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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

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

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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 PROPONENT<sup>1</sup>**

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 <sup>1</sup> 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 \$32.2 million (the “Purchase Price”) and a cash payment of an additional sum  
16 of \$1.8 million for other payments provided for by this Plan (the “Plan Payment”). Rand made a  
17 \$2 million non-refundable deposit into escrow on July 3, 2017, subject to the terms and  
18 conditions of the Asset Purchase Agreement, including the conditions that the deposit shall be  
19 returned to Rand CN if the Bankruptcy Court does not approve the Sale to Rand CN or the Debtor  
20 does not timely Close escrow delivering title to the Purchased Assets free and clear of liens,  
21 claims or interests as provided in the proposed Asset Purchase Agreement. Rand CN’s members  
22 are Warren De Haan, Jeff Pickett or his designee, and Greg and Susan Kay, or their designee.  
23 Rand CN’s members have provided Ladera with signed letters committing to fund a total sum of  
24 \$34 million for Rand CN’s payment of the Purchase Price for Property and the Plan Payment.  
25 Rand CN’s members have further provided Ladera with proof of funds to meet their  
26 commitments in the form of Merrill Lynch account statements and letters from Bank of the West  
27 and First Independent Bank confirming cash on hand in excess of the amounts required to fund  
28 the proposed purchase. Rand CN would be willing to increase the Purchase Price to \$34.2



1 million if the Lien Litigation had not been filed and was not pending or if the Lien Litigation has  
2 been resolved in favor of Hall and Ladera before the Confirmation Hearing. The Sale will be  
3 subject to overbidding by qualified bidders at the Confirmation Hearing.

4 On the Effective Date, the net proceeds from the Purchase Price (the "Sale Proceeds")  
5 from the Sale to Rand CN or the successful overbidder ("Buyer") shall be used to pay lienholders  
6 in order of priority of their liens, as follows: (a) pay Hall's superpriority administrative claim;  
7 (b) pay Secured Real Property Tax Claims in full on the Effective Date; (c) establish a Lien  
8 Litigation Reserve in the amount of all mechanic's lien claims which are the subject of the  
9 pending lien priority dispute in the Lien Litigation pending as consolidated Adversary Proceeding  
10 No. 16-05036-gwz plus an additional \$500,000, with the funds in such reserve to be distributed  
11 based upon the order of lienholder priority determined after resolution of that proceeding; and  
12 (d) pay the remainder of the Sale Proceeds to Hall up to the full amount of its Allowed Secured  
13 Claim. Unless there is overbidding, the Sale Proceeds will not be sufficient to pay all Allowed  
14 Secured Claims in full. In the event that the Sale is to a successful overbidder and Hall's Allowed  
15 Secured Claim is fully satisfied, any remaining Sale Proceeds shall be paid to Ladera up to the  
16 full amount of its Allowed Secured Claim. If there are sufficient Sale Proceeds to pay all secured  
17 claims in full, then all Allowed Secured Claims shall be paid on the Effective Date and the  
18 remaining Sale Proceeds shall be used to pay any unpaid administrative, priority and general  
19 unsecured claims in accordance with the Bankruptcy Code Distribution Priorities.

20 The Plan Payment shall be used to pay (a) unsecured priority tax claims, (b) priority non-  
21 tax claims, (c) general administrative expense claims, (d) Allowed professional fees estimated to  
22 be not more than \$1,000,000 as of the Effective Date, (e) defaults on the Allowed Secured Claim  
23 of Capital One (estimated at \$500,000), and (f) unsecured convenience claims (claims less than  
24 \$750.00) in full in cash on the Effective Date as well as \$50,000 to establish a Litigation Trust  
25 and \$25,000 as a reserve for a Plan Administrator and for post-Effective Date U.S Trustee Fees  
26 (collectively, the "Plan Obligations"). The Litigation Trustee will be authorized to prosecute all  
27 Trust Causes of Action assigned to the Litigation Trust for the benefit of General Unsecured  
28 Claims, with any residual paid to Cal Neva on account of its Interest in New Cal-Neva. Ladera

1 has not conducted an investigation or analysis of the merits or value of any Trust Causes of  
 2 Action. Therefore, the Litigation Trustee may determine that there are no Trust Causes of Action  
 3 that will be prosecuted and may determine that the Trust Causes of Action have no value. Cal  
 4 Neva shall retain its equity Interests in New Cal-Neva under the Plan and shall receive any Sale  
 5 Proceeds after all senior creditors are paid and, if needed, shall be a subordinated beneficiary of  
 6 the Litigation Trust to be established by the Plan.

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

Class	Type of Allowed Claim or Equity Interest	Impairment/Voting	Recovery/Treatment
1	<b>Priority Non-Tax Claims</b>	Unimpaired Conclusively Presumed to Accept	Paid in full in cash on the Effective Date from the Plan Payment.
2	<b>Secured Claim of Hall CA-NV, LLC</b>	Impaired Entitled to vote	<p>Unless otherwise agreed and if there are no overbids or 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 Claim, 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. If the Hall Secured Claim is not paid in full from these sources, any deficiency portion will be treated as a Class 11 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, Hall will be paid in full on the Effective Date on account of the Hall Secured Claim.</p>

Class	Type of Allowed Claim or Equity Interest	Impairment/Voting	Recovery/Treatment
3	<b>Secured Claim of Ladera Development, LLC</b>	Impaired Entitled to vote	<p>Unless otherwise agreed and if there are no overbids or 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 Claim, 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. If the Ladera Secured Claim is not paid in full from these sources, any deficiency portion will be treated as a Class 11 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, Ladera will be paid in full on the Effective Date on account of the Ladera Secured Claim.</p>
4	<b>Secured Claim of The Penta Building Group, Inc.</b>	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. If the Penta Secured Claim is not paid in full, any deficiency portion will be treated as a Class 11 claim</p>

1 2 3 4 5 6	<b>Class</b>	<b>Type of Allowed Claim or Equity Interest</b>	<b>Impairment/Voting</b>	<b>Recovery/Treatment</b>
7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	5	<b>Secured Lien Litigation Mechanic's Lien Claims</b>	Impaired Entitled to vote	<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> <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. If any Secured Allowed Lien Litigation Mechanic's Lien Claim is not paid in full, any deficiency portion will be treated as a Class 11 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, 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>
23 24 25 26 27 28	6	<b>Secured Other Mechanic's Lien Claims</b>	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</p>

Class	Type of Allowed Claim or Equity Interest	Impairment/Voting	Recovery/Treatment
			<p>are paid in full. If any Secured Allowed Other Mechanic's Lien Claim is not paid in full, any deficiency portion will be treated as a Class 11 claim.</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	<b>Secured Claim of Capital One Bank (USA), N.A.</b>	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	<b>Secured Real Property Tax Claims</b>	Unimpaired Conclusively Presumed to Accept	Paid in full in cash on the Effective Date from the Sale Proceeds.
9	<b>Other Secured Claims</b>	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. If any Allowed Other Secured Claim is not paid in full, any deficiency portion will be treated as a Class 11 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</p>

Class	Type of Allowed Claim or Equity Interest	Impairment/Voting	Recovery/Treatment
			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.
10	<b>Convenience Claims (\$750 or less)</b>	Impaired Entitled to vote	Paid in full in cash thirty (30) days after the Effective Date.
11	<b>General Unsecured Claims</b>	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	<b>Interests</b>	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 holders of Claims and Interests than if the Debtor's estate was liquidated in a Chapter 7.

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

#### **EFFECTIVE DATE OF THE PLAN**

The Effective Date of the Plan will occur on the first Business Day after the Confirmation Date on which no stay of the Confirmation Order is in effect and all of the conditions to the

1 occurrence of the Effective Date set forth in Article X of the Plan have been satisfied or waived in  
2 accordance with the Plan.

3 **RECOMMENDATION OF THE PLAN PROPONENT**

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

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

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

16 **BALLOTING AND OTHER INFORMATION**

17 Ballots, which are included in the enclosed Plan materials, should be properly completed,  
18 executed and received by the Offices of Felderstein Fitzgerald Willoughby & Pascuzzi LLP,  
19 400 Capitol Mall, Suite 1750, Sacramento, California 95814, Attn: Karen L. Widder, no later than  
20 5:00 p.m. prevailing Pacific Time on August \_\_, 2017. A hearing to consider Confirmation of the  
21 Plan will be held commencing at 10:00 a.m., on August 16, 2017, before the Honorable United  
22 States Bankruptcy Judge Gregg W. Zive, at the C. Clifton Young Federal Building located at  
23 300 Booth Street, Reno, Nevada. The Confirmation Hearing may be adjourned from time to time  
24 without further notice. Any objections to confirmation of the Plan must be in writing and must be  
25 filed with the Clerk of the Bankruptcy Court and served as set forth in a separate notice of hearing  
26 provided.

1 **QUESTIONS**

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

4 Jason E. Rios  
5 Felderstein Fitzgerald Willoughby & Pascuzzi LLP  
6 400 Capitol Mall, Suite 1750  
7 Sacramento, California 95814  
8 Telephone: (916) 329-7400  
9 Facsimile: (916) 329-7435  
10 Email: jrrios@ffwplaw.com

11 Louis M. Bubala III  
12 Kaempfer Crowell  
13 50 W. Liberty Street, Suite 700  
14 Reno, Nevada 89501  
15 Telephone: (775) 852-3900  
16 Facsimile: (775) 327-2011  
17 Email: lbubala@kcnvllaw.com

18 **SECTION ONE**

19 **INTRODUCTION**

20 On June 10, 2016, Cal Neva commenced a bankruptcy case by filing a voluntary petition  
21 for relief under chapter 11 of the Bankruptcy Code. On July 28, 2016, New Cal-Neva  
22 commenced the Case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy  
23 Code. Both bankruptcy cases are pending before the Bankruptcy Court for the District of  
24 Nevada, Reno Division, the Honorable Gregg W. Zive, United States Bankruptcy Judge,  
25 presiding. Since New Cal-Neva filed its bankruptcy case, New Cal-Neva has continued in  
26 possession of the Real Property and assets and has continued to manage such Real Property and  
27 assets as debtor in possession pursuant to Bankruptcy Code sections 1107(a) and 1108. No  
28 request has been made for the appointment of a trustee or an examiner in this Case. An official  
Committee of unsecured creditors was appointed in the Case on September 13, 2016. The  
Proponent filed the Plan, along with this Disclosure Statement, on July 5, 2017. A copy of the  
Plan accompanies this Disclosure Statement.

