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UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEVADA

In re:

SECURED ASSETS BELVEDERE  
TOWERS, LLC,

Debtor.

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

Chapter 11 Case

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

Final Hearing Date: March 23, 2017

Final Hearing Time: 2:00 p.m.

## 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 Amended Chapter 11 Plan of Reorganization (“Plan”) to treat the Claims of the Creditors and the interests of Equity Security Holders of the Debtor.<sup>1</sup>

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

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<sup>1</sup> 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.



Plan is included as Exhibit "A" to this Disclosure Statement.

**THE COURT HAS CONDITIONALLY APPROVED THIS DISCLOSURE STATEMENT AS CONTAINING ADEQUATE INFORMATION TO ENABLE PARTIES AFFECTED BY THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THEIR TERMS. THE COURT HAS NOT YET DETERMINED WHETHER THE PLAN MEETS THE LEGAL REQUIREMENTS FOR CONFIRMATION, AND THE FACT THAT THE COURT HAS CONDITIONALLY APPROVED THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT OF THE PLAN BY THE COURT, OR A RECOMMENDATION THAT IT BE ACCEPTED. THE COURT'S CONDITIONAL APPROVAL OF THIS DISCLOSURE STATEMENT IS SUBJECT TO FINAL APPROVAL AT THE HEARING ON CONFIRMATION OF THE PLAN.**

The hearing at which the Court will determine whether to finally approve this Disclosure Statement will take place in the C. Clifton Young Federal Building, 300 Booth Street, Reno, Nevada 89509 on March 23, 2017 at 2:00 p.m. as set forth in the Notice of Hearing on Motion for Order: (1) Approving Disclosure Statement; (2) Setting Deadlines for Balloting and Approving Form of Notice and Ballot; and (3) Setting Confirmation Hearing and Related Deadlines that has been served on you. Objections to the Disclosure Statement must be made as set forth in that Notice. If you require additional information about the Plan, please contact:

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Interested parties may also obtain further information, including copies of pleadings filed in the Bankruptcy Case, from the United States Bankruptcy Court for the District of Nevada at its website: <http://www.nvb.uscourts.gov>.

After those Creditors and Equity Security Holders entitled to vote have voted to accept or

1 reject the Plan, the Bankruptcy Court will conduct a hearing on the Plan (“Confirmation Hearing”)  
 2 to determine whether the Plan should be confirmed. At the Confirmation Hearing, the Bankruptcy  
 3 Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code.  
 4 The Bankruptcy Court will consider a ballot summary that will present a tally of the votes of  
 5 Classes accepting or rejecting the Plan cast by those entitled to vote. Once confirmed, the Plan  
 6 will be treated essentially as a contract binding on all Creditors, Equity Security Holders and other  
 7 parties-in-interest in the Chapter 11 Case.

8 **THIS DISCLOSURE STATEMENT IS NOT THE PLAN. FOR THE**  
 9 **CONVENIENCE OF CREDITORS, THE PLAN IS SUMMARIZED IN THIS**  
 10 **DISCLOSURE STATEMENT. ALL SUMMARIES ARE QUALIFIED IN THEIR**  
 11 **ENTIRETY BY THE PLAN ITSELF. IN THE EVENT OF ANY INCONSISTENCY**  
 12 **BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN, THE PLAN WILL**  
 13 **CONTROL.**

## 14 **II.**

### 15 **SUMMARY OF THE PLAN**

16 The following is a general overview of the provisions of the Plan. This overview is  
 17 qualified in its entirety by reference to the provisions of the Plan. For a more detailed description  
 18 of the terms and provisions of the Plan, see Article IV of this Disclosure Statement and the Plan  
 19 itself, which is attached as Exhibit A to this Disclosure Statement and incorporated herein by this  
 20 reference.

21 In summary, the Plan provides for the implementation of a Settlement Agreement, which  
 22 in turn provides for continued operation of the Debtor through the leasing of its Units at The  
 23 Belvedere and through the sale of its Units along with the sale of units owned by BTM, LLC. The  
 24 Allowed Secured Claim of Belvedere Debt Holdings, LLC (“BDH”) will be paid in full from the  
 25 sale of Units, after which the remaining Units owned by SABT and BTM will be sold and creditors  
 26 of the Debtor will be paid from the Debtor’s proceeds of sale. Pursuant to the terms of a December  
 27 17, 2014 agreement (the “Letter Agreement”, described in further detail in this Disclosure  
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Statement), the proceeds of sale after BDH is paid in full will be paid to SABT or BTM to repay their advances and then to SABT and BTM (and potentially to another party to the Letter Agreement, to David Lonich if sales reach a certain level, which the Debtor does not believe they will), on a sliding scale pursuant to the terms of the Letter Agreement. The Debtor submits that the only means by which Creditors will be paid is for the Debtor to remain in business, to implement the Settlement Agreement and continue the orderly sale of its assets as set forth in the Plan. The Plan provides for the payment of allowed secured creditor claims and unsecured creditor claims in full, except for the Ananda III and Ananda I creditors, who the Debtor does not believe will be paid in full, if at all.

A copy of the Transcript of Proceeding before this Court on February 2, 2017 at which the parties' settlement terms were placed on the record is attached hereto as Exhibit B and incorporate herein by this reference.<sup>2</sup>

### III. **GENERAL INFORMATION ABOUT THE DEBTOR'S BUSINESS AND THE FILING OF THE BANKRUPTCY CASES**

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

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

#### **1. Debtor's Loan History**

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

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

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<sup>2</sup> The Debtor is continuing to work with the other parties to the settlement to memorialize a written settlement agreement. Upon execution, the Debtor will file that document with the Court, absent which the Debtor is asking the Court to approve the terms of the Settlement Agreement as placed on the record in Exhibit B hereto as part of its Plan.

1 On May 16, 2012, SABT borrowed from GreenLake Real Estate Fund LLC (“Greenlake”)  
2 the principal amount of \$2,600,000 at an annual fixed interest rate of twelve percent (12%), which  
3 loan is evidenced by a “Promissory Note Secured by A Deed of Trust” (the “Note”). The Note  
4 was secured by the “First Priority Deed of Trust, Security Agreement, Assignment of Rents and  
5 Leases and Fixture Filing” for the benefit of Greenlake, also dated May 16, 2012, which included  
6 ninety-two (92) condominium units in The Belvedere as collateral for the Note (the “Deed of  
7 Trust”).

8 The Note and Deed of Trust were amended several times. The First Amended Deed of  
9 Trust between SABT and Greenlake was recorded on September 7, 2012 as Document 4149224  
10 with Official Records, Washoe County. The collateral described in the First Amended Deed of  
11 Trust included 110 condominium units at The Belvedere. The First Amended Note changed the  
12 Fixed Rate of interest to 11.5 percent and provided an additional \$925,000 for SABT to acquire  
13 21 additional units. The Second Amended Promissory Note, dated June 26, 2013, included SABT  
14 and another entity, BTM, LLC (“BTM”), as borrowers for a balance of \$4,880,000.

15 Before the Second Amended Promissory Note was executed, SABT owed approximately  
16 \$3,250,000 to Greenlake. The Second Amended Promissory Note increased that debt by  
17 \$1,355,000, which funds were used to purchase BTM’s units. Thus, of the \$4,880,000 principal  
18 of the Second Amended Promissory Note, 72 percent is attributable to SABT and 28 percent is  
19 attributable to the debt incurred by BTM. SABT believes that BTM disputes these percentages.

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

23 Greenlake incurred additional charges and advances in the amount of \$1,851,802 through  
24 December 2014. Even using allocations of debt that are more favorable to BTM of 80 percent  
25 SABT/20 percent BTM, the percentage of the additional charges attributable to SABT would be  
26 \$1,481,442 and \$370,360 to BTM.

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

6 Thereafter, BTM became a joint obligor with SABL in the Second Amended Promissory  
7 Note and Second Amended Deed of Trust described above. To SABL’s knowledge, at the time of  
8 this filing, BTM owns approximately 27 condominium units in The Belvedere.

9 **B. Assignment to BDH.**

10 On or about December 17, 2014, Greenlake executed an Allonge and Assignment of the  
11 Note, the First Amended Note, Second Amended Note, and the Deed of Trust, First Amended  
12 Deed of Trust and Second Amended Deed of Trust to Belvedere Debtor Holdings, LLC (“BDH”).  
13 The disclosed acquisition price was \$6,731,802. On or about December 17, 2014, Greenlake  
14 executed an Allonge to the BTM Promissory Note in favor of BDH. Also on December 17, 2014,  
15 Greenlake executed an Assignment of the BTM Deed of Trust.

16 **C. The Letter Agreement.**

17 The Debtor and others defined therein as “SABL” and others identified as the “Lonich  
18 Parties” and the “BTM Parties” executed a document dated December 17, 2014 (the “Letter  
19 Agreement”), a copy of which is attached hereto as Exhibit C. Among other things, the Letter  
20 Agreement provided for terms of joint management of the 144 Units then owned by SABL and  
21 BTM at The Belvedere and provisions for the distribution of sales proceeds in a particular order  
22 of priority. Paragraph 19 of the Letter Agreement made it clear that the disbursement of sales  
23 proceeds was to occur in an order of priority. (“The following sums shall be paid from the sales  
24 proceeds from a Refinance or sale of the 144 Units in the following order of priority”, Exhibit C,  
25 p. 10, as a prelude to Paragraph 19(b).) The operative provisions are in subparagraph (b), as  
26 follows:

27 “If SABL is unable to obtain and close a timely Refinance or sale, the sums  
28 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 services 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. 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),<sup>3</sup> 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;

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<sup>3</sup> The principal of BTM, Michael Madjlessi, is the brother-in-law of the principal of BDH, Alexander Kendall.

(5) Fifth, to SABT and BTM in the following percentages until sales proceeds from the sale of the 144 Units payable to the Parties<sup>4</sup> have reached \$5,500,000, (a) 85 % to SABT; and (b) 15 % to BTM;

(6) Sixth, from \$5,500,000 in profits<sup>5</sup> 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;<sup>6</sup> and

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

The Plan provides for the implementation of Paragraph 19(b) of the Letter Agreement. In particular, after the payment of BDH in full, proceeds of sale of the Units governed by the Letter Agreement will be paid to SABT and BTM in repayment of Applicable Advances pursuant to Paragraph 19(b)(4). SABT has attached as Exhibit F hereto the Applicable Advances. From SABT's portion, it will pay the Class 3 (Washoe County Secured), Class 4 (Washoe County Priority), Class 6 (Woodburn and Wedge Secured), Class 7 (Unsecured Creditors), and to the extent funds are available, Class 9 (Ananda I and Ananda III). Based on the Debtor's projections, attached hereto as Exhibit E, the Debtor anticipates that Paragraph 19(b)(5) of the Letter Agreement will yield some sharing of proceeds between SABT and BTM in accordance with its terms. The Debtor does not believe there will be sufficient proceeds to reach the sixth and seventh tier of priority of payment (but if there is, the proceeds will be shared as set forth in those paragraphs in that order of priority).

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<sup>4</sup> BDH is not a "Party" to the Letter Agreement. ("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." Exhibit C, p. 2.)

<sup>5</sup> The term "profits" is not defined in the Letter Agreement.

<sup>6</sup> There is no paragraph 19(b)(8) in the Letter Agreement.



1 The Debtor is aware that other parties to the Letter Agreement interpret it to mean that  
2 Paragraph 19(b)(7) applies to include all sales once the gross sales price has reached \$17,500,000.  
3 There are at least three reasons why the Letter Agreement does not so provide. First, the document  
4 itself states that “[t]he following sums shall be paid from the sales proceeds from a Refinance or  
5 sale of the 144 Units in the following order of priority”, Exhibit C, p. 10, as a prelude to Paragraph  
6 19(b). Second, Paragraph 19(b)(5) states that the calculation of the sharing of proceeds up to  
7 \$5,500,000 is based on “percentages until sales proceeds from the sale of the 144 Units payable to  
8 the Parties have reached \$5,500,000[.]” As noted above, BDH is not a Party to the Letter  
9 Agreement. Thus, the nearly \$17,000,000 in sales that will be needed to pay BDH in full are  
10 plainly not included in the waterfall beginning with Paragraph 19(b)(5). Finally, Paragraph  
11 19(b)(6) contains a parenthetical clause, “provided, however, that once SABL has received a total  
12 of \$5,500,000 from the distributions pursuant to paragraphs 19(b)(6) and 19(b)(7), then  
13 distributions will be made pursuant to paragraph 19(b)(8) below[.]” There is no Paragraph  
14 19(b)(8), but this error reveals yet another example of the intent that SABL and BTM would share  
15 on an 88/15 basis for the first \$5,500,000, at least.

16 The Letter Agreement contains a cryptic sentence: “For the purpose of calculating the  
17 amounts to be disbursed pursuant to paragraph 19 of this Agreement, to the extent any conflict is  
18 created in calculating the \$5,500,000 figure and the \$17,500,000 figure, the \$17,500,000 figure  
19 will control.” Id., ¶ 20. The “clarification” provides scant, if any, guidance. Regardless, an  
20 interpretation of the Letter Agreement other than the Debtor’s would have the effect of writing  
21 Paragraph 19(b)(5) and 19(b)(6) out of the document, would be entirely contrary to a “priority” of  
22 payment as numbered in the paragraph, and is inconsistent with the language and construction of  
23 the paragraph as a whole.

24 The Plan implements the Letter Agreement and the waterfall of payments set forth in  
25 Paragraph 19(b). Based on the Debtor’s projections and the fact that the twelve Foreclosure Units  
26 are not governed by the Letter Agreement, the Debtor does not believe that any sharing of proceeds  
27 after Paragraph 19(b)(5) of the Letter Agreement will be realized. Despite this, the two proofs of  
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claim filed by BTM and the proof of claim filed by Lonich arising from the Letter Agreement are treated and resolved in full as Class 8.

As a result of the Settlement Agreement, which is also implemented in the Plan, BTM will withdraw its proofs of claim and is entitled to receive its Applicable Advances and its portion of proceeds under Paragraph 19(b)(5) and, if any, Paragraph 19(b)(6) and (7). Because it is receiving precisely what is required under the Letter Agreement (and the Settlement Agreement), BTM's treatment under Class 8 is unimpaired. Along similar lines, Lonich's Claim is unimpaired because Lonich is receiving what is required under the Letter Agreement.

#### **D. BDH Proof of Claim.**

BDH has filed a Proof of Claim and an Amended Proof of Claim, in which it sets forth that the total *principal* amount owed on the Note is \$15,852,176.19 as of the Petition Date. Claims Docket No. 3-1 and 3-2. As set forth above, BDH purchased the Note in December 2014 for \$6,731,802. In addition to that amount, BDH has included as part of its asserted claim \$1,772,131 in additional advances, default interest and charges that were due on the Note on October 31, 2014, which predated BDH's acquisition of the Second Amended Note. Between December 2014 and September 20, 2016, BDH has informed the Debtor it has been paid \$1,675,164 in interest from the Interest Reserve, sales and other unidentified sources.

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.

The Debtor disputes BDH's calculation of the amounts it is owed on a number of grounds summarized here. At least some of the amounts arise from penalties that may not be enforceable under the law. For example, the ability to enforce fees and other charges as part of an oversecured creditor's oversecured claim, those fees and charges are subject to a requirement of reasonableness. 11 U.S.C. §506(b); see, e.g., In re Imperial Coronado Partners, Ltd., 96 B.R. 997 (9th Cir. BAP

1 1989) (prepayment and maturity fees are subject to reasonableness standard). Under Nevada law,  
 2 liquidated damages consist of an amount a party to an agreement agrees to pay if the party fails to  
 3 perform and which, have been arrived at in an effort to establish actual damages, is recoverable as  
 4 agreed-upon damages. Mason v. Fakhimir, 109 Nev. 1153, 1156-57 (1993); Joseph F. Sansome  
 5 Inv. Co. v. 268 Ltd., 106 Nev. 429, 435 (1990). In contrast, a contractual penalty provision is a  
 6 punishment for a default and is unenforceable under Nevada law. American Fire & Safety, Inc. v.  
 7 City of North Las Vegas, 109 Nev. 357 (Nev. 1993) (penal bond is enforceable only to the extent  
 8 the aggrieved party has suffered real damages). A party challenging such a provision must show  
 9 that the liquidated damages are disproportionate to the actual damages sustained by the injured  
 10 party. Haromy v. Sawyer, 98 Nev 544, 547 (1982). The Nevada Supreme Court has held that a  
 11 contractual provision that required the breaching party to pay 150 percent of actual damages is a  
 12 penalty and unenforceable. Khan v. Bakhsh, 306 P.3d 411 (Nev. 2013).

13 The Debtor anticipates that BDH vigorously disputes any and all grounds on which the  
 14 Debtor will object to the Allowed Amount of its Claim, which is resolved in its entirety by the  
 15 Settlement Agreement. In summary, the Settlement Agreement reduces the principal amount of  
 16 BDH's Claim for approximately \$16,000,000 to \$12,500,000, waives the compounding of post-  
 17 petition default interest, late charges and other penalties, and reinstates the Note at the non-default  
 18 rate of 12 percent on the Effective Date.

#### 19 **E. Secured and Priority Claims of Washoe County.**

20 Washoe County filed a priority tax claim in the amount of \$3,623.67 and a secured claim  
 21 in the amount of \$24,607.25, which the Debtor proposes to pay from its proceeds of sale after  
 22 BDH is paid in full.

#### 23 **F. Potential Equitable Lien of BTM.**

24 The Debtor purchased twelve additional Units in 2015 from sellers as well as at homeowner  
 25 association foreclosure sales (the "Foreclosure Units"). SABL is on title to each of these  
 26 Foreclosure Units. BTM has filed a claim for equitable lien on the Foreclosure Units in the amount  
 27 of \$262,963.00. Claims Docket No. 5-1. This claim is resolved by the Settlement Agreement, in  
 28

1 which SABT and BTM agree to share the Foreclosure Unit Costs and proceeds of sale on an 80  
2 percent/20 percent basis, respectively.

### 3 **G. Disputed Lien Claims of US Bank and Verdugo Trust.**

4 US Bank was a lienholder of record for some or all of the Foreclosure Units. The Verdugo  
5 Trust may have been a lienholder of record on some of the remaining Foreclosure Units. The  
6 Debtor contends that pursuant to the decisions of the Nevada Supreme Court in *SFR Inv. Pool I, LLC v. U.S. Bank, NA*, 334 P.3d 4088 (Nev. 2014) (foreclosure of a homeowner association  
7 superpriority lien under NRS chapter 116 extinguishes the first deed of trust on the same property);  
8 and Saticoy Bay LLC Series 350 Durango 104 v. Wells Fargo Home Mortgage, \_\_\_\_\_ Nev.  
9 \_\_\_\_\_, 133 Nev. Advance Opinion 5 (Nev. 2017), the liens of US Bank and The Verdugo Trust  
10 were extinguished by the foreclosure sales. However, the liens of US Bank and The Verdugo  
11 Trust remain of record. SABT and BTM have been unable to obtain clear title to the Foreclosure  
12 Units and cannot obtain an Owner's Policy of Title Insurance on any of the Foreclosure Units until  
13 an action is brought to quiet title on these units. Debtor has retained Dane Anderson, Esq. and  
14 Seth Adams, Esq., Woodburn Wedge, for the purpose of quieting title on the Foreclosure Units.  
15 The costs of quieting title to the Foreclosure Units collectively are included in the Foreclosure Unit  
16 Costs (as defined in the Plan ).

17  
18 The Debtor is not the maker or obligee of any obligation with U.S. Bank or Verdugo Trust.  
19 The Debtor is entitled to treat U.S. Bank's claims and Verdugo Trust's claim pursuant to its Plan  
20 by operation of 11 U.S.C. §102(2) ("claim against the debtor' includes claim against property of  
21 the debtor[']"). The Debtor treats U.S. Bank as a disputed Class 2A Creditor, whose lien is  
22 extinguished by virtue of the Plan. The Debtor treats Vertigo Trust as a disputed Class 2B Creditor,  
23 whose liens is extinguished by virtue of the Plan.

### 24 **H. Woodburn and Wedge**

25 The Debtor consented to the entry of a Judgment in favor of Woodburn & Wedge in 2014  
26 in the amount of \$35,000. The Judgment was recorded with Official Records, Washoe County.  
27 Pursuant to the recorded Judgment, Woodburn & Wedge has been paid from pre-petition sales of  
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SABT's Units so that the amount owed on the Judgment as of the Petition Date was \$31,007.05. Claims Docket No. 9. This secured portion of Woodburn Wedge's pre-petition Claim is treated as a Secured Claim in Class 5. The balance of Woodburn Wedge's prepetition Claim is treated in the Unsecured Creditor Class 6.

### **I. Unsecured Creditors.**

The Debtor has four unsecured creditors who are collectively owed approximately \$40,000 classified in Class 7. The Debtor anticipates payment of the Allowed Claims from its proceeds of sale after BDH, Washoe County and Woodburn and Wedge are paid in full.

### **J. Ananda III and Ananda I**

The Debtor also borrowed approximately \$6 million from Ananda III and an additional \$2.9 million from Ananda III and Ananda I pursuant to the terms of an Operating Agreement. In September 2013, the Debtor granted a security interest against its property in favor of Ananda III. The security interest was not perfected. The Debtor proposes to satisfy the Claims of Ananda III and Ananda I from its proceeds of sale after the payment in full of BDH, Washoe County, Woodburn and Wedge, and Unsecured Creditors.

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

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

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

On May 29, 2014, the State Court entered a Stipulation and Order Expanding Authority of Receiver (the "Stipulated Order"), approving a stipulation of the Plaintiff and the Defendants to

1 appoint Mr. Donell as the majority member of BTOA and the sole director of BTOA.

