

1           • did the Original Plan satisfy the requirements of the Bankruptcy Code relating to  
2           individual Chapter 11 debtors.

3 (collectively, the "Confirmation Issues"). The Issues Stipulation also set forth a briefing schedule  
4 to file the cross-motions and an expedited appeal process. On May 14, 2009, the Court entered an  
5 order approving the Issues Stipulation and setting a hearing on the cross-motions on June 25,  
6 2009.

7           On May 28, 2009, both the Debtors and the Committee filed motions addressing the  
8 Confirmation Issues (the "Confirmation Cross-Motions"). The Court considered both  
9 Confirmation Cross-Motions at a hearing on June 25, 2009. After hearing arguments from  
10 counsel for the Debtors and the Committee, the Court requested supplemental briefing on the issue  
11 of substantive consolidation and set a further hearing on August 13, 2009.

12                           n.           The Mediation

13           While the Confirmation Cross-Motions were pending, the Debtors and the Committee  
14 continued to negotiate in an effort to resolve certain issues, including the Confirmation Issues, and  
15 move forward with a consensual plan of reorganization. In an effort to finally resolve these issues,  
16 in July 2009, the Debtors and the Committee commenced a mediation. Over the next two months,  
17 the Debtors and the Committee continued to meet with the mediator and worked diligently to  
18 reach a resolution on the disputed issues. These efforts resulted in the Debtors and the Committee  
19 entering into the Term Sheet ~~resolving all remaining issues between the parties. The parties~~  
20 ~~have also negotiated the terms of, which formed the basis for further negotiations to agree to~~  
21 a series of documents which implement the Plan terms of agreed to by the Term Sheet Debtors  
22 and the Committee, as described in greater detail in ~~Section~~section III.F of this Disclosure  
23 Statement.

24           The terms ~~of agreed to by the Term Sheet Debtors and the Committee~~ are incorporated  
25 into the Plan and, as a result, the Committee supports confirmation of the Plan.

26                           o.           Sale of Condominium in Aspen, Colorado

27           On October 27, 2009, Fasching Haus East Condominium Association ("Fasching Haus")  
28 filed a motion for relief from stay to foreclose on a condominium owned by Gianulias and located

1 at 747 S Galena Street, #340, Aspen, Colorado 81611 (the "Fasching Haus Property"). Following  
2 negotiations among the parties, Gianulias and Fasching Haus entered into a stipulation resolving  
3 the motion for relief from stay and clarifying the treatment of the secured claim of Fasching Haus  
4 under the Plan.

5 Subsequently, on January 22, 2010, Gianulias filed a motion to employ BJ\*Adams and  
6 Company as broker in order to sell the Fasching Haus Property. Gianulias seeks to sell the  
7 Fasching Haus Property for an amount sufficient to pay all of the secured creditors in full or  
8 substantially in full, including Fasching Haus. ~~The~~On February 26, 2010, the Court ~~has not yet~~  
9 entered an order authorizing Gianulias to employ the broker.

10 **2. The Debtors' Current and Historical Financial Data**

11 The identity and liquidation values of the Debtors' assets are listed in the Liquidation  
12 Analysis which is attached to this Disclosure Statement as Exhibit "3." Copies of statements of  
13 financial condition of the Debtors for the years 2005, 2006, and 2007 are attached as Exhibit "6."  
14 In addition, the Debtors' most recent Monthly Operating Reports filed with the United States  
15 Trustee are attached as part of Exhibit "6." All other Operating Reports filed by the Debtors  
16 during these Cases can be obtained by contacting the United States Trustee.

17 The Debtors' current sources of cash include income from operations and the proceeds  
18 from the liquidation of assets.

19 **3. Claims.**

20 a. Bar Date

21 The Bankruptcy Court set November 11, 2008,<sup>4</sup> as the deadline for Filing proofs of Claims  
22 against the Debtors.

23 b. Proofs of Claim Filed

24 As of October 19, 2009, there were 62 proofs of claim filed against James C. Gianulias  
25 asserting aggregate claims in the amount of approximately \$178 million, and 39 proofs of claim  
26 filed against Cameo Homes asserting aggregate claims in the amount of approximately \$121  
27 million, for total aggregate claims of approximately \$299 million. Secured Claims accounted for

28 <sup>4</sup> The bar date for claims of governmental units was December 29, 2008.

1 approximately \$31 million of this amount; Priority Claims accounted for approximately \$285,000  
2 of this amount; and General Unsecured Claims accounted for approximately \$268 million of this  
3 amount. The Debtors estimate that Allowed General Unsecured Claims will total approximately  
4 \$242 million after the claims objection process has been completed.

5 c. Claims Filed Against the Debtors

6 The Debtors have reviewed their books and records and the Proofs of Claims Filed in these  
7 Cases and preliminarily estimates that, as of the Petition Date, the following Claims existed  
8 against the Debtors' estate (grouped by type of Claim):<sup>5</sup>

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<sup>5</sup> The Debtors have not completed their analysis of proofs of claim. Accordingly, notwithstanding the preliminary estimate for Claims set forth herein, the Debtors reserve any and all of their rights to dispute and/or object to the Claims filed in the Case.

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<u>Type of Claim</u>	<u>Amount of Claim</u> <sup>6</sup>
Secured Claims of Pacific Mercantile	\$3,007,750
Secured Claim of Wells Fargo on Account of the Colorado Note	\$256,714
Secured Claims of Wells Fargo on Account of the Hawaii Note	\$4,007,735
Secured Claims of National Bank	\$506,600
Secured Claims of Robbins	\$4,200,000
Secured Claims of Gus Gianulias	\$2,550,000
Secured Claims of Countrywide	\$472,500
Secured Claims of Chase	\$625,623
Other Secured Claims	\$0 (there are no known claims in this Class)
Priority Claims	\$0
Gap Claims	\$34,426
Priority Tax Claims	\$30,254
General Unsecured Claims	\$229,024,389
Inter-Debtor Claims	\$18,613,881
Subordinated Claims	\$0

**Notwithstanding anything set forth herein, the Debtors before the Effective Date and the Reorganized Debtors and/or the Creditors' Trust Trustee after the Effective Date, reserve any and all rights to object to or defend against any Claims asserted against the Debtors.**

d. Claim Objections

As provided by the Plan, the Debtors or the Creditors' Trust Trustee (with respect to General Unsecured Claims) may file objections to Claims within the 60-day period following the Effective Date. Subject to the Plan, the Debtors and the Creditors' Trust Trustee reserve any and all rights with respect to seeking the allowance or disallowance of any and all Claims, including Claims not referenced in the Disclosure Statement. In voting on the Plan, Creditors may not rely

<sup>6</sup> These amounts represented the aggregate *asserted* claim amounts, and do not take into account whether particular Claims are allowable (e.g., whether there is sufficient collateral value to support allowance of a secured claim), nor do these figures take into account whether the Debtors may have valid objections to the Claims. The amount of the Claims as of the Effective Date may be lower based on post-petition payments on secured claims.

1 on the absence of an objection to their proofs of claim or estimates as to the amount of any Claims  
2 or Classes of Claims as any indication that the Debtors or the Creditors' Trust Trustee ultimately  
3 will not object to the amount, priority, security, or allowability of their Claims. Moreover, the  
4 Debtors and the Creditors' Trust Trustee reserve, and intend to prosecute, all appropriate  
5 objections to Claims and counterclaims they may have with respect to Claims asserted against the  
6 Debtors, and, except as specifically set forth in the Plan, further reserve, and intend to prosecute,  
7 claims of the Debtors and the estate (including rights to affirmative recovery, rights to subordinate  
8 claims, and rights to avoid transfers).

