

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

IN RE: §  
COLUMBIA LAKES RESORT & §  
CONFERENCE CENTER, LLC, § Case No. 12-34353-H4-11  
Debtor. § (Chapter 11)  
§

**DEBTOR’S COMBINED  
PLAN OF REORGANIZATION AND DISCLOSURE STATEMENT**

**DEBTOR’S COMBINED PLAN OF REORGANIZATION AND DISCLOSURE STATEMENT HAS BEEN SET FOR A FINAL HEARING ON APPROVAL OF THE DISCLOSURE STATEMENT AND A HEARING ON CONFIRMATION OF THE PLAN OF REORGANIZATION ON [REDACTED], AT [REDACTED].M., IN COURTROOM 600, UNITED STATES COURTHOUSE, 515 RUSK STREET, HOUSTON, TEXAS, 77002.**

On or about June 5, 2012, (the “Petition Date”), Columbia Lakes Resort & Conference Center, LLC (“Debtor” or “Columbia Lakes”) filed its voluntary petition under chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (“Bankruptcy Court” or “Court”).

If you are a Creditor or Interest Holder, you should read this Combined Disclosure Statement and Plan of Reorganization carefully. The Debtor urges all holders of Claims in Impaired Classes receiving Ballots to accept the Plan of Reorganization proposed by the Debtor as contained herein.

This Combined Disclosure Statement and Plan of Reorganization (the “DS/Plan”), any amendments, supplements, and exhibits thereto, the accompanying Ballot form, if any, and the related materials delivered together herewith are being furnished by the Debtor to holders of Impaired Claims and Impaired Interests pursuant to § 1125<sup>1</sup>, in connection with the solicitation by the Debtor of votes to accept or reject the Plan and the transactions as described herein.

This DS/Plan is designed to provide adequate information to enable holders of Claims against and Interests in the Debtor to make an informed decision whether to vote in favor of or against the Plan of Reorganization that the Debtor is proposing. All Creditors are encouraged to read this DS/Plan in its entirety before voting to accept or reject the Plan proposed by the Debtor. The projected financial information contained herein has not been the subject of an audit, unless otherwise stated.

<sup>1</sup> All references to “§” reference the applicable section of the Bankruptcy Code.

All holders of Impaired Claims should read and consider carefully the matters described in the DS/Plan as a whole prior to voting on the Plan proposed by the Debtor. In making a decision to accept or reject the Plan, each Creditor must rely on its own examination of the Debtor as described in this DS/Plan, including the merits and risks involved. You are encouraged to seek the advice of qualified legal counsel with respect to the legal effect of any aspect of the DS/Plan. In addition, Confirmation and Consummation of the Plan are subject to conditions precedent that could lead to delays in Consummation of the Plan proposed by Debtor. There can be no assurance that each of these conditions precedent will be satisfied or waived or that the Plan proposed by the Debtor will be consummated. Even after the Effective Date, distributions under the Plan proposed by the Debtor may be subject to delay so that disputed claims can be resolved.

No party is authorized by the Debtor to give any information or make any representations with respect to the DS/Plan other than that which is contained herein. No representation or information concerning the Debtor, its business or the value of its properties has been authorized by the Debtor, other than as set forth herein. Any information or representation given to obtain your acceptance or rejection of the Plan that is different from or inconsistent with the information or representations contained herein should not be relied upon by any holders of Claims or Interests in voting on the Plan proposed by the Debtor.

This DS/Plan has been prepared in accordance with § 1125 and not in accordance with federal or state securities laws or other applicable non-bankruptcy law. Entities holding or trading in or otherwise purchasing, selling or transferring Claims against, Interests in or securities of, the Debtor should evaluate this DS/Plan only in light of the purpose for which it was prepared.

With respect to contested matters, adversary proceedings and other pending or threatened actions (whether or not pending), this DS/Plan and the information contained herein shall not be construed as an admission or stipulation by any Entity, but rather as statements made in settlement negotiations governed by Rule 408 of the Federal Rules of Evidence and any other rule or statute of similar import. This DS/Plan shall not be construed to be providing any legal, business, financial or tax advice. Each holder of a Claim or Interest should, therefore, consult with its own legal, business, financial and tax advisors as to any such matters concerning the solicitation, the Plan or the transactions contemplated thereby.

This DS/Plan shall not be construed to be providing any legal, business, financial or tax advice. Each holder of a Claim or Interest should, therefore, consult with its own legal, business, financial and tax advisors as to any such matters concerning the solicitation, the Plan or the transactions contemplated thereby.

#### **INCORPORATION OF DOCUMENTS BY REFERENCE**

This DS/Plan incorporates by reference certain documents relating to the Debtor that are not presented herein or delivered herewith. The following documents have been filed in the Debtor's bankruptcy case and are incorporated by reference herein in their entirety, including all

amendments thereto filed prior to the date set for confirmation: (a) the Debtor's Summary of Schedules, Schedules, filed on June 25, 2012 [ECF Document 22]; and Statement of Financial Affairs ("SOFAs") [ECF Document 22]. Documents and pleadings filed in this case are available at the following website: <http://www.txsb.uscourts.gov/>.

## I. INTRODUCTION AND SUMMARY

The following introduction and summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this DS/Plan.

### A. The Solicitation.

On October \_\_\_\_, the Debtor filed this DS/Plan. This DS/Plan is submitted by the Debtor to be used in connection with the solicitation of votes on Debtor's Plan.

Debtor has requested that the Bankruptcy Court hold a hearing on approval of this DS/Plan to determine whether this DS/Plan contains "adequate information" in accordance with § 1125. Pursuant to § 1125(a)(1), "adequate information" is defined as "information of a kind, and in sufficient detail, as far as reasonably practicable in light of the nature and history of the Debtor and the condition of the Debtor's books and records, ... that would enable a hypothetical reasonable investor typical of holders of claims or interests of the relevant Class to make an informed judgment about the [Plan proposed by the Debtor.]" A hearing to consider the final approval of the Disclosure Statement has been set for the \_\_\_\_ day of \_\_\_\_\_ 2012, at \_\_\_\_\_.m., in Courtroom 600, United States Courthouse, 515 Rusk Street, Houston, Texas. A hearing on confirmation of the Plan has been set for the \_\_\_\_ day of \_\_\_\_\_ 2012, at \_\_\_\_\_.m., in Courtroom 600, United States Courthouse, 515 Rusk Street, Houston, Texas, at which time the Court will hold a hearing on approval of the disclosure provided and on confirmation of the Plan proposed by the Debtor (the "Confirmation Hearing"). Objections to the final approval of the Disclosure Statement or objections to Confirmation of the Plan must be in writing and must be filed with the Clerk of the Bankruptcy Court and served on the counsel listed below to ensure receipt by them on or before 5:00 p.m., on \_\_\_\_\_, 2012. Bankruptcy Rule 3007 governs the form of any such objection.

### B. Debtor's History, Assets, Liabilities, Litigation and Major Events.

#### 1. Incorporation and Ownership

Columbia Lakes was founded on December 9, 2009, as a Texas Limited Liability Company for the purpose of operating a resort in Angleton, Texas. Its founders were R. L. Putt, Sharon Putt and a group of twelve (12) passive investors.