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

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

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

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

26 After regaining possession of its Units, the Debtor and BTM jointly employed Dickson  
27 Commercial Group (“Dickson”) as their professional property manager. Since that time, Dickson  
28

collects SABT's monthly rental income and deposits it into a checking account that is in Dickson's name. Dickson then pays all expenses associated with SABT's units from that checking account, including but not limited to payment to third party vendors for utilities, ongoing maintenance, homeowners' dues and other routine expenses incurred in owning approximately 120 condominium units. Expenses also include insurance, governmental fees and taxes, maintenance and capital expenditures.

### **3. Debtor's Estimated Value of the Collateral, Unit Sales and DRE Stipulation.**

Since April 2016, BDH has received \$534,482.76 in pre-petition sale proceeds from the sale of the Debtor's Units, an additional \$143,786.13 on September 16, 2016, from the pre-petition sale of a BTM unit. Since the Petition Date, BDH has received \$584,138 from the post-petition sales of seven SABT and three BTM units.

Based on two brokers' opinions of value, the condominium Units owned by BTM and by SABT (prior to April 2016) had an approximate combined value of \$23 million if sold individually. Extrapolating from that value, SABT's property had a Petition Date value of approximately \$18,000,000. Units have been sold since April 2016, reducing the total value of the units. As can be extrapolated from the recent sales, the units are worth – on average – approximately \$155,000 per unit.

SABT has not directly paid interest to BDH since April 2016. Even using the Secured Creditor's alleged amounts owed in excess of \$15,000,000, it has an equity cushion based on the value of the Debtor's ownership interest in the collateral. The Secured Creditor has an additional equity cushion in the approximately 27 units owned by BTM.

On August 24, 2016, a Stipulation and Order for Settlement of Disciplinary Action was filed with the Nevada Commission for Common Interest Communities and Condominium Hotels in Decker v. Belvedere Towers Owners Association, David Lonich, Terry Strongin and Kelly Vandever, a copy of which is attached hereto as Exhibit D. Pursuant to the Stipulation and Order, BTOA agreed to fund a reserve account of \$500,000 by the transfer of \$175,000 in its own reserve



1 account, \$165,000 from the settlement of litigation against Fireman's Fund (which settlement  
 2 involved SABT's Units); an increase of the reserve assessment of \$28 per month for a minimum  
 3 reserve contribution by the owners of \$10,000; and the payment of one-half of one percent of the  
 4 purchase price of any unit by SABT or BTM.

5 To SABT's knowledge, the reserve has been funded in an amount in excess of \$400,000  
 6 attributable to its funds and contributions. The balance of the reserve, which remains subject to  
 7 the \$10,000 per month assessment to the owners and the one-half of one percent of sales of units,  
 8 exceeds SABT's proportionate ownership of Units. This disproportionality is one of the issues  
 9 resolved by the Settlement Agreement with BTM as set forth in the chart of advances that will be  
 10 subject to repayment as provided in the Letter Agreement. Exhibit F.

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

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

13 On September 19, 2016, the Debtor filed its Motion Pursuant To 11 U.S.C. §§ 105(a) and  
 14 363(c) For Interim And Final Orders Authorizing the Debtor's Use Of Cash Collateral. Docket  
 15 No. 4. This motions was set on an order shortening time for hearing on September 19, 2016.  
 16 Docket No. 10. At the hearing, the Court granted the motion on an interim basis, Docket No. 16,  
 17 and set the final hearing for October 13, 2016. Docket No. 19. The Court granted final relief on  
 18 the motion and approved the Debtor's budget through November 2016. Docket No. 61.

19 Thereafter, on November 23, 2016, the Debtor filed its Motion to Approve Stipulation to  
 20 Use Cash Collateral and Proposed Budget, in which the Debtor and BDH stipulated to the Debtor's  
 21 budget through January 2017, subject to the line item for attorneys' fees not being paid at this time.  
 22 Docket No. 112. At the hearing on this motion on December 8, 2016, the Court approved the  
 23 motion. The Court entered the Order Granting Motion for Order Approving Stipulation for Use  
 24 of Cash Collateral and Proposed Budget on December 12, 2016. Docket No. 142.

25 Thereafter, on March 1, 2017, the Court entered an Order Approving Stipulation regarding  
 26 Use of Cash Collateral and Agreement on Proposed Budget, Docket No. 322, approving the  
 27 Debtor's continued use of cash collateral to pay operating expenses through the Effective Date of  
 28

the Plan.

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

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

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

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

The Debtor has obtained orders to employ the following professionals in this case that it proposes to pay as Administrative Claimants. Pursuant to filed final applications for compensation, the total amount owed to Lee High, Ltd. is estimated through the Effective Date of approximately \$250,000; Davis Graham & Stubbs, LLP is owed approximately \$44,000; and Woodburn and Wedge will be owed approximately \$5,000. The table below lists the scope of employment and the basis for employment. Dickson Realty has been paid in full from Unit sales to date.<sup>7</sup>

<b>Name of Professional</b>	<b>Scope of Employment</b>	<b>Docket Nos.</b>
Davis Graham & Stubbs, LLP, substituted by Lee High, Ltd.	Bankruptcy Counsel	60 238
Woodburn and Wedge	Special Litigation Counsel	202

<sup>7</sup> Dickson Commercial Group ("DCG") has served as Debtor's professional property manager pursuant to an Operating Agreement between DCG, SABL and BTM that was amended post-petition. DCG has been paid pursuant to that amended agreement and thus is not anticipated to be owed any administrative expense on the Effective Date.



Dickson Realty, Inc.	Property Sales	80, 156, 157, 173, 174, 297 and 308
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The Debtor has informally received a request for administrative payment from Mike Zalkaske, to which the Debtor has not agreed. Debtor's inquiries about the services performed by Mr. Zalkaske led it to conclude that he would have to be employed as a professional, which he has not been, and that the services he performed could not be verified by the Debtor's managers.

#### **4. Motions to Sell Real Property.**

The Debtor filed motions to sell certain Units at the Property, Docket Nos. 54, 152, 92, 194 and 243, all of which have been approved. Docket Nos. 80, 156, 157, 297 and 308.

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

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

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

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

January 17, 2017 and January 19, 2017, respectively, Docket Nos. 131 and 132, respectively, and then again to February 9, 2017 and February 10, 2017. Docket Nos. 220 and 221, respectively.

The Debtor filed and served its Responses and Objections to Subpoena on November 14, 2016. Docket No. 98. Without waiving any of its objections, the Debtor served responsive documents on November 16, 2016 and again on November 17, 2016. Docket Nos. 103 and 106, respectively. The Debtor re-served two pages of the discovery on or about November 22, 2016. The parties have since resolved the Debtor's sole objection to a category for which it did on produce any documents.

The discovery, including the Rule 2004 examinations, is resolved by the Settlement Agreement.

#### **7. Motion to Appoint Chapter 11 Trustee.**

BDH filed its Motion to Appoint Chapter 11 Trustee and supporting declarations on January 4, 2017, Docket Nos. 203, 204 and 205, to which SABL and others have filed oppositions, Docket Nos. 289, 292 and 294, set for hearing on February 14, 2017 at 2:00 p.m. (the "Trustee Motion"). The Trustee Motion is resolved by the Settlement Agreement.

#### **8. Objections to Claims of Ananda I and Ananda III.**

On January 13, 2017, BDH and BTM jointly filed objections to proofs of claim filed by Ananda Partners I, LLC and Ananda Partners III, LLC ("Claim Objections"). Docket Nos. 228 and 230. The Claim Objections are resolved by the Settlement Agreement in that BDH and BTM have agreed to vote on the Plan.

### **IV.** **DESCRIPTION OF THE PLAN:** **CLASSIFICATION AND TREATMENT OF CLAIMS**

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

Pursuant to Section 1123(a)(1) of the Bankruptcy Code, Unclassified Claims against the

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

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

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

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

Allowed professional fees to Lee High, Ltd. will be paid by a carve-out of the Debtor's cash collateral of \$250,000 held in counsel's trust account. Dickson Commercial Group, the Debtor's property manager through the Effective Date, and Dickson Reality, Inc., the Debtor's real estate broker through the Effective Date, have been paid for services incurred through the Effective Date. To the extent not satisfied by a carve-out, Davis Graham & Stubbs, LLP and Woodburn and Wedge will be paid from the Debtor's proceeds of sale after BDH is paid in full.

The priority tax claim and the secured tax claim of Washoe County will be paid by the Reorganized Debtor (a) from the proceeds of sale of the Debtor's Units after BDH is paid in full; (b) such other time as is agreed to by the holder of such Claim and the Debtor and the holder of such Claim prior to the Effective Date or the Reorganized Debtor and the holder of such Claim after the Effective Date; or (c) regular payments in case of a total value, as of the Effective Date of the Plan, equal to the allowed amount of such claim, over a period ending not later than 5 years after the Petition Date and in a manner not less favorable than the most favored nonpriority

unsecured Claim provided by this Plan.

The Debtor is unaware of any other Priority Claims that the Debtor owes. All fees required to be paid to the United States Trustee will be paid in full upon confirmation of the Plan, and shall remain current until the case is fully administered or closed, whichever occurs first.

Pursuant to Section 1123(a)(1) of the Bankruptcy Code, all Claims against the Debtor, except Unclassified Claims, are placed in the following classifications as set forth below. Classes of Claims 1, 2(A), 2(B), 3, 4, 5, 6, 7 and 9 are impaired and are entitled to vote on the Plan. The Class of Equity Security Interests is not impaired and is not entitled to vote. Class 8 treatment of BTM and Lonich is pursuant to the Letter Agreement and this class is unimpaired.

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

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

B. Secured Claim of Verdugo Trust or its successors in interest.

**Class 3:** Priority Claim of Washoe County.

**Class 4:** Secured Claim of Washoe County.

**Class 5:** Unsecured and unperfected equitable lien Claim of BTM, LLC.

**Class 6:** Secured Claim of Woodburn and Wedge.

**Class 7:** Allowed Claims of Unsecured Creditors not entitled to priority under Section 507 of the Bankruptcy Code and not otherwise included in any other class hereof, including, without limitation, claims which may arise out of the rejection of executory contracts or unexpired leases.

**Class 8:** Allowed Unsecured Claims of BTM, LLC and David Lonich pursuant to Paragraph 19(b)(5), (6) and (7) of the Letter Agreement.

**Class 9:** Claims of Ananda III and Ananda I.

**Class 10:** The claims and interests of the Equity Security Holders of the Debtor.

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

**4.1. Class 1 –** The Secured Claim of BDH. The Debtor proposes to pay the Allowed Secured Claim of BDH as follows: BDH shall have an allowed, secured claim in the Bankruptcy

Case with a principal balance of the Note, as amended, of \$12.5 million as of the Petition Date, which will accrue simple, non-compounding interest at the default rate of 25 percent from the Petition Date until the Effective Date. All post-petition payments made on the Note by either SABT or BTM will be credited to post-petition default interest. On the Effective Date, the Note Rate (12 percent per annum) will be reinstated and interest will be paid on the first day of each calendar quarter, January 1, April 1, July 1 and October 1 after the Effective Date. The maturity date of the Note will be three years from the Effective Date. All payments shall be applied pursuant to the terms of the Loan Documents. There shall be no prepayment penalty. In all other respects, the terms of the Loan Documents shall remain unmodified and in full force and effect after the Effective Date, and the terms of this Settlement Agreement as incorporated into this Plan will constitute the appropriate amendment to the Loan Documents without necessity for further documentation.

If the Debtor and BTM do not meet sales benchmarks on a rolling three month basis of 4 closed sales per month, or any other monetary event of default occurs under the Loan Documents, the full amount of BDH's claim will be automatically reinstated, the post-confirmation stay will automatically be lifted without further order from the Bankruptcy Court and BDH shall be entitled to exercise all of its rights and remedies under the Loan Documents, including without limitation, initiating a judicial or non-judicial foreclosure. All of BDH's costs associated with the Bankruptcy Case through the Effective Date, which were estimated at the time of the settlement conference on February 1, 2017 to be approximately \$137,000 and which will have increased by the Effective Date, will be added to the principal of the Loan on the Effective Date. With the exception of carveouts described herein and Operating Costs, BDH will be paid 100 percent of net proceeds from each of the Unit sales in The Belvedere until it is paid in full. The estimated payoff of the Loan is anticipated to occur in October 2019. The BDH Claim will be an Allowed Secured Claim. The Secured Claim of BDH is impaired and BDH is allowed to vote on the Plan.

**4.2 Class 2 – Class 2(A).** The Secured Claim of US Bank. Debtor disputes that US Bank has a valid security interest secured by the US Bank Units. Class 2(A) Creditor has not filed a

1 proof of claim. The Debtor proposes to pay nothing to Class 2(A) and further proposes that the  
2 Confirmation Order will expunge the respective lien of the Class 2(A) Creditor against each and  
3 every one of the US Bank Units. This treatment will be in complete resolution of any claim of US  
4 Bank, including any alleged secured claim against the US Bank Units or any other property of the  
5 Debtor.

6 Only in the event the Class 2(A) Creditor timely attempts to substantiate the amount and  
7 validity of its claim against the US Bank Units before the entry of the Confirmation Order, the  
8 Debtor proposes to pay Class 2(A) Creditor in the following alternative manner: The Allowed  
9 Secured Claim of US Bank will be determined in claim objection or other proceedings the Debtor  
10 commences in any court of competent jurisdiction, including the Bankruptcy Court to adjudicate  
11 the extent, validity, priority and amount of US Bank's Secured Claim against the US Bank Units.  
12 To the extent US Bank is determined to have a valid lien on any of the US Bank Units that may be  
13 encumbered by a US Bank deed of trust, in an amount or amounts certain, such lien will continue  
14 as a Lien against the respective US Bank Unit, and the Debtor proposes to satisfy the Allowed  
15 Secured Claim against each such US Bank Unit by payment of simple interest at the rate of 2  
16 percent per annum, with principal and interest due and payable in five years from the Effective  
17 Date and with the Lien against a respective US Bank Unit to continue to the extent any such Lien  
18 is valid, or as agreed to between the Debtor and US Bank. The principal and interest accrued on  
19 the Allowed Secured Claim will be paid solely from the sale of the Foreclosure Units from which  
20 US Bank's Allowed Claim is derived, with the proceeds of sale of each respective Unit satisfying  
21 the Allowed Secured Claim only against that Unit. The Allowed Secured Claim of US Bank, if  
22 any, is without recourse against the Debtor and may be enforced, if at all, solely against any  
23 respective US Bank Unit that secures each respective separate note.

24 The Secured Claim of US Bank is impaired and US Bank is entitled to vote on the Plan.

25 Class 2(B) – Verdugo Trust. Debtor disputes that Verdugo Trust has a valid security  
26 interest secured by the Verdugo Trust Units. Class 2(B) Creditor has not filed a proof of claim.  
27 The Debtor proposes to pay nothing to Class 2(B) and further proposes that the Confirmation Order  
28

1 will expunge the respective lien of the Class 2(B) Creditor against each and every one of the  
2 Verdugo Trust Units. This treatment will be in complete resolution of any claim of Verdugo Trust,  
3 including any alleged secured claim against the Verdugo Trust Units or any other property of the  
4 Debtor.

5 Only in the event the Class 2(B) Creditor timely attempts to substantiate the amount and  
6 validity of its claim against the Verdugo Trust Units before the entry of the Confirmation Order,  
7 the Debtor proposes to pay Class 2(B) Creditor in the following alternative manner: The Allowed  
8 Secured Claim of Verdugo Trust will be determined in claim objection or other proceedings the  
9 Debtor commences in any court of competent jurisdiction, including the Bankruptcy Court to  
10 adjudicate the extent, validity, priority and amount of Verdugo Trust's Secured Claim against the  
11 Verdugo Trust Units. To the extent Verdugo Trust is determined to have a valid lien on any of the  
12 Verdugo Trust Units that may be encumbered by a Verdugo Trust deed of trust, in an amount or  
13 amounts certain, such lien will continue as a Lien against the respective Verdugo Trust Unit, and  
14 the Debtor proposes to satisfy the Allowed Secured Claim against each such Verdugo Trust Unit  
15 by payment of simple interest at the rate of 2 percent per annum, with principal and interest due  
16 and payable in five years from the Effective Date and with the Lien against a respective Verdugo  
17 Trust Unit to continue to the extent any such Lien is valid, or as agreed to between the Debtor and  
18 Verdugo Trust. The principal and interest accrued on the Allowed Secured Claim will be paid  
19 solely from the sale of the Foreclosure Unit(s) from which Verdugo Trust's Allowed Claim is  
20 derived, with the proceeds of sale of each respective Unit satisfying the Allowed Secured Claim  
21 only against that Unit. The Allowed Secured Claim of Verdugo Trust, if any, is without recourse  
22 against the Debtor and may be enforced, if at all, solely against any respective Verdugo Trust Unit  
23 that secures each respective separate note.

24 The Secured Claim of Verdugo Trust is impaired and Verdugo Trust is entitled to vote on  
25 the Plan.

26 **4.3 Class 3 – Priority Claim of Washoe County.** Washoe County Treasurer has filed  
27 an Amended Proof of Claim for \$3,623.67 as a priority tax claim. Pursuant to 11 U.S.C.

28



§1129(a)(9)(C), Debtor proposes to pay the Priority Claim of Washoe County in full plus interest at the Federal Judgment Rate from SABT's proceeds from sale of Unencumbered Units after Class 1 Creditor BDH is paid in full, and/or from its 80% share of the net proceeds of the Foreclosure Units. Class 3 is impaired and entitled to vote.

**4.4. Class 4 – Secured Claim of Washoe County.** Washoe County Treasurer filed an Amended Proof of Claim for \$24,607.25 secured by the Debtor's Units. Debtor proposes to pay the Class 4 Creditor from SABT's proceeds from sale of Unencumbered Units after the Class 1 Claim and Class 3 Claim are paid in full and/or from its 80% share of the net proceeds of the Foreclosure Units. Class 4 is impaired and entitled to vote.

**4.5 Class 5 – Unsecured and unperfected equitable lien Claim of BTM, LLC.** As a resolution of the equitable lien Claim filed by BTM, Claim No. 5-1, SABT will allocate revenue and costs associated with or related to the Foreclosure Units 80 percent to SABT and 20 percent to BTM. Revenue and costs attributable to the Foreclosure Units will be specifically identified whenever possible. The Foreclosure Units will be sold by SABT. In the event the Foreclosure Units are sold before the Allowed Claim of Class 1 is paid in full, the net proceeds of sale of the Foreclosure Units will be considered advances made by SABT and BTM which will be satisfied, 80 percent to SABT and 20 percent to BTM, from the sale of Unencumbered Units, after allocation of the Foreclosure Unit Costs as set forth herein.

The Foreclosure Units shall not be subject to the terms of the Letter Agreement.

**4.6 Class 6 – Secured Claim of Woodburn and Wedge.** The Debtor proposes to satisfy the Secured Claim of Woodburn and Wedge in the approximate amount of \$31,007.05 from the SABT's proceeds of sale of Unencumbered Units after the Allowed Claim of Class 1 is paid in full, with a minimum release amount of at least \$2,000.00 from each such sale until this Secured Claim is satisfied in full. The Secured Claim of Woodburn and Wedge will accrue interest at the Federal Judgment Rate from the Effective Date until paid in full. Class 6 Creditor is impaired and entitled to vote.

///



1           **4.7. Class 7** – Allowed Claims of Unsecured Creditors will be paid 100 percent of their  
 2 Allowed Claims plus interest at the Federal Judgment Rate calculated from the Effective Date from  
 3 Debtor’s proceeds of sale from Unencumbered Units and Foreclosure Units after the Allowed  
 4 Claim of Class 1, Class 3, 4 and Class 6 are paid in full over a period of no more than five years  
 5 beginning on the first Distribution Date and any subsequent Distribution Date.

6           **4.8 Class 8** –Unsecured Claims of BTM, LLC and David Lonich pursuant to Paragraph  
 7 19(b) of the Letter Agreement. BTM’s Claim No. 7 in the amount of \$3,456,149.00 million, based  
 8 on an alleged anticipatory breach of the Letter Agreement, is withdrawn in accordance with the  
 9 Settlement Agreement and the parties’ performance of Paragraph 19(b) of the Letter Agreement;  
 10 BTM’s Claim No. 6 for \$45,719.0 in alleged unreimbursed expenses is withdrawn in accordance  
 11 with the Settlement Agreement and the parties’ performance of Paragraph 19(b) of the Letter  
 12 Agreement. In accordance with Paragraph 19(b)(4) of the Letter Agreement, SABT and BTM will  
 13 share in the proceeds of sale to satisfy Applicable Advances as defined therein (and, as set forth  
 14 herein, SABT’s portion will be used to pay the Allowed Claims of its Creditors). SABT and BTM  
 15 will thereafter share in the proceeds of sale of Unencumbered Units until proceeds of sale of  
 16 Unencumbered Units reaches \$5,500,000, 85 percent to SABT and 15 percent to BTM; and then  
 17 from the sale proceeds of Unencumbered Units from \$5,500,000 to \$17,500,000, 75 percent to  
 18 SABT and 25 percent to BTM; and then from the sale proceeds of Unencumbered Units in excess  
 19 of \$17,500,000, 15 percent to SABT, 65 percent to BTM and 20 percent to Lonich. Lonich filed  
 20 Claim 2-1 against the Debtor in the amount of \$1,135,000 based on the Letter Agreement. The  
 21 Unsecured Claims of BTM and David Lonich are treated solely as provided herein and are  
 22 otherwise disallowed as contrary to the terms of the Letter Agreement. Class 8 Creditors are  
 23 unimpaired and not entitled to vote.

