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12
13 UNITED STATES BANKRUPTCY COURT
14 DISTRICT OF NEVADA

15 In re:
16 NEW CAL-NEVA LODGE, LLC,
17 Debtor.

CASE NO.: BK-N-16-51282-gwz
Chapter 11

**DISCLOSURE STATEMENT FOR
LADERA DEVELOPMENT, LLC'S PLAN
OF LIQUIDATION FOR NEW CAL-NEVA
LODGE, LLC DATED JULY 5, 2017**

Hearing Date: July 25, 2017
Hearing Time: 1:00 p.m.

21 THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY
22 THE BANKRUPTCY COURT, A SOLICITATION OF VOTES TO ACCEPT OR
23 REJECT THE PLAN DESCRIBED HEREIN WILL COMMENCE ONLY IF THIS OR
24 ANY AMENDED DISCLOSURE STATEMENT AND SOLICITATION
25 PROCEDURES IN CONNECTION THEREWITH ARE APPROVED BY THE
26 BANKRUPTCY COURT. THE PROPONENT MAY AMEND OR RESTATE THE
27 PROPOSED DISCLOSURE
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TABLE OF CONTENTS

GENERAL INFORMATION AND THE PLAN PROPONENT 1

GENERAL SUMMARY OF THE PLAN..... 2

EFFECTIVE DATE OF THE PLAN..... 9

RECOMMENDATION OF THE PLAN PROPONENT 9

BALLOTING AND OTHER INFORMATION..... 9

QUESTIONS 10

SECTION ONE INTRODUCTION..... 10

Disclaimers..... 11

SECTION TWO DESCRIPTION OF THE DEBTOR, THE BANKRUPTCY FILINGS, AND DEBTOR’S BUSINESS AND ASSETS 14

A. General Background of the Debtor 14

 1. Formation of New Cal-Neva and Acquisition of the Property. 14

 2. Management of New Cal-Neva..... 14

B. Description of the Resort and Related Assets..... 14

 1. The Resort. 14

 2. The Furniture, Fixtures and Equipment. 15

 3. The Fairwinds Estate..... 15

C. The Liabilities of the Debtor 16

 1. Secured Claims..... 16

 2. Unsecured Claims 17

D. Litigation..... 18

E. Significant Events During the Cases 19

SECTION THREE DESCRIPTION AND SUMMARY OF THE PLAN 20

A. Description and Treatment of Unclassified Claims 20

B. Administrative Expense Claims..... 20

C. Administrative Claims Bar Date..... 21

D. Professional Fees and Expenses 21

1	E. Priority Tax Claims	22
2	F. U.S. Trustee Fees	22
3	G. Description and Treatment of Classified Claims and Interests	23
4	H. Treatment of Claims and Interests	23
5	1. Class 1 – Priority Non-Tax Claims	23
6	2. Class 2 – Hall Secured Claim	24
7	3. Class 3 – Ladera Secured Claim	25
8	4. Class 4 – Penta Secured Claim	26
9	5. Class 5 – Lien Litigation Mechanic’s Lien Claims	27
10	6. Class 6 – Other Mechanic’s Lien Claims	28
11	7. Class 7 – Secured Claim of Capital One	28
12	8. Class 8 – Secured Real Property Tax Claims	29
13	9. Class 9 – Other Secured Claims	29
14	10. Class 10 – Convenience Claims	30
15	11. Class 11 – General Unsecured Claims	30
16	12. Class 12 – Interests	31
17	SECTION FOUR TREATMENT EXECUTORY CONTRACTS AND UNEXPIRED LEASES	31
18	A. Assumed Executory Contracts and Unexpired Leases	31
19	B. Rejected Executory Contracts and Unexpired Leases	33
20	SECTION FIVE MEANS FOR IMPLEMENTATION OF THE PLAN	34
21	Proponent will implement the Plan as follows.....	34
22	A. Sale of Property under Asset Purchase Agreement	34
23	1. Sale Procedures	34
24	2. Closing	37
25	B. Transfer of Fairwinds Estate	39
26	C. Plan Administrator	40
27	D. Successor Plan Administrator	40
28		

1	E. Litigation Trust	41
2	F. Vesting of Assets of the Estate	42
3	G. Amendment of Operating Agreement	43
4	H. Exemption from Certain Taxes and Fees	43
5	I. Preservation of Causes of Action	43
6	1. Retained Causes of Action	43
7	2. Trust Causes of Action	45
8	J. No Election Under Section 1111(b)	46
9	K. Dissolution of the Debtor	46
10	L. Permanent Satisfaction	47
11	SECTION SIX DISTRIBUTIONS TO CREDITORS	47
12	A. Timing and Calculation of Amounts to be Distributed	47
13	B. Plan Distributions Made Through Plan Administrator	47
14	C. Delivery of Distributions and Undeliverable or Unclaimed Distributions	48
15	D. Disputed Payments	49
16	E. Plan Distributions Made Through Plan Administrator	49
17	F. Compliance with Tax Requirements	49
18	G. De Minimis Distributions	50
19	H. Setoffs and Recoupment	51
20	SECTION SEVEN THE CLAIMS RESOLUTION PROCESS	51
21	A. Resolution of Disputed Claims	51
22	B. Disallowance of Claims	53
23	C. Amendments to Claims	54
24	SECTION EIGHT EFFECTS OF CONFIRMATION	54
25	A. Binding Effect of Plan	54
26	B. Revesting of Property Free and Clear	54
27	C. Injunction	55
28		

1	D. Release	55
2	E. No Discharge	55
3	F. Limitation of Liability	55
4	SECTION NINE CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVE DATE OF THE PLAN	56
5	A. Conditions Precedent to Confirmation	56
6	B. Conditions Precedent to Effective Date	57
7	C. Waiver of Conditions	58
8	D. Effective Date	58
9	E. Failure of Effective Date	58
10	SECTION TEN MODIFICATION, REVOCATION OR WITHDRAWAL OF THE PLAN	58
11	A. Modification and Amendments	58
12	B. Effect of Confirmation on Modifications	58
13	C. Revocation or Withdrawal of the Plan	58
14	SECTION ELEVEN RETENTION OF JURISDICTION	59
15	SECTION TWELVE MISCELLANEOUS PLAN PROVISIONS	61
16	A. Additional Documents	61
17	B. Dissolution of Committee	61
18	C. Governing Law	61
19	D. Reservation of Rights	61
20	E. Successors and Assigns	62
21	F. Further Assurances	62
22	G. Term of Injunctions or Stays	62
23	H. Entire Agreement	62
24	I. Exhibits and Related Documents	62
25	J. Severability of Plan Provisions	63
26	K. Waiver or Estoppel Conflicts	63
27	L. Conflicts	63
28		

1 SECTION THIRTEEN RISK FACTORS..... 64

2 A. Risk of Nonconfirmation of the Plan..... 64

3 B. Nonoccurrence of Effective Date of the Plan..... 64

4 SECTION FOURTEEN ALTERNATIVES TO CONFIRMATION OF THE PLAN..... 64

5 A. Liquidation Under Chapter 7 65

6 B. Alternative Plan..... 66

7 C. Relief From the Automatic Stay and Foreclosure..... 66

8 SECTION FIFTEEN GENERAL OVERVIEW OF CHAPTER 11..... 66

9 A. Classification and Treatment of Claims and Equity Interests Generally 67

10 B. Good Faith Solicitation Under Section 1125..... 68

11 C. “Yes” Votes Required for Acceptance; Voting Procedures 68

12 SECTION SIXTEEN CERTAIN FEDERAL INCOME TAX CONSEQUENCES 71

13 SECTION SEVENTEEN ABSOLUTE PRIORITY RULE AND CRAM DOWN..... 71

14 SECTION EIGHTEEN CONCLUSION AND RECOMMENDATION 72

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IMPORTANT

1
2 THIS DISCLOSURE STATEMENT IS SUBMITTED TO ALL CREDITORS AND
3 INTEREST HOLDERS OF NEW CAL-NEVA LODGE, LLC ENTITLED TO VOTE ON THE
4 PLAN OF LIQUIDATION HEREIN DESCRIBED, AND CONTAINS INFORMATION THAT
5 MAY AFFECT YOUR DECISION TO ACCEPT OR REJECT THE PLAN OF LIQUIDATION.
6 THIS DISCLOSURE STATEMENT IS INTENDED TO PROVIDE ADEQUATE
7 INFORMATION AS REQUIRED BY THE BANKRUPTCY CODE AS TO THE PLAN OF
8 LIQUIDATION. ALL CREDITORS AND INTEREST HOLDERS ARE URGED TO READ
9 THE DISCLOSURE STATEMENT AND ATTACHMENTS, INCLUDING THE PLAN, WITH
10 CARE AND IN THEIR ENTIRETY.

11 ON [JULY __, 2017], THE BANKRUPTCY COURT APPROVED THIS
12 DISCLOSURE STATEMENT AS CONTAINING ADEQUATE INFORMATION UNDER
13 SECTION 1125(b) OF THE BANKRUPTCY CODE. SOLICITATION OF ACCEPTANCE OR
14 REJECTION OF THE PLAN OF LIQUIDATION HEREIN DESCRIBED AND ATTACHED
15 AS EXHIBIT A, IS BEING SOUGHT FROM CREDITORS AND INTEREST HOLDERS
16 WHOSE CLAIMS AGAINST AND INTERESTS IN THE DEBTOR ARE IMPAIRED UNDER
17 THE PLAN OF LIQUIDATION. CREDITORS AND INTEREST HOLDERS ENTITLED TO
18 VOTE ON THE PLAN OF LIQUIDATION ARE URGED TO VOTE IN FAVOR OF THE
19 PLAN AND TO RETURN THE BALLOT INCLUDED WITH THIS DISCLOSURE
20 STATEMENT UPON COMPLETION IN THE ENVELOPE PROVIDED.

21 **GENERAL INFORMATION AND THE PLAN PROPONENT¹**

22 New Cal-Neva Lodge, LLC (“Debtor” or “New Cal-Neva”) the debtor and debtor-in-
23 possession in the above-captioned chapter 11 case filed its petition for relief under Chapter 11 of
24 the Bankruptcy Code on July 28, 2016. The Debtor’s sole member and parent company Cal Neva
25 Lodge, LLC (“Cal Neva”) filed its petition for relief under Chapter 11 of the Bankruptcy Code on

26 ¹ A capitalized term used in this Disclosure Statement that is not defined in this Disclosure
27 Statement, but is defined in the Plan, has the meaning assigned to that term in the Plan. A
28 capitalized term used in this Disclosure Statement that is defined neither in this Disclosure
Statement nor in the Plan has the meaning, if any, assigned to that term by the Bankruptcy Code
or the Federal Rules of Bankruptcy Procedure or, if none, by common usage.

1 June 10, 2016, and is the debtor and debtor-in-possession in the chapter 11 case number BK-N-
2 16-51281.

3 Ladera Development, LLC (“Ladera” or the “Proponent”), a secured creditor of Debtor
4 and Cal Neva, and Interest Holder of Cal Neva, submits this Disclosure Statement under section
5 1125 of the Bankruptcy Code and Bankruptcy Rule 3016. The purpose of this Disclosure
6 Statement is to disclose information adequate to enable voting holders of Claims and equity
7 security Interests of Debtor to arrive at a reasonably informed decision in exercising their rights to
8 vote on Ladera’s Plan of Liquidation dated July 5, 2017, as amended, supplemented, or modified
9 (the “Plan”). A copy of the Plan is attached as Exhibit A hereto. All section references in this
10 Disclosure Statement are to the Bankruptcy Code unless otherwise indicated.

11 **GENERAL SUMMARY OF THE PLAN**

12 The Plan sets forth a proposal for the resolution of all Claims and Interests against the
13 Debtor and the Estate. Under this Plan, Rand Cal-Neva, LLC (“Rand CN”) will be the stalking
14 horse purchaser for a sale (the “Sale”) of substantially all of New Cal-Neva’s assets for a cash
15 purchase price of \$28.2 million (the “Cash Purchase Price”), an interest from Rand CN to Ladera
16 or its designee valued at \$5.5 million (the “Non-Cash Consideration”), and a cash payment of an
17 additional sum of \$1.8 million for other payments provided for by this Plan (the “Plan Payment”).
18 Rand made a \$2 million non-refundable deposit into escrow on July 3, 2017, subject to the terms
19 and conditions of the Asset Purchase Agreement, including the conditions that the deposit shall be
20 returned to Rand CN if the Bankruptcy Court does not approve the Sale to Rand CN or the Debtor
21 does not timely Close escrow delivering title to the Purchased Assets free and clear of liens,
22 claims or interests as provided in the proposed Asset Purchase Agreement. Rand CN’s members
23 are Warren De Haan, Jeff Pickett or his designee, Ladera or its designee, and an additional
24 investor. Rand CN has provided evidence to satisfy Ladera that Rand CN’s principals have
25 immediate cash on hand, and commitment to fund, to meet the requirements of the Sale. The Sale
26 will be subject to overbidding by qualified bidders at the Confirmation Hearing.

27 On the Effective Date, the net proceeds from the Cash Purchase Price (the “Sale
28 Proceeds”) from the Sale to Rand CN or the successful overbidder (“Buyer”) shall be used to pay

1 lienholders in order of priority of their liens, as follows: (a) pay Secured Real Property Tax
2 Claims in full on the Effective Date; (b) establish a Lien Litigation Reserve in the amount of all
3 mechanic's lien claims which are the subject of the pending lien priority dispute in the Lien
4 Litigation pending as consolidated Adversary Proceeding No. 16-05036-gwz, with the funds in
5 such reserve to be distributed based upon the order of lienholder priority determined after
6 resolution of that proceeding; and (c) pay the remainder of the Sale Proceeds to Hall up to the full
7 amount of its Allowed Secured Claim. Unless there is overbidding, the Sale Proceeds will not be
8 sufficient to pay all Allowed Secured Claims in full. In the event that the Sale is to a successful
9 overbidder and Hall's Allowed Secured Claim is fully satisfied, any remaining Sale Proceeds
10 shall be paid to Ladera up to the full amount of its Allowed Secured Claim. If there are sufficient
11 Sale Proceeds to pay all secured claims in full, then all Allowed Secured Claims shall be paid on
12 the Effective Date and the remaining Sale Proceeds shall be used to pay any unpaid
13 administrative, priority and general unsecured claims in accordance with the Bankruptcy Code
14 Distribution Priorities.

15 The Plan Payment shall be used to pay (a) unsecured priority tax claims, (b) priority non-
16 tax claims, (c) general administrative expense claims, (d) Allowed professional fees estimated to
17 be not more than \$1,000,000 as of the Effective Date, (e) defaults on the Allowed Secured Claim
18 of Capital One (estimated at \$500,000), and (f) unsecured convenience claims (claims less than
19 \$750.00) in full in cash on the Effective Date as well as \$50,000 to establish a Litigation Trust
20 and \$80,000 as a reserve for a Plan Administrator and for post-Effective Date U.S Trustee Fees
21 (collectively, the "Plan Obligations"). The Litigation Trustee will be authorized to prosecute all
22 Trust Causes of Action assigned to the Litigation Trust for the benefit of General Unsecured
23 Claims, with any residual paid to Cal Neva on account of its Interest in New Cal-Neva. Ladera
24 has not conducted an investigation or analysis of the merits or value of any Trust Causes of
25 Action. Therefore, the Litigation Trustee may determine that there are no Trust Causes of Action
26 that will be prosecuted and may determine that the Trust Causes of Action have no value. Cal
27 Neva shall retain its equity Interests in New Cal-Neva under the Plan and shall receive any Sale
28 Proceeds after all senior creditors are paid and, if needed, shall be a subordinated beneficiary of

1 the Litigation Trust to be established by the Plan.

2 The treatment under the Plan of allowed Claims and Interests in each class is summarized
3 as follows:

Class	Type of Allowed Claim or Equity Interest	Impairment/Voting	Recovery/Treatment
1	Priority Non-Tax Claims	Unimpaired Conclusively Presumed to Accept	Paid in full in cash on the Effective Date from the Plan Payment.
2	Secured Claim of Hall CA-NV, LLC	Impaired Entitled to vote	<p>Unless otherwise agreed and if there are no overbids, paid to Hall until the Hall Secured Claim is paid in full: (1) all excess cash from the Sale Proceeds remaining after Secured Real Property Tax Claims are paid in full and the Lien Litigation Reserve is fully funded, and (2) payments from the Lien Litigation Reserve based upon the order of lienholder priority determined after resolution of the Lien Litigation.</p> <p>If there is an overbid but not sufficient Sale Proceeds to pay in full the Hall Secured Claim, Ladera Secured Claim, Penta Secured Claim and all Allowed Lien Litigation Mechanic's Lien Claims, Hall will receive the above payments plus, if the Hall Secured Claim is not paid in full from these sources, Hall also will receive, upon completion of the Lien Litigation, such additional funds from the Additional Reserve until the Hall Secured Claim is paid in full.</p> <p>If there are sufficient Sale Proceeds to pay in full the Hall Secured Claim, Ladera Secured Claim, Penta Secured Claim and all Allowed Lien Litigation Mechanic's Lien Claims, Hall will be paid in full on the Effective Date on account of the Hall Secured Claim.</p>

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Class	Type of Allowed Claim or Equity Interest	Impairment/Voting	Recovery/Treatment
3	Secured Claim of Ladera Development, LLC	Impaired Entitled to vote	<p>Unless otherwise agreed and if there are no overbids, Ladera will receive, up to the full amount of its claim, (1) any Sale Proceeds after the Hall Secured Claim is paid in full or as Hall otherwise agrees and (2) payments from the Lien Litigation Reserve based upon the order of lienholder priority determined after resolution of the Lien Litigation.</p> <p>If there is an overbid but not sufficient Sale Proceeds to pay in full the Hall Secured Claim, Ladera Secured Claim, Penta Secured Claim and all Allowed Lien Litigation Mechanic’s Lien Claims, Ladera will receive the above payments plus, if the Ladera Secured Claim is not paid in full from these sources, Ladera also will receive, upon completion of the Lien Litigation, such additional funds from the Additional Reserve remaining after the Hall Secured Claim is paid in full</p> <p>If there are sufficient Sale Proceeds to pay in full the Hall Secured Claim, Ladera Secured Claim, Penta Secured Claim and all Allowed Lien Litigation Mechanic’s Lien Claims, Ladera will be paid in full on the Effective Date on account of the Ladera Secured Claim.</p>

Class	Type of Allowed Claim or Equity Interest	Impairment/Voting	Recovery/Treatment
4	Secured Claim of The Penta Building Group, Inc.	Impaired Entitled to vote	<p>In full satisfaction of Penta's Secured Claim, unless otherwise agreed, cash equal to the amount of Penta's Secured Claim will be paid into the Lien Litigation Reserve on the Effective Date pending the outcome of the Lien Litigation. Upon completion of the Lien Litigation, Penta shall receive payments, if any, based upon the order of lienholder priority determined after resolution of the Lien Litigation, up to the full amount of the Penta Secured Claim.</p> <p>If there are sufficient Sale Proceeds to pay in full the Hall Secured Claim, Ladera Secured Claim, Penta Secured Claim and all Allowed Lien Litigation Mechanic's Lien Claims, Penta will be paid in full on the Effective Date on account of the Penta Secured Claim.</p>
5	Secured Lien Litigation Mechanic's Lien Claims	Impaired Entitled to vote	<p>In full satisfaction of each Allowed Lien Litigation Mechanic's Lien Claim, except to the extent that such a Claim agrees otherwise in writing, cash from the Sale Proceeds equal to the amount of such Mechanic's Lien Claim will be paid into the Lien Litigation Reserve pending the outcome of the Lien Litigation. Upon completion of the Lien Litigation, such Mechanic's Lien Claim shall receive payments, if any, in the order of priority as determined in the Lien Litigation.</p> <p>If there are sufficient Sale Proceeds to pay in full the Hall Secured Claim, Ladera Secured Claim, Penta Secured Claim and all Allowed Lien Litigation Mechanic's Lien Claims, then all Allowed Lien Litigation Mechanic's Lien Claims will be paid in full on the Effective Date on account of each such allowed Claim.</p>

Class	Type of Allowed Claim or Equity Interest	Impairment/Voting	Recovery/Treatment
6	Secured Other Mechanic's Lien Claims	Impaired Entitled to vote	<p>In full satisfaction of each Allowed Other Mechanic's Lien Claim, except to the extent that such a Claim agrees otherwise in writing, each such Allowed Mechanic's Lien Claim shall receive such payments, if any, up to the full amount of such Allowed Mechanic's Lien Claim, from any Sale Proceeds remaining after Classes 2 through 5 and Class 8 are paid in full.</p> <p>If there are sufficient Sale Proceeds to pay the Hall Secured Claim, Ladera Secured Claim, Penta Secured Claim, and all Allowed Mechanic's Lien Claims in full, then each Allowed Other Mechanic's Lien Claim will be paid in full on the Effective Date on account of such Allowed Other Mechanic's Lien Claim.</p>
7	Secured Claim of Capital One Bank (USA), N.A.	Unimpaired Conclusively Presumed to Accept	Paid (1) all defaults cured on the Effective Date from the Plan Payment and Allowed Secured Claim of Capital One assumed by Buyer and paid pursuant to contractual obligation; or (2) as otherwise agreed.
8	Secured Real Property Tax Claims	Unimpaired Conclusively Presumed to Accept	Paid in full in cash on the Effective Date from the Sale Proceeds.

