecting or enforcing any
21 lien or encumbrance against the Reorganized Debtor's property; (iv) asserting a setoff, right of
22 subrogation or recoupment of any kind against any debt, liability or obligation due to the
23 Reorganized Debtor or its property; (v) commencing or continuing any action, in any manner or
24 any place, that does not comply with or is inconsistent with the provisions of this Plan or the
25 Bankruptcy Code.

26 **7.8 Exculpation.** Through the Effective Date, the Debtor, and its officers, directors,
27 managers, attorneys, accountants, consultants, agents and employees since the Petition Date,
28 including but not limited to any professionals employed by them pursuant to an order of the

1 Court under Sections 327 and 1103 of the Bankruptcy Code, shall not incur any liability to the
2 Debtor or any other Creditor, Equity Security Interest or interest holder, and other parties in
3 interest in the Bankruptcy Case for any act or omission in connection with or arising out of the
4 Bankruptcy Case, including, without limitation, prosecuting confirmation of this Plan, the
5 administration of this Estate, the Plan or the property to be distributed under this Plan, except for
6 gross negligence or willful misconduct, and in all respects, such person will be entitled to rely on
7 the advice of counsel with respect to their duties and responsibilities with respect to the
8 Bankruptcy Case and this Plan.

9 **7.10** In the event that any impaired Class entitled to vote is determined to have rejected
10 this Plan in accordance with Section 1126 of the Bankruptcy Code, the Debtor may invoke the
11 provisions of Section 1129(b) of the Bankruptcy Code to satisfy the requirements for
12 confirmation of this Plan. The Debtor reserves the right to modify this Plan to the extent, if any,
13 that confirmation pursuant to Section 1129(b) of the Bankruptcy Code requires modification.

14 **7.11** After the Effective Date, the Reorganized Debtor may object to Proofs of Claim.
15 Any such objections shall be filed and served not later than 90 days after the Effective Date;
16 provided, however, that such period may be extended by order of the Bankruptcy Court for good
17 cause shown.

18 **7.12** No Proof of Claim filed after the Bar Date shall be allowed, and all such Claims
19 are deemed disallowed. No Creditor shall be permitted to amend any Proof of Claim except to
20 decrease the amount owed.

21 **7.13** This Plan shall be binding upon, and inure to the benefit of the Debtor, the
22 Reorganized Debtor, Creditors, Equity Security Holders and their respective successors and
23 assigns.

24 **7.14** Except to the extent the Bankruptcy Code or other federal law is applicable or as
25 provided in any contract, instrument, release or other agreement, the rights, duties and
26 obligations of Debtor and any other person arising under this Plan shall be governed by and
27 construed and enforced in accordance with the internal laws of the State of Nevada, without
28 giving effect to Nevada's choice of law provisions.

1 **8. RETENTION OF JURISDICTION**

2 The Bankruptcy Court shall retain jurisdiction for the following specific purposes:

3 **8.1** For the purpose specified in Section 1142 of the Bankruptcy Code;

4 **8.2** The consideration of Claims and such objections as may be filed to the Claims of
5 Creditors pursuant to Section 502 of the Bankruptcy Code, to decide or resolve any matter over
6 which the Bankruptcy Court has jurisdiction pursuant to Section 505 of the Bankruptcy Code,
7 and to file and prosecute any claims of the estate or counterclaims against such Creditors as may
8 be permitted by law;

9 **8.3** The fixing of compensation for the persons entitled thereto;

10 **8.4** To hear and determine the amount of all encumbrances or the recovery of any
11 preferences, transfers, assets or damages to which the Debtor’s estate may be entitled under
12 applicable provisions of the Bankruptcy Code or other federal, state, or local law;

13 **8.5** To resolve any disputes regarding interpretation and enforcement of the Plan and
14 the Settlement Agreement;

15 **8.6** To implement the provisions of the Plan and the Settlement Agreement, including
16 all provisions in the Plan which specify the retention of jurisdiction, and to make such further
17 orders as will aid in consummation of the Plan, including granting declaratory relief, issuing
18 injunctions, and ordering the transfers as set forth in the Plan after the Confirmation Date;

19 **8.7** To adjudicate controversies regarding property of the Debtor’s estate and
20 regarding ownership thereof, including adjudication of causes of action which constitute property
21 of the estate;

22 **8.8** To modify this Plan in accordance with Section 1127 of the Bankruptcy Code;

23 **8.9** To enter such orders as may be necessary or appropriate to implement or
24 consummate the provisions of this Plan and all contracts, instruments, releases and other
25 agreements or documents created in connection with this Plan, the Settlement Agreement, the
26 Disclosure Statement or the Confirmation Order; and

27 **8.10** To enter a final decree and order closing the case.

28 **9. MODIFICATION OF PLAN**

1 The Debtor may modify the Plan with regard to the treatment of any Creditor class, in
2 connection with any agreement or settlement with such Creditor class or in order to comply with
3 the requirements of the Code as established by the Court, provided such modification does not
4 materially adversely affect any other class of Creditors. Such modifications may be reflected in
5 the order confirming the plan of reorganization. Any other modification of the Plan shall be in
6 accordance with Section 1127 of the Code.

7 DATED this 19th day of December, 2016.

8 LEE HIGH, LTD.

9 /s/ Cecilia Lee, Esq. _____

10 CECILIA LEE, ESQ.

11 ELIZABETH HIGH, ESQ.

EXHIBIT B

JOE R. ABRAMSON, ESQ.

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December 17, 2014

**BY ELECTRONIC MAIL
BY UNITED STATES FIRST CLASS MAIL**

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Suite 112
Santa Rosa, CA 95407

Alex Kendall Alexander.kendall@gmail.com

Re: Binding Term Sheet by and between the “Lonich Parties”, the “SABT Parties”, the “BTM Parties”, and the “BDH Parties” relating to the North Tower, 450 N. Arlington Road, Reno, NV 89503 (“**Belvedere Towers**”) And Park Lane Villas located at 960 Doubles Drive, Santa Rosa, CA 95407 (“**Park Lane**”)

Dear Mr. Kendall, Mr. Simon and Mr. Lonich:

This Binding Term Sheet (“Agreement”), will set forth the terms and conditions of a settlement by and between the SABT Parties¹, the Lonich Parties², the BDH Parties³ and the BTM Parties⁴ relating to their respective interests in Belvedere

¹ The SABT Parties are Secured Assets Belvedere Towers, LLC (“**SABT**”) Ananda Partners III, LLC (“**Ananda 3**”), Ananda Advisors, LLC (“**Advisors**”), Jed Cooper, Naju, LLC, Kalassen, LLC, Markal Holdings Family Limited Partnership, Jugg Holdings Family Limited Partnership, and Greg Smith.

² The “Lonich Parties” are David Lonich (“Lonich”), individually, and, as Trustee of the MFR Investment Trust (“**MFR Trust**”). David Lonich is the Trustee of the Houseco Investment Trust (“the **Houseco Trust**”).

³ In addition to Belvedere Debt Holdings, LLC (“BDH”), the BDH Parties including Alexander Kendall, and Elizabeth Kendall, and any member in or investor in BDH.

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Towers and relating to certain issues relating to Park Lane. Park Lane is owned by 101 Houseco, LLC (“**101 Houseco**”). As used herein, the SABT Parties, the BTM Parties, and the Lonich Parties are sometimes referred to individually, as a “Party”, and collectively, as the “**Parties**”.

Catherine Howard (“**Howard**”), made a loan to BTM in the sum of \$80,000 which is evidenced by a promissory note and secured by a deed of trust on Unit 810, (“**Unit 810**”), owned by BTM, at Belvedere Towers (“the **Howard Loan**”).

Belvedere Towers is a 176 residential housing development in Reno, Nevada. SABT owns 113 condominiums at Belvedere Towers (“**113 Units**”). BTM owns 31 condominiums at Belvedere Towers (“**31 Units**”). The SABT condominiums and the BTM condominiums (except Unit 810) are both subject to a series of notes secured by one or more deeds of trust in favor of GreenLake Real Estate Fund, LLC (“**GreenLake**”), against Belvedere Towers, with an original principal balance of \$5,090,000 (the “**GreenLake Loan**”). The GreenLake Loan is evidenced by a series of Promissory Notes, Deeds of Trust, and other loan documents (the “**GreenLake Loan Documents**”). The principal amount due pursuant to the GreenLake loan has increased to \$6,147,504.53 due to additional advances made by GreenLake.

Belvedere Towers Owners Association (“**BTOA**”), is the association established pursuant to the Covenants, Conditions, and Restrictions for Belvedere Towers to operate the Belvedere Towers.

GreenLake has filed a lawsuit against SABT and BTM in the County of Washoe, State of Nevada, Washoe County Case Number CV14-00924 (the “**GreenLake Receivership Suit**”). In the GreenLake Receivership Suit, Steve Donnell (“**Donnell**”), has been appointed as the Receiver. The Receiver is currently managing the Belvedere Towers, except Unit 810.

The SABT Parties, the BTM Parties, the Lonich Parties, and 101 Houseco (singularly, a “**Party**”, and, collectively, “the **Parties**”), are currently in litigation, Sonoma County Superior Court Case Number SCV255142 (the “**SABT Litigation**”). Claims asserted by the plaintiffs in the SABT Litigation include claims relating to Belvedere Towers and claims relating to Park Lane. The Parties desire to resolve

⁴ The BTM Parties are BTM, LLC (“**BTM**”), Michael Madjlessi, Greenbriar Realty, Inc. (“Greenbriar”), Prime Vest Realty, Inc., Greenbriar Construction Corporation, and Biganeh Madjlessi (“Biganeh”).

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substantial portions of the SABT Litigation, and to resolve several issues relating to the GreenLake Loan.

Accordingly, the Parties execute this Agreement to set forth their understanding of the terms and conditions of a settlement of the outstanding issues between them, on the following terms and conditions:

1. **Purchase of the GreenLake Loan:** Prior to or concurrently with the execution of this Agreement, BDH will purchase the GreenLake Loan from GreenLake, as follows:

(a) Upon completion of a satisfactory form of agreement between GreenLake and BDH, BDH will pay the sum of approximately \$6,147,504.53 to GreenLake as and for the purchase of the GreenLake Loan; and

(b) Concurrently with the payment of the sum specified in paragraph 1(a) to GreenLake, BDH will loan to SABT and BTM the sum of \$550,000 plus the per diem of \$2,017.50 per day from December 1, 2014 (the “**Per Diem**”), as a transaction fee (the “**Transaction Fee**”). BDH will fund the Transaction Fee to GreenLake on behalf of SABT and BTM and the amount of the Transaction Fee will be added to the principal amount of the GreenLake Loan and will be secured by the deeds of trust securing the GreenLake Loan. To acquire the GreenLake Loan, BDH is paying to GreenLake the principal amount owing on the Greenlake Loan and is advancing the other monies described in this Agreement.

2. **Belvedere Repairs and Expenses:** After the purchase of the GreenLake Loan, BDH will advance additional monies to be utilized to pay for the cost of: (i) heating and air conditioning equipment including the “Chiller” for Belvedere Towers, (ii) other needed Belvedere Towers repairs as are reasonably determined; (iii) BTOA operating reserves; (iv) expenses of the Receivership Suit; and (v) other expenses, deemed by BDH, in its reasonably exercised discretion, to be reasonably necessary to accomplish the purposes of this Agreement or the GreenLake Loan or to preserve its collateral (“**BDH Advances**”). A budget setting forth the estimated amount of the BDH Advances is attached hereto, marked Exhibit “1”, and incorporated herein by this reference. The amount of any and all BDH Advances shall be added to the principal amount of the GreenLake Loan and shall be secured by the deeds of trust securing the GreenLake Loan.

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3. **Reimbursement of BDH Expenses:** All expenses of every kind incurred by BDH in connection with its acquisition of the GreenLake Loan, including, but not limited to, legal fees, title insurance fees, escrow costs, costs incurred in connection with the formation of BDH and all other costs fees and expenses actually incurred in connection with BDH's acquisition of the GreenLake Loan (collectively, "**BDH Expenses**") shall be added to the principal amount of the GreenLake Loan and shall be secured by the deeds of trust securing the GreenLake Loan.

4. **Extension of the Maturity Date of the GreenLake Loan:** Upon BDH's acquisition of the GreenLake Loan, and the execution and delivery of amendments to the existing GreenLake Loan Documents in form and substance satisfactory to BDH, BDH shall extend the maturity date of the GreenLake Loan by thirty (30) months from the date BDH completes the purchase of the GreenLake Loan and will waive the existing defaults under the GreenLake Loan Documents.