24           **4.9 Class 9** – Claims of Ananda III and Ananda I. The Allowed Claim of Ananda III  
 25 and Ananda I will be paid in accordance with the terms of the Operating Agreement between the  
 26 Debtor and Ananda III or on terms as mutually agreed to between the Debtor and Class 9 Creditors  
 27 from the Debtor’s net proceeds of sale of Unencumbered Units and Foreclosure Units after Class  
 28

1 1, 3, 4, 5, 6 and 7 are paid in full. Class 9 is impaired and is entitled to vote on the Plan.

2 **4.10 Class 10** – Equity Security Holders will retain their interests in the Reorganized  
3 Debtor. Equity Security Interests are unimpaired and the holders of Equity Security Interests are  
4 conclusively deemed to have accepted the Plan pursuant to §1126(f) of the Bankruptcy Code.  
5 Therefore, the holders of Equity Security Interests are not entitled to vote to accept or reject the  
6 Plan.

7 Unless otherwise specifically noted, the financial information in this Disclosure Statement  
8 has not been subject to audit. This Disclosure Statement was prepared from information compiled  
9 from the Debtor's schedules and statements and other sources. The Debtor has attempted to be  
10 accurate in the preparation of this Disclosure Statement.

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

## 15 **V.** 16 **RISK FACTORS**

17 Because the Plan provides for the reorganization of the Debtor through the operation and  
18 sale of SABT's and BTM's Units, many of the common risk factors found in typical  
19 reorganizations apply with respect to the Plan. These include:

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

24 (b) there is a risk that the projections for the source with which to pay the Allowed Claims  
25 of Creditors, may not be met;

26 (c) because the Debtor's projections for payment to Creditors rely on the sale of Units, the  
27 Allowed Claims of any class of creditors other than BDH may receive no distribution under the  
28

1 Plan. This is particularly so if the Debtor and BTM default in payment terms to BDH, which will  
2 enable BDH to exercise its state law rights to foreclose;

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

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

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

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

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

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

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

19 (k) the Debtor may be unable to retain and motivate key professionals through the process  
20 of reorganization, and may have difficulty attracting new professionals. In addition, for so long as  
21 the Bankruptcy Case continues, the Debtor's management will be required to spend a significant  
22 amount of time and effort dealing with the reorganization instead of focusing on business  
23 operations and sales;

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

28

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

6 If the Bankruptcy Case continues for a prolonged amount of time, the proceeding could  
7 adversely affect the Debtor's business and operations. So long as the Bankruptcy Case continues,  
8 the Debtor's management will be required to spend a significant amount of time and effort dealing  
9 with the Debtor's reorganization instead of focusing on business operations and sales. Prolonged  
10 continuation of the Bankruptcy Case may also make it more difficult to attract and retain key  
11 professionals necessary to the success of the Debtor's business and sales efforts. In addition, the  
12 longer the Bankruptcy Cases continues, the more likely it is that the Debtor's customers, suppliers  
13 and agents will lose confidence in the Debtor's ability to successfully reorganize the Debtor's  
14 business and seek to establish alternative relationships. Furthermore, so long as the Bankruptcy  
15 Case continues, the Debtor will be required to incur substantial costs for professional fees and  
16 other expenses associated with the Bankruptcy Case. Prolonged continuation of the Bankruptcy  
17 Case may also require the Debtor to seek additional financing. It may not be possible for the  
18 Debtor to obtain additional financing during or after the Bankruptcy Case on commercially  
19 favorable terms or at all. If the Debtor were to require additional financing during the Bankruptcy  
20 Cases and were unable to obtain the financing on favorable terms or at all, the chances of  
21 successfully reorganizing its business may be seriously jeopardized.

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

23 **VI.**  
24 **FINANCIAL INFORMATION AND PROJECTIONS**

25 In essence, the Plan provides that, upon the Effective Date, the Debtor will be revested  
26 with its existing assets. Exhibit E to this Disclosure Statement contains certain financial  
27 projections for the Reorganized Debtor, which are subject to modification. The projections are  
28

subject to the assumptions and limitations contained in Exhibit E, as well as any business, operational, strategic or financial decisions that the Reorganized Debtor and its management may make with respect to the operations of the Reorganized Debtor in the future. Subject to those limitations and assumptions and to the Risk Factors set forth in this Disclosure Statement, the Debtor believes that Exhibit E to this Disclosure Statement demonstrates that the Reorganized Debtor has a reasonable prospect of success in its future operations following the Effective Date of the Plan. Exhibit F to this Disclosure Statement consists of the Debtor's advances.

## VII. SUMMARY OF VOTING PROCESS

### A. Who May Vote to Accept or Reject the Plan.

Generally, holders of Allowed Claims or Equity Security Interests that are "impaired" under a plan are permitted to vote on the plan. A "claim" is defined by the Bankruptcy Code and includes a right to payment from a debtor; an equity security represents an ownership stake in a debtor. In this case, the Debtor is a California corporation. The Plan provides that Classes 1, 2(A), 2(B), 3, 4, 5, 6, 7, and 9 of Claims are impaired and entitled to vote. Class 8 is unimpaired and is not entitled to vote. The Plan also provides that the holders of Equity Security Interests in the Debtor will retain their interests and are not entitled to vote.

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

### B. Summary of Voting Requirements.

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

1 The Debtor anticipates that all holders of Administrative Claims and Priority Claims will  
 2 be paid in full. The treatment of each Class is described in the Plan and is summarized generally  
 3 in Article IV of this Disclosure Statement above.

4 A VOTE FOR ACCEPTANCE OF THE PLAN BY IMPAIRED CREDITORS IS MOST  
 5 IMPORTANT. THE DEBTOR BELIEVES THAT THE TREATMENT OF CREDITORS  
 6 UNDER THE PLAN IS THE BEST ALTERNATIVE FOR CREDITORS AND THE DEBTOR  
 7 RECOMMENDS THAT THE HOLDERS OF ALLOWED CLAIMS VOTE IN FAVOR OF THE  
 8 PLAN.

9 **VIII.**  
 10 **POST EFFECTIVE DATE OPERATIONS AND PROJECTIONS**

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

12 The Debtor intends to effectuate the Plan as follows:

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

14 **5.0.1** The Debtor will, as the Reorganized Debtor, continue to exist after the  
 15 Effective Date, with all the corporate powers under applicable law and without prejudice to any  
 16 right to alter or terminate such existence (whether by merger, dissolution or otherwise) under  
 17 applicable state law, and the Debtor may enter into and consummate one or more corporate  
 18 restructuring transactions, including, but not limited to, changing the business or corporate form  
 19 of the Debtor. Except as otherwise provided herein, as of the Effective Date, all property of the  
 20 Estate of the Debtor, and any property acquired by the Debtor or Reorganized Debtor under the  
 21 Plan, will vest in the Reorganized Debtor, free and clear of all Claims, liens, charges, other  
 22 encumbrances and interests, other than those otherwise expressly provided for pursuant to the Plan.  
 23 On and after the Effective Date, the Reorganized Debtor may operate its business and may use,  
 24 encumber, acquire and dispose of property and compromise or settle any Claims without  
 25 supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy  
 26 Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the  
 27 Confirmation Order. Without limiting the foregoing, the Reorganized Debtor may pay the charges

1 that it incurs on or after the Effective Date for Professionals' fees, disbursements, expenses or  
2 related support services (including fees relating to the preparation of Professional fee applications)  
3 without application to the Bankruptcy Court. Distributions under the Plan will be made as set forth  
4 in Section 4 of this Plan.

5 **5.0.2.** In accordance with Section 1123(b)(3) of the Bankruptcy Code, all  
6 Litigation Claims will be assigned and transferred to the Reorganized Debtor.

7 **5.0.3.** The Reorganized Debtor will continue to prosecute and defend any  
8 Disputed Claims in the court or administrative venue in which each is currently pending, including  
9 any appeals therefrom. In addition, the Reorganized Debtor will continue to prosecute any and all  
10 Litigation Claims in the discretion of the Reorganized Debtor.

11 **5.0.4** The Reorganized Debtor will continue to manage and operate its assets,  
12 including the lease and sale of Units.

13 **5.05.** Without limiting the effect or effectiveness of the releases provided for in  
14 the Plan, on the Effective Date, the Settlement Agreement, which is incorporated herein by  
15 reference as if fully set forth, shall be deemed in full force and effect and approved in its entirety  
16 (except to the extent the general provisions relating to a plan have been modified in this Plan and  
17 the Confirmation Order). The Settlement Agreement shall be binding upon all parties to it,  
18 including their successors, heirs and assigns and, by virtue of the Releases in this Plan, are binding  
19 on all Creditors and Equity Security Holders.

20 **5.1 Effective Date Events.** On the Effective Date, the following events shall occur:

21 **5.1.1** The Reorganized Debtor will be created as set forth in this Plan and the  
22 Confirmation Order.

23 **5.1.2.** Payments to Creditors as set forth in this Plan as required to be made on the  
24 Effective Date will be made.

25 **5.1.3** The Reorganized Debtor will continue to operate the business of the Debtor,  
26 including the lease and sale of Units in accordance with the Settlement Agreement. Pursuant to the  
27 Settlement Agreement, the Reorganized Debtor and BTM will engage Dickson Commercial Group  
28



1 and Dickson Realty, Inc. as their joint manager and their joint sales brokers, respectively, or another  
 2 manager as BTM, Debtor and BDH jointly agree in accordance with the Settlement Agreement.  
 3 The costs of management, sale and operation of the Units will be split 80 percent SABT and 20  
 4 percent BTM, and will be paid from the operations of the Units or, when there are no longer Units  
 5 being leased, from the sale of Units. The Project Manager may establish Operating Reserves, in  
 6 his or her discretion. The existing Management Agreement, as amended post-petition, will be  
 7 terminated on the Effective Date. Harvey Fennell will be appointed the Project Manager for the  
 8 Reorganized Debtor and BTM for all purposes in connection with operations and sales of the Units,  
 9 in accordance with the terms and conditions of a management agreement to be executed by the  
 10 parties. SABT, BTM or BDH may file papers to remove Mr. Fennell as the representative person  
 11 in control. Neither Mike Zalkaske nor Jed Cooper nor Gregg Smith will participate in the  
 12 operations, management or sales of the Units. Management and sales activity will be reported to  
 13 the Bankruptcy Court in periodic reports and status hearings for as long as the Bankruptcy Case  
 14 remains open. In all other respects, the individual managers of SABT and BTM will not be involved  
 15 in the day to day operations of The Belvedere or the sales and leasing process. This paragraph does  
 16 not affect the rights, obligations and responsibilities of the managers of either SABT or BTM to  
 17 effectuate other duties in their role as managers for those entities.

## 18 **5.2 Procedures for Resolving Disputed Claims**

### 19 **5.2.1 Prosecution of Objections to Claims**

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

27 ///

28



## 5.2.2 Treatment of Disputed Claims

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

### 5.2.3. Distributions on Account of Disputed Claims Once Allowed

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

### 5.2.4 Estimation

The Debtor or the Reorganized Debtor, as the case may be, may at any time request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtor or the Reorganized Debtor has previously objected to such Claim. The Bankruptcy Court will retain jurisdiction to estimate any Claim at any time, including during proceedings concerning any objection to such Claim. If the Bankruptcy Court estimates any Disputed Claim, such estimated amount may constitute either (a) the Allowed amount of such Claim, (b) the amount on which a reserve is to be calculated for purposes of any reserve requirement under the Plan, or (c) a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtor or the Reorganized Debtor, as the case may be, may elect to object to ultimate payment of such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another.

## B. Approval of Settlement Agreement.

As set forth above, the Plan implements the Settlement Agreement. To accomplish approval of the terms of settlement, the Debtor submits that the requirements of Fed. R. Bankr. Pro. 9019 are satisfied. In particular, compromises are favored under the Bankruptcy Code, and approval of a compromise rests on the sound discretion of the Court. Protective Committee for Independent Stockholders of TMT Trailer Ferry Inc. v. Anderson, 390 U.S. 414, 424 (1968); In re A & C Properties, 784 F.2d 1377, 1380-81 (9th Cir. 1986), rev'd on other grounds, In re

1 Washington Public Power Supply System Sec. Litigation, 823 F.2d 1349 (9th Cir. 1987); Arden  
 2 v. Motel Partners, 176 F.3d 1226, 1228 (9th Cir. 1999) (citing In re A & C Properties with  
 3 approval).

4 The approval of a compromise is governed by Federal Rule of Bankruptcy Procedure  
 5 9019(a), which states:

6 On motion by the Trustee and after notice and a hearing, the Court  
 7 may approve a compromise or settlement. Notice shall be given to  
 8 creditors, the United States Trustee, the debtor, and indenture  
 9 Trustees as provided in Rule 2002 and to any other entity as the  
 10 Court may direct.

11 The decision to approve or disapprove a compromise rests on the sound discretion of the  
 12 Bankruptcy Court. In re Stein, 236 B.R. 34, 37 (Bankr. D. Or. 1999). The law favors compromise  
 13 “as long as the bankruptcy Court amply considered the various factors that determined the  
 14 reasonableness of the compromise.” In re A&C Properties, 784 F.2d at 1381. If the compromise  
 15 is fair and equitable and in the best interests of creditors, the Court may approve the compromise.  
 16 TMT Trailer Ferry, 390 U.S. at 424; In re Endoscopy Ctr. of S. Nev., LLC, 451 B.R. 527, 535  
 17 (Bankr. D. Nev. 2011); Bankruptcy Receivables Mgmt. v. DeArmond, 240 B.R. 51, 56 (Bankr.  
 18 C.D. Cal. 1999).

19 The Ninth Circuit Court of Appeals has held that in order to determine whether a proposed  
 20 settlement is fair and equitable, the Court must consider:

21 (a) The probability of success in litigation; (b) the difficulties, if any,  
 22 to be encountered in the matter of collection; (c) the complexity of  
 23 the litigation involved, and the expense, inconvenience and delay  
 24 necessarily attending it; (d) the paramount interest of the creditors  
 25 and a proper deference to their reasonable views in the premises.

26 A & C Properties, 784 F.2d at 1381; Arden, 176 F.3d at 1228; see also Schmitt v. Ulrich, 215 B.R.  
 27 417, 421 (9th Cir. BAP 1997). The Debtor is not necessarily required to satisfy each of these factors  
 28 as long as the factors as a whole favor approving the settlement. In re Pacific Gas and Electric Co.,  
 304 B.R. 395, 416 (Bankr. N.D. Cal. 2004); In re WCI Cable, Inc., 282 B.R. 457, 473-74 (Bankr.  
 D. Or. 2002). However, the settlement agreement does not have to be the best a party could have

possibly obtained; it must only fall “within the reasonable range of litigation possibilities.” In re Adelphia Comm. Corp., 327 B.R. 143, 159 (Bankr. S.D.N.Y. 2005) (citing In re Penn Cent. Transp. Co., 596 F.2d 1102, 1114 (3d Cir. 1979) for the proposition that the Court may approve a settlement even if it believes the trustee would ultimately be successful).

Here, the tests are satisfied. Although Debtor submits that it has solid legal grounds for challenging the full extent of the BDH Claim as set forth above, Debtor is not assured of success on these theories. The challenge to the Claim would be costly, complicated and time-consuming. While it was ongoing, the debt would continue to accrue default interest, which is compounded in accordance with the terms of the Note. The resolution whereby BDH’s Claim is reduced to the principal amount of \$12,500,000, with default interest from the Petition Date to the Effective Date that does not compound provides the opportunity for this debt to be satisfied by an orderly liquidation of the Units. This amply satisfies the best interests of creditors, who otherwise face the prospect that the amount of the BDH Claim would have been allowed in full and thereby provide for no payment to other creditors.

Along similar lines, the BTM Claims would not involve significant litigation but are readily and sensibly resolved by allowing BTM to have an equitable claim to 20 percent of the proceeds of the Foreclosure Units and complying otherwise with the payment outline of the Letter Agreement. Creditors’ interests are met because litigation is eliminated, risks are significantly reduced and the continued operation and management of the Units – which is the only means by which creditors will be paid – is ensured.

### **C. United States Trustee’s Fees**

The Debtor and, after the Effective Date, the Reorganized Debtor, is obligated to pay the United States Trustee quarterly fees based upon all disbursements in accordance with the sliding scale set forth in 28 U.S.C. §1930(a)(6). These fees accrue throughout the pendency of the Chapter 11 Case, until entry of a final decree. United States Trustee fees paid prior to confirmation of the Plan will be reported in operating reports required by 11 U.S.C. §704(8), 1106(a)(1), 1107(a) and the United States Trustee Guidelines. All United States Trustee quarterly fees accrued prior to

confirmation of the Plan will be paid on or before the Effective Date pursuant to 11 U.S.C. §1129(a)(12) from the Cash held by the Debtor. All United States Trustee fees accrued post-confirmation will be timely paid on a calendar quarter basis and reported on any post-confirmation reports that are required to be filed by the Liquidation Trustee. Final fees will be paid on or before the entry of a final decree in the Chapter 11 Cases.

**D. Executory Contracts and Unexpired Leases.**

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

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

1 to an executory contract or unexpired lease listed on the Rejected Executory Contracts attached to  
 2 the Disclosure Statement shall be deemed to have consented to assumption contemplated by  
 3 Bankruptcy Code Section 365(c)(1)(B), to the extent such consent is necessary for such  
 4 assumption. Any default entitled to monetary cure respecting any assumed executory contract or  
 5 unexpired lease shall be deemed a Class 7 Unsecured Claim subject to the claim allowance and  
 6 disallowance process and paid as set forth in Section 4.6 above. Confirmation of this Plan will  
 7 conclusively determine that the December 17, 2014 Letter Agreement, a copy of which is attached  
 8 to the Disclosure Statement, is not an executory contract subject to assumption or rejection. The  
 9 parties to the December 17, 2014 Letter Agreement shall be entitled to payment in accordance with  
 10 Paragraph 19(b)(4), (5), (6) and (7) of the December 17, 2014 Letter Agreement as set forth in this  
 11 Plan. All proofs of claim arising from the rejection (if any) of executory contracts or unexpired  
 12 leases must be filed with the Bankruptcy Court by no later than 30 days after the earlier of: (i) the  
 13 date of entry of an order of the Bankruptcy Court approving any such rejection and (ii) the  
 14 Effective Date. Any Claims arising from the rejection of an executory contract or unexpired lease  
 15 for which no proof of claim was timely filed will be forever barred from assertion against the  
 16 Debtor or the Reorganized Debtor, its estate and property. All such Claims shall, as of the  
 17 Effective Date, be subject to the discharge and permanent injunctions set forth in the Plan.

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

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

4 **IX.**  
5 **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

6 Implementation of the Plan may have federal, state, and local tax consequences to Debtor  
7 and to the holders of Allowed Claims and Equity Security Interests. This Disclosure Statement  
8 does not purport to cover any aspects of federal income taxation of the Plan that may apply to the  
9 Debtor, the Creditors, Equity Security Holders or to any other persons, and in particular does not  
10 deal with issues that may be material to one or more of those persons based upon their particular  
11 circumstances or tax status. Moreover, this Disclosure Statement does not address the federal  
12 income tax consequences to certain types of Creditors (including, but not limited to, brokers,  
13 dealers, traders of certain securities, life insurance companies, tax-exempt organizations, and  
14 foreign individuals and entities) having a tax status with respect to which special rules may apply  
15 or to Equity Securities Holders in their capacity as such.

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

26 ///

27 ///

**X.**  
**CONFIRMATION OF THE PLAN**

**A. Confirmation of the Plan.**

Pursuant to Section 1128(a) of the Bankruptcy Code, the Bankruptcy Court will hold a hearing regarding confirmation of the Plan at the United States Bankruptcy Court, 300 Booth Street, Fifth Floor, Courtroom 2, Reno, Nevada, commencing on March 23, 2017 at 2:00 p.m. prevailing pacific time.

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

Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of a plan. Any objections to confirmation of the Plan must be in writing, must state with specificity the grounds for any such objections and must be filed with the Bankruptcy Court and served upon the following parties so as to be received by the following on or before the time fixed by the Bankruptcy Court:

Counsel for the Debtor:

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](mailto:c.lee@lee-high.com)  
[e.high@lee-high.com](mailto:e.high@lee-high.com)

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

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

Pursuant to Section 1129(a)(7) of the Bankruptcy Code for the Plan to be confirmed, it must provide that Creditors with Allowed Claims will receive at least as much under the Plan as they would receive in a liquidation of Debtor under Chapter 7 of the Bankruptcy Code (the “Best Interest Test”). The Best Interest Test with respect to each impaired Class requires that each holder



1 of an Allowed Claim of such Class either: (i) accepts the Plan; or (ii) receives or retains under the  
2 Plan property of a value, as of the Effective Date, that is not less than the value such holder would  
3 receive or retain if Debtor were liquidated under Chapter 7 of the Bankruptcy Code. The  
4 Bankruptcy Court will determine whether the value received under the Plan by the holders of  
5 Allowed Claims in each Class of Creditors equals or exceeds the value that would be allocated to  
6 such holders in a liquidation under Chapter 7 of the Bankruptcy Code. The Debtor believes that  
7 the Plan meets the Best Interest Test and provides value that is not less than that which would be  
8 recovered by each such holder of an Allowed Claim in a Chapter 7 bankruptcy proceeding.