Class	Type of Allowed Claim or Equity Interest	Impairment/Voting	Recovery/Treatment
9	Other Secured Claims	Impaired Entitled to vote	<p>In full satisfaction of each Allowed Other Secured Claim, except to the extent that a Holder of an Allowed Other Secured Claim agrees otherwise in writing, each Other Secured Claim shall receive such payments, if any, from any Sale Proceeds remaining after Classes 2 through 6 and Class 8 are paid in full, up to the full amount of such Other Secured Claim. The Proponent is not aware of any Other Secured Claims.</p> <p>If there are sufficient Sale Proceeds to pay the Hall Secured Claim, Ladera Secured Claim, Penta Secured Claim, all Allowed Mechanic's Lien Claims and all Allowed Other Secured Claims in full, each Allowed Other Secured Claim will be paid in full on the Effective Date on account of such Allowed Other Secured Claim.</p>
10	Convenience Claims (\$750 or less)	Impaired Entitled to vote	Paid in full in cash thirty (30) days after the Effective Date.
11	General Unsecured Claims	Impaired Entitled to vote	Allowed Claims paid Pro Rata, until paid in full without interest, from 100% of proceeds from Litigation Trust, if any, and any Sale Proceeds, if any, after payment in full of Allowed claims in Classes 1 through 6 and Classes 8 through 10.
12	Interests	Impaired Entitled to vote	All Interests shall receive 100% of proceeds, if any, from Litigation Trust after payment of all Allowed Class 11 Claims in full on account of such Holder's Interest the Old Equity Share and any Sale Proceeds, if any, after Allowed Class 11 Claims paid in full.

In addition, the Plan provides for the resolution of Disputed Claims through a series of mechanisms more fully described in the Plan. As set forth in the Liquidation Analysis in Section Fourteen below, the Proponent believes approval of the Plan will result in a higher recovery for

1 holders of Claims and Interests than if the Debtor's estate was liquidated in a Chapter 7.

2 This Disclosure Statement is not intended to replace a careful review and analysis of the
3 Plan, which should include a careful review of the specific treatment of your Claims or Interests
4 under the Plan. It is submitted as an aid and supplement to your review of the Plan to explain the
5 terms of the Plan. Every effort has been made to explain fully various aspects of the Plan as they
6 affect holders of Claims and interests. If any questions arise, the Proponent urges you to consult
7 with your own counsel to understand the import and effect of the Plan.

8 **EFFECTIVE DATE OF THE PLAN**

9 The Effective Date of the Plan will occur on the first Business Day after the Confirmation
10 Date on which no stay of the Confirmation Order is in effect and all of the conditions to the
11 occurrence of the Effective Date set forth in Article X of the Plan have been satisfied or waived in
12 accordance with the Plan.

13 **RECOMMENDATION OF THE PLAN PROPONENT**

14 **[Ladera is not soliciting ballots at this time. This language is included to reflect the**
15 **language to be used if the disclosure statement is approved.]** The Proponent urges and
16 recommends that all Creditors and Interest Holders entitled to vote on the Plan vote in favor of
17 the Plan.

18 The Proponent believes that (1) the Plan provides the best possible result for the Holders
19 of Claims against the Debtor, (2) with respect to each Impaired class of Claims, the Distributions
20 under the Plan are greater than the amounts that would be received if the Debtor was to liquidate
21 under Chapter 7 of the Bankruptcy Code, and (3) acceptance of the Plan is in the best interest of
22 Holders of Claims and Interests.

23 In arriving at its conclusions, the Proponent considered (1) the limited alternatives
24 available to the Debtor to restructure their debts, (2) the Debtor's liquidation value, and (3) the
25 rights, in both payment and security position, of the Debtor's creditors and Interest holders.

26 **BALLOTING AND OTHER INFORMATION**

27 Ballots, which are included in the enclosed Plan materials, should be properly completed,
28 executed and received by the Offices of Felderstein Fitzgerald Willoughby & Pascuzzi LLP,

1 400 Capitol Mall, Suite 1750, Sacramento, California 95814, Attn: Karen L. Widder, no later than
2 5:00 p.m. prevailing Pacific Time on August __, 2017. A hearing to consider Confirmation of the
3 Plan will be held commencing at 10:00 a.m., on August 16, 2017, before the Honorable United
4 States Bankruptcy Judge Gregg W. Zive, at the C. Clifton Young Federal Building located at
5 300 Booth Street, Reno, Nevada. The Confirmation Hearing may be adjourned from time to time
6 without further notice. Any objections to confirmation of the Plan must be in writing and must be
7 filed with the Clerk of the Bankruptcy Court and served as set forth in a separate notice of hearing
8 provided.

9 **QUESTIONS**

10 All inquiries regarding the Plan or the Disclosure Statement may be directed to counsel
11 for Ladera as follows:

12 Jason E. Rios
13 Felderstein Fitzgerald Willoughby & Pascuzzi LLP
14 400 Capitol Mall, Suite 1750
15 Sacramento, California 95814
16 Telephone: (916) 329-7400
17 Facsimile: (916) 329-7435
18 Email: jrrios@ffwplaw.com

19 Louis M. Bubala III
20 Kaempfer Crowell
21 50 W. Liberty Street, Suite 700
22 Reno, Nevada 89501
23 Telephone: (775) 852-3900
24 Facsimile: (775) 327-2011
25 Email: lbubala@kcnvllaw.com

26 **SECTION ONE**

27 **INTRODUCTION**

28 On June 10, 2016, Cal Neva commenced a bankruptcy case by filing a voluntary petition
for relief under chapter 11 of the Bankruptcy Code. On July 28, 2016, New Cal-Neva
commenced the Case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy
Code. Both bankruptcy cases are pending before the Bankruptcy Court for the District of
Nevada, Reno Division, the Honorable Gregg W. Zive, United States Bankruptcy Judge,
presiding. Since New Cal-Neva filed its bankruptcy case, New Cal-Neva has continued in
possession of the Real Property and assets and has continued to manage such Real Property and

1 assets as debtor in possession pursuant to Bankruptcy Code sections 1107(a) and 1108. No
2 request has been made for the appointment of a trustee or an examiner in this Case. An official
3 Committee of unsecured creditors was appointed in the Case on September 13, 2016. The
4 Proponent filed the Plan, along with this Disclosure Statement, on July 5, 2017. A copy of the
5 Plan accompanies this Disclosure Statement.

6 The Proponent has prepared this Disclosure Statement in connection with the solicitation
7 of acceptances of the Plan. The purpose of this Disclosure Statement is to set forth information
8 regarding the Debtor and the Plan in order to assist Creditors and Interest Holders in making an
9 informed judgment as to whether they should accept or reject the Plan. This Disclosure
10 Statement does not reflect any events which may occur subsequent to July 5, 2017, and, except as
11 otherwise set forth herein, it is not anticipated that any amendments or supplements to the
12 Disclosure Statement will be distributed to reflect changes subsequent to that date.

13 Although the terms of the Plan are summarized in this Disclosure Statement, parties in
14 interest should refer to the Plan itself with regard to each specific term or provision. *ALL*
15 *SUMMARIES OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT ARE*
16 *QUALIFIED IN THEIR ENTIRETY BY THE PLAN, WHICH ITSELF IS CONTROLLING.*

17 No statements concerning the Debtor, the value of its assets, or the value of any benefit
18 offered to any holder of any Claim or Interests in connection with the Plan should be relied on
19 other than as set forth in this Disclosure Statement. In arriving at a decision, parties should not
20 rely on any representation or inducement made to secure their acceptance or rejection that is
21 contrary to information contained in this Disclosure Statement. Any such additional
22 representations or inducements should be reported immediately to undersigned counsel for the
23 Proponent.

24 **Disclaimers**

25 *PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY BEFORE YOU VOTE*
26 *ON THE PLAN. ALL PREVIOUS STATEMENTS AND REPRESENTATIONS MADE BY OR ON*
27 *BEHALF OF THE DEBTOR OR THE PROPONENT ARE EXPRESSLY SUPERSEDED BY THIS*
28 *DISCLOSURE STATEMENT. ALL OF THE STATEMENTS AND REPRESENTATIONS*

1 RESPECTING FINANCIAL, BUSINESS AND ACCOUNTING DATA HEREIN ARE THOSE OF
2 THE DEBTOR, UNLESS SPECIFICALLY STATED TO BE FROM OTHER SOURCES.
3 PROFESSIONALS EMPLOYED BY THE PROPONENT HAVE ASSISTED IN THE
4 PREPARATION OF THIS DISCLOSURE STATEMENT BASED ON FACTUAL INFORMATION
5 AND ASSUMPTIONS RESPECTING FINANCIAL, BUSINESS AND ACCOUNTING DATA
6 PROVIDED BY THE DEBTOR'S MANAGEMENT OR REFLECTED IN PLEADINGS FILED
7 WITH THE BANKRUPTCY COURT, NOT PERSONAL KNOWLEDGE OR ASSUMPTIONS.

8 WHILE THE INFORMATION PROVIDED HEREIN IS BELIEVED RELIABLE, THE
9 PROPONENT HAS NOT UNDERTAKEN TO VERIFY OR INVESTIGATE SUCH
10 INFORMATION, AND MAKES NO REPRESENTATION AS TO THE ACCURACY OR
11 COMPLETENESS OF THE INFORMATION. THE STATEMENTS MADE IN THIS
12 DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE
13 PLAN, THE APPENDICES ATTACHED HERETO, AND OTHER DOCUMENTS REFERENCED
14 AS FILED WITH THE BANKRUPTCY COURT BEFORE OR CONCURRENTLY WITH THE
15 FILING OF THIS DISCLOSURE STATEMENT. FURTHERMORE, THE PROJECTED
16 FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN THE SUBJECT OF AN
17 AUDIT.

18 DISTRIBUTION OF THIS DISCLOSURE STATEMENT SHOULD NOT BE
19 CONSTRUED AS ANY REPRESENTATION OR WARRANTY AT ALL, EITHER EXPRESS OR
20 IMPLIED, BY THE PROPONENT OR ITS PROFESSIONAL CONSULTANTS THAT THE PLAN
21 IS FREE FROM RISK, THAT THE ACCEPTANCE OF THE PLAN WILL RESULT IN A RISK-
22 FREE RESTRUCTURING OF THE DEBTOR'S OBLIGATIONS OR THAT THE OBLIGATIONS
23 OF THE DEBTOR AS RESTRUCTURED BY THE PLAN WILL BE FULLY PERFORMED IN
24 THE FUTURE WITHOUT RISK OF FURTHER DEFAULT.

25 ALL HOLDERS OF IMPAIRED CLAIMS SHOULD READ AND CONSIDER
26 CAREFULLY THE MATTERS DESCRIBED IN THE PLAN AND DISCLOSURE STATEMENT
27 AS A WHOLE, INCLUDING THE "RISK FACTORS" DESCRIBED IN SECTION THIRTEEN
28 OF THIS DISCLOSURE STATEMENT, PRIOR TO VOTING ON THE PLAN. IN MAKING A

1 *DECISION TO ACCEPT OR REJECT THE PLAN, EACH CREDITOR AND INTEREST*
2 *HOLDER ENTITLED TO VOTE THEREON MUST RELY ON ITS OWN EXAMINATION OF*
3 *THE DEBTOR AS DESCRIBED IN THIS DISCLOSURE STATEMENT AND THE TERMS OF*
4 *THE PLAN, INCLUDING THE MERITS AND RISKS INVOLVED. IN ADDITION,*
5 *CONFIRMATION AND CONSUMMATION OF THE PLAN ARE SUBJECT TO CONDITIONS*
6 *PRECEDENT THAT COULD LEAD TO DELAYS IN CONSUMMATION OF THE PLAN.*
7 *THERE CAN BE NO ASSURANCE THAT EACH OF THESE CONDITIONS PRECEDENT WILL*
8 *BE SATISFIED OR WAIVED (AS PROVIDED IN THE PLAN) OR THAT THE PLAN WILL BE*
9 *CONSUMMATED.*

10 *WITH THE EXCEPTION OF HISTORICAL INFORMATION, SOME MATTERS*
11 *DISCUSSED HEREIN, INCLUDING THE PROJECTIONS AND VALUATION ANALYSIS*
12 *DESCRIBED HEREIN ARE "FORWARD LOOKING STATEMENTS" WITHIN THE MEANING*
13 *OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH FORWARD-*
14 *LOOKING STATEMENTS ARE SUBJECT TO RISKS, UNCERTAINTIES, AND OTHER*
15 *FACTORS WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM*
16 *FUTURE RESULTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING*
17 *STATEMENTS.*

18 *THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH 11*
19 *U.S.C. § 1125 AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS*
20 *OR OTHER APPLICABLE NON-BANKRUPTCY LAW. ENTITIES HOLDING OR TRADING IN*
21 *OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING CLAIMS AGAINST THE*
22 *DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT ONLY IN LIGHT OF THE*
23 *PURPOSE FOR WHICH IT WAS PREPARED.*

24 *////*

25 *////*

26 *////*

27 *////*

28 *////*

1 **SECTION TWO**

2 **DESCRIPTION OF THE DEBTOR, THE BANKRUPTCY FILINGS,**
3 **AND DEBTOR’S BUSINESS AND ASSETS**

4 **A. General Background of the Debtor**

5 1. Formation of New Cal-Neva and Acquisition of the Property.

6 Debtor New Cal-Neva is a Nevada limited liability company. On April 8, 2013,
7 Canpartners Realty Holding Company IV Cal-Neva LLC (“Canyon”) (the prior owner of the Real
8 Property) formed New Cal-Neva by filing its Articles of Organization with the Secretary of State
9 of Nevada pursuant to the limited liability company laws of the State of Nevada and by entering
10 into an operating agreement for New Cal-Neva. Cal Neva became a member in the New Cal-
11 Neva pursuant to that certain Amended and Restated Limited Liability Company Agreement
12 dated April 19, 2013, and Cal Neva subsequently purchased the interest of Canyon in New Cal-
13 Neva.

14 2. Management of New Cal-Neva.

15 Since New Cal-Neva’s acquisition of the Real Property, Cal Neva has been the sole
16 member of New Cal-Neva. Cal Neva is the managing member of New Cal-Neva and Robert
17 Radovan serves as its President and Secretary and William Criswell is the Chief Executive
18 Officer. By order of the Bankruptcy Court entered September 19, 2016, Robert Radovan was
19 designated as New Cal-Neva’s Responsible Individual.

20 **B. Description of the Resort and Related Assets**

21 1. The Resort.

22 New Cal-Neva’s principal asset is an iconic hotel, spa & casino known as the Cal-Neva
23 Resort Hotel & Casino (the “Resort”). The Resort is comprised of approximately 13.5 acres
24 located along the North Shore of Lake Tahoe that straddles over two states in Crystal Bay,
25 Nevada and Kings Beach, California. The Resort includes 191 hotel guestrooms, cabins and
26 terrace rooms, a full service spa, a gambling and casino floor, showrooms, restaurants, meeting
27 space, and retail. In addition, as explained in more detail below New Cal-Neva’s wholly owned
28 subsidiaries own the Fairwinds Estate, a Resort-adjacent lakefront property.

1 The Resort was originally developed in or about 1926, burned down in 1937, and was
2 reconstructed. In 2013, Cal Neva purchased the equity in New Cal-Neva Lodge and New Cal-
3 Neva has owned the Resort since that date.

4 In 2014, New Cal-Neva closed the Resort and acquired funds through loans and equity to
5 undertake a substantial redevelopment of the Resort. New Cal-Neva financed the renovations
6 with loans and equity investments and commenced work in late 2014 after receiving funding from
7 Hall and Ladera. In 2015, the renovation stalled and the existing financing was determined to be
8 inadequate to pay the costs of completion based upon the remaining costs at that time and the
9 expenditure or other transfers of the proceeds from the loans and equity investments. The
10 renovation, which was approximately 70 percent complete, ceased in December 2015.

11 Unable to complete the project and facing foreclosure by its secured lenders and now
12 secured claims from unpaid contractors, on June 10, 2016, Cal Neva filed a petition for relief
13 under Chapter 11 in the United States Bankruptcy Court for the Northern District of California.
14 On July 28, 2016, Debtor New Cal-Neva filed its petition for relief under Chapter 11 in the
15 United States Bankruptcy Court for the Northern District of California. Subsequently, on
16 October 13, 2016, both Chapter 11 cases were transferred to the United States Bankruptcy Court
17 for the District of Nevada.

18 Since 2015, the Real Property has been preserved and maintained pursuant to advances
19 made by the senior lender Hall and work performed and/or paid for by Penta.

20 2. The Furniture, Fixtures and Equipment.

21 To date, New Cal-Neva estimates that it has purchased approximately 60-70% of the
22 furniture, fixtures and equipment necessary to open and operate the Resort (the "FF&E") and
23 New Cal-Neva reports that the FF&E is safely stored off-site in Sparks, Nevada and has a cost
24 value of approximately \$3.3 million.

25 3. The Fairwinds Estate.

26 The Fairwinds Estate is adjacent to the Resort at 9898 Lake Street, Kings Beach,
27 California. The Fairwinds Estate is encumbered by a mortgage in favor of Capital One Bank with
28 an outstanding balance of approximately \$4.1 million. Ladera is informed and believes that

1 Capital One has recorded a notice of default with respect to that mortgage asserting past due
2 payments of approximately \$500,000.

3 In October 2014, the Fairwinds Estate was owned by 9898 Lake, LLC (“9898 Lake”).
4 Paul and Evy Paye, LLC (“Paye”) owned 100% of the membership interests in 9898 Lake. In
5 October 2014, Pursuant to an Exchange Agreement entered into by Paye and Cal Neva, through
6 its manager, CR Cal Neva, LLC, Paye transferred all of its interests in 9898 Lake to New Cal-
7 Neva’s wholly-owned subsidiary CR Lake Tahoe, LLC (“CR Lake Tahoe”) in exchange for
8 Paye’s receipt of certain equity interests in Cal Neva. The sole member of CR Lake Tahoe is
9 New Cal-Neva (the transaction was structured this way to allow Hall to possess a lien or security
10 interest against the property or New Cal-Neva’s membership interest in the property). Cal Neva,
11 New Cal-Neva and Paye valued the equity in the property at \$2 million. Paye received an equity
12 interest in Cal Neva of 6.19% and Paye’s broker, Marriner Real Estate, LLC (“Marriner”)
13 received an equity interest in Cal Neva of 0.65%. Since that date and at all times relevant hereto,
14 Paye and Marriner have held themselves out as members of Cal Neva, and 9898 Lake, which
15 retained title to the Fairwinds Estate, has been wholly owned by CR Lake Tahoe. CR Lake Tahoe
16 is the sole member of 9898 Lake and controls 9898 Lake.