#### 2. Management

Columbia Lakes' corporate offices are located at 188 Freeman Blvd., West Columbia, Texas 77486. Rick R. Moore is the managing member of Columbia Lakes. There are approximately 16 members of Columbia Lakes.

## 3. Other Personnel

Sales

Suzanne Bird

Operations

Gina Edling

Widner Weems

Management Overview

Rick R. Moore

Cynthia Taylor

## 4. Products and Services

Columbia Lakes resort facility is located at 121 East Freeman Blvd., West Columbia, Texas, 77486-9616. Its products and services generally include year round rentals and sales of cottage suites that are immediately adjacent to the Columbia Lakes Resort and Golf Course. Columbia Lakes also operates a lobby and an on-site restaurant, Mulligan's.

## 5. Assets of Columbia Lakes as of the Petition Date:

<u>Description</u>	<u>Value</u>
Real Property	\$2,830,000.00
<b>Commercial property at 180/188 Freeman Blvd., West Columbia, TX 77486-9616 in Brazoria County, Texas (COLUMBIA LAKES COTTAGES BLK A ACRES 1.395 and COLUMBIA LAKES COTTAGES BLK B ACRES 10.905)<sup>2</sup></b>	
Cash on Hand	<b>\$10,000.00</b>
Machinery, fixtures, equipment and supplies,	<b>\$102,000.00</b>
<b><u>TOTAL</u></b>	<b><u>\$2,942,000.00</u></b>

<sup>2</sup> These assets are encumbered by a first lien in favor of Debtor's pre-petition bank lender, Patriot Bank.

## 6. Summary of Creditors and Debt as of Petition Date

Claim Type	Amount
Secured	\$2,657,704.94
Priority	\$1,857.00
Unsecured	\$261,752.77
<b>TOTAL</b>	<b>\$2,921,341.71</b>

Secured Creditors	Amount	Collateral
Patriot Bank	\$2,568,591.69 <sup>3</sup>	(a) real property and improvements ("Real Estate") comprising of 12.3 acres of land located at 180/188 Freeman Boulevard, West Columbia, Texas 77486-9616 in Brazoria County, Texas, and (b) rents and proceeds.
Brazoria County Tax Office	\$93,978.06	(a) real property and improvements ("Real Estate") comprising of 12.3 acres of land located at 180/188 Freeman Boulevard, West Columbia, Texas 77486-9616 in Brazoria County, Texas, and (b) rents and proceeds.
<b>TOTAL</b>	<b>Approximately \$2,662,569.75</b>	

Priority Creditors	Amount
Texas Comptroller of Public Accounts for Hotel Occupancy Taxes	\$1,857.00

<sup>3</sup> As of the Petition Date.

7. Description and Analysis of Secured Claims as of Petition Date

a. Patriot Bank

The real estate, rents and proceeds are referred to in this Section as the “Property.”

On April 8, 2008, the original borrower (the “Original Borrower”) executed and delivered to Patriot Bank a Promissory Note in the original principal amount of \$3,056,900 (the “Note”). In connection with the Note, Original Borrower executed a Construction Deed of Trust, Security Agreement and Financing Statement (the “Deed of Trust”) creating a perfected, first priority security interest and lien against the Property.

Debtor, Original Borrower, and Patriot Bank entered into that certain Assumption Agreement dated November 11, 2009 (the “Assumption Agreement”), recorded under Document No. 201002369 in the Official Public Records of Brazoria County, Texas, whereby Debtor assumed all of Original Borrower’s rights, indebtedness, liabilities and obligations under the Note.

Patriot Bank has renewed and/or extended the Note on several occasions since its inception. On December 1, 2011, the Note matured and Debtor defaulted on its obligations to Patriot Bank under the Note due to nonpayment.

The total amount of the indebtedness of Debtor to Patriot Bank on the Petition Date was not less than **\$2,568,591.69**.

On July 3, 2012, Patriot Bank filed a motion for relief from the automatic stay to exercise its rights and remedies with respect to all of Debtor’s Property [ECF No. 26]. Pursuant to a mediated settlement agreement dated September 10, 2012 (the “MSA”), Patriot Bank has withdrawn its motion for relief from stay without prejudice.

b. Brazoria County Tax Office

On August 13, 2012, a proof of claim was filed by the Brazoria County Tax Office asserting a secured claim in the amount of 93,978.06 for 2011 and 2012 [Claim No. 1]. The asserted basis for its proof of claim is for Ad Valorem Property Taxes pursuant to Sections 32.01 and 32.07 of the Texas Property Tax Code.

8. Description and Analysis of Priority Claims as of Filing Date

On October 5, 2012, the Texas Comptroller of Public Accounts filed a claim in the amount of \$1,857.29 for hotel occupancy taxes.

9. Prepetition Unsecured Claims

Debtor has 5 unsecured creditors with claims totaling \$261,752.77.

10. Events Leading to Columbia Lakes Bankruptcy Filing

There are many reasons for the decline in Columbia Lakes business, but principal among them is mismanagement by prior management and timing. The 2008 financial crash depressed real estate values in the surrounding areas. In addition, the offshore drilling moratorium caused by the 2010 Deep Water Horizon oil spill devastated the local economy.

Prior to the chapter 11 filing, Debtor had been negotiating for sales of its cottages, and converting the business model from weekend rentals to extended stay facilities. The Debtor is optimistic that with the lifting of the offshore drilling moratorium combined with increased drilling activity in the nearby Eagle-Ford Shale, the Debtor will be able to increase cottage unit sales and sustainably operate its business. Also Dow Chemical, Conoco Phillips and LPG are all planning major expansions in the Spring/Summer of 2013.

**C. Timeline of Post-Petition Orders and Activities**

On June 5, 2012 (the "Petition Date"), Debtor filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. The Debtor continues in possession of its property and is operating its business as a debtor-in-possession pursuant to §§ 1107, 1108 ("DIP").

On June 20, 2012, the Court entered its order authorizing the payment of pre-petition compensation, taxes and benefits to certain employees [ECF No. 16].

On June 20, 2012, the Court entered its Agreed Order Authorizing Use of Cash Collateral [ECF No. 17].

On June 25, 2012, the Debtor filed its Schedules and Statement of Financial Affairs [ECF No. 22].

On July 3, 2012, Patriot Bank filed its Motion for Relief From Stay as to Acts Against Real Property [ECF No. 26].

On August 2, 2012, the Court entered its Order authorizing Debtor to employ and pay O'Connor and Associates as an appraiser for the Debtor [ECF No. 34].

On August 7, 2012, the Court entered its Order authorizing Debtor to employ Margaret McClure as attorney for Debtor [ECF No. 38].

On August 22, 2012, the Court entered its Order authorizing Debtor Enter Into an Insurance Premium Financing Agreement [ECF No. 43].

On September 10, 2012, the Debtor participated in mediation with its secured creditor, Patriot Bank. At the conclusion of that mediation, the Debtor and Patriot Bank entered into a Mediated Settlement Agreement.