9 Generally, to determine what holders of Allowed Claims in each impaired Class would  
10 receive if the Debtor were liquidated, the Bankruptcy Court must determine what funds would be  
11 generated from the liquidation of Debtor's assets and properties in the context of a Chapter 7  
12 liquidation case, which for unsecured Creditors would consist of the proceeds resulting from the  
13 disposition of the assets of Debtor, augmented by the unencumbered cash held by Debtor at the  
14 time of the commencement of the liquidation case. Such cash amounts would be reduced by the  
15 costs and expenses of the liquidation and by such additional Administrative Claims and Priority  
16 Claims as may result from the termination of Debtor's activities and the use of Chapter 7 for the  
17 purpose of liquidation.<sup>8</sup>

18 In a Chapter 7 liquidation, holders of all Allowed Unsecured Claims would receive  
19 distributions based on the liquidation of the non-exempt assets of Debtor.<sup>9</sup> Such assets would  
20 include the same assets being collected and liquidated under the Plan – the interest of Debtor in  
21 the cash, the Debtor's assets and all claims and causes of action.

22 The distributions from the proceeds of liquidation of the Debtor would be paid Pro Rata  
23 according to the amount of the aggregate Allowed Claims held by each Creditor. The Debtor  
24 believes that the most likely outcome of liquidation proceeds under Chapter 7 would be the  
25 \_\_\_\_\_

26 <sup>8</sup> Because Debtor is a corporation, there are no non-exempt assets.

27 <sup>9</sup> Regardless of whether the Chapter 11 Case remains in Chapter 11 or is converted to a Chapter 7,  
28 the analysis below will generally be the same.

1 application of the “absolute priority rule.” Under that rule, no junior Creditor may receive any  
2 distribution until all senior Creditors are paid in full, with interest, and no Equity Security Holder  
3 may receive any distribution until all Creditors are paid in full.

4 As a result, the Debtor has determined that confirmation of the Plan will provide each  
5 Creditor with no less of a recovery than it would receive if Debtor were liquidated under a Chapter  
6 7, and in fact, a greater and timelier recovery than in a Chapter 7.

7 The following analysis summarizes the Debtor’s best estimate of recoveries by Creditors  
8 with Allowed Claims in the event of a conversion of a Debtor to a Chapter 7. The Debtor begins  
9 this discussion with the assumption that whatever the current value of the Debtor’s assets –  
10 interests in real and personal property, claims and causes of action and cash – that value will be  
11 insufficient to pay all Allowed Claims. This is so because the value of the Debtor’s primary asset  
12 – its ownership of Units – may be achieved through sales over time. The Debtor’s investigation  
13 of the value of the Units as a bulk sale would not yield sufficient return to return much, if anything,  
14 to unsecured creditors. The Debtor’s available cash is substantially less than would be necessary  
15 to pay creditors. The Debtor submits that in a Chapter 7, these limited funds would be used  
16 primarily to pay the Administrative Claims of the Chapter 7 Estate, with little, if any funds,  
17 remaining to pay Priority Claims and, thereafter, no funds available to pay Unsecured Creditors.  
18 As a result, in a Chapter 7, a Chapter 7 Trustee would be required to liquidate the Estate’s assets  
19 without the protections for timing and marketing that is available only through the Plan.

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

- 24 (a) The risk that Secured Creditor would seek and be granted relief from the automatic  
25 stay to commence foreclosure on the Debtor’s Units would be substantially  
26 increased. This is so because the protections of 11 U.S.C. §362(d)(3) for a single  
27 asset real estate debtor would be significantly impaired and the Chapter 7 Trustee  
28

would be required to either pay non-default interest each and every month as the only defense to relief from the stay. In turn, the Chapter 7 Trustee's ability to pay non-default interest would depend on the Chapter 7 Trustee's ability to continue to sell Units. Because the Secured Creditor contends that it was owed nearly \$16 million on the Petition Date on the Note, the Chapter 7 Trustee would also have to object to the Secured Creditor's Claim and try to invoke state foreclosure law to compel the Secured Creditor to foreclose on Units seriatim. The outcome of such a proceeding is unknown. Thus, the primary reason Creditors receive more in Chapter 11 is that the Debtor's Plan is the only means by which BDH's Claim is reduced, its default interest rate and other charges are compromised, thereby creating the potential that some of the Debtor's assets may be unencumbered and thereby operated and sold for the benefit of other 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 any 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, creditors other than BDH 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

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

6 **E. Accepting Impaired Class.**

7 Because a Class of Claims is impaired under the Plan, for the Plan to be confirmed, the  
8 Plan must be accepted by at least one impaired Class of Claims (not including the votes of any  
9 insiders of a Debtor).

10 **F. Acceptance of Plan.**

11 For an impaired Class of Claims to accept the Plan, those representing at least two-thirds  
12 (2/3) in amount and a majority in number of the Allowed Claims voted in that Class must be cast  
13 their votes for acceptance of the Plan.

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

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

27 ///

28

1           **H.     Allowed Claims.**

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

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

21           The Debtor estimates that its Administrative Claims are approximately \$300,000. Based  
22 on the Debtor's Schedules and the proofs of claim on file, the Debtor has Priority claims of less  
23 than \$30,000. The Debtor does not believe there are any other Priority Claims of the Debtor.

24           **I.     Listing of Unsecured Creditors.**

25           To follow is a chart of the Debtor's listing of creditors in Class 7. The Debtor is unable to  
26 estimate the amount paid to Classes 3, 4, 5, 6, 7 and 9 which may be zero.

27     ///

28

**Class 7: Unsecured Creditors**

<b>CREDITOR</b>	<b>AMOUNT CLAIMED</b>	<b>AMOUNT ALLOWED</b>
Beyers, Costin & Simon	\$8,010.00	\$8,010.00
Mike Zalkaske	\$10,897.00	\$10,897.00
Woodburn & Wedge	\$20,210	\$20,210
DeLage Landen Financial	\$2,886.42	\$2,886.42 <sup>10</sup>
Michael Madjlessi	Unknown	\$0.00
Greenbriar Realty, Inc.	Unknown	\$0.00
Prime Vest Realty, Inc.	Unknown	\$0.00
Greenbriar Construction Corporation	Unknown	\$0.00
Biganeh Madjlessi	Unknown	\$0.00

Impaired Claims include those whose legal, equitable or contractual rights are altered by the Plan, even if the alteration is beneficial to the Creditor, or if the full amount of the Allowed Claims will not be paid under the Plan. Holders of Claims which are not impaired under the Plan are deemed to have accepted the Plan pursuant to Section 1126(f) of the Bankruptcy Code and the Debtor need not solicit the acceptances of the Plan of such unimpaired Claims. Holders of Claims which are to receive nothing under the Plan are deemed to have voted to reject the Plan. There are no such Claims in the Plan. As such, holders of Claims in Classes 1, 2A, 2B, 3, 4, 5, 6, 7 and 9 under the Plan are entitled to vote. Class 8 is unimpaired and not entitled to vote. Holders of Equity Security Interests are not entitled to vote.

**J. Voting Procedures.****1. Submission of Ballots.**

All Creditors entitled to vote will be sent a Ballot, together with instructions for voting, a copy of this approved Disclosure Statement and a copy of the Plan. You should read the Ballot carefully and follow the instructions contained therein. Please use only the Ballot that was sent

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<sup>10</sup> Debtor believes this claim has been paid. Debtor reserves the right to object to this claim.

1 with this Disclosure Statement. You should complete your Ballot and return it as follows:

2 LEE HIGH, LTD.  
3 Cecilia Lee, Esq.  
4 Elizabeth High, Esq.  
499 West Plumb Lane, Suite 201  
5 Reno, Nevada 89509  
6 Telephone: 775-499-5712  
7 Email: [c.lee@lee-high.com](mailto:c.lee@lee-high.com)  
[e.high@lee-high.com](mailto:e.high@lee-high.com)

8 **TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED AT THE ADDRESS**  
9 **LISTED ABOVE BY 5:00 P.M. PREVAILING PACIFIC TIME, ON MARCH 17, 2017.**

10 **2. Incomplete Ballots.**

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

14 **3. Withdrawal of Ballots.**

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

18 **4. Questions and lost or damaged Ballots.**

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

21 LEE HIGH, LTD.  
22 Cecilia Lee, Esq.  
23 Elizabeth High, Esq.  
499 West Plumb Lane, Suite 201  
24 Reno, Nevada 89509  
25 Telephone: 775-499-5712  
26 Email: [c.lee@lee-high.com](mailto:c.lee@lee-high.com)  
[e.high@lee-high.com](mailto:e.high@lee-high.com)

27 **K. Alternatives To The Plan**

28 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



1 Creditors and parties-in-interest in the Chapter 11 Case.

2 The Debtor believes not only that the Plan, as described herein, fairly adjusts the rights of  
3 various Classes of Creditors and enables the Creditors to realize the greatest sum possible under  
4 the circumstances, but also that rejection of the Plan in favor of some theoretical alternative method  
5 of reconciling the Claims of the various Classes will require, at the very least, an extensive and  
6 time consuming negotiation process and/or litigation and will not result in a better recovery for  
7 any Class.

### 8 **1. Alternative Plans of Reorganization.**

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

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

### 19 **2. Liquidation Under Chapter 7.**

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

## 26 **XI.** 27 **LITIGATION CLAIMS**

28 The Plan provides that Litigation Claims will be transferred to the Reorganized Debtor on

1 the Effective Date. The Debtor reserves any and all Litigation Claims except as otherwise released  
2 pursuant to the Settlement Agreement.

3 **XII.**

4 **RECOMMENDATION AND CONCLUSION**

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

8 DATED this 3<sup>rd</sup> day of March, 2017.

9 LEE & HIGH, LTD.

10 /s/ Cecilia Lee

11 CECILIA LEE, ESQ.

12 ELIZABETH HIGH, ESQ.

# EXHIBIT A

LEE HIGH, LTD.  
Cecilia Lee, Esq.  
Nevada State Bar No. 3344  
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Electronically Filed March 8, 2017

Attorneys for Debtor Secured Assets Belvedere Tower, LLC

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEVADA

In re:

SECURED ASSETS BELVEDERE  
TOWERS, LLC.,

Debtor.

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

**AMENDED CHAPTER 11 PLAN OF  
REORGANIZATION**

Hearing Date: March 23, 2017  
Hearing Time: 2:00 p.m.

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

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

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

2           **1.1       Definitions.**

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

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

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

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

subordination thereof has been filed within any applicable time period fixed by the Court or as to which an order allowing such claim and establishing its priority has become final and non-appealable. Any Litigation Claim against the Debtor will be an Allowed Claim upon entry of a final determination after post-judgment proceedings and appellate rights are exhausted.

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

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

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

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

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

**I. BDH Unit.** A Unit of the Debtor and of BTM and the Foreclosure Units that secures a Claim to Belvedere Debt Holdings on the Petition Date.

**J. Belvedere Debt Holdings, LLC.** Belvedere Debt Holdings, LLC, a Nevada limited liability company ("BDH") and the holder of the Second Amended Note, as amended, made by SABT and by BTM, LLC and secured by Units owned by the Debtor and by BTM.

**K. BTM, LLC.** BTM, LLC, a Nevada limited liability company, the co-maker of the Second Amended Note as amended in favor of BDH and the owner of BTM Units.

**L. BTM Unit.** A Unit owned by BTM as of the Petition Date.

**M. Claim.** Any right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or any right to an equitable remedy for breach of performance,

1 if such breach gives rise to a right to payment, whether or not such right to an equitable remedy  
 2 is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or  
 3 unsecured.

4 **N. Confirmation Date.** The date upon which an order is entered in the Bankruptcy  
 5 Case confirming the Plan, including amendments thereto.

6 **O. Confirmation Hearing.** The duly noticed initial hearing held by the Bankruptcy  
 7 Court to confirm this Plan pursuant to Sections 1128 and 1129 of the Bankruptcy Code, and any  
 8 subsequent hearing held by the Bankruptcy Court from time to time to which the initial hearing  
 9 is adjourned without further notice other than the announcement of the adjourned dates at the  
 10 Confirmation Hearing.

11 **P. Confirmation Order.** The order entered by the Bankruptcy Court  
 12 confirming this Plan.

13 **Q. Creditor.** Any holder of a Claim, whether or not such Claim is an Allowed  
 14 Claim.

15 **R. Debtor.** Secured Assets Belvedere Towers, LLC, a Nevada limited liability  
 16 company.

17 **S. Disclosure Statement.** The written disclosure statement that relates to this Plan,  
 18 as approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code and  
 19 Bankruptcy Rule 3017, as such disclosure statement may be amended, modified or supplemented  
 20 from time to time.

21 **T. Disputed Claim.** A Claim that is (i) subject to timely objection interposed by  
 22 the Debtor or any party-in-interest entitled to file and prosecute such objection in this Chapter 11  
 23 case, if at such time the objection remains unresolved; (ii) listed by the Debtor as disputed  
 24 unliquidated or contingent in the Bankruptcy Schedules; or (iii) if no objection has been timely  
 25 filed, a Claim which has been asserted in a timely filed proof of claim in an amount greater than  
 26 or in a Class different than that listed by the Debtor in the Bankruptcy Schedules as Liquidated in  
 27 amount and not disputed or contingent; provided, however, that the Bankruptcy Court may  
 28 estimate a Disputed Claim for purposes of allowance pursuant to Section 502(c) of the



1 Bankruptcy Code. The term “Disputed”, when used to modify a reference in this Plan to any  
 2 Claim or Class of Claims shall mean a Claim that is a Disputed Claim as defined herein. If there  
 3 is a dispute as to classification or priority of a Claim, the Claim shall be considered a Disputed  
 4 Claim in its entirety. Until such time as a Disputed Claim becomes fixed and absolute, such  
 5 Claim shall be treated as a Disputed Claim and not an Allowed Claim for purposes related to  
 6 allocations and distributions under this Plan. A Disputed Claim includes each Litigation Claim.

7 **U. Disputed Claim Reserve.** The Reserves established to hold in one or more  
 8 accounts of cash equal to the aggregate amount thereof as provided for in this Plan that would  
 9 have been distributed on a Distribution Date on account of a Disputed Claim or as otherwise  
 10 established by Final Order.

11 **V. Distribution.** Any Distribution by the Debtor or the Reorganized Debtor to the  
 12 holders of Allowed Unclassified Claims and Allowed Claims in accordance with the terms of  
 13 this Plan.

14 **W. Distribution Date.** Each of: (a) the date on which the Debtor makes a  
 15 Distribution pursuant to any order entered by the Bankruptcy Court to Allowed Unclassified  
 16 Claims or Allowed Claims; (b) the first day of each calendar quarter, January 1, April 1, July 1  
 17 and October 1 following the Effective Date on which the Reorganized Debtor will make  
 18 Distributions as provided in this Plan.

19 **X. Effective Date.** The date which is the fourteenth calendar day after the  
 20 Confirmation Order becomes a Final Order.

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

27 **Z. Equity Security Holder.** The holder of an Equity Security of the Debtor. For  
 28 purposes of this Plan, the holders of Equity Security of the Debtor are Annealisa, LLC, Kalassen

1 LLC and Naju LLC.

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

4 **BB. Final Order.** An order, judgment or other decree of the Bankruptcy Court which  
5 has been appealed but which has not been vacated, reversed, modified or amended or stayed, or  
6 for which the time to appeal or seek review or rehearing has expired with no appeal having been  
7 filed.

8 **CC. Foreclosure Unit.** The Debtor's Units, which include but may not be limited to  
9 209, 413, 510, 602, 912, 1002, 1003, 1004, 1011, 1012, 1015, 1407 purchased by the Debtor  
10 either at foreclosure sales or from a seller after the Letter Agreement was executed. A  
11 Foreclosure Unit is not one of the 144 Units governed or addressed by the Letter Agreement such  
12 that the operation and sale of the Foreclosure Units are excluded from the Letter Agreement.

13 **DD. Foreclosure Unit Cost.** The costs of maintenance, operation and sale of the  
14 Foreclosure Units from the date of purchase, including, without limitation, the fees, costs and  
15 expenses of quieting title thereto, and allocated between SABT and BTM on an 80 percent/20  
16 percent basis, respectively.

17 **EE. Foreclosure Unit Proceeds.** The proceeds of sale of the Foreclosure Units after  
18 payment and allocation of all Foreclosure Unit Costs and allocated between SABT and BTM on  
19 an 80 percent/20 percent basis, respectively.

20 **FF. Letter Agreement.** That certain Letter Agreement dated December 17, 2014 by  
21 and between parties identified therein as the "SABT Parties," the "Lonich Parties" and the "BTM  
22 Parties," regarding 113 Units owned by SABT and 31 Units owned by BTM (the "144 Units")  
23 and the sole remaining unperformed portion of which consists of Paragraph 19(b).

24 **GG. Litigation Claim.** All rights, claims, torts, liens, liabilities, obligations, action,  
25 causes of action, Avoidance Actions, derivative actions, proceedings, debts, contracts,  
26 judgments, damages and demands whatsoever in law or in equity, whether known or unknown,  
27 contingent or otherwise, that Debtor or the Estate may have against any person, or that any  
28 person may have against the Debtor or the Estate. Failure to list a Litigation Claim herein or in

the Debtor's Disclosure Statement shall not constitute a waiver or release by the Debtor or the Reorganized Debtor.

**HH. Operating Costs.** The costs of operation, management and sale of the Units including, as defined in Paragraph 19(b)(1) of the Letter Agreement, costs of sale of the 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 each Unit.

**II. Operating Reserves.** The amount of cash determined in good faith by the Project Manager of BTM and the Reorganized Debtor as appropriate, from time to time, to be reserved and maintained in order to pay all reasonably anticipated Operating Costs of the SABT Units and the BTM Units for up to a two month period of time.

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

**KK. Plan.** This Plan of Reorganization, together with any amendments or modifications thereto as may hereafter be filed by the Debtor.

**LL. Project Manager.** Harvey Fennell, or, pursuant to the Settlement Agreement, such other person as SABT, BTM and BDH chose to serve as the manager of the operations and sale of the Units in the performance of this Plan.

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

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

**OO. SABT Unit.** A Unit owned by SABT as of the Petition Date.

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

1 Code.

2 **QQ. Settlement Agreement.** The terms of agreement arising from a settlement  
3 conference over which the Hon. Gregg W. Zive presided on February 1-2, 2017, between the  
4 Debtor, Belvedere Debt Holdings, LLC and BTM, LLC.

5 **RR. Unencumbered Unit.** Any Unit for which the lien of BDH's Deed of  
6 Trust or Financing Statement is released and extinguished by the satisfaction of BDH's Allowed  
7 Claim pursuant to the terms of this Plan and, with respect to the Units other than the Foreclosure  
8 Units, for which the order of priority of payment under Paragraph 19(b)(1), (3) and (4) of the  
9 Letter Agreement have been satisfied in full.

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

23 **TT. US Bank Units.** The Debtor's Foreclosure Units, which include but may not  
24 be limited to 912, 1002, 1003, 1004, 1011, 1012 and 1015, on which US Bank has or claims to  
25 have a respective separate Lien arising from a respective separate deed of trust, the operation and  
26 sale of which are not governed by the Letter Agreement.

27 **UU. Verdugo Trust Units.** The Debtor's Foreclosure Units on which Verdugo Trust  
28 or its successor in interest has or claims to have a respective separate Lien arising from a

1 respective separate deed of trust, the operation and sale of which are not governed by the Letter  
2 Agreement.

3 **1.2 Computation of Time.** In computing any period of time prescribed or allowed  
4 by this Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a)  
5 shall apply.

6 **1.3 Rules of Interpretation.** For purposes of this Plan only (i) any reference in  
7 this Plan to a contract, instrument, release, or other agreement or documents being in particular  
8 form or on particular terms and conditions means that such document shall be substantially in  
9 such form or substantially on such terms and conditions; (ii) any reference in this Plan to an  
10 existing document or exhibit filed or to be filed means such document or exhibit as it may have  
11 been or may be amended, modified, or supplemented; (iii) unless otherwise specified, all  
12 references in this Plan to Sections, Articles, schedules and exhibits are references to Sections,  
13 Articles, schedules or exhibits of or to this Plan; (iv) the words “herein,” “hereof,” hereto,” and  
14 “hereunder” refer to this Plan in its entirety rather than to a particular portion of this Plan; (v)  
15 captions and headings to Articles and Sections are inserted for convenience of reference only and  
16 are not intended to be a part of or to affect the interpretation of this Plan; and (vi) the rules of  
17 constructions and definitions set forth in Sections 101 and 102 of the Bankruptcy Code and in the  
18 Bankruptcy Rules shall apply unless otherwise expressly provided.

## 19 **2. TREATMENT OF UNCLASSIFIED CLAIMS**

20 Pursuant to Section 1123(a)(1) of the Bankruptcy Code, Unclassified Claims against the  
21 Debtor are not designated as Classes and the holders of such claims are not entitled to vote on  
22 this Plan. The treatment of Unclassified Claims is consistent with the requirements of Section  
23 1129(a)(9)(A) of the Bankruptcy Code.

### 24 **2.1 Administrative Claims.**

25 Administrative Claims that have been allowed by final order of the Bankruptcy Court  
26 will be paid on the Effective Date or, if not Allowed by the Effective Date, then at such time as  
27 the administrative claimant and the Debtor agree. Except as provided herein, Administrative  
28 Claims that are allowed will be paid from a carve-out of the Debtor’s and BDH’s cash collateral.

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

The Administrative Claims that the Debtor seeks approval of in this Plan and that they propose to pay from the proceeds of sale of the Debtor's Units or from a \$300,000 carveout for professional fees pursuant to the Settlement Agreement.

## **2.2 Fees to Office of the United States Trustee.**

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

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

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

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

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

B. Secured Claim of Verdugo Trust or its successors in interest.

**Class 3:** Priority Claim of Washoe County.

**Class 4:** Secured Claim of Washoe County.

**Class 5:** Unsecured and unperfected equitable lien Claim of BTM, LLC.

**Class 6:** Secured Claim of Woodburn and Wedge.

**Class 7:** Allowed Claims of Unsecured Creditors not entitled to priority under Section 507 of the Bankruptcy Code and not otherwise included in any other class hereof, including, without limitation, claims which may arise out of the rejection of executory contracts or unexpired leases.