17 After entry of the Confirmation Order, the Plan authorizes and directs CR Lake Tahoe to
18 dissolve, if necessary, and cause 9898 Lake to transfer by grant deed all of 9898 Lake’s right, title
19 and interest in the Fairwinds Estate to the Debtor, subject to the Secured Claim of Capital One.
20 On the Effective Date and as part of the Closing, the Debtor shall transfer Fairwinds Estate to the
21 Buyer by grand deed free and clear of all Liens and Claims other than the Secured Claim of
22 Capital One.

23 **C. The Liabilities of the Debtor**

24 1. Secured Claims

25 Hall. Hall is the senior secured creditor of the Debtor, with a Secured Claim of
26 approximately \$29 million Secured by substantially all of the Debtor’s assets, including all of the
27 Debtor’s real property.
28

1 Ladera. Ladera is a junior secured creditor of the Debtor, with a Secured Claim of
2 approximately \$8.8 million Secured by substantially all of all of the Debtor's assets, including all
3 of the Debtor's real property. In addition, Cal Neva pledged its 100% membership interest in
4 New Cal-Neva to Ladera as additional Collateral.

5 Penta, Mechanic's Lien Claims and Other Secured Claims. Penta is a contractor who
6 performed work on the Debtor's renovation of the Resort and is owed approximately \$9.2 million
7 Secured by statutory liens on the Debtor's real property. Holders of Mechanic's Lien Claims and
8 Other Secured Claims are primarily contractors and sub-contractors with statutory liens against
9 the Debtor's real property, assert that they are owed approximately \$680,000. The relative
10 priority of Penta's Secured Claims, Mechanic's Lien Claims and Other Secured Claims is a
11 subject of a dispute. This dispute would not be resolved as part of the Plan, which proposes to
12 pay the Sale Proceeds to a Litigation Reserve for distribution to Secured Creditors in priority of
13 their Liens as determined in the Lien Litigation, unless the holder of a Secured Claim agrees
14 otherwise in writing.

15 Secured Claims not included in the Lien Litigation other than Real Property Tax Claims
16 are junior in priority to the secured claims asserted by Hall, Ladera, Penta, and the Lien Litigation
17 Mechanic's Lien Claims and shall not receive any payments under the Plan unless the foregoing
18 senior Secured Claims are paid in full.

19 Real Property Tax Claims. Placer County Tax Collector and Washoe County Treasurer
20 assert secured claims in the aggregate amount of approximately \$167,215 for unpaid real property
21 taxes owed by the Debtor.

22 Capital One Bank, as noted above, has a claim of approximately \$4.1 million secured by
23 the Fairwinds Estate.

24 Secured Claims, not including Capital One Bank, are set forth in Exhibit B to this
25 Disclosure Statement.

26 2. Unsecured Claims

27 As of the filing date hereof, the Proponent estimates that unpaid Administrative Expense
28 Claims against the Debtor as of the Effective Date will be approximately \$1,142,325.

1 There are Priority Tax Claims total approximately \$1,700. Non-Tax Priority Claims total
2 \$2,666. All Priority Claims are set forth in Exhibit C to this Disclosure Statement.

3 Scheduled and filed General Unsecured Claims in the New Cal-Neva Case total
4 approximately \$2.1 million and are set forth in Exhibit D to this Disclosure Statement.

5 The Debtor's liabilities can be approximately summarized as follows, with total payoffs
6 subject to additional accruals after the respective payoff dates:

Secured	
Hall	\$29,046,005
Ladera	8,765,945
Penta	9,151,534
Capital One	4,140,000
<u>Other Secured</u>	<u>847,347</u>
Total Secured	\$51,950,831
Unsecured	
Admin. Expense	\$1,142,325
Priority	\$4,365
<u>General Unsecured</u>	<u>2,100,000</u>
Total Unsecured	\$3,246,690
TOTAL LIABILITIES	\$55,197,521

16 **D. Litigation**

17 New Cal-Neva is a party to that certain litigation commenced by plaintiff Xavier Moulin
18 against defendants Criswell Radovan, LLC, New Cal-Neva Lodge, and others filed in the Second
19 Judicial District Court of the State of Nevada in and for the County of Washoe. The plaintiff
20 alleges causes of action for damages of approximately \$103,000 allegedly arising out of a breach
21 of an employment agreement. The litigation remains stayed by the automatic stay of section
22 362(a) of the Bankruptcy Code as to Debtor New Cal-Neva.

23 Prior to the Petition Date, Penta and other holders of Claims asserting statutory
24 mechanics' liens against Hall and New Cal-Neva commenced litigations seeking a determination
25 of lien priority of the various claimants. Because the Resort and other real property straddle both
26 California and Nevada, one lawsuit was commenced in the Superior Court of the State of
27 California for Placer County, and the other was pending in the Second Judicial District Court of
28 the State of Nevada in and for the County of Washoe. Both of these state court actions were

1 removed to the Bankruptcy Court. Since the Petition Date, there has been no activity in either of
2 these cases, but Penta has filed a new adversary proceeding against Ladera (“Penta Adversary
3 Proceeding”) asserting the same allegations and seeking a determination of lien priority of the
4 various claimants. The lien priority litigation would be litigated to resolution under the Plan, with
5 disputed Allowed Secured Claims paid upon resolution of that litigation.

6 **E. Significant Events During the Cases**

7 Both the Cal Neva and New Cal-Neva cases were originally filed in the United States
8 Bankruptcy Court for the Northern District of California. An order transferring venue of the both
9 bankruptcy cases from Santa Rosa to Reno was entered September 28, 2016, with the effective
10 date of the transfer being October 13, 2016. Upon the transfer of the cases to Reno, they were
11 initially assigned to Bankruptcy Judge Beasley, but were later reassigned to Bankruptcy Judge
12 Zive.

13 The deadline to file proofs of claim was December 1, 2016.

14 On September 13, 2016, the U.S. Trustee appointed the Official Committee of Unsecured
15 Creditors.

16 By orders entered September 19, 2016 and January 4, 2017, the Bankruptcy Court
17 approved the Debtor’s use of cash collateral and postpetition financing from Hall, both of which
18 are needed to maintain and preserve the Real Property, pending completion of the renovation,
19 particularly during the winter season. To date, Hall has advanced approximately \$627,500 since
20 the filing of the Case. Advances for expenses to preserve the Real Property are both secured
21 advances and entitled to treatment as super-priority claims.

22 In January 2017, the Bankruptcy Court approved proposed bidding, auction, and sale
23 procedures for a sale of the assets of both the Debtor and Cal Neva under section 363 of the
24 Bankruptcy Code. No interested party submitted a “Qualified Bid” sufficient to redeem the
25 outstanding secured debt, and the auction was cancelled. There is no indication at this time that
26 there is a prospect for a sale in excess of the Secured Claims.

27 On February 23, 2017, Hall filed a motion for relief from the automatic stay of section
28 362(a) of the Bankruptcy Code to foreclose on its liens. The Sale to be consummated under the

1 Plan would resolve the issues raised in Hall’s motion.

2 On March 1, 2017, Ladera filed a motion for relief from the automatic stay of section
3 362(a) of the Bankruptcy Code to foreclose on Cal Neva’s membership interests in New Cal-
4 Neva. The Sale to be consummated under the Plan would resolve the issues raised in Ladera’s
5 motion.

6 On January 6, 2017, certain members of Cal Neva filed a chapter 11 plan and disclosure
7 statement in the Cal Neva bankruptcy case. A hearing to consider approval of the disclosure
8 statement took place on February 21, 2017. Numerous objections to the disclosure statement
9 were filed with the Bankruptcy Court. At hearings held on February 21, 2017 and May 2, 2017,
10 the Bankruptcy Court denied approval of the disclosure statement.

11 On February 27, 2017, Cal Neva and the Debtor filed a joint chapter 11 plan and
12 disclosure statement in both the Cal Neva bankruptcy case and the New Cal-Neva Case. At a
13 hearing held May 2, 2017, the Bankruptcy Court denied approval of the disclosure statement.

14 The Court set July 5, 2017, as the deadline to file new plans and disclosure statements. It
15 is possible that other entities may file one or more plans in addition to Ladera by the July 5
16 deadline. If more than one plan is filed, Creditors and Interest Holders should review and
17 consider carefully this Plan with other disclosure statements and accompanying plans also
18 approved by the Bankruptcy Court and determine how the competing plans affect the rights of
19 Creditors and Interest Holders.

20 **SECTION THREE**

21 **DESCRIPTION AND SUMMARY OF THE PLAN**

22 **A. Description and Treatment of Unclassified Claims**

23 In accordance with Bankruptcy Code section 1123(a)(1), Administrative Expense Claims
24 and Priority Tax Claims have not been classified in the Plan and, therefore, are excluded from the
25 Classes of Claims and Interests set forth in the Plan. The Plan provides the following treatment
26 of Administrative Expense Claims and Priority Tax Claims:

27 **B. Administrative Expense Claims**

28 Generally speaking, Administrative Expense Claims consist of Claims that accrued or

1 were incurred by the Debtor following the filing of the Case, including, but not limited to fees and
2 costs incurred by Professionals, costs incurred to maintain and preserve the Property of the Estate,
3 and obligations incurred in the ordinary course of business of the Debtor. Pursuant to Bankruptcy
4 Code section 1129(a)(9)(A), for Administrative Expense Claims not related to Professionals, the
5 Plan provides that except as otherwise agreed to by the Proponent or the Liquidating Debtor and
6 the Holder of an Allowed Administrative Expense Claim, each such Holder shall be paid in full in
7 Cash on the later of (i) as soon as practicable after the date such Allowed Administrative Expense
8 Claim becomes due in accordance with its terms, and (ii) the Effective Date. If the Liquidating
9 Debtor or the Debtor Dispute any portion of an Administrative Expense Claim, the Debtor or the
10 Liquidating Debtor, as applicable, shall pay the Allowed portion of such Claim in full in Cash
11 within 30 days after the entry of a Final Order Allowing such Disputed Administrative Expense
12 Claim.

13 **C. Administrative Claims Bar Date**

14 The Plan provides that all requests for payment of administrative costs and expenses
15 incurred prior to the Effective Date pursuant to Bankruptcy Code §§ 507(a)(1) and 503(b) must
16 be served and filed with the Bankruptcy Court no later than thirty (30) days after the Effective
17 Date. Holders of Administrative Claims that are required to, but do not, file and serve a request
18 for payment of such Claims by the Administrative Claims Bar Date shall be forever barred,
19 estopped, and enjoined from asserting such Claims against the Debtor or the Liquidating Debtor
20 or from sharing in any distribution under the Plan. Objections to such requests, if any, must be
21 filed and served on the Debtor, the Liquidating Debtor, and the requesting party no later than
22 ninety (90) days after the Effective Date. Notwithstanding the foregoing, no request for payment
23 of an Administrative Claim need be filed with respect to an Administrative Claim previously
24 Allowed by a Final Order, including any and all Administrative Claims expressly Allowed under
25 the Plan.

26 **D. Professional Fees and Expenses**

27 The Plan provides that each Estate professional shall file a final application for the
28 allowance of compensation for services rendered and reimbursement of expenses incurred

1 through and including the Confirmation Date on or before the Claims Bar Date for such claims,
2 which shall be thirty (30) days after the Effective Date. Holders of Administrative Claims that
3 are required to, but do not, file and serve a request for payment of such Claims by the
4 Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting
5 such Claims against the Debtor or the Liquidating Debtor or from sharing in any distribution
6 under the Plan. Objections to such requests, if any, must be filed and served on the Debtor, the
7 Liquidating Debtor, and the requesting party no later than ninety (90) days after the Effective
8 Date. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be
9 filed with respect to an Administrative Claim previously Allowed by a Final Order, including any
10 and all Administrative Claims expressly Allowed under the Plan.

11 Except as otherwise agreed to by the Proponent or the Liquidating Debtor, on or after the
12 Effective Date, the Plan Administrator will pay all awards of such compensation or
13 reimbursement granted by the Bankruptcy Court (i) within fifteen days of the entry of the Final
14 Orders of the Bankruptcy Court approving all such awards, unless a stay is obtained, or (ii) upon
15 such other terms as may be mutually agreed upon between such Holder of an Allowed
16 Administrative Expense Claim and the Liquidating Debtor.

17 **E. Priority Tax Claims**

18 Priority Tax Claims are those Claims entitled to priority pursuant to Bankruptcy Code
19 section 507(a)(8). The Plan provides that each holder of an Allowed Priority Tax Claim shall be
20 paid in full and final satisfaction, settlement, and release of and in exchange for each Allowed
21 Priority Tax Claim either (i) upon such terms as may be agreed to between the Proponent or the
22 Plan Administrator and such holder of an Allowed Priority Tax Claim or (ii) in full in Cash from
23 the Plan Payment on the later of the Effective Date or the date that such Allowed Priority Tax
24 Claim would have been due if the chapter 11 case had not been commenced. The Proponent is
25 aware of only one asserted Priority Tax Claim in the Case in the amount of \$1,698.32.

26 **F. U.S. Trustee Fees**

27 The Plan provides that the Debtor before the Effective Date or, on or after the Effective
28 Date, the Liquidating Debtor will pay all U.S. Trustee's Fees in full without prior approval under

1 28 U.S.C. § 1930 and will continue to pay all U.S. Trustee's Fees until the Case is closed,
2 dismissed, or converted to another chapter of the Bankruptcy Code.

3 **G. Description and Treatment of Classified Claims and Interests**

4 As required by the Bankruptcy Code, the Plan places Claims and Interests into various
5 Classes according to their right to priority and other relative rights. The Plan specified whether
6 each Class of Claims or Interests is Impaired, Unimpaired, and the Plan sets forth the treatment
7 each Class will receive. The table below lists the Classes of Claims and Interests established
8 under the Plan.

9 Class	Type of Allowed Claim or Equity Interest	Status	Impairment/Voting
10 1	Priority Non-Tax Claims	Unimpaired	Conclusively Presumed to Accept
11 2	Secured Claim of Hall CA-NV, LLC	Impaired	Entitled to vote
12 3	Secured Claim of Ladera Development, LLC	Impaired	Entitled to vote
13 4	Secured Claim of The Penta Building Group, Inc.	Impaired	Entitled to vote
14 5	Secured Lien Litigation Mechanic's Lien Claims	Impaired	Entitled to vote
15 6	Secured Other Mechanic's Lien Claims	Impaired	Entitled to vote
16 7	Secured Claim of Capital One Bank (USA), N.A.	Unimpaired	Conclusively Presumed to Accept
17 8	Secured Real Property Tax Claims	Unimpaired	Conclusively Presumed to Accept
18 9	Other Secured Claims	Impaired	Entitled to vote
19 10	Convenience Claims (\$750 or less)	Impaired	Entitled to vote
20 11	General Unsecured Claims	Impaired	Entitled to vote
21 12	Interests	Impaired	Entitled to vote

22 **H. Treatment of Claims and Interests**

23 The following summarizes the treatment of each Class of Claims and Interests in the Plan:

24 **1. Class 1 – Priority Non-Tax Claims**

25 i. *Classification:* Class 1 consists of all Priority Non-Tax Claims, which consist of
26 all Allowed Claims entitled to priority under section 507(a) of the Bankruptcy Code other than
27 Administrative Expense Claims and Priority Tax Claims.

28 ii. *Treatment:* In full and final satisfaction, settlement, and release of and in

1 exchange for each Allowed Priority Non-Tax Claim, on the later of (a) the Effective Date and (b)
2 the date on which such Priority Non-Tax Claim becomes Allowed, or as soon thereafter, each
3 Holder of such Allowed Priority Non-Tax Claim shall be paid in full in Cash from the Plan
4 Payment.

5 iii. *Voting:* Class 1 is Unimpaired. Pursuant to Bankruptcy Code section 1126(f),
6 Holders of Allowed Priority Non-Tax Claims are conclusively presumed to accept the Plan and,
7 therefore, are not entitled to vote on the Plan.

8 **2. Class 2 – Hall Secured Claim**

9 i. *Classification:* Class 2 consists of the Allowed Amount of the Secured Claim of
10 Hall to the extent Secured by a valid, enforceable lien against Collateral.

11 ii. *Treatment:* Unless otherwise agreed and if there is no overbid, on the Effective
12 Date, Hall will receive, up to the full amount of its Secured Claim, all Sale Proceeds after (i) all
13 Secured Real Property Tax Claims are paid in full and (ii) the Lien Litigation Reserve is fully
14 funded. Upon completion of the Lien Litigation, Hall shall receive such additional payments
15 from the Lien Litigation Reserve in the order of priority that Hall shall be entitled to receive in
16 accordance with the lienholder priority determined after resolution of the Lien Litigation, up to
17 the full amount of the Hall Secured Claim.

18 If there is an overbid but not sufficient Sale Proceeds to pay in full the Hall
19 Secured Claim, Ladera Secured Claim, Penta Secured Claim and all Allowed Lien Litigation
20 Mechanic's Lien Claims, upon completion of the Lien Litigation, Hall will receive on the
21 Effective Date, up to the full amount of its Secured Claim, all Sale Proceeds after (i) all Secured
22 Real Property Tax Claims are paid in full and (ii) the Lien Litigation Reserve is fully funded.
23 Upon completion of the Lien Litigation, Hall shall receive such additional payments from the
24 Lien Litigation Reserve in the order of priority that Hall shall be entitled to receive in accordance
25 with the lienholder priority determined after resolution of the Lien Litigation, up to the full
26 amount of the Hall Secured Claim. If the Hall Secured Claim is not paid in full from these
27 sources, Hall also will receive, upon completion of the Lien Litigation, such additional funds
28 from the Additional Reserve until the Hall Secured Claim is paid in full.

1 If there are sufficient Sale Proceeds to pay in full the Hall Secured Claim, Ladera
2 Secured Claim, Penta Secured Claim and all Lien Litigation Allowed Mechanic's Lien Claims
3 Lien Litigation, Hall will be paid in full on the Effective Date on account of the Hall Secured
4 Claim.

5 iii. *Liens:* Hall shall not retain any liens or interests in its Collateral or on the
6 Purchased Assets. If the Hall Secured Claim is not paid in full on the Effective Date, the liens or
7 security interests of Hall will attach and be perfected after the Effective Date in the Lien
8 Litigation Reserve as such liens or security interests existed immediately prior to the Petition
9 Date. Hall's security interest in the Lien Litigation Reserve shall be deemed fully perfected upon
10 the Effective Date and Hall shall not be required to file financing statements or other documents
11 to perfect and maintain the perfection of its security interests in the Lien Litigation Reserve.

12 iv. *Voting:* Class 2 is Impaired. The Holder of the Class 2 Claim is entitled to vote to
13 accept or reject the Plan.

14 **3. Class 3 – Ladera Secured Claim**

15 i. *Classification:* Class 3 consists of the Allowed Amount of the Secured Claim of
16 Ladera Secured by a valid, enforceable lien against Collateral.

17 ii. *Treatment:* Unless otherwise agreed and if there is no overbid, Ladera will
18 receive, up to the full amount of its claim, from (1) any Sale Proceeds remaining in the Lien
19 Litigation Reserve after the Hall Secured Claim is paid in full or as Hall otherwise agrees and
20 (2) such payments as Ladera may be entitled to receive in accordance with the order of lienholder
21 priority determined after resolution of the Lien Litigation, up to the full amount of the Ladera
22 Secured Claim.

23 If there is an overbid but not sufficient Sale Proceeds to pay in full the Hall
24 Secured Claim, Ladera Secured Claim, Penta Secured Claim and all Allowed Lien Litigation
25 Mechanic's Lien Claims, Ladera will receive, up to the full amount of its claim, from (1) any Sale
26 Proceeds remaining in the Lien Litigation Reserve after the Hall Secured Claim is paid in full or
27 as Hall otherwise agrees and (2) such payments as Ladera may be entitled to receive in
28 accordance with the order of lienholder priority determined after resolution of the Lien Litigation,

1 up to the full amount of the Ladera Secured Claim. If the Ladera Secured Claim is not paid in full
2 from these sources, Ladera also will receive, upon completion of the Lien Litigation, such funds
3 from the Additional Reserve after the Hall Secured Claim has been paid in full.