9 **4. Avoidance Actions**

10 Payments made by the Debtors within 90 days and one-year of the Petition Date may be  
11 recoverable under Bankruptcy Code section 547 as preferential transfers. Relevant portions of the  
12 Debtors' Statement of Financial Affairs disclosing certain transfers made within 90 days and one-  
13 year of the Petition Date are attached hereto as Exhibit "5." The Debtors have conducted a  
14 preliminary evaluation of potential claims to recover transfers made within 90 days or one-year of  
15 the Petition Date, as well as potential fraudulent transfer claims. Other than actions which have  
16 been commenced prior to the Confirmation Hearing, the Debtors do not believe that any such  
17 potential claims exist. However, subject to the Plan, the Creditors' Trust Trustee reserves any and  
18 all Recovery Rights, including but not limited to all Recovery Rights that could be brought under  
19 section 547 as preferential transfers.

20 **III. SUMMARY OF THE PLAN**

21 The following is a narrative description of certain provisions of the Plan. The Plan is  
22 attached hereto as Exhibit "1." The following summary of the Plan is qualified in its entirety by  
23 the actual terms of the Plan. In the event of any conflict, the terms of the Plan will control over  
24 any summary set forth in this Disclosure Statement.

25 **A. Introduction**

26 The Debtors believe that confirmation of the Plan provides the best opportunity for  
27 maximum recoveries for their creditors. The Debtors believe, and will demonstrate to the Court,  
28 that their creditors will receive at least as much, and likely more, in value under the Plan than they

1 would receive in a liquidation under chapter 7 of the Bankruptcy Code. The Plan incorporates the  
 2 terms ~~of an agreement reached between~~ agreed to by the Debtors and the Committee following  
 3 extensive negotiations among the parties and, as a result, the Plan is supported by the Committee.

4 References in this Disclosure Statement to the amount of Claims are based on the  
 5 information reflected in the Debtors' Schedules of Assets and Liabilities or in filed proofs of claim  
 6 and are not intended to be admissions regarding the Allowed amount of the Claims or waivers of  
 7 the Debtors' rights to assert any otherwise available defense, recoupment, setoff, or counterclaim  
 8 against any claim. The Debtors have not completed their audit of the filed proofs of claim and  
 9 expect to object to the allowance of some or all of the proofs of claim, if appropriate, to the extent  
 10 that they assert Claims exceeding any amount set forth as undisputed in the Debtors' Schedules of  
 11 Assets and Liabilities.

12 **Summary of Anticipated Distributions to Creditors and Interest Holders**

Summary of Payments to Creditors					
Class	Description of Class	Impaired	Amount to be Paid	Estimated Amount of Allowed Claims	Estimated Distribution Under Plan <sup>7</sup>
Priority Claims					
N/A	Administrative Claims (11 U.S.C. § 503(b), 507(a)(2)) except the Administrative Claims of Professionals	No	Unpaid portion of Administrative Claims (except the Administrative Claims of Professionals) will be paid in full in cash on Effective Date	\$144,060	\$144,060

27 <sup>7</sup> Except where noted, distribution amounts shown in this column may not include interest  
 28 payments which may be made for certain claims (depending on the treatment described in the Plan for each type of claim).

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N/A	Administrative Claims of Professionals	No	Allowed Administrative Claims of Professionals shall be paid, Pro Rata, from the cash generated by the Portfolio Entities and Intermediate Entities and proceeds in connection with Ownership Interests therein and thereto	\$3,700,000	\$3,700,000
N/A	Gap Claims	Yes	Paid in full in cash on Effective Date	\$34,426	\$34,426
N/A	Priority Tax Claims	Yes	Either (1) paid in full in cash on the Effective Date or (2) paid in full in equal monthly installments over a period not to exceed five years from the Petition Date with interest at underpayment rate specified in 26 U.S.C. § 6621 or as otherwise required by 11 U.S.C. § 511(a)	\$30,254	\$30,254
<b>Secured Claims</b>					
Class 1A	Pacific Mercantile	Yes	New note terms as described in the Plan	\$3,007,750	\$3,007,750
Class 1B-1	Wells Fargo on Account of the Colorado Note	Yes	New note terms as described in the Plan	\$315,605	\$315,605
Class 1B-2	Wells Fargo on Account of the Hawaii Note	Yes	New note terms as described in the Plan	\$3,700,000	\$3,700,000
Class 1C	National Bank	No	Either: (1) contractual rights unaltered; or (2) surrender of collateral	\$453,475	\$453,475
Class 1D	Robbins	Yes	Allowed Claim	\$4,830,000	\$4,830,000

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			paid in monthly installments in accordance with amortization schedule specified in Plan, with interest at the rate of 7.5% per annum		
Class 1E	Gus Gianulias	No	Either: (1) contractual rights unaltered; or (2) surrender of collateral	\$772,098	\$772,098
Class 1F	Countrywide	Yes	New note terms as described in the Plan	\$510,152	\$510,152
Class 1G	Chase	No	Surrender of collateral to extent not surrendered previously	\$404,005	\$404,005
Class 1H	Other Secured Creditors	No	Either: (1) contractual rights unaltered; (2) note cured and reinstated; or (3) surrender of collateral	N/A	N/A
<b>Unsecured Claims and Interests</b>					
Class 2	Priority Claims	No	Paid in cash on Effective Date	\$0	\$0
Class 3	General Unsecured Claims	Yes	Paid by the Creditors' Trust from the proceeds of two notes: (i) a note in the principal amount of \$42 million, bearing interest at 3.75% and maturing December 31, 2024; and (ii) a note in the principal amount of \$5 million, without interest, maturing on December 31, 2025	Estimated range of Allowed Claims: approx. \$249 million to \$255 million	\$64.7 million
Class 4	Inter-Debtor Claims	Yes	Contractual rights unaltered	Approx. \$10 million	\$0
Class 5	Subordinated	No	Contractual rights	N/A (no known)	N/A



	Claims		unaltered	creditors in this class)	
Class 6	Interests in the Debtor	No	Contractual rights unaltered	N/A	Value of retained equity interests

**B. Payment of Administrative Expenses and Treatment of Certain Unclassified**

**Claims**

**1. Summary**

Pursuant to section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Claims for Professional Fees and Priority Tax claims against the Debtors are not classified for purposes of voting on, or receiving distributions under, the Plan. Holders of such Claims are not entitled to vote on the Plan. All such Claims are instead treated separately in accordance with Article III of the Plan and in accordance with the requirements set forth in section 1129(a)(9)(A) of the Bankruptcy Code. However, because of the magnitude of the Administrative Claims of Professionals incurred in the Cases, it is anticipated that the payment of the Administrative Claims of Professionals will take approximately eighteen (18) months following the Effective Date to be completed. All Professionals have agree to this deferral of the payment of the Administrative Claims of Professionals. Absent said deferral, the Plan would not be feasible, unless the Effective Date were deferred until such time as sufficient Cash was accumulated to pay said Administrative Claims in full on the Effective Date.

**2. Administrative Claims**

Subject to section 330(a) and 331 of the Bankruptcy Code and the bar date provisions of paragraph C of Article III of the Plan, on the later of the Effective Date, or as soon thereafter as practical, or the date on which the Administrative Claim is allowed, the Debtors will pay to each Creditor holding an Allowed Administrative Claim, unless that Creditor agrees to different treatment, Cash equal to the unpaid portion of such Allowed Administrative Claim; *provided, however,* that Allowed Administrative Claims representing obligations incurred in the ordinary course of business or otherwise assumed by the Debtors pursuant to the Plan and unpaid as of the Effective Date, shall be assumed on the Effective Date and paid or performed by the Debtors when

1 due in accordance with the terms and conditions of the particular agreements governing such  
2 obligations.