The Proponent has prepared this Disclosure Statement in connection with the solicitation  
of acceptances of the Plan. The purpose of this Disclosure Statement is to set forth information  
regarding the Debtor and the Plan in order to assist Creditors and Interest Holders in making an



1 informed judgment as to whether they should accept or reject the Plan. This Disclosure  
2 Statement does not reflect any events which may occur subsequent to July 5, 2017, and, except as  
3 otherwise set forth herein, it is not anticipated that any amendments or supplements to the  
4 Disclosure Statement will be distributed to reflect changes subsequent to that date.

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

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

16 **Disclaimers**

17 *PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY BEFORE YOU VOTE*  
18 *ON THE PLAN. ALL PREVIOUS STATEMENTS AND REPRESENTATIONS MADE BY OR ON*  
19 *BEHALF OF THE DEBTOR OR THE PROPONENT ARE EXPRESSLY SUPERSEDED BY THIS*  
20 *DISCLOSURE STATEMENT. ALL OF THE STATEMENTS AND REPRESENTATIONS*  
21 *RESPECTING FINANCIAL, BUSINESS AND ACCOUNTING DATA HEREIN ARE THOSE OF*  
22 *THE DEBTOR, UNLESS SPECIFICALLY STATED TO BE FROM OTHER SOURCES.*  
23 *PROFESSIONALS EMPLOYED BY THE PROPONENT HAVE ASSISTED IN THE*  
24 *PREPARATION OF THIS DISCLOSURE STATEMENT BASED ON FACTUAL INFORMATION*  
25 *AND ASSUMPTIONS RESPECTING FINANCIAL, BUSINESS AND ACCOUNTING DATA*  
26 *PROVIDED BY THE DEBTOR'S MANAGEMENT OR REFLECTED IN PLEADINGS FILED*  
27 *WITH THE BANKRUPTCY COURT, NOT PERSONAL KNOWLEDGE OR ASSUMPTIONS.*

28 *WHILE THE INFORMATION PROVIDED HEREIN IS BELIEVED RELIABLE, THE*

1 *PROPONENT HAS NOT UNDERTAKEN TO VERIFY OR INVESTIGATE SUCH*  
2 *INFORMATION, AND MAKES NO REPRESENTATION AS TO THE ACCURACY OR*  
3 *COMPLETENESS OF THE INFORMATION. THE STATEMENTS MADE IN THIS*  
4 *DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE*  
5 *PLAN, THE APPENDICES ATTACHED HERETO, AND OTHER DOCUMENTS REFERENCED*  
6 *AS FILED WITH THE BANKRUPTCY COURT BEFORE OR CONCURRENTLY WITH THE*  
7 *FILING OF THIS DISCLOSURE STATEMENT. FURTHERMORE, THE PROJECTED*  
8 *FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN THE SUBJECT OF AN*  
9 *AUDIT.*

10 *DISTRIBUTION OF THIS DISCLOSURE STATEMENT SHOULD NOT BE*  
11 *CONSTRUED AS ANY REPRESENTATION OR WARRANTY AT ALL, EITHER EXPRESS OR*  
12 *IMPLIED, BY THE PROPONENT OR ITS PROFESSIONAL CONSULTANTS THAT THE PLAN*  
13 *IS FREE FROM RISK, THAT THE ACCEPTANCE OF THE PLAN WILL RESULT IN A RISK-*  
14 *FREE RESTRUCTURING OF THE DEBTOR'S OBLIGATIONS OR THAT THE OBLIGATIONS*  
15 *OF THE DEBTOR AS RESTRUCTURED BY THE PLAN WILL BE FULLY PERFORMED IN*  
16 *THE FUTURE WITHOUT RISK OF FURTHER DEFAULT.*

17 *ALL HOLDERS OF IMPAIRED CLAIMS SHOULD READ AND CONSIDER*  
18 *CAREFULLY THE MATTERS DESCRIBED IN THE PLAN AND DISCLOSURE STATEMENT*  
19 *AS A WHOLE, INCLUDING THE "RISK FACTORS" DESCRIBED IN SECTION THIRTEEN*  
20 *OF THIS DISCLOSURE STATEMENT, PRIOR TO VOTING ON THE PLAN. IN MAKING A*  
21 *DECISION TO ACCEPT OR REJECT THE PLAN, EACH CREDITOR AND INTEREST*  
22 *HOLDER ENTITLED TO VOTE THEREON MUST RELY ON ITS OWN EXAMINATION OF*  
23 *THE DEBTOR AS DESCRIBED IN THIS DISCLOSURE STATEMENT AND THE TERMS OF*  
24 *THE PLAN, INCLUDING THE MERITS AND RISKS INVOLVED. IN ADDITION,*  
25 *CONFIRMATION AND CONSUMMATION OF THE PLAN ARE SUBJECT TO CONDITIONS*  
26 *PRECEDENT THAT COULD LEAD TO DELAYS IN CONSUMMATION OF THE PLAN.*  
27 *THERE CAN BE NO ASSURANCE THAT EACH OF THESE CONDITIONS PRECEDENT WILL*  
28 *BE SATISFIED OR WAIVED (AS PROVIDED IN THE PLAN) OR THAT THE PLAN WILL BE*

1 CONSUMMATED.

2 WITH THE EXCEPTION OF HISTORICAL INFORMATION, SOME MATTERS  
3 DISCUSSED HEREIN, INCLUDING THE PROJECTIONS AND VALUATION ANALYSIS  
4 DESCRIBED HEREIN ARE “FORWARD LOOKING STATEMENTS” WITHIN THE MEANING  
5 OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH FORWARD-  
6 LOOKING STATEMENTS ARE SUBJECT TO RISKS, UNCERTAINTIES, AND OTHER  
7 FACTORS WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM  
8 FUTURE RESULTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING  
9 STATEMENTS.

10 THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH 11 U.S.C.

11 § 1125 AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR  
12 OTHER APPLICABLE NON-BANKRUPTCY LAW. ENTITIES HOLDING OR TRADING IN OR  
13 OTHERWISE PURCHASING, SELLING, OR TRANSFERRING CLAIMS AGAINST THE  
14 DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT ONLY IN LIGHT OF THE

15 PURPOSE FOR WHICH IT WAS PREPARED. **SECTION TWO**

16 **DESCRIPTION OF THE DEBTOR, THE BANKRUPTCY FILINGS,**

17 **AND DEBTOR’S BUSINESS AND ASSETS**

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

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

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

28

1           2.     Management of New Cal-Neva.

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

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

8           1.     The Resort.

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

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

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

26           Unable to complete the project and facing foreclosure by its secured lenders and now  
27 secured claims from unpaid contractors, on June 10, 2016, Cal Neva filed a petition for relief  
28 under Chapter 11 in the United States Bankruptcy Court for the Northern District of California.

1 On July 28, 2016, Debtor New Cal-Neva filed its petition for relief under Chapter 11 in the  
2 United States Bankruptcy Court for the Northern District of California. Subsequently, on  
3 October 13, 2016, both Chapter 11 cases were transferred to the United States Bankruptcy Court  
4 for the District of Nevada.

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

7 2. The Furniture, Fixtures and Equipment.

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

12 3. The Fairwinds Estate.

13 The Fairwinds Estate is adjacent to the Resort at 9898 Lake Street, Kings Beach,  
14 California. The Fairwinds Estate is encumbered by a mortgage in favor of Capital One Bank with  
15 an outstanding balance of approximately \$4.1 million. Ladera is informed and believes that  
16 Capital One has recorded a notice of default with respect to that mortgage asserting past due  
17 payments of approximately \$500,000.

18 In October 2014, the Fairwinds Estate was owned by 9898 Lake, LLC ("9898 Lake").  
19 Paul and Evy Paye, LLC ("Paye") owned 100% of the membership interests in 9898 Lake. In  
20 October 2014, Pursuant to an Exchange Agreement entered into by Paye and Cal Neva, through  
21 its manager, CR Cal Neva, LLC, Paye transferred all of its interests in 9898 Lake to New Cal-  
22 Neva's wholly-owned subsidiary CR Lake Tahoe, LLC ("CR Lake Tahoe") in exchange for  
23 Paye's receipt of certain equity interests in Cal Neva. The sole member of CR Lake Tahoe is  
24 New Cal-Neva (the transaction was structured this way to allow Hall to possess a lien or security  
25 interest against the property or New Cal-Neva's membership interest in the property). Cal Neva,  
26 New Cal-Neva and Paye valued the equity in the property at \$2 million. Paye received an equity  
27 interest in Cal Neva of 6.19% and Paye's broker, Marriner Real Estate, LLC ("Marriner")  
28 received an equity interest in Cal Neva of 0.65%. Since that date and at all times relevant hereto,

1 Paye and Marriner have held themselves out as members of Cal Neva, and 9898 Lake, which  
2 retained title to the Fairwinds Estate, has been wholly owned by CR Lake Tahoe. CR Lake Tahoe  
3 is the sole member of 9898 Lake and controls 9898 Lake.

4 After entry of the Confirmation Order, the Plan authorizes and directs CR Lake Tahoe to  
5 dissolve, if necessary, and cause 9898 Lake to transfer by grant deed all of 9898 Lake's right, title  
6 and interest in the Fairwinds Estate to the Debtor, subject to the Secured Claim of Capital One.  
7 On the Effective Date and as part of the Closing, the Debtor shall transfer Fairwinds Estate to the  
8 Buyer by grand deed free and clear of all Liens and Claims other than the Secured Claim of  
9 Capital One.

### 10 **C. The Liabilities of the Debtor**

#### 11 1. Secured Claims

12 Hall. Hall is the senior secured creditor of the Debtor, with a Secured Claim of  
13 approximately \$29 million Secured by substantially all of the Debtor's assets, including all of the  
14 Debtor's real property. The Hall Secured Claim includes an approximately \$719,900  
15 superpriority administrative claim.