4 If there are sufficient Sale Proceeds to pay in full the Hall Secured Claim, Ladera
5 Secured Claim, Penta Secured Claim and all Allowed Lien Litigation Mechanic's Lien Claims,
6 Ladera will be paid in full on the Effective Date on account of the Ladera Secured Claim.

7 iii. *Liens*: Ladera shall not retain any liens or interests in its Collateral or on the
8 Purchased Assets. If the Ladera Secured Claim is not paid in full on the Effective Date, the liens
9 or security interests of Ladera will attach and be perfected after the Effective Date in the Lien
10 Litigation Reserve as such liens or security interests existed immediately prior to the Petition
11 Date. Ladera's security interest in the Lien Litigation Reserve shall be deemed fully perfected
12 upon the Effective Date and Ladera shall not be required to file financing statements or other
13 documents to perfect and maintain the perfection of its security interests in the Lien Litigation
14 Reserve.

15 iv. *Voting*: Class 3 is Impaired. The Holder of the Class 3 Claim is entitled to vote to
16 accept or reject the Plan.

17 **4. Class 4 – Penta Secured Claim**

18 i. *Classification*: Class 4 consists of the Allowed Amount of the Secured Claim of
19 Penta to the extent Secured by a valid, enforceable lien against Collateral.

20 ii. *Treatment*: In full satisfaction of Penta's Secured Claim, unless otherwise agreed,
21 cash equal to the amount of Penta's Secured Claim will be paid into the Lien Litigation Reserve
22 pending the outcome of the Lien Litigation. Upon completion of the Lien Litigation, Penta shall
23 receive such payments from the Lien Litigation Reserve in the order of priority that Penta shall be
24 entitled to receive in accordance with the lienholder priority determined after resolution of the
25 Lien Litigation, up to the full amount of the Penta Secured Claim.

26 If there are sufficient Sale Proceeds to pay in full the Hall Secured Claim, Ladera
27 Secured Claim, Penta Secured Claim and all Allowed Lien Litigation Mechanic's Lien Claims,
28 Penta will be paid in full on the Effective Date on account of the Penta Secured Claim.

1 iii. *Liens:* Penta shall not retain any liens or interests in its Collateral or on the
2 Purchased Assets. If the Penta Secured Claim is not paid in full on the Effective Date, the liens or
3 security interests of Penta will attach and be perfected after the Effective Date in the Lien
4 Litigation Reserve as such liens or security interests existed immediately prior to the Petition
5 Date. Penta's security interest in the Lien Litigation Reserve shall be deemed fully perfected
6 upon the Effective Date and Penta shall not be required to file financing statements or other
7 documents to perfect and maintain the perfection of its security interests in the Lien Litigation
8 Reserve.

9 iv. *Voting:* Class 4 is Impaired. The Holder of the Class 4 Claim is entitled to vote to
10 accept or reject the Plan.

11 **5. Class 5 – Lien Litigation Mechanic's Lien Claims**

12 i. *Classification:* Class 5 consists of Allowed Lien Litigation Mechanic's Lien
13 Claims to the extent Secured by a valid, enforceable lien against Collateral.

14 ii. *Treatment:* In full satisfaction of each Allowed Lien Litigation Mechanic's Lien
15 Claim, except to the extent that such a Claim agrees otherwise in writing, cash from the Sale
16 Proceeds equal to the amount of such Mechanic's Lien Claim will be paid into the Lien Litigation
17 Reserve pending the outcome of the Lien Litigation. Upon completion of the Lien Litigation,
18 such Mechanic's Lien Claim shall receive payments, if any, from the Lien Litigation Reserve in
19 the order of priority that such Allowed Mechanic's Lien Claims shall be entitled to receive in
20 accordance with the lienholder priority determined after resolution of the Lien Litigation, up to
21 the full amount of such Mechanic's Lien Claim.

22 If there are sufficient Sale Proceeds to pay in full the Hall Secured Claim, Ladera
23 Secured Claim, Penta Secured Claim and all Allowed Lien Litigation Mechanic's Lien Claims, all
24 Allowed Lien Litigation Mechanic's Lien Claims will be paid in full on the Effective Date on
25 account of each such allowed Claim.

26 iii. *Liens:* Lien Litigation Mechanic's Lien Claims shall not retain any liens or
27 interests in its Collateral or on the Purchased Assets. If the Lien Litigation Mechanic's Lien
28 Claims are not paid in full on the Effective Date, the liens or security interests of Lien Litigation

1 Mechanic's Lien Claims will attach and be perfected after the Effective Date in the Lien
2 Litigation Reserve as such liens or security interests existed immediately prior to the Petition
3 Date. The Lien Litigation Mechanic's Lien Claim's security interest in the Lien Litigation
4 Reserve shall be deemed fully perfected upon the Effective Date and the Holders of Mechanic's
5 Lien Claims shall not be required to file financing statements or other documents to perfect and
6 maintain the perfection of their security interests in the Lien Litigation Reserve.

7 iv. *Voting:* Class 5 is Impaired. The Holders of the Class 5 Claims are entitled to
8 vote to accept or reject the Plan.

9 **6. Class 6 – Other Mechanic's Lien Claims**

10 i. *Classification:* Class 6 consists of Allowed Other Mechanic's Lien Claims to the
11 extent Secured by a valid, enforceable lien against Collateral.

12 ii. *Treatment:* In full satisfaction of each Allowed Other Mechanic's Lien Claim,
13 except to the extent that such a Claim agrees otherwise in writing, each Allowed Other
14 Mechanic's Lien Claim shall receive such payments, up to the full amount of such Allowed
15 Mechanic's Lien Claim, from any Sale Proceeds remaining after Classes 2 through 5 and Class 8
16 are paid in full.

17 If there are sufficient Sale Proceeds to pay the Hall Secured Claim, Ladera
18 Secured Claim, Penta Secured Claim, and all Allowed Mechanic's Lien Claims in full, each
19 Allowed Other Mechanic's Lien Claim will be paid in full on the Effective Date on account of
20 such Allowed Other Mechanic's Lien Claim.

21 iii. *Liens:* Other Mechanic's Lien Claims shall not retain any liens or interests in its
22 Collateral or on the Purchased Assets.

23 iv. *Voting:* Class 6 is Impaired. The Holders of the Class 6 Claims are entitled to
24 vote to accept or reject the Plan.

25 **7. Class 7 – Secured Claim of Capital One**

26 i. *Classification:* Class 7 consists of the Allowed Amount of the Secured Claim of
27 Capital One to the extent Secured by a valid, enforceable lien against the Fairwinds Estate.

28 ii. *Treatment:* Except to the extent that the Holder of the Allowed Secured Claim of

1 Capital One agrees to a less favorable treatment in writing, on the Effective Date, (a) all defaults
2 will be cured on the Effective Date from the Plan Payment and (b) Buyer will assume the Secured
3 Claim of Capital One and pay the Class 7 Claim as it becomes due in accordance with its terms.

4 iii. *Liens:* If the Secured Claim of Capital One is not paid in full on the Effective
5 Date, Capital One's liens or security interests will continue to be attached and be perfected in the
6 Fairwinds Estate after the Effective Date as such liens or security interests existed immediately
7 prior to the Petition Date. After the Effective Date, the Capitol One deed of trust on the
8 Fairwinds Estate shall continue to be fully perfected upon the Effective Date and Capital One
9 shall not be required to file financing statements or other documents to perfect and maintain the
10 perfection of its security interests. Provided, however, that Capital One may file such financing
11 statements and other documents as it may determine to perfect and maintain the perfection of its
12 security interests in the Fairwinds Estate.

13 iv. *Voting:* Class 7 is Unimpaired. Pursuant to Bankruptcy Code section 1126(f), the
14 Holder of the Class 7 Claim is conclusively presumed to accept the Plan and, therefore, is not
15 entitled to vote on the Plan.

16 **8. Class 8 – Secured Real Property Tax Claims**

17 i. *Classification:* Class 8 consists of Allowed Secured Real Property Tax Claims to
18 the extent Secured by a valid, enforceable lien against Collateral.

19 ii. *Treatment:* Except to the extent that the Holder of an Allowed Secured Real
20 Property Tax Claim agrees to a less favorable treatment in writing, on the Effective Date, the Plan
21 Administrator will pay each Allowed Secured Real Property Tax Claim in Cash on the Effective
22 Date from the Sale Proceeds.

23 iii. *Voting:* Class 8 is Unimpaired. Pursuant to Bankruptcy Code section 1126(f), the
24 Holder of the Class 8 Claims is conclusively presumed to accept the Plan and, therefore, is not
25 entitled to vote on the Plan.

26 **9. Class 9 – Other Secured Claims**

27 i. *Classification:* Class 9 consists of all Allowed Secured Claims, including the
28 Allowed Property Tax Secured Claims other than the Secured Claims of Hall, Ladera, Penta, or

1 Allowed Mechanic's Lien Claims.

2 ii. *Treatment:* Except to the extent that a Holder of an Allowed Other Secured Claim
3 agrees otherwise in writing, each Other Secured Claim shall receive such payments from any Sale
4 Proceeds remaining after Classes 2 through 6 and Class 8 are paid in full, up to the full amount of
5 such Other Secured Claim. The Proponent is not aware of any Other Secured Claims.

6 If there are sufficient Sale Proceeds to pay the Hall Secured Claim, Ladera
7 Secured Claim, Penta Secured Claim, all Allowed Mechanic's Lien Claims and all Allowed Other
8 Secured Claims in full, each Allowed Other Secured Claim will be paid in full on the Effective
9 Date on account of such Allowed Other Secured Claim.

10 iii. *Liens:* Other Secured Claims shall not retain any liens or interests in its Collateral
11 or on the Purchased Assets after the Effective Date.

12 iv. *Voting:* Class 9 is Impaired. The Holders of the Class 9 Claims are entitled to
13 vote to accept or reject the Plan.

14 **10. Class 10 – Convenience Claims**

15 i. *Classification:* Class 10 consists of all Convenience Claims, which shall be all
16 General Unsecured Claims with an Allowed amount of \$750.00 or less.

17 ii. *Treatment:* The holders of Allowed Convenience Claims in the Case in full in
18 Cash from the Plan Payment on the later of (i) the date such Convenience Claim becomes due in
19 accordance with its terms, and (ii) thirty (30) days after the Effective Date.

20 iii. *Voting:* Class 10 is Impaired. The Holders of the Class 10 Claims are entitled to
21 vote to accept or reject the Plan.

22 **11. Class 11 – General Unsecured Claims**

23 i. *Classification:* Class 11 consists of General Unsecured Claims other than
24 Convenience Claims.

25 ii. *Treatment:* Unless otherwise agreed by the holder of a General Unsecured Claim
26 and the Proponent, and until each Holder of an Allowed General Unsecured Claim receives 100%
27 of such Holder's Allowed General Unsecured Claim without interest, each Holder of an Allowed
28 General Unsecured Claim shall receive, on account of such Holder's Allowed General Unsecured

1 Claim, (1) such Holder's Pro Rata share of the GUC Share, if any, and (2) such Holder's Pro Rata
2 share of the Sale Proceeds, if any, after Classes 1 through 6 and Classes 8 through 10 are paid in
3 full.

4 iii. *Voting:* Class 11 is Impaired. The Holders of the Class 11 Claims are entitled to
5 vote to accept or reject the Plan.

6 **12. Class 12 – Interests**

7 i. *Classification:* Class 12 consists of Interests in Debtor.

8 ii. *Treatment:* On the Effective Date, all Interests shall receive 100% of proceeds
9 from Litigation Trust, after payment of all Allowed Class 11 Claims in full, on account of such
10 Holder's Interest the Old Equity Share and any Sale Proceeds after Allowed Class 11 Claims paid
11 in full.

12 iii. *Voting:* Class 12 is Impaired. The Holders of the Class 12 Interests are entitled to
13 vote to accept or reject the Plan.

14 **SECTION FOUR**

15 **TREATMENT EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

16 **A. Assumed Executory Contracts and Unexpired Leases**

17 The Debtor will assume and assign to Buyer only the following executory contracts or
18 unexpired leases effective as of the Effective Date of this Plan, with the following cure amounts
19 payable on the Effective Date of this Plan:

Name of Contract Counterparty(ies)	Executory Contract or Unexpired Lease and cure amount.	Cure Amount
None		

22 Buyer will be fully obligated on such assumed contracts from and after the Effective Date,
23 and all counterparties shall be likewise obligated on such assumed contracts under section 365 of
24 the Bankruptcy Code. The Proponent submits that Rand CN's financial wherewithal as a going
25 concern, as set forth in the Disclosure Statement and as will be proven to the extent any party
26 with standing seeks such a demonstration with evidence at the Confirmation Hearing, constitutes
27 adequate assurance of future performance within the meaning of section 365(b) and (f) of the
28 Bankruptcy Code. The Proponent submits that the procedures for a Potential Bidder to become a

1 Qualified Bidder will demonstrate the Qualified Bidder's financial wherewithal, as will be proven
2 to the extent any party with standing seeks such a demonstration with evidence at the
3 Confirmation Hearing, constitutes adequate assurance of future performance within the meaning
4 of section 365(b) and (f) of the Bankruptcy Code.

5 **ANY NON-DEBTOR PARTY TO ANY EXECUTORY CONTRACT OBJECTING**
6 **TO THE ABOVE CURE AMOUNTS OR ADEQUATE ASSURANCE OF FUTURE**
7 **PERFORMANCE AND THE ASSUMPTION AND ASSIGNMENT TO RAND CN OF**
8 **SUCH EXECUTORY CONTRACT OR UNEXPIRED LEASE MUST FILE AN**
9 **OBJECTION IN THE BANKRUPTCY COURT AND SERVE IT ON THE DEBTOR AND**
10 **THE PROPONENT AT LEAST FOURTEEN (14) DAYS BEFORE THE**
11 **CONFIRMATION HEARING.**

12 Any counterparty to the above executory contracts or unexpired leases who fails to file an
13 objection to the proposed cure amounts, adequate assurance, assumption or assignment prior to
14 the entry of the Confirmation Order will be deemed to have accepted such cure amount in full
15 satisfaction and cure of all defaults and other amounts due through and including the Effective
16 Date, and will have no further claim against the Debtor or Buyer therefor; further such
17 counterparties are deemed to accept the assumption and have adequate assurance of future
18 performance of their executory contract or unexpired lease by the Debtor and Buyer.

19 In the event of a dispute regarding (i) the amount of any payments to cure such a default,
20 (ii) the ability of Buyer to provide "adequate assurance of future performance," within the
21 meaning of Bankruptcy Code section 365, under the executory contract or unexpired lease to be
22 assumed, or (iii) any other matter pertaining to assumption, the cure payments required by
23 Bankruptcy Code section 365(b)(1) shall be made following the entry of a Final Order or orders
24 resolving the dispute and approving the assumption. Assumption of any executory contract or
25 unexpired lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of
26 any Claims or defaults, whether monetary or nonmonetary, arising under any assumed executory
27 contract or unexpired lease at any time before the effective date of the assumption.

28 No Assumption and Cure Order assigning an Assumed Executory Contract to Buyer shall

1 be effective unless and until the Effective Date.

2 If any executory contract has been inadvertently left off of the above list of executory
3 contracts to be assumed, the Proponent reserves its right to modify this Plan to cause Debtor to
4 assume and assign to Buyer any such executory contract on appropriate notice to the counterparty
5 to such contract, by filing an amended list of assumed executory contracts at any time up to and
6 including the Effective Date.

7 **B. Rejected Executory Contracts and Unexpired Leases**

8 The Debtor will be conclusively deemed to have rejected, and the Buyer conclusively
9 deemed not to have assumed or taken by assignment, all executory contracts and unexpired leases
10 not expressly assumed under Section V.A above upon the Effective Date. This includes all
11 executory contracts and unexpired leases regardless of whether the Debtor contends that it is a
12 party to the agreement, without admitting any liability or obligations under such agreements. The
13 rejected executory contracts and unexpired leases include but are not limited to Condo Purchase
14 Discount Agreements with (i) Michael and Sharon Dixon; (ii) Brandyn Iverson; (iii) Paul
15 Jameson; and (iv) Charles R. and Judy G. Munnerlyn. A proof of a claim arising from the
16 rejection of an executory contract or unexpired lease under this section must be filed no later than
17 the Claims Bar Date, which is thirty (30) days after the Effective Date. Any Claims arising from
18 the rejection of an executory contract or unexpired lease not filed within such time will be
19 automatically disallowed, forever barred from assertion, and shall not be enforceable against the
20 Debtor, Buyer or their assets or properties without the need for any objection by the Debtor or
21 Buyer, or further notice to, or action, order, or approval of the Bankruptcy Court. All Allowed
22 Claims arising from the rejection of the Debtor's executory contracts or unexpired leases shall be
23 classified as a General Unsecured Claim and shall be treated in accordance with Section IV.B.10
24 of the Plan. The deadline to object to Claims arising from the rejection of executory contracts or
25 unexpired leases, if any, shall be ninety (90) days following the date on which such Proof of
26 Claim was filed.

27

28

SECTION FIVE

MEANS FOR IMPLEMENTATION OF THE PLAN

Proponent will implement the Plan as follows

A. Sale of Property under Asset Purchase Agreement

1. Sale Procedures

At the Confirmation Hearing, the Debtor shall sell the Purchased Assets to Rand CN pursuant to the terms of the Asset Purchase Agreement between Rand CN and the Estate subject to overbidding based on the following sale procedures:

a. An initial overbid Cash Purchase Price of at least \$29,000,000.00 Cash Purchase Price plus \$5,500,000 Overbid Match and the overbidder must commit to funding the \$1,800,000.00 Plan Payment to be used for the Plan Obligations.

b. There are no contingencies to Rand CN's purchase of the Purchased Assets other than a Final Order of the Bankruptcy Court providing approval for the Sale and the Debtor's delivery of title to the Purchased Assets free and clear of all liens, claims and interests, and (ii) the Debtor's delivery of title to the Purchased Assets free and clear of all liens, claims and interests at Closing. Rand CN shall be entitled to a break-up fee of \$250,000 plus out-of-pocket costs of up to \$400,000 by or on behalf of Rand CN for due diligence and other expenses related to Rand CN's proposed purchase, as liquidated damages in the event that the bid of a competing bidder for the Purchased Assets is accepted. The break-up fee shall be paid to Rand CN as soon as reasonably practicable immediately after the Confirmation Hearing from the good faith deposit of the winning competing bidder.

c. All Potential Bidders must execute the Bid Contract, which shall be in the same form as the Asset Purchase Agreement between Rand CN and the Estate, attached as Exhibit 1 to the Plan, except for the substitution of parties and removal of the break-up fee. A copy of the Bid Contract will be filed with the Court as part of the Plan Supplement along with the Asset Purchase Agreement.

d. The Proponent will accept applications from potential bidders seeking qualification to submit Qualified Bids until the Qualification Deadline of 5:00 p.m. (PDT) on

1 August 11, 2017. All due diligence by any Potential Bidder must be completed prior to the
2 Potential Bidder making a Qualified Bid.