1           **Class 8:**       Allowed Unsecured Claims of BTM, LLC and David Lonich pursuant to  
2 Paragraph 19(b)(5), (6) and (7) of the Letter Agreement.

3           **Class 9:**       Claims of Ananda III and Ananda I.

4           **Class 10:**     The claims and interests of the Equity Security Holders of the Debtor.

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

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

7           **4.1.   Class 1 –** The Secured Claim of BDH. The Debtor proposes to pay the Allowed  
8 Secured Claim of BDH as follows: BDH shall have an allowed, secured claim in the Bankruptcy  
9 Case with a principal balance of the Note, as amended, of \$12.5 million as of the Petition Date,  
10 which will accrue simple, non-compounding interest at the default rate of 25 percent from the  
11 Petition Date until the Effective Date. All post-petition payments made on the Note by either  
12 SABT or BTM will be credited to post-petition default interest. On the Effective Date, the Note  
13 Rate (12 percent per annum) will be reinstated and interest will be paid on the first day of each  
14 calendar quarter, January 1, April 1, July 1 and October 1 after the Effective Date. The maturity  
15 date of the Note will be three years from the Effective Date. All payments shall be applied  
16 pursuant to the terms of the Loan Documents. There shall be no prepayment penalty. In all  
17 other respects, the terms of the Loan Documents shall remain unmodified and in full force and  
18 effect after the Effective Date, and the terms of this Settlement Agreement as incorporated into  
19 this Plan will constitute the appropriate amendment to the Loan Documents without necessity for  
20 further documentation.

21           If the Debtor and BTM do not meet sales benchmarks on a rolling three month basis of 4  
22 closed sales per month, or any other monetary event of default occurs under the Loan  
23 Documents, the full amount of BDH's claim will be automatically reinstated, the post-  
24 confirmation stay will automatically be lifted without further order from the Bankruptcy Court  
25 and BDH shall be entitled to exercise all of its rights and remedies under the Loan Documents,  
26 including without limitation, initiating a judicial or non-judicial foreclosure. All of BDH's costs  
27 associated with the Bankruptcy Case through the Effective Date, which were estimated at the  
28 time of the settlement conference on February 1, 2017 to be approximately \$137,000 and which



1 will have increased by the Effective Date, will be added to the principal of the Loan on the  
2 Effective Date. With the exception of carveouts described herein and Operating Costs, BDH will  
3 be paid 100 percent of net proceeds from each of the Unit sales in The Belvedere until it is paid  
4 in full. The estimated payoff of the Loan is anticipated to occur in October 2019. The BDH  
5 Claim will be an Allowed Secured Claim. The Secured Claim of BDH is impaired and BDH is  
6 allowed to vote on the Plan.

7 **4.2 Class 2 – Class 2(A).** The Secured Claim of US Bank. Debtor disputes that US  
8 Bank has a valid security interest secured by the US Bank Units. Class 2(A) Creditor has not  
9 filed a proof of claim. The Debtor proposes to pay nothing to Class 2(A) and further proposes  
10 that the Confirmation Order will expunge the respective lien of the Class 2(A) Creditor against  
11 each and every one of the US Bank Units. This treatment will be in complete resolution of any  
12 claim of US Bank, including any alleged secured claim against the US Bank Units or any other  
13 property of the Debtor.

14 Only in the event the Class 2(A) Creditor timely attempts to substantiate the amount and  
15 validity of its claim against the US Bank Units before the entry of the Confirmation Order, the  
16 Debtor proposes to pay Class 2(A) Creditor in the following alternative manner: The Allowed  
17 Secured Claim of US Bank will be determined in claim objection or other proceedings the  
18 Debtor commences in any court of competent jurisdiction, including the Bankruptcy Court to  
19 adjudicate the extent, validity, priority and amount of US Bank's Secured Claim against the US  
20 Bank Units. To the extent US Bank is determined to have a valid lien on any of the US Bank  
21 Units that may be encumbered by a US Bank deed of trust, in an amount or amounts certain,  
22 such lien will continue as a Lien against the respective US Bank Unit, and the Debtor proposes to  
23 satisfy the Allowed Secured Claim against each such US Bank Unit by payment of simple  
24 interest at the rate of 2 percent per annum, with principal and interest due and payable in five  
25 years from the Effective Date and with the Lien against a respective US Bank Unit to continue to  
26 the extent any such Lien is valid, or as agreed to between the Debtor and US Bank. The  
27 principal and interest accrued on the Allowed Secured Claim will be paid solely from the sale of  
28 the Foreclosure Units from which US Bank's Allowed Claim is derived, with the proceeds of

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

5 The Secured Claim of US Bank is impaired and US Bank is entitled to vote on the Plan.

6 Class 2(B) – Verdugo Trust. Debtor disputes that Verdugo Trust has a valid security  
7 interest secured by the Verdugo Trust Units. Class 2(B) Creditor has not filed a proof of claim.  
8 The Debtor proposes to pay nothing to Class 2(B) and further proposes that the Confirmation  
9 Order will expunge the respective lien of the Class 2(B) Creditor against each and every one of  
10 the Verdugo Trust Units. This treatment will be in complete resolution of any claim of Verdugo  
11 Trust, including any alleged secured claim against the Verdugo Trust Units or any other property  
12 of the Debtor.

13 Only in the event the Class 2(B) Creditor timely attempts to substantiate the amount and  
14 validity of its claim against the Verdugo Trust Units before the entry of the Confirmation Order,  
15 the Debtor proposes to pay Class 2(B) Creditor in the following alternative manner: The Allowed  
16 Secured Claim of Verdugo Trust will be determined in claim objection or other proceedings the  
17 Debtor commences in any court of competent jurisdiction, including the Bankruptcy Court to  
18 adjudicate the extent, validity, priority and amount of Verdugo Trust's Secured Claim against the  
19 Verdugo Trust Units. To the extent Verdugo Trust is determined to have a valid lien on any of  
20 the Verdugo Trust Units that may be encumbered by a Verdugo Trust deed of trust, in an amount  
21 or amounts certain, such lien will continue as a Lien against the respective Verdugo Trust Unit,  
22 and the Debtor proposes to satisfy the Allowed Secured Claim against each such Verdugo Trust  
23 Unit by payment of simple interest at the rate of 2 percent per annum, with principal and interest  
24 due and payable in five years from the Effective Date and with the Lien against a respective  
25 Verdugo Trust Unit to continue to the extent any such Lien is valid, or as agreed to between the  
26 Debtor and Verdugo Trust. The principal and interest accrued on the Allowed Secured Claim  
27 will be paid solely from the sale of the Foreclosure Unit(s) from which Verdugo Trust's Allowed  
28 Claim is derived, with the proceeds of sale of each respective Unit satisfying the Allowed

1 Secured Claim only against that Unit. The Allowed Secured Claim of Verdugo Trust, if any, is  
 2 without recourse against the Debtor and may be enforced, if at all, solely against any respective  
 3 Verdugo Trust Unit that secures each respective separate note.

4 The Secured Claim of Verdugo Trust is impaired and Verdugo Trust is entitled to vote on  
 5 the Plan.

6 **4.3 Class 3 – Priority Claim of Washoe County.** Washoe County Treasurer has  
 7 filed an Amended Proof of Claim for \$3,623.67 as a priority tax claim. Pursuant to 11 U.S.C.  
 8 §1129(a)(9)(C), Debtor proposes to pay the Priority Claim of Washoe County in full plus interest  
 9 at the Federal Judgment Rate from SABT's proceeds from sale of Unencumbered Units after  
 10 Class 1 Creditor BDH is paid in full, and/or from its 80% share of the net proceeds of the  
 11 Foreclosure Units. Class 3 is impaired and entitled to vote.

12 **4.4. Class 4 – Secured Claim of Washoe County.** Washoe County Treasurer filed an  
 13 Amended Proof of Claim for \$24,607.25 secured by the Debtor's Units. Debtor proposes to pay  
 14 the Class 4 Creditor from SABT's proceeds from sale of Unencumbered Units after the Class 1  
 15 Claim and Class 3 Claim are paid in full and/or from its 80% share of the net proceeds of the  
 16 Foreclosure Units. Class 4 is impaired and entitled to vote. **4.5 Class 5 – Unsecured and**  
 17 **unperfected equitable lien Claim of BTM, LLC.** As a resolution of the equitable lien Claim filed  
 18 by BTM, Claim No. 5-1, SABT will allocate revenue and costs associated with or related to the  
 19 Foreclosure Units 80 percent to SABT and 20 percent to BTM. Revenue and costs attributable  
 20 to the Foreclosure Units will be specifically identified whenever possible. The Foreclosure Units  
 21 will be sold by SABT. In the event the Foreclosure Units are sold before the Allowed Claim of  
 22 Class 1 is paid in full, the net proceeds of sale of the Foreclosure Units will be considered  
 23 advances made by SABT and BTM which will be satisfied, 80 percent to SABT and 20 percent  
 24 to BTM, from the sale of Unencumbered Units, after allocation of the Foreclosure Unit Costs as  
 25 set forth herein.

26 The Foreclosure Units shall not be subject to the terms of the Letter Agreement.

27 **4.6 Class 6 – Secured Claim of Woodburn and Wedge.** The Debtor proposes to  
 28 satisfy the Secured Claim of Woodburn and Wedge in the approximate amount of \$31,007.05

1 from the SABT's proceeds of sale of Unencumbered Units after the Allowed Claim of Class 1 is  
 2 paid in full, with a minimum release amount of at least \$2,000.00 from each such sale until this  
 3 Secured Claim is satisfied in full. The Secured Claim of Woodburn and Wedge will accrue  
 4 interest at the Federal Judgment Rate from the Effective Date until paid in full. Class 6 Creditor  
 5 is impaired and entitled to vote.

6 **4.7. Class 7 –** Allowed Claims of Unsecured Creditors will be paid 100 percent of  
 7 their Allowed Claims plus interest at the Federal Judgment Rate calculated from the Effective  
 8 Date from Debtor's proceeds of sale from Unencumbered Units and Foreclosure Units after the  
 9 Allowed Claim of Class 1, Class 3, 4 and Class 6 are paid in full over a period of no more than  
 10 five years beginning on the first Distribution Date and any subsequent Distribution Date.

11 **4.8 Class 8 –**Unsecured Claims of BTM, LLC and David Lonich pursuant to  
 12 Paragraph 19(b) of the Letter Agreement. BTM's Claim No. 7 in the amount of \$3,456,149.00  
 13 million, based on an alleged anticipatory breach of the Letter Agreement, is withdrawn in  
 14 accordance with the Settlement Agreement and the parties' performance of Paragraph 19(b) of  
 15 the Letter Agreement; BTM's Claim No. 6 for \$45,719.0 in alleged unreimbursed expenses is  
 16 withdrawn in accordance with the Settlement Agreement and the parties' performance of  
 17 Paragraph 19(b) of the Letter Agreement. In accordance with Paragraph 19(b)(4) of the Letter  
 18 Agreement, SABT and BTM will share in the proceeds of sale to satisfy Applicable Advances as  
 19 defined therein (and, as set forth herein, SABT's portion will be used to pay the Allowed Claims  
 20 of its Creditors). SABT and BTM will thereafter share in the proceeds of sale of Unencumbered  
 21 Units until proceeds of sale of Unencumbered Units reaches \$5,500,000, 85 percent to SABT  
 22 and 15 percent to BTM; and then from the sale proceeds of Unencumbered Units from  
 23 \$5,500,000 to \$17,500,000, 75 percent to SABT and 25 percent to BTM; and then from the sale  
 24 proceeds of Unencumbered Units in excess of \$17,500,000, 15 percent to SABT, 65 percent to  
 25 BTM and 20 percent to Lonich. Lonich filed Claim 2-1 against the Debtor in the amount of  
 26 \$1,135,000 based on the Letter Agreement. The Unsecured Claims of BTM and David Lonich  
 27 are treated solely as provided herein and are otherwise disallowed as contrary to the terms of the  
 28 Letter Agreement. Class 8 Creditors are unimpaired and not entitled to vote.

1           **4.9**     Class 9 – Claims of Ananda III and Ananda I. The Allowed Claim of Ananda III  
 2 and Ananda I will be paid in accordance with the terms of the Operating Agreement between the  
 3 Debtor and Ananda III or on terms as mutually agreed to between the Debtor and Class 9  
 4 Creditors from the Debtor’s net proceeds of sale of Unencumbered Units and Foreclosure Units  
 5 after Class 1, 3, 4, 5, 6 and 7 are paid in full. Class 9 is impaired and is entitled to vote on the  
 6 Plan.

7           **4.10**    **Class 10** – Equity Security Holders will retain their interests in the Reorganized  
 8 Debtor. Equity Security Interests are unimpaired and the holders of Equity Security Interests are  
 9 conclusively deemed to have accepted the Plan pursuant to §1126(f) of the Bankruptcy Code.  
 10 Therefore, the holders of Equity Security Interests are not entitled to vote to accept or reject the  
 11 Plan.

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

13           **5.0**     **Means to Effectuate Plan.** The Debtor intends to effectuate the Plan as follows:

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

15           **5.0.1**   The Debtor will, as the Reorganized Debtor, continue to exist after the  
 16 Effective Date, with all the corporate powers under applicable law and without prejudice to any  
 17 right to alter or terminate such existence (whether by merger, dissolution or otherwise) under  
 18 applicable state law, and the Debtor may enter into and consummate one or more corporate  
 19 restructuring transactions, including, but not limited to, changing the business or corporate form  
 20 of the Debtor. Except as otherwise provided herein, as of the Effective Date, all property of the  
 21 Estate of the Debtor, and any property acquired by the Debtor or Reorganized Debtor under the  
 22 Plan, will vest in the Reorganized Debtor, free and clear of all Claims, liens, charges, other  
 23 encumbrances and interests, other than those otherwise expressly provided for pursuant to the  
 24 Plan. On and after the Effective Date, the Reorganized Debtor may operate its business and may  
 25 use, encumber, acquire and dispose of property and compromise or settle any Claims without  
 26 supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy  
 27 Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the  
 28 Confirmation Order. Without limiting the foregoing, the Reorganized Debtor may pay the

1 charges that it incurs on or after the Effective Date for Professionals' fees, disbursements,  
 2 expenses or related support services (including fees relating to the preparation of Professional fee  
 3 applications) without application to the Bankruptcy Court. Distributions under the Plan will be  
 4 made as set forth in Section 4 of this Plan.

5 **5.0.2.** In accordance with Section 1123(b)(3) of the Bankruptcy Code, all  
 6 Litigation Claims will be assigned and transferred to the Reorganized Debtor.

7 **5.0.3.** The Reorganized Debtor will continue to prosecute and defend any  
 8 Disputed Claims in the court or administrative venue in which each is currently pending,  
 9 including any appeals therefrom. In addition, the Reorganized Debtor will continue to prosecute  
 10 any and all Litigation Claims in the discretion of the Reorganized Debtor.

11 **5.0.4** The Reorganized Debtor will continue to manage and operate its assets,  
 12 including the lease and sale of Units.

13 **5.05.** Without limiting the effect or effectiveness of the releases provided for in  
 14 this Plan, on the Effective Date, the Settlement Agreement, which is incorporated herein by  
 15 reference as if fully set forth, shall be deemed in full force and effect and approved in its entirety  
 16 (except to the extent the general provisions relating to a plan have been modified in this Plan and  
 17 the Confirmation Order). The Settlement Agreement shall be binding upon all parties to it,  
 18 including their successors, heirs and assigns and, by virtue of the Releases in this Plan, are  
 19 binding on all Creditors and Equity Security Holders.

20 **5.1 Effective Date Events.** On the Effective Date, the following events shall occur:

21 **5.1.1** The Reorganized Debtor will be created as set forth in this Plan and the  
 22 Confirmation Order.

23 **5.1.2.** Payments to Creditors as set forth in this Plan as required to be made on  
 24 the Effective Date will be made.

25 **5.1.3** The Reorganized Debtor will continue to operate the business of the  
 26 Debtor, including the lease and sale of Units in accordance with the Settlement Agreement.  
 27 Pursuant to the Settlement Agreement, the Reorganized Debtor and BTM will engage Dickson  
 28 Commercial Group and Dickson Realty, Inc. as their joint manager and their joint sales brokers,



1 respectively, or another manager as BTM, Debtor and BDH jointly agree in accordance with the  
 2 Settlement Agreement. The costs of management, sale and operation of the Units will be split 80  
 3 percent SABT and 20 percent BTM, and will be paid from the operations of the Units or, when  
 4 there are no longer Units being leased, from the sale of Units. The Project Manager may establish  
 5 Operating Reserves, in his or her discretion. The existing Management Agreement, as amended  
 6 post-petition, will be terminated on the Effective Date. Harvey Fennell will be appointed the  
 7 Project Manager for the Reorganized Debtor and BTM for all purposes in connection with  
 8 operations and sales of the Units, in accordance with the terms and conditions of a management  
 9 agreement to be executed by the parties. SABT, BTM or BDH may file papers to remove Mr.  
 10 Fennell as the representative person in control. Neither Mike Zalkaske nor Jed Cooper nor Gregg  
 11 Smith will participate in the operations, management or sales of the Units. Management and sales  
 12 activity will be reported to the Bankruptcy Court in periodic reports and status hearings for as  
 13 long as the Bankruptcy Case remains open. In all other respects, the individual managers of  
 14 SABT and BTM will not be involved in the day to day operations of The Belvedere or the sales  
 15 and leasing process. This paragraph does not affect the rights, obligations and responsibilities of  
 16 the managers of either SABT or BTM to effectuate other duties in their role as managers for those  
 17 entities.

## 18 **5.2 Procedures for Resolving Disputed Claims**

### 19 **5.2.1 Prosecution of Objections to Claims**

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

### 27 **5.2.2 Treatment of Disputed Claims**



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

### 3           **5.2.3. Distributions on Account of Disputed Claims Once Allowed**

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

### 7           **5.2.4 Estimation**

8           The Debtor or the Reorganized Debtor, as the case may be, may at any time  
9 request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the  
10 Bankruptcy Code regardless of whether the Debtor or the Reorganized Debtor has previously  
11 objected to such Claim. The Bankruptcy Court will retain jurisdiction to estimate any Claim at  
12 any time, including during proceedings concerning any objection to such Claim. If the  
13 Bankruptcy Court estimates any Disputed Claim, such estimated amount may constitute either  
14 (a) the Allowed amount of such Claim, (b) the amount on which a reserve is to be calculated for  
15 purposes of any reserve requirement under the Plan, or (c) a maximum limitation on such Claim,  
16 as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum  
17 limitation on such Claim, the Debtor or the Reorganized Debtor, as the case may be, may elect to  
18 object to ultimate payment of such Claim. All of the aforementioned Claims objection,  
19 estimation and resolution procedures are cumulative and not necessarily exclusive of one  
20 another.

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

22           Any executory contract and unexpired lease in which the Debtor is the lessee that (i) has  
23 not expired by its own terms on or prior to the Effective Date, (ii) has not been assumed or  
24 rejected by the Debtor during the pendency of the Chapter 11 Case, (iii) is not listed in an exhibit  
25 to the Disclosure Statement (“Rejected Executory Contracts”) as executory contracts or  
26 unexpired leases to be rejected, and (iv) is not the subject of a pending motion to reject such  
27 executory contract or unexpired lease, shall be deemed assumed by the Debtor as of immediately  
28 prior to the Effective Date, and the entry of the Confirmation Order by the Bankruptcy Court

1 shall constitute approval of any such assumption pursuant to section 365(a) and 1123 of the  
 2 Bankruptcy Code. Any executory contract or unexpired lease listed in the Rejected Executory  
 3 Contracts attached to the Disclosure Statement as an executory contract or unexpired lease to be  
 4 rejected by the Debtor shall be deemed rejected by the Debtor as of immediately prior to the  
 5 Effective Date, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute  
 6 approval of any such rejection pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

7 Entry of the Confirmation Order shall constitute on the Effective Date (i) approval,  
 8 pursuant to Section 365(a) of the Bankruptcy Code, of the assumption by the Reorganized  
 9 Debtor of each executory contract and unexpired lease listed on the Rejected Executory  
 10 Contracts attached to the Disclosure Statement and each executory contract and unexpired lease  
 11 assumed by prior order of the Bankruptcy Court, (ii) approval for the Estate to reject each  
 12 executory contract and unexpired lease to which a Debtor is a party and which is not listed in the  
 13 Rejected Executory Contracts attached to the Disclosure Statement and neither assumed,  
 14 assumed and assigned nor rejected by separate order prior to the Effective Date. Upon the  
 15 Effective Date, each counter party to an executory contract or unexpired lease listed on the  
 16 Rejected Executory Contracts attached to the Disclosure Statement shall be deemed to have  
 17 consented to assumption contemplated by Bankruptcy Code Section 365(c)(1)(B), to the extent  
 18 such consent is necessary for such assumption. Any default entitled to monetary cure respecting  
 19 any assumed executory contract or unexpired lease shall be deemed a Class 7 Unsecured Claim  
 20 subject to the claim allowance and disallowance process and paid as set forth in Section 4.6  
 21 above. Confirmation of this Plan will conclusively determine that the December 17, 2014 Letter  
 22 Agreement, a copy of which is attached to the Disclosure Statement, is not an executory contract  
 23 subject to assumption or rejection. The parties to the December 17, 2014 Letter Agreement shall  
 24 be entitled to payment in accordance with Paragraph 19(b)(4), (5), (6) and (7) of the December  
 25 17, 2014 Letter Agreement as set forth in this Plan. All proofs of claim arising from the rejection  
 26 (if any) of executory contracts or unexpired leases must be filed with the Bankruptcy Court by no  
 27 later than 30 days after the earlier of: (i) the date of entry of an order of the Bankruptcy Court  
 28 approving any such rejection and (ii) the Effective Date. Any Claims arising from the rejection

1 of an executory contract or unexpired lease for which no proof of claim was timely filed will be  
2 forever barred from assertion against the Debtor or the Reorganized Debtor, its estate and  
3 property. All such Claims shall, as of the Effective Date, be subject to the discharge and  
4 permanent injunctions set forth in the Plan.