3 **3. Bar Date For Administrative Claims**

4 All applications for final compensation of Professionals for services rendered and for  
5 reimbursement of expenses incurred on or before the Effective Date, and any other request for  
6 compensation by any Entity for making a substantial contribution in the Cases, and all other  
7 requests for payment of an Administrative Claim incurred before the Effective Date under sections  
8 507(a)(2) or 503(b) of the Bankruptcy Code (except only for Claims under 28 U.S.C. § 1930) shall  
9 be filed no later than thirty (30) days after the Effective Date.

10 Any Administrative Claim required to be filed within the foregoing deadlines that is not  
11 filed within such deadlines shall be forever barred and the Debtors shall be discharged of any  
12 obligation on such Claim. Any Creditor required to file a request for payment of such Claim and  
13 who does not file such request by the applicable bar date shall be forever barred from asserting  
14 such Claim against the Estates or the Debtors, or any of their respective properties.

15 **4. Payment of Allowed Administrative Claims of Professionals**

16 The Allowed Administrative Claims of Professionals shall not be paid in full on the  
17 Effective Date. Instead, Allowed Administrative Claims of Professionals shall be paid, Pro Rata,  
18 from the cash generated by the Portfolio Entities and Intermediate Entities and received by or on  
19 behalf of the Reorganized Debtors, subject to the payment of \$1.8 million annually to the  
20 Reorganized Debtors in the first and second year following the Effective Date and the payments to  
21 be made to Robbins on account of her Secured Claim as set forth in the Plan. All Professionals  
22 have agreed to this deferral, without which, the Plan would not be feasible, absent a lengthy  
23 deferral of the Effective Date while Cash was accumulated.

24 **5. Payment of Priority Tax Claims**

25 Each holder of an Allowed Priority Tax Claim against the Debtors shall receive, on the  
26 Effective Date, in full satisfaction, release and discharge of such Allowed Priority Tax Claim, at  
27 the election of the Debtors, either: (i) Cash payment in the amount of the holder's Allowed  
28 Priority Tax Claim; (ii) deferred Cash payments over a period not to exceed five (5) years, from

1 the Petition Date, equal to the Allowed amount of such claim; (iii) in a manner not less favorable  
2 than the most favored nonpriority unsecured claim provided for by the Plan; or (iv) such other  
3 terms as may be agreed upon by such holder and the Debtors. The rate of interest to be paid on  
4 Priority Tax Claims paid out over a period not to exceed five (5) years from the Petition Date shall  
5 be equal to the underpayment rate specified in 26 U.S.C. § 6621 (determined without regard to 26  
6 U.S.C. § 6621(c)) as of the Effective Date or such higher rate as required by 11 U.S.C. § 511(a).

7 Holders of Allowed Priority Tax Claims shall not be entitled to receive any payment on  
8 account of post-Petition Date interest on, or penalties with respect to or arising in connection with,  
9 such Priority Tax Claims, except as allowed by the Court, and all Claims or demands by holders of  
10 Priority Tax Claims for post-Petition Date interest or penalties thereon, except as may be allowed  
11 by the Court, shall be disallowed by the Plan and the Confirmation Order, and the holders of  
12 Priority Tax Claims shall not assess or attempt to collect interest or penalties from the Estates or  
13 their properties.

14 **6. Payment of Gap Claims**

15 Each holder of an Allowed Gap Claim shall receive in full satisfaction of such holder's  
16 Allowed Claim (a) the amount of such holder's Allowed Claim in one cash payment on the  
17 Effective Date, or as soon thereafter as practical, or (b) such other treatment as may be agreed  
18 upon in writing by such holder.

19 **C. Classification of Claims and Interests**

20 **1. Manner of Classification of Claims and Interests**

21 Except for Claims of a kind specified in sections 507(a)(2) or 507(a)(8) of the Bankruptcy  
22 Code, all Claims against, and Interests in the Debtors and with respect to all property of the  
23 Debtors and the Estates, are defined and hereinafter designated in respective Classes. The Plan is  
24 intended to deal with all Claims against and Interests in the Debtors, of whatever character,  
25 whether known or unknown, whether or not with recourse, whether or not contingent or  
26 unliquidated, and whether or not previously allowed by the Court pursuant to section 502 of the  
27 Bankruptcy Code. Only holders of Allowed Claims, however, will receive any distribution under  
28 the Plan. For purposes of determining Pro Rata distributions to holders of Allowed Claims under

1 the Plan, Disputed Claims shall be included in the Class in which such Claims would be included  
2 if they were Allowed Claims.

3 **2. Classification**

4 Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of the  
5 classes of Claims and Interests in the Debtors. A Claim or Interest is placed in a particular Class  
6 only to the extent such Claim or Interest is an Allowed Claim or Interest in that Class and such  
7 Claim or Interest has not been paid, released, or otherwise settled or paid prior to the Effective  
8 Date. Any Claims not described in Article IV of the Plan are unclassified, and therefore, are not  
9 included in the Classes below. The Allowed Claims and Interests, except for Claims described  
10 above and which are not required to be classified pursuant to section 1123(a)(1) of the Bankruptcy  
11 Code, are divided into the following Classes.

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**SUMMARY OF CLASSIFICATION**

<u>Class</u>	<u>Status</u>	<u>Voting Rights</u>
Class 1A: Secured Claims of Pacific Mercantile	Impaired	Entitled to Vote
Class 1B-1: Secured Claim of Wells Fargo on Account of the Colorado Note	Impaired	Entitled to Vote
Class 1B-2: Secured Claims of Wells Fargo on Account of the Hawaii Note	Impaired	Entitled to Vote
Class 1C: Secured Claims of National Bank	Unimpaired	Deemed Accepted; Not Entitled to Vote
Class 1D: Secured Claims of Robbins	Impaired	Entitled to Vote
Class 1E: Secured Claims of Gus Gianulias	Unimpaired	Deemed Accepted; Not Entitled to Vote
Class 1F: Secured Claims of Countrywide	Impaired	Entitled to Vote
Class 1G: Secured Claims of Chase	Unimpaired	Deemed Accepted; Not Entitled to Vote
Class 1H: Other Secured Claims	Unimpaired	Deemed Accepted; Not Entitled to Vote
Class 2: Priority Claims	Unimpaired	Deemed Accepted; Not Entitled to Vote
Class 3: General Unsecured Claims	Impaired	Entitled to Vote
Class 4: Inter-Debtor Claims	Impaired	Entitled to Vote
Class 5: Subordinated Claims	Unimpaired	Deemed Accepted; Not Entitled to Vote
Class 6: Interests in Cameo	Unimpaired	Deemed Accepted; Not Entitled to Vote

**D. Treatment of Claims and Interests**

**1. Class 1A ~ Secured Claims of Pacific Mercantile**

Class 1A consists of all Secured Claims of Pacific Mercantile.

Except to the extent that Pacific Mercantile agrees to a different treatment, Pacific Mercantile's Note shall be modified as follows:

1           Principal Amount. The Pacific Mercantile Note shall have a principal amount equal to the  
2 principal balance as of the Petition Date, plus all amounts that have accrued on the Pacific  
3 Mercantile Note through and including the Effective Date.

4           Interest. Simple interest shall accrue on the unpaid principal balance of the Pacific  
5 Mercantile Note at the rate of 5.5% per annum.