**The deadline for creditors to file proofs of claim is October 10, 2012.**

**D. Pre- and Post-Petition Financial Results of Operation**

Debtor's Financial Reports for January-August 2012 are attached as Exhibit 1. Debtor's Schedules "A" and "B," which contain the Debtor's assets as of the petition date are attached hereto as Exhibit 2. Schedules "D," "E," and "F," which contain the Debtor's liabilities as of the petition date are attached as Exhibit 3.

**II. DEFINITIONS, RULES OF INTERPRETATION  
AND COMPUTATION OF TIME**

**A. Definitions**

For purposes of this Disclosure Statement and Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings ascribed to them in this Article. Any term used in this Disclosure Statement and Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or Bankruptcy Rules. Whenever the context requires, such terms shall include the plural as well as the singular number, the masculine gender shall include the feminine, and the feminine gender shall include the masculine.

- "Administrative Claim" or "Administrative Priority Claim" means a Claim that is entitled to priority under §§ 326, 327, 330, 503(b)(1) - (9), 506(c) or 1103 asserted in this case, which Claims are described and treated in Article IV of this DS/Plan.
- "Administrative Claim Bar Date" means the date set by the Court by which Administrative Claims entitled to priority under §§ 326, 327, 330, 503(b), 506(c) or 1103 asserted in this case, including substantial contribution Claims, must be filed. Debtor will request that the Court set the Administrative Claim Bar Date by separate order of the Court.
- "Allowed Claim" means a Claim or any portion thereof (i) that has been allowed by a Final Order, (ii) that either has been Scheduled as a liquidated, non-contingent, undisputed Claim in an amount greater than zero in the Debtor's Schedules, as the same may from time to time be amended in accordance with the Bankruptcy Code, Bankruptcy Rules or order of the Bankruptcy Court, or is the subject of a timely filed proof of Claim as to which either no objection to its allowance has been filed (either by way of objection or amendment to the Schedules) within the periods of limitation fixed by the Bankruptcy Code or by any order of the Bankruptcy Court, or any objection to its allowance has been settled, waived through payment, or withdrawn, or has been denied by a Final Order, or (iii) that is expressly allowed in a liquidated amount in the Plan; provided, however that with respect to an Administrative Claim, "Allowed Claim" means an Administrative Claim as to which a timely request for payment has been made in accordance with this Plan (if such written request is required) or other Administrative Claim, in each case as to



which (i) a timely objection has not been filed, or (ii) a timely objection is filed and such objection has been settled, waived through payment, or withdrawn, or has been denied by a Final Order.

- “Bankruptcy Estate” shall mean the estate created under § 541 upon the filing of the Bankruptcy Case.
- “Bankruptcy Rules” mean, collectively, the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended, the Federal Rules of Civil Procedure, as amended, as applicable to the Chapter 11 Case or proceedings therein, and the Local Rules of the Bankruptcy Court, as applicable to the Chapter 11 Case or proceedings therein, as the case may be.
- “Claim” means a claim against any of the Debtor’s Bankruptcy Estate, whether or not asserted, as defined in § 101(5).
- “Class” means a category of holders of Claims or Interests, as described in Article IV below.
- “Confirmation” means entry by the Bankruptcy Court of the Confirmation Order confirming this Plan.
- “Confirmation Date” means the date of entry by the Bankruptcy Court of the Confirmation Order.
- “Confirmation Hearing” means the date set by the Court for a hearing to confirm Debtor’s Plan, which has been set for the \_\_\_\_\_ day of \_\_\_\_\_ 2012, at \_\_\_\_\_ .m. in Courtroom 600, United States Courthouse, 515 Rusk Street, Houston, Texas.
- “Confirmation Order” means the order entered by the Bankruptcy Court confirming the Plan.
- “DIP” means the Debtor-in-Possession that continues in possession of its property and is operating its business as a debtor-in-possession pursuant to 11 U.S.C. §§ 1107, 1108.
- “DS/Plan” shall mean this Combined Disclosure Statement and Plan of Reorganization dated as of November 15, 2011.
- “Effective Date” means the earlier of (a) the date when the Confirmation Order becomes a Final Order, or (b) \_\_\_\_\_, 2012.
- “Final Order” means an order or judgment of the Bankruptcy Court, as entered on the docket in the Debtor’s Bankruptcy Case, the operation or effect of which has not been stayed, reversed, or amended and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal or seek review or rehearing has expired.

- "Impaired" means, when used with reference to a Claim or Equity Interest, a Claim or Equity Interest that is impaired within the meaning of § 1124.
- "Other Distributable Proceeds" shall mean the proceeds of sale of all assets of the Debtor's bankruptcy estate that are not defined as Sale Assets, including but not limited to proceeds derived from the prosecution of all claims under Chapter 5 of the Bankruptcy Code, all litigation claims, whether such causes of action arise from contract, tort theories of liability, breach of fiduciary duty; member, manager or officer liability claims, insurance claims, statutory claims or other claims.
- "Person" means an individual, corporation, partnership, governmental unit, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate, unincorporated organization, or other entity.
- "Plan" means **Articles II through XVII** of this DS/Plan.
- "Plan Documents" means any documents referenced in the Plan that are intended to be executed pursuant to the Confirmed Plan.
- "Priority Claim" means a Claim asserted under § 507(a)(3-10) against the Debtor's Bankruptcy Estate.
- "Reorganized Debtor" shall mean the Debtor after the entry of the Confirmation Order.
- "Sale Assets" has the meaning ascribed to such term in **Article V-A-1**, infra.
- "Sale Proceeds" shall mean the proceeds received by the Debtor from a sale of the Sale Assets.
- "Secured Claim" means a Claim, other than a Setoff Claim, that is secured by an Encumbrance, or the proceeds of the sale of such property, in which the Debtor has an interest, to the extent of the value, as of the Effective Date or such later date as is established by the Bankruptcy Court, of such interest or Encumbrance as determined by a Final Order of the Bankruptcy Court pursuant to § 506 or as otherwise agreed upon in writing by Debtor and the holder of such Claim.
- "Substantial Consummation" shall have the meaning given to that term in § 1101(2). Substantial Consummation shall occur on the Effective Date.
- "Unimpaired Claim" means a Claim that is not an Impaired Claim.
- "Unsecured Claim" shall mean a Claim that is not a Secured Claim and that is not entitled to priority under § 507(a)(1-9), and includes the deficiency portions of any Secured Claim.

- "Voting Deadline" means \_\_\_\_\_, 2012 at 5:00 p.m., the deadline by which Ballots to accept or reject the Plan must be received by Debtor's counsel by in order to be counted.

## **B. Rules of Interpretation**

For purposes of this Combined Disclosure Statement and Plan, (a) any reference in this Combined Disclosure Statement and Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (b) any reference in this Combined Disclosure Statement and Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented; (c) unless otherwise specified, all references in this Combined Disclosure Statement and Plan to Sections, Articles, Schedules, and Exhibits are references to Sections, Articles, Schedules, and Exhibits of or to this Combined Disclosure Statement and Plan; (d) the words "herein" and "hereto" refer to this Combined Disclosure Statement and Plan in its entirety rather than to a particular portion of this Combined Disclosure Statement and Plan; (e) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Combined Disclosure Statement and Plan; and (f) the rules of construction set forth in § 102 and in the Bankruptcy Rules shall apply.