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

## 18 **7. MISCELLANEOUS PROVISIONS**

19 **7.1** On the Confirmation Date, all property of the estate of Debtor shall be re-vested  
20 in the Reorganized Debtor, which shall retain such property free and clear of all liens, claims,  
21 encumbrances and interests of the Creditors. The name of the Reorganized Debtor will be  
22 Secured Assets Belvedere Towers, LLC, a Nevada limited liability company.

23 **7.2** Reorganized Debtor will serve as disbursing agent and shall disburse all property  
24 to be distributed under the Plan. Reorganized Debtor may employ or contract with other entities  
25 to assist in or to perform Distributions and shall serve without bond.

26 **7.3** Confirmation of the Plan constitutes the discharge pursuant to 11 U.S.C. § 1141  
27 of any and all liabilities of the Debtor which are discharged pursuant to the provisions of the  
28 Bankruptcy Code.

1           **7.4**     In accordance with Section 1123(b)(3) of the Bankruptcy Code, any and all  
2     Litigation Claims that may exist shall be transferred and assigned to the Reorganized Debtor.

3           **7.5**     The estate shall be deemed to be fully administered upon the commencement of  
4     Distribution to Creditors as set forth herein, and a final decree may be entered in accordance with  
5     Fed. R. Bankr. Pro. 3022. In the event of any default by the Reorganized Debtor in performing  
6     any term of this Plan, the Reorganized Debtor will have 60 days after receipt of written notice of  
7     such a default by the holder of an Allowed Claim within which to cure the default.

8           **7.6     Releases.** From and after the Effective Date, the following releases shall become  
9     effective: by and between the Debtor ("Released Party"), on the one hand, and the holders of  
10    Claims and Equity Security Interests, on the other hand, that to the fullest extent permissible  
11    under applicable law, as such law may be extended or interpreted subsequent to the Effective  
12    Date; each such person that has held, holds or may hold a Claim or Equity Security, whether  
13    Allowed, terminated, transferred, or conveyed pursuant to this Plan, Disallowed or is not entitled  
14    to receive any distribution pursuant to this Plan, in consideration for the obligations of the  
15    Reorganized Debtor and other contracts, instruments, releases, agreements or documents to be  
16    delivered in connection with this Plan, shall conclusively, absolutely, unconditionally,  
17    irrevocably and forever, release and discharge the Released Party from any claim or cause of  
18    action existing as of the Effective Date, including but not limited to, any claim or cause of action,  
19    interest, right, or dispute, including but not limited to any claim or cause of action, interest, right  
20    or dispute arising from, based on or relating to, in whole or in part, the subject matter of or the  
21    transactions or events giving rise to any Claim against the Debtor, and in the act, omission,  
22    occurrence or event in any matter relating to such subject matter, transaction or obligation. This  
23    release is intended to be as broad as possible, and shall include the Released Party's officers,  
24    directors, managers, attorneys, accountants, agents and employees.

25           **7.7     Party Releases.**

26           A.       On the effective date of this agreement, Debtor hereby fully, finally, and  
27    forever releases, remises, relinquishes, and discharges BDH and BTM, their respective parents,  
28    subsidiaries and affiliates, and all of their respective former and current managers, members,

1 directors, officers, representatives, agents, professionals, accountants, and attorneys (collectively,  
2 the “BDH/BTM Releasees”) from any and all past, present, or future claims or causes of action  
3 (including any suit, petition, demand, or other claim in law, equity, or arbitration), obligations,  
4 costs, or expenses, and any and all actual or allegations of liability or damages (including any  
5 actual or allegation of duties, debts, reckonings, contracts, controversies, agreements, promises,  
6 damages, responsibilities, covenants, or accounts) of whatever kind, nature, or description, direct  
7 or indirect, in law, equity, or arbitration, absolute or contingent, in tort, contract, statutory  
8 liability or otherwise, based on willful blindness, strict liability, negligence, gross negligence,  
9 fraud, breach of fiduciary duty or otherwise (including attorneys’ fees, costs, or disbursements)  
10 (hereinafter, collectively, “claims”) of any nature whatsoever, whether such claims are known,  
11 unknown, suspected, unsuspected, fixed, contingent, liquidated, unliquidated, matured,  
12 unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, which now exist or  
13 heretofore have existed, upon any theory of law or equity now existing or coming into existence  
14 in the future, and that are, have been, could have been, or might in the future be asserted by  
15 Debtor against any of the BDH/BTM Releasees.

16 B. On the effective date of this agreement and except as otherwise provided  
17 herein, BDH and BTM hereby fully, finally, and forever release, remise, relinquish, and  
18 discharge SABT and each of SABT’s respective former or current managers, members, directors,  
19 officers, partners, members, managers, trustees, beneficiaries, grantors, representatives, agents,  
20 affiliates, successors-in-interest, assigns, accountants, and attorneys (collectively, the “SABT  
21 Releasees”), as applicable, from any and all claims of any nature whatsoever, whether such  
22 claims are known, unknown, suspected, unsuspected, fixed contingent, liquidated, unliquidated,  
23 matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, which now  
24 exist or heretofore have existed, upon any theory of law or equity now existing or coming into  
25 existence in the future, and that are, have been, could have been, or might in the future be  
26 asserted by BDH or BTM against any of the SABT Releasees.

27 Except with respect to the rights and obligations arising under the Settlement Agreement,  
28 parties each acknowledge that each may hereafter discover facts in addition to or different from

those that each now knows or believes to be true with respect to the claims, but the parties each shall expressly have and shall be deemed to have fully, finally, and forever settled, released, relinquished, remised, and discharged any and all claims whether such claims are known, unknown, suspected, unsuspected, fixed contingent, liquidated, unliquidated, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, which now exist or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts.

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

**7.9 Exculpation.** Through the Effective Date, the Debtor, and its officers, directors, managers, attorneys, accountants, consultants, agents and employees since the Petition Date, including but not limited to any professionals employed by them pursuant to an order of the Court under Sections 327 and 1103 of the Bankruptcy Code, shall not incur any liability to the Debtor or any other Creditor, Equity Security Interest or interest holder, and other parties in interest in the Bankruptcy Case for any act or omission in connection with or arising out of the



1 Bankruptcy Case, including, without limitation, prosecuting confirmation of this Plan, the  
2 administration of this Estate, the Plan or the property to be distributed under this Plan, except for  
3 gross negligence or willful misconduct, and in all respects, such person will be entitled to rely on  
4 the advice of counsel with respect to their duties and responsibilities with respect to the  
5 Bankruptcy Case and this Plan.

6 **7.10** In the event that any impaired Class entitled to vote is determined to have rejected  
7 this Plan in accordance with Section 1126 of the Bankruptcy Code, the Debtor may invoke the  
8 provisions of Section 1129(b) of the Bankruptcy Code to satisfy the requirements for  
9 confirmation of this Plan. The Debtor reserves the right to modify this Plan to the extent, if any,  
10 that confirmation pursuant to Section 1129(b) of the Bankruptcy Code requires modification.

11 **7.11** After the Effective Date, the Reorganized Debtor may object to Proofs of Claim.  
12 Any such objections shall be filed and served not later than 90 days after the Effective Date;  
13 provided, however, that such period may be extended by order of the Bankruptcy Court for good  
14 cause shown.

15 **7.12** No Proof of Claim filed after the Bar Date shall be allowed, and all such Claims  
16 are deemed disallowed. No Creditor shall be permitted to amend any Proof of Claim except to  
17 decrease the amount owed.

18 **7.13** This Plan shall be binding upon, and inure to the benefit of the Debtor, the  
19 Reorganized Debtor, Creditors, Equity Security Holders and their respective successors and  
20 assigns.

21 **7.14** Except to the extent the Bankruptcy Code or other federal law is applicable or as  
22 provided in any contract, instrument, release or other agreement, the rights, duties and  
23 obligations of Debtor and any other person arising under this Plan shall be governed by and  
24 construed and enforced in accordance with the internal laws of the State of Nevada, without  
25 giving effect to Nevada's choice of law provisions.

## 26 **8. RETENTION OF JURISDICTION**

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

28 **8.1** For the purpose specified in Section 1142 of the Bankruptcy Code;



1           **8.2**     The consideration of Claims and such objections as may be filed to the Claims of  
 2     Creditors pursuant to Section 502 of the Bankruptcy Code, to decide or resolve any matter over  
 3     which the Bankruptcy Court has jurisdiction pursuant to Section 505 of the Bankruptcy Code,  
 4     and to file and prosecute any claims of the estate or counterclaims against such Creditors as may  
 5     be permitted by law;

6           **8.3**     The fixing of compensation for the persons entitled thereto;

7           **8.4**     To hear and determine the amount of all encumbrances or the recovery of any  
 8     preferences, transfers, assets or damages to which the Debtor's estate may be entitled under  
 9     applicable provisions of the Bankruptcy Code or other federal, state, or local law;

10          **8.5**     To resolve any disputes regarding interpretation and enforcement of the Plan and  
 11     the Settlement Agreement;

12          **8.6**     To implement the provisions of the Plan and the Settlement Agreement, including  
 13     all provisions in the Plan which specify the retention of jurisdiction, and to make such further  
 14     orders as will aid in consummation of the Plan, including conducting status hearings, granting  
 15     declaratory relief, issuing injunctions, and ordering the transfers as set forth in the Plan after the  
 16     Confirmation Date;

17          **8.7**     To adjudicate controversies regarding property of the Debtor's estate and  
 18     regarding ownership thereof, including adjudication of causes of action which constitute property  
 19     of the estate;

20          **8.8**     To modify this Plan in accordance with Section 1127 of the Bankruptcy Code;

21          **8.9**     To enter such orders as may be necessary or appropriate to implement or  
 22     consummate the provisions of this Plan and all contracts, instruments, releases and other  
 23     agreements or documents created in connection with this Plan, the Settlement Agreement, the  
 24     Disclosure Statement or the Confirmation Order; and

25          **8.10**    To enter a final decree and order closing the case.

## 26           **9.     MODIFICATION OF PLAN**

27           The Debtor may modify the Plan with regard to the treatment of any Creditor class, in  
 28     connection with any agreement or settlement with such Creditor class or in order to comply with

1 the requirements of the Code as established by the Court, provided such modification does not  
2 materially adversely affect any other class of Creditors. Such modifications may be reflected in  
3 the order confirming the plan of reorganization. Any other modification of the Plan shall be in  
4 accordance with Section 1127 of the Code.

5 DATED this 3<sup>rd</sup> day of March, 2017.

6 LEE HIGH, LTD.

7 /s/ Cecilia Lee, Esq. \_\_\_\_\_

8 CECILIA LEE, ESQ.

9 ELIZABETH HIGH, ESQ.

# EXHIBIT B

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA (RENO)

IN RE: . Case No. 16-51162-gwz  
. .  
. Chapter 11  
SECURED ASSETS BELVEDERE .  
TOWER, LLC . 300 Booth Street  
. Reno, NV 89509  
Debtor. .  
. Thursday, February 2, 2017  
..... 11:41 a.m.

TRANSCRIPT OF SECOND DAY OF SETTLEMENT CONFERENCE  
SECURED ASSETS BELVEDERE TOWER, LLC  
BEFORE THE HONORABLE GREGG W. ZIVE  
UNITED STATES BANKRUPTCY COURT JUDGE

APPEARANCES:

For the Debtor: Lee High LTD.  
By: CECILIA LEE, ESQ.  
ELIZABETH A. HIGH, ESQ.  
499 West Plumb Lane  
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Reno, NV 89509  
(775) 240-1717

For Ananda Partners I,  
LLC and Ananda Partners  
III, LLC: Humphrey Law, PLLC  
By: L. EDWARD HUMPHREY, ESQ.  
201 West Liberty Street  
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APPEARANCES CONTINUED.

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transcript produced by transcription service.

APPEARANCES (Continued):

For BTM, LLC:

Hartman & Hartman  
By: JEFFREY L. HARTMAN, ESQ.  
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For Belvedere Debt  
Holdings, LLC:

Robison, Belaustegui, Sharp & Low  
By: STEFANIE T. SHARP, ESQ.  
71 Washington Street  
Reno, NV 89503  
(775) 329-3151



1 (Proceedings commence at 11:41 a.m.)

2 THE COURT: Now, this is in the matter of Secured  
3 Assets Belvedere Tower, LLC at case number 16-51162. I'm going  
4 to ask counsel to enter their appearances, please.

5 MS. SHARP: Stefanie Sharp appearing on behalf of  
6 secured creditor, Belvedere Debt Holdings, LLC.

7 MR. HARTMAN: Jeff Hartman on behalf of BTM, LLC,  
8 Your Honor, and Mr. Zalkaski, the manager of that entity is in  
9 the courtroom.

10 MR. HUMPHREY: Good morning, Your Honor. Ed Humphrey  
11 on behalf of Ananda Partners I and Ananda Partners III, LLCs.

12 MS. LEE: Good morning --

13 THE COURT: I understand -- excuse me.

14 MS. LEE: I didn't put my appearance on the record.

15 THE COURT: Oh, I thought you had. I'm sorry.

16 MS. LEE: I hadn't, Your Honor. Cecilia Lee and  
17 Elizabeth High, Lee & High, on behalf of the debtor, Secured  
18 Assets Belvedere Towers, and I believe that our client  
19 representative, Greg Smith, is on the phone.

20 MR. SMITH: Yes.

21 THE COURT: I'm now going to ask for telephonic  
22 appearance.

23 Mr. Smith, are you there?

24 MR. SMITH: Yes, sir, I am. This is Greg Smith.

25 THE COURT: And do you have authority to act on



1 behalf of Secured Assets Belvedere Tower, LLC?

2 MR. SMITH: Yes, I do.

3 THE COURT: All right. Is Mr. Kendall on the phone?

4 MS. SHARP: Yes, Your Honor. Mr. Kendall is on the  
5 phone.

6 MR. KENDALL: I am, yes.

7 THE COURT: Would you please identify yourself.

8 MR. KENDALL: This is Alex Kendall, manager of  
9 Belvedere Debt Holdings.

10 THE COURT: And do you have authority to act on  
11 behalf of Belvedere Debt Holdings, LLC?

12 MR. KENDALL: I do.

13 THE COURT: Thank you.

14 And I need you to enter your appearance, please, sir.

15 MR. ZALKASKI: Michael Zalkaski, manager of BTM, LLC.

16 THE COURT: Could you spell your last name for us,  
17 please.

18 MR. ZALKASKI: Z as in zebra, A-L-K-A-S-K-I.

19 THE COURT: And do you have authority to speak on  
20 behalf of BTM?

21 MR. ZALKASKI: Yes, Your Honor.

22 THE COURT: Thank you very much.

23 There was another party to the settlement  
24 negotiations that started yesterday morning, and that was David  
25 Lonich, L-O-N-I-C-H. He was represented by Michael St. James.



1 Mr. St. James was here yesterday, and I excused him. His  
2 client was unable to appear, and I believe the reason he was  
3 unable to appear is that he's under indictment and can't leave  
4 the state of California. At any rate, he was available by  
5 telephone yesterday. And I did meet with Mr. St. James  
6 yesterday. But as I told him when he left the courthouse  
7 yesterday, it would appear, based upon the status of the  
8 negotiations at that time, that his client would be treated in  
9 accord with the terms of the 2014 letter agreement.

10           Based on what I've heard from counsel, who have  
11 informed me they have arrived at a consensual resolution, that  
12 is exactly the case. Mr. Lonich will be treated in accord with  
13 the terms of the 2014 letter agreement. That is why he is not  
14 here nor is Mr. St. James here today. But I would expect  
15 counsel for the debtor to notify Mr. St. James of the  
16 settlement, the terms, and if -- of course, if -- as I will  
17 note later, the settlement will be heard either as a part of a  
18 plan or a separate motion pursuant to Federal Rule of  
19 Bankruptcy Procedure 9019 to approve it so that if there is any  
20 objection, Mr. Lonich, through Mr. St. James or any other  
21 counsel, will have an opportunity to be fully heard.

22           But the terms of this agreement do not affect him.  
23 And as he noted, and we talked about it yesterday and he said  
24 it, so it's not confidential, he was "agnostic," to use his  
25 term, about the resolution between the three parties who are

1 about to put their agreement on the record, and -- so long as  
2 the terms of the letter agreement were to apply to Mr. Lonich's  
3 claim. And they will. I just wanted to make that record  
4 before we proceeded.

5 Now, I understand, Ms. Lee, you are going to put the  
6 terms of the settlement on the record. Is that correct?

7 MS. LEE: Yes, sir, I am. And I've gone over these  
8 with the parties before Your Honor came out on the bench. In  
9 my experience, Your Honor, putting some terms on the record is  
10 that the devil is frequently in the details. There may be  
11 terms of this that we will cover in broad stroke today, but I  
12 believe that we will be able to get into enough details so that  
13 everyone is comfortable with this, but we will be reducing this  
14 to a settlement agreement, and I anticipate that counsel will  
15 continue to work with one another to resolve any additional  
16 issues that might come up as we have continued to throughout  
17 this case.

18 With that as a predicate, Your Honor, the terms that  
19 the parties have arrived at in resolution of the proofs of  
20 claim that have been filed in this case on behalf of BDH and  
21 BTM are as follows. BDH, Belvedere Debt Holdings, will have a  
22 \$12.5 million principal claim as of the petition date of  
23 September 19th. That principal amount will accrue interest at  
24 the rate of 25 percent as a default rate during the pendency of  
25 this bankruptcy until the effective date.



1           That accrual will be simple interest with no  
2 compounding. On the effective date, the interest rate will  
3 revert to the contract rate of 12 percent. There will be  
4 periodic payments once a quarter of interest on the note, and  
5 in all other respects, the terms of the note are unmodified  
6 after the effective date. In the event the debtor and BTM are  
7 unable to make the quarterly interest payment, and that will be  
8 a rolling quarter, months one through three measured and then  
9 two through five and then three through six, the creditor will  
10 be in a position where it can exercise its state remedies of  
11 foreclosure.

12           The lender's costs associated with this bankruptcy,  
13 which are estimated at \$130,000, will be added to the note.  
14 And with the exception of the carveouts that are set forth --  
15 that I'm going to set forth next, the lender will be paid in  
16 full from the sale -- excuse me, let me phrase that  
17 differently. The lender will be paid the net proceeds of sale  
18 from each sale until the lender is paid in full. The  
19 anticipated payout date is November of 2019. The maturity date  
20 of the note will be three years from the effective date.

21           With respect to a carveout, the parties agree that  
22 the special assessment from the Belvedere Homeowners  
23 Association will be earmarked from the upcoming sales that we  
24 will be asking Your Honor to approve on February 14th. We  
25 believe that those will be sufficient to pay SABB's portion.

1 And once this agreement is inked, there -- we will agree to  
2 release that special assessment to the homeowners association.  
3 The debtor's portion of it is approximately 345- to \$350,000.

4 Of the pre-confirmation sales that the debtor has had  
5 approval of and has closed, approximately \$250,000 will be  
6 earmarked for the payment of administrative expenses to Ms.  
7 High's firm and mine. We are currently holding approximately  
8 \$170,000 in our trust account, and we anticipate that from the  
9 next sale that has closed, that that will be sufficient to  
10 cover the 250,000. Of course, the actual payment from trust to  
11 our firm is subject to a duly noticed fee application hearing,  
12 which I anticipate probably would be a final fee application  
13 hearing.

14 There are unsecured claims in this estate, Your  
15 Honor. There is a priority and unsecured claim owed to Washoe  
16 County for taxes, and there's the secured claim of Woodburn &  
17 Wedge. The secured creditor and the debtor agree to follow up  
18 with respect to how these claims can be paid, as well as any  
19 remaining administrative expenses of the estate, which would  
20 include approximately \$40,000 that is an outstanding balance  
21 owed to Davis, Graham & Stubbs, which is my former firm and Ms.  
22 High's former firm, from the period of time between the  
23 petition date and when Ms. High and I left that firm on October  
24 31st, 2016.

25 The parties stipulate to continue the motion to



1 appoint a trustee and the two claim objections to the hearing  
2 date on confirmation. We will ask Your Honor whether or not  
3 placing that stipulation on the record is sufficient or whether  
4 or not you would require us to actually submit a written  
5 stipulation and you would conduct an order.

6 THE COURT: Well, I have the movant and the opposing  
7 party stipulating on the record. Isn't that correct, Ms.  
8 Sharp?

9 MS. SHARP: That is correct, Your Honor. We are  
10 going --

11 THE COURT: That's all I need.

12 MS. LEE: Okay. The parties further agree that  
13 pending matters, such as Rule 2004 exams, would similarly be  
14 continued out.

15 THE COURT: In other words, there will be a  
16 standstill.

17 MS. LEE: There's a standstill, Your Honor.

18 THE COURT: All right.

19 MS. LEE: With one very important exception, and that  
20 is -- two important exceptions. The first is a motion to sell  
21 that is coming up on the 14th and the cash collateral motion,  
22 which is coming up on the 14th. The -- Your Honor will recall  
23 that we filed a motion to approve the use of cash collateral in  
24 which we placed directly at issue our attorneys' fees, and that  
25 drew objections from several parties.