3 e. Each Potential Bidder shall deliver written and electronic copies of its bid
4 materials on or before the Bid Deadline to: counsel for the Proponent, Felderstein Fitzgerald
5 Willoughby & Pascuzzi LLP, 400 Capitol Mall, Suite 1750, Sacramento, California 95814, Attn:
6 Jason Rios (email: jrios@ffwplaw.com); and Ladera Development, LLC, c/o James Pickett,
7 16475 Bordeaux, Reno, NV 89511 (email: jpickett@laderaventures.com). An application by
8 potential bidders seeking qualification to submit Qualified Bids is a signed document or
9 documents from a Potential Bidder that provide(s), at a minimum, the following:

10 i. An acknowledgement that the initial overbid amount must be at least
11 \$29,000,000.00 Cash Purchase Price plus \$5,500,000 Overbid Match and the overbidder must
12 commit to funding the \$1,800,000.00 Plan Payment to be used for the Plan Obligations;

13 ii. identify the bidder and any principals, owners, members, or shareholders of
14 the bidder and evidence of the Potential Bidder's source of capital, other financial ability to
15 complete the contemplated transactions, and conform to Federal requirements if the funds are
16 obtained offshore and/or from a foreign national who is not a United States citizen;

17 iii. the Potential Bidder acknowledges and agrees that Potential Bidder shall be
18 purchasing the Purchased Assets, including the Real Property and the Fairwinds Estate, in their
19 present "as is/where is" condition and with all faults and defects and Ladera has not made (and
20 will expressly disclaim), either expressly or implied, any representations, guaranties, promises,
21 statements, assurances or warranties of any kind concerning the conditions of the Purchased
22 Assets, including the Real Property and the Fairwinds Estate;

23 iv. the Potential Bidder shall assume all obligations and liabilities with respect
24 to the condition of the Purchased Assets, including the Real Property and the Fairwinds Estate,
25 and shall fully release and indemnify Ladera and the Estate from same at close of escrow;

26 v. the Potential Bidder offers to purchase the Purchased Assets as a unified
27 sale on terms and conditions acceptable to Ladera and the Estate pursuant to the Bid Contract;

28 vi. the bid is not subject to any due diligence or financing contingency and is

1 irrevocable until two business days following the Closing;

2 vii. the bid does not entitle the Potential Bidder to any break-up fee, topping
3 fee, termination fee, expense reimbursement or similar type of payment, reimbursement or broker
4 commission to be paid by the Estate or Ladera;

5 viii. acknowledgments and representations that the Potential Bidder: (a) has had
6 an opportunity to conduct any and all required due diligence regarding the Purchased Assets prior
7 to making its offer; (b) has relied solely upon its own independent review, investigation and/or
8 inspection of any documents and/or the Purchased Assets in making its bid; (c) has prepared its
9 bid, and will participate in the Auction, without collusion with any other party; and (d) did not
10 rely upon written or oral statements, representations, promises, warranties or guaranties
11 whatsoever, whether express or implied (by operation of law or otherwise), regarding the
12 Purchased Assets or the completeness of any information provided in connection therewith,
13 except as expressly stated in the Bid Contract;

14 ix. the bid contains a commitment by the Potential Bidder to be prepared to
15 provide admissible evidence in the form of affidavits or declarations establishing the Potential
16 Bidder's good faith and lack of collusion, within the meaning of section 363(m) of the
17 Bankruptcy Code; and

18 x. the bid contains information sufficient to demonstrate the Potential
19 Bidder's ability to provide adequate assurance of future performance with respect to the
20 assumption of any executory contracts and unexpired leases.

21 f. In addition, a Potential Bidder must accompany its application with: (1) a
22 deposit by cashier's check payable to The Bankruptcy Estate of New Cal-Neva Lodge, LLC, in
23 the amount of \$2,000,000 (any such deposit, a "Good Faith Deposit"); (2) written evidence of
24 available cash or a commitment for financing and such other evidence of ability to consummate
25 the transaction contemplated by the applicable Bid Contract as Ladera may reasonably request;
26 (3) a copy of a board resolution or similar document demonstrating the authority of the Potential
27 Bidder to make a binding and irrevocable bid on the terms proposed; and (4) any pertinent factual
28 information regarding the Potential Bidder's operations that would assist Ladera in its analysis of

1 the bid. Good faith deposits by unsuccessful bidders will be returned at the conclusion of the
2 bidding.

3 g. Any application received from a Potential Bidder that meets the above
4 requirements and is determined by Ladera, in its reasonable discretion after consultation with the
5 Debtor, Committee, Hall and Penta, will be considered a “Qualified Bidder,” and each Potential
6 Bidder that submits a bid shall be deemed to have incorporated each of these terms into its bid(s)
7 as a “Qualified Bid.” The Proponent shall notify Potential Bidders whether their application has
8 been accepted as a Qualified Bidder by Noon on Tuesday, August, 15, 2017.

9 h. The actual auction sale will be held on Wednesday, August 16, 2017, at the
10 United States Bankruptcy Court, Clifton Young Federal Building, 300 Booth Street, Bankruptcy
11 Courtroom, Fifth Floor, Courtroom 1, Reno, Nevada, before the Honorable Gregg W. Zive,
12 United States Bankruptcy Judge in conjunction with the Confirmation Hearing.

13 i. Rand CN, as lead bidder, and only Rand CN, may become the highest
14 bidder by matching any overbid. In matching any overbid, Rand CN can credit bid the Non-Cash
15 Consideration and does not need to bid that consideration in cash.

16 j. Except for bids by Rand CN as the lead bidder, and the initial qualified
17 overbid of at least \$29,000,000.00 Cash Purchase Price plus \$5,500,000 Overbid Match and the
18 overbidder must commit to funding the \$1,800,000.00 Plan Payment to be used for the Plan
19 Obligations, each subsequent overbid must exceed the current highest offer by a minimum of
20 \$100,000.

21 k. All overbid amounts in excess may only be payable in cash in full on
22 Closing.

23 l. The successful bidder will be required to close the sale within twenty-one
24 (21) days after the entry of the Confirmation Order.

25 m. The rights of Creditors to credit bid their Secured Claim at the Sale shall be
26 determined by the Court at the hearing to approve the Disclosure Statement.

27 **2. Closing**

28

1 a. Upon entry of the Confirmation Order, the Debtor is authorized and
2 directed to enter into the Asset Purchase Agreement or Buyer's Bid Contract and the Transaction
3 Documents, and to take such steps as are necessary, reasonable or convenient to effectuate the
4 Closing. Subject to the terms of the Confirmation Order and to any conditions to the Closing that
5 remain to be satisfied, the Asset Purchase Agreement or Buyer's Bid Contract and the
6 transactions contemplated therein are approved. On the Effective Date, the Asset Purchase
7 Agreement or Buyer's Bid Contract and the Transaction Documents shall be binding upon and
8 enforceable against Buyer and the Debtor, as well as their respective managers, employees and
9 agents. The Asset Purchase Agreement or Buyer's Bid Contract is incorporated herein by
10 reference and shall be deemed part of this Plan.

11 b. Without limiting the generality of the foregoing, and without altering the
12 terms of the Asset Purchase Agreement or Buyer's Bid Contract in any Manner, on (or where
13 appropriate, after) the Effective Date, the following actions shall occur:

14 i. The purchase and sale transaction contemplated under the Asset Purchase
15 Agreement or Buyer's Bid Contract shall be consummated;

16 ii. Buyer shall, among other things, pay the Purchase Price and the Plan
17 Payment to the Debtor;

18 iii. Each Cure Obligation required to be paid under Bankruptcy Code section
19 365(b)(1) to a non-debtor party under an Assumed Executory Contract shall be paid to such party
20 by the Debtor from the Plan Payment on or before the Effective Date;

21 iv. The Debtor shall take such steps as are required under the Asset Purchase
22 Agreement or Buyer's Bid Contract to effectuate the sale of assets to Buyer; and

23 v. The Purchased Assets shall be transferred to Buyer free and clear of all
24 Liens and Claims other than the Lien of Capital One on the Fairwinds Estate.

25 c. Buyer shall be entitled to determine the allocation of the Purchase Price for
26 tax reporting purposes.

27 d. There shall be no commissions payable under this Plan to any party with
28 respect to this Plan or to the sale of the Purchased Assets to Buyer.

1 As set forth below, it is anticipated that the Sale Proceeds will be distributed as follows:

2 **New Cal-Neva Sale Proceeds**

3 Sale Proceeds \$28,200,000

4

5 Class 8 Real Property Claims \$ 167,215

6 Classes 2-5 Disputed Lien Litigation Reserve \$ 9,624,254

7 Class 2 Secured Claim of Hall CA-NV, LLC \$18,408,531

8 As set forth below, the Plan Payment will pay all Plan Obligations as provided for in the
9 Plan.

10 **New Cal-Neva Plan Obligations Due on Effective Date**

11 Plan Payment \$1,800,000

12

13 Unclassified Non-Professional Administrative Claims \$ 142,000 (est.)

14 Unclassified Professional Administrative Claims \$1,000,000

15 Unclassified Priority Tax Claims \$ 1,698

16 Unclassified U.S. Trustee Fees \$ 325

17 Class 1 Priority Non-Tax Claims \$ 2,666

18 Class 7 Secured Claim of Capital One Bank (USA), N.A. \$ 500,000 (est. cure)

19 Class 10 Convenience Class \$ 1,770

20 Class 11 General Unsecured Claims/Litigation Trust \$ 50,000

21 \$1,698,459

22 Reserve for Plan Administrator and Post-Effective Date UST Fees \$ 80,000

23 \$1,778,459

24 **B. Transfer of Fairwinds Estate**

25 After entry of the Confirmation Order, the Plan authorizes and directs CR Lake Tahoe to
26 dissolve, if necessary, and cause 9898 Lake to transfer by grant deed all of 9898 Lake's right, title
27 and interest in the Fairwinds Estate to the Debtor, subject to the Secured Claim of Capital One.
28 On the Effective Date and as part of the Closing, the Debtor shall transfer the Fairwinds Estate to

1 the Buyer by grant deed free and clear of all Liens and Claims other than the Secured Claim of
2 Capital One which shall be assumed by the Buyer as provided for the Class 7 Claim of Capital
3 One.

4 **C. Plan Administrator**

5 On and after the Effective Date, the Liquidating Debtor shall continue to engage in its
6 wind-down operations and may use, acquire, dispose of and/or abandon Estate Assets without
7 supervision by the Bankruptcy Court and free of any restrictions under the Bankruptcy Code or
8 the Bankruptcy Rules, except as set forth in this Plan. The Liquidating Debtor will not continue
9 or engage in the conduct of any trade or business, except to the limited extent necessary to
10 accomplish the liquidation and distribution of the Estate Assets.

11 The Plan provides that the Liquidating Debtor shall be managed by a Plan Administrator.
12 The Plan provides that _____ shall automatically be appointed the Plan
13 Administrator on the Effective Date unless the Court changes the date of appointment in the
14 Confirmation Order. The Plan Administrator shall be paid reasonable compensation and expense
15 reimbursement by the Liquidating Debtor. Such compensation may be made from the
16 Liquidating Debtor Reserve.

17 The Plan Administrator may investigate claims, objections or defenses and may assert,
18 settle, abandon, or enforce any such affirmative claims, objections or defenses without
19 supervision by the Bankruptcy Court and free of any restrictions under the Bankruptcy Code or
20 the Bankruptcy Rules. In the course of any ongoing investigations, the Plan Administrator shall
21 have the right post-confirmation to utilize Bankruptcy Rule 2004 examinations, including the
22 issuance of subpoenas, and such future examinations and subpoenas shall be deemed to have been
23 approved and authorized by the Plan and may be issued without further order of the Court. To the
24 extent any litigation is already pending on the Effective Date, the Liquidating Debtor as successor
25 to the Debtor and the Committee may continue the prosecution of such litigation and such
26 litigation shall be authorized without further order of the Court.

27 **D. Successor Plan Administrator**

28 If the Plan Administrator resigns or is otherwise unwilling to perform its duties under this

1 Plan, a current Chapter 11 Trustee in good standing from the District of Nevada or the Eastern
2 District of California shall be selected to serve as the successor Plan Administrator. The
3 Successor Plan Administrator shall be selected by the Creditors holding the three largest
4 undisputed Allowed Claims, after consultation with parties in interest, including the Office of the
5 United States Trustee and other Unsecured Creditors and Interest Holders or their successors, as
6 appropriate. Appointment of the Successor Plan Administrator also shall be subject to Court
7 approval.

8 **E. Litigation Trust**

9 On the Effective Date, the Litigation Trust shall be established pursuant to the Litigation
10 Trust Agreement for the purpose of investigating and prosecuting the Trust Causes of Action (as
11 determined by the Litigation Trustee) and making distributions (if any) to Litigation Trust
12 Beneficiaries in accordance with the terms of the Plan. The Litigation Trust shall have a separate
13 existence from the Liquidating Debtor. The Litigation Trust's prosecution of any of the Trust
14 Causes of Action will be on behalf of and for the benefit of the Litigation Trust Beneficiaries.

15 The Litigation Trust and the Litigation Trustee will each be a "representative" of the
16 Estates under section 1123(b)(3)(B) of the Bankruptcy Code, and the Litigation Trustee will be
17 the trustee of the Litigation Trust Assets for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. §
18 6012(b)(3), and, as such, the Litigation Trustee succeeds to all of the rights, powers and
19 obligations of a trustee in bankruptcy with respect to collecting, maintaining, administering and
20 liquidating the Litigation Trust Assets. In pursuing the Trust Causes of Action, the Litigation
21 Trustee shall be entitled to the tolling provisions provided under section 108 of the Bankruptcy
22 Code, and shall succeed to the Debtor's rights with respect to the time periods in which any of the
23 Trust Causes of Action may be brought under section 546 of the Bankruptcy Code.

24 The Litigation Trustee will distribute the Litigation Trust Assets (or the proceeds thereof)
25 in accordance with the provisions of the Plan and the Litigation Trust Agreement. Other rights
26 and duties of the Litigation Trustee and the beneficiaries of the Litigation Trust will be as set
27 forth in the Litigation Trust Agreement.

28 The Litigation Trust Expenses will be paid from the Litigation Trust Assets in accordance

1 with the Plan and the Litigation Trust Agreement. The Liquidating Debtor shall have no
2 obligations to satisfy or have liability for any Litigation Trust Expenses.

3 The Litigation Trust Agreement may include reasonable and customary indemnification
4 provisions in favor of the Litigation Trustee. Any such indemnification will be the sole
5 responsibility of the Litigation Trust.

6 The Litigation Trust is intended to be treated, for federal income tax purposes, as a grantor
7 trust that is a liquidating trust within the meaning of Treasury Regulations section 301.7701-4(d),
8 with no objective to continue or engage in the conduct of a trade or business. The Litigation
9 Trust Beneficiaries will be treated for U.S. federal income tax purposes as the grantors and
10 deemed owners of their respective shares of the Litigation Trust Assets.

11 The Litigation Trust Agreement will provide that termination of the trust will occur no
12 later than five years after the Effective Date, unless the Bankruptcy Court approves an extension
13 based upon a finding that such an extension is necessary for the Litigation Trust to complete its
14 liquidating purpose. The Litigation Trust Agreement also will limit the investment powers of the
15 Litigation Trustee in accordance with IRS Rev. Proc. 94-45 and will require the Litigation Trust
16 to distribute at least annually to the Litigation Trust Beneficiaries (as such may have been
17 determined at such time) its net income (net of any payment of or provision for Taxes), except for
18 amounts retained as reasonably necessary to maintain the value of the Litigation Trust Assets.

19 **F. Vesting of Assets of the Estate**

20 On the Effective Date, except as otherwise provided in the Plan, all Purchased Assets shall
21 vest in Buyer free and clear of all Liens and Claims, including, without limitation, all real and
22 personal Property, all Retained Causes of Action purchased by the Buyer, interests, claims,
23 choses in action, and all rights under any contracts assumed hereunder (executory or otherwise),
24 against any Person. On the Effective Date, except as otherwise provided in the Plan, all Retained
25 Causes of Action not purchased by the Buyer shall vest in the Liquidating Debtor free and clear
26 of all Liens and Claims. On the Effective Date, except as otherwise provided in the Plan, all
27 Trust Causes of Action shall vest in the Litigation Trust free and clear of all Liens and Claims.

28

1 **G. Amendment of Operating Agreement**

2 Upon the Effective Date, or such other time as is set forth in the Confirmation Order or
3 other separate Order, the Debtor's Operating Agreement shall be deemed amended to replace the
4 existing manager of the Debtor, with the Plan Administrator, and Cal Neva and any other entity in
5 control of the Debtor shall be relieved of its responsibilities for the Debtor. The Liquidating
6 Debtor, as represented by the Plan Administrator, shall be authorized to execute such other
7 documents as are necessary and appropriate to carry out the provisions of this Plan, without the
8 necessity of filing such documents with the Bankruptcy Court.

9 **H. Exemption from Certain Taxes and Fees**

10 Pursuant to Bankruptcy Code section 1146(a), any transfers of property pursuant to the
11 Plan shall not be subject to any stamp, real estate transfer, sales, use tax or other similar state or
12 local tax or governmental assessment in the United States, and the Confirmation Order shall
13 direct and be deemed to direct the appropriate state or local governmental officials or agents to
14 forego the collection of any such tax or governmental assessment and to accept for filing and
15 recordation instruments or other documents pursuant to such transfers of property without the
16 payment of any such tax or governmental assessment.

17 **I. Preservation of Causes of Action**

18 **1. Retained Causes of Action**

19 With respect to Causes of Action not released by this Plan, the Debtor reserves and
20 conveys to Buyer, and the Bankruptcy Court's Confirmation Order will be deemed to authorize,
21 Buyer to pursue all rights in and to all Retained Causes of Action and defenses sold or assigned to
22 Buyer whenever arising, whether arising from the pre-Petition Date or post-Petition Date periods,
23 including, without limitation, all Causes of Action or defenses that arose in the ordinary course of
24 business from the operation of the Debtor's businesses or relate to alleged or asserted secured
25 claims against the Property. Retained Causes of Action do not include any insurance contracts or
26 proceeds relating to Causes of Action transferred to the Litigation Trust. A Retained Cause of
27 Action shall be the property of Buyer if sold or assigned to Buyer under the Asset Purchase
28 Agreement or Buyer's Bid Contract and shall be property of the Liquidating Debtor if not so sold

1 or assigned. If there is a dispute as to what is a Retained Cause of Action and what is a Trust
2 Cause of Action, such dispute shall be decided by the Court upon notice and motion.

3 After the Effective Date, the proceeds of all Retained Causes of Action not released or
4 sold or assigned to Buyer shall belong solely to Liquidating Debtor. All Retained Causes of
5 Action shall include, without limitation, the following:

Claim	Potential Counterparty (if known)
6 Claims that arose in the ordinary course of business 7 from the operation of the Debtor's businesses 8 including Causes of Action and defenses related to 9 accounts receivable and accounts payable	
10 Claims that arose in the ordinary course of business 11 from the operation of the Debtor's businesses 12 including Causes of Action and defenses related to 13 construction or renovation of the Real Property	
14 Claims that arose in the ordinary course of business 15 from the operation of the Debtor's businesses 16 including Causes of Action and defenses related to 17 violations of any confidentiality provision, non- 18 compete provision, non-solicitation provision, or any 19 similar restrictive covenant	
20 Claims that arose in the ordinary course of business 21 from the operation of the Debtor's businesses 22 including Causes of Action and defenses related to 23 insurance contracts	
24 Claims that arose in the ordinary course of business 25 from the operation of the Debtor's businesses 26 including Causes of Action and defenses related to 27 security deposits or any other type of deposit or 28 collateral	
29 Claims that arose in the ordinary course of business 30 from the operation of the Debtor's businesses 31 including Causes of Action and defenses related to 32 assumed Executory Contracts or Unexpired Leases	
33 Claims arising out of that certain Exchange 34 Agreement concerning the Fairwinds Estate	Paul and Evy Paye, LLC or their successors or assigns
35 Claims for setoff or recoupment	
36 Claims for avoidance of liens and security interests	

37 Liquidating Debtor, in its sole and absolute discretion, shall determine whether to bring,
38 settle, release, compromise, or enforce Retained Causes of Action retained by the Liquidating
Debtor (or decline to do any of the foregoing), and shall not be required to seek further approval

1 of the Bankruptcy Court for such action. **No Person may rely on the absence of a specific**
2 **reference in the Plan or the Disclosure Statement to any Retained Cause of Action against**
3 **them as any indication that Buyer or Liquidating Debtor will not pursue any and all**
4 **available Retained Causes of Action against them. Liquidating Debtor expressly reserves**
5 **all rights to prosecute any and all Retained Causes of Action against any Person except at**
6 **otherwise provided in the Plan.** Unless any Retained Cause of Action against a Person is
7 expressly waived, relinquished, exculpated, released, compromised, or settled in this Plan or an
8 order of the Bankruptcy Court, Liquidating Debtor expressly reserves all Retained Causes of
9 Action retained by the Liquidating Debtor for later adjudication and, therefore, no preclusion
10 doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim
11 preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Retained
12 Causes of Action upon, after, or as a consequence of Confirmation or the Effective Date of the
13 Plan.