5. **Indemnity, Hold Harmless and Release:**

(a) As further consideration for BDH's purchase of the GreenLake Loan, the SABT Parties and the BTM Parties on behalf of themselves, their members, employees, officers, and directors agree to indemnify, defend, and hold the BDH Parties and their shareholders, directors, trustees, officers, owners, affiliates, insurers, employees, agents, legal representatives, successors, predecessors, and all others claiming by or through it (collectively, the "**Releasees**"), harmless from any and all claims, actions, suits, debts, liens, contracts, agreements, obligations, promises, accounts, rights, controversies, disputes, losses, costs and expenses (including attorneys' fees and costs actually incurred), liabilities, damages, demands, and causes of action of any nature or kind, whether now known or unknown, suspected or unsuspected, fixed or contingent, arising out of or in any way related to the GreenLake Loan, the GreenLake Loan Documents, and/or the Belvedere Towers.

(b) As further consideration for BDH's purchase of the GreenLake Loan, the SABT Parties, the BTM Parties, and the Lonich Parties on behalf of themselves, their members, employees, officers, and directors hereby covenant not to sue and unconditionally and fully and forever release and discharge the Releasees from any and all claims, actions, suits, debts, liens, contracts, agreements, obligations, promises, accounts, rights, controversies, disputes, losses, costs and expenses (including attorneys' fees and costs actually incurred), liabilities, damages, demands, and causes of action of any nature or kind, whether now known or unknown, suspected or unsuspected, fixed or

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contingent, arising out of or in any way related to the GreenLake Loan, the GreenLake Loan Documents, and/or the Belvedere Towers.

THE SABT PARTIES, THE BTM PARTIES AND THE LONICH PARTIES SPECIFICALLY WAIVE WITH RESPECT TO ALL SUCH RELEASED MATTERS THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, AND ANY COMPARABLE LAW APPLICABLE IN THE STATE WHERE THE PROPERTY IS LOCATED, REGARDING THE MATTERS COVERED BY A GENERAL RELEASE, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

THE SABT PARTIES, THE BTM PARTIES AND THE LONICH PARTIES REPRESENT AND ACKNOWLEDGE THAT THIS SECTION WAS EXPLICITLY NEGOTIATED AND BARGAINED FOR AS A MATERIAL PART OF THE CONSIDERATION TO BE RECEIVED BY BDH.

(c) The indemnity, hold harmless and releases described in the foregoing paragraphs 5(a) and 5(b) do not apply to any claims *inter se* between Lonich, the Houseco Trust, 101 Houseco or the SABT Parties , relating to Park Lane.

6. **Release of GreenLake:** SABT, BTM, and Lonich shall execute the release of GreenLake required by GreenLake in the form modified and distributed by GreenLake’s attorney, Jennifer Tullius, Esq., on December 12, 2014.

7. **Interest on the GreenLake Loan:** The interest rate for the GreenLake Loans shall be twelve percent (12%) per annum. SABT and BTM shall pay the interest due on the GreenLake Loan on a monthly basis, with payment due on the first day of each month during the term of the GreenLake Loan.

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8. **Initial Interest Only Payments:** Except to the extent that there are proceeds to distribute to BTM from the lawsuits described in paragraphs 14 and 15 below, until the date of the sale of any of the 144 Units, the GreenLake Loan shall be repaid “interest only” until its maturity date (when and if extended), at which time, the GreenLake Loan shall become fully due and payable. When the sales of the 144 Units commences, all of the net proceeds from the sales of the 144 Units shall be paid in the manner set forth in paragraph 19 below, with the payments to BDH credited first to interest, late charges, and other costs, legal fees, and expenses of BDH pursuant to the GreenLake Loan and then, to the principal balance due pursuant to the GreenLake Loan. So long as all of the net proceeds from the sale of any of the 144 Units is paid to BDH (as provided in paragraph 19 below), and the sale price is the fair market value of the relevant units (or, the sale is otherwise approved by BDH), BDH shall release the lien created by its Deed of Trust and/or Deeds of Trust upon the Unit being sold.

9. **Establishment of an Interest Reserve:** It is the intent of SABT, BTM, and BDH that the interest due pursuant to the GreenLake Loan be paid from rental income from the rental of the 144 Units. However, SABT, BTM and BDH are concerned that the rental income will be insufficient to pay the sums due pursuant to the GreenLake Loan on a current basis. Accordingly, it is agreed that shall BDH shall establish an interest reserve for the purposes of paying the interest due on the GreenLake Loan if SABT and BTM are unable to pay the interest payments from income from Belvedere Towers. The initial interest reserve shall be in the sum of \$250,000 (“the **Initial Interest Reserve**”). The amount of the Initial Interest Reserve shall be added to the principal of the GreenLake Loan and shall be secured by the Deeds of Trust securing the GreenLake Loan. At the request of SABT and BTM, so long as SABT and BTM are not in default under the terms of the GreenLake Loan, BDH may, from time to time, fund up to the additional sum of \$500,000 as and for additional interest reserves (“the **Additional Interest Reserve**”). The Additional Interest Reserve shall be added to the principal of the GreenLake Loan and shall be secured by the Deeds of Trust securing the GreenLake Loan.

10. **Dismissal of the Receivership Suit:** Upon the acquisition of the GreenLake Loan by BDH and the execution of the amendment to the GreenLake Loan Documents pursuant to paragraph 4 above, BDH shall, to the extent permitted by applicable law, take such steps as may be necessary and/or proper to seek the dismissal of the Receivership Suit and to seek the removal of the Receiver appointed by GreenLake. All costs incurred by BDH in taking these actions shall be add to the principal of the

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GreenLake loan and shall be secured by the Deeds of Trust securing the GreenLake Loan.

11. **Release of Lonich:** Upon acquisition of the GreenLake Loan and the execution of the amendment to the GreenLake Loan Documents pursuant to paragraph 4 above,, BDH shall release Lonich from his obligations as a guarantor of the debt owed by SABT and BTM pursuant to the GreenLake Loan (such costs, together with the BDH Advances, BDH Expenses, the Initial Interest Reserve, and the Additional Interest Reserve, the “**Additional BDH Advances**”).

12. **Implementation of the Repairs:** Michael Zalkaske (“**Zalkaske**”), the Manager of BTM, and Gregg Smith (“**Smith**”) shall work together to monitor the repairs to be funded by BDH. SABT and BTM shall pay Zalkaske at the rate of \$150.00 per hour for his monitoring of the repairs. Zalkaske shall submit his bills for time spent every two (2) weeks and shall be paid within seven (7) business days of his submittal of an invoice for the time spent. The payments to Zalkaske shall be a cost of Belvedere Towers to be paid in the same manner as all other costs. If possible, Zalkaske shall be paid for his services from the rental income of the 144 Units; otherwise, the payment to Zalkaske shall be made by BDH, shall be added to the principal of the GreenLake Loan, and shall be secured by the Deeds of Trust securing the GreenLake Loan. Smith shall coordinate with Zalkaske’s in connection with Zalkaske’s efforts and Zalkaske shall report to Smith on at least a weekly basis regarding the progress of Zalkaske’s efforts.

13. **Disbursement from Settlement/Judgment of Receiver’s Certificate Case:** There is currently pending a case entitled *SABT, et al., vs. Tammi Davis, et al.*, Washoe County Case Appeal Case Number 63175 (“the **Receiver’s Certificate Case**”). In the event the Appeal of the Receiver’s Certificate Case is successful and a judgment is entered in favor of the plaintiff and/or in the event there is a settlement of the Receiver’s Certificate Case that results in the receipt of any money by the plaintiffs in the Receiver’s Certificate Case, that money shall be disbursed, in the following priority: (a) first to reimburse any funds advanced by SABT as and for legal fees and costs, (b) second, to any monies owed to Woodburn & Wedge as and for legal fees and costs; and (c) third, sixty percent (60%) to SABT and forty percent (40%) to Lonich. If possible, Lonich’s share shall be disbursed directly to Lonich. Should SABT receive any monies payable to Lonich pursuant to this paragraph 13, then such proceeds shall be held in trust by SABT pursuant to an express trust and paid to Lonich in accordance with the terms of this Agreement. As members of the BTOA, a plaintiff in the Receiver’s Certificate Case, SABT and BTM shall vote for the BTOA to disburse the monies received in the

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Receiver's Certificate Case pro-rata, to each of the owners of the condominiums at Belvedere Towers, in accordance with the percentage ownership of the 176 units at Belvedere Towers. SABT and BTM agree to vote for the BTOA to disburse directly to Lonich those amounts payable to Lonich pursuant to this paragraph 13. Any disbursement required pursuant to the terms of this paragraph 13 shall be subject to the laws, rules and regulations of the Nevada Real Estate Division and other applicable law.

14. **Disbursements from Settlement/Judgment of Fireman's Fund Case:** There is currently pending a case entitled *The Belvedere Towers Owners Association vs. Fireman's Fund Insurance Company, et al.*, Marin County Superior Court Case Number CIV 120632 ("the **Fireman's Fund Case**"). In the event of any recovery by SABT as a result of a judgment or by settlement in the Fireman's Fund Case, that money shall be disbursed, in the following priority: (a) first, to legal fees and costs owed Mannion & Low; (b) second, to any monies owed to Woodburn & Wedge as and for legal fees and costs in the Receiver's Certificate Case (if such fees and costs have not been previously paid pursuant to paragraph 13 above); and (c) third, to the extent of SABT's share of the settlement proceeds (which is a fraction of the total proceeds, calculated at 113/176 of the total proceeds), sixty percent (60%) will be paid to SABT and forty percent (40%) will be paid to Lonich. Should SABT receive any monies payable to Lonich pursuant to this paragraph 14, then such proceeds shall be held in trust by SABT pursuant to an express trust and paid to Lonich in accordance with the terms of this Agreement. As members of the BTOA, the plaintiff in the Fireman's Fund Case, SABT and BTM shall vote for the BTOA to disburse the monies received in the Fireman's Fund Case pro-rata, to each of the owners of the condominiums at Belvedere Towers, in accordance with the percentage ownership of the 176 units at Belvedere Towers. SABT and BTM agree to vote for the BTOA to disburse directly to Lonich those amounts payable to Lonich pursuant to this paragraph 14. Any disbursement required pursuant to the terms of this paragraph 14 shall be subject to the laws, rules and regulations of the Nevada Real Estate Division and other applicable law.

15. **Disbursement of Settlement Proceeds from Fidelity Title Case:** The case of *101 Houseco, LLC, et al., vs. Fidelity National Title Group, Inc., et al.*, Sonoma County Superior Court Case No. SCV-253342 ("the **Fidelity Title Case**") was settled for the sum of \$150,000. After payment to Mannion & Lowe, there are remaining settlement proceeds of approximately \$110,000. Lonich has claimed that he is entitled to indemnification for legal fees he has incurred in the defense of the SABT Litigation and the case entitled *People of the United States, et al., vs. Lonich, et al.*, United States District Court Case Number 14-CR-139 (SI) ("the **Indemnity Claim**"). Without

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admitting any indemnification obligation, the SABT Parties hereto authorize 101 Houseco and/or Mannion & Lowe to pay to Lonich the remaining proceeds from the settlement of the Fidelity Title Case with such receipt agreed to be in partial satisfaction of the Indemnity Claim.

16. **Sale of the 144 Units:** A mutually agreed upon real estate broker will be retained for the sale of the 144 Units (“**Broker**”). With the assistance of the Broker, the Parties will negotiate, agree upon and execute a business plan which will establish proposed sale prices and sales procedures for the 144 Units in connection with the following: (a) pre-approved listing and sales prices for the 144 Units; and (b) procedures to be followed if the 144 Units are not sold within agreed time parameters (“**Business Plan**”). The Business Plan will also address the issue of management of the 144 Units pending sale. Any decisions to modify the Business Plan will be made with the advice and unanimous consent of the Parties. A breach by SABT and/or BTM of the obligations assumed by SABT and BTM pursuant to the Business Plan shall constitute a breach under the GreenLake Loan Documents and the damages caused thereby to BDH shall be obligations that are secured by the Deeds of Trust upon Belvedere Towers.

17. **Management of the 144 Units Pending Sale:** Some of the 144 Units are currently being rented and the 144 Units are being managed by a real property management firm appointed by Donnell. Upon the removal of the Receiver, the Parties will hire a mutually agreed upon manager (“**Manager**”) as the property manager for Belvedere Towers. Any decisions to change the property manager will be made with the advice and unanimous consent of SABT, BTM, and BDH. The Manager will report to both Smith and Zalkaske on at least a weekly basis regarding all aspects of the management and physical condition and needs of Belvedere Towers and all income and expense of Belvedere Towers.

18. **Income from the Rental of 144 Units Pending Sale:** Income from the rental of the 144 units pending sale will be paid first to BDH, to pay the sums owed pursuant to the GreenLake Loan, and second, to pay third party creditors. Rent from Unit 810 shall be used to service the Howard Loan. In the event all of BDH’s Additional Advances have been paid, additional rental income shall be treated as gross sales proceeds to be distributed pursuant to paragraph 19 below.