## **C. Computation of Time**

All times referenced in this Disclosure Statement and Plan are prevailing Central Time. In computing any period of time prescribed or allowed by this Combined Disclosure Statement and Plan, the provisions of Fed. R. Bankr. P. 9006(a) shall apply.

## **III. BAR DATES AND TREATMENT FOR ADMINISTRATIVE CLAIMS**

With respect to all requests for payment of professional fees pursuant to §§ 327, 328, 330, 331, 503(b), 506(c) or 1103 for services rendered and expenses incurred prior to the Effective Date, such professionals shall file and serve an application for final allowance of compensation and reimbursement of expenses no later than 30 days after the entry of the Confirmation Order.

## **IV. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS**

All Claims and Interests are placed in the Classes set forth below. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled.

**A. Class 1 – Administrative Claims – Professional Fee Claims and U.S. Trustee Quarterly Fees.**

**Description.** All Claims entitled to administrative priority under §§ 330(a)(1), 503(b)(2) incurred during the Debtor Bankruptcy Case and U.S. Trustee Quarterly Fees Assessed Pursuant to 28 U.S.C. § 1930(a)(6). A summary of the claims in Class 1 are as follows:

<b>Claimant</b>	<b>Estimated Fees and Expenses Through October 31, 2012.</b>
United States Trustee	\$1,950.00
O'Connor & Associates	\$1,875.00
Margaret M. McClure, Counsel for the Debtor.	\$30,000.00

**Treatment.** The above Administrative Claims shall be paid in full out of the Sale Proceeds and/or Other Distributable Proceeds. To the extent an Administrative Claim is allowed by the Court as of the Confirmation Date, it shall be paid by the Debtor in full out of the Sale Proceeds and/or Other Distributable Proceeds on the Effective Date. To the extent an Administrative Claim is allowed after the Confirmation Date, the Debtor shall pay such claim on the date the order allowing such claim becomes a Final Order out of the Sale Proceeds and/or Other Distributable Proceeds. The Debtor's Bankruptcy Estate shall be responsible for timely payment of the United States Trustee quarterly fees incurred pursuant to § 1930(a)(6). Any fees due as of the date of confirmation of the Plan will be paid in full on the Effective Date of the Plan out of the proceeds from the sale of the Debtor's assets. The Debtor also shall timely pay post-confirmation quarterly fees assessed pursuant to 28 U.S.C. § 1930(a)(6) out of the sale of the Debtor's assets until such time as the Bankruptcy Court enters a final decree closing this chapter 11 case, or enters an order either converting this case to a case under chapter 7 or dismissing this case. After confirmation, the Debtor shall file with the Bankruptcy Court and shall transmit to the United States Trustee a true and correct statement of all disbursements made by the Debtor for each quarter, or portion thereof that this chapter 11 case remains open in a format prescribed by the United States Trustee.

**B. Class 2 – All other Administrative Claims.**

**Description.** All Claims entitled to Administrative Priority under § 503(b)(2) other than Class 1 Administrative Claims. Debtor shall request that the Court set an Administrative Claim Bar Date for the same day the Court sets the hearing on Confirmation of the Debtor's Plan. The Order Setting the Administrative Claim Bar Date shall be disseminated to all creditors of the Debtor. Only Administrative Claims that are timely filed by the Administrative Claim Bar Date shall be allowed in this class.

**Treatment.** Allowed Administrative Claims in Class 2 shall be paid in full out the Sale Proceeds and/or Other Distributable Proceeds on the Effective Date, or as soon thereafter as such claims are allowed by Final Order.

**C. Class 3 – Allowed Secured/Priority Claim of Brazoria County.**

**Description.** Class 3 consists of the Allowed Secured/Priority claim of Brazoria County for 2011 and 2012 Ad Valorem Taxes secured by a lien against Columbia Lakes' Real and Personal Property. Brazoria County filed a proof of claim on August 13, 2012 (Claim No. 1) in the amount of \$93,978.06.

**Treatment.** The statutory amount due to Brazoria County, as of the date of payment, shall be paid in full out of the Sale Proceeds and/or Other Distributable Proceeds.

**D. Class 4 – Allowed Secured Claim of Patriot Bank.**

**Description.** Class 4 consists of the Allowed Secured Claim of Patriot Bank as described in Section I.B.7., *supra*.

**Treatment.** Patriot Bank shall agree to a sale of the Sale Assets free and clear of all of its pre-petition and post-petition liens, claims and encumbrances, and Patriot Bank's pre-petition and post-petition liens shall attach to the Sale Proceeds and/or Other Distributable Proceeds. Patriot Bank's secured claim, as of the date of payment, shall be paid in full in preference to all other claims out of the Sale Proceeds and/or Other Distributable Proceeds pursuant to the Mediated Settlement Agreement. Upon receipt of payment in full of its Allowed Secured Claim, Patriot Bank shall execute a release of its liens and security interests on the Sale Assets, the Sale Proceeds and/or Other Distributable Proceeds, and all other assets of the Debtor. The treatment of Class 4 claims is discussed in Section V below.

**E. Class 5 – Allowed Priority Claim of the Texas Comptroller of Public Accounts**

The Texas Comptroller of Public Accounts filed a priority claim in the amount of \$1,857.00 for hotel occupancy taxes. The statutory amount due the Comptroller, as of the date of payment, shall be paid in full out of the Sale Proceeds and/or Other Distributable Proceeds.

**F. Class 6 -- Allowed Unsecured Claims.**

**Description.** Class 6 consists of the Allowed Claims of Unsecured Creditors and includes the deficiency portions of any Secured Claims, if any.

**Treatment.** The Allowed Claims of Unsecured Creditors in this Class 6 shall be satisfied, on a pro rata basis, from distribution of the Sale Proceeds and/or Other Distributable Proceeds available after the secured portion or priority interest of any Allowed Claims of Creditor in Classes 1 through 5 are satisfied in full. Class 6 claimants will be entitled to interest as allowed by law and determined by the Court prior to any distribution to the Debtor's Members in Class 7.

**G. Class 7 -- Allowed Interest of Members of Debtor**

**Description.** Class 7 consists of the Allowed Interests of the Debtor's Members, Allen R. Guy, Anne Carr Powers, Bill S. Hosford, Cindy Taylor, Greg Harris, Jack Quiery, Jimmy D. Harris, Kimberly D. Svobda, Neva B. Lee, Robert E. Putt, Sharon Putt, Tony B. Doyle, Van Schermerhorn, WHW Enterprises, Ltd., and William R. Powers.

**Treatment.** The Allowed Claims of Members of the Debtor in this Class 7 shall be satisfied, on a pro rata basis, from distribution of the Sale Proceeds and/or Other Distributable Proceeds available after the Allowed Claims of Creditor in Classes 1 through 6 are satisfied in full, with interest as allowed by law and determined by the Court. Holders of Allowed Interests shall retain such interest in the Reorganized Debtor.