14 **2. Trust Causes of Action**

15 The Debtor reserves and conveys to the Litigation Trust, and the Bankruptcy Court's
16 Confirmation Order will be deemed to authorize, the Litigation Trustee to pursue all rights in and
17 to all Trust Causes of Action and defenses whenever arising, whether arising from the pre-
18 Petition Date or post-Petition Date periods, including, without limitation, all claims unfair or
19 deceptive business practice, fraud, fraud in the inducement, tort, theft of trade secrets,
20 misappropriation, duress, fraudulent transfer, avoidance, unjust enrichment, breach of contract,
21 setoff, or otherwise against all Persons against whom the Debtor has any such Causes of Action,
22 provided, however, that such Trust Causes of Action shall not include any claims against Holders
23 of Secured Claims, including but not limited to Hall, Ladera, or Penta. After the Effective Date,
24 the proceeds of all such Trust Causes of Action shall belong solely to the Litigation Trust.
25 Further, the Proponent believes it will be the Litigation Trustee's intent to prosecute all such
26 Trust Causes of Action. All such Trust Causes of Action shall include, without limitation, the
27 following:
28

Claim	Potential Counterparty (if known)
Claims for improper transfer of assets	
Claims against the sponsor/developer regarding conduct during development of the Real Property, including the Resort	
Claims against Thannisch Development Services Inc.	
Claims against Case Development	

The Litigation Trustee, in his/her/its sole and absolute discretion, shall determine whether to bring, settle, release, compromise, or enforce such Trust Causes of Action (or decline to do any of the foregoing), and shall not be required to seek further approval of the Bankruptcy Court for such action. **No Person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Trust Cause of Action against them as any indication that the Litigation Trustee will not pursue any and all available Trust Causes of Action against them. The Litigation Trustee expressly reserves all rights to prosecute any and all Trust Causes of Action against any Person except at otherwise provided in the Plan.** Unless any Trust Cause of Action against a Person is expressly waived, relinquished, exculpated, released, compromised, or settled in this Plan or an order of the Bankruptcy Court, the Litigation Trustee expressly reserves all Trust Causes of Action for later adjudication and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Trust Causes of Action upon, after, or as a consequence of Confirmation or the Effective Date of the Plan.

J. No Election Under Section 1111(b)

Because the Real Property, Fairwinds Estate and substantially all of the Debtor's assets are to be sold under the Plan, subject to overbidding, various secured creditors do not have the right to an election under Section 1111(b) of the Bankruptcy Code., and no Secured Claim shall be treated as having made an election under Section 1111(b) of the Bankruptcy Code.

K. Dissolution of the Debtor

Before filing the motion seeking approval of a final decree closing the case, the Plan Administrator may, but is not required to take the steps reasonably required to formally dissolve

1 the Debtor under Nevada Law, and shall have the power and authority to do so without the
2 consent or endorsement of its sole member, Cal Neva.

3 **L. Permanent Satisfaction**

4 The rights afforded in the Plan, and the treatment of all Claims and Interests set forth
5 herein, shall be in full exchange for, and in complete satisfaction of, all Claims and Interests of
6 any kind or nature whatsoever, whether known or unknown, matured or contingent, liquidated or
7 unliquidated, existing, arising or accruing, whether or not yet due, prior to the Effective Date,
8 including without limitation any Claims, or interest on Claims, accruing on or after the Petition
9 Date, against the Debtor or any of the assets or property thereof, provided that such satisfaction
10 does not affect any party's rights under the Plan.

11 **SECTION SIX**

12 **DISTRIBUTIONS TO CREDITORS**

13 **A. Timing and Calculation of Amounts to be Distributed**

14 Except as otherwise provided in the Plan, on the Effective Date or as soon as practicable
15 thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a
16 Claim becomes an Allowed Claim), each Holder of an Allowed Claim against the Debtor shall
17 receive the full amount of the distributions that the Plan provides for Allowed Claims in the
18 applicable Class. In the event that any payment or act under the Plan is required to be made or
19 performed on a date that is not a Business Day, then the making of such payment or the
20 performance of such act may be completed on the next succeeding Business Day, but shall be
21 deemed to have been completed as of the required date. If and to the extent that there are
22 Disputed Claims, distributions on account of any such Disputed Claims shall be made in
23 accordance with the provisions set forth in Article VIII of the Plan. Except as otherwise provided
24 in the Plan, Holders of Claims shall not be entitled to interest, dividends, or accruals on the
25 distributions provided for in the Plan, regardless of whether such distributions are delivered on or
26 at any time after the Effective Date.

27 **B. Plan Distributions Made Through Plan Administrator**

28 On the Effective Date or as soon as practicable thereafter, all distributions under the Plan

1 shall be made by the Plan Administrator, except that the Litigation Trustee, or its Third Party
2 Disbursing Agent, shall make distributions with respect to the Litigation Trust to Litigation Trust
3 Beneficiaries. The Plan Administrator shall not be required to give any bond or surety or other
4 security for the performance of its duties.

5 **C. Delivery of Distributions and Undeliverable or Unclaimed Distributions**

6 1. Delivery of Distributions. Except as otherwise provided in the Plan, the Plan
7 Administrator shall make distributions to Holders of Allowed Claims at the address for each such
8 Holder as indicated on the Debtor's books and records as of the date of any such distribution or as
9 set forth in any Proof of Claim filed by such Holder; *provided, however*, that the manner of such
10 distributions shall be determined at the discretion of the Plan Administrator. If a Holder holds
11 more than one Claim in any one Class, all Claims of the Holder may be aggregated into one
12 Claim and one distribution may be made with respect to the aggregated Claim.

13 2. Undeliverable Distributions and Unclaimed Property.

14 (i) *Failure to Claim Undeliverable Distributions:* Creditors have the
15 obligation to file change of address forms with the Court and to serve such changes of address on
16 the Plan Administrator and its counsel. If a Creditor fails to claim any distribution of Cash within
17 90 days from the date upon which a distribution is made, such Creditor shall be subject to having
18 its claim excluded from future distributions. The Plan Administrator may but is not required to
19 file and notice an omnibus motion seeking to exclude such Creditors from future distributions and
20 shall serve such Creditors at: (a) the address for service of process for such Creditors as listed on
21 the Nevada Secretary of State web site, if any; (b) the addresses on Creditors' proofs of Claim, if
22 any; (c) the addresses scheduled by the Debtor for such Creditors, if any; and (d) any addresses
23 supplied by Creditors in the last change of address filed with the Court, if any. Upon Court
24 approval of the subject Creditors' forfeiture, such Cash (including interest thereon) shall be made
25 available for re-distribution to other holders of Allowed Claims of like Class. After disallowance
26 such Creditors shall forfeit their rights thereto and shall have no claim whatsoever against the
27 Liquidating Debtor or the Plan Administrator, as applicable, or any holder of an Allowed Claim
28 to whom distributions are made under this Plan. If the Plan Administrator elects based on its

1 business discretion that the cost of filing such a motion to exclude Creditors does not reasonably
2 exceed the benefit to other Creditors from such a motion, the Plan Administrator may
3 alternatively treat such returned distributions as unclaimed funds under Section VII.D. of the
4 Plan.

5 (ii) *Failure to Present Checks*: Checks issued by the Plan Administrator on account of
6 Allowed Claims shall be null and void if not negotiated within ninety (90) days after the issuance
7 of such check. Requests for reissuance of any check shall be made directly to the Plan
8 Administrator by the Holder of the relevant Allowed Claim with respect to which such check
9 originally was issued.

10 **D. Disputed Payments**

11 In the event of any dispute between and among Creditors as to the right of any entity to
12 receive or retain any payment or distribution to be made to such entity under the Plan, the
13 Liquidating Debtor may, in lieu of making such payment or distribution to such entity, instead
14 hold such payment or distribution until the disposition thereof shall be determined by the
15 Bankruptcy Court.

16 **E. Plan Distributions Made Through Plan Administrator**

17 Notwithstanding any other provision of this Plan, at the point when the remaining funds in
18 the Claims Reserve Account consist of an amount impracticable to distribute, the Plan
19 Administrator may donate such Cash to a nonprofit organization or organizations in this judicial
20 district that are exempt pursuant to section 501(c) of the Internal Revenue Code (Title 26 of the
21 United States Code), or may lodge with the Bankruptcy Court such sums as unclaimed funds
22 under 11 U.S.C. § 347, and the Court Clerk shall accept such funds notwithstanding that this case
23 is a Chapter 11 case.

24 **F. Compliance with Tax Requirements**

25 In connection with the Plan and the Litigation Trust Agreement, to the extent applicable,
26 the Plan Administrator, the Litigation Trustee and any Third Party Disbursing Agent shall comply
27 with all tax withholding and reporting requirements imposed upon it by any governmental unit,
28 and all distributions pursuant to the Plan shall be subject to such withholding and reporting

1 requirements. Notwithstanding the above, each Holder of an Allowed Claim that is to receive a
2 distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and
3 payment of any taxes imposed on such Holder by any governmental unit, including income,
4 withholding and other tax obligations, on account of such distribution. The Plan Administrator
5 has the right, but not the obligation, not to make a distribution until such Holder has made
6 arrangements satisfactory to the Plan Administrator for payment of any such withholding tax
7 obligations and, if the Plan Administrator fails to withhold with respect to any such Holder's
8 distribution, and is later held liable for the amount of such withholding, the Holder shall
9 reimburse the Plan Administrator. Notwithstanding any provision in the Plan to the contrary,
10 each of the Plan Administrator, the Litigation Trustee or Third Party Disbursing Agent as
11 applicable shall be authorized to take all actions necessary or appropriate to comply with such
12 withholding and reporting requirements, including liquidating a portion of the distribution to be
13 made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding
14 distributions pending receipt of information necessary to facilitate such distributions, or
15 establishing any other mechanisms it believes are reasonable and appropriate. The Plan
16 Administrator may require, as a condition to the receipt of a distribution, that the Holder complete
17 the appropriate Form W-8 or Form W-9, as applicable to each Holder. If the Holder fails to
18 comply with such a request within six months, such distribution shall be deemed an unclaimed
19 distribution. Finally, the Plan Administrator reserves the right to allocate all distributions made
20 under the Plan in compliance with all applicable wage garnishments, alimony, child support, and
21 other spousal awards, Liens, and encumbrances.

22 **G. De Minimis Distributions**

23 Notwithstanding any other provision of this Plan, interim distributions of less than
24 \$250.00 and a final distribution of less than \$50.00 need not be made by the Liquidating Debtor
25 on account of any Allowed Claim, provided that, the amount of such de minimis distributions that
26 would otherwise be made but for this provision shall be reserved as in the same manner as
27 reserves for Disputed Claims in Section VII.A.3 of the Plan, and shall carry over until the next
28 date of a distribution until the cumulative amount to which any holder of an Allowed Claim is

1 entitled is more than \$250.00, at which time the cumulative amount of such distributions shall be
2 paid to such holder of the subject Claim. Distributions that will not be made as of the date of a
3 final distribution shall be treated as unclaimed funds as provided in Section VII.D. of the Plan.

4 **H. Setoffs and Recoupment**

5 Nothing contained in the Plan shall constitute a waiver or release by the Debtor of any
6 right of setoff or recoupment that the Debtor or the Liquidating Debtor may have against any
7 Creditor or Interest Holder.

8 Liquidating Debtor and the Litigation Trustee shall work in good faith to preserve any
9 Causes of Action that could be compromised by Liquidating Debtor's or the Litigation Trust's, as
10 applicable, proposed setoff. If there is a dispute as to how to proceed, such dispute shall be
11 decided by the Court upon notice and motion.

12 **SECTION SEVEN**

13 **THE CLAIMS RESOLUTION PROCESS**

14 **A. Resolution of Disputed Claims**

15 1. Allowance of Claims. On or after the Effective Date, Liquidating Debtor and the
16 Litigation Trustee shall have and shall retain any and all rights and defenses that the Debtor had
17 with respect to any Claim immediately prior to the Effective Date, except with respect to any
18 Claim deemed Allowed as of the Effective Date. Except as otherwise provided in the Plan or in
19 any order entered in the Case prior to the Effective Date, including, without limitation, the
20 Confirmation Order, no Claim shall become an Allowed Claim unless and until such Claim is
21 deemed Allowed (i) under the Plan or the Bankruptcy Code or (ii) by Final Order of the
22 Bankruptcy Court including, without limitation, the Confirmation Order.

23 2. No Distribution Pending Allowance. Except as otherwise provided in the Plan, if
24 any portion of a Claim is a Disputed Claim, no payment or distribution provided under the Plan
25 shall be made on account of such Claim unless and until such Disputed Claim becomes an
26 Allowed Claim. To the extent a Disputed Claim becomes an Allowed Claim, in accordance with
27 the provisions of the Plan, distributions shall be made to the Holder of such Allowed Claim,
28 without interest.

1 3. Disputed Claims Reserve.

2 (i) *Disputed Claims Reserve*: On the Effective Date or as soon as practicable
3 thereafter, the Debtor or Liquidating Debtor, as applicable, shall deposit into the Disputed Claims
4 Reserve the amount of Cash that would have been distributed to Holders of all Disputed Claims
5 as if such Disputed Claims had been Allowed on the Effective Date, with the amount of such
6 Allowed Claims to be determined, solely for the purpose of establishing reserves and for
7 maximum distribution purposes, to be the lesser of (i) the asserted amount of the Disputed Claim
8 filed with the Bankruptcy Court, or if no Proof of Claim was filed, listed by the Debtor in the
9 schedules filed by the Debtor, (ii) the amount, if any, estimated by the Bankruptcy Court pursuant
10 to Bankruptcy Code section 502(c), and (iii) the amount otherwise agreed to by the Debtor or
11 Liquidating Debtor, as applicable, and the Holder of such Disputed Claim for reserve purposes.

12 (ii) *Distribution of Excess Amounts in the Disputed Claims Reserve*: When all
13 Disputed Claims are resolved and either become Allowed or are disallowed by Final Order, to the
14 extent Cash remains in the Disputed Claims Reserve after all Holders of Disputed Claims that
15 have become Allowed have been paid in the full amount they are entitled to pursuant to the
16 treatment set forth for the appropriate Class under the Plan, such Cash shall be made available for
17 re-distribution to other holders of Allowed Claims of like Class.

18 4. Prosecution of Objections to Claims. Except as otherwise specifically provided in

19 the Plan and in the Litigation Trust Agreement, the Debtor, prior to and on the Effective Date, or
20 Liquidating Debtor, after the Effective Date, shall have the exclusive authority to file objections
21 to Claims or settle, compromise, withdraw or litigate to judgment objections to any and all
22 Claims, regardless of whether such Claims are in a Class or otherwise. From and after the
23 Effective Date, Liquidating Debtor may settle or compromise any Disputed Claim without any
24 further notice to or action, order or approval of the Bankruptcy Court. From and after the
25 Effective Date, Liquidating Debtor shall have the sole authority to administer and adjust the
26 claims register to reflect any such settlements or compromises without any further notice, action,
27 order, or approval of the Bankruptcy Court.

28 Liquidating Debtor and the Litigation Trustee shall work in good faith to preserve all

1 Causes of Action not purchased by Buyer. If there is a dispute as to how to preserve any Cause of
2 Action, such dispute shall be decided by the Court upon notice and motion.

3 5. Claims Estimation. The Debtor, prior to and on the Effective Date, or Liquidating
4 Debtor, after the Effective Date, may request that the Bankruptcy Court estimate any contingent
5 or unliquidated claim to the extent permitted by Bankruptcy Code section 502(c) regardless of
6 whether the Debtor or Liquidating Debtor has previously objected to such Claim or whether the
7 Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall have
8 jurisdiction to estimate any Claim at any time during litigation concerning any objection to such
9 Claim, including during the pendency of any appeal relating to any such objection.

10 6. Expungement or Adjustment of Claims Without Objection. Any Claim that has
11 been paid, satisfied, or superseded may be expunged on the claims register by the Debtor or
12 Liquidating Debtor, as applicable, and any Claim that has been amended may be adjusted thereon
13 by the Debtor or Liquidating Debtor in the Case without a Claims objection having to be filed and
14 without any further notice to or action, order or approval of the Bankruptcy Court.

15 7. Deadline to File Claims Objections. Any objections to Claims shall be filed by no
16 later than ninety (90) days after the Effective Date, or such later date as may be fixed by order of
17 the Bankruptcy Court.

18 **B. Disallowance of Claims**

19 Any Claims held by a Person from which property is recoverable under Bankruptcy Code
20 sections 542, 543, 550, or 553, or that is a transferee of a transfer avoidable under Bankruptcy
21 Code section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a), shall be deemed disallowed
22 pursuant to Bankruptcy Code section 502(d), and Holders of such Claims may not receive any
23 distributions on account of such Claims until such time as such Causes of Action against that
24 Person have been settled or a Final Order with respect thereto has been entered and all sums due,
25 if any, by that Person have been turned over or paid by such Person to the Debtor or Liquidating
26 Debtor.

27 EXCEPT AS OTHERWISE AGREED BY THE DEBTOR OR LIQUIDATING
28 DEBTOR, AS APPLICABLE, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE

1 CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE
2 EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR
3 APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY
4 NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH
5 LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A FINAL ORDER OF THE
6 BANKRUPTCY COURT.

7 **C. Amendments to Claims**

8 On or after the Effective Date, a Claim may not be filed or amended without prior
9 authorization of the Bankruptcy Court or Liquidating Debtor, and any such new or amended
10 Claim filed without such prior authorization shall be deemed disallowed in full and expunged
11 without any further action.

12 **SECTION EIGHT**

13 **EFFECTS OF CONFIRMATION**

14 **A. Binding Effect of Plan**

15 The provisions of the confirmed Plan shall bind the Debtor, the Liquidating Debtor, the
16 Committee, the Buyer and any Creditor or Interest Holder, whether or not such Creditor or
17 Interest Holder has filed a proof of Claim or Interest in the Chapter 11 Case, whether or not the
18 Claim of such Creditor or the Interest of such Interest Holder is impaired under the Plan, and
19 whether or not such Creditor or Interest Holder has accepted or rejected the Plan. All Claims and
20 Debts shall be as fixed and adjusted pursuant to this Plan.

21 **B. Revesting of Property Free and Clear**

22 Upon the Effective Date, title to all Estate Assets shall vest in the Liquidating Debtor for
23 the purposes contemplated under the Plan and section 1123(b)(3) shall be deemed satisfied in all
24 respects. All Unsecured Claims against the Debtor or the Estate shall be of no further force or
25 effect except with respect to the rights of holders of Allowed Claims to receive payments or
26 distributions as set forth herein. Following the Effective Date, the Liquidating Debtor may use,
27 acquire or dispose of any such property free of any restrictions imposed by the Bankruptcy Court,
28 the Bankruptcy Code or the Bankruptcy Rules and without further approval of the Bankruptcy

1 Court or notice to Creditors, except as may otherwise be required under the Plan or the
2 Confirmation Order. Except as otherwise expressly provided in the Plan or Confirmation Order,
3 all rights or causes of action are hereby preserved and retained for enforcement solely and
4 exclusively by and at the discretion of the Liquidating Debtor.

5 **C. Injunction**

6 Until all remaining Estate Assets of the Liquidating Debtor and the Estate are fully
7 administered, and except as otherwise provided by the Plan, all entities who have held, hold or
8 may hold Claims against or Interests in the Debtor or the Debtor's estate that arose prior to the
9 Effective Date are enjoined from taking legal action against the Debtor or the Liquidating Debtor
10 for the purpose of directly or indirectly collecting, recovering, or receiving payment or recovery
11 with respect to any Claim or demand against the Debtor or the Liquidating Debtor.

12 **D. Release**

13 In consideration of Ladera's prosecution of this Plan as the Proponent, and as part of the
14 compromises among the Debtor, the Estate and Ladera as implemented through this Plan, on the
15 Effective Date the Debtor and the Estate will be permanently deemed to have released Ladera and
16 all of its attorneys, stockholders, principals, partners, employees, directors, officers, subsidiaries,
17 parent companies, affiliates, members, agents, representatives, predecessors and successors, and
18 each of them, in all capacities from any and all claims and causes of action, known or unknown,
19 arising through the Effective Date.