6           Payments. The first monthly payment under the Pacific Mercantile Note will be due on the  
7 fifteenth (15th) day of the first calendar month following the Effective Date and will be in an  
8 amount equal to the interest accrued on the Pacific Mercantile Note from the Effective Date  
9 through the end of the calendar month in which the Effective Date occurs. Thereafter, until  
10 maturity, a monthly payment will be due on the fifteenth (15th) day of each successive month in  
11 an amount equal to the interest accrued on the unpaid principal balance of the Pacific Mercantile  
12 Note during the previous month.

13           Maturity. The maturity date of the Pacific Mercantile Note shall be extended, and the  
14 Pacific Mercantile Note will be due and payable in full on the last Business Day of the 84th  
15 calendar month after the Effective Date.

16           Pre-Payment. At any time after the Effective Date, without penalty or premium, the  
17 Pacific Mercantile Note may be prepaid, in whole or in part, in the sole discretion of the  
18 Reorganized Debtors provided, however, that pre-payment cannot act to impact payments due to  
19 the Creditors' Trust.

20           Retention of Collateral. Except to the extent inconsistent herewith or with the law, the  
21 validity and priority of the security interest securing the Pacific Mercantile Note shall remain in  
22 full force and effect following the Effective Date.

23           To the extent that a Creditor in Class 1A does not hold an Allowed Secured Claim, such  
24 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

25           **Class 1A is impaired under the Plan.**

26           **2. Class 1B ~ Secured Claims of Wells Fargo**

27           Class 1B consists of all Secured Claims of Wells Fargo.

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1 Wells Fargo's Secured Claims arise from two promissory notes, secured by two properties:  
2 (1) a property located at 747 S. Galena, Aspen, Colorado (the "Colorado Property"); and (2) a  
3 property located at 13 Coconut Grove Lane, Lahaina, Hawaii (the "Hawaii Property"). The note  
4 secured by the Colorado Property shall be referred to below as the Colorado Note, the note  
5 secured by the Hawaii Property shall be referred to as the Hawaii Note and, collectively, the  
6 modified Hawaii Note and the Colorado Note shall be referred to as the Wells Fargo Notes.

7 (a) Class 1B-1: the Colorado Note

8 Class 1B-1 consists of the Secured Claims of Wells Fargo arising from the Colorado Note.  
9 Except to the extent that Wells Fargo agrees to a different treatment, the Colorado Note shall be  
10 modified as follows:

11 Principal Amount. The Colorado Note shall have a principal amount equal to the principal  
12 balance as of the Petition Date, plus all amounts that have accrued on the Colorado Note through  
13 and including the Effective Date.

14 Interest. Simple interest shall accrue on the unpaid principal balance of the Colorado Note  
15 at the rate of a 5.75% per annum.

16 Payments. The first monthly payment under the Colorado Note will be due on the fifteenth  
17 (15th) day of the first calendar month following the Effective Date and will be in an amount equal  
18 to (a) the interest accrued on the Colorado Note from the Effective Date through the end of the  
19 calendar month in which the Effective Date occurs plus (b) principal calculated on the basis of a  
20 30-year amortization schedule. Thereafter, until maturity, a monthly payment will be due on the  
21 fifteenth (15th) day of each successive month in an amount equal to (a) the interest accrued on the  
22 unpaid principal balance of the Colorado Note during the previous month plus (b) an installment  
23 of principal calculated on the basis of a 30-year amortization schedule.

24 Maturity. The maturity date of the Colorado Note shall be extended, and the Colorado  
25 Note will be due and payable in full on the last Business Day of the 180th calendar month after the  
26 Effective Date.

27 Pre-Payment. At any time after the Effective Date, without penalty or premium, the  
28 Colorado Note may be prepaid, in whole or in part, in the sole discretion of the Reorganized

1 Debtors provided, however, that pre-payment cannot act to impact payments due to the Creditors'  
2 Trust.

3 Retention of Collateral. Except to the extent inconsistent herewith or with the law, the  
4 validity and priority of the security interest securing the Colorado Note shall remain in full force  
5 and effect following the Effective Date.

6 To the extent that a Creditor in Class 1B-1 does not hold an Allowed Secured Claim, such  
7 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

8 **Class 1B-1 is impaired under the Plan.**

9 (b) Class 1B-2: the Hawaii Note

10 Class 1B-2 consists of the Secured Claims of Wells Fargo arising from the Hawaii Note.  
11 Except to the extent that Wells Fargo agrees to a different treatment, the Hawaii Note shall be  
12 modified as follows:

13 Principal Amount. The Hawaii Note shall have a principal amount equal to \$3.6 million.

14 Interest. Simple interest shall accrue on the unpaid principal balance of the Hawaii Note at  
15 the rate of a 6.25% per annum.

16 Payments. The first monthly payments under the Hawaii Note will be due on the fifteenth  
17 (15th) day of the first calendar month following the Effective Date and will be in an amount equal  
18 to (a) the interest accrued on the Hawaii Note from the Effective Date through the end of the  
19 calendar month in which the Effective Date occurs plus (b) principal calculated on the basis of a  
20 30-year amortization schedule. Thereafter, until maturity, a monthly payment will be due on the  
21 fifteenth (15th) day of each successive month in an amount equal to (a) the interest accrued on the  
22 unpaid principal balance of the Hawaii Note during the previous month plus (b) an installment of  
23 principal calculated on the basis of a 30-year amortization schedule.

24 Maturity. The maturity date of the Hawaii Note shall be extended, and the Hawaii Note  
25 will be due and payable in full on the last Business Day of the 240th calendar month after the  
26 Effective Date.

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1           Pre-Payment. At any time after the Effective Date, without penalty or premium, the  
2 Hawaii Note may be prepaid, in whole or in part, in the sole discretion of the Reorganized Debtors  
3 provided, however, that pre-payment cannot act to impact payments due to the Creditors' Trust.

4           Retention of Collateral. Except to the extent inconsistent herewith or with the law, the  
5 validity and priority of the security interest securing the Hawaii Note shall remain in full force and  
6 effect following the Effective Date.

7           To the extent that a Creditor in Class 1B-2 does not hold an Allowed Secured Claim, such  
8 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

9           **Class 1B-2 is impaired under the Plan.**

10           **3. Class 1C ~ Secured Claims of National Bank**

11           Class 1C consists of all Secured Claims of National Bank.

12           Except to the extent that the holder of an Allowed Secured Claim in Class 1C agrees to a  
13 different treatment, the holder of the Allowed Secured Claim in Class 1C shall, at the sole election  
14 of the Debtors (made prior to the Effective Date), receive one of the following treatments: (i) the  
15 legal, equitable and contractual rights to which the holder of such Allowed Secured Claim is  
16 entitled shall remain unaltered; or (ii) the Debtors shall surrender to the holder of the Allowed  
17 Secured Claim such property of the applicable Estate as may be security and collateral for its  
18 Claim.

19           To the extent that a Creditor in Class 1C does not hold an Allowed Secured Claim, such  
20 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

21           **Class 1C is unimpaired under the Plan.**

22           **4. Class 1D ~ Secured Claims of Robbins**

23           Class 1D consists of all Secured Claims of Robbins.

24           Robbins shall receive the following treatment on account of her Allowed Secured Claims:

25           Principal Amount. The principal amount to be paid to Robbins under the Plan shall be  
26 \$4,830,000.

27           Interest. Simple interest shall accrue on the unpaid principal balance owed to Robbins at  
28 the rate of 7.5% per annum.