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19. **Sales Proceeds from the Sale of the 144 Units:** SABT is actively seeking a conventional lender funding source to refinance the GreenLake Loan. SABT and BTM acknowledge that pending the sale of the 144 Units, it would be less expensive if SABT and BTM can obtain conventional financing to pay, in full, the sums owed pursuant to the GreenLake Loan, as provided herein (“a **Refinance**”). A Refinance shall be deemed approved by SABT and BTM if it pays in full the GreenLake Loan and provides materially better terms and conditions than the current GreenLake Loan (as it has been modified as required by BDH). The Parties have now agreed that the distribution of the sales proceeds from the sale of the 144 Units shall differ depending upon whether the Parties can obtain a Refinance. The deadline for a Refinance is 135 days from the date of BDH’s acquisition of the GreenLake Loan. If a Refinance or sale of all of the units is consummated within 135 days from the date of BDH’s acquisition of the GreenLake Loan, the disbursement of proceeds (whether from a sale or Refinance) will be controlled by sub-paragraph (a) below. If a Refinance or sale is **not** consummated within the 135 day period, the disbursement of proceeds (from a sale or refinance) will be controlled by sub-paragraph (b) below. The following sums shall be paid from the sales proceeds from a Refinance or sale of the 144 Units in the following order of priority:

(a) **A Timely Refinance:** If there is a timely Refinance or sale, the sums shall be disbursed, as follows:

(1) First, to all “costs of sale” of the 144 Units, which includes brokerage, title, escrow and other standard fees and costs customarily incurred in connection with the sale of residential housing. Costs of sale also includes a pro-rata portion (calculated as the fraction 1/144) of marketing and advertising costs not paid by the broker, BTOA reserves and other costs and expenses reasonably calculated by and associated with the sale of the Unit;

(2) Second, to all sums due BDH;

(3) Third, to bona fide third party creditors who have provided goods or service for the benefit of Belvedere Towers;

(4) Fourth, to advances made by any of the Parties for the benefit of Belvedere Towers as a whole, with such sums to be agreed upon by the Parties, plus interest at ten percent (10%) from the date advanced (described in this paragraph as “Applicable Advances”), and other advances, made in excess of a Parties’ share, as set forth in paragraph 1 above (“**Applicable Advances**”), but shall not include monies paid

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by either BTM or SABT to their respective members and/or investors as interest or for other returns on investor/member advances or contributions to capital or any monies paid on or before October 6, 2014, except as set forth herein. (“**Excluded Advances**”). The Applicable Advances as of October 6, 2014 by SABT total \$113,649.37. The Applicable Advances as of October 6, 2014 by BTM total \$37,050.69. SABT and BTM have made additional Applicable Advances since October 6, 2014. The Applicable Advances made by SABT since October 6, 2014 total \$470,829.40 and consist of those sums itemized in Peter Simon’s e-Mail of December 15, 2014 except the payments to Woodburn & Wedge and the Porter Simon Trust Account. The Applicable Advances made by BTM after October 6, 2014, total the sum of \$122,295.42 (as itemized in Alexander Kendall’s e-Mail of December 16, 2014), plus the verifiable expenses charged by Zalkaske in connection with the making of repairs to Belvedere Towers (but not to exceed \$10,000). All other past advances, unless expressly included in this Agreement, are Excluded Advances;

(5) Fifth, to the Parties in the following percentages until sales proceeds from the sale of the 144 Units payable to the Parties have reached \$5,500,000, (a) 85% to SABT; and (b) 15% to BTM;

(6) Sixth, from \$5,500,000 in profits to \$17,500,000 in gross sales, (a) 75% to SABT; and (b) 25% to BTM (provided, however, that once SABT has received a total of \$5,500,000 from the distributions pursuant to paragraphs 19(a)(6) and 19(a)(7), then distributions will be made pursuant to paragraph 19(a)(8) below; and

(7) Seventh, in the event of gross sales in excess of the sum of \$17,500,000, (a) 40% to SABT; (b) 40% to BTM; and (c) 20% to Lonich.

(b) **No Timely Refinance:** If SABT is unable to obtain and close a timely Refinance or sale, the sums shall be disbursed, as follows:

(1) First, to all costs of sale of the 144 Units, which includes brokerage, title, escrow and other standard fees and costs customarily incurred in connection with the sale of residential housing. Costs of sale also includes a pro-rata portion (calculated as the fraction 1/144) of marketing and advertising costs not paid by the broker, BTOA reserves and other costs and expenses reasonably calculated by and associated with the sale of the Unit;

(2) Second, to all sums due BDH;

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(3) Third, to bona fide third party creditors who have provided goods or service for the benefit of Belvedere Towers;

(4) Fourth, to advances made by any of the Parties for the benefit of Belvedere Towers as a whole, with such sums to be agreed upon by the Parties, plus interest at ten percent (10%) from the date advanced (described in this paragraph as “Applicable Advances”), and other advances, made in excess of a Parties’ share, as set forth in paragraph 1 above (“**Applicable Advances**”), but shall not include monies paid by either BTM or SABT to their respective members and/or investors as interest or for other returns on investor/member advances or contributions to capital or any monies paid on or before October 6, 2014, except as set forth herein. (“**Excluded Advances**”). The Applicable Advances as of October 6, 2014 by SABT total \$113,649.37. The Applicable Advances as of October 6, 2014 by BTM total \$37,050.69. SABT and BTM have made additional Applicable Advances since October 6, 2014. The Applicable Advances made by SABT since October 6, 2014 total \$470,829.40 and consist of those sums itemized in Peter Simon’s e-Mail of December 15, 2014 except the payments to Woodburn & Wedge and the Porter Simon Trust Account. The Applicable Advances made by BTM after October 6, 2014, total the sum of \$122,295.42 (as itemized in Alexander Kendall’s e-Mail of December 16, 2014), plus the verifiable expenses charged by Zalkaske in connection with the making of repairs to Belvedere Towers (but not to exceed \$10,000). All other past advances, unless expressly included in this Agreement, are Excluded Advances;

(5) Fifth, to SABT and BTM in the following percentages until sales proceeds from the sale of the 144 Units payable to the Parties have reached \$5,500,000, (a) 85% to SABT; and (b) 15% to BTM;

(6) Sixth, from \$5,500,000 in profits to \$17,500,000 in gross sales, (a) 75% to SABT; and (b) 25% to BTM (provided, however, that once SABT has received a total of \$5,500,000 from the distributions pursuant to paragraphs 19(b)(6) and 19(b)(7), then distributions will be made pursuant to paragraph 19(b)(8) below; and

(7) Seventh, in the event of gross sales in excess of the sum of \$17,500,000, (a) 15% to SABT; (b) 65% to BTM; and (c) 20% to Lonich.

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20. **Resolution of Conflicts Regarding Dollar Amounts.** For the purpose of calculating the amounts to be disbursed pursuant to paragraph 19 of this Agreement, to the extent any conflict is created in calculating the \$5,500,000 figure and the \$17,500,000 figure, the \$17,500,000 figure will control.

21. **Liabilities:** Each of the Parties shall be solely responsible for and shall pay: (a) any and all federal income taxes, entity-related filing fees, all municipal, county, and state-based income and property taxes (whether secured or not); and, (b) all liabilities of every other kind related to the business affairs and operations of that Party that are not related to the ownership and operation or management of the properties (“**Party Liabilities**”). In addition, (a) BTM shall be solely responsible for and shall pay all property taxes on the 31 units through October 6, 2014; and (b) SABT shall be solely responsible for and shall pay all property taxes on the 113 Units through October 6, 2014. However, Party Liabilities shall not include liabilities expressly assumed and to be paid under this Agreement. The SABT Parties and Lonich shall indemnify, defend, and hold the BTM Parties harmless from the Party Liabilities of the SABT Parties. The BTM Parties shall indemnify, defend, and hold the SABT Parties and Lonich harmless from the Party Liabilities of the BTM Parties.

22. **Greenbriar Settlement for Park Lane:** Greenbriar Realty shall be entitled to receive from 101 Houseco a deferred payment of \$950,000 plus simple interest at 8%, subordinate to payment to Park Lane investors of Ananda I and II (as may be determined either through a settlement between the Lonich Parties and the SABT Parties or through a final and non-appealable judgment in the SABT Litigation) (“Ananda Investor Amount”), and existing loans secured by Park Lane (“the **Greenbriar Fee**”). The Greenbriar Fee shall be paid at the earlier of the following dates: (a) any sale of Park Lane or, (b) in the event the existing loan secured by Park Lane is refinanced, from any net proceeds from the refinance of Park Lane, but only after payment of the Ananda Investor Amount. Further, in the event of any further or new investment by anyone in the equity of Park Lane, the return of that further or new investment shall be subordinate to payment of the Greenbriar Fee.

23. **Release and Dismissal of Claims Relating to Belvedere Towers:**

(a) **Dismissal:** All claims, whether known or unknown, asserted or not, arising from the ownership, development, operation and/or management of Belvedere Towers belonging to the SABT Parties, the BTM Parties, or the Lonich Parties (or their principals, members, subsidiaries, parents, or agents) against any of the other

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Parties to this Agreement (or their principals, subsidiaries, parents, attorneys or agents) or against the BTOA are released and waived. To the extent that any claims waived and/or released pursuant to this paragraph 23(a) have been asserted in the SABT Litigation, the cause of action asserting those claims will be dismissed with prejudice.

(b) **Releases:** Except as otherwise set forth in this Agreement, the SABT Parties, the BTM Parties and the Lonich Parties hereby forever release and discharge each other from any and all claims, actions, suits, debts, liens, contracts, agreements, obligations, promises, accounts, rights, controversies, disputes, losses, costs and expenses (including attorneys' fees and costs actually incurred), liabilities, damages, demands, and causes of action of any nature or kind, whether now known or unknown, suspected or unsuspected, fixed or contingent, arising out of or in any way relate to or arise from the ownership, operation, or management of SABT or BTM, or their members. In construing the foregoing releases of rights, the releases are meant to be between the multiple parties that make up each defined group (i.e., the release by the SABT Parties extends only to the BTM Parties and the Lonich Parties and no internal release (i.e., by SABT of Ananda III) is intended).

(c) **Section 1542 Waiver:** THE SABT PARTIES, THE BTM PARTIES, AND THE LONICH PARTIES SPECIFICALLY WAIVE WITH RESPECT TO ALL SUCH RELEASED MATTERS THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, AND ANY COMPARABLE LAW APPLICABLE IN THE STATE WHERE THE PROPERTY IS LOCATED, REGARDING THE MATTERS COVERED BY A GENERAL RELEASE, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

(d) **Acknowledgement of No Interest by the Lonich Parties:** The Lonich Parties hereby acknowledge that, except as set forth herein, they have no rights, ownership interest or claims, and no right to any recovery, payment, or offset in, or that is in any way related to, Belvedere Towers, SABT or BTM that is not expressly set forth in this agreement. Except as set forth herein, the Lonich Parties hereby release and disclaim any and all ownership, interest or rights that the Lonich Parties have that are in any way

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related to the Belvedere Towers, SABT (or its members), as well as any rights to payment, offset or recovery.

(e) **Further Clarification of Lonich's Rights:** Lonich shall be deemed a creditor of SABT and BTM with respect to the rights conferred upon Lonich by this Agreement. Without Lonich's express written consent, any agreement executed by the SABT Parties or the BTM Parties which, in any way, would prejudice the rights conferred upon the Lonich Parties by this Agreement shall be null and void and of no force or effect.

(f) **MFR Trust:** The SABT Parties disclaim any interest in the MFR Trust and shall deliver to Lonich a written disclaimer of such interest in the form required by California *Probate Code* §§275 and 278 and all other applicable law. Ananda Partners III, LLC, acknowledges that it is the holder of and successor to all rights formerly held by Ananda Partners, II, LLC, if any, with respect to the MFR Trust.

(g) **Disclaimer By the BTM Parties:** To the extent any of the BTM Parties ever claimed an ownership interest in 101 Houseco, by executing this Agreement, the BTM Parties hereby disclaim and waive those rights and shall deliver to Lonich a written disclaimer of such interest in the form required by California *Probate Code* §§275 and 278 and all other applicable law.

(h) **Lonich's Claim for Indemnity Against the BTOA:** Notwithstanding any other language in this Agreement, nothing contained herein shall waive any of the Lonich Parties' right to seek indemnity from the BTOA in the event the Nevada Department Real Estate Division asserts any claim against any of the Lonich Parties relating to and/or arising from their activities on behalf of the BTOA.

24. **Claims Relating to Park Lane Involving the BTM Parties:** All claims in the SABT Litigation against any of the BTM Parties relating to the Park Lane Project shall be dismissed with prejudice.