20 **E. No Discharge**

21 Pursuant to 11 U.S.C. § 1141(d)(3), confirmation of this Plan shall not operate as a
22 discharge of the Debtor.

23 **F. Limitation of Liability**

24 The Debtor, the Proponent, the Buyer, the Committee, their officers and directors or other
25 representatives, each of the respective professionals of the foregoing and, effective upon approval
26 of such Professional's final fee applications in this Bankruptcy Case, the Debtor's and
27 Committee's Professionals (collectively, the "Exculpated Parties"), will neither have nor incur
28 any liability to any entity for any Official Actions in good faith taken or omitted to be taken in

1 connection with or related to the Case, the investigations of potential claims or the formulation,
2 preparation, dissemination, implementation, Confirmation or consummation of the Plan, the
3 Disclosure Statement, or any agreement created or entered into in connection with the Plan or
4 incident to the Case, provided that, the foregoing shall not exonerate any of the Exculpated
5 Parties from any liability that results from an act or omission to the extent such act or omission is
6 determined by Final Order to have constituted gross negligence or willful misconduct. In
7 addition, notwithstanding any other provision of this Plan, no holder of a Claim or Interest, no
8 other party in interest, none of their respective agents, employees, representatives, financial
9 advisors, attorneys or affiliates, and no successors or assigns of the foregoing, shall have any right
10 of action against any Exculpated Party for any Official Actions made in good faith from and after
11 the Petition Date through the Confirmation Date in connection with, relating to or arising out of
12 the Case or the consideration, formulation, preparation, dissemination, implementation,
13 Confirmation or consummation of the Plan, the Disclosure Statement, or any transaction or
14 document created or entered into, or any other act taken or omitted to be taken, in connection
15 therewith, except for: (a) the liability of any Exculpated Party that would otherwise result from
16 the failure to perform or pay any obligation or liability under the Plan or any contract, instrument,
17 release or other agreement or document to be entered into or delivered in connection with the
18 Plan, (b) the liability of any Exculpated Party that would otherwise result from any such act or
19 omission to the extent that such act or omission is determined in a Final Order to have constituted
20 gross negligence or willful misconduct, and (c) actions taken by Exculpated Parties who are
21 holders of a Claim and are taking actions in pursuit of the allowance or payment of such Claim.

22 SECTION NINE

23 **CONDITIONS PRECEDENT TO CONFIRMATION**

24 **AND EFFECTIVE DATE OF THE PLAN**

25 **A. Conditions Precedent to Confirmation**

26 It shall be a condition to Confirmation of the Plan that the following conditions shall have
27 been satisfied or waived pursuant to the Plan:
28

1 (1) Required Orders. The Clerk of the Bankruptcy Court shall have entered all
2 necessary orders (including, without limitation, the Disclosure Statement Order and the
3 Confirmation Order).

4 (2) Vote Tabulation. The Bankruptcy Court shall have determined that all
5 votes are binding and have been properly tabulated as acceptances or rejections of the Plan.

6 (3) Confirmation Requirements. The Bankruptcy Court shall have determined
7 that all applicable tests, standards and burdens in connection with the Plan, including those in
8 section 1129 of the Bankruptcy Code, have been duly satisfied and met by the Debtor and the
9 Proponent, as applicable.

10 (4) Plan Supplement. In connection with the Confirmation of the Plan, the
11 Bankruptcy Court shall have approved the Plan Supplement.

12 (5) Authorization. The Bankruptcy Court shall have authorized the Debtor or
13 Liquidating Debtor to execute, enter into, and deliver the documents in the Plan Supplement, and
14 to execute, implement and take all actions otherwise necessary or appropriate to give effect to the
15 transactions contemplated by the Plan and the Plan Supplement.

16 (6) Form of Confirmation Order. The Confirmation Order and this Plan each
17 shall be in a form and substance satisfactory to the Proponent.

18 **B. Conditions Precedent to Effective Date**

19 It shall be a condition to the Plan going effective, *i.e.*, the Effective Date that the
20 following conditions shall have been satisfied or waived: (i) the Confirmation Order shall have
21 become a Final Order; (ii) the Bankruptcy Court shall have approved any Plan Supplement filed
22 with respect to the Plan; (iii) all authorizations, consents, and regulatory approvals required, if
23 any, in connection with the consummation of the Plan shall have been obtained; (iv) 9898 Lake
24 shall have transferred the Fairwinds Estate to the Debtor; and (v) all other actions, documents,
25 certificates, and agreements necessary to implement the Plan shall have been effected or executed
26 and delivered to the required parties and, to the extent required, filed with the applicable
27 governmental units in accordance with applicable laws.

28 ///

1 **C. Waiver of Conditions**

2 To the extent practicable and legally permissible, each of the conditions precedent in this
3 Section may be waived, in whole or in part, by the Proponent. Any such waiver of a condition
4 precedent may be effected at any time by filing a notice thereof with the Bankruptcy Court
5 executed by the Proponent.

6 **D. Effective Date**

7 The Effective Date shall occur upon the Closing Date. This Plan shall be of no force or
8 effect unless the Effective Date shall occur.

9 **E. Failure of Effective Date**

10 If the Asset Purchase Agreement is properly terminated as permitted by the Buyer or the
11 Debtor, or if the closing does not occur by any deadline set forth in the Asset Purchase
12 Agreement, this Plan shall not become effective and shall be treated as having been withdrawn
13 and revoked by Ladera and of no force or effect. In such event, Ladera shall inform the Court
14 promptly and seek revocation of the Confirmation Order.

15 **SECTION TEN**

16 **MODIFICATION, REVOCATION OR WITHDRAWAL OF THE PLAN**

17 **A. Modification and Amendments**

18 The Proponent may amend, modify, or supplement the Plan pursuant to Bankruptcy Code
19 section 1127(a) at any time prior to the Confirmation Date. After the Confirmation Date, but
20 prior to the Effective Date of the Plan, the Proponent may amend, modify, or supplement the Plan
21 without further order of the Bankruptcy Court to remedy any defect or omission or reconcile any
22 inconsistencies in the Plan or the Confirmation Order.

23 **B. Effect of Confirmation on Modifications**

24 Pursuant to Bankruptcy Code section 1127(a), entry of a Confirmation Order shall mean
25 that all modifications or amendments to the Plan since the solicitation thereof are approved and
26 do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

27 **C. Revocation or Withdrawal of the Plan**

28 The Proponent reserves the right to revoke or withdraw the Plan prior to the Confirmation

1 Date and to file subsequent chapter 11 plans. If the Proponent revokes or withdraws the Plan, or
2 if Confirmation or the Effective Date does not occur, then: (i) the Plan shall be null and void in all
3 respects; (ii) any settlement or compromise embodied in the Plan, assumption or rejection of
4 executory contracts or unexpired leases effected by the Plan, and any document or agreement
5 executed pursuant to the Plan shall be deemed null and void except as may be set forth in a
6 separate order entered by the Bankruptcy Court; and (iii) nothing contained in the Plan shall
7 constitute a waiver or release of any Claims by or against, or any Interests in, the Debtor, Ladera,
8 or any other Person, prejudice in any manner the rights of the Debtor, Ladera, or any other
9 Person, or constitute an admission, acknowledgement, offer, or undertaking of any sort by the
10 Debtor, Ladera or any other Person.

11 **SECTION ELEVEN**

12 **RETENTION OF JURISDICTION**

13 Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective
14 Date, the Bankruptcy Court shall, after the Effective Date, retain such jurisdiction over the Case
15 and all Persons with respect to all matters related to the Case, the Debtor, and the Plan as legally
16 permissible, including, without limitation, jurisdiction to:

- 17 1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority,
18 secured, or unsecured status, or amount of any Claim or Interest, including the
19 resolution of any request for payment of any Administrative Claim, including
20 Claims of a Professional for services rendered to the Debtor or any Committee,
21 and the resolution of any and all objections to the secured or unsecured status,
22 priority, amount, or allowance of Claims or Interests;
- 23 2. decide and resolve all matters related to the granting and denying, in whole or in
24 part, any applications for allowance of compensation or reimbursement of
25 expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;
- 26 3. resolve any matters related to: (i) the assumption, assumption and assignment, or
27 rejection of any executory contract or unexpired lease to which the Debtor is party
28 or with respect to which the Debtor may be liable, and the hearing, determination,
and, if necessary, liquidation of any Claims arising therefrom, including cure
claims pursuant to Bankruptcy Code section 365; (ii) any potential contractual
obligation under any executory contract or unexpired lease that is assumed; and
(iii) any dispute regarding whether a contract or lease is or was executory or
expired;
4. ensure that distributions to Holders of Allowed Claims and Interests are
accomplished pursuant to the provisions of the Plan;

- 1 5. adjudicate, decide, or resolve any motions, adversary proceedings, Causes of
2 Action, contested or litigated matters, and any other matters, and grant or deny any
3 applications involving the Debtor that may be pending on the Effective Date or
4 brought thereafter, including but not limited to the litigation of any Cause of
5 Action by the Litigation Trust or Liquidating Debtor after the Effective Date of the
6 Plan;
- 7 6. adjudicate, decide, or resolve any and all matters related to Bankruptcy Code
8 sections 1141 and 1145;
- 9 7. enter and implement such orders as may be necessary or appropriate to execute,
10 implement, or consummate the provisions of the Plan and all contracts,
11 instruments, releases, indentures, and other agreements or documents created in
12 connection with the Plan or the Disclosure Statement;
- 13 8. implement, interpret, or enforce any and all matters relating to the Confirmation
14 Order;
- 15 9. enter and enforce any order pursuant to Bankruptcy Code sections 363, 1123, or
16 1146(a) for the sale of property;
- 17 10. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise
18 in connection with the Effective Date, interpretation, or enforcement of the Plan or
19 any Person's obligations in connection with the Plan;
- 20 11. issue injunctions, enter and implement other orders, or take such other actions as
21 may be necessary or appropriate to restrain interference by any Person with the
22 Effective Date or enforcement of the Plan;
- 23 12. resolve any cases, controversies, suits, disputes, or Causes of Action with respect
24 to the releases, injunctions, and other provisions contained in Article IX of the
25 Plan and enter such orders as may be necessary or appropriate to implement such
26 releases, injunctions, and other provisions;
- 27 13. enter and implement such orders as are necessary or appropriate if the
28 Confirmation Order is for any reason modified, stayed, reversed, revoked, or
vacated;
- enter an order or final decree concluding or closing the Case;
- adjudicate any and all disputes arising from or relating to distributions under the
Plan;
- consider any modifications of the Plan, to cure any defect or omission, or reconcile
any inconsistency in any Bankruptcy Court order, including the Confirmation
Order;
- determine requests for the payment of Administrative Claims or Claims entitled to
priority pursuant to Bankruptcy Code section 507;
- hear and determine disputes arising in connection with the interpretation,
implementation, or enforcement of the Plan, or the Confirmation Order including
disputes arising under agreements, securities, instruments, or other documents;
- hear and determine matters in accordance with Bankruptcy Code sections 346,

1 505, and 1146;

2 20. hear and determine all disputes involving the existence, nature, or scope of the
3 Debtor's discharge, including any dispute relating to any liability arising out of the
4 termination of employment or the termination of any employee or retiree benefit
5 program, regardless of whether such termination occurred prior to or after the
6 Effective Date;

7 21. enforce all orders previously entered by the Bankruptcy Court; and

8 22. hear any other matter not inconsistent with the Bankruptcy Code.

9 **SECTION TWELVE**

10 **MISCELLANEOUS PLAN PROVISIONS**

11 **A. Additional Documents**

12 On or before the Effective Date, the Proponent may file with the Bankruptcy Court any
13 and all agreements and other documents that may be necessary or appropriate in order to
14 effectuate and further evidence the terms and conditions of the Plan.

15 **B. Dissolution of Committee**

16 On the first Business Day thirty days after the Effective Date, all statutory committees,
17 including committees representing creditors or equity security holders, shall be dissolved and the
18 members thereof shall be released and discharged of and from all further authority, duties,
19 responsibilities, and obligations related to and arising from and in connection with the chapter 11
20 Case. The retention or employment of any and all attorneys, financial advisors, and other agents
21 or professions, if any, of all statutory committees shall terminate other than for purposes of filing
22 and prosecuting applications for final allowances of compensation for professional services
23 rendered and reimbursement of expenses incurred in connection therewith.

24 **C. Governing Law**

25 Except to the extent that the Bankruptcy Code or other federal law is applicable, the
26 rights, duties and obligations arising under this Plan shall be governed by, and construed and
27 enforced in accordance with, the laws of the State of Nevada.

28 **D. Reservation of Rights**

Except as otherwise provided in the Plan, the Plan shall have no force or effect unless the
Bankruptcy Court enters the Confirmation Order. None of the filing of the Plan, any statement or

1 provision contained in the Plan, or the taking of any action by the Proponent or the Debtor with
2 respect to the Plan or the Disclosure Statement shall be or shall be deemed to be an admission or
3 waiver of any rights of the Debtor with respect to the Holders of Claims or Interests prior to the
4 Effective Date.

5 **E. Successors and Assigns**

6 The rights, benefits, and obligations of any Person named or referred to in the Plan shall
7 be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or
8 assign, affiliate, officer, director, agent, representative, attorney, beneficiaries, or guardian, if any,
9 of each Person.

10 **F. Further Assurances**

11 The Debtor or Liquidating Debtor, as applicable, all Holders of Claims receiving
12 distributions pursuant to the Plan, and all other Persons shall, from time to time, prepare, execute,
13 and deliver any agreements or documents and take any other actions as may be necessary or
14 advisable to effectuate the provisions and intent of the Plan or the Confirmation Order.

15 **G. Term of Injunctions or Stays**

16 Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or
17 stays in effect in the Case pursuant to Bankruptcy Code sections 105 or 362 or any order of the
18 Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays
19 contained in the Plan or the Confirmation Order) shall remain in full force and effect until the
20 Effective Date. All injunctions or stays contained in the Plan and the Confirmation Order shall
21 remain in full force and effect in accordance with their terms.

22 **H. Entire Agreement**

23 Except as otherwise indicated, the Plan supersedes all previous and contemporaneous
24 negotiations, promises, covenants, agreements, understandings, and representations on such
25 subjects, all of which have become merged and integrated into the Plan.

26 **I. Exhibits and Related Documents**

27 All exhibits and documents filed in relation to the Plan are incorporated into and are a part
28 of the Plan as if set forth in full in the Plan. After any exhibits and documents are filed, copies of

1 such exhibits and documents shall be available upon written request to the Proponent's counsel at
2 the address above or the Bankruptcy Court's website, <http://www.nvb.uscourts.gov> (a PACER
3 login and password are required to access documents on the Bankruptcy Court's website).

4 **J. Severability of Plan Provisions**

5 If, before Confirmation of the Plan, any term or provision of the Plan is held by the
6 Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the
7 power to alter and interpret such term or provision to make it valid or enforceable to the
8 maximum extent practicable, consistent with the original purpose of the term or provision held to
9 be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered
10 or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of
11 the terms and provisions of the Plan shall remain in full force and effect and shall in no way be
12 affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation
13 Order shall constitute a judicial determination and shall provide that each term and provision of
14 the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and
15 enforceable.

16 **K. Waiver or Estoppel Conflicts**

17 Each Holder of a Claim or Interest shall be deemed to have waived any right to assert any
18 argument, including the right to argue that its Claim or Interest should be Allowed in a certain
19 amount, in a certain priority, secured, or not subordinated, by virtue of an agreement made with
20 the Debtor or its counsel, the Committee or its counsel, or any other Person, if such agreement
21 was not disclosed in the Plan, the Disclosure Statement, or papers filed with the Bankruptcy Court
22 prior to the Confirmation Date.

23 **L. Conflicts**

24 Except as set forth in the Plan or unless otherwise ordered by the Bankruptcy Court, to the
25 extent that the Disclosure Statement, any order of the Bankruptcy Court (other than the
26 Confirmation Order), or any exhibit to the Plan or document executed or delivered in connection
27 with the Plan is inconsistent with the terms of the Plan, the terms of the Plan shall control.

28 ///

1 **SECTION THIRTEEN**

2 **RISK FACTORS**

3 Holders of Claims should read and consider carefully the factors set forth below, as well
4 as the other information set forth in this Disclosure Statement (and the documents delivered
5 together herewith and/or incorporated by reference herein), prior to voting to accept or reject the
6 Plan.

7 **A. Risk of Nonconfirmation of the Plan**

8 Even if all classes of Claims that are entitled to vote accept the Plan, the Plan might not be
9 confirmed by the Bankruptcy Court. Section 1129 of the Bankruptcy Code sets forth the
10 requirements for confirmation and requires, among other things, that the confirmation of the Plan
11 is not likely to be followed by the liquidation or the need for further financial reorganization
12 (feasibility), and that the value of distributions to dissenting creditors be not less than the value of
13 distributions such creditors would receive if the debtor were liquidated under Chapter 7 of the
14 Bankruptcy Code (the “best interest of creditors” test), and other tests as set forth elsewhere in
15 this Disclosure Statement and as required by applicable law. The Proponent believes that the
16 Plan satisfies all requirements for confirmation under the Bankruptcy Code. There can be no
17 assurance, however, that the Bankruptcy Court will also conclude that the requirements for
18 Confirmation of the Plan have been satisfied.

19 **B. Nonoccurrence of Effective Date of the Plan**

20 Even if all classes of Claims that are entitled to vote accept the Plan, the Effective Date
21 for the Plan may not occur. The Plan sets forth conditions to the occurrence of the Effective Date
22 of the Plan, which may not be satisfied by the Effective Date. The Proponent believes that it will
23 satisfy all requirements for consummation required under the Plan. There can be no assurance,
24 however, that the Bankruptcy Court will also conclude that the requirements for consummation of
25 the Plan have been satisfied.

26 **SECTION FOURTEEN**

27 **ALTERNATIVES TO CONFIRMATION OF THE PLAN**

28 If the Plan is not confirmed by the Bankruptcy Court and consummated, the alternatives to

1 the Plan include (a) the liquidation of the Debtor under Chapter 7 of the Bankruptcy Code, (b) an
2 alternative Plan under Chapter 11 of the Bankruptcy Code, or (c) relief from the automatic stay to
3 secured creditors and the loss of the Debtor's assets through to foreclosure.

4 **A. Liquidation Under Chapter 7**

5 As the Plan is a liquidation plan, the Proponent is of the opinion it is unnecessary to
6 prepare an additional analysis of the result that should occur through a liquidation under
7 Chapter 7 of the Bankruptcy Code. The Plan functionally provides Creditors with the same
8 protections as would be granted in a Chapter 7 and at an anticipated reduced cost. Any Successor
9 Plan Administrator also must be a current Chapter 11 Trustee in good standing from the District
10 of Nevada or the Eastern District of California under the Plan.

11 The Plan Administrator may enter into transactions outside the ordinary course of
12 business that would otherwise require Court supervision, again reducing the costs of
13 administration.

14 In addition, in conversion to Chapter 7, a new Claims bar date would be set, permitting the
15 filing of timely Claims by Creditors whose Claims may be time barred under the Plan and which
16 may significantly increase the costs of a claims reconciliation process. Even if no Creditors file
17 otherwise time-barred Claims upon a conversion to Chapter 7, some Creditors will file second or
18 third Claims in the Chapter 7 case.

19 Further, it is extremely rare for a Chapter 7 trustee to make interim distributions to
20 Creditors, meaning that unsecured Creditors will receive no distributions in a Chapter 7 until the
21 case is fully administered and ready to be closed, which would likely be much longer than it will
22 take for Creditors to receive at least a partial interim distribution under the Plan.

23 Finally, the compensation allowed to the Plan Administrator is functionally identical to
24 what would be expected in a Chapter 7 case where the Chapter 7 trustee would likely assert that
25 he or she is entitled to a commission on all distributions to Creditors under the Plan up to the
26 Trustee cap under section 326 of the Bankruptcy Code. Under the Plan, the Plan Administrator
27 receives payment on a fixed and commission basis that is almost identically to the Chapter 7
28 trustee cap.