1           Payments. Payments to Robbins shall be made on a monthly basis commencing on the  
2 Effective Date, based on the following schedule:

3 <u>Year</u>	<u>Annual Payment Amount</u>
4           Year 1	\$1,000,000
5           Year 2	\$1,200,000
6           Year 3	\$1,200,000
7           Year 4	\$1,200,000
8           Year 5	Approximately \$1,251,481 (remaining balance of the Robbins Secured 9 Claim)

10           Robbins shall receive monthly payments of ~~\$30,187.50 on the fifteenth (15th) day of the~~  
11 ~~first and second calendar month following the Effective Date. Robbins shall receive monthly~~  
12 ~~payments of \$93,962.50 on the fifteenth (15th) day of the third~~ \$83,333.33 per month for the  
13 first through twelfth calendar months following the Effective Date. Thereafter, until maturity, a  
14 monthly payment of \$100,000.00 will be due on the fifteenth (15th) day of each successive month  
15 until month 60, when Robbins shall receive a final payment of \$151,481.04. In the event that  
16 payments for a particular month are insufficient to pay the accrued interest for the current month,  
17 the excess accrued interest shall be added to the principal amount owed to Robbins.

18           Maturity. The maturity date of the Robbins obligation shall be the last Business Day of the  
19 60th calendar month after the Effective Date.

20           Pre-Payment. At any time after the Effective Date, without penalty or premium, the  
21 Robbins Allowed Secured Claim may be prepaid, in whole or in part, in the sole discretion of the  
22 Reorganized Debtors.

23  
24           Retention of Collateral. ~~Except to the extent inconsistent herewith or with the law, the~~  
25 ~~validity and priority of the security interest securing Robbins' Allowed Secured Claim shall~~  
26 ~~remain in full force and effect following the Effective Date.~~ Robbins' current lien shall be  
27 released as of the Effective Date. As of the Effective Date, Robbins shall be granted the  
28 following:

1           a) A first priority security interest in the Collateral. Robbins shall retain  
2           this first priority security interest in the Collateral until such time as  
3           the Allowed Class 1D Claim has been paid in full. Robbins' security  
4           interest in the Collateral shall, at all times, be senior to the Creditors'  
5           Trust Lien.

6           b) A first priority security interest in the Additional Collateral. Robbins  
7           shall retain the first priority security interest in the Additional  
8           Collateral until such time as the Allowed Class 1D Claim has been  
9           paid in full.

10           To the extent that a Creditor in Class 1D does not hold an Allowed Secured Claim, such  
11 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

12           **Class 1D is impaired under the Plan.**

13           **5. Class 1E – Secured Claims of Gus Gianulias**

14           Class 1E consists of all Secured Claims of Gus Gianulias.

15           Except to the extent that the holder of an Allowed Secured Claim in Class 1E agrees to a  
16 different treatment, the holder of the Allowed Secured Claim in Class 1E shall, at the sole election  
17 of the Debtors (made prior to the Effective Date), receive one of the following treatments: (i) the  
18 legal, equitable and contractual rights to which the holder of such Allowed Secured Claim is  
19 entitled shall remain unaltered; or (ii) the Debtors shall surrender to the holder of the Allowed  
20 Secured Claim such property of the applicable Estate as may be security and collateral for its  
21 Claim.

22           To the extent that a Creditor in Class 1E does not hold an Allowed Secured Claim, such  
23 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

24           **Class 1E is unimpaired under the Plan.**

25           **6. Class 1F ~ Secured Claims of Countrywide**

26           Class 1F consists of all Secured Claims of Countrywide.

27           Except to the extent that Countrywide agrees to a different treatment, Countrywide's Note  
28 shall be modified as follows:

1           Principal Amount. The modified Countrywide Note shall have a principal amount equal to  
2 the outstanding balance of the Countrywide Note as of the Effective Date (estimated at  
3 \$509,372.60 as of Oct. 26, 2009, plus interest thereon through the Effective Date at the rate of  
4 5.625% per annum).

5           Interest. ~~Simple interest~~Interest shall accrue on the unpaid principal balance of the  
6 Countrywide Note at the fixed rate of 5.75% per annum.

7           Payments. The first monthly payment under the Countrywide Note will be due on the  
8 fifteenth (15th) day of the first calendar month following the Effective Date and will be in an  
9 amount equal to (a) the interest accrued on the Countrywide Note from the Effective Date through  
10 the end of the calendar month in which the Effective Date occurs plus (b) principal calculated on  
11 the basis of a 30-year amortization schedule. Thereafter, until maturity, a monthly payment will  
12 be due on the fifteenth (15th) day of each successive month in an amount equal to (a) the interest  
13 accrued on the unpaid principal balance of the Countrywide Note during the previous month plus  
14 (b) an installment of principal calculated on the basis of a 30-year amortization schedule.

15           Maturity. The maturity date of the Countrywide Note shall be extended, and the  
16 Countrywide Note will be due and payable in full on the last Business Day of the 360th calendar  
17 month after the Effective Date.

18           Pre-Payment. At any time after the Effective Date, without penalty or premium, the  
19 Countrywide Note may be prepaid, in whole or in part, in the sole discretion of the Reorganized  
20 Debtors provided, however, that pre-payment cannot act to impact payments due to the Creditors'  
21 Trust.

22           Retention of Collateral. Except to the extent inconsistent with any other term of the Plan  
23 or with the law, the validity and priority of the deed of trust securing the Countrywide Note shall  
24 remain in full force and effect following the Effective Date.

25           To the extent that a Creditor in Class 1F does not hold an Allowed Secured Claim, such  
26 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

27           **Class 1F is impaired under the Plan.**

28

1                   **7. Class 1G ~ Secured Claims of Chase**

2                   Class 1G consists of all Secured Claims of Chase.

3                   To the extent that the Debtors continue to hold such property, the Debtors shall surrender  
4 to the holder of the Allowed Secured Claim such property of the applicable Estate as may be  
5 security and collateral for its Claim.

6                   To the extent that a Creditor in Class 1G does not hold an Allowed Secured Claim, such  
7 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

8                   **Class 1G is unimpaired under the Plan.**

9                   **8. Class 1H ~ Other Secured Claims**

10                  Class 1H consists of all Secured Claims not included in the Classes described above. Each  
11 holder of an Allowed Secured Claim in Class 1H shall be deemed to be a separate subclass of  
12 Class 1H.

13                  Except to the extent that the holder of an Allowed Secured Claim in Class 1H agrees to a  
14 different treatment, the holder of the Allowed Secured Claim in Class 1H shall, at the sole election  
15 of the Debtors (made no later than 30 days after the Effective Date), receive one of the following  
16 treatments: (i) the Allowed Secured Claim shall be cured and reinstated pursuant to section  
17 1124(2) of the Bankruptcy Code, and the Debtors shall fund all amounts and take all actions  
18 otherwise necessary to reinstate such Allowed Secured Claim, on or prior to the tenth (10th)  
19 Business Day following the Effective Date; or (ii) the legal, equitable and contractual rights to  
20 which the holder of such Allowed Secured Claim is entitled shall remain unaltered.

21 Notwithstanding the foregoing, alternatively, the Debtors may elect to satisfy an Allowed Secured  
22 Claim in Class 1H by one of the following treatments: (x) the surrender to the holder of the  
23 Allowed Secured Claim of such property of the applicable Estate as may be security and collateral  
24 for its Claim, or (y) the payment in Cash of the amount of such Allowed Secured Claim, as set  
25 forth in the Confirmation Order or other Final Order.