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

20 Penta, Mechanic's Lien Claims and Other Secured Claims. Penta is a contractor who  
21 performed work on the Debtor's renovation of the Resort and is owed approximately \$9.2 million  
22 Secured by statutory liens on the Debtor's real property. Holders of Mechanic's Lien Claims and  
23 Other Secured Claims are primarily contractors and sub-contractors with statutory liens against  
24 the Debtor's real property, assert that they are owed approximately \$680,000. The relative  
25 priority of Penta's Secured Claims, Mechanic's Lien Claims and Other Secured Claims is a  
26 subject of a dispute. This dispute would not be resolved as part of the Plan, which proposes to  
27 pay the Sale Proceeds to a Litigation Reserve for distribution to Secured Creditors in priority of  
28 their Liens as determined in the Lien Litigation, unless the holder of a Secured Claim agrees

1 otherwise in writing.

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

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

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

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

13 2. Unsecured Claims

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

16 There are Priority Tax Claims total approximately \$1,700. Non-Tax Priority Claims total  
17 \$2,666. All Priority Claims are set forth in Exhibit C to this Disclosure Statement.

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

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

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

<b>Secured</b>		
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>
	<b>Total Secured</b>	<b>\$51,950,831</b>
<b>Unsecured</b>		
Admin. Expense		\$1,142,325
Priority		\$4,365
<u>General Unsecured</u>		<u>2,100,000</u>
	<b>Total Unsecured</b>	<b>\$3,246,690</b>
	<b>TOTAL LIABILITIES</b>	<b>\$55,197,521</b>

#### D. Litigation

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

Prior to the Petition Date, Penta and other holders of Claims asserting statutory mechanics' liens against Hall and New Cal-Neva commenced litigations seeking a determination of lien priority of the various claimants. Because the Resort and other real property straddle both California and Nevada, one lawsuit was commenced in the Superior Court of the State of California for Placer County, and the other was pending in the Second Judicial District Court of the State of Nevada in and for the County of Washoe. Both of these state court actions were removed to the Bankruptcy Court. Since the Petition Date, there has been no activity in either of these cases, but Penta has filed a new adversary proceeding against Ladera ("Penta Adversary Proceeding") asserting the same allegations and seeking a determination of lien priority of the various claimants. The lien priority litigation would be litigated to resolution under the Plan, with disputed Allowed Secured Claims paid upon resolution of that litigation.



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

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

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

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

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

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

22 On February 23, 2017, Hall filed a motion for relief from the automatic stay of section  
23 362(a) of the Bankruptcy Code to foreclose on its liens. The Sale to be consummated under the  
24 Plan would resolve the issues raised in Hall's motion.

25 On March 1, 2017, Ladera filed a motion for relief from the automatic stay of section  
26 362(a) of the Bankruptcy Code to foreclose on Cal Neva's membership interests in New Cal-  
27 Neva. The Sale to be consummated under the Plan would resolve the issues raised in Ladera's  
28 motion.

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

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

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

### 15 **SECTION THREE**

#### 16 **DESCRIPTION AND SUMMARY OF THE PLAN**

##### 17 **A. Description and Treatment of Unclassified Claims**

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

##### 22 **B. Administrative Expense Claims**

23 Generally speaking, Administrative Expense Claims consist of Claims that accrued or  
24 were incurred by the Debtor following the filing of the Case, including, but not limited to fees and  
25 costs incurred by Professionals, costs incurred to maintain and preserve the Property of the Estate,  
26 and obligations incurred in the ordinary course of business of the Debtor. Pursuant to Bankruptcy  
27 Code section 1129(a)(9)(A), for Administrative Expense Claims not related to Professionals, the  
28 Plan provides that except as otherwise agreed to by the Proponent or the Liquidating Debtor and

1 the Holder of an Allowed Administrative Expense Claim, each such Holder shall be paid in full in  
2 Cash on the later of (i) as soon as practicable after the date such Allowed Administrative Expense  
3 Claim becomes due in accordance with its terms, and (ii) the Effective Date. If the Liquidating  
4 Debtor or the Debtor Dispute any portion of an Administrative Expense Claim, the Debtor or the  
5 Liquidating Debtor, as applicable, shall pay the Allowed portion of such Claim in full in Cash  
6 within 30 days after the entry of a Final Order Allowing such Disputed Administrative Expense  
7 Claim.

8 **C. Administrative Claims Bar Date**

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

21 **D. Professional Fees and Expenses**

22 The Plan provides that, at least seven (7) days prior to the hearing on Plan Confirmation,  
23 each Estate Professional shall file a fee application for the allowance of compensation for services  
24 rendered and reimbursement of expenses incurred through the date of the fee application, with an  
25 estimate for fees and costs incurred through the Effective Date. Estate Professionals that do not  
26 submit a claim consistent with this provision, shall be forever barred, estopped, and enjoined from  
27 asserting such claims against the Debtor or Ladera or sharing in any distributions under the Plan.

28 On or after the Effective Date, the Plan Administrator will pay up to an aggregate of

1 \$1,000,000 for Estate Professionals on a pro rata basis from the Plan Payment after all awards of  
2 such compensation or reimbursement have been granted by the Bankruptcy Court.

3 An express condition of Plan Confirmation is agreement amongst the Estate Professionals  
4 and Ladera as to how this pool shall be allocated. Ladera believes that the Professionals will  
5 cooperate to meet this express condition of confirmation of the Plan since Professionals will not  
6 be paid if the Plan is not confirmed and the Case is dismissed or the Real Property foreclosed.

7 **E. Priority Tax Claims**

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

16 **F. U.S. Trustee Fees**

17 The Plan provides that the Debtor before the Effective Date or, on or after the Effective  
18 Date, the Liquidating Debtor will pay all U.S. Trustee's Fees in full without prior approval under  
19 28 U.S.C. § 1930 and will continue to pay all U.S. Trustee's Fees until the Case is closed,  
20 dismissed, or converted to another chapter of the Bankruptcy Code.

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

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

27  
28

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

#### H. Treatment of Claims and Interests

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

##### 1. Class 1 – Priority Non-Tax Claims

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

ii. *Treatment:* In full and final satisfaction, settlement, and release of and in exchange for each Allowed Priority Non-Tax Claim, on the later of (a) the Effective Date and (b) the date on which such Priority Non-Tax Claim becomes Allowed, or as soon thereafter, each Holder of such Allowed Priority Non-Tax Claim shall be paid in full in Cash from the Plan Payment.

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

1           **2. Class 2 – Hall Secured Claim**

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

4           ii.   *Treatment:* Unless otherwise agreed and if there is no overbid or if there is an  
5 overbid but not sufficient Sale Proceeds to pay in full the Hall Secured Claim, Ladera Secured  
6 Claim, Penta Secured Claim and all Allowed Lien Litigation Mechanic’s Lien Claims, on the  
7 Effective Date, Hall will receive, up to the full amount of its Secured Claim, all Sale Proceeds  
8 after (i) the Hall superpriority administrative claim is paid in full; (ii) all Secured Real Property  
9 Tax Claims are paid in full and (iii) the Lien Litigation Reserve is fully funded. Upon completion  
10 of the Lien Litigation, Hall shall receive such additional payments from the Lien Litigation  
11 Reserve in the order of priority that Hall shall be entitled to receive in accordance with the  
12 lienholder priority determined after resolution of the Lien Litigation, up to the full amount of the  
13 Hall Secured Claim. If the Hall Secured Claim is not paid in full from these sources, any  
14 deficiency portion will be treated as a Class 11 claim.

15                 If there are sufficient Sale Proceeds to pay in full the Hall Secured Claim, Ladera  
16 Secured Claim, Penta Secured Claim and all Lien Litigation Allowed Mechanic’s Lien Claims  
17 Lien Litigation, Hall will be paid in full on the Effective Date on account of the Hall Secured  
18 Claim.

19           iii.   *Liens:* Hall shall not retain any liens or interests in its Collateral or on the  
20 Purchased Assets. If the Hall Secured Claim is not paid in full on the Effective Date, the liens or  
21 security interests of Hall will attach and be perfected after the Effective Date in the Lien  
22 Litigation Reserve as such liens or security interests existed immediately prior to the Petition  
23 Date. Hall’s security interest in the Lien Litigation Reserve shall be deemed fully perfected upon  
24 the Effective Date and Hall shall not be required to file financing statements or other documents  
25 to perfect and maintain the perfection of its security interests in the Lien Litigation Reserve.

26           iv.   *Voting:* Class 2 is Impaired. The Holder of the Class 2 Claim is entitled to vote to  
27 accept or reject the Plan.  
28

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

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

4           ii.    *Treatment:* Unless otherwise agreed and if there is no overbid or if there is an  
5 overbid but not sufficient Sale Proceeds to pay in full the Hall Secured Claim, Ladera Secured  
6 Claim, Penta Secured Claim and all Allowed Lien Litigation Mechanic’s Lien Claim, Ladera will  
7 receive, up to the full amount of its claim, from (1) any Sale Proceeds remaining in the Lien  
8 Litigation Reserve after the Hall Secured Claim is paid in full or as Hall otherwise agrees and  
9 (2) such payments as Ladera may be entitled to receive in accordance with the order of lienholder  
10 priority determined after resolution of the Lien Litigation, up to the full amount of the Ladera  
11 Secured Claim. If the Ladera Secured Claim is not paid in full from these sources, any deficiency  
12 portion will be treated as a Class 11 claim.

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

16           iii.   *Liens:* Ladera shall not retain any liens or interests in its Collateral or on the  
17 Purchased Assets. If the Ladera Secured Claim is not paid in full on the Effective Date, the liens  
18 or security interests of Ladera will attach and be perfected after the Effective Date in the Lien  
19 Litigation Reserve as such liens or security interests existed immediately prior to the Petition  
20 Date. Ladera’s security interest in the Lien Litigation Reserve shall be deemed fully perfected  
21 upon the Effective Date and Ladera shall not be required to file financing statements or other  
22 documents to perfect and maintain the perfection of its security interests in the Lien Litigation  
23 Reserve.

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

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

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

1           ii. *Treatment:* In full satisfaction of Penta's Secured Claim, unless otherwise agreed,  
2 cash equal to the amount of Penta's Secured Claim will be paid into the Lien Litigation Reserve  
3 pending the outcome of the Lien Litigation. Upon completion of the Lien Litigation, Penta shall  
4 receive such payments from the Lien Litigation Reserve in the order of priority that Penta shall be  
5 entitled to receive in accordance with the lienholder priority determined after resolution of the  
6 Lien Litigation, up to the full amount of the Penta Secured Claim. If the Penta Secured Claim is  
7 not paid in full, any deficiency portion will be treated as a Class 11 claim.