**V. MEANS FOR EXECUTION OF THE PLAN**

The Debtor's business and assets shall be sold pursuant to the following plans:

**A. Plan A (concurrent with Plan B, set forth below) - OPTIONAL:**

- (1) The Debtor will market the Property jointly with Stallion Creek and Billy Verkin, the owners of the golf course and other property adjacent to Columbia Lakes.
- (2) Patriot Bank, Stallion Creek and Billy Verkin have agreed to the following release prices, so long as the sale closes within 60 days after the Effective Date, and so long as such date is within 60 days after the Effective Date is not later than March 3, 2013:
 

a. Stallion Creek (golf course):	\$1,800,000.00
b. Billy Verkin (tennis courts and swimming pool):	\$150,000.00
c. Patriot Bank:	\$2,200,000.00 <sup>4</sup>
- (3) Any sale must provide for the continued monthly payments to Stallion Creek for certain golf cart lease payments.

**B. Plan B**

- (1) **The Discounted Payoff Option:** Patriot Bank has agreed to provide Debtor with a schedule in which it may pay its debt to Patriot Bank at a discount pursuant to the following schedule:
  - a. \$2,000,000.00 if paid by October 24, 2012;

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<sup>4</sup> Less any post-petition principal payments received from the sale of its collateral.

- b. \$2,200,000.00 if paid by November 23, 2012;
- c. \$2,400,000.00 if paid by January 22, 2013;
- d. \$2,600,000.00 if paid by March 23, 2013.
- e. In the event that Patriot Bank received the discounted payoff amount within the time periods set forth under Plan A or Plan B above, Patriot Bank will release the Debtor and its guarantors from all claims or causes of action related to its Secured Claim.

(2) **The Full Plan Term Payments.** The Debtor has agreed to a business plan (the “Business Plan”) whereby it will sell some of the 38 cottages located on the Property (the “Cottages”) to interested investors. The Debtor estimated that the average sale price for a Cottage is \$105,000.00. The Debtor proposes to sell the Cottages (and service Patriot Bank’s debt) under the following terms:

- a. Maturity Date of December 31, 2013;
- b. Interest Rate of 6.5% per annum;
- c. Interest only monthly payments;
- d. Principal Reduction Payments as follows:
  - i. Funds from the following principal reductions do not need to come from unit sales proceeds.
  - ii. Due 12/31/2012 – The greater of (i) \$350,000.00 or (ii) the Release Price multiplied by the number of units sold.
    - 1. Minimum Sales Price – at least 70% of Patriot Bank’s appraised value;
    - 2. Release Price – the greater of 70% of net sales proceeds or \$70,000.00;
    - 3. The first sale must consist of 5 units, with sales to close simultaneously;
    - 4. The remaining balance from unit sales shall be deposited into an escrow account to be used solely for improvements (including Debtor’s employees) to units, subject to budget approval by Patriot Bank.

(3) **2013 Quarterly Reductions**

- a. The following reductions are based on the Debtor’s projection of Cottage unit sales: at least (i) two (2) units in the First Quarter, (ii) three (3) units in the Second Quarter, and (c) three (3) units in the Third Quarter.



- b. Due to Patriot Bank at the end of the First Quarter: the greater of (i) \$140,000.00, or (ii) the Release Price multiplied by the number of units sold.
- c. Due to Patriot Bank at the end of the Second Quarter: the greater of (i) \$210,000.00, or (ii) the Release Price multiplied by the number of units sold.
- d. Due to Patriot Bank at the end of the Third Quarter: the greater of (i) \$210,000.00, or (ii) the Release Price multiplied by the number of units sold.
- e. The Minimum Sales Price and Release Price as set forth above.
- f. The remaining balance from unit sales to be deposited into an escrow account to be used solely for improvements to units, subject to budget approval by Patriot Bank. Approval will not be withheld if such expenses are reasonable and necessary.

**(4) Capital Contributions.**

- a. The Debtor shall make the following capital contributions to Patriot Bank: \$210,000.00 no later than December 28, 2012 and \$40,000.00 by January 20, 2013.
- b. The Capital Contributions shall be used for the following:
  - i. Outstanding interest (at the contract rate);
  - ii. All past due and 2012 ad valorem property taxes until paid in full;
  - iii. Payment of interest to Patriot Bank.

**(5) Guarantor Litigation:** Patriot Bank will abate pursuit of the Debtor's guarantors as long as this agreement is not in default. Patriot Bank reserves all its rights and claims against the guarantors.

**(6)** Stallion Creek Golf Course: If the golf course at Columbia Lakes closes or stops operating, the Debtor will be in immediate default of the Mediated Settlement Agreement and this Plan/DSC. Stallion Creek has agreed to provide not less than thirty (30) days written notice to the Debtor and Patriot Bank of the date it intends to close the golf course.

**C. Opportunity to Cure.**

**In the event of any default under the MSA or this Plan/DSC, the Debtor shall have ten (10) days notice and opportunity to cure such event of default. Notwithstanding anything to the contrary contained herein, this notice and opportunity to cure shall in no event apply to the following payments: (i) the minimum \$350,000.00 due on December 31, 2012, and (ii) the \$250,000.00 for outstanding interest and the Capital Contributions. In**

**the event of any default of the MSA or this Plan/DSC, and the expiration of the ten (10) day notice period (if any), the automatic stay will immediately terminate and Patriot Bank will be allowed to exercise all of its state law rights and remedies with respect to its collateral, including without limitation, foreclosure.**

**D. Vesting of Property of Estate in the Reorganized Debtor**

On the Effective Date, all remaining property of the Debtor and of the Estate shall vest in the Reorganized Debtor free and clear of liens, claims, interests and encumbrances arising on or before the Effective Date, except as otherwise provided in this Plan/DSC or the Confirmation Order (including, without limitation, the liens, deeds of trust, and security interests of Patriot Bank. If the Reorganized Debtor defaults in performing under the provisions of this Plan and these cases are converted to a case under Chapter 7 prior to Substantial Consummation of this Plan, all property vested in the Reorganized Debtor and all subsequently acquired property owned by the Reorganized Debtor as of or after the conversion date shall revert in the Debtor and constitute property of the bankruptcy estate in the converted case.

**E. Continuation of Business Operations**

From and after the date the Effective Date, the Reorganized Debtor is authorized to continue normal business operations and enter into such transactions as it deems advisable, free of any restriction or limitation imposed under any provision of the Bankruptcy Code, except to the extent otherwise provided in the Plan.

**F. Management of Reorganized Debtor**

Rick R. Moore, on behalf of the Debtor, will be the disbursing agent under the Plan/DSC and shall have control of the Reorganized Debtor's financial affairs and oversee the implementation of the Plan.

**G. Discharge of Debtor and Injunction**

On the Confirmation Date, the Debtors will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the Effective Date, to the extent specified in 11 U.S.C. § 1141(d)(1)(A), except that the Debtors will not be discharged of any debt or Claim: (i) imposed by and/or preserved under this Plan (including, without limitation, the Allowed Secured Claims of Patriot Bank and/or the ad valorem taxing authorities, which shall survive entry of the Confirmation Order as more specifically set forth in Article 4); (ii) of a kind specified in 11 U.S.C. § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure; or (iii) of a kind specified in 11 U.S.C. § 1141(d)(6)(B).