26                  To the extent that the County of Riverside has a Secured Claim for real property taxes  
27 under 11 U.S.C. § 506(b), any payment made to the County of Riverside upon the sale or transfer  
28 of such real property will include all applicable state law interest under 11 U.S.C. § 511. The

1 County of Riverside will retain any applicable lien until such Secured Claim is paid in full. A  
2 failure by the Debtors to make a payment based on a Secured Claim to the County of Riverside  
3 pursuant to the terms of the Plan shall be an Event of Default. If the Debtors fail to cure any such  
4 Event of Default within ten (10) days after service of written notice of default from the County of  
5 Riverside, then the County of Riverside may enforce the entire amount of its Secured Claim,  
6 including all penalties and interest accrued under state law, against the applicable Debtor in  
7 accordance with applicable state law remedies.

8 To the extent that a Creditor in Class 1H does not hold an Allowed Secured Claim, such  
9 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

10 **Class 1H is unimpaired under the Plan.**

11 **9. Class 2 ~ Priority Claims**

12 Class 2 consists of all Allowed Priority Claims against the Debtors. Class 2 does not  
13 include any Priority Tax Claims, all of which shall be treated in accordance with section III.E of  
14 the Plan.

15 Except to the extent that the holder of such Claim agrees to a different treatment, the  
16 Debtors shall pay Cash on the Effective Date to each holder of an Allowed Claim in Class 2 the  
17 amount of such Allowed Claim.

18 **Class 2 is unimpaired under the Plan.**

19 **10. Class 3 ~ General Unsecured Claims**

20 Class 3 consists of all Allowed Claims against the Debtors (including Claims arising from  
21 the rejection of executory contracts and/or unexpired leases) other than: (a) Administrative  
22 Claims; (b) Priority Tax Claims; and (c) Claims included within any other Class designated in the  
23 Plan. Class 3 shall be deemed to include those Creditor(s) holding an alleged Secured Claim  
24 against the Debtors for which: (i) no collateral exists to secure the alleged Secured Claim; and/or  
25 (ii) liens, security interests, or other encumbrances that are senior in priority to the alleged Secured  
26 Claim exceed the fair market value of the collateral securing such alleged Secured Claim as of the  
27 Petition Date.

28

1 Due to the substantive consolidation of the Estates resulting from the Consolidation Order,  
2 the Creditors' Trust shall, subject to the terms and conditions of the Creditors' Trust  
3 Agreement, including, without limitation, after consideration of applicable reserves  
4 established by the Creditors' Trust Trustee pursuant to the terms and conditions thereof,  
5 make periodic Pro Rata distributions of Cash to Creditors holding Allowed Claims against the  
6 Debtors will share the assets to be distributed by the Creditors' Trust Trustee on a Pro Rata  
7 basis. The holders of Allowed Claims in Class 3 shall receive periodic payments from the  
8 Creditors' Trust, as and when determined by the Creditors' Trust Trustee in accordance  
9 with and as provided by the Creditors' Trust Agreement. Each holder of an Allowed Claim  
10 in Class 3 shall receive the lesser of: (a) an amount equal to such Creditor's Allowed Claim  
11 in Class 3, or (b) such Creditor's Pro Rata share of the available sum of monies to be  
12 distributed to all holders of Allowed Claims in Class 3 in Class 3, except that Cash previously  
13 allocated to the Disputed Claims Reserve shall be distributed net of the income taxes owed  
14 with respect to the earnings of assets allocated to the Disputed Claims Reserve. See Section  
15 VII.F.9 of the Plan. In no event, however, will a Creditor receive an amount in excess of  
16 such Creditor's Allowed Claim in Class 3.

17 The proceeds from the ~~Distribution Fund by the Creditors' Trust.~~ The Recovery Rights  
18 and the payments to be made by or on behalf of the Reorganized Debtors to the Creditors' Trust  
19 pursuant to the Cash Flow Note ~~(including the proceeds of any recovery with respect to the~~  
20 ~~Recovery Rights, to the extent not otherwise utilized to pay Allowed Administrative Claims)~~  
21 and the Secondary Note shall be the sole ~~sources~~ sources of distributions to holders of Allowed  
22 Claims in Class 3. ~~Each~~ Except to the extent that Cash previously allocated to the Disputed  
23 Claims Reserve is used to pay taxes owed with respect to the Disputed Claims Reserve, each  
24 Creditor holding an Allowed Claim in Class 3 is entitled to a Pro Rata share of ~~the Cash Flow~~  
25 ~~Note and the Secondary Note, including any proceeds from a sale, transfer or financing~~  
26 ~~associated with Ownership Interests in the Portfolio Entities and Intermediate Entities and,~~  
27 ~~to the extent applicable and available, the proceeds of any recovery with respect to the~~  
28 ~~Recovery Rights~~ available Cash received by the Creditors' Trust. The amount to be paid to a

1 Creditor holding an Allowed Claim in Class 3 may depend upon which of the following categories  
2 of Claims applies to a particular Creditor's Claim: (1) the ~~Creditors'~~Creditor's Allowed Claim is  
3 asserted solely against the estate of Gianulias; (2) the ~~Creditors'~~Creditor's Allowed Claim is  
4 asserted solely against the estate of Cameo; or (3) the Creditor has valid, non-duplicative Allowed  
5 Claims against both the Gianulias and Cameo estates (for example, a Creditor with enforceable  
6 guarantees issued by both Debtors).<sup>8</sup> The Creditors' Trust Trustee will determine the appropriate  
7 ~~Pro Rata~~ distributions for Creditors holding Allowed Claims in each of the foregoing three  
8 categories of claims, and shall ensure that each distribution is not less than the amount such a  
9 Creditor would have received absent the substantive consolidation of the Debtors' estates.

10 The When determining the amount to distribute to Allowed Claims (and after consideration  
11 of applicable reserves, if any, as permitted pursuant to the Creditors' Trust Agreement), the  
12 Creditors' Trust Trustee shall ~~establish a sufficient reserve in Cash so that the appropriate Pro~~  
13 ~~Rata distributions to Creditors holding Claims in any of the foregoing three categories of~~  
14 ~~Claims, following the Claims objection process, first allocate a Pro Rata amount of Cash to~~  
15 ~~the Allowed Claims and the Disputed Claims, and then place amounts allocated to Disputed~~  
16 ~~Claims in the Disputed Claims Reserve on behalf of such Disputed Claims, so that holders of~~  
17 ~~Disputed Claims may receive their Pro Rata allocations, net of their share of the income~~  
18 ~~taxes owed with respect to assets allocated to the Disputed Claims Reserve, if, to the extent~~  
19 ~~and when their Claims are Allowed.~~

20 The Reorganized Debtors shall make payments to the Creditors' Trust Trustee from  
21 Available Cash Flow for the benefit of holders of Allowed Claims in Class 3 under and pursuant  
22 to the terms of the following notes:

23  
24  
25 <sup>8</sup> For avoidance of doubt, the following hypothetical illustrates how distributions to  
26 creditors with dual claims will be made under the Plan: Assume that a creditor has a claim against  
27 each of the Debtors for \$10 million [for example, based on each Debtor having guaranteed the  
28 single loan of \$10 million], and further assume that the aggregate claims pool against both Debtors  
is \$200 million. Said creditor has claims of \$20 million as against a claims pool of \$200 million,  
or ten percent (10%) of the claims pool. Consequently, said creditor will receive ten percent  
(10%) of each distribution made by the Creditors' Trust Trustee. Further, under the Plan, no Class  
3 Claim will be disallowed on the ground it is duplicative if the claim would not have been  
disallowed as duplicative if the Debtors' two cases had not been substantively consolidated.



- 1 • The Cash Flow Note, in the principal amount of \$42 million, subject to  
2 adjustment as set forth therein, bearing interest at a rate of 3.75% per  
3 annum, and with a maturity date of December 31, 2024, subject to the terms  
4 and conditions of the Term Sheet Plan Documents.
- 5 • The Secondary Note, in the principal amount of \$5 million, which shall not  
6 bear interest, and with a maturity date of December 31, 2025, subject to the  
7 terms and conditions of the Term Sheet Plan Documents.