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

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

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

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

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

24           ii. *Treatment:* In full satisfaction of each Allowed Lien Litigation Mechanic's Lien  
25 Claim, except to the extent that such a Claim agrees otherwise in writing, cash from the Sale  
26 Proceeds equal to the amount of such Mechanic's Lien Claim will be paid into the Lien Litigation  
27 Reserve pending the outcome of the Lien Litigation. Upon completion of the Lien Litigation,  
28 such Mechanic's Lien Claim shall receive payments, if any, from the Lien Litigation Reserve in



1 the order of priority that such Allowed Mechanic's Lien Claims shall be entitled to receive in  
2 accordance with the lienholder priority determined after resolution of the Lien Litigation, up to  
3 the full amount of such Mechanic's Lien Claim. If any Secured Allowed Lien Litigation  
4 Mechanic's Lien Claim is not paid in full, any deficiency portion will be treated as a Class 11  
5 claim.

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

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

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

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

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

24 ii. *Treatment:* In full satisfaction of each Allowed Other Mechanic's Lien Claim,  
25 except to the extent that such a Claim agrees otherwise in writing, each Allowed Other  
26 Mechanic's Lien Claim shall receive such payments, up to the full amount of such Allowed  
27 Mechanic's Lien Claim, from any Sale Proceeds remaining after Classes 2 through 5 and Class 8  
28 are paid in full. If any Secured Allowed Other Mechanic's Lien Claim is not paid in full, any

1 deficiency portion will be treated as a Class 11 claim.

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

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

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

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

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

13 ii. *Treatment:* Except to the extent that the Holder of the Allowed Secured Claim of  
14 Capital One agrees to a less favorable treatment in writing, on the Effective Date, (a) all defaults  
15 will be cured on the Effective Date from the Plan Payment and (b) Buyer will assume the Secured  
16 Claim of Capital One and pay the Class 7 Claim as it becomes due in accordance with its terms.

17 iii. *Liens:* If the Secured Claim of Capital One is not paid in full on the Effective  
18 Date, Capital One's liens or security interests will continue to be attached and be perfected in the  
19 Fairwinds Estate after the Effective Date as such liens or security interests existed immediately  
20 prior to the Petition Date. After the Effective Date, the Capitol One deed of trust on the  
21 Fairwinds Estate shall continue to be fully perfected upon the Effective Date and Capital One  
22 shall not be required to file financing statements or other documents to perfect and maintain the  
23 perfection of its security interests. Provided, however, that Capital One may file such financing  
24 statements and other documents as it may determine to perfect and maintain the perfection of its  
25 security interests in the Fairwinds Estate.

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

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

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

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

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

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

12           i.     *Classification:* Class 9 consists of all Allowed Secured Claims, including the  
13 Allowed Property Tax Secured Claims other than the Secured Claims of Hall, Ladera, Penta, or  
14 Allowed Mechanic’s Lien Claims.

15           ii.    *Treatment:* Except to the extent that a Holder of an Allowed Other Secured Claim  
16 agrees otherwise in writing, each Other Secured Claim shall receive such payments from any Sale  
17 Proceeds remaining after Classes 2 through 6 and Class 8 are paid in full, up to the full amount of  
18 such Other Secured Claim. If any Allowed Other Secured Claim is not paid in full, any  
19 deficiency portion will be treated as a Class 11 claim. The Proponent is not aware of any Other  
20 Secured Claims.

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

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

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

1           **10.    Class 10 – Convenience Claims**

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

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

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

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

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

12          ii.   *Treatment:* Unless otherwise agreed by the holder of a General Unsecured Claim  
13 and the Proponent, and until each Holder of an Allowed General Unsecured Claim receives 100%  
14 of such Holder's Allowed General Unsecured Claim without interest, each Holder of an Allowed  
15 General Unsecured Claim shall receive, on account of such Holder's Allowed General Unsecured  
16 Claim, (1) such Holder's Pro Rata share of the GUC Share, if any, and (2) such Holder's Pro Rata  
17 share of the Sale Proceeds, if any, after Classes 1 through 6 and Classes 8 through 10 are paid in  
18 full.

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

21          **12.    Class 12 – Interests**

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

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

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

**SECTION FOUR****TREATMENT EXECUTORY CONTRACTS AND UNEXPIRED LEASES****A. Assumed Executory Contracts and Unexpired Leases**

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

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

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

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

Any counterparty to the above executory contracts or unexpired leases who fails to file an objection to the proposed cure amounts, adequate assurance, assumption or assignment prior to

1 the entry of the Confirmation Order will be deemed to have accepted such cure amount in full  
2 satisfaction and cure of all defaults and other amounts due through and including the Effective  
3 Date, and will have no further claim against the Debtor or Buyer therefor; further such  
4 counterparties are deemed to accept the assumption and have adequate assurance of future  
5 performance of their executory contract or unexpired lease by the Debtor and Buyer.

6 In the event of a dispute regarding (i) the amount of any payments to cure such a default,  
7 (ii) the ability of Buyer to provide “adequate assurance of future performance,” within the  
8 meaning of Bankruptcy Code section 365, under the executory contract or unexpired lease to be  
9 assumed, or (iii) any other matter pertaining to assumption, the cure payments required by  
10 Bankruptcy Code section 365(b)(1) shall be made following the entry of a Final Order or orders  
11 resolving the dispute and approving the assumption. Assumption of any executory contract or  
12 unexpired lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of  
13 any Claims or defaults, whether monetary or nonmonetary, arising under any assumed executory  
14 contract or unexpired lease at any time before the effective date of the assumption.

15 No Assumption and Cure Order assigning an Assumed Executory Contract to Buyer shall  
16 be effective unless and until the Effective Date.

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

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

23 The Debtor will be conclusively deemed to have rejected, and the Buyer conclusively  
24 deemed not to have assumed or taken by assignment, all executory contracts and unexpired leases  
25 not expressly assumed under Section V.A above upon the Effective Date. This includes all  
26 executory contracts and unexpired leases regardless of whether the Debtor contends that it is a  
27 party to the agreement, without admitting any liability or obligations under such agreements. The  
28 rejected executory contracts and unexpired leases include but are not limited to Condo Purchase

1 Discount Agreements with (i) Michael and Sharon Dixon; (ii) Brandyn Iverson; (iii) Paul  
2 Jameson; and (iv) Charles R. and Judy G. Munnerlyn. A proof of a claim arising from the  
3 rejection of an executory contract or unexpired lease under this section must be filed no later than  
4 the Claims Bar Date, which is thirty (30) days after the Effective Date. Any Claims arising from  
5 the rejection of an executory contract or unexpired lease not filed within such time will be  
6 automatically disallowed, forever barred from assertion, and shall not be enforceable against the  
7 Debtor, Buyer or their assets or properties without the need for any objection by the Debtor or  
8 Buyer, or further notice to, or action, order, or approval of the Bankruptcy Court. All Allowed  
9 Claims arising from the rejection of the Debtor's executory contracts or unexpired leases shall be  
10 classified as a General Unsecured Claim and shall be treated in accordance with Section IV.B.10  
11 of the Plan. The deadline to object to Claims arising from the rejection of executory contracts or  
12 unexpired leases, if any, shall be ninety (90) days following the date on which such Proof of  
13 Claim was filed.

## 14 SECTION FIVE

### 15 MEANS FOR IMPLEMENTATION OF THE PLAN

16 Proponent will implement the Plan as follows

#### 17 **A. Sale of Property under Asset Purchase Agreement**

##### 18 **1. Sale Procedures**

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

22 a. An initial overbid Purchase Price of at least \$33,000,000.00 Cash Purchase  
23 Price and the overbidder must commit to funding the \$1,800,000.00 Plan Payment to be used for  
24 the Plan Obligations.

25 b. There are no contingencies to the purchase of the Purchased Assets other  
26 than a Final Order of the Bankruptcy Court providing approval for the Sale and the Debtor's  
27 delivery of title to the Purchased Assets free and clear of all liens, claims and interests, and (ii)  
28 the Debtor's delivery of title to the Purchased Assets free and clear of all liens, claims and

1 interests at Closing. Rand CN shall be entitled to a break-up fee of \$250,000 plus out-of-pocket  
2 costs of up to \$400,000 by or on behalf of Rand CN for due diligence and other expenses related  
3 to Rand CN's proposed purchase, as liquidated damages in the event that the bid of a competing  
4 bidder for the Purchased Assets is accepted. The break-up fee shall be paid to Rand CN as soon  
5 as reasonably practicable immediately after the Confirmation Hearing from the good faith deposit  
6 of the winning competing bidder.

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

12 d. The Proponent will accept applications from potential bidders seeking  
13 qualification to submit Qualified Bids until the Qualification Deadline of 5:00 p.m. (PDT) on  
14 August 11, 2017. All due diligence by any Potential Bidder must be completed prior to the  
15 Potential Bidder making a Qualified Bid.