## H. General Powers

The Reorganized Debtor shall have all of the rights, powers and privileges set forth in this Plan, the Confirmation Order or applicable law. The Debtor shall have the power to take all such actions as in their judgment are necessary and appropriate to effectuate the purposes of the Plan, including but not limited to each power expressly granted in the subsections below and any power reasonably incidental thereto, but such power shall be expressly subject to the express provisions of the Plan. The Reorganized Debtor shall have the power to:

- a. Make all distributions for or contemplated by this Plan.
- b. Consistent with maintaining the value and liquidating the residual assets of the Reorganized Debtor, invest in time or demand deposits, including certificates of deposit issued by any bank approved as a depository institution by the United States Trustee's office, United States Treasury bonds and other securities guaranteed by the full faith and credit of the United States of America or any agency thereof.
- c. Supervise and administer the resolution, settlement and payment of Claims and the distributions to the holders of Allowed Claims in accordance with this Plan.
- d. Enter into any agreement required by or consistent with the Plan and perform all of their obligations thereunder.
- e. Abandon any of the assets of the Reorganized Debtor if it concludes that such assets are of no benefit to the Creditors.
- f. Market and sell the Debtor's assets in accordance with the exercise of prudent business judgment.
- g. Participate in or initiate any proceedings before the Bankruptcy Court or any other court of appropriate jurisdiction and participate as a party or otherwise in any administrative, arbitral or other nonjudicial proceeding and litigate claims on behalf of the Reorganized Debtor, including without limitation all causes of action under Chapter 5 of the Bankruptcy Code and all state and federal causes of action or any other litigation which constitute an asset of the Reorganized Debtor and pursue to settlement or judgment such actions.
- h. Participate as a party-in-interest in any proceeding before the United States Bankruptcy Court involving this Bankruptcy Case.
- i. Act in the name of or in the place of the Debtor in any action before the United States Bankruptcy Court or any other judicial or administrative body.
- j. Select and employ such professionals, agent or employees as it deems necessary to assist in the administration of the affairs of the Reorganized Debtor and compensate such persons.

k. Hold any unclaimed distribution or payment to the holder of an Allowed Claim in accordance with this Plan.

l. Propose any amendment, modification or supplement to this Plan or the Reorganized Debtor's governance documents (subject to the consent of Patriot Bank).

m. Receive, conserve and manage the assets of the Reorganized Debtor and sell or otherwise dispose of such assets for a price and upon such terms and conditions as it deems most beneficial to the Creditors and execute such deeds, bills of sale, assignments and other instruments in connection therewith.

n. Open and maintain bank accounts on behalf of or in the name of the Reorganized Debtor.

o. Pay all taxes, make all tax withholdings and file tax returns and tax information returns and make tax elections by and on behalf of the Reorganized Debtor.

p. Pay all lawful expenses, debts, charges and liabilities of the Reorganized Debtor.

q. Enforce all provisions of this Plan.

r. Protect, perfect and defend the title to any of the assets of the Reorganized Debtor and enforce any bonds, mortgages or other obligations or liens owned by the Reorganized Debtor.

s. Carry sufficient insurance coverage.

t. Establish such reserves for taxes, assessments and other expenses of administration of the Reorganized Debtor as may be necessary and appropriate for the proper operation of matters incident to the affairs of the Reorganized Debtor.

u. Exercise such other powers and duties as are necessary or appropriate.

## **I. Records**

The Reorganized Debtor shall maintain books and records relating to the affairs of the Reorganized Debtor, and all expenses incurred by or on behalf of the Reorganized Debtor. The Reorganized Debtor shall also maintain records relating to all distributions either required to be made or effectuated under this Plan.

## **J. Effectuating Documents and Necessary Authorizations**

All documents and exhibits that aid in effectuating the Plan ("Plan Documents") will be executed and, if appropriate, filed with the appropriate governmental authorities on or before the Effective Date, and they will become effective on the Effective Date. The Reorganized Debtor will have authority to execute, deliver, file, or record such contracts, instruments, releases,

indentures, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Reorganized Debtor, if and to the extent necessary, will seek such orders, judgments, injunctions, regulatory approvals, and rulings that may be required to carry out and further the intentions and purposes, and give full effect to the provisions of the Plan.

## **VI. PROVISIONS REGARDING DISTRIBUTIONS UNDER THE PLAN**

### **A. Distributions**

1. Any payments or distributions to be made by the Reorganized Debtor pursuant to the Plan shall be made to the holders of Allowed Claims in accordance with the terms and provisions of Article IV of this Combined DS/Plan.

2. No distributions shall be made to any Class until all of the Claims in that class are resolved and an Allowed Amount is reached either by agreement or by Court Order. Subject to Bankruptcy Rule 9010, distributions to holders of Allowed Claims will be made at the address of each such holder as set forth on the proofs of claim filed by such holders, or at the last known address of such holder if no proof of claim is filed or if the Debtor has been notified in writing of a change of address. If any holder's distribution is returned as undeliverable, no further distributions to such holder will be made unless and until the Reorganized Debtor is notified in writing of such holder's then current address. All claims for undeliverable distributions must be made on or before the later of the first anniversary of the Effective Date of the Plan, or the ninetieth (90<sup>th</sup>) day following the date on which such Claim is Allowed. After such date, all unclaimed distributions will revert to the Debtors, and the Claim of any holder with respect to such distribution will be discharged and forever barred. Checks issued with respect to Allowed Claims will be null and void if not negotiated within six (6) months after the date of issuance thereof.

### **B. Procedures for Resolving and Treating Contested and Contingent Claims**

1. **Objection Deadline.** Unless a different date is set by order of the Bankruptcy Court, all objections to Claims shall be served and filed no later than sixty (60) days after the Effective Date or twenty (20) days after a particular proof of Claim is filed, whichever is later. Any proof of Claim filed after the Bar Date or for Deficiency Claims or Rejection Claims, after the deadline for filing such claims set forth in this Plan shall be of no force and effect, shall be deemed disallowed, and will not require objection. All Contested Claims shall be litigated to Final Order, *provided, however*, that the Reorganized Debtor may compromise and settle any Contested Claim, subject to the approval of the Bankruptcy Court.

2. **Responsibility for Objecting to Claims.** All parties identified by the Bankruptcy Rules may file objections to Claims after the Effective Date of the Plan. The Plan does not impair the right of any party, including the Debtor and Patriot Bank, to object to any proof of claim.

**3. No Distribution Pending Allowance.** Notwithstanding any other provision of the Plan, no payment or distribution shall be made with respect to any Contested Claim unless and until such Contested Claim becomes an Allowed Claim. A reserve for the full amount of the Contested Claim shall be maintained until the Claim is decided.