8 The payments to be made to the Creditors' Trust by the Reorganized Debtors pursuant to  
9 the Cash Flow Note and the Secondary Note, ~~including any proceeds from a sale, transfer or~~  
10 ~~financing associated with Ownership Interests in the Portfolio Entities and Intermediate~~  
11 ~~Entities and, to the extent applicable and available, and~~ the proceeds of any recovery with  
12 respect to the Recovery Rights ~~(to the extent not otherwise utilized to pay Allowed~~  
13 ~~Administrative Claims)~~, shall be the sole ~~sources~~sources of distributions to holders of Allowed  
14 Claims in Class 3. See discussion in Sections III.F.8 and III.F.9 of this Disclosure Statement for  
15 further protections provided to the Creditors' Trust.

16 **Class 3 is impaired under the Plan.**

17 **11. Class 4 ~ Inter-Debtor Claims**

18 Class 4 consists of all Allowed Claims of any Debtor against the other Debtor.

19 Inter-Debtor Claims of Class 4 will continue to exist and will not be eliminated under the  
20 Plan. However, Allowed Inter-Debtor Claims shall be subordinated to all Allowed General  
21 Unsecured Claims and shall not receive any distribution under the Plan.

22 **Class 4 is impaired under the Plan.**

23 **12. Class 5 ~ Subordinated Claims**

24 Class 5 consists of all Allowed Subordinated Claims.

25 Holders of Allowed Subordinated Claims of Class 5 shall retain, unaltered, all legal,  
26 equitable and contractual rights to which the holder of such Claim is entitled.

27 **Class 5 is unimpaired under the Plan.**

28

1                   **13. Class 6 ~ Interests**

2                   Class 6 consists of all Interests.

3                   Holders of Class 6 Interests in Cameo shall retain, unaltered, all legal, equitable and  
4 contractual rights to which the holder of such Interest is entitled. In addition, because Gianulias is  
5 an individual, he is the Interest Holder with respect to his Estate. As set forth in section VIVII.B  
6 of the Plan, title to all assets, properties, and business operations of Gianulias and his Estate,  
7 including his Interests in Cameo, shall revert in Gianulias as Reorganized Debtor.

8                   **Class 6 is unimpaired under the Plan.**

9                   **E. Acceptance or Rejection of the Plan**

10                  Each holder of an Allowed Claim in an impaired Class of Claims that is entitled to vote on  
11 the Plan shall be entitled to vote separately to accept or reject the Plan as provided in such order as  
12 is entered by the Bankruptcy Court establishing procedures with respect to the solicitation and  
13 tabulation of votes to accept or reject the Plan, or any other order or orders of the Bankruptcy  
14 Court. In the event no holder of an Allowed Claim in an impaired Class of Claims submits a  
15 Ballot accepting or rejecting the Plan, such Class of Claims shall be deemed to have voted to reject  
16 the Plan.

17                  **1. Classes Entitled to Vote**

18                  Classes 1C, 1E, 1G, 1H, 2, 5, and 6 are unimpaired Classes under the Plan and are  
19 conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy  
20 Code.

21                  Classes 1A, 1B-1, 1B-2, 1D, 1F, 3 and 4 are impaired Classes under the Plan and are  
22 entitled to vote to accept or reject the Plan.

23                  **2. Non-Consensual Confirmation**

24                  If a Class fails to accept the Plan by the statutory majorities provided in section 1126(c) of  
25 the Bankruptcy Code, the Debtors reserve the right to request the Bankruptcy Court to confirm the  
26 Plan as to such rejecting Class.

1                   **3. Elimination of Vacant Classes**

2                   Any Class of Claims that does not have a holder of an Allowed Claim or a Claim  
3 temporarily allowed under Bankruptcy Rule 3018 as of the date of commencement of the  
4 Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept  
5 or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such  
6 Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

7                   **F. Implementation of the Plan and Execution of Its Terms.**

8                   **1. Implementation of Plan**

9                   The Debtors propose to implement and consummate the Plan through the means  
10 contemplated by sections 1123(a)(5)(A), (B), (D), (E) and (G), 1123(a)(8), 1123(b)(1), (b)(2),  
11 (b)(3)(A) and (B), (b)(4) and (b)(5), and 1145(a) of the Bankruptcy Code.

12                   **2. The Reorganized Debtors and Revesting of Assets**

13                   Except as otherwise set forth herein, or as modified by appropriate corporate action after  
14 the Effective Date, the corporate structure and equity ownership of Cameo by Gianulias shall be  
15 unchanged.

16                   On the Effective Date, title to all assets, claims, causes of action, properties, and business  
17 operations of the Debtors and of the Estates shall revest in each respective Reorganized Debtor,  
18 and thereafter, the Reorganized Debtors shall own and retain such assets free and clear of all liens  
19 and Claims, except as expressly provided in the Plan. From and after the Effective Date, except as  
20 otherwise described in the Plan, the Reorganized Debtors shall own and operate such assets  
21 without further supervision by or jurisdiction of this Court, except as otherwise provided in the  
22 Plan; provided, however, that the same shall be in accordance with the applicable loan  
23 documents for the Portfolio Entities and Intermediate Entities and all Governing  
24 Documents. From and after the Effective Date, in accordance with the terms of the Plan and the  
25 Confirmation Order, the Reorganized Debtors shall perform all obligations under all executory  
26 contracts and unexpired leases assumed in accordance with Article IX of the Plan.

1                   **3. The Disbursing Agent**

2                   Mesa Management shall serve as ~~disbursing agent~~Disbursing Agent, without bond, for  
3 purposes of making transfers and payments under the Plan, unless and until replaced pursuant to  
4 the terms and conditions of the Security Agreement and/or the Disbursing Agent Agreement.  
5 Mesa Management shall act subject to and in accordance with the terms and conditions of the  
6 ~~Term Sheet~~Plan Documents, as applicable. Mesa Management can be replaced or removed as  
7 Disbursing Agent (but not as manager of the Portfolio Entities or Intermediate Entities,  
8 except in accordance with the applicable loan documents and Governing Documents) in  
9 accordance with the terms of the ~~Term Sheet~~Plan Documents, and shall only be entitled to  
10 compensation or consideration from the Portfolio Entities or Intermediate Entities as specifically  
11 contemplated in the Plan and the ~~Term Sheet~~Plan Documents.

12                   **4. Management of the Reorganized Debtors**

13                   Following the Effective Date, Reorganized Debtor Gianulias will operate and manage his  
14 interest in Reorganized Debtor Cameo, and the business operations of Reorganized Debtor Cameo  
15 and its subsidiaries.