16 e. Each Potential Bidder shall deliver written and electronic copies of its bid  
17 materials on or before the Bid Deadline to: counsel for the Proponent, Felderstein Fitzgerald  
18 Willoughby & Pascuzzi LLP, 400 Capitol Mall, Suite 1750, Sacramento, California 95814, Attn:  
19 Jason Rios (email: [jrios@ffwplaw.com](mailto:jrios@ffwplaw.com)); and Ladera Development, LLC, c/o James Pickett,  
20 16475 Bordeaux, Reno, NV 89511 (email: [jpickett@laderaventures.com](mailto:jpickett@laderaventures.com)); and counsel for the  
21 Committee, Pachulski Stang Ziehl & Jones LLP, John Fiero and Shirley Cho by email:  
22 [jfiero@pszjlaw.com](mailto:jfiero@pszjlaw.com) and [scho@pszjlaw.com](mailto:scho@pszjlaw.com). An application by potential bidders seeking  
23 qualification to submit Qualified Bids is a signed document or documents from a Potential Bidder  
24 that provide(s), at a minimum, the following:

25 i. An acknowledgement that the initial overbid amount must be at least  
26 \$33,000,000.00 Purchase Price and the overbidder must commit to funding the \$1,800,000.00  
27 Plan Payment to be used for the Plan Obligations;

28 ii. identify the bidder and any principals, owners, members, or shareholders of



1 the bidder and evidence of the Potential Bidder's source of capital, other financial ability to  
2 complete the contemplated transactions, and conform to Federal requirements if the funds are  
3 obtained offshore and/or from a foreign national who is not a United States citizen;

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

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

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

15 vi. the bid is not subject to any due diligence or financing contingency and is  
16 irrevocable until two business days following the Closing;

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

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

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

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

8 f. In addition, a Potential Bidder must accompany its application with: (1) a  
9 deposit by cashier's check payable to New Cal-Neva Lodge, LLC, in the amount of \$2,000,000  
10 (any such deposit, a "Good Faith Deposit"); (2) written evidence of available cash or a  
11 commitment for financing and such other evidence of ability to consummate the transaction  
12 contemplated by the applicable Bid Contract as Ladera may reasonably request; (3) a copy of a  
13 board resolution or similar document demonstrating the authority of the Potential Bidder to make  
14 a binding and irrevocable bid on the terms proposed; and (4) any pertinent factual information  
15 regarding the Potential Bidder's operations that would assist Ladera in its analysis of the bid.  
16 Good faith deposits by unsuccessful bidders will be returned at the conclusion of the bidding.

17 g. Any application received from a Potential Bidder that meets the above  
18 requirements and is determined by the Consent Parties (Ladera, Debtor, Committee, Hall and  
19 Penta), will be considered a "Qualified Bidder," and each Potential Bidder that submits a bid shall  
20 be deemed to have incorporated each of these terms into its bid(s) as a "Qualified Bid." The  
21 Proponent shall notify Potential Bidders whether their application has been accepted as a  
22 Qualified Bidder by Noon on Tuesday, August, 15, 2017.

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

27 i. Rand CN, as lead bidder, and only Rand CN, may become the highest  
28 bidder by matching any overbid.

1 j. Except for bids by Rand CN as the lead bidder, and the initial qualified  
2 overbid of at least \$33,000,000.00 Purchase Price and the overbidder must commit to funding the  
3 \$1,800,000.00 Plan Payment to be used for the Plan Obligations, each subsequent overbid must  
4 exceed the current highest offer by a minimum of \$100,000.

5 k. All overbid amounts in excess may only be payable in cash in full on  
6 Closing.

7 l. The successful bidder will be required to close the sale within twenty-one  
8 (21) days after the entry of the Confirmation Order provided that there is no stay in effect.

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

11 **2. Closing**

12 a. Upon entry of the Confirmation Order, the Debtor is authorized and  
13 directed to enter into the Asset Purchase Agreement or Buyer's Bid Contract and the Transaction  
14 Documents, and to take such steps as are necessary, reasonable or convenient to effectuate the  
15 Closing. Subject to the terms of the Confirmation Order and to any conditions to the Closing that  
16 remain to be satisfied, the Asset Purchase Agreement or Buyer's Bid Contract and the  
17 transactions contemplated therein are approved. On the Effective Date, the Asset Purchase  
18 Agreement or Buyer's Bid Contract and the Transaction Documents shall be binding upon and  
19 enforceable against Buyer and the Debtor, as well as their respective managers, employees and  
20 agents. The Asset Purchase Agreement or Buyer's Bid Contract is incorporated herein by  
21 reference and shall be deemed part of this Plan.

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

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

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



1	Class 1	Priority Non-Tax Claims	\$ 2,666
2	Class 7	Secured Claim of Capital One Bank (USA), N.A.	\$ 500,000 (est. cure)
3	Class 10	Convenience Class	\$ 1,770
4	Class 11	General Unsecured Claims/Litigation Trust	<u>\$ 50,000</u>
5			\$1,698,459
6	Reserve for Plan Administrator and Post-Effective Date UST Fees		<u>\$ 25,000</u>
7			\$1,723,459

8 **B. Transfer of Fairwinds Estate**

9 After entry of the Confirmation Order, the Plan authorizes and directs CR Lake Tahoe to  
10 dissolve, if necessary, and cause 9898 Lake to transfer by grant deed all of 9898 Lake's right, title  
11 and interest in the Fairwinds Estate to the Debtor, subject to the Secured Claim of Capital One.  
12 On the Effective Date and as part of the Closing, the Debtor shall transfer the Fairwinds Estate to  
13 the Buyer by grant deed free and clear of all Liens and Claims other than the Secured Claim of  
14 Capital One which shall be assumed by the Buyer as provided for the Class 7 Claim of Capital  
15 One.

16 **C. Plan Administrator**

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

23 The Plan provides that the Liquidating Debtor shall be managed by a Plan Administrator.  
24 The Plan provides that James S. Proctor shall automatically be appointed the Plan Administrator  
25 on the Effective Date unless the Court changes the date of appointment in the Confirmation  
26 Order. Mr. Proctor is a certified public accountant, certified fraud examiner, certified valuation  
27 analyst and certified in financial forensics. The Plan Administrator shall be paid reasonable  
28 compensation and expense reimbursement by the Liquidating Debtor. As of the Effective Date of

1 the Plan, Mr. Proctor's billing rate is \$250 per hour. Such compensation may be made from the  
2 Liquidating Debtor Reserve.

3 The Plan Administrator may investigate claims, objections or defenses and may assert,  
4 settle, abandon, or enforce any such affirmative claims, objections or defenses without  
5 supervision by the Bankruptcy Court and free of any restrictions under the Bankruptcy Code or  
6 the Bankruptcy Rules. In the course of any ongoing investigations, the Plan Administrator shall  
7 have the right post-confirmation to utilize Bankruptcy Rule 2004 examinations, including the  
8 issuance of subpoenas, and such future examinations and subpoenas shall be deemed to have been  
9 approved and authorized by the Plan and may be issued without further order of the Court. To the  
10 extent any litigation is already pending on the Effective Date, the Liquidating Debtor as successor  
11 to the Debtor and the Committee may continue the prosecution of such litigation and such  
12 litigation shall be authorized without further order of the Court.

13 **D. Successor Plan Administrator**

14 If the Plan Administrator resigns or is otherwise unwilling to perform its duties under this  
15 Plan, a current Chapter 11 Trustee in good standing from the District of Nevada or the Eastern  
16 District of California shall be selected to serve as the successor Plan Administrator. The  
17 Successor Plan Administrator shall be selected by the Creditors holding the three largest  
18 undisputed Allowed Claims, after consultation with parties in interest, including the Office of the  
19 United States Trustee and other Unsecured Creditors and Interest Holders or their successors, as  
20 appropriate. Appointment of the Successor Plan Administrator also shall be subject to Court  
21 approval.

22 **E. Litigation Trust**

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

1 The Litigation Trust and the Litigation Trustee will each be a “representative” of the  
2 Estates under section 1123(b)(3)(B) of the Bankruptcy Code, and the Litigation Trustee will be  
3 the trustee of the Litigation Trust Assets for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. §  
4 6012(b)(3), and, as such, the Litigation Trustee succeeds to all of the rights, powers and  
5 obligations of a trustee in bankruptcy with respect to collecting, maintaining, administering and  
6 liquidating the Litigation Trust Assets. In pursuing the Trust Causes of Action, the Litigation  
7 Trustee shall be entitled to the tolling provisions provided under section 108 of the Bankruptcy  
8 Code, and shall succeed to the Debtor’s rights with respect to the time periods in which any of the  
9 Trust Causes of Action may be brought under section 546 of the Bankruptcy Code.

10 The Litigation Trustee will distribute the Litigation Trust Assets (or the proceeds thereof)  
11 in accordance with the provisions of the Plan and the Litigation Trust Agreement. Other rights  
12 and duties of the Litigation Trustee and the beneficiaries of the Litigation Trust will be as set  
13 forth in the Litigation Trust Agreement.

14 The Litigation Trust Expenses will be paid from the Litigation Trust Assets in accordance  
15 with the Plan and the Litigation Trust Agreement. The Liquidating Debtor shall have no  
16 obligations to satisfy or have liability for any Litigation Trust Expenses.

17 The Litigation Trust Agreement may include reasonable and customary indemnification  
18 provisions in favor of the Litigation Trustee. Any such indemnification will be the sole  
19 responsibility of the Litigation Trust.

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

25 The Litigation Trust Agreement will provide that termination of the trust will occur no  
26 later than five years after the Effective Date, unless the Bankruptcy Court approves an extension  
27 based upon a finding that such an extension is necessary for the Litigation Trust to complete its  
28 liquidating purpose. The Litigation Trust Agreement also will limit the investment powers of the

1 Litigation Trustee in accordance with IRS Rev. Proc. 94-45 and will require the Litigation Trust  
2 to distribute at least annually to the Litigation Trust Beneficiaries (as such may have been  
3 determined at such time) its net income (net of any payment of or provision for Taxes), except for  
4 amounts retained as reasonably necessary to maintain the value of the Litigation Trust Assets.

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

6 On the Effective Date, except as otherwise provided in the Plan, all Purchased Assets shall  
7 vest in Buyer free and clear of all Liens and Claims, including, without limitation, all real and  
8 personal Property, all Retained Causes of Action purchased by the Buyer, interests, claims,  
9 choses in action, and all rights under any contracts assumed hereunder (executory or otherwise),  
10 against any Person. On the Effective Date, except as otherwise provided in the Plan, all Retained  
11 Causes of Action not purchased by the Buyer shall vest in the Liquidating Debtor free and clear  
12 of all Liens and Claims. On the Effective Date, except as otherwise provided in the Plan, all  
13 Trust Causes of Action and other Litigation Trust Assets shall vest in the Litigation Trust free and  
14 clear of all Liens and Claims.

15 **G. Amendment of Operating Agreement**

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

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

24 Pursuant to Bankruptcy Code section 1146(a), any transfers of property pursuant to the  
25 Plan shall not be subject to any stamp, real estate transfer, sales, use tax or other similar state or  
26 local tax or governmental assessment in the United States, and the Confirmation Order shall  
27 direct and be deemed to direct the appropriate state or local governmental officials or agents to  
28 forego the collection of any such tax or governmental assessment and to accept for filing and



1 recordation instruments or other documents pursuant to such transfers of property without the  
2 payment of any such tax or governmental assessment.

3 **I. Preservation of Causes of Action**

4 **1. Retained Causes of Action**

5 With respect to Causes of Action not released by this Plan, the Debtor reserves and  
6 conveys to Buyer, and the Bankruptcy Court's Confirmation Order will be deemed to authorize,  
7 Buyer to pursue all rights in and to all Retained Causes of Action and defenses sold or assigned to  
8 Buyer whenever arising, whether arising from the pre-Petition Date or post-Petition Date periods,  
9 including, without limitation, all Causes of Action or defenses that arose in the ordinary course of  
10 business from the operation of the Debtor's businesses or relate to alleged or asserted secured  
11 claims against the Property. Retained Causes of Action do not include any insurance contracts or  
12 proceeds relating to Causes of Action transferred to the Litigation Trust. A Retained Cause of  
13 Action shall be the property of Buyer if sold or assigned to Buyer under the Asset Purchase  
14 Agreement or Buyer's Bid Contract and shall be property of the Liquidating Debtor if not so sold  
15 or assigned. If there is a dispute as to what is a Retained Cause of Action and what is a Trust  
16 Cause of Action, such dispute shall be decided by the Court upon notice and motion.

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

Claim	Potential Counterparty (if known)
21 Claims that arose in the ordinary course of business 22 from the operation of the Debtor's businesses including Causes of Action and defenses related to accounts receivable and accounts payable	
23 Claims that arose in the ordinary course of business 24 from the operation of the Debtor's businesses including Causes of Action and defenses related to construction or renovation of the Real Property	
25 Claims that arose in the ordinary course of business 26 from the operation of the Debtor's businesses including Causes of Action and defenses related to 27 violations of any confidentiality provision, non- 28 compete provision, non-solicitation provision, or any similar restrictive covenant	

Claim	Potential Counterparty (if known)
Claims that arose in the ordinary course of business from the operation of the Debtor's businesses including Causes of Action and defenses related to insurance contracts	
Claims that arose in the ordinary course of business from the operation of the Debtor's businesses including Causes of Action and defenses related to security deposits or any other type of deposit or collateral	
Claims that arose in the ordinary course of business from the operation of the Debtor's businesses including Causes of Action and defenses related to assumed Executory Contracts or Unexpired Leases	
Claims arising out of that certain Exchange Agreement concerning the Fairwinds Estate	Paul and Evy Paye, LLC or their successors or assigns
Claims for setoff or recoupment	
Claims for avoidance of liens and security interests	

Liquidating Debtor, in its sole and absolute discretion, shall determine whether to bring, 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 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 Retained Cause of Action against them as any indication that Buyer or Liquidating Debtor will not pursue any and all available Retained Causes of Action against them. Liquidating Debtor expressly reserves all rights to prosecute any and all Retained Causes of Action against any Person except at otherwise provided in the Plan.** Unless any Retained 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, Liquidating Debtor expressly reserves all Retained Causes of Action retained by the Liquidating Debtor 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 Retained Causes of Action upon, after, or as a consequence of Confirmation or the Effective Date of the Plan.

1           **2. Trust Causes of Action**

2           Except as released by the Plan, the Debtor reserves and conveys to the Litigation Trust,  
 3 and the Bankruptcy Court's Confirmation Order will be deemed to authorize, the Litigation  
 4 Trustee to pursue all rights in and to all Trust Causes of Action and defenses whenever arising,  
 5 whether arising from the pre-Petition Date or post-Petition Date periods, including, without  
 6 limitation, all claims unfair or deceptive business practice, fraud, fraud in the inducement, tort,  
 7 theft of trade secrets, misappropriation, duress, fraudulent transfer, avoidance, unjust enrichment,  
 8 breach of contract, setoff, or otherwise against all Persons against whom the Debtor has any such  
 9 Causes of Action, provided, however, that the Trust Causes of Action shall not include any claims  
 10 against Holders of Secured Claims, including but not limited to Hall, Ladera, or Penta. After the  
 11 Effective Date, the proceeds of all such Trust Causes of Action shall belong solely to the  
 12 Litigation Trust. Further, the Proponent believes it will be the Litigation Trustee's intent to  
 13 prosecute all such Trust Causes of Action. All such Trust Causes of Action shall include, without  
 14 limitation, the following:

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	
Any claims for preferential or fraudulent transfers against insiders arising under chapter 5 of the Bankruptcy Code or their state law analogs that existed as of the Effective Date of the Plan	
Any related claims that could be asserted against insiders for preferential or fraudulent transfers including, for example, breach of fiduciary duty or breach of the duty of loyalty	
Any claims against insiders relating to inadequate funding of the project, including misappropriation or diversion of funds, or similar claims	

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

15 **J. No Election Under Section 1111(b)**

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

20 **K. Dissolution of the Debtor**

21 Before filing the motion seeking approval of a final decree closing the case, the Plan  
22 Administrator may, but is not required to take the steps reasonably required to formally dissolve  
23 the Debtor under Nevada Law, and shall have the power and authority to do so without the  
24 consent or endorsement of its sole member, Cal Neva.

25 **L. Permanent Satisfaction**

26 The rights afforded in the Plan, and the treatment of all Claims and Interests set forth  
27 herein, shall be in full exchange for, and in complete satisfaction of, all Claims and Interests of  
28 any kind or nature whatsoever, whether known or unknown, matured or contingent, liquidated or

1 unliquidated, existing, arising or accruing, whether or not yet due, prior to the Effective Date,  
2 including without limitation any Claims, or interest on Claims, accruing on or after the Petition  
3 Date, against the Debtor or any of the assets or property thereof, provided that such satisfaction  
4 does not affect any party's rights under the Plan.

5 **SECTION SIX**

6 **DISTRIBUTIONS TO CREDITORS**

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

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

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

22 On the Effective Date or as soon as practicable thereafter, all distributions under the Plan  
23 shall be made by the Plan Administrator, except that the Litigation Trustee, or its Third Party  
24 Disbursing Agent, shall make distributions with respect to the Litigation Trust to Litigation Trust  
25 Beneficiaries. The Plan Administrator shall not be required to give any bond or surety or other  
26 security for the performance of its duties.

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

28 1. Delivery of Distributions. Except as otherwise provided in the Plan, the Plan

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

7 2. Undeliverable Distributions and Unclaimed Property.

8 (i) *Failure to Claim Undeliverable Distributions:* Creditors have the  
9 obligation to file change of address forms with the Court and to serve such changes of address on  
10 the Plan Administrator and its counsel. If a Creditor fails to claim any distribution of Cash within  
11 90 days from the date upon which a distribution is made, such Creditor shall be subject to having  
12 its claim excluded from future distributions. The Plan Administrator may but is not required to  
13 file and notice an omnibus motion seeking to exclude such Creditors from future distributions and  
14 shall serve such Creditors at: (a) the address for service of process for such Creditors as listed on  
15 the Nevada Secretary of State web site, if any; (b) the addresses on Creditors' proofs of Claim, if  
16 any; (c) the addresses scheduled by the Debtor for such Creditors, if any; and (d) any addresses  
17 supplied by Creditors in the last change of address filed with the Court, if any. Upon Court  
18 approval of the subject Creditors' forfeiture, such Cash (including interest thereon) shall be made  
19 available for re-distribution to other holders of Allowed Claims of like Class. After disallowance  
20 such Creditors shall forfeit their rights thereto and shall have no claim whatsoever against the  
21 Liquidating Debtor or the Plan Administrator, as applicable, or any holder of an Allowed Claim  
22 to whom distributions are made under this Plan. If the Plan Administrator elects based on its  
23 business discretion that the cost of filing such a motion to exclude Creditors does not reasonably  
24 exceed the benefit to other Creditors from such a motion, the Plan Administrator may  
25 alternatively treat such returned distributions as unclaimed funds under Section VII.D. of the  
26 Plan.

27 (ii) *Failure to Present Checks:* Checks issued by the Plan Administrator on account of  
28 Allowed Claims shall be null and void if not negotiated within ninety (90) days after the issuance

1 of such check. Requests for reissuance of any check shall be made directly to the Plan  
2 Administrator by the Holder of the relevant Allowed Claim with respect to which such check  
3 originally was issued.

4 **D. Disputed Payments**

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

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

11 Notwithstanding any other provision of this Plan, at the point when the remaining funds in  
12 the Claims Reserve Account consist of an amount impracticable to distribute, the Plan  
13 Administrator may (i) donate such Cash to Boy Scouts of America, or, if Boy Scouts of America  
14 is no longer in existence, a similar nonprofit organization or organizations in this judicial district  
15 that are exempt pursuant to section 501(c) of the Internal Revenue Code (Title 26 of the United  
16 States Code), or (ii) lodge with the Bankruptcy Court such sums as unclaimed funds under 11  
17 U.S.C. § 347, and the Court Clerk shall accept such funds notwithstanding that this case is a  
18 Chapter 11 case.

19 **F. Compliance with Tax Requirements**

20 In connection with the Plan and the Litigation Trust Agreement, to the extent applicable,  
21 the Plan Administrator, the Litigation Trustee and any Third Party Disbursing Agent shall comply  
22 with all tax withholding and reporting requirements imposed upon it by any governmental unit,  
23 and all distributions pursuant to the Plan shall be subject to such withholding and reporting  
24 requirements. Notwithstanding the above, each Holder of an Allowed Claim that is to receive a  
25 distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and  
26 payment of any taxes imposed on such Holder by any governmental unit, including income,  
27 withholding and other tax obligations, on account of such distribution. The Plan Administrator  
28 has the right, but not the obligation, not to make a distribution until such Holder has made

1 arrangements satisfactory to the Plan Administrator for payment of any such withholding tax  
2 obligations and, if the Plan Administrator fails to withhold with respect to any such Holder's  
3 distribution, and is later held liable for the amount of such withholding, the Holder shall  
4 reimburse the Plan Administrator. Notwithstanding any provision in the Plan to the contrary,  
5 each of the Plan Administrator, the Litigation Trustee or Third Party Disbursing Agent as  
6 applicable shall be authorized to take all actions necessary or appropriate to comply with such  
7 withholding and reporting requirements, including liquidating a portion of the distribution to be  
8 made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding  
9 distributions pending receipt of information necessary to facilitate such distributions, or  
10 establishing any other mechanisms it believes are reasonable and appropriate. The Plan  
11 Administrator may require, as a condition to the receipt of a distribution, that the Holder complete  
12 the appropriate Form W-8 or Form W-9, as applicable to each Holder. If the Holder fails to  
13 comply with such a request within six months, such distribution shall be deemed an unclaimed  
14 distribution. Finally, the Plan Administrator reserves the right to allocate all distributions made  
15 under the Plan in compliance with all applicable wage garnishments, alimony, child support, and  
16 other spousal awards, Liens, and encumbrances.