**4. Administration of Contested Claims.**

(a) **Disputed Claims Reserve.** In determining the amount of distributions to be made under the Plan to holders of Allowed Claims, the appropriate distributions required by the Plan shall be made according to estimates and subject to the provisions of the Plan. To protect the interests of holders of Contested Claims, the Disputed Claims Reserve shall be established on the Effective Date. The Reorganized Debtor shall fund the Disputed Claims Reserve with Cash in an amount that represents the Pro Rata Share of the Cash that would otherwise be distributed to holders of Contested Claims if such Claims were Allowed.

(b) **Distribution After Allowance.** As soon as practicable after a Contested Claim becomes an Allowed Claim, the holder of an Allowed Claim shall receive a distribution in an amount equal to the aggregate of all the distributions that such holder would have received had such Contested Claim been an Allowed Claim on the Effective Date. Distributions to each holder of a Contested Claim, to the extent that such Claim becomes an Allowed Claim, shall be made in accordance with the provisions of the Plan governing the Class of Claims to which such Claim belongs. The Reorganized Debtor shall have the right to make or direct the making of all interim distributions to the holders of Allowed Claims. No interest shall be paid on account of a Contested Claim that later becomes an Allowed Claim.

(c) **Distribution After Disallowance.** If and when a Contested Claim becomes a Disallowed Claim, the Pro Rata Share of the distributions to which each holder is entitled shall increase commensurately. Accordingly, the Reorganized Debtor, in his sole discretion, shall have the right to make or direct the making of any subsequent distributions.

**VII. CONDITIONS PRECEDENT TO THE EFFECTIVE DATE**

The occurrence of each of the following events shall be a separate condition to the Consummation Date.

**A. Entry of Confirmation Order.**

The Confirmation Order shall have been signed by the Court and duly entered on the Court's docket in form and substance acceptable to the Debtor, and shall include, among other things, findings of fact and/or conclusions of law that:

1. approve the terms of the Plan, as it may be amended or modified with the consent of Patriot Bank, and all other agreements contemplated by the Plan;
2. provide that, except as otherwise expressly provided in the Plan, all entities who have held, hold or may hold Claims against, or Interest in, the Debtor's Bankruptcy Estate will be permanently enjoined, on and after the Confirmation Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtor or against the Debtor's Bankruptcy Estate on account of any such Claim, (iii) creating, perfecting or enforcing any encumbrance of any kind against Debtor or the Debtor's Bankruptcy Estate on account of any such Claim and (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from Debtor or the Debtor's Bankruptcy Estate on account of any such Claim; provided however, notwithstanding any provision of the Plan to the contrary, each holder of a Claim shall be entitled to enforce his, her or its rights under the Plan;
3. reserve the jurisdiction of the Bankruptcy Court in accordance with Section XII, below;
4. terminate the automatic stay under § 362; and
5. provide, pursuant to § 1125(e), that persons who have solicited acceptances or rejections of the Plan have acted in good faith and in compliance with the provisions, and are not liable on account of such solicitation or participation for violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan;
6. notwithstanding any of the foregoing, in the event of a default under the MSA or Plan/DSC, Patriot Bank may exercise any or all of its available rights and remedies.

**B. Finality of Confirmation Order; Waiver.**

The Confirmation Order, in form and substance satisfactory to Debtor shall either have become a Final Order, or such condition shall have been waived by the Debtor.

**VIII. PRESERVATION OF RETAINED CLAIMS AND VESTING**

*Vesting.* The Bankruptcy Estate shall remain open after Confirmation of the Plan (a) to permit the Reorganized Debtor to prosecute all avoidance actions and other lawsuits of the bankruptcy estate to final conclusion, (b) to permit the Reorganized Debtor or any other Creditor or party in interest to prosecute to conclusion all claims objections, (c) to permit the Reorganized Debtor to liquidate the assets not sold pursuant to the Plan/DSC, and (d) and to make final distributions to all creditors as provided for in this Plan, including the U.S. Trustee fees through the closing of the case.



*Retention and Enforcement of Causes of Action.* Except as otherwise provided in the Plan, all causes of action that the Debtor and its estates may hold against any Person or entity shall be retained by the Estate of the Debtor and shall be prosecuted by the Reorganized Debtor, after the Effective Date. Any creditor that is subject to an avoidance action may have an unsecured claim if and to the extent any transfer is returned to the Debtor's estate.

*Settlement of Retained Claims and Objections to Claims.* After the Confirmation Date, the Reorganized Debtor shall be authorized to settle and compromise any and all Retained Claims and any objections to Claims by filing a notice of settlement with the Bankruptcy Court and the applicable settlement entered into between the Debtor and a defendant or holder of a claim (a "Settlement Notice"). The Debtor shall serve a copy of the Settlement Notice on the twenty largest Unsecured Creditors and any parties requesting notice in the Debtor's Bankruptcy case by email. If no party files an objection to the Settlement Notice within 14 days after the Settlement Notice is filed, the proposed settlement shall be deemed approved without further order of the Court. If an objection to the Settlement Notice is timely filed, the Debtor shall file a motion for approval of the Settlement pursuant to Bankruptcy Rule 9019 and seek court approval of the Settlement.

## **IX. ACCEPTANCE OR REJECTION OF THE PLAN**

*Classes Entitled to Vote.* Each Impaired Class of Claims or Interests that will (or may) receive or retain property or any interest in property under the Plan shall be entitled to vote to accept or reject the Plan. Ballots shall be cast and tabulated with respect to Claims against and Interests in the Debtor's Bankruptcy Estate. By operation of law, each Unimpaired Class of Claims is deemed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan. **Classes 3, 4, 5, 6, and 7** are impaired and are entitled to vote.

*Acceptance or Rejection by Impaired Classes.* An Impaired Class of Claims shall have accepted the Plan if (i) the holders (other than any holder designated under § 1126(e)) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan; and (ii) the holders (other than any holder designated under § 1126(e)) of more than one half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan. A Class is deemed not to have accepted the Plan if the Plan provides that the Claims or Interests of such Class do not entitle the holders of Claims or Interests in such Class to receive or retain any property under the Plan on account of such Claim or Interest.

*Cramdown.* The Debtor will request Confirmation of the Plan, as it may be modified from time to time, under § 1129(b) ("Cramdown").

## **X. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

Under § 365, the Debtor has the right, subject to Bankruptcy Court approval, to assume or reject any executory contracts or unexpired leases. If the Debtor rejects an executory contract or unexpired lease that was entered into before the Filing Date, it will be treated as if it had been breached on the date immediately preceding the Filing Date, and the other party to the agreement may assert a General Unsecured Claim in Class 15 for damages incurred as a result of the

rejection. In the case of rejection of employment agreements and real property leases, damages are subject to certain limitations imposed by §§ and 502. Debtor is unaware of any contracts that need to be rejected.

The Plan constitutes a motion to reject any executory contracts to which the Debtor is a party listed on Amended Bankruptcy Schedule H. If the rejection by the Debtor pursuant to the Plan or otherwise of an executory contract or unexpired lease results in a Claim that is not theretofore evidenced by a timely proof of Claim or a proof of Claim that is deemed to be filed timely under applicable law, then such Claim will be forever barred and unenforceable against the Debtor's Bankruptcy Estate, unless a proof of Claim is filed with the clerk of the Court and served on counsel for the Debtor within thirty (30) days after entry the Confirmation Order.