1           We have a stipulation to be able to continue to use  
2 cash collateral through the 14th based on the January budget.  
3 What we will do is continue to -- we will stipulate to continue  
4 the use of the cash collateral pursuant to that budget, which  
5 has not changed materially, pending plan confirmation. And  
6 that should take care of the cash collateral issue.

7           THE COURT: I'm assuming that I will not have a  
8 contested cash collateral hearing because --

9           MS. LEE: Correct.

10          THE COURT: -- you've arrived at this stipulation.

11          MS. LEE: Correct, Your Honor.

12          THE COURT: Would that be correct?

13          MS. SHARP: That is correct, Your Honor.

14          THE COURT: Who else objected?

15          MS. LEE: BTM did.

16          THE COURT: Is that correct, Mr. Hartman?

17          MR. HARTMAN: That's correct, Your Honor.

18          THE COURT: Thank you.

19          MS. LEE: Okay. The parties are -- intend to meet  
20 next week with representatives of Dickson to work out a joint  
21 management understanding, and I think that as a result of that,  
22 we'll know further the fate of the debtor's motion to employ  
23 Dickson as its real estate agent on an ongoing basis, which is  
24 also set for the 14th of February. So instead of --

25          THE COURT: Well, I'll take -- do you want me to take

1 that off calendar?

2 MS. LEE: I do not, not at this point in time. The  
3 point of that motion, Your Honor, was that instead of seeking  
4 to employ them with every single motion to sell that we  
5 filed --

6 THE COURT: I thought I had employed two Dickson  
7 Realty brokers, but was that only on one deal because --

8 MS. LEE: Every single employment so far has been  
9 transactional only.

10 THE COURT: Because that drew -- isn't this is a case  
11 in which I had the Office of the U.S. Trustee objected?

12 MS. LEE: Yes. Yes.

13 THE COURT: Yeah. And -- all right. I thought it  
14 was broader than that, but if not, that's fine.

15 MS. LEE: It was not, Your Honor. It was  
16 transactional only, and I think that --

17 THE COURT: Because I thought the hearing on the 14th  
18 was for the holding company.

19 MS. LEE: No. It is -- the intention of it was to --

20 THE COURT: Because there's one company, and then  
21 they have different offices.

22 MS. LEE: Different offices, basically, yes. But I  
23 think that based on the meeting that we have next week, Your  
24 Honor, that will resolve what is ultimately going to happen  
25 with Dickson Realty and whether or not the parties are going to



1 continue with Dickson or do something completely different.

2 MS. SHARP: Your Honor, if I can suggest something.  
3 Then, maybe with respect to the hearing on the 14th to employ  
4 Dickson, as it appears that either there may be a change, there  
5 may not, but most likely, there's going to be a change in the  
6 terms of employment of Dickson that were proposed to this  
7 Court, I would suggest that maybe at the hearing on the 14th,  
8 we just have a status conference on that motion --

9 MS. LEE: That's fine.

10 MS. SHARP: -- so we can update Your Honor on the  
11 progress.

12 THE COURT: Fine. That's where I was thinking, too.

13 MS. LEE: Yeah, that's fine.

14 THE COURT: That hearing will now be a status  
15 conference.

16 MS. LEE: That's fine. I think that makes sense.  
17 Yes, thank you.

18 THE COURT: That's a good suggestion. Thank you.

19 MS. LEE: Yeah, that makes sense, Your Honor.

20 With respect to SABT and BTM, Your Honor, as you  
21 know, SABT and BTM bought ten units out of homeowners'  
22 foreclosure. The parties have agreed that they would share the  
23 cost of those ten units and the proceeds of sale of those units  
24 on a 20 percent BTM, 80 percent SABT basis, and that they will  
25 either apply that formula to those actual units or they will

1 account for them in the final analysis. The point with respect  
2 to that is that in the event one of these units -- someone  
3 wants to buy them, we don't want to turn down a sale, but we  
4 would then just simply do some type of an accounting so that at  
5 the end of the day, we could make the allocation of costs and  
6 proceeds appropriate.

7 In other respects, paragraph 19(b) of the letter  
8 agreement controls the remainder of the sales. Mr. Zalkaski  
9 has stated he will not be part of management going forward.  
10 The parties will enter into a settlement agreement in which  
11 there will be standard releases and such terms as are typically  
12 in a settlement agreement, and the parties have agreed that in  
13 conjunction with this settlement, that it will resolve their  
14 proofs of claim and any objections to the plan and that they  
15 will, in fact, vote for the plan, which we will present to Your  
16 Honor on the next party application to approve the disclosure  
17 statement, which will obviously have to be changed, and --

18 THE COURT: Conditional approval.

19 MS. LEE: Conditional approval on an ex parte basis.  
20 And then, we will ask the Court to set the confirmation hearing  
21 for March 23rd. To the extent that that will require some  
22 shortening of the notice period, we will ask the Court to do  
23 that, too.

24 THE COURT: Mrs. Duffy.

25 THE CLERK: That's fine, Your Honor. It's a

1 Thursday.

2 THE COURT: Well, that's Thursday, the 23rd?

3 THE CLERK: Yes, sir.

4 THE COURT: What do I have the 24th?

5 THE CLERK: There's nothing at this point.

6 THE COURT: What's on the 22nd?

7 THE CLERK: Nothing, Your Honor.

8 THE COURT: Okay. Wait a minute, when am I going --  
9 is the NCAA the week before that?

10 THE CLERK: Yes, sir.

11 THE COURT: Okay.

12 THE CLERK: Yes, sir.

13 MR. HARTMAN: You have to keep your priorities  
14 straight.

15 THE COURT: Nothing interferes with my trip to the  
16 NCAA.

17 MS. LEE: I understand, Your Honor. I understand.  
18 We're hoping a certain team maybe gets it that far this year.

19 THE COURT: Not the way they played last night.

20 MS. LEE: Not the way they played last night. I  
21 understand.

22 THE COURT: Yeah, because I don't have much time  
23 after that. I'm out of the country.

24 MS. LEE: Yeah, we understand that, Your Honor.

25 Obviously, this will -- we will be incorporating the settlement



1 agreement into the plan, and I will be treating claims and  
2 claimants in accordance with this agreement under the plan. So  
3 there definitely will be some changes. My anticipation is that  
4 in addition to a settlement agreement, we will do the 9019  
5 motion and plan confirmation at the same time.

6 THE COURT: Okay. All right. Is that it?

7 MS. LEE: Your Honor, that's it.

8 THE COURT: Ms. Sharp, any comments, suggestions,  
9 changes?

10 MS. SHARP: I don't believe so, Your Honor.

11 THE COURT: Mr. Hartman?

12 MR. HARTMAN: No, Your Honor.

13 THE COURT: Thank you. I'm going to start with Mr.  
14 Smith.

15 Mr. Smith, can you hear me?

16 MR. SMITH: I'm here. I can hear you. Yes, thank  
17 you.

18 THE COURT: Did you hear the terms of the agreement  
19 that were placed on the record by Ms. Lee, your lawyer?

20 MR. SMITH: I did, yes.

21 THE COURT: Did you -- do you understand the terms  
22 that were placed on the record?

23 MR. SMITH: I do. With regard to the 80/20  
24 computation, I presume that there will be a chance to review  
25 that and make that -- make sure that it syncs with what I

1 understand in my mind when we get to the point of actually  
2 putting it on paper in some form.

3 THE COURT: You'll have a chance to review the  
4 memorialization. Yes, sir.

5 MR. SMITH: Yes, then I'm fine. Thank you.

6 THE COURT: So you heard it, you understood it, and  
7 on behalf of Secured Assets Belvedere Tower, LLC, do you agree  
8 to those terms?

9 MR. SMITH: Yes, I heard it, understood it, and agree  
10 to those terms on behalf of SABT.

11 THE COURT: Thank you.

12 Mr. Zalkaski, you heard -- would you go to the  
13 podium, please, so we can record this. As the representative  
14 of BTM, you've heard the terms of the agreement that were  
15 placed on the record by Ms. Lee. Is that correct?

16 MR. ZALKASKI: Yes, Your Honor.

17 THE COURT: And you have participated in these  
18 negotiations for the last day and a half?

19 MR. ZALKASKI: Yes, I have.

20 THE COURT: And did you understand the terms as they  
21 were placed on the record?

22 MR. ZALKASKI: Yes, I do.

23 THE COURT: Do you have any questions about them?

24 MR. ZALKASKI: No.

25 THE COURT: On behalf -- and you have authority --

1 we've already, I think, established that you have authority to  
2 act on behalf of BTM, correct?

3 MR. ZALKASKI: Yes, Your Honor.

4 THE COURT: And on behalf of BTM, do you agree to be  
5 bound by the terms of the settlement agreement that was just  
6 placed on the record?

7 MR. ZALKASKI: I agree on behalf of BTM, Your Honor.

8 THE COURT: Thank you very much.

9 And Mr. Kendall?

10 MR. KENDALL: Yes.

11 THE COURT: We've already established that you have  
12 authority to act on behalf of Belvedere Debt Holdings, LLC.  
13 And you were present yesterday during these negotiations here  
14 in Reno. Is that correct?

15 MR. KENDALL: Yes.

16 THE COURT: And you were able to communicate with  
17 your counsel this morning telephonically, even though you're  
18 not here personally. Is that correct?

19 MR. KENDALL: Yes.

20 THE COURT: And you heard the terms of the settlement  
21 agreement that were placed on the record by Ms. Lee, did you  
22 not?

23 MR. KENDALL: I did.

24 THE COURT: And did you understand those terms?

25 MR. KENDALL: I have two clarifying questions.



1 THE COURT: I'm sorry?

2 MR. KENDALL: I have two questions that I have to ask  
3 for some clarification.

4 THE COURT: Please.

5 MR. KENDALL: So first, when we were discussing the  
6 rolling quarterly paydown of the loan, Ms. Lee said that  
7 there'd be quarterly interest payments. I want to clarify that  
8 they would be quarterly principal plus interest payments.

9 MS. LEE: No, that is not our understanding.

10 THE COURT: I thought they were interest, and that's  
11 what was placed on the record.

12 Ms. Sharp.

13 MS. SHARP: Your Honor, I think that the payment has  
14 to at least be equivalent to the monthly interest payment, but  
15 since he's getting all the net proceeds from sale, it was  
16 anticipated that the debtor would also have to start paying  
17 down on the principal so that he would be paid off. But I  
18 think because he's getting the net proceeds from all the sales  
19 that that's really all the income that's being generated. So  
20 unless we want to, you know -- I think that the benchmark is  
21 meeting that -- at least meeting that monthly interest payment,  
22 but we all recognize that if sales don't reach a certain level,  
23 the loan just won't get paid off.

24 THE COURT: Right. Does that answer your question,  
25 Mr. Kendall?



1 MR. KENDALL: Well, yes and no. I mean, I want to be  
2 clear on the record that making a monthly interest payment,  
3 interest only, since you're selling off the asset won't result  
4 in a loan paydown.

5 THE COURT: As I -- go ahead.

6 MR. KENDALL: And so the nature of the asset is one  
7 such that one simply has to erode away at the collateral in  
8 order to pay off the principal and interest, and so I certainly  
9 understand that, but what that means is then that when one  
10 figures out how to clarify that the, you know, loan is  
11 performing, that needs to be taken into account.

12 MS. SHARP: Your Honor --

13 MR. KENDALL: And again, I don't -- to the room, I  
14 don't see this -- when we go to paper this up, I don't see this  
15 being a problem, but I just want to be clear that there needs  
16 to be some thought here.

17 MS. SHARP: I think that, Your Honor, there's a way  
18 to solve this and that that monthly interest minimum, the  
19 three-month rolling average monthly interest minimum, that has  
20 to be the minimum and that maybe we can work to -- we need to  
21 set up -- we need to run some numbers, quite frankly, and set  
22 up a calculation now based on the settlement numbers that will  
23 indicate what type of benchmark this debtor needs to make with  
24 BTM on this three-month average to make a P&I payment so that  
25 the loan can get paid down.

1 MS. LEE: You know, this is completely new from what  
2 we've ever talked about before, Your Honor. The whole point of  
3 this was that the minimum interest would be paid. It would be  
4 calculated over a three-month period so that we weren't -- you  
5 know, what if we sell five units in month two, but none in  
6 month one, we can still make that minimum payment. But the  
7 terms of the deal are that the secured creditor is getting all  
8 net proceeds.

9 THE COURT: Right.

10 MS. LEE: And those are going to be applied in  
11 accordance with the terms of the loan. So clearly, the intent  
12 of this is that --

13 THE COURT: Well, that's -- I think this is getting  
14 confusing. Let me tell you how I look at it, is that if there  
15 were insufficient sales in a particular month, what would be  
16 paid is the minimum interest --

17 MS. LEE: Uh-huh.

18 THE COURT: -- that could -- but there are also  
19 benchmarks.

20 MS. SHARP: Correct.

21 THE COURT: And if those benchmarks aren't made, then  
22 the loan is in default. That the sales will generate income  
23 that will pay more than the interest.

24 MS. SHARP: Correct.

25 THE COURT: That's the whole point.

1 MS. SHARP: Correct.

2 THE COURT: That's the only way that BDH gets paid in  
3 full by November 2019.

4 MS. SHARP: Correct.

5 THE COURT: So, in fact, there are payments of  
6 principal and interest. It's just that the minimum payments  
7 are interest only. The payments from the sale of the units  
8 will apply first to interest, then to principal. So that -- I  
9 actually think it's baked into here.

10 MS. LEE: It is somewhat inherent in it. And the  
11 thing that we are seeking to avoid, Your Honor, is being in the  
12 position of a default because in a particular month, we didn't  
13 sell four units.

14 THE COURT: Well, that's the whole point.

15 MS. SHARP: Right.

16 MR. KENDALL: And --

17 MS. SHARP: And that's not the intent.

18 THE COURT: Go ahead, Mr. Kendall.

19 MR. KENDALL: Yeah, that's not the intent. The  
20 intent is -- I'll just be clear as to what my intent -- my  
21 intent is I just don't want it to -- I don't want it to be --  
22 whatever -- you know, again, whatever that monthly interest  
23 payment is -- let's just say for the sake of round numbers, it  
24 comes out to 100,000 a month -- at this 100,000 a month and  
25 you're selling one unit a month, you know, that can pay off the



1 interest, but that is unsustainable over time. And if that --

2 THE COURT: Sure. And that's what --

3 MR. KENDALL: -- happens for -- again, we'll have to  
4 talk about what the time period -- what the exact principal  
5 paydown needs to be. If that happens for six months in a row  
6 -- again, just making a number up so we -- you know what I'm  
7 talking about -- then that becomes -- it becomes clear that the  
8 project is not working.

9 THE COURT: Well, but you've already built in -- as  
10 part of the settlement, you've built in benchmarks for sales.

11 MR. KENDALL: Right. That -- so all I'm saying is  
12 there has to be sales benchmarks. That's actually all I'm  
13 saying.

14 THE COURT: Yeah. I think it's --

15 MR. KENDALL: So if we all agree that --

16 THE COURT: I actually think it's addressed, but you  
17 folks are going to have to talk about that.

18 MR. KENDALL: Then, I'm good.

19 MS. SHARP: About the benchmarks -- the monthly sale  
20 benchmarks?

21 THE COURT: Yeah. I mean, his concern is that if you  
22 only get interest and the principal isn't paid down, but the  
23 assets are sold --

24 MS. SHARP: Correct.

25 THE COURT: -- then there's nothing at the end. But,

1 of course, I don't see that as a potentiality because as you  
2 sell the units, the whole -- the proceeds go to BDH.

3 MS. SHARP: Correct.

4 THE COURT: The only problem that could exist is if  
5 there are insufficient sales. That's why you build the  
6 benchmarks in, and if the program doesn't work, then BDH can  
7 foreclose.

8 MS. SHARP: Okay. So we will come to a consensus on  
9 the sales benchmarks.

10 THE COURT: Yeah. You either have a program that's  
11 sustainable or you don't.

12 Isn't that correct, Mr. Smith?

13 MR. SMITH: Yes.

14 THE COURT: Thank you.

15 All right. Any other questions, Mr. Kendall?

16 MR. KENDALL: Okay. And -- yeah, and one other  
17 question I just wanted to clarify, which was that Mike Zalkaski  
18 would have no part of management, and I just wanted to  
19 understand what that meant. I assume that means he would have  
20 no part of the, you know, top-level, top-down management, but  
21 he can continue to manage BTM. I just want to clarify that.  
22 Or if that's not the case, then clarify that. I just want to  
23 understand what that term was meant to mean.

24 THE COURT: Mr. Zalkaski --

25 MS. SHARP: From my --

1 THE COURT: Mr. Zalkaski is not going to be involved  
2 in the management of the sales program. It is my understanding  
3 that that sales program includes all the units. Am I  
4 incorrect?

5 MS. SHARP: No, you're correct, Your Honor. The  
6 sales -- it must be jointly sold and marketed as one project.

7 THE COURT: So that means he will not be involved in  
8 those that are owned by BTM.

9 Isn't that correct, Mr. Zalkaski?

10 MR. ZALKASKI: That is correct.

11 THE COURT: So he's not involved at all, Mr. Kendall.

12 MS. SHARP: And I think the inverse is true, as well,  
13 is that Mr. Smith and Mr. Cooper are not going to be involved  
14 in that.

15 THE COURT: That's right. In other words, the  
16 parties that are before me today are not going to be involved  
17 in the sales or management of these units.

18 MR. KENDALL: Okay. So then again, just to clarify,  
19 there will be one person who is -- nobody who is either in the  
20 room or on the phone who will be in charge of the sales program  
21 for all units and --

22 MS. SHARP: You've got it.

23 MR. KENDALL: -- that person will operate with  
24 independence.

25 MS. SHARP: That's correct.



1 MR. HARTMAN: I would add, Your Honor --

2 MR. KENDALL: Okay.

3 MR. HARTMAN: -- that it's my understanding that  
4 between now and, let's say, April 1st, the marketing program  
5 begins, all the parties have input on who the --

6 MS. LEE: Uh-huh.

7 MR. HARTMAN: -- third-party independent manager will  
8 be.

9 MS. LEE: Uh-huh.

10 MS. SHARP: Correct.

11 THE COURT: Correct.

12 MR. HARTMAN: Just want to make that clear.

13 MS. LEE: Uh-huh.

14 THE COURT: Yes.

15 MS. LEE: And our intention, Your Honor, is to begin  
16 that process early next week by scheduling a meeting with the  
17 folks at Dickson.

18 THE COURT: The key is here find somebody that you  
19 can agree on, whether it's Dickson or somebody else, I don't  
20 care, get it in place, get the sales program going, because  
21 that's the only way of monetizing these assets for the benefit  
22 of the creditors of this estate. It's that simple.

23 MS. LEE: Agreed.

24 MS. SHARP: Correct.

25 MS. LEE: Agreed.



1 MR. KENDALL: And then, one more clarification on  
2 that. Insofar as SABT needs to, you know, file its taxes, Greg  
3 Smith and Jed Cooper will figure out how to do that. And  
4 insofar as BTM needs to do the same, Mike Zalkaski can continue  
5 to do that, I assume. Insofar as it doesn't touch -- insofar  
6 as they're not touching each other, they can do their own  
7 taxes. Is that correct?

8 MS. SHARP: I think what he's trying to clarify is  
9 that not withstanding the day-to-day operation of the project  
10 at the Belvedere, the managers of BTM, LLC and SABT, LLC,  
11 respectively, will continue in their managerial capacities for  
12 those entities.

13 THE COURT: For those entities, absolutely. This  
14 doesn't affect that.

15 MS. SHARP: Correct.

16 MR. KENDALL: Okay. I just wanted to clarify. So  
17 then, with those clarifications --

18 THE COURT: Correct -- hold on. Correct,  
19 Mr. Hartman?

20 MR. HARTMAN: That is correct, Your Honor.

21 THE COURT: Okay. You're about two questions past  
22 your two questions. Do you have anything else, though,  
23 Mr. Kendall?

24 MR. KENDALL: No, that's it. Thank you.

25 THE COURT: I don't want to cut you off. I was just

1 being --

2 MR. KENDALL: No, no, no, those were my two  
3 questions, which apparently required followup questions.

4 THE COURT: All right. Now, you've heard the terms.  
5 You've had your questions answered. Do you understand the  
6 terms of the agreement?

7 MR. KENDALL: I do.

8 THE COURT: And do you agree, on behalf of Belvedere  
9 Debt Holdings, LLC, it shall be bound by those terms?

10 MR. KENDALL: I do.

11 THE COURT: Thank you. I now have everybody on the  
12 record agreeing that they -- to the terms. Counsel has  
13 indicated that the terms as recited are accurate, there  
14 obviously being a little bit of clarification.

15 I do not want anybody to think that this agreement  
16 can be modified or amended in any material fashion after today.  
17 You're here. You've agreed to the terms. You agreed that you  
18 have authority to bind the various entities, and they are  
19 bound, and I consider them bound. And whether or not they're  
20 finally approved on March 23rd or any other time, as far as the  
21 parties go, no buyer remorse. This is your deal that you're  
22 going to ask the Court to approve after providing an  
23 opportunity for any other party in interest to object, and I  
24 will resolve any objections that are filed in the normal  
25 course.

1 Is that clear to you, Mr. Smith?

2 MR. SMITH: Yes, it is.

3 THE COURT: Mr. Kendall?

4 MR. KENDALL: Yes.

5 THE COURT: Mr. Zalkaski?

6 MR. ZALKASKI: Yes, it is.

7 THE COURT: Then, I congratulate you all on arriving  
8 at this resolution, and I hope that it all works out for  
9 everybody. Thank you all very much.