17 **G. De Minimis Distributions**

18 Notwithstanding any other provision of this Plan, interim distributions of less than  
19 \$250.00 and a final distribution of less than \$50.00 need not be made by the Liquidating Debtor  
20 on account of any Allowed Claim, provided that, the amount of such de minimis distributions that  
21 would otherwise be made but for this provision shall be reserved as in the same manner as  
22 reserves for Disputed Claims in Section VII.A.3 of the Plan, and shall carry over until the next  
23 date of a distribution until the cumulative amount to which any holder of an Allowed Claim is  
24 entitled is more than \$250.00, at which time the cumulative amount of such distributions shall be  
25 paid to such holder of the subject Claim. Distributions that will not be made as of the date of a  
26 final distribution shall be treated as unclaimed funds as provided in Section VII.D. of the Plan.

27 **H. Setoffs and Recoupment**

28 Nothing contained in the Plan shall constitute a waiver or release by the Debtor of any



1 right of setoff or recoupment that the Debtor or the Liquidating Debtor may have against any  
2 Creditor or Interest Holder.

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

7 **SECTION SEVEN**

8 **THE CLAIMS RESOLUTION PROCESS**

9 **A. Resolution of Disputed Claims**

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

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

24 3. Disputed Claims Reserve.

25 (i) *Disputed Claims Reserve:* On the Effective Date or as soon as practicable  
26 thereafter, the Debtor or Liquidating Debtor, as applicable, shall deposit into the Disputed Claims  
27 Reserve the amount of Cash that would have been distributed to Holders of all Disputed Claims  
28 as if such Disputed Claims had been Allowed on the Effective Date, with the amount of such

1 Allowed Claims to be determined, solely for the purpose of establishing reserves and for  
2 maximum distribution purposes, to be the lesser of (i) the asserted amount of the Disputed Claim  
3 filed with the Bankruptcy Court, or if no Proof of Claim was filed, listed by the Debtor in the  
4 schedules filed by the Debtor, (ii) the amount, if any, estimated by the Bankruptcy Court pursuant  
5 to Bankruptcy Code section 502(c), and (iii) the amount otherwise agreed to by the Debtor or  
6 Liquidating Debtor, as applicable, and the Holder of such Disputed Claim for reserve purposes.

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

13 4. Prosecution of Objections to Claims. Except as otherwise specifically provided in  
14 the Plan and in the Litigation Trust Agreement, the Debtor, prior to and on the Effective Date, or  
15 Liquidating Debtor, after the Effective Date, shall have the exclusive authority to file objections  
16 to Claims or settle, compromise, withdraw or litigate to judgment objections to any and all  
17 Claims, regardless of whether such Claims are in a Class or otherwise. From and after the  
18 Effective Date, Liquidating Debtor may settle or compromise any Disputed Claim without any  
19 further notice to or action, order or approval of the Bankruptcy Court. From and after the  
20 Effective Date, Liquidating Debtor shall have the sole authority to administer and adjust the  
21 claims register to reflect any such settlements or compromises without any further notice, action,  
22 order, or approval of the Bankruptcy Court.

23 Liquidating Debtor and the Litigation Trustee shall work in good faith to preserve all  
24 Causes of Action not purchased by Buyer. If there is a dispute as to how to preserve any Cause of  
25 Action, such dispute shall be decided by the Court upon notice and motion.

26 5. Claims Estimation. The Debtor, prior to and on the Effective Date, or Liquidating  
27 Debtor, after the Effective Date, may request that the Bankruptcy Court estimate any contingent  
28 or unliquidated claim to the extent permitted by Bankruptcy Code section 502(c) regardless of

1 whether the Debtor or Liquidating Debtor has previously objected to such Claim or whether the  
2 Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall have  
3 jurisdiction to estimate any Claim at any time during litigation concerning any objection to such  
4 Claim, including during the pendency of any appeal relating to any such objection.

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

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

13 **B. Disallowance of Claims**

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

22 EXCEPT AS OTHERWISE AGREED BY THE DEBTOR OR LIQUIDATING  
23 DEBTOR, AS APPLICABLE, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE  
24 CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE  
25 EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR  
26 APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY  
27 NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH  
28 LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A FINAL ORDER OF THE

1 BANKRUPTCY COURT.

2 **C. Amendments to Claims**

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

7 **SECTION EIGHT**

8 **EFFECTS OF CONFIRMATION**

9 **A. Binding Effect of Plan**

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

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

17 Upon the Effective Date, title to all Estate Assets shall vest in the Liquidating Debtor for  
18 the purposes contemplated under the Plan and section 1123(b)(3) shall be deemed satisfied in all  
19 respects. All Unsecured Claims against the Debtor or the Estate shall be of no further force or  
20 effect except with respect to the rights of holders of Allowed Claims to receive payments or  
21 distributions as set forth herein. Following the Effective Date, the Liquidating Debtor may use,  
22 acquire or dispose of any such property free of any restrictions imposed by the Bankruptcy Court,  
23 the Bankruptcy Code or the Bankruptcy Rules and without further approval of the Bankruptcy  
24 Court or notice to Creditors, except as may otherwise be required under the Plan or the  
25 Confirmation Order. Except as otherwise expressly provided in the Plan or Confirmation Order,  
26 all rights or causes of action are hereby preserved and retained for enforcement solely and  
27 exclusively by and at the discretion of the Liquidating Debtor.

28

1 **C. Injunction**

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

8 **D. Release**

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

16 **E. No Discharge**

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

19 **F. Limitation of Liability**

20 The Debtor, the Proponent, the Buyer, the Committee, their officers and directors or other  
21 representatives, each of the respective professionals of the foregoing and, effective upon approval  
22 of such Professional's final fee applications in this Bankruptcy Case, the Debtor's and  
23 Committee's Professionals (collectively, the "Exculpated Parties"), will neither have nor incur  
24 any liability to any entity for any Official Actions in good faith taken or omitted to be taken in  
25 connection with or related to the Case, the investigations of potential claims or the formulation,  
26 preparation, dissemination, implementation, Confirmation or consummation of the Plan, the  
27 Disclosure Statement, or any agreement created or entered into in connection with the Plan or  
28 incident to the Case, provided that, the foregoing shall not exonerate any of the Exculpated

1 Parties from any liability that results from an act or omission to the extent such act or omission is  
2 determined by Final Order to have constituted gross negligence or willful misconduct. In  
3 addition, notwithstanding any other provision of this Plan, no holder of a Claim or Interest, no  
4 other party in interest, none of their respective agents, employees, representatives, financial  
5 advisors, attorneys or affiliates, and no successors or assigns of the foregoing, shall have any right  
6 of action against any Exculpated Party for any Official Actions made in good faith from and after  
7 the Petition Date through the Confirmation Date in connection with, relating to or arising out of  
8 the Case or the consideration, formulation, preparation, dissemination, implementation,  
9 Confirmation or consummation of the Plan, the Disclosure Statement, or any transaction or  
10 document created or entered into, or any other act taken or omitted to be taken, in connection  
11 therewith, except for: (a) the liability of any Exculpated Party that would otherwise result from  
12 the failure to perform or pay any obligation or liability under the Plan or any contract, instrument,  
13 release or other agreement or document to be entered into or delivered in connection with the  
14 Plan, (b) the liability of any Exculpated Party that would otherwise result from any such act or  
15 omission to the extent that such act or omission is determined in a Final Order to have constituted  
16 gross negligence or willful misconduct, and (c) actions taken by Exculpated Parties who are  
17 holders of a Claim and are taking actions in pursuit of the allowance or payment of such Claim.

18 **SECTION NINE**

19 **CONDITIONS PRECEDENT TO CONFIRMATION**

20 **AND EFFECTIVE DATE OF THE PLAN**

21 **A. Conditions Precedent to Confirmation**

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

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

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

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

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

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

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

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

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

23 **C. Waiver of Conditions**

24 To the extent practicable and legally permissible, each of the conditions precedent in this  
25 Section may be waived, in whole or in part, by the Proponent. Any such waiver of a condition  
26 precedent may be effected at any time by filing a notice thereof with the Bankruptcy Court  
27 executed by the Proponent.  
28

1 **D. Effective Date**

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

4 **E. Failure of Effective Date**

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

10 **SECTION TEN**

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

12 **A. Modification and Amendments**

13 The Proponent may amend, modify, or supplement the Plan pursuant to Bankruptcy Code section  
14 1127(a) at any time prior to the Confirmation Date. After the Confirmation Date, but prior to the  
15 Effective Date of the Plan, the Proponent may amend, modify, or supplement the Plan without  
16 further order of the Bankruptcy Court to remedy any defect or omission or reconcile any  
17 inconsistencies in the Plan or the Confirmation Order.

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

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

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

23 The Proponent reserves the right to revoke or withdraw the Plan prior to the Confirmation  
24 Date and to file subsequent chapter 11 plans. If the Proponent revokes or withdraws the Plan, or  
25 if Confirmation or the Effective Date does not occur, then: (i) the Plan shall be null and void in all  
26 respects; (ii) any settlement or compromise embodied in the Plan, assumption or rejection of  
27 executory contracts or unexpired leases effected by the Plan, and any document or agreement  
28 executed pursuant to the Plan shall be deemed null and void except as may be set forth in a



1 separate order entered by the Bankruptcy Court; and (iii) nothing contained in the Plan shall  
2 constitute a waiver or release of any Claims by or against, or any Interests in, the Debtor, Ladera,  
3 or any other Person, prejudice in any manner the rights of the Debtor, Ladera, or any other  
4 Person, or constitute an admission, acknowledgement, offer, or undertaking of any sort by the  
5 Debtor, Ladera or any other Person.