## **XI. MODIFICATIONS AND AMENDMENTS**

The Debtor may alter, amend, or modify the Plan or any Exhibits thereto under § 1127(a) at any time prior to the Confirmation Date. After the Confirmation Date and prior to the earlier of (i) the Consummation Date; or (ii) Substantial Consummation of the Plan, the Debtor may, under § 1127(b), institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement approved with respect to the Plan, or the Confirmation Order, and such matters as may be necessary to carry out the purpose and effect of the Plan so long as such proceedings do not adversely affect the treatment of holders of Claims or Equity Interests under the Plan; provided, however that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Bankruptcy Court.

## **XII. RETENTION OF JURISDICTION**

Under §§ 105(a) and 1142, and notwithstanding entry of the Confirmation Order and passage of the Consummation Date, the Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Case and the Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

- A. Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim or Priority Claim or the resolution of any objections to the allowance or priority of Claims or Interest;
- B. Hear and determine all applications for compensation and reimbursement of expenses of Administrative Claims or Priority Claims;
- C. Hear and determine all matters with respect to the assumption or rejection of any executory contract or unexpired lease to which the Debtor is a party or with respect to which the Debtor may be liable, including, if necessary, the liquidation or allowance of any Claims arising therefrom;

- D. Effectuate performance of and payments under the provisions of the Plan;
- E. Enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan, and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement or the Confirmation Order;
- F. Hear and determine disputes arising in connection with the interpretation, implementation, consummation, or enforcement of the Plan, including disputes arising under agreements, documents or instruments executed in connection with the Plan;
- G. Consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
- H. Issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any entity with implementation, consummation, or enforcement of the Plan or the Confirmation Order;
- I. Enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified, or vacated;
- J. Hear and determine any matters arising in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order;
- K. Enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Debtor's Bankruptcy Case;
- L. Hear and determine matters concerning state, local, and federal taxes in accordance with §§ 346, 505, and 1146;
- M. Hear and determine all matters related to the property of the Debtor's Bankruptcy Estate from and after the Consummation Date;
- N. Hear and determine such other matters as may be provided in the Confirmation Order and as may be authorized under the provisions of the Bankruptcy Code; and
- O. Enter a final decree closing the Debtor's Bankruptcy Case.

### **XIII. EFFECTS OF CONFIRMATION**

#### **A. Binding Effect**

The Plan shall be binding upon all present and former holders of Claims and Interests and their respective successors and assigns.

#### **B. Moratorium, Injunction and Limitation of Recourse for Payment**

Except as otherwise expressly provided in the Plan, all entities who have held, hold or may hold Claims against, or Interest in, the Debtor's Bankruptcy Estate or the Debtor will be permanently enjoined, on and after the Consummation Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim, (ii), the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtor or the Debtor's Bankruptcy Estate, (iii) creating, perfecting or enforcing any encumbrance of any kind against the Debtor or the Debtor's Bankruptcy Estate on account of any such Claim and (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtor or the Debtor's Bankruptcy Estate on account of any such Claim; provided, however, notwithstanding any provision of the Plan to the contrary, (a) each holder of a Claim shall be entitled to enforce his, her or its rights under the Plan., and (b) there is no injunction concerning claims against any of the current or former principals of the Debtor or against any non-debtor entity.

#### **C. Exculpation and Limitation of Liability**

1. Neither the Debtor's Bankruptcy Estate, nor the Debtor, will have or incur any liability to any holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the solicitation of votes to accept the Plan, the Debtor's Bankruptcy Case, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for their willful misconduct or as provided by the Plan, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

2. No holder of a Claim or Interest, no other party in interest, none of their respective agents, employees, representatives, financial advisors, attorneys, or affiliates, and no successors or assigns of the foregoing, will have any right of action against the Debtor's Bankruptcy Estate or the Debtor, for any act or omission in connection with, relating to, or arising out of the solicitation of votes to accept the Plan, or the pursuit of confirmation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except as provided by the Plan or by law.

#### **XIV. DISCHARGE**

On the Confirmation Date, the Debtors will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the Effective Date, to the extent specified in 11 U.S.C. § 1141(d)(1)(A), except that the Debtors will not be discharged of any debt or Claim: (i) imposed by and/or preserved under this Plan (including, without limitation, the Allowed Secured Claims of Patriot Bank and/or the ad valorem taxing authorities, which shall survive entry of the Confirmation Order as more specifically set forth in Article 4); (ii) of a kind specified in 11 U.S.C. § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure; or (iii) of a kind specified in 11 U.S.C. § 1141(d)(6)(B).

#### **XV. MISCELLANEOUS PROVISIONS**

*Payment of Statutory Fees.* All fees payable under 28 U.S.C. § 1930 shall be paid on or as soon after the Consummation Date as is practicable by the Debtor.

*Severability of Plan Provisions.* If, prior to Confirmation, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of a party in interest, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may be altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

*Successors and Assigns.* The rights, benefits and obligations of any entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such entity.

*Consummation of Plan.* The Confirmation Order shall include (a) a finding by the Bankruptcy Court that Fed. R. Civ. P. 62(a) shall not apply to the Confirmation Order; and (b) the Bankruptcy Court's authorization for the Debtor to consummate the Plan immediately after entry of the Confirmation Order.

*Governing Law.* Unless a rule of law or procedure is supplied by federal law, including the Bankruptcy Code and Bankruptcy Rules, (i) the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan, and (ii) corporate governance matters shall be governed by the laws of the state of incorporation, without giving effect to the principles of conflicts of law thereof.

## XVI. FEASIBILITY

The Plan is a liquidating plan, and the proceeds of the sale of the personalty and the Debtor's real property shall be distributed to satisfy the claims of creditors to the extent possible.

## XVII. CONFIRMATION OF THE PLAN

### A. Voting Procedures and Requirements

The Debtor is providing copies of this Combined Disclosure Statement and Plan and Ballots to all known holders of Impaired Claims who are entitled to vote on the Plan.

Pursuant to the provisions of the Bankruptcy Code, only Classes of Claims against the Debtor that are "Impaired" under the terms and provisions of the Plan and entitled to receive a Distribution thereunder are entitled to vote to accept or reject the Plan. Accordingly, Classes of Claims or Interests that are not Impaired under the terms and provision of the Plan are *not* entitled to vote on the Plan. In addition, Classes of Claims or Interests that are not entitled to a Distribution under the terms and provisions of the Plan are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

Under the Plan, holders of Claims in **Classes 3, 4, 5, 6, and 7** are Impaired, and, therefore, are entitled to vote to accept or reject the Plan. The following voting procedures (the "Voting Procedures") have been established with respect to the amount and classification of Claims and Interests, and the determination of the validity of Ballots submitted, for voting purposes:

- Unless otherwise provided below, a claim will be deemed temporarily allowed for voting purposes in an amount equal to (i) if a timely filed proof of claim has not been filed, the amount of such claim as set forth in the schedules of assets and liabilities, filed by the Debