


B 10 (Official Form 10) (04/10)

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| UNITED STATES BANKRUPTCY COURT | | District of Nevada | PROOF OF CLAIM |
| Name of Debtor: In re South Edge, LLC | | Case Number: 10-32968 (BAM) | |
| <small>NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.</small> | | | |
| Name of Creditor (the person or other entity to whom the debtor owes money or property): LandTek, LLC | | <input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____ | |
| Name and address where notices should be sent: LandTek, LLC; Attn: I. Scott Bogatz, Esq. 3455 Cliff Shadows Parkway, Suite 110 Las Vegas, NV 89129 | | <div style="border: 1px solid black; padding: 5px; display: inline-block;"> RECEIVED JUN 30 2011 BMC GROUP </div> | |
| Telephone number: (702) 776-7000 | | | |
| Name and address where payment should be sent (if different from above): | | <input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case. | |
| Telephone number: | | | |
| 1. Amount of Claim as of Date Case Filed: \$ at least 19,400,000.00 | | 5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. | |
| If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. | | Specify the priority of the claim. | |
| If all or part of your claim is entitled to priority, complete item 5. | | | |
| <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges. | | <input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. §507 (a)(4). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. §507 (a)(5). <input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. §507 (a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. §507 (a)(8). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. §507 (a)(____). | |
| 2. Basis for Claim: <u>Construction Agreement</u> (See instruction #2 on reverse side.) | | Amount entitled to priority: \$ 0.00 | |
| 3. Last four digits of any number by which creditor identifies debtor: <u>N/A</u> 3a. Debtor may have scheduled account as: <u>N/A</u> (See instruction #3a on reverse side.) | | | |
| 4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: Value of Property: \$ _____ Annual Interest Rate _____ % Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____ Amount of Secured Claim: \$ _____ Amount Unsecured: \$ _____ | | *Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment. | |
| 6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. | | | |
| 7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain: | | | |
| Date: 06/28/2011 | Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any. | | FOR COURT USE ONLY |
| Larry Bross, Manager | | | South Edge  00014 |

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

**ADDENDUM TO PROOF OF CLAIM OF
LANDTEK, LLC**

**In re South Edge, LLC,
Case No. 10-32968**

The attached proof of claim (the "Claim") of LandTek, LLC ("LandTek"), sets forth the claims of LandTek against South Edge, LLC, the above-captioned debtor (the "Debtor"), and is based on the following facts:

A. General Background

1. On April 14, 2005, the Debtor and LandTek entered into a Construction Management Agreement (the "Agreement") attached hereto as Exhibit A. Pursuant to the terms of the Agreement, LandTek agreed to act as the "Construction Manager" in connection with the development of a master planned community located in Henderson, Nevada known as "Inspirada."

2. The Inspirada development is essentially a small city, comprised of seven residential villages (each a "Village," and, collectively, the "Villages") of approximately 200 acres each, and an almost 400-acre "Town Center." The total projected cost of the Inspirada project, including land acquisition, development and financing costs, was expected to be approximately \$1.2 billion. The Villages were to be built sequentially, with "Village 1" to be built first and "Village 7" to be built last. Town Center was to be built as Village development progressed.

3. The Debtor has breached the Agreement and LandTek is entitled to collect damages from the Debtor, among other things, for the reasons set forth below.

B. The Construction Agreement

4. The purpose of the Agreement was to hire LandTek to construct the Inspirada project. In exchange, the Debtor was required to pay to LandTek a fee equal to 7% of "Direct Construction Costs" and 4% of "Indirect Costs," in each case as defined in the Agreement, in connection with the construction of the project. The Debtor's obligation to pay fees to LandTek is also set forth in the Debtor's Amended and Restated Operating Agreement dated May 3, 2004. In order to establish the amount of LandTek's fee, the Debtor and LandTek agreed upon a budget (the "Budget") of \$255,777,481.00, which was later significantly increased.

C. The Debtor Breached the Construction Agreement

5. On March 10, 2008, the Debtor ceased building the Inspirada project and, in violation of the Agreement, refused to fund the Budget or authorize LandTek to perform the Work related thereto. At the time the Inspirada project was stopped, approximately \$278 million of the Budget remained unfunded. As a result of such breach, LandTek has been deprived of fees that it would have earned under the Agreement had the Inspirada project proceeded as planned and not been improperly stopped. Such fees total approximately \$19.4 million. LandTek hereby asserts a claim against the Debtor in such amount.

6. Other breaches of the Agreement also exist. On February 23, 2011, the Court appointed Cynthia Nelson as the chapter 11 trustee (the "Trustee") of the Debtor. The Trustee has sought to appoint third-parties to perform work within the scope of the Agreement. This constitutes, in the very least, a breach of the Agreement and entitles LandTek to damages in an amount to be established at trial, including, without limitation, damages equaling the amount of fees due under the Agreement that LandTek would have earned to complete the work the Trustee currently intends to complete through the use of third parties.

7. Under the Agreement, LandTek is entitled to attorneys fees' and costs and interest to the extent permitted by law in connection with the Claim and any litigation related thereto and hereby demands such fees and costs from the Debtor.

8. LandTek believes that the Debtor will reject the Agreement during its bankruptcy case. In such event, LandTek will be entitled to rejection damages in an amount to be determined at trial. Such damages would total, at a minimum, \$19.4 million, which constitutes the amount of fees that LandTek would have received if the Debtor had completed the Inspirada project as originally envisioned and the Agreement had not been rejected.

D. Reservation of Rights and Non-Waiver

9. LandTek expressly reserves the right to amend and supplement this Claim in any respect at any time including with respect to costs and expenses as they are determined. Nothing herein shall constitute a waiver of any of LandTek's rights; all such rights are expressly reserved.

10. Moreover, LandTek has been compelled to file this Claim in light of claims bar date established in the Debtor's bankruptcy case. The filing of this Claim, however, is not: (a) intended to waive LandTek's right to demand a jury trial with respect to any of the claims set forth herein or to file any motion to withdraw the reference with respect to any such claims, or (b) a waiver of LandTek's right to contest the jurisdiction of the United States Bankruptcy Court for the District of Nevada over either LandTek or the subject matter of this Claim.

District of Nevada Claims Register

10-32968-bam SOUTH EDGE, LLC

Judge: BRUCE A. MARKELL **Chapter:** 11
Office: Las Vegas **Last Date to file claims:** 06/29/2011
Trustee: CYNTHIA NELSON **Last Date to file (Govt):**

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| Creditor: (7125520) LandTek, LLC Attn: I. Scott Bogatz, Esq. 3455 Cliff Shadows Parkway, Suite 110 Las Vegas, NV 89129 Claimant History | Claim No: 14 <i>Original Filed</i> Date: 06/28/2011 <i>Original Entered</i> Date: 06/28/2011 <i>Last Amendment</i> Filed: 06/29/2011 <i>Last Amendment</i> Entered: 06/29/2011 | Status: Filed by: CR Entered by: BOGATZ, I Modified: |
| Unsecured claimed: \$19400000.00 Total claimed: \$19400000.00 | | |

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| <i>History:</i> | |
| <u>Details</u> | <u>14-1</u> 06/28/2011 Claim #14 filed by LANDTEK, LLC, total amount claimed: \$19400000 (BOGATZ, I) |
| <u>Details</u> | <u>14-2</u> 06/29/2011 Amended Claim #14 filed by LandTek, LLC, total amount claimed: \$19400000 (BOGATZ, I) |
| <i>Description:</i> (14-1) Proof of Claim by LandTek, LLC (14-2) Attach additional Exhibits | |
| <i>Remarks:</i> | |

Claims Register Summary

Case Name: SOUTH EDGE, LLC
Case Number: 10-32968-bam
Chapter: 11
Date Filed: 12/09/2010
Total Number Of Claims: 1

| | Total Amount Claimed | Total Amount Allowed |
|-----------------------|----------------------|----------------------|
| Unsecured | \$19400000.00 | |
| Secured | | |
| Priority | | |
| Unknown | | |
| Administrative | | |
| Total | \$19400000.00 | \$0.00 |