6 **SECTION ELEVEN**

7 **RETENTION OF JURISDICTION**

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

- 12 1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority,  
13 secured, or unsecured status, or amount of any Claim or Interest, including the  
14 resolution of any request for payment of any Administrative Claim, including  
15 Claims of a Professional for services rendered to the Debtor or any Committee,  
16 and the resolution of any and all objections to the secured or unsecured status,  
17 priority, amount, or allowance of Claims or Interests;
- 18 2. decide and resolve all matters related to the granting and denying, in whole or in  
19 part, any applications for allowance of compensation or reimbursement of  
20 expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;
- 21 3. resolve any matters related to: (i) the assumption, assumption and assignment, or  
22 rejection of any executory contract or unexpired lease to which the Debtor is party  
23 or with respect to which the Debtor may be liable, and the hearing, determination,  
24 and, if necessary, liquidation of any Claims arising therefrom, including cure  
25 claims pursuant to Bankruptcy Code section 365; (ii) any potential contractual  
26 obligation under any executory contract or unexpired lease that is assumed; and  
27 (iii) any dispute regarding whether a contract or lease is or was executory or  
28 expired;
- 29 4. ensure that distributions to Holders of Allowed Claims and Interests are  
30 accomplished pursuant to the provisions of the Plan;
- 31 5. adjudicate, decide, or resolve any motions, adversary proceedings, Causes of  
32 Action, contested or litigated matters, and any other matters, and grant or deny any  
33 applications involving the Debtor that may be pending on the Effective Date or  
34 brought thereafter, including but not limited to the litigation of any Cause of  
35 Action by the Litigation Trust or Liquidating Debtor after the Effective Date of the  
36 Plan;
- 37 6. adjudicate, decide, or resolve any and all matters related to Bankruptcy Code  
38 sections 1141 and 1145;

- 1 7. enter and implement such orders as may be necessary or appropriate to execute,  
2 implement, or consummate the provisions of the Plan and all contracts,  
3 instruments, releases, indentures, and other agreements or documents created in  
4 connection with the Plan or the Disclosure Statement;
- 5 8. implement, interpret, or enforce any and all matters relating to the Confirmation  
6 Order;
- 7 9. enter and enforce any order pursuant to Bankruptcy Code sections 363, 1123, or  
8 1146(a) for the sale of property;
- 9 10. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise  
10 in connection with the Effective Date, interpretation, or enforcement of the Plan or  
11 any Person's obligations in connection with the Plan;
- 12 11. issue injunctions, enter and implement other orders, or take such other actions as  
13 may be necessary or appropriate to restrain interference by any Person with the  
14 Effective Date or enforcement of the Plan;
- 15 12. resolve any cases, controversies, suits, disputes, or Causes of Action with respect  
16 to the releases, injunctions, and other provisions contained in Article IX of the  
17 Plan and enter such orders as may be necessary or appropriate to implement such  
18 releases, injunctions, and other provisions;
- 19 13. enter and implement such orders as are necessary or appropriate if the  
20 Confirmation Order is for any reason modified, stayed, reversed, revoked, or  
21 vacated;
- 22 14. enter an order or final decree concluding or closing the Case;
- 23 15. adjudicate any and all disputes arising from or relating to distributions under the  
24 Plan;
- 25 16. consider any modifications of the Plan, to cure any defect or omission, or reconcile  
26 any inconsistency in any Bankruptcy Court order, including the Confirmation  
27 Order;
- 28 17. determine requests for the payment of Administrative Claims or Claims entitled to  
priority pursuant to Bankruptcy Code section 507;
18. 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;
19. hear and determine matters in accordance with Bankruptcy Code sections 346,  
505, and 1146;
20. hear and determine all disputes involving the existence, nature, or scope of the  
Debtor's discharge, including any dispute relating to any liability arising out of the  
termination of employment or the termination of any employee or retiree benefit  
program, regardless of whether such termination occurred prior to or after the  
Effective Date;
21. enforce all orders previously entered by the Bankruptcy Court; and

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

2 **SECTION TWELVE**

3 **MISCELLANEOUS PLAN PROVISIONS**

4 **A. Additional Documents**

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

8 **B. Dissolution of Committee**

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

17 **C. Governing Law**

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

21 **D. Reservation of Rights**

22 Except as otherwise provided in the Plan, the Plan shall have no force or effect unless the  
23 Bankruptcy Court enters the Confirmation Order. None of the filing of the Plan, any statement or  
24 provision contained in the Plan, or the taking of any action by the Proponent or the Debtor with  
25 respect to the Plan or the Disclosure Statement shall be or shall be deemed to be an admission or  
26 waiver of any rights of the Debtor with respect to the Holders of Claims or Interests prior to the  
27 Effective Date.

28

1 **E. Successors and Assigns**

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

6 **F. Further Assurances**

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

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

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

18 **H. Entire Agreement**

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

22 **I. Exhibits and Related Documents**

23 All exhibits and documents filed in relation to the Plan are incorporated into and are a part  
24 of the Plan as if set forth in full in the Plan. After any exhibits and documents are filed, copies of  
25 such exhibits and documents shall be available upon written request to the Proponent's counsel at  
26 the address above or the Bankruptcy Court's website, <http://www.nvb.uscourts.gov> (a PACER  
27 login and password are required to access documents on the Bankruptcy Court's website).  
28

1 **J. Severability of Plan Provisions**

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

13 **K. Waiver or Estoppel Conflicts**

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

20 **L. Conflicts**

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

25 **SECTION THIRTEEN**

26 **RISK FACTORS**

27 Holders of Claims should read and consider carefully the factors set forth below, as well  
28 as the other information set forth in this Disclosure Statement (and the documents delivered

1 together herewith and/or incorporated by reference herein), prior to voting to accept or reject the  
2 Plan.

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

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

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

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

22 **SECTION FOURTEEN**

23 **ALTERNATIVES TO CONFIRMATION OF THE PLAN**

24 If the Plan is not confirmed by the Bankruptcy Court and consummated, the alternatives to  
25 the Plan include (a) the liquidation of the Debtor under Chapter 7 of the Bankruptcy Code, (b) an  
26 alternative Plan under Chapter 11 of the Bankruptcy Code, or (c) relief from the automatic stay to  
27 secured creditors and the loss of the Debtor’s assets through to foreclosure.

28

1 **A. Liquidation Under Chapter 7**

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

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

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

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

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

26 Accordingly, the Proponent believes that the Plan provides for a greater and significantly  
27 more expeditious administration of this Chapter 11 Case, will result in a higher percentage return  
28 to the Allowed Claims of the general unsecured Creditors, and will allow for a more prompt

1 completion of this case in a manner consistent with the desires of Creditors and parties in interest.

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

5 **B. Alternative Plan**

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

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

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

18 **SECTION FIFTEEN**

19 **GENERAL OVERVIEW OF CHAPTER 11**

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

28 Chapter 11 does not require each holder of a claim or interest to vote in favor of the plan



1 in order for the Bankruptcy Court to confirm the plan. However, the plan must be accepted by  
2 the holders of at least one class of claims that is impaired without considering the votes of  
3 “insiders” within the meaning of the Bankruptcy Code.

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

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

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

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

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

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

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

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

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

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

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

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

24 Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by an impaired class  
25 of claims as acceptance by holders of at least two-thirds in dollar amount, and more than one-half  
26 in number, of the claims of that class that actually cast ballots. An impaired class of holders of  
27 equity securities shall have accepted the plan if the plan is accepted by at least two-thirds in  
28 amount of the allowed equity securities of such class held by holders of such equity securities.

1 11 U.S.C. § 1126(d).

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

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

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

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

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

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

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

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

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

5           In addition, the following tabulation rules (the “Tabulation Rules”) will be used for the  
6 tabulation of Ballots:

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

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

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

14           4.       Only ballots that are timely received with signatures will be counted. Unsigned  
15 ballots will not be counted.

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

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

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

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

25           **IN ORDER TO BE COUNTED, EXCEPT TO THE EXTENT THE PROPONENT**  
26 **SO DETERMINES OR AS PERMITTED BY THE BANKRUPTCY COURT PURSUANT**  
27 **TO FEDERAL RULE OF BANKRUPTCY PROCEDURE 3018, BALLOTS MUST BE**  
28 **SIGNED AND RETURNED SO THAT THEY ARE ACTUALLY RECEIVED NO LATER**

1 **THAN 4:00 P.M. (PREVAILING NEVADA TIME) ON AUGUST \_\_, 2017, AT THE**  
2 **FOLLOWING ADDRESS:**

3 Felderstein Fitzgerald Willoughby & Pascuzzi LLP  
4 Attn: Karen L. Widder  
5 400 Capitol Mall, Suite 1750  
6 Sacramento, CA 95814

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

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

17 **SECTION SIXTEEN**

18 **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

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

23 **SECTION SEVENTEEN**

24 **ABSOLUTE PRIORITY RULE AND CRAM DOWN**

25 The Proponent has crafted the Plan to follow the Bankruptcy Code Distribution Priorities.  
26 As such, the Proponent believes that the Plan does not violate the "absolute priority rule" and if a  
27 Class of Creditors does not vote to accept the Plan, it may be "crammed down" and confirmed  
28 notwithstanding such rejection.

**SECTION EIGHTEEN**

**CONCLUSION AND RECOMMENDATION**

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

Dated: July 24, 2017

LADERA DEVELOPMENT, LLC

By: /s/ James Pickett

JAMES PICKETT

Its: Managing Member

Attorneys for Ladera Development, LLC

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# EXHIBIT A

AMENDED PLAN OF LIQUIDATION  
DATED JULY 5, 2017

BEING FILED SEPARATELY

**Exhibit B  
Secured Claims**

<b>Name</b>	<b>Scheduled Amount</b>	<b>Proof of Claim Amount</b>	<b>Claim Status</b>
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

<b>Name</b>	<b>Scheduled Amount</b>	<b>Proof of Claim Amount</b>
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

<b>Name</b>	<b>Scheduled Amount</b>	<b>Proof of Claim Amount</b>
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

<b>Name</b>	<b>Scheduled Amount</b>	<b>Proof of Claim Amount</b>
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

<b>Name</b>	<b>Scheduled Amount</b>	<b>Proof of Claim Amount</b>
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