25. **Claims Relating to Park Lane Involving the Lonich Parties:** Except as expressly provided in this Agreement, all claims by the Lonich Parties and all claims against the Lonich Parties relating to 101 Houseco and 101 Houseco and Park Lane are expressly reserved and remain in full force and effect.

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26. **Management and Deadlocks:**

(a) **Smith and Zalkaske:** Smith and Zalkaske shall consult between themselves and shall attempt to agree unanimously on all matters to be decided by SABT and BTM with respect to the management and sale of the 144 Units.

(b) **Major Management Decisions:** As used in this paragraph 26, the following management decisions are considered to be “**Major Management Decisions**”

(1) The making or manner of making of any repairs to Belvedere Towers with a cost in excess of \$10,000;

(2) Incurring any liability of any kind secured by any real or personal property security interest in Belvedere Towers;

(3) The choice of or change of the Broker or Manager for Belvedere Towers; and

(4) Any material modification to the Business Plan.

(c) **Deadlock in Making a Major Management Decision:** In the event of any deadlock or material dispute with respect to making a Major Management Decision (“**Management Dispute**”), SABT and BTM agree, as follows:

(1) The Management Dispute shall be submitted to Donnell who shall consider all of the facts and, within seven (7) days of submittal of the Management Dispute to him, render a decision which shall be final and binding upon SABT and BTM;

(2) In the event, for any reason, Donnell fails or refuses to render a decision within the seven (7) day period, a provisional manager shall be appointed by the Marin Superior Court who shall have the power to review the facts and direct a resolution of the Management Dispute. In seeking the appointment of a provisional manager, all procedures and laws (both statutory and case law) applicable to the appointment of a provisional director for a corporation under California *Corporations Code* §308, et seq. shall be applied by analogy and shall be followed by SABT, BTM and the Court;

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(3) If, for any reason, SABT and BTM are unable to resolve the Management Dispute through either of the procedures specified in paragraphs 26(c)(i) or 26(c)(ii), the Parties shall submit their dispute to Mediation and binding Arbitration, pursuant to paragraph 28 below.

(d) **Major Litigation Decision:** The decision whether or not to accept a settlement offered to the BTOA in the Fireman's Fund Case shall be a "**Major Litigation Decision**". SABT, Lonich, and BTM shall each have a vote in the event of a Major Litigation Decision. If SABT, Lonich and BTM cannot agree to accept a settlement, there shall be a Deadlock, to be resolved pursuant to paragraph (e) below.

(e) **Deadlock in Making a Major Litigation Decision:** In the event of any deadlock or material dispute with respect to making a Major Litigation Decision ("**Litigation Dispute**"), SABT, Lonich, and BTM agree, as follows:

(1) The Litigation Dispute shall be submitted to Reno, Nevada attorney, Cecilia Lee ("Lee"), who shall consider all of the facts including the opinions of SABT, Lonich and BTM, and the recommendations of Mannion & Lowe and/or the BTOA's attorney of record, and, within seven (7) days of submittal of the Litigation Dispute to her render a decision which shall be final and binding upon SABT, Lonich, and BTM;

(2) In the event, for any reason, Lee fails or refuses to render a decision within the seven (7) day period, and SABT, Lonich and BTM do not unanimously agree to extend the time period, SABT, Lonich, and/or BTM may apply to the Marin County Superior court for the appointment of a provisional manager who shall have the power to review the facts and decide whether or not to accept the settlement.. It is the intention of the Parties that a decision be made by the provisional manager within 15 days of that provisional manager's appointment. In seeking the appointment of a provisional manager, all procedures and laws (both statutory and case law) applicable to the appointment of a provisional director for a corporation under California *Corporations Code* §308, et seq. shall be applied by analogy and shall be followed by SABT, Lonich, BTM and the Court;

(3) If, for any reason, SABT and BTM are unable to resolve the Litigation Dispute through either of the procedures specified in paragraphs 26(d)(i) or 26(e)(ii), the settlement offer shall be deemed rejected.

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27. **Bijan Madjlessi/Estate of Bijan Madjlessi:** As further consideration for the execution of this Agreement, in the event that the personal representative of the estate of Bijan Madjlessi (once appointed) (“the **Estate**”), agrees to waive any claim to any right, title, and/or interest in Belvedere Towers and/or Park Lane, the SABT Parties, shall, as each property with respect to which the waiver is made, forever release and discharge Bijan Madjlessi, the Estate, and the personal representative of the Estate from any and all claims, actions, suits, debts, liens, contracts, agreements, obligations, promises, accounts, rights, controversies, disputes, losses, costs and expenses (including attorneys’ fees and costs actually incurred), liabilities, damages, demands, and causes of action of any nature or kind, whether now known or unknown, suspected or unsuspected, fixed or contingent, arising out of or in any way relate to or arise from the ownership, operation, or management of SABT, BTM, Belvedere Towers, and/or Park Lane (as the case may be).

28. **Mediation and Arbitration (SABT Parties and BTM Parties Only)**

(a) **Mediation:** The SABT Parties and the BTM Parties agree to and shall mediate any dispute or claim between them arising out of this Agreement or any resulting transaction. The mediation shall be held prior to any Arbitration. The mediation shall be confidential and in accordance with California Evidence Code §1151.5. In the event the parties are not able to agree on a mediator within thirty days of the first party seeking mediation, the parties shall submit the matter to Mediation before the American Arbitration Association at its office closest to Santa Rosa, California (“AAA”), who shall appoint a mediator. In the event the mediator determines that a second mediation session is necessary, it shall be conducted in accordance with this paragraph. Should the prevailing party attempt an arbitration or a court action before attempting to mediate, **THE PREVAILING PARTY SHALL NOT BE ENTITLED TO ATTORNEYS’ FEES THAT MIGHT OTHERWISE BE AVAILABLE TO THEM IN A COURT ACTION OR ARBITRATION.** Mediation fees, if any, shall be divided equally by the parties to the disputes.

(b) **Arbitration:** Conditioned upon prior completion of Mediation pursuant to Paragraph 28(a) hereof, any controversy or claim arising out of this Agreement, or the breach thereof, shall be settled by Arbitration before an Arbitrator chosen through the processes provided by the AAA, and judgment upon the award rendered by the Arbitrator(s) may be entered in any Court having jurisdiction. In the event of an Arbitration, the parties shall have the discovery rights set forth in California Code of Civil Procedure, §1283.05. Notwithstanding the provisions of California Code of Civil Procedure, § 1283.05(e), the parties shall have the right to take not more than

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two (2) depositions pursuant to the provisions of California Code of Civil Procedure, §2025.010. The Arbitrator shall have the discretion to order the taking of additional depositions for good cause shown.

The Arbitrator may enforce and compel discovery in the manner provided in the Civil Discovery Act.

“NOTICE: BY INITIALING IN THE SPACE BELOW, YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE ‘ARBITRATION OF DISPUTES’ PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW, YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE ‘ARBITRATION OF DISPUTES’ PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.”

“WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THIS ‘ARBITRATION OF DISPUTES’ PROVISION TO NEUTRAL ARBITRATION.”

SABT PARTIES’ INITIALS: (_____) BTM PARTIES’ INITIALS (_____)

29. **The Howard Loan/Unit 810:** The Loan secured by Unit 810 shall be paid from the following sources: (a) rental income from Unit 810; and (b) the sale of Unit 810. In the event BDH decides to refinance the loan secured by Unit 810 by funding a new loan, the payment of the existing loan secured by Unit 810 shall be deemed an Additional Advance by BDH and shall be secured by the deeds of trust securing the GreenLake Loan.

30. **Further Assurances:** The Parties hereto hereby agree to execute such other documents and perform such other acts as may be necessary or desirable to carry out the purposes of this Agreement and/or the Loan Documents, whether before or after the date hereof.

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31. **Joint Effort:** This Agreement has been drafted through a joint effort of the Parties hereto and their counsel and, therefore, shall not be construed in favor of or against any of the Parties. The terms of this Agreement have been negotiated by the parties hereto in good faith with the advice of counsel and are fair and reasonable under the circumstances.

32. **101 Houseco:** As set forth above, there remains a dispute between the SABT Parties and the Lonich Parties regarding the ownership, management, operation and administration of 101 Houseco, the owner of Park Lane. Notwithstanding that dispute, based upon the signatures of all of the Parties hereto, all Parties hereby approve the terms and conditions of this Agreement on behalf of 101 Houseco.

33. **Specific Performance:** It is understood and agreed by each of the Parties hereto that money damages would not be a sufficient remedy for any breach of this Agreement by any party and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy of any such breach.

34. **Certain Matters Related to the GreenLake Loan Documents:** The Parties hereby acknowledge and agree that as of the date hereof and after giving effect to the purchase of the GreenLake Loan by BDH, the aggregate outstanding principal amount of the GreenLake Loan is \$6,731,802.03 and that such principal amount is payable pursuant to the GreenLake Loan Documents without defense, offset, withholding, counterclaim, or deduction of any kind. Each of SABT and BTM hereby reaffirms its obligations under each GreenLake Loan Document to which it is a party. Each of SABT and BTM hereby further ratifies and reaffirms the validity and enforceability of all of the liens heretofore granted, pursuant to and in connection with the GreenLake Loan Documents to GreenLake as collateral security for the obligations under the GreenLake Loan Documents in accordance with their respective terms, and acknowledges that all of such liens, and all collateral heretofore pledged as security for such obligations, continues to be and remains collateral for such obligations from and after the date hereof.

35. **Negotiations:** Other than the provisions of this Agreement explicitly set forth herein, any discussions between the parties hereto in reference to the drafting hereof (the “**Negotiations**”) shall not be utilized or admissible in any subsequent litigation between the parties hereto. All such Negotiations shall be considered “compromise negotiations” pursuant to Fed. R. Evid. 408 and any comparable provision of any state or federal law which may now or in the future be deemed applicable to the Negotiations, and none of such Negotiations shall be considered “otherwise discoverable” or be permitted to be discoverable or admissible for any other purpose except to prove Fed. R.

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Evid. 408 and any comparable provision of any state or federal law which may now or in the future be deemed applicable to the Negotiations.

36. **No Admission of Liability:** The Parties agree that this Agreement is a compromise of disputed claims between the Parties, liability for which is expressly denied, and this Agreement is not to be construed as an admission of liability to each other or to third parties related thereto (nor is it to be construed as an admission of liability as it relates to attorney's fees and/or costs being sought (whether investigate, expert or otherwise)).

37. **Attorney's Fees and Costs:** The Parties shall bear their own attorney's fees and costs incurred in the preparation and negotiation of this Agreement. However, in the event of any dispute or disagreement arising out of or relating to the terms and conditions of this Agreement or performance thereof or to construe this Agreement, the prevailing party shall be entitled to its reasonable attorney's fees incurred, together with expert witness expenses and other costs relating to such proceeding, in each case from (and solely from) the Parties that are involved in such dispute or disagreement.

38. **No Reliance on Representations by Others:** The Parties represent that they have relied on their own investigation and judgment in regard to all matters contained herein, including the consequences of this transaction as the result of application of any federal or state tax law, that they have not relied on any representations made by any other party, that this Agreement is entered into by them of their own volition, and that they entered into this Agreement free of any duress, coercion or undue influence of any source whatsoever.

39. **Entire Agreement:** This Agreement contains the entire understanding between and among the Parties with regard to the matters herein set forth. There are no representations, warranties, agreements, arrangements, undertakings, oral or written, between or among the Parties hereto relating to the subject matter of this Agreement which are not fully expressed herein.

40. **Modifications:** This Agreement may not be altered, amended, modified or otherwise changed in any respect or particular whatsoever, except by a writing duly executed by all of the Parties affected by such modification or by their authorized representatives. A modification or waiver of any one provision shall not constitute a waiver or modification of any other provision not expressly waived or modified.

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41. **Binding Effect:** This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, grantees, relatives, trustees, beneficiaries, predecessors, successors, assigns, shareholders, partners, affiliated and related entities, officers, directors, agents, employees and representatives.

42. **Counterparts:** This Agreement may be executed by facsimile in any number of counterparts and signature pages and by different parties on separate counterparts and signature pages, each of which, when so executed and delivered, shall be an original, and all such counterparts shall together constitute one and the same instrument.

43 **Representations:** By execution of this Agreement, each party warrants that:

(a) If such party is not an individual, this Agreement is executed on behalf of a valid and subsisting legal entity;

(b) Such entity has full right and authority to undertake any action contemplated by this Agreement;

(c) The execution of this Agreement has been duly and properly authorized by the party on whose behalf said Agreement is executed in accordance with all applicable laws, regulations, agreements and procedures governing the authority of such person or entity to execute this Agreement on behalf of such Party; and,

(d) The consent of all persons or entities whatsoever necessary to the due execution of this Agreement has been obtained.

44. **Severability:** Should any provision of this Agreement be declared or determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal or invalid part, term or provision shall not be deemed to be part of this Agreement.

44. **Warranties Regarding Absence of Prior Assignment of Claims:** The Parties warrant and represent to each other that they have not assigned, transferred, conveyed, or granted or purported to assign, transfer, convey, or grant to anyone any cause of action, demand, debt, liability, account, obligation or any right that any Party to this Agreement may have against the other which arise out of the Projects and/or the

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facts, events, transactions, and occurrences alleged or that might have been alleged in connection with the disputes described herein. Should any purported assignee of any Party make any claim of any kind against any other Party which claim has been released pursuant to this Agreement, the purported assignor of the claim shall indemnify, defend, and hold harmless the Party against whom the claim is made. Included in the obligation to indemnify, defend, and hold harmless is the obligation to pay all attorneys' fees of the Party against whom the released claim has been asserted.

45. **Notices:** All notices or demands shall be in writing and shall be served in person, by private overnight delivery, by electronic mail; or by telecopier (fax). Service shall be deemed conclusively made (a) at the time of service, if personally served; (b) twenty-four (24) hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and (c) at the time of transmission by telecopier and/or electronic mail ("e-Mail"), if such transmission occurs prior to 5:00 p.m. on a business day and a copy of such notice is mailed within twenty-four (24) hours after the transmission. Notices and demands shall be given to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

If to the SABB Parties

Gregg Smith

e-Mail: gsmith@annadelcapital.com
Facsimile: _____

With a copy to:

Peter Simon, Esq.
Beyers Costin Simon
200 Fourth St, Suite 400;
Santa Rosa, California 95402-0878
e-Mail: psimon@beyerscostin.com
Facsimile: _____

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If to the BTM Parties:

Mike Zalkaske

e-Mail: mzalkaske@hotmail.com

Facsimile: _____

With a copy to:

Joe R. Abramson, Esq.
21700 Oxnard Street, Suite 1770
Woodland Hills, CA 91367
e-Mail: jralaw1@pacbell.net
Facsimile: (818) 227-6699

If to the Lonich Parties:

David J. Lonich, Esq.
960 Doubles Dr., Suite 112
Santa Rosa, CA 95407
e-Mail: djlonich@gmail.com
Facsimile: (707) 284-1967

Either party may change its address for the purpose of receiving notices, demands and other communications as herein provided by a written notice given in the manner aforesaid to the other party.

Please have your clients execute this letter where indicated below indicating their approval of the foregoing terms and conditions.

Very Truly Yours,

Law Offices of Joe R. Abramson

Joe R. Abramson

By: Joe R. Abramson, Esq.

CC: Alex Kendall/Rick Drooyan, Esq./Mike Zalkaske

[Signatures follow]

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SABT Parties:

Secured Assets Belvedere Towers, LLC,
A Nevada limited liability company,
By: Ananda Advisors, LLC,
Its: Manager

By: Gregg Smith, its Manager

Ananda Advisors, LLC, a Nevada
Limited liability company

By: Gregg Smith, its Manager

Ananda Advisors III, LLC, a Nevada
Limited liability company

By: Gregg Smith, its Manager

Gregg Smith

Jed Cooper

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MARKAL HOLDINGS FAMILY LIMITED
PARTNERSHIP, an Arizona limited partnership,

By: Jed Cooper, its General Partner

NAJU, LLC, a California limited liability
Company

By: Judy Smith, Its Manager

KALASSEN, LLC, a California limited
Liability company

By: Kalleen Cooper,
Its Manager

JUGG HOLDINGS FAMILY LIMITED
PARTNERSHIP, an Arizona limited partnership,

By: Gregg Smith, Its Manager

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BTM Parties:

BTM, LLC, a Nevada limited liability company

By: Michael Zalkaske, its Manager

Michael Madjlessi

GREENBRIAR REALTY, INC., a Nevada
Corporation

By: BIGANEH MADJLESSI, Pres.

PRIME VEST REALTY, a California
Corporation

By: BIGANEH MADJLESSI, Pres.

GREENBRIAR CONSTRUCTION CORPORATION
A California Corporation

By: Michael Madjlessi

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Lonich Parties:

DAVID LONICH

MFR INVESTMENT TRUST

By: David Lonich, Trustee

HOUSECO INVESTMENT TRUST

By: David Lonich, Trustee

EXHIBIT C

SECURED ASSETS BELVEDERE TOWERS, LLC

Written Resolution by the Members

Dated: September 25, 2013

The undersigned Members of Secured Assets Belvedere Towers, LLC ("SABT") hereby certify that the following resolutions were duly adopted by the majority of the Members of SABT. SABT and the majority of the Members approve the resolutions as being in the best interest of the company, and hereby authorize SABT to take any and all further actions which may be necessary or appropriate to commence and complete the transactions contemplated in this SABT resolution.

WHEREAS, SABT has received an aggregate of \$5,300,493.15 from Ananda Partners III, a California limited liability company ("APIII"). SABT requested additional funds for operations, and requested that APIII (or affiliates) loan or contribute (or cause a related or third party entity to loan or contribute) funds. APIII, Ananda Partners 1, LLC ("Ananda"), or other related parties have loaned or agreed to loan funds in accordance with the below resolutions. SABT resolves that the following items be acknowledged and approved.

RESOLVED,

1. APIII Existing Contribution. SABT acknowledge that (i) APIII has contributed at least \$5,300,493.15 to SABT, and (ii) APIII is entitled to a preferred return and distribution before any distributions are paid to any other Member(s). The priority return and preferred distribution are provided in the Secured Assets Belvedere Tower, LLC, Operating Agreement with an effective date of April 28, 2011 ("SABT Operating Agreement"). The APIII rights and privileges are increased or expanded in accordance with this SABT Resolution.

2. Additional Loan or Contribution. SABT requests that APIII loan or contribute (or cause another party to loan) funds to SABT. SABT acknowledges that in addition to the \$5,300,493.15, in exchange for the promises, terms and conditions set forth in this SABT Resolution, APIII has loaned (or caused another party to loan) additional funds to SABT to use for operations. The actions agreed to by SABT were (and are) a material inducement to APIII, and SABT acknowledges that APIII would not have raised the contributions or arranged the financing without SABT agreeing to the terms of this SABT Resolution.

3. Protected Return. In exchange for additional loans or contributions made by APIII (or caused by be made by APIII or Ananda), SABT agrees that in addition to

any other protection provided in the SABT Operating Agreement or other agreement(s), SABT agrees to the following:

Section 3.1. Security Interest and Deed of Trust. SABT grants APIII a security interest in any and all assets or rights that SABT has, including, but not limited to, executing a deed of trust in favor of APIII.

Section 3.2. Sell the Property. SABT acknowledges that APIII is authorized to take any action APIII (or Ananda Advisors) deems necessary to collect rents, and list, market and sell the property owned by SABT. Upon request, APIII may appoint Ananda Advisors (or any other third party) as the property manager for any assets owned by SABT. SABT agrees to provide APIII a full accounting of any and all revenue and expenses relating to the company.

Section 3.3. Approval of Loans, Fees and Expenses. SABT agrees to obtain APIII written approval prior to paying operating expenses, further encumbering the assets, or making any payments to third parties.

4. Existing Default. SABT acknowledges that SABT is in default in making the necessary distributions to APIII. Without waiving any other rights that APIII may have, SABT acknowledges that Ananda Advisors is authorized to act as Manager of SABT pursuant to Section 5.1.1 of the SABT Operating Agreement.

5. Authorization to Act. The parties agree that it is in the best interest of SABT to agree to the SABT Resolution and hereby agree to take steps to effectuate the transactions contemplated in this SABT Resolution. Authority to proceed with the Resolution is authorized through various means, including, but not limited to, the items mentioned below.

5.1 Acting Manager. APIII hereby appoints Ananda Advisors as Co-Manager to takes reasonable steps to protect the APIII interest, including those actions specified in this SABT Resolution. VS shall continue to act as Manager for all other functions. However, any action that is contrary to the best interest of APIII must be approved by APIII. In addition, no other manager may be appointed without the express written consent of APIII.

5.2 Majority Vote. APIII has a 99% Percentage Interest in SABT, and pursuant to the SABT Operating Agreement has a Majority Vote. As a Member with a Majority Vote, APIII approves the actions contemplated in this SABT Resolution.

5.3 Additional Contribution or Loan. SABT is in need of additional financing and desires to have APIII use its best efforts to obtain additional capital or financing. In accordance with Section 3.2 of the SABT Operating Agreement, APIII has arranged for Ananda (or a related entity) to provide additional financing on

the terms that SABT and APIII believe are currently the best terms and conditions available. In addition, Section 3.6 of the Operating Agreement permits any member (including APIII) to make or cause a loan to be made to SABT, provided the loan is approved by a Majority Vote.

5.4 Required Amendment. SABT acknowledges that SABT has received additional benefit (including capital or financing) from APIII (or as a result of APIII), and that APIII or Ananda (or a prospective member of APIII or Ananda, or a member investing more in APIII or Ananda) is (i) contributing capital in SABT or (ii) acting as a lender to SABT. In connection with this transaction, APIII (or prospective member) or Ananda (or related party as lender) is requiring that SABT agree to amend the SABT Operating Agreement to be consistent with this SABT Resolution.

ANANDA PARTNERS III,
A California limited liability company


By: Martel Jed Cooper
Its:

ANANDA ADVISORS, LLC,
A California limited liability company


By: Martel Jed Cooper
Its: Manager

EXHIBIT D

EIGHTEENTH AMENDMENT TO PROMISSORY NOTE SECURED BY A DEED OF TRUST

THIS EIGHTEENTH AMENDMENT TO PROMISSORY NOTE SECURED BY A DEED OF TRUST (this "Amendment") is entered into as of July 10, 2015, by and among SECURED ASSETS BELVEDERE TOWER, LLC, a Nevada limited liability company ("SABT"), BTM, LLC, a Nevada limited liability company ("BTM") (SABT and BTM are from time to time collectively, jointly and severally, are referred to as "Borrower"), and Belvedere Debt Holdings, LLC, a Nevada limited liability company, as assignee of GreenLake Real Estate Fund LLC, a California limited liability company ("Lender").

RECITALS

WHEREAS, Borrower is currently indebted to Lender pursuant to the terms and conditions of that certain Promissory Note Secured by Deed of Trust dated May 16, 2012 (as amended, supplemented, or otherwise modified from time to time, the "Note"),

WHEREAS, the outstanding principal balance of the Note is currently \$8,397,490.76. The Note is secured by that certain First Priority Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing dated May 16, 2012 (as amended, supplemented, or otherwise modified from time to time, the "Deed of Trust"),

WHEREAS, Borrower, Lender and certain other parties have entered into that certain Binding Term Sheet dated as of December 17, 2014 (the "Binding Term Sheet"), and

WHEREAS, subject to the terms and conditions set forth herein, Borrower and Lender desire to amend the Note to effectuate the terms of the Binding Term Sheet subject to the terms and conditions set forth herein.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The principal amount of the Note has increased due to additional advances made by Lender pursuant to the Note. Borrower hereby acknowledges and agrees that as of the date hereof the aggregate outstanding principal amount of the obligations owing under the Note is \$8,397,490.76 and that such principal amount is payable pursuant to the Note (as amended hereby) without defense, offset, withholding, counterclaim, or deduction of any kind and is secured by the Deed of Trust. Borrower jointly and severally promises to pay to the order of Lender the aggregate principal amount of \$9,250,000.00 (or so much thereof as shall be advanced from time to time). Borrower hereby reaffirms its obligations under the Note, the Deed of Trust and each of the other Loan Documents (as defined in the Deed of Trust). Borrower hereby further ratifies and reaffirms the validity and enforceability of all of the liens heretofore granted, pursuant to and in connection with the Loan Documents to Lender as collateral security for the obligations under the Loan Documents in accordance with their respective terms, and acknowledges that all of such liens, and all collateral heretofore pledged as security for such obligations, continue to be and remain collateral for such obligations from and after the date hereof.

2. The reference to "\$2,600,000" contained at the top left hand corner of the Note shall be replaced with "\$9,250,000".

3. The first paragraph of the Note shall be amended and modified in its entirety as follows:

FOR VALUE RECEIVED, SECURED ASSETS BELVEDERE TOWER, LLC a Nevada limited liability company ("SABT") and BTM, LLC, a Nevada limited liability company ("BTM") (SABT and BTM are from time to time collectively, jointly and severally, are referred to as "Borrower") hereby promise to pay to the order of Belvedere Debt Holdings, LLC, a Nevada limited liability company, as assignee of GreenLake Real Estate Fund LLC, a California limited liability company ("Lender"), the principal sum of Nine Million Two Hundred Fifty Thousand Dollars (\$9,250,000) or so much as may be advanced hereunder from time to time together with all interest thereon and other sums herein referred to.

4. Section 1 of the Note shall be amended and modified in its entirety as follows:

1. Interest Rate. The Loan (including any and all tranches advanced after May 16, 2012) shall bear interest on the full amount thereof from the date any funds are first advanced by Lender at the rate of 12% per annum (the "Interest Rate"). The Interest Rate is in all cases, subject to Lender's ability to charge interest at the Default Rate as provided herein.

5. Section 2.1 of the Note shall be amended and modified in its entirety as follows:

2.1 This Note shall be payable in monthly installments of interest at the Interest Rate on the first day of each month, commencing with the first day of the month following the date of this Note and continuing on the first day of each and every month thereafter until June 17, 2017 (the "Maturity Date"), at which time the entire outstanding principal balance of this Note, together with accrued and unpaid interest thereon and any other sums due hereunder, shall be due and payable in full. All installments of interest shall be paid in advance and shall be deemed earned by Lender when paid regardless of any pre-payment of this Note. Any sums not paid when due hereunder shall be compounded monthly and such unpaid shall bear interest at the Default Rate (as defined herein).

6. Section 2.2 of the Note shall be amended and modified by replacing the reference to "Interest and Additional Collateral Reserve" contained therein with "Additional Interest and Additional Collateral Reserve".

7. Section 4 of the Note shall be amended and modified in its entirety as follows:

4. Interest and Additional Collateral Reserve. The "Interest and Additional Collateral Reserve" as defined in the Note in effect immediately prior to the date hereof has been completely utilized by Borrower. In December 2014, Lender advanced \$250,000 to Borrower under this Note as an additional interest and collateral reserve. At the request of Borrower, so long as no Event of Default has occurred and is continuing Lender may, from time to time, fund up to the additional amount of \$500,000 as and for additional interest and collateral reserves (such amount, together with the \$250,000 additional interest and collateral reserve funded in December 2014, the "Additional Interest and Additional Collateral Reserve"); *provided* that after giving effect to the amount of any proposed Additional Interest and Collateral Reserve and any requested Additional Advances (as defined below), the outstanding principal amount of

indebtedness outstanding under this Note shall not exceed \$9,250,000. If Borrower has insufficient cash flow from the Property to fund Interest payments due, then Borrower may provide documentation of such fact to Lender at least 10 business days prior to the date that the payment is due and request that Lender fund the shortfall from the Additional Interest and Additional Collateral Reserve, which consent Lender shall not unreasonably withhold based on its assessment that the shortfall is legitimate and that all other operating expenses have been, or will be, timely paid and at Lender's option, the balance of the Additional Interest and Additional Collateral Reserve does not fall below \$15,000. Borrower shall provide such additional information as Lender may reasonably request related to the request. During the pendency of an Event of Default, Lender may apply the balance of the Additional Interest and Additional Collateral Reserve to any sums due by Borrower or to the repayment of principal in Lender's sole discretion. The Additional Interest and Additional Collateral Reserve need not be maintained by Lender in a separate account and shall not earn any interest. At the Maturity Date or early full prepayment, the balance of the Additional Interest and Additional Collateral Reserve shall be applied to the outstanding principal balance of the Note.

8. Section 5 of the Note shall be amended and modified in its entirety as follows:

5. Construction Reserve; Additional Advances; Sale; Management; Payments.

5.1 Construction Reserve. The "Constructive Reserve" as defined in the Note in effect immediately prior to the date hereof has been completely utilized by Borrower.

5.2 Additional Advances. So long as no Event of Default has occurred and is continuing, Lender agrees to make additional loans to Borrower which shall be evidenced by this Note to pay for the costs of: (a) heating and air conditioning equipment including the "Chiller" for the Property; (b) other needed Property repairs as are reasonably determined by Borrower and Lender; (c) HOA operating reserves; (d) costs of Michael Zalkaske in monitoring repairs to the Property; and (e) other expenses, deemed by Lender, in its reasonably exercised discretion, to be reasonably necessary to accomplish the purposes of this Note or to secure the obligations of Borrower evidenced by this Note (the "Additional Advances"); *provided* that after giving effect to any requested Additional Advances and the amount of any proposed Additional Interest and Collateral Reserve, the outstanding principal amount of indebtedness outstanding under this Note shall not exceed \$9,250,000.

5.2 Sale; Business Plan. As promptly as practicable, and in any event on or before December 31, 2015 (or such later date as may be agreed by the Lender in its sole discretion), Borrower agrees to retain a real estate broker that is reasonably satisfactory to Lender (the "Broker") for the sale of the condominium units at the Property that are encumbered by the Deed of Trust (the "Property Units"). With the assistance of the Broker, Borrower agrees to execute a business plan on or before December 31, 2015 (or such later date as may be agreed by the Lender in its sole discretion) that is reasonably satisfactory to Lender and which establishes: (a) pre-approved listing and sales prices for the Property Units; and (b) procedures to be followed if the Property Units are not sold within agreed time parameters (the "Business Plan"). The Business

Plan will also address the issue of management of the Property Units pending sale. Borrower may not modify the Business Plan without the written consent of the Lender.

5.3 Management of the Property Units. Borrower agrees to retain a property manager for the Property that is reasonably acceptable to Lender (the "Manager"). Borrower agrees not to change the identity of the Manager without the consent of Lender. The Manager will report to the managers of Borrower (and Lender upon Lender's request) on at least a weekly basis regarding all aspects of the management and physical condition and needs of the Property and all income and expense of the Property.

5.4 Income from the Rental of Property Units. Net income from the rental of the Property Units pending sale or refinancing of the obligations evidenced by this Note shall be (a) first, paid to Lender for application to accrued and unpaid interest due under this Note, (b) second, any remaining net income after application in accordance with the foregoing clause (a), paid to Lender for application to the outstanding principal balance of this Note, and (c) third, any remaining net income after application in accordance with the foregoing clauses (a) and (b), paid to Borrower for distribution in accordance with that certain Binding Term Sheet dated as of December 17, 2014 by and among Borrower, Lender and certain other parties (the "Binding Term Sheet").

5.5 Sale or Refinancing. Any sale of the Property Units shall be subject to the approval of the Lender. Proceeds of any sale of the Property Units and proceeds of any refinancing of the obligations evidenced by this Note shall be (a) first, applied to all "costs of sale" of the Property Units, which includes brokerage, title, escrow and other standard fees and costs customarily incurred in connection with the sale of residential housing, (b) second, any remaining proceeds after application in accordance with the foregoing clause (a), paid to Lender for application to accrued and unpaid interest due under this Note, (c) third, any remaining proceeds after application in accordance with the foregoing clauses (a) and (b), paid to Lender for application to the outstanding principal balance of this Note, and (d) fourth, any remaining proceeds after application in accordance with the foregoing clauses (a), (b) and (c), paid to Borrower for distribution in accordance with the Binding Term Sheet.

9. Section 12 of the Note shall be amended and modified by adding the following at the end thereof:

In addition, Borrower promises to pay to Lender all costs, fees and expenses of every kind incurred by Lender in connection with the Binding Term Sheet, Lender's acquisition of the obligations evidenced by this Note from GreenLake Real Estate Fund LLC, a California limited liability company and/or any amendments to the Loan Documents, including, but not limited to, legal fees, title insurance fees, escrow costs, costs incurred in connection with the formation of Lender. Lender may, in its sole and absolute discretion, advance any of the costs, fees and expenses described in this section 12 to Borrower by adding such amounts to the obligations evidenced by this Note.

9. Section 14 of the Note shall be amended and modified by adding the following new sections 14.11 and 14.12 after section 14.10 contained therein:

14.11. (a) the use, sale or leasing of any of the Property or the Property Units is prohibited, enjoined or delayed for a continuous period of more than thirty (30) days; or (b) utilities or other public services necessary for the full occupancy and utilization of the Property or the Property Units are curtailed for a continuous period of more than thirty (30) days; or

14.12 (a) the condemnation, seizure or appropriation of, or occurrence of an uninsured casualty with respect to any material portion of the Property; (b) the sequestration or attachment of, or any levy or execution upon any of the Property, any other collateral provided by Borrower or any other party under any of the Loan Documents, or any substantial portion of the other assets of Borrower, which sequestration, attachment, levy or execution is not released, expunged or dismissed within twenty (20) days; or (c) the recording of any claim of lien against the Property (other than by Lender) and the continuance of such claim of lien for twenty (20) days after such recording, without discharge, satisfaction or provision for payment being made by Borrower in a manner satisfactory to Lender;

10. Section 14 of the Note shall be amended and modified by adding the following sentence at the end thereof:

Notwithstanding the foregoing, all sums owing to Lender under the Note and the other Loan Documents shall automatically become immediately due and payable upon the occurrence of any of the Events of Default listed in section 14.6, after which such sums shall bear interest at the Default Rate.

11. Section 17 of the Note shall be amended and modified by amending and restating the first two sentences thereof with the following:

If Borrower is comprised of more than one person or entity, each such person or entity: (a) hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other persons or entities comprising Borrower, with respect to the payment and performance of all of the obligations evidenced by this Note, it being the intention of the parties hereto that all such obligations shall be the joint and several obligations of each such person or entity without preferences or distinction among them, (b) agrees that if and to the extent that any person or entity comprising Borrower shall fail to make any payment with respect to any of the obligations evidenced by this Note as and when due or to perform any of the obligations evidenced by this Note in accordance with the terms thereof, then in each such event the other persons or entities comprising Borrower will make such payment with respect to, or perform, such obligations evidenced by this Note until such time as all of the obligations evidenced by this Note are paid in full, (c) agrees that the obligations of each such person or entity under the provisions of this section 17 constitute the absolute and unconditional, full recourse obligations of each such person or entity enforceable against each such person or entity to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of the provisions of this Note or any other circumstances whatsoever, (d) hereby waives notice of acceptance of its joint and several liability, notice of any loans or advances made under or pursuant to this Note, notice of the occurrence of any Event of Default, or of any demand for any payment under this Note, notice of any action at any time taken or omitted by Lender under or in respect of any of the obligations evidenced by this Note, any requirement of

diligence or to mitigate damages and, generally, to the extent permitted by applicable law, all demands, notices and other formalities of every kind in connection with this Note (in each case, except as otherwise provided in this Note), (e) hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the obligations evidenced by this Note, the acceptance of any payment of any of the obligations evidenced by this Note, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by Lender at any time or times in respect of any default by any person or entity comprising Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Note, any and all other indulgences whatsoever by Lender in respect of any of the obligations evidenced by this Note, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Obligations or the addition, substitution or release, in whole or in part, of any person or entity comprising Borrower. Without limiting the generality of the foregoing, each person or entity comprising Borrower assents to any other action or delay in acting or failure to act on the part of Lender with respect to the failure by any person or entity comprising Borrower to comply with any of its respective obligations evidenced by this Note, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder, which might, but for the provisions of this section 17 afford grounds for terminating, discharging or relieving any person or entity comprising Borrower, in whole or in part, from any of its obligations under this section 17, it being the intention of each person or entity comprising Borrower that, so long as any of the obligations evidenced by this Note remain unsatisfied, the obligations of each person or entity comprising Borrower under this section 17 shall not be discharged except by performance and then only to the extent of such performance. The obligations of each person or entity comprising Borrower under this section 17 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any other person or entity comprising Borrower or Lender, (f) represents and warrants to Lender that (i) such person or entity is currently informed of the financial condition of Borrower and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the obligations evidenced by this Note, and (ii) such person or entity has read and understands the terms and conditions of the Loan Documents, (g) covenants that such person or entity will continue to keep informed of Borrower's financial condition and of all other circumstances which bear upon the risk of nonpayment or nonperformance of the obligations evidenced by this Note, (h) waives: (i) to the extent permitted in paragraph 40.495(2) of the Nevada Revised Statutes ("NRS"), the benefits of the one-action rule under NRS Section 40.430, or any other statute or decision, to require Lender to proceed against or exhaust any security held by Lender at any time or to pursue any other remedy in Lender power before proceeding against such person; and (ii) to the extent permitted by NRS 104.3605, discharge under NRS 104.3605(9), (i) agrees not to enforce any of its rights of contribution or subrogation against any other person or entity comprising Borrower with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to Lender with respect to any of the obligations under the Note or any collateral security therefor until such time as all of the obligations under the Note have been paid in full in cash. Any claim which any Borrower may have against any other Borrower with respect to any payments to Lender hereunder are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the obligations under the Note, to the prior payment in full in cash of the obligations under the Note and, in the event of any insolvency, bankruptcy, receivership, liquidation, reorganization or

other similar proceeding under the laws of any jurisdiction relating to any person or entity comprising Borrower, its debts or its assets, whether voluntary or involuntary, all such obligations under the Note shall be paid in full in cash before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other person or entity comprising Borrower therefor. Each person or entity comprising Borrower hereby agrees that until payment in full in cash of all obligations evidenced by this Note, such person or entity will not demand, sue for or otherwise attempt to collect any indebtedness of any other person or entity comprising Borrower owing to such other person or entity. If, notwithstanding the foregoing sentence, such person or entity comprising Borrower shall collect, enforce or receive any amounts in respect of such indebtedness, such amounts shall be collected, enforced and received by such person or entity as trustee for Lender, and such person or entity shall deliver any such amounts to Lender for application to the obligations evidenced by this Note. The provisions of this section 17 are made for the benefit of Lender, and its successors and assigns, and may be enforced by it or them from time to time against any or all persons or entities comprising Borrower as often as occasion therefor may arise and without requirement on the part of Lender, or any of its successors or assigns first to marshal any of its or their claims or to exercise any of its or their rights against any person or entity comprising Borrower or to exhaust any remedies available to it or them against any person or entity comprising Borrower or to resort to any other source or means of obtaining payment of any of the obligations hereunder or to elect any other remedy. If at any time, any payment, or any part thereof, made in respect of any of the obligations evidenced by this Note, is rescinded or must otherwise be restored or returned by Lender upon the insolvency, bankruptcy or reorganization of any person or entity comprising Borrower, or otherwise, the provisions of this section 17 will forthwith be reinstated in effect, as though such payment had not been made.

12. Effective upon execution and delivery of this Amendment by all parties hereto, Lender releases David J. Lonich from the payment and performance guaranty delivered with respect to the Loan Documents. In addition, effective upon execution and delivery of this Amendment by all parties hereto, Lender hereby waives any Events of Default that first arose prior to the date of the Binding Term Sheet (the "Specified Events of Default").

13. Except as expressly set forth herein, all terms and conditions of the Note remain in full force and effect, without waiver or modification, and Lender reserves all of its rights and remedies under the Loan Documents (including with respect to any Events of Default other than the Specified Events of Default). All terms defined in the Note shall have the same meaning when used in this Amendment. This Amendment and the Note shall be read together, as one document.

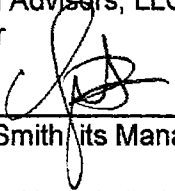
14. Notwithstanding anything to the contrary contained herein or in the Note or Binding Term Sheet, in the event of any conflict or inconsistency between the Note (as amended hereby) and the Binding Term Sheet with respect to matters covered by the Note (as amended hereby), the terms of the Note (as amended hereby) shall govern and control.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the day and year first written above.

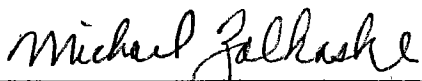
Secured Assets Belvedere Towers, LLC,
a Nevada limited liability company,

By: Ananda Advisors, LLC,
Its: Manager



By: Gregg Smith, its Manager

BTM, LLC, a Nevada limited liability company



By: Michael Zalkaske, its Manager

Belvedere Debt Holdings, LLC,
a Nevada limited liability company

By: _____,
Its: Manager

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the day and year first written above.

Secured Assets Belvedere Towers, LLC,
a Nevada limited liability company,

By: Ananda Advisors, LLC,
Its: Manager

By: Gregg Smith, its Manager

BTM, LLC, a Nevada limited liability company

By: Michael Zalkaske, its Manager

Belvedere Debt Holdings, LLC,
a Nevada limited liability company,

By: 
Its: Manager

EXHIBIT E

BEFORE THE COMMISSION FOR COMMON-INTEREST
COMMUNITIES AND CONDOMINIUM HOTELS
STATE OF NEVADA

JOSEPH (JD) DECKER, Administrator,
REAL ESTATE DIVISION, DEPARTMENT
OF BUSINESS & INDUSTRY, STATE OF
NEVADA,

Case No. 2013-2937; IN-1621 (2012-
2994); IN-1623 (2012-2870)

Petitioner,

vs.

FILED

AUG 24 2016

BELVEDERE TOWERS OWNERS
ASSOCIATION; DAVID LONICH;
TERRY STRONGIN; and
KELLY VANDEVER,

NEVADA COMMISSION OF
COMMON INTEREST COMMUNITIES
AND CONDOMINIUM HOTELS

Respondents.

STIPULATION AND ORDER FOR SETTLEMENT OF DISCIPLINARY ACTION

Petitioner, Real Estate Division of the Department of Business and Industry, State of Nevada (the "Division"), through its Administrator, JOSEPH (J.D.) DECKER, and Respondents, BELVEDERE TOWERS OWNERS ASSOCIATION; DAVID LONICH; TERRY STRONGIN; and KELLY VANDEVER, by and through their undersigned counsel, stipulate and agree as follows.

JURISDICTION AND NOTICE

1. DAVID LONICH, TERRY STRONGIN, and KELLY VANDEVER (the "BOARD") were at all relevant times mentioned in this complaint members of the executive board for BELVEDERE TOWERS OWNERS ASSOCIATION (the "ASSOCIATION") located in Reno, Nevada.

2. The BOARD and the ASSOCIATION are subject to the provisions of Chapter 116 of both the Nevada Revised Statutes ("NRS") and the Nevada Administrative Code ("NAC") and are subject to the jurisdiction of the Division, and the Commission for Common Interest Communities and Condominium Hotels pursuant to the provisions of NRS 116.750.

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Las Vegas, Nevada 89101

FACTUAL ALLEGATIONS ALLEGED IN THE COMPLAINT

1
2 3. Belvedere Towers Owners' Association (the "Association") governs a high-rise
3 condominium tower conversion marketed as The Belvedere in Reno, Nevada consisting of
4 approximately 176 units.

5 4. The Belvedere was a condominium conversion of the former hotel/casino, The
6 Sundowner.

7 5. Belvedere, LLC took title to the project from the declarant in 2006.

8 6. Bijan Madjlessi was the manager of Belvedere, LLC.

9 7. Units began selling in 2007; some of the units were sold by Belvedere, LLC.

10 8. Beginning in 2011 Secured Assets Belvedere Tower, LLC (SABT) purchased
11 several units previously owned by Belvedere, LLC from the Washoe county treasurer at a tax
12 auction and BTM, LLC (BTM) purchased units from other owners.

13 9. SABT and BTM (collectively referred to herein as the "investment companies")
14 owned approximately 145 units in the Association in 2011.

15 10. Bijan Madjlessi and his attorney, RESPONDENT DAVID LONICH, controlled the
16 investment companies which controlled the Association's board of directors.

17 11. SABT and RESPONDENT KELLY VANDEVER owned units on the 11th, 12th, and
18 14th floors which had not been completed by Belvedere, LLC.

19 12. Bijan Madjlessi and Biganeh Madjlessi, husband and wife, served on the
20 Association's board of directors in 2011.

21 13. RESPONDENT DAVID LONICH was appointed to the board in April 2011.

22 14. In June 2011, Bijan Madjlessi was arrested in California for filing two separate
23 insurance claims for the same fire at The Belvedere which occurred in 2008.

24 15. In August 2011, the Madjlessi's resigned from the board and RESPONDENTS
25 TERRY STRONGIN and WILLIAM VANDEVER were appointed. RESPONDENT DAVID
26 LONICH became the president.

27 16. According to minutes from November 2012, the Board opened election ballots at
28 its meeting and RESPONDENT TERRY STRONGIN was elected.

1 17. RESPONDENTS LONICH, STRONGIN, AND VANDEVER were affiliated with the
2 investment companies.

3 18. Beginning in June 2012, RESPONDENT DAVID LONICH represented the
4 Association in a civil action he brought on behalf of the Association (as the assignee of
5 Belvedere, LLC) against Belvedere, LLC's insurance companies for allegedly failing to pay all
6 of the insurance proceeds for the fire at The Belvedere in 2008.

7 19. In 2012, a unit owner in the Association filed complaints against the Board which
8 the Division investigated.

9 20. The Association's budget for 2012 included a \$553,000 capital improvement
10 assessment, a \$1,102,000 special assessment, and a "dues reimbursement" of \$819,440.

11 21. The new assessments were for new construction and equipment costs as listed
12 in the budget such as: hallways and lobbies on the 11th, 12th, and 14th floors, new plantings and
13 furniture in the common areas, construction costs, furniture, and exercise and theatre
14 equipment according to the budget.

15 22. The Board also voted to not require units on the 11th, 12th, and 14th floors to pay
16 assessments to the Association and gave them credit for prior payments.

17 23. The Division requested an accounting of the special and capital improvement
18 assessments, but no such accounting was provided by the Board.

19 24. The Division had to issue a subpoena for records after several requests for
20 documents and even then the records were not complete.

21 25. According to financial records provided to the Division by the Board, assessments
22 were comingled with SABT's account.

23 26. Evidence of construction costs were provided by checks paid by SABT and
24 contracts were in the name of SABT.

25 27. The Board gave "credits" on assessments for units owned by the investment
26 companies and affiliated owners and provided the Division with evidence of checks from SABT's
27 bank account for alleged Association expenses.

28 28. The Board failed to provide evidence of the validity of the "dues reimbursement"
of \$819,440 that went primarily to SABT, Board members and members of the Madjlessi family.

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1 29. Bank statements for the Association's account at Sonoma Bank in Santa Rosa,
2 California show multiple overdraft charges and electronic payments, and did not include copies
3 of checks paid from the account.

4 30. Association minutes provided do not show any discussion of bids for contractors
5 or contracts for construction.

6 31. Anita Perez was the property manager for the investment companies, but was
7 paid by the Association over \$100,000, and she did not have a community manager certificate
8 from the Division.

9 32. During a site visit to the Association, the Division's investigator discovered the
10 Association's records were kept in Santa Rosa, California in violation of NRS 116.31175.

11 33. The Board did not have audits performed as required by NRS 116.31144.

12 34. The Board did not fund a reserve account despite budgets reflecting reserve
13 deposits.

14 35. Bijan Madjlessi and RESPONDENT DAVID LONICH were indicted in April 2014
15 on federal charges of conspiracy, bank fraud, wire fraud, and money laundering, among other
16 charges, stemming from loans made by Sonoma Valley Bank that had been taken over by the
17 FDIC in 2010.

18 36. The Association filed for bankruptcy protection in 2014 and a receiver was
19 appointed to control the Association as requested by the investment companies' lender.

20 37. The Association's bankruptcy closed in January 2016.

21 **VIOLATIONS OF LAW ALLEGED IN THE COMPLAINT**

22 38. RESPONDENTS LONICH, STRONGIN, and VANDEVER knowingly and willfully
23 violated NRS 116.3103 (through NAC 116.405(2)) by failing to act in accordance with their
24 fiduciary duty to act in good faith by acting out of reasons of self-interest or gain by giving
25 "reimbursements" on assessments of over \$800,000 to the investment companies and affiliated
26 owners.

27 39. RESPONDENTS LONICH, STRONGIN, and VANDEVER knowingly and willfully
28 violated NRS 116.3103 (through NAC 116.405(2)) by failing to act in accordance with their
fiduciary duty to act in good faith by acting out of reasons of self-interest or gain when they

1 approved a special assessment and capital improvement assessment to fund construction of
2 the 11th, 12th, and 14th floors which benefited units owned by the investment companies and
3 RESPONDENT VANDEVER.

4 40. RESPONDENTS LONICH, STRONGIN, and VANDEVER knowingly and willfully
5 violated NRS 116.3103 (through NAC 116.405(3)) by failing to act in accordance with their
6 fiduciary duty to act in good faith by committing an act or omission which amounts to
7 incompetence, negligence or gross negligence by having the Association pay Anita Perez who
8 did not have a certificate from the Division to provide community management services and was
9 the investment companies' property manager.

10 41. RESPONDENTS LONICH, STRONGIN, and VANDEVER knowingly and willfully
11 violated NRS 116.3103 (through NAC 116.405(5)(a)) by failing to act in accordance with their
12 fiduciary duty to act in good faith by impeding or otherwise interfering with the Division's
13 investigation by failing to comply with requests from the Division for documents.

14 42. RESPONDENTS LONICH, STRONGIN, and VANDEVER knowingly and willfully
15 violated NRS 116.3103 (through NAC 116.405(5)(b)) by failing to act in accordance with their
16 fiduciary duty to act in good faith by supplying false or misleading information to the investigator.

17 43. RESPONDENTS LONICH, STRONGIN, and VANDEVER knowingly and willfully
18 violated NRS 116.3103 (through NAC 116.405(5)(c)) by failing to act in accordance with their
19 fiduciary duty to act in good faith by concealing facts and documents relating to the business of
20 the Association.

21 44. RESPONDENTS LONICH, STRONGIN, and VANDEVER knowingly and willfully
22 violated NRS 116.3103 (through NAC 116.405(7)) by failing to act in accordance with their
23 fiduciary duty to act in good faith by failing to cooperate with the Division in resolving complaints
24 filed with the Division.