16                   (i) Funding of the Reorganized Debtors. Subject to the terms and conditions of  
17 the ~~Term Sheet~~Plan Documents, during the first two years following the Effective Date, the  
18 Reorganized Debtors will receive \$1.8 million annually from the Cash distributed as Gross  
19 Available Cash Flow. These funds will be used to pay the Reorganized Debtors' post-Effective  
20 Date expenses and operations. The remaining funds representing Gross Available Cash Flow will  
21 be used to pay other Priority Payments, including outstanding Administrative Claims, Allowed  
22 Gap Claims, Allowed Priority Claims and Allowed Priority Tax Claims and to make payments to  
23 Robbins on account of her Secured Claim. The Priority Payments ~~shall~~will be made in the  
24 following order of priority: (1) the following payments to Robbins on account of, and in full  
25 satisfaction of her secured claim with respect to Debtors – (i) \$1,000,000 in the first year  
26 following the Effective Date (\$83,333.33 per month), (ii) \$1,200,000 in the second year following  
27 the Effective Date (\$100,000 per month), (iii) \$1,200,000 in the third year following the Effective  
28 Date (\$100,000 per month), (iv) \$1,200,000 in the fourth year following the Effective Date

1 (\$100,000 per month), and (v) \$1,251,481 in the fifth year following the Effective Date,  
2 representing the remaining balance owing to Robbins in connection with her claim in the Cases  
3 (\$104,290.08 per month); (2) the payment of all Adjusted Income Taxes; (3) the payment of  
4 \$1,800,000 per year in each of the first and second year following the Effective Date to Debtors  
5 (\$150,000 per month); and (4) payment of all Allowed Administrative Claims, Allowed Gap  
6 Claims, Allowed Priority Claims, and Allowed Priority Tax Claims incurred in the Cases. To the  
7 extent any Gross Available Cash Flow remains following the foregoing payments, such Cash will  
8 be paid to the Creditors' Trust for the benefit of Allowed General Unsecured Claims.

9 Commencing in the third year following the Effective Date and continuing until the Cash  
10 Flow Note is paid in full, and subject to the terms and conditions of the ~~Term Sheet~~Plan  
11 Documents, the Creditors' Trust shall receive 60% of Available Cash Flow, if any, on a monthly  
12 basis, and the Reorganized Debtors shall receive 40% of the Available Cash Flow, if any, on a  
13 monthly basis. As more specifically defined in the Plan and the ~~Term Sheet~~Plan Documents,  
14 Available Cash Flow is comprised of the Cash distributed to the Reorganized Debtors representing  
15 Gross Available Cash Flow, net of all Priority Payments. If the Reorganized Debtors and the  
16 Creditors' Trust Trustee dispute the interpretation of or calculation of the Available Cash Flow,  
17 the parties will use the Dispute Resolution Procedure to resolve the dispute.

18 Until the Cash Flow Note is paid in full, so long as Mesa Management is providing  
19 services, Mesa Management will be compensated for the services it provides (other than as  
20 ~~disbursing agent~~Disbursing Agent, for which it is not entitled to receive any compensation or  
21 other consideration) to the Portfolio Entities or the Intermediate Entities at, on an entity by entity  
22 basis, in an amount limited to the current management rate of 5.0% of actual gross collections  
23 by the Companies such Portfolio Entity or Intermediate Entity. 0.5% of this amount is  
24 contractually due and payable as an expense to Robert Lucas and shall be paid to Robert Lucas.  
25 G Companies Management, Inc. shall not be entitled to receive any compensation or other fees  
26 with respect to the Portfolio Properties, the Portfolio Entities, the Intermediate Entities, and the  
27 Ownership Interests in connection therewith, until the Cash Flow Note has been paid in full.

28

1 (ii) Management of the Control Assets. The Debtors and the Committee will  
2 agree upon the Control Assets Budget for each Control Asset as of the Confirmation Date. The  
3 Control Asset Budgets are the annual budgets for operations of each of the Control Assets  
4 (Fountain Valley Senior Housing, L.P.; Placentia 422, LP; River Knolls, LP; and GVSC, LP) for  
5 the first year following the Effective Date.

6 Beginning in the second year following the Effective Date, and subject to the terms and  
7 conditions of the ~~Term Sheet~~Plan Documents, the Reorganized Debtors may continue to operate  
8 the Control Assets without obtaining any approvals from the Creditors' Trust Trustee so long as  
9 the aggregate expenses of the Control Assets are not more than 10% in excess of the prior year's  
10 aggregate expenses. If the annual aggregate expenses of the Control Assets are more than 10% in  
11 excess of the prior year's actual aggregate expenses for the Control Assets, the Creditors' Trust  
12 Trustee and the Reorganized Debtors shall meet and confer regarding such additional expenses. If  
13 the Reorganized Debtors and the Creditors' Trust Trustee are unable to agree upon such additional  
14 expenses, the parties will use the Dispute Resolution Procedure to resolve the dispute.

15 The Creditors' Trust Trustee shall also be provided substantial documentation regarding  
16 the operations and performance of the Control Assets. For a detailed list of said documentation  
17 and information, please refer to the Security Agreement and the other ~~Term Sheet~~Plan  
18 Documents.

19 (iii) The Portfolio Entities and Intermediate Entities. Subject to the terms and  
20 conditions of the ~~Term Sheet~~Plan Documents, with respect to the Portfolio Entities managed by  
21 Mesa Management (and not including the Control Assets discussed above), the Creditors' Trust  
22 Trustee shall have the right to review and provide input concerning (but shall not have any  
23 approval rights whatsoever) the annual budget for operation of each such property until the Cash  
24 Flow Note is paid in full. In order to assist the Creditors' Trust Trustee in monitoring the  
25 operations of the Portfolio Entities, the Reorganized Debtors will provide the Creditors' Trust  
26 Trustee with substantial documentation regarding the operations and performance of the Portfolio  
27 Entities. For a detailed list of said documentation, please refer to the Security Agreement and the  
28 other ~~Term Sheet~~Plan Documents.

1 (iv) Reporting to the Creditors' Trust Trustee. In order to keep the Creditors'  
2 Trust Trustee informed of the financial status of the Portfolio Entities, the Reorganized Debtors  
3 and Mesa Management shall provide the Creditors' Trust Trustee with substantial documentation.  
4 Please refer to the Security Agreement for a complete list of documentation to be provided to the  
5 Creditors' Trust Trustee.

6 **5. Transfer of the Recovery Rights to the Reorganized Debtors**

7 Pursuant to Section 1123(b)(3) of the Bankruptcy Code, all Recovery Rights of the  
8 Debtors and the Estates, including but not limited to all Recovery Rights that could be brought  
9 under any of Sections 362, 510, 542, 544, 545, 547, 548, 549, 550 and 553 of the Bankruptcy  
10 Code and under applicable non-bankruptcy law, shall be retained, owned and enforced by the  
11 Creditors' Trust Trustee and may be pursued by the Creditors' Trust Trustee, at its option, after  
12 the Effective Date with like manner and effect as if commenced prior to the Confirmation Date.  
13 ~~Following the payment of all Allowed Administrative Claims in full, the~~The Creditors' Trust  
14 shall receive 100% the proceeds of any recovery with respect to such Recovery Rights to be used  
15 to fund the payments to General Unsecured Creditors in accordance with the Plan.

16 **6. The Creditors' Trust**

17 (i) Purpose Establishment of the Creditors' Trust. The Creditors' Trust shall  
18 be deemed established on the Effective Date pursuant to the terms of the Creditors' Trust  
19 Agreement. ~~The~~In accordance with Sections VII.E and VII.H of the Plan, as of the Effective  
20 Date, the Reorganized Debtors shall issue the Cash Flow Note and the Secondary Note and  
21 transfer the Recovery Rights to the Creditors' Trust. For all purposes, including, without  
22 limitation, federal income taxes, securities laws, and section 1145 of the Bankruptcy Code,  
23 all parties (including, without limitation, the Debtors, the Creditors' Trust Trustee, and the  
24 holders of Class 3 Claims Allowed by the Effective Date) shall treat the Creditors' Trust's  
25 receipt of the Cash Flow Note, the Secondary Note, and the Recovery Rights as (i) a Pro  
26 Rata transfer or issuance of such assets directly to the such holders in satisfaction of such  
27 Allowed Claims (other than to the extent allocable to Disputed General Unsecured Claims)  
28 followed by (ii) such holders' transfer of such assets to the Creditors' Trust in exchange for