10 MS. SHARP: Thank you, Your Honor.

11 MS. LEE: Thank you, Your Honor.

12 MR. HARTMAN: Thank you for your help, Your Honor.

13 MR. KENDALL: Thank you.

14 THE COURT: You're welcome.

15 (Proceedings concluded at 12:14 p.m.)

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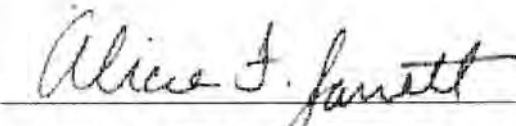
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C E R T I F I C A T I O N

I, Alicia Jarrett, court-approved transcriber, hereby  
certify that the foregoing is a correct transcript from the  
official electronic sound recording of the proceedings in the  
above-entitled matter.

  
ALICIA JARRETT, AAERT NO. 428

DATE: February 24, 2017

ACCESS TRANSCRIPTS, LLC



# EXHIBIT C



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December 17, 2014

BY ELECTRONIC MAIL  
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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 Parties<sup>1</sup>, the Lonich Parties<sup>2</sup>, the BDH Parties<sup>3</sup> and the BTM Parties<sup>4</sup> relating to their respective interests in Belvedere

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<sup>1</sup> 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.

<sup>2</sup> 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**").

<sup>3</sup> 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

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<sup>4</sup> 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 SBT 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 SBT 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 SABL 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 SABL 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 SABL Parties, relating to Park Lane.

6. **Release of GreenLake:** SABL, 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. SABL 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. SABB 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 SABB 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 SABB'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 SABB and forty percent (40%) will be paid to Lonich. Should SABB receive any monies payable to Lonich pursuant to this paragraph 14, then such proceeds shall be held in trust by SABB 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, SABB 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. SABB 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 SABB 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 SABL Parties

Gregg Smith

\_\_\_\_\_  
\_\_\_\_\_  
e-Mail: [gsmith@annadelcapital.com](mailto: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](mailto:psimon@beyerscostin.com)  
Facsimile: \_\_\_\_\_

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If to the BTM Parties:

Mike Zalkaske

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e-Mail: [mzalkaske@hotmail.com](mailto:mzalkaske@hotmail.com)

Facsimile: \_\_\_\_\_

With a copy to:

Joe R. Abramson, Esq.  
21700 Oxnard Street, Suite 1770  
Woodland Hills, CA 91367  
e-Mail: [jralawl@pacbell.net](mailto:jralawl@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](mailto: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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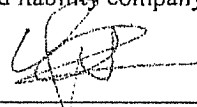
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**SABT Parties:**

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

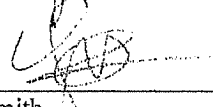
  
\_\_\_\_\_  
By: Gregg Smith, its Manager

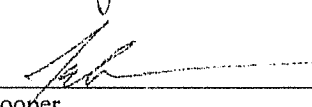
Ananda Advisors, LLC, a Nevada  
Limited liability company

  
\_\_\_\_\_  
By: Gregg Smith, its Manager

Ananda Advisors III, LLC, a Nevada  
Limited liability company

  
\_\_\_\_\_  
By: Gregg Smith, its Manager

  
\_\_\_\_\_  
Gregg Smith

  
\_\_\_\_\_  
Jed Cooper

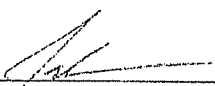


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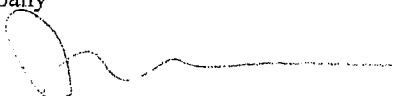
Peter Simon, Esq.  
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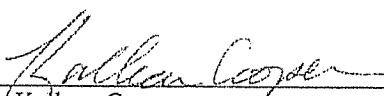
MARKAL HOLDINGS FAMILY LIMITED  
PARTNERSHIP, an Arizona limited partnership,

  
By: Jed Cooper, its General Partner

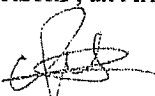
NAJU, LLC, a California limited liability  
Company

  
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

*h*

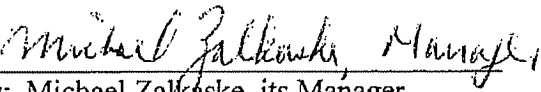
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**BTM Parties:**

BTM, LLC, a Nevada limited liability company

  
By: Michael Zalkaske, its Manager

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Michael Madjlessi

GREENBRIAR REALTY, INC., a Nevada  
Corporation

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By: BIGANEH MADJLESSI, Pres.

PRIME VEST REALTY, a California  
Corporation

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By: BIGANEH MADJLESSI, Pres.

GREENBRIAR CONSTRUCTION CORPORATION  
A California Corporation

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By: Michael Madjlessi



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**BTM Parties:**

BTM, LLC, a Nevada limited liability company

By: Michael Zalkaske, its Manager



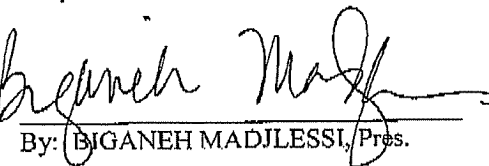
Michael Madjlessi

GREENBRIAR REALTY, INC., a Nevada  
Corporation



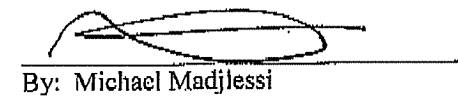
By: BIGANEH MADJLESSI, Pres.

PRIME VEST REALTY, a California  
Corporation



By: BIGANEH MADJLESSI, Pres.

GREENBRIAR CONSTRUCTION CORPORATION  
A California Corporation



By: Michael Madjlessi

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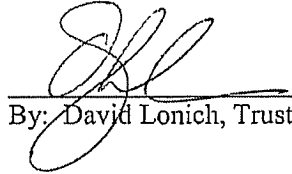
**Lonich Parties:**



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DAVID LONICH

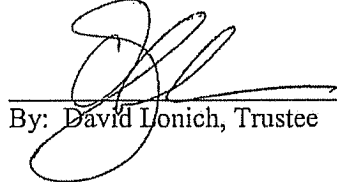
MFR INVESTMENT TRUST



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By: David Lonich, Trustee

HOUSECO INVESTMENT TRUST



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By: David Lonich, Trustee

# EXHIBIT D

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,

Petitioner,

vs.

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

Respondents.

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

FILED

AUG 24 2016

NEVADA COMMISSION OF  
COMMON INTEREST COMMUNITIES  
AND CONDOMINIUM HOTELS

**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.

**FACTUAL ALLEGATIONS ALLEGED IN THE COMPLAINT**

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

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

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

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

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

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

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

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

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

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

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

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

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

16. According to minutes from November 2012, the Board opened election ballots at 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 11<sup>th</sup>, 12<sup>th</sup>, and 14<sup>th</sup> 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 11<sup>th</sup>, 12<sup>th</sup>, and 14<sup>th</sup> 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.



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 11<sup>th</sup>, 12<sup>th</sup>, and 14<sup>th</sup> 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           46.     RESPONDENTS LONICH, STRONGIN, and VANDEVER knowingly and willfully  
2 violated NRS 116.3103 (through NAC 116.405(8)(g)) by failing to act in accordance with their  
3 fiduciary duty to act in good faith by failing to cause the Association to maintain current, accurate  
4 and properly documented financial records.

5           47.     RESPONDENTS LONICH, STRONGIN, and VANDEVER knowingly and willfully  
6 violated NRS 116.3103 (through NAC 116.405(8)(j)) by failing to act in accordance with their  
7 fiduciary duty to act in good faith by failing to cause the Association to prepare interim and  
8 annual financial statements that will allow the Division and units' owners to determine whether  
9 the financial position of the Association is fairly presented in accordance with the provisions of  
10 NAC 116.451 to 116.461, inclusive.

11                               **DISCIPLINE AUTHORIZED**

12           Pursuant to the provisions of NRS 116.615; NRS 116.755; NRS 116.785; and NRS  
13 116.790 the Commission has discretion to take any or all of the following actions:

- 14           1. Issue an order directing RESPONDENTS to cease and desist from continuing to engage  
15           in the unlawful conduct that resulted in the violation.
- 16           2. Issue an order directing RESPONDENTS to take affirmative action to correct any  
17           conditions resulting from the violation.
- 18           3. Impose an administrative fine of up to \$1,000 for each violation by RESPONDENTS.
- 19           4. IF ANY RESPONDENTS ARE FOUND TO HAVE KNOWINGLY AND WILLFULLY  
20           COMMITTED A VIOLATION of Chapter 116 AND it is in the best interest of the  
21           Association, such RESPONDENTS may be removed from their positions as directors  
22           and/or officers.
- 23           5. Require RESPONDENTS to pay the costs of the proceedings incurred by the Division,  
24           including, without limitation, the cost of the investigation and reasonable attorney's fees.
- 25           6. Take whatever further disciplinary action as the Commission deems appropriate.

26           The Commission may order one or any combination of the discipline described above. If  
27 the Commission finds that the RESPONDENTS knowingly and willfully violated the  
28

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




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

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

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


Dated: 08/24/16

REAL ESTATE DIVISION  
DEPARTMENT OF BUSINESS & INDUSTRY  
STATE OF NEVADA

By:   
JOSEPH (J.D.) DECKER, Administrator  
SHARATH CHANDRA

Dated: 8/17/16

BELVEDERE TOWERS OWNERS ASSOCIATION,  
RESPONDENT

By:   
DAVID LONICH, PRESIDENT

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
DAVID LONICH, RESPONDENT

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
TERRY STRONGIN, RESPONDENT

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
KELLY VANDEVER, RESPONDENT

Office of the Attorney General  
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  
DEPARTMENT OF BUSINESS & INDUSTRY  
STATE OF NEVADA

11  
12 By: \_\_\_\_\_

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

15  
16 Dated: \_\_\_\_\_

BELVEDERE TOWERS OWNERS ASSOCIATION,  
RESPONDENT

17  
18 By: \_\_\_\_\_, PRESIDENT

19  
20  
21 Dated: 16 August 2016

By:   
22 DAVID LONICH, RESPONDENT

23  
24 Dated: \_\_\_\_\_

By: \_\_\_\_\_  
TERRY STRONGIN, RESPONDENT

25  
26 Dated: \_\_\_\_\_

By: \_\_\_\_\_  
KELLY VANDEVER, RESPONDENT

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

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

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

Dated: \_\_\_\_\_

REAL ESTATE DIVISION  
DEPARTMENT OF BUSINESS & INDUSTRY  
STATE OF NEVADA

By: \_\_\_\_\_

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

Dated: \_\_\_\_\_

BELVEDERE TOWERS OWNERS ASSOCIATION,  
RESPONDENT

By: \_\_\_\_\_, PRESIDENT

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
DAVID LONICH, RESPONDENT

Dated: *8/16/14*

By: *[Signature]*  
TERRY STRONGIN, RESPONDENT

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
KELLY VANDEVER, RESPONDENT

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  
DEPARTMENT OF BUSINESS & INDUSTRY  
STATE OF NEVADA

11  
12 By: \_\_\_\_\_

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

15  
16 Dated: \_\_\_\_\_

BELVEDERE TOWERS OWNERS ASSOCIATION,  
RESPONDENT

17  
18 By: \_\_\_\_\_  
19 \_\_\_\_\_, PRESIDENT

20  
21 Dated: \_\_\_\_\_

By: \_\_\_\_\_  
DAVID LONICH, RESPONDENT

22  
23 Dated: \_\_\_\_\_

By: \_\_\_\_\_  
TERRY STRONGIN, RESPONDENT

24  
25 Dated: 8-17-16

By: Kelly Vandever  
KELLY VANDEVER, RESPONDENT


1 Approved as to form:

2 ADAM PAUL LAXALT,  
3 Attorney General

LIPSON NEILSON

4 Dated: 8-18-16

Dated: \_\_\_\_\_

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  
13 Dated this \_\_\_\_\_ day of August, 2016.

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

19 By: \_\_\_\_\_

20 Name: \_\_\_\_\_

21 Title: \_\_\_\_\_  
22  
23  
24  
25  
26  
27  
28

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 By: \_\_\_\_\_  
6 Michelle D. Briggs, Esq,  
7 Senior Deputy Attorney General  
8 Attorney for the Division

By: [Signature]  
Kaleb D. Anderson, Esq.  
Attorneys for Respondents

9  
10  
11 IT IS ORDERED that the foregoing Stipulation and Order is approved in full.

12 Dated this 24<sup>th</sup> 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: [Signature]

19 Name: SCOTT SIBLEY

20 Title: CHAIRMAN  
21  
22  
23  
24  
25  
26  
27  
28



# EXHIBIT E

SUMMARY

Class 1 Claim		Letter Agreement Units on Effective Date		Letter Agreement Units Needed To Pay Class 1 Claim	
Effective Date Principal	\$14,474,031		127		127
Post-Effective Date Interest	\$2,464,314				122
Total Class 1 Claim		\$16,938,345		5	
		19(b)(1) & (2)			
		\$16,938,345			
Remaining Proceeds from Sales After Payment of Class 1 Claim		\$80,655			
Value of Letter Agreement Units Remaining After Payment of Class 1 Claim		\$775,000	\$855,655	SABI	Percentage
(assumes 10% costs of sale)		\$77,500	\$778,155	BTM	Lonich per party
*(estimation)		\$100,000	\$678,155		
** 19(b)(4)		\$1,600,590	(\$922,435)	\$576,432	\$0 85/15/0
\$0 - \$5,500,000				\$0	\$0 85/15/0
\$5,500,000 - \$17,500,000				\$0	\$0 75/25/0
\$17,500,000+ 19(b)(7)				\$0	\$0 15/65/20
Letter Agreement Totals			\$576,432	\$101,723	\$0
(based on \$155,000 avg. per unit)		Gross Value of 12 Foreclosure Units	\$1,860,000	\$1,488,000	\$372,000 80/20
PROJECT TOTALS			\$2,064,432	\$473,723	
				***	

\*\* There are assumed to be Debtor's Class 3, Class 4, Class 6 and Class 7 Claims, which are paid in accordance with the Plan

\*\* This number is based on current SABL costs and the last provided BTM costs; BTM expected to have further costs; See Ex. F

\*\*\* Debtor's Class 5 and Class 9 Claims will be paid out of SABL's remaining proceeds

<u>Month</u>	<u>Class 1; Principal</u>	<u>Class 1; Interest</u>	<u>Class 1; Payment</u>	<u>Units</u>
September 19, 2016	\$12,700,000	25% simple interest		
September		\$105,833		
October	\$12,805,833			
		\$264,583		
November	\$13,070,416		(\$94,926)	
		\$264,583		
		\$94,926 SABL advance (proceeds)		
December	\$13,334,999			
		\$264,583		
2017				
January	\$13,599,582		(\$320,629)	
		\$264,583		
		\$122,289 SABL advance (proceeds)		
February	\$13,665,826		(\$192,547)	
		\$264,583		
		\$339,294 SABL advance (proceeds)		
March	\$14,077,156			
		\$264,583		

Units as of Petition Date			
SABL	108		
BTM	30		
Foreclosure	12		
Total	150		

Post Pet. Sales	Net Proceeds	Unit No.	Date
SABL	\$78,739	914	11/4/16
SABL	\$111,114	505	11/15/16
	<b>\$189,853</b>		

SABL	\$107,576	515	1/4/17
SABL	\$137,002	1109	1/5/17
BTM	\$58,351	101	1/23/17
BTM	\$139,989	1208	1/6/17
	<b>\$442,918</b>		

SABL	\$155,504	909	2/14/17
BTM	\$114,795	414	2/10/17
	<b>\$270,299</b>		

SABL	\$152,677	613 (SPECIAL ASSESSMENT)
SABL	\$108,865	512 (SPECIAL ASSESSMENT)
SABL	TBD	1111 (SPECIAL ASSESSMENT)

April	\$14,341,739	\$132,292
EFFECTIVE DATE April 15, 2017	\$14,474,030	

EFFECTIVE DATE April 15, 2017	\$14,474,031	12% simple interest	Payments	127	Letter Agreement Units as of Effective Date
April		\$72,370			
May	\$14,546,401		(\$558,000)	4	Assumes sales of 4 units per month at \$155,000 per unit on average minus 10% closing costs
		\$145,464			
June	\$14,133,865		(\$558,000)	4	
		\$141,339			
July	\$13,717,203		(\$558,000)	4	
		\$137,172			
August	\$13,296,375		(\$558,000)	4	
		\$132,964			
September	\$12,871,339		(\$558,000)	4	
		\$128,713			
October	\$12,442,052		(\$558,000)	4	
		\$124,421			
November	\$12,008,473		(\$558,000)	4	
		\$120,085			
December	\$11,570,558		(\$558,000)	4	
		\$115,706			

2018

January	\$11,128,263		(\$558,000)	4
		\$111,283		
February	\$10,681,546		(\$558,000)	4
		\$106,815		
March	\$10,230,361		(\$558,000)	4
		\$102,304		
April	\$9,774,665		(\$558,000)	4
		\$97,747		
May	\$9,314,412		(\$558,000)	4
		\$93,144		
June	\$8,849,556		(\$558,000)	4
		\$88,496		
July	\$8,380,051		(\$558,000)	4
		\$83,801		
August	\$7,905,852		(\$558,000)	4
		\$79,059		
September	\$7,426,910		(\$558,000)	4
		\$74,269		



October	\$6,943,179		(\$558,000)	4
		\$69,432		
November	\$6,454,611		(\$558,000)	4
		\$64,546		
December	\$5,961,157		(\$558,000)	4
		\$59,612		
2019				
January	\$5,462,769		(\$558,000)	4
		\$54,628		
February	\$4,959,397		(\$558,000)	4
		\$49,594		
March	\$4,450,990		(\$558,000)	4
		\$44,510		
April	\$3,937,500		(\$558,000)	4
		\$39,375		
May	\$3,418,875		(\$558,000)	4
		\$34,189		
June	\$2,895,064		(\$558,000)	4
		\$28,951		

**\$80,655 (go to summary)**

# EXHIBIT F

		For New Units:				
		<u>Sale Date</u>	<u>SABT</u>	<u>BTM</u>	<u>BDH</u>	<u>Totals</u>
<u>Advances</u>						
10/8/14 Agreement 1	<u>SABT</u>		113,649	<u>BTM</u>		
10/8/14 Agreement 2			470,829			
9/29/15 Foreclosure-1		9/29/2015	163,927	40,982	119,937	
10/1/15 Foreclosure-2		10/1/2015	-	4,900	34,500	
10/6/15 Foreclosure-3		10/6/2015	52,211	10,442	61,369	
			<u>800,616</u>	<u>215,670</u>	<u>215,806</u>	<u>443,422</u>
10/6/15 Additional Unit overage			<u>28,480</u>	<u>7,120</u>	<u>-</u>	<u>35,600</u>
			829,096	222,790	199,772	63,444
10/20/15 Amendment 26			<u>16,184</u>	<u>4,046</u>		
			845,280	226,836	215,806	479,022
Current Total						
			79%	21%		

Note: Amendment 26 entry is the amount paid in excess of the loan limit.

## Post Settlement Expenses Paid Benefitting SABT &amp; BTM

Date: 02/23/2017

## Expenses Post Letter of Agreement December 014

Item	Date	\$ Amt	Description
1	2/10/2015	1,254.40	Paid all together 02/10/2016: Porter Simon Statements Oct-#6 @ 690.20; Nov-#7 @ 564.20; Dec-#8 2014 @ 509.60 & Jan-#9 2015 @ 471.80; transaction #4973690447 (strike thru was reimbursed by BDH)
2	2/17/2015	8,000.00	Wire sent to B of I Federal Bank from A-III in the amount of \$15,000.00 for initial funding for the new loan for SABT; transaction 4973899601; Fed Ref #021B1QGC08C002401 / \$7,000.00 was reimbursed subsequent to loan disapproval
3	5/14/2015	177.80	A-III made payment to Porter Simon re: SABT, Greenlake etc for Statement #11 dated 03/31/2015 in the amount of \$117.80; transaction 4978027698.
4	7/5/2015	323.40	A-III payment made to Porter Simon Inv Stmt 12, dated 04/03/2015 @ \$323.40; transaction 4980492986
5	2/10/2016	646.00	Beyers Costin Simon Invoice No. 115491, dated 02/10/2016 in the amount of \$646.00
6	3/11/2016	402.50	Beyers Costin Simon Invoice No. 115500, dated 03/11/2016 in the amount of 402.50
7	4/11/2016	1,164.00	Beyers Costin Simon Invoice No. 115501, dated 04/11/2016 in the amount of 1164.00
8	5/10/2016	436.00	Beyers Costin Simon Invoice No. 115502, dated 05/10/2016 in the amount of 436.00
9	6/3/2016	262.60	A-III expenditure for SABT, paid late, overlooked Porter Simon Statement 15, dated 07/31/2015; transaction #4997046524
10	6/10/2016	4,933.60	Beyers Costin Simon Invoice No. 115503, dated 06/10/2016 in the amount of 4933.60
11	7/11/2016	293.00	Beyers Costin Simon Invoice No. 115497, dated 07/11/2016 in the amount of 293.00
12	9/12/2016	135.00	Beyers Costin Simon Invoice No. 115497, dated 09/12/2016 in the amount of 135.00
13	1/4/2017	158,400.80	Settlement Funds re: Fireman's Fund
14	1/30/2017	342,886.52	BTOA Special Assessment per SABT unit

Sub Total	519,315.62
-----------	------------

15	7/9/1905	854,438.00	Spreadsheet details provided by Mike Zalkaske
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Total	1,373,753.62
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