25 45. RESPONDENTS LONICH, STRONGIN, and VANDEVER knowingly and willfully
26 violated NRS 116.3103 (through NAC 116.405(8)(a)) by failing to act in accordance with their
27 fiduciary duty to act in good faith by failing to cause the Association to comply with all applicable
28 federal, state and local laws and regulations.

1 provisions of Chapter 116, the Commission may order that RESPONDENTS be personally
2 liable for all fines and costs imposed.

3 SETTLEMENT

4 1. The Division was prepared to present its case based on the Complaint filed with
5 the Commission and the respondents were prepared to defend against the Complaint.

6 2. Respondents generally deny the factual allegations and violations of law alleged
7 in the Complaint. Notwithstanding, Respondents desire to compromise and settle the instant
8 controversy pursuant to the following terms and conditions.

9 3. The ASSOCIATION agrees to transfer \$175,000 to its reserve account within 10
10 days of the execution and approval of this Stipulation and Order for Settlement of Disciplinary
11 Action.

12 4. The ASSOCIATION agrees to increase the reserve assessment by \$28 per month
13 to begin no later than October 1, 2016, to make the monthly reserve contribution total \$10,000.
14 The monthly reserve contribution from the owners shall not be lower than \$10,000 per month
15 as of October 1, 2016 and shall progressively increase on an annual basis as provided in the
16 Association's Reserve Study dated August 26, 2015 from Browning Reserve Group prepared
17 by Robert W. Browning, RSS# 005.

18 5. The ASSOCIATION agrees to add to the reserve account all funds received from
19 the Fireman's Fund Settlement (Marin County Superior Court Case No. CIV1202632). The
20 amount of which is anticipated to be \$165,000 and will be deposited into the Association's
21 reserve account when the Association receives the funds.

22 6. Upon the sale of any unit in the Association owned by SABT and BTM, ½ of 1%
23 of the purchase price of the unit will be placed in the Association's reserve account.

24 7. Pursuant to a separate agreement between SABT, BTM and the Association,
25 SABT and BTM have agreed to forego collection of any amounts previously advanced to the
26 Association for operating expenses or any other purpose prior to the date of this Stipulation and
27 Order.
28

1 8. DAVID LONICH, TERRY STRONGIN and KELLY VANDEVER agree to never
2 again serve as a board member or officer for a common interest community located in the state
3 of Nevada.

4 9. The ASSOCIATION agrees to provide to the Division all documents and evidence
5 of the ASSOCIATION'S compliance with this Stipulation and Order as requested by the Division.

6 10. RESPONDENTS and the Division agree that by entering into this Stipulation and
7 Order, the Division does not concede any defense or mitigation RESPONDENTS may assert
8 and that once this Stipulation and Order is approved and fully performed, the Division will close
9 its file in this matter.

10 11. This Stipulation and Order includes any claims that could have been included in
11 a supplemental or amended complaint arising from the same operative facts, transactions and
12 occurrences in existence as of the effective date of this Stipulation and Order. However, this
13 Stipulation and Order does not include claims arising from facts or circumstances which have
14 been concealed by RESPONDENTS.

15 12. RESPONDENTS agree that if the terms and conditions of this Stipulation and
16 Order are not met, the Division may, at its option, rescind this Stipulation and Order and proceed
17 with prosecuting the Complaint before the Commission only against that RESPONDENT(S) that
18 breached the agreement.

19 13. RESPONDENTS agree and understand that by entering into this Stipulation and
20 Order, RESPONDENTS are waiving their right to a hearing at which RESPONDENTS may
21 present evidence in their defense, their right to a written decision on the merits of the Complaint,
22 their rights to reconsideration and/or rehearing, appeal and/or judicial review, and all other rights
23 which may be accorded by the Nevada Administrative Procedure Act, the Nevada Common
24 Interest Ownership statutes and accompanying regulations, and the federal and state
25 constitutions. RESPONDENTS understand that this Stipulation and Order and other
26 documentation may be subject to public records laws. The Commission members who review
27 this matter for approval of this Stipulation and Order may be the same members who ultimately
28 hear, consider and decide the Complaint if this Stipulation and Order is either not approved by
the Commission or is not timely performed by RESPONDENTS. RESPONDENTS fully

1 understand that they have the right to be represented by legal counsel in this matter at their
2 own expense.

3 14. Each party shall bear its own attorney's fees and costs.

4 15. Stipulation and Order is Not Evidence. Neither this Stipulation and Order nor any
5 statements made concerning this Stipulation and Order may be discussed or introduced into
6 evidence at any hearing on the Complaint, if the Division must ultimately present its case based
7 on the Complaint filed in this matter.

8 16. Approval of Stipulation and Order. Once executed, this Stipulation and Order will
9 be filed with the Commission and will be placed on the agenda for approval at its August 2016
10 public meeting. The Division will recommend to the Commission approval of the Stipulation and
11 Order. RESPONDENTS agree that the Commission may approve, reject, or suggest
12 amendments to this Stipulation and Order and that it must be accepted or rejected by
13 RESPONDENTS before any amendment is effective.

14 17. Withdrawal of Stipulation and Order. If the Commission rejects this Stipulation
15 and Order or suggests amendments unacceptable to RESPONDENTS, RESPONDENTS may
16 withdraw from this Stipulation and Order and the Division may pursue its Complaint before the
17 Commission at the Commission's next regular public meeting.

18 18. Release. In consideration of execution of this Stipulation and Order, the
19 RESPONDENTS for themselves, their heirs, executors, administrators, successors, and
20 assigns, hereby releases, remises, and forever discharges the State of Nevada, the Department
21 of Business and Industry and the Division, and each of their respective members, agents,
22 employees and counsel in their individual and representative capacities, from any and all
23 manner of actions, causes of action, suits, debts, judgments, executions, claims, and demands
24 whatsoever, known and unknown, in law or equity, that the RESPONDENTS ever had, now
25 has, may have, or claim to have, against any or all of the persons or entities named in this
26 section, arising out of or by reason of the Division's investigation, this disciplinary action, and
27 all other matters relating thereto.

28 19. Indemnification. RESPONDENTS hereby indemnify and hold harmless the State
of Nevada, the Department of Business and Industry, the Division, and each of their respective

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1 members, agents, employees and counsel in their individual and representative capacities
2 against any and all claims, suits, and actions brought against said persons and/or entities by
3 reason of the Division's investigation, this disciplinary action and all other matters relating
4 thereto, and against any and all expenses, damages, and costs, including court costs and
5 attorney fees, which may be sustained by the persons and/or entities named in this section as
6 a result of said claims, suits, and actions.

7 20. RESPONDENTS have signed and dated this Stipulation and Order only after
8 reading and understanding all terms herein.

9
10 Dated: 08/24/16


REAL ESTATE DIVISION
DEPARTMENT OF BUSINESS & INDUSTRY
STATE OF NEVADA

11
12 By: 

13
14 JOSEPH (J.D.) DECKER, Administrator
SHARATH CHANDRA

15
16 Dated: 8/17/16

BELVEDERE TOWERS OWNERS ASSOCIATION,
RESPONDENT

17
18 By: 
19 M. DEEGAN, PRESIDENT

20
21 Dated: _____

By: _____
DAVID LONICH, RESPONDENT

22
23 Dated: _____

By: _____
TERRY STRONGIN, RESPONDENT

24
25 Dated: _____

By: _____
KELLY VANDEVER, RESPONDENT

26
27
28

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1 members, agents, employees and counsel in their individual and representative capacities
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3 reason of the Division's investigation, this disciplinary action and all other matters relating
4 thereto, and against any and all expenses, damages, and costs, including court costs and
5 attorney fees, which may be sustained by the persons and/or entities named in this section as
6 a result of said claims, suits, and actions.

7 20. RESPONDENTS have signed and dated this Stipulation and Order only after
8 reading and understanding all terms herein.

9
10 Dated: _____

REAL ESTATE DIVISION
DEPARTMENT OF BUSINESS & INDUSTRY
STATE OF NEVADA

11
12
13 By: _____

14 ~~JOSEPH (J.D.) DECKER~~, Administrator
15 *SHARATH CHANDRA*

16
17 Dated: _____

BELVEDERE TOWERS OWNERS ASSOCIATION,
RESPONDENT

18
19 By: _____, PRESIDENT

20
21 Dated: *16 August 2016*

22 By:  _____
23 DAVID LOMICH, RESPONDENT

24 Dated: _____

25 By: _____
26 TERRY STRONGIN, RESPONDENT

27 Dated: _____

28 By: _____
KELLY VANDEVER, RESPONDENT

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555 E. Washington Avenue, Suite 3900
Las Vegas, Nevada 89101

1 members, agents, employees and counsel in their individual and representative capacities
2 against any and all claims, suits, and actions brought against said persons and/or entities by
3 reason of the Division's investigation, this disciplinary action and all other matters relating
4 thereto, and against any and all expenses, damages, and costs, including court costs and
5 attorney fees, which may be sustained by the persons and/or entities named in this section as
6 a result of said claims, suits, and actions.

7 20. RESPONDENTS have signed and dated this Stipulation and Order only after
8 reading and understanding all terms herein.


9
10 Dated: _____ REAL ESTATE DIVISION
11 DEPARTMENT OF BUSINESS & INDUSTRY
12 STATE OF NEVADA

13 By: _____
14 ~~JOSEPH (J.D.) DECKER~~, Administrator
15 SHARATH CHANDRA

16
17 Dated: _____ BELVEDERE TOWERS OWNERS ASSOCIATION,
18 RESPONDENT

19 By: _____, PRESIDENT

20
21 Dated: _____ By: _____
22 DAVID LONICH, RESPONDENT

23 Dated: 8/16/14 By: 
24 TERRY STRONGIN, RESPONDENT

25
26 Dated: _____ By: _____
27 KELLY VANDEVER, RESPONDENT

28

1 members, agents, employees and counsel in their individual and representative capacities
2 against any and all claims, suits, and actions brought against said persons and/or entities by
3 reason of the Division's investigation, this disciplinary action and all other matters relating
4 thereto, and against any and all expenses, damages, and costs, including court costs and
5 attorney fees, which may be sustained by the persons and/or entities named in this section as
6 a result of said claims, suits, and actions.

7 20. RESPONDENTS have signed and dated this Stipulation and Order only after
8 reading and understanding all terms herein.

9
10 Dated: _____ REAL ESTATE DIVISION
11 DEPARTMENT OF BUSINESS & INDUSTRY
12 STATE OF NEVADA

13 By: _____
14 ~~JOSEPH (J.D.) DECKER~~, Administrator
15 *SHARATH CHANDRA*

16
17 Dated: _____ BELVEDERE TOWERS OWNERS ASSOCIATION,
18 RESPONDENT

19 By: _____
20 _____, PRESIDENT

21 Dated: _____ By: _____
22 DAVID LONICH, RESPONDENT

23 Dated: _____ By: _____
24 TERRY STRONGIN, RESPONDENT

25
26 Dated: *8-17-16* By: *Kelly Vandever*
27 KELLY VANDEVER, RESPONDENT
28

Office of the Attorney General
555 E. Washington Avenue, Suite 3500
Las Vegas, Nevada 89101

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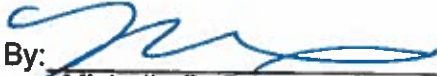
Approved as to form:

ADAM PAUL LAXALT,
Attorney General

LIPSON NEILSON

Dated: 8-18-16

Dated: _____

By: 
Michelle D. Briggs, Esq,
Senior Deputy Attorney General
Attorney for the Division

By: _____
Kaleb D. Anderson, Esq.
Attorneys for Respondents

IT IS ORDERED that the foregoing Stipulation and Order is approved in full.

Dated this _____ day of August, 2016.

COMMISSION FOR COMMON-INTEREST
COMMUNITIES AND CONDOMINIUM HOTELS
DEPARTMENT OF BUSINESS & INDUSTRY
STATE OF NEVADA

By: _____

Name: _____

Title: _____

Office of the Attorney General
555 E. Washington Avenue, Suite 3900
Las Vegas, Nevada 89101

1 Approved as to form:


2 ADAM PAUL LAXALT,
3 Attorney General

LIPSON NEILSON

4 Dated: _____

Dated: 8/17/16

5
6 By: _____
7 Michelle D. Briggs, Esq,
8 Senior Deputy Attorney General
9 Attorney for the Division

By: 
Kaleb D. Anderson, Esq.
Attorneys for Respondents

10
11 **IT IS ORDERED** that the foregoing Stipulation and Order is approved in full.

12 Dated this 24th day of August, 2016.

13
14 COMMISSION FOR COMMON-INTEREST
15 COMMUNITIES AND CONDOMINIUM HOTELS
16 DEPARTMENT OF BUSINESS & INDUSTRY STATE
17 OF NEVADA

18 By: 

19 Name: SCOTT SIBLEY

20 Title: CHAIRMAN

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Las Vegas, Nevada 89101

EXHIBIT F