1 Accordingly, the Proponent believes that the Plan provides for a greater and significantly
2 more expeditious administration of this Chapter 11 Case, will result in a higher percentage return
3 to the Allowed Claims of the general unsecured Creditors, and will allow for a more prompt
4 completion of this case in a manner consistent with the desires of Creditors and parties in interest.

5 **[Ladera is not soliciting ballots at this time. This language is included to reflect the**
6 **language to be used if the Disclosure Statement is approved.]** Accordingly, the Proponent
7 recommends that all holders of Claims and Interests vote to accept the Plan.

8 **B. Alternative Plan**

9 If the Plan is not confirmed, any other party in interest may be entitled to file and seek
10 confirmation of a different plan. In this case, the Debtor has a plan on file that the Proponent
11 believes does not provide as great a recovery for the Debtor's stakeholders. The Proponent
12 believes that the Plan provides holders of Claims and Interests with the greatest value possible
13 under the circumstances. The Proponent believes that any subsequently proposed plan would also
14 likely provide less favorable treatment than that to be afforded by the Plan and would further
15 delay the payment of distributions.

16 **C. Relief From the Automatic Stay and Foreclosure**

17 Failure to confirm a plan also would increase the risk that the Bankruptcy Court could
18 grant the motion filed by Hall for relief from the automatic stay to foreclose on the Debtor's real
19 property and/or grant the motion filed by Ladera for relief from the automatic stay to foreclose on
20 the 100% membership interests in New Cal-Neva.

21 **SECTION FIFTEEN**

22 **GENERAL OVERVIEW OF CHAPTER 11**

23 Chapter 11 of the Bankruptcy Code is the principal business reorganization chapter of the
24 Bankruptcy Code. Under Chapter 11, a debtor may be reorganized or liquidated for the benefit of
25 its stakeholders. Formulation of a plan is the principal objective of Chapter 11. In general, a plan
26 (1) divides claims and interests into separate classes, (2) specifies the property or consideration
27 that each class is to receive under the plan, and (3) contains other provisions necessary to the
28 reorganization or administration of the debtor and its estate. Alternatively, the Bankruptcy Code

1 allows a debtor to file a plan of liquidation that provides for the orderly liquidation of the assets
2 of the debtor.

3 Chapter 11 does not require each holder of a claim or interest to vote in favor of the plan
4 in order for the Bankruptcy Court to confirm the plan. However, the plan must be accepted by
5 the holders of at least one class of claims that is impaired without considering the votes of
6 “insiders” within the meaning of the Bankruptcy Code.

7 **A. Classification and Treatment of Claims and Equity Interests Generally**

8 Section 1123(a)(1) of the Bankruptcy Code requires that the plan must classify all claims
9 (other than administrative expenses, administrative operating expenses, and priority tax claims)
10 and interests.

11 In this case, the Proponent believes it has classified all Claims and Interests in compliance
12 with the provisions of the Bankruptcy Code. If a holder of a Claim or Interest challenges such
13 classification of the Claims or Interests, and the Bankruptcy Court finds that a different
14 classification is required for the Plan to be confirmed, the Proponent, to the extent permitted by
15 the Bankruptcy Court, intends to make such reasonable modifications to the classification of
16 Claims or Interests under the Plan to provide for whatever classification might be required by the
17 Bankruptcy Court for confirmation.

18 Except to the extent that such modification of classification adversely affects the treatment
19 of a holder of a Claim or Interest and requires resolicitation, acceptance of the Plan by any holder
20 of a Claim or Interest pursuant to this solicitation will be deemed to be a consent to the Plan’s
21 treatment of such holder of a Claim or Interest regardless of the class to which such holder of a
22 Claim or Interest is ultimately deemed to belong.

23 The Bankruptcy Code also requires that the Plan provide the same treatment for each
24 Claim or Interest in a particular Class unless the holder of a particular Claim or Interest agrees to
25 a less favorable treatment of its Claim or Interest. The Proponent believes that the Plan complies
26 with this standard. If the Bankruptcy Court finds that the Plan does not comply with this
27 standard, it could deny confirmation of the Plan if the holders of Claims or Interests affected do
28 not consent to the treatment afforded them under the Plan.

1 In accordance with the Bankruptcy Code, Administrative Expense Claims, U.S. Trustee's
2 Fees, and Priority Tax Claims are not classified into classes. The Plan also specifies the treatment
3 proposed for the Claims and Interests in each class.

4 **B. Good Faith Solicitation Under Section 1125**

5 The Plan provides that the Proponent, upon Confirmation of the Plan, shall be deemed to
6 have solicited acceptances of the Plan in good faith and in compliance with the applicable
7 provisions of the Bankruptcy Code.

8 The Proponent believes that the Plan treats the respective classes of Claims and Interests
9 fairly and equitably in compliance with the absolute priority rule and fair and equitable standard
10 of section 1129(b)(2) of the Bankruptcy Code. Because the Proponent has crafted the Plan to
11 follow the Bankruptcy Code Distribution Priorities, the Proponent believes that the Plan provides
12 each Creditor and Interest holder with at least as much, if not more, as it would receive if the
13 Debtor was liquidated under Chapter 7 of the Bankruptcy Code as required by section 1129(a)(7).

14 Set forth in detail elsewhere in this Disclosure Statement is a description of the technical
15 aspects of confirmation of a Chapter 11 plan, the risks inherent in the Plan, and the applicable
16 bankruptcy and tax consequences of the liquidation, as applicable, of the Debtor. The Plan is the
17 product of lengthy discussions and negotiations between parties in interest and is based upon the
18 Proponent's analysis of all Claims asserted or known as of the date hereof and an evaluation of
19 the relative merits of potential conflicting Claims, including potential conflicting claims to
20 priority of the Debtor's Secured Claims. The Proponent believes that the following overview of
21 what holders of Claims and Interest holders will receive under the Plan will be helpful in your
22 consideration of whether you wish to accept or reject the Plan.

23 Please do not return any other documentation with your ballot. For further information on
24 casting a ballot to vote on the Plan, please see the General Information Section of this Disclosure
25 Statement.

26 **C. "Yes" Votes Required for Acceptance; Voting Procedures**

27 Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by an impaired class
28 of claims as acceptance by holders of at least two-thirds in dollar amount, and more than one-half

1 in number, of the claims of that class that actually cast ballots. An impaired class of holders of
2 equity securities shall have accepted the plan if the plan is accepted by at least two-thirds in
3 amount of the allowed equity securities of such class held by holders of such equity securities.
4 11 U.S.C. § 1126(d).

5 The vote of a creditor may be disregarded if the Bankruptcy Court determines, after notice
6 and hearing, that the acceptance or rejection was not solicited or procured in good faith. A “Yes”
7 vote will indicate your acceptance of the Plan, while a “No” vote will indicate your rejection of
8 the Plan. The Proponent urges all parties-in-interest entitled to vote on the Plan to vote “Yes” to
9 accept the Plan.

10 Some creditors may hold Impaired Claims or Interests in more than one class and must
11 vote separately in each class. If you hold Claims or Interests in more than one class, or multiple
12 Claims in the same class, you must cast a separate vote based on each individual Claim.

13 The following voting procedures (the “Voting Procedures”) have been established with
14 respect to the amount and classification of Claims and Interests, and the determination of the
15 validity of ballots submitted, for voting purposes:

16 1. Unless otherwise provided in the Tabulation Rules (described below), a Claim will
17 be deemed temporarily allowed for voting purposes in an amount equal to (a) if a proof of Claim
18 has not been timely filed, the amount of such Claim as set forth in the Schedules or (b) the
19 amount of such Claim as set forth in a timely filed proof of Claim.

20 2. If a Claim is deemed Allowed in accordance with the Plan, such Claim will be
21 temporarily allowed for voting purposes in the deemed Allowed amount set forth in the Plan.

22 3. If a Claim for which a proof of Claim has been timely filed is marked in whole or
23 in part in the Schedules as contingent, unliquidated, and/or disputed, such portion of the Claim
24 that is marked as contingent, unliquidated, or disputed will be temporarily allowed for voting
25 purposes in the amount of \$1.00.

26 4. If a Claim has been estimated or otherwise allowed for voting purposes by order of
27 the Court, such Claim will be temporarily allowed for voting purposes in the amount so estimated
28 or allowed by the Court.

1 5. If a Creditor casts more than one ballot voting the same Claim before the Voting
2 Deadline, the last dated Ballot received before the Voting Deadline will be deemed to reflect the
3 voter's intent and thus will supersede any prior Ballots.

4 6. Creditors will be required to vote all of their Claims within a particular class under
5 the Plan either to accept or reject the Plan and may not split their vote. A ballot (or a group of
6 ballots within a class received from a single creditor) that partially rejects and partially accepts
7 the Plan will not be counted.

8 In addition, the following tabulation rules (the "Tabulation Rules") will be used for the
9 tabulation of Ballots:

10 1. If a holder of a Claim identifies a claim amount on its ballot that is less than the
11 amount otherwise calculated in accordance with these Tabulation Rules, the Voting Procedures,
12 and/or the Schedules, the Claim will be temporarily allowed for voting purposes in the lesser
13 amount identified on such ballot.

14 2. Ballots that are otherwise validly executed but do not indicate either acceptance or
15 rejection of the Plan will not be counted.

16 3. The Proponent will not accept ballots by e-mail or facsimile transmission.

17 4. Only ballots that are timely received with signatures will be counted. Unsigned
18 ballots will not be counted.

19 5. Ballots postmarked prior to the Voting Deadline, but received after the Voting
20 Deadline, will not be counted.

21 6. Ballots that are illegible, or contain insufficient information to permit the
22 identification of the creditor, will not be counted.

23 7. If a creditor simultaneously casts inconsistent duplicate ballots with respect to the
24 same Claim, no ballots from such creditor with respect to that Claim will be counted.

25 8. Unless otherwise ordered by the Court, questions as to the validity, form,
26 eligibility (including time of receipt), acceptance, and revocation or withdrawal of ballots shall be
27 determined by the Proponent, which determination shall be final and binding.

28 ///
29

1 **IN ORDER TO BE COUNTED, EXCEPT TO THE EXTENT THE PROPONENT**
2 **SO DETERMINES OR AS PERMITTED BY THE BANKRUPTCY COURT PURSUANT**
3 **TO FEDERAL RULE OF BANKRUPTCY PROCEDURE 3018, BALLOTS MUST BE**
4 **SIGNED AND RETURNED SO THAT THEY ARE ACTUALLY RECEIVED NO LATER**
5 **THAN 4:00 P.M. (PREVAILING NEVADA TIME) ON AUGUST __, 2017, AT THE**
6 **FOLLOWING ADDRESS:**

7 Felderstein Fitzgerald Willoughby & Pascuzzi LLP
8 Attn: Karen L. Widder
9 400 Capitol Mall, Suite 1750
 Sacramento, CA 95814

10 Please follow the directions contained on the ballot carefully. As mentioned above, if
11 your ballot is not signed and returned as described, it will not be counted. If your ballot is
12 damaged or lost, or if you do not receive a ballot, you may request a replacement by addressing a
13 written request to the foregoing counsel for the Proponent at the address set forth above or by e-
14 mailing Proponent’s counsel at: kwidder@ffwplaw.com.

15 The process of soliciting acceptance of the Plan must be fair and open without outside
16 influence in the form of representations, inducements, or duress of any kind. To the extent that
17 you believe solicitation of your vote from any party is being sought outside of the judicially-
18 approved and statutorily-defined disclosure requirements and Voting Procedures, please contact
19 Proponent’s counsel.

20 SECTION SIXTEEN

21 **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

22 The Plan provides for distributions of Estate Assets, including the Sale Proceeds and Plan
23 Payment, to certain holders of Claims at the times and on the terms prescribed in the Plan.
24 Holders of Claims and Interests should consult their own tax advisors regarding the tax
25 consequences of the treatment of the Claims and Interests under the Plan.

26 SECTION SEVENTEEN

27 **ABSOLUTE PRIORITY RULE AND CRAM DOWN**

28 The Proponent has crafted the Plan to follow the Bankruptcy Code Distribution Priorities.

1 As such, the Proponent believes that the Plan does not violate the “absolute priority rule” and if a
2 Class of Creditors does not vote to accept the Plan, it may be “crammed down” and confirmed
3 notwithstanding such rejection.

4 **SECTION EIGHTEEN**

5 **CONCLUSION AND RECOMMENDATION**

6 **[Ladera is not soliciting ballots at this time. This language is included to reflect the**
7 **language to be used if the Disclosure Statement is approved.]** The Proponent believes that
8 confirmation of the Plan, by providing for a maximum return to Creditors through an orderly
9 prudent and cost-effective liquidation through a stalking horse sale of substantially all of the
10 Debtor’s assets subject to overbidding and a distribution process through a Liquidating Debtor, is
11 desirable and in the best interests of all holders of Claims and Interests. The Proponent therefore
12 urges you to vote “Yes” to accept the Plan.

13
14 Dated: July 5, 2017

15 LADERA DEVELOPMENT, LLC

16
17 By: /s/ James Pickett

JAMES PICKETT

18 Its: Managing Member

19 Attorneys for Ladera Development, LLC

20 Jason E. Rios

21 FELDERSTEIN FITZGERALD
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23 400 Capitol Mall, Suite 1750
24 Sacramento, CA 95814

25 LOUIS M. BUBALA III, ESQ.
26 KAEMPFER CROWELL
27 50 W. Liberty Street, Suite 700
28 Reno, NV 89501

EXHIBIT A

PLAN OF LIQUIDATION
DATED JULY 5, 2017

BEING FILED SEPARATELY

**Exhibit B
Secured Claims**

Name	Scheduled Amount	Proof of Claim Amount	Claim Status
Advance Installations, Inc.*	Not Scheduled	\$20,413.00	
Belfor USA Group**	Not Scheduled	\$89,742.11	Disputed
D4US, LLC dba Dimension 4*	\$452,306.86 (General Unsecured)	\$452,306.86	Disputed
Hall CA-NV, LLC	\$21,247,285.60	\$24,877,656.55	
Ladera Development, LLC	\$7,500,000.00	\$7,678,616.91	
Lumos & Associates**	\$15,864.74	\$16,319.00	
Moulin, Xavier**	\$103,482.35 (General Unsecured)	\$191,093.30, including a \$12,850 priority claim	Disputed
Placer County Tax Collector	\$29,796.54 (Priority)	\$60,815.53	
PENTA Building Group, LLC (includes entities on attached Exhibit B-1)	Not Scheduled	\$9,151,534.58	Disputed
Washoe County Treasurer	\$39,510.78 (Priority)	\$106,399.45	

* - Denotes Lien Litigation Mechanic's Lien Claimant

** - Denotes Other Mechanic's Lien Claimant

Exhibit B-1
PENTA Building Group, LLC Secured Claims

Name	Scheduled Amount	Proof of Claim Amount
Al Pombo Inc.	Not Scheduled	\$915,563.00
Breslin Builders	Not Scheduled	\$306,587.45
Briggs Electric Inc.	Not Scheduled	\$1,064,480.06
C & C Floors, LLC	Not Scheduled	\$26,325.00
Capital Glass, Inc.	Not Scheduled	\$344,352.10
Curtain Wall Design & Consulting Inc.	Not Scheduled	\$28,700.00
East Bay Restaurant Supply, Inc.	Not Scheduled	\$1,340.73
Environmental Transportation	Not Scheduled	\$2,713.35
Glass Fab Tempering Service	Not Scheduled	\$16,262.90
Henri Specialties Co. Inc.	Not Scheduled	\$80,881.00
Holland Waterproofing	Not Scheduled	\$2,900.00
Lindell's Painting Service	Not Scheduled	\$880,065.65
Madole Construction Co. Inc.	Not Scheduled	\$2,308.20
Martin Iron Works	Not Scheduled	\$65,995.75
Morgan Construction, Inc.	Not Scheduled	\$14,295.00
Mt. Rose Heating & Air Conditioning, Inc.	Not Scheduled	\$360,537.00
Northern Nevada Fire Protection, Inc.	Not Scheduled	\$159,588.77
Painters Trust	Not Scheduled	\$327,536.65
Quality Tile & Marble, Co., Inc.	Not Scheduled	\$139,086.54
Quick Space	Not Scheduled	\$1,537.50
Reno Ornamental	Not Scheduled	\$201.95
Savage & Sons Inc.	Not Scheduled	\$104,283.00
Scott Zemp Masonry, Inc.	Not Scheduled	\$114,074.39

Exhibit B-1
PENTA Building Group, LLC Secured Claims

Name	Scheduled Amount	Proof of Claim Amount
Sierra Single Ply, Inc.	Not Scheduled	\$8,340.00
Sky Design Concepts, Inc.	Not Scheduled	\$123,399.00
Terra Firma	Not Scheduled	\$2,000.00
U.S. Granite-Nevada Inc.	Not Scheduled	\$102,451.18
Valley Concrete Co., Inc.	Not Scheduled	\$258,896.59
Victory Woodworks, Inc.	Not Scheduled	\$240,616.17
Vortex Steel, Inc.	Not Scheduled	\$23,895.26
Wesco Distribution, Inc.	Not Scheduled	\$110,736.80
Western Water Features, Inc.	Not Scheduled	\$132,718.22

Exhibit C
Priority Claims

Name	Scheduled Amount	Proof of Claim Amount
Dept. of Employment Training & Rehab	\$0.00	No POC Filed
Employment Development Dept.	\$0.00	No POC Filed
Franchise Tax Board	\$0.00	\$1,698.32 priority \$100 general unsecured
Nevada Dept. of Taxation	\$0.00	No POC Filed
State Board of Equalization	\$0.00	No POC Filed
Weig, Rozlynn Lilliana	\$2,666.00 (General Unsecured)	\$406,643.00 (Allowed as priority claim of \$2,666.00 only per Dkt. No. 328)

Exhibit D
General Unsecured

Name	Scheduled Amount	Proof of Claim Amount
Alert Security	\$28,111.75	No POC Filed
AT&T	\$149.33	No POC Filed
Charter Business	\$680.03	No POC Filed
Craig Roberts Associates	\$7,151.63	No POC Filed
Dixon, Michael and Sharon	\$100,000.00	No POC Filed
Franchise Tax Board	\$0.00 (priority)	\$100.00
Hall, Thomas J.	\$87.50	No POC Filed
Hill, Heather	\$4,400.00	No POC Filed
Hinckley, Allen & Snyder	\$3,536.00	No POC Filed
Internal Revenue Service	\$0.00 (priority)	\$100.00
Iverson, Brandyn	\$100,000.00	No POC Filed
Jameson, Paul	\$50,000.00	No POC Filed
Jeffer Mangels Butler & Mitchell LLP	Not Scheduled	\$92,646.07
Jordan Knighton Architects, Inc.	Not Scheduled	\$30,684.36
Law Office of Thomas J. Hall	\$1,796.75	\$2,758.92
Munnerlyn, Charles R. and Judy G.	\$100,000.00	No POC Filed
National Corporate Research Ltd.	\$178.00	No POC Filed
Nextiva Inc.	\$16,645.29	No POC Filed
No. Lake Tahoe Fire Protection District	\$17,418.05	\$17,418.05
Northstar Demolition	\$96,201.18	No POC Filed
NV Energy	\$9,847.56	\$5,568.00
Okubo, Marx	\$5,695.36	No POC Filed
Pacey-Willis, Lisa	\$4,400.00	No POC Filed

Exhibit D
General Unsecured

Name	Scheduled Amount	Proof of Claim Amount
Paul Duesing Partners	\$90,380.88	\$90,380.88
Pezonella Associates Inc.	\$34,609.25	No POC Filed
Southwest Gas Corporation	\$1,907.14	No POC Filed
Star Reports	\$475.00	No POC Filed
Thannisch Development Services Inc.	\$94,539.69	No POC Filed
The Sheraton LLC	\$30,278.39	\$1,058.39
Trident I LLC	\$115,000.00	No POC Filed
Yount, George Stuart	Not Scheduled	\$1,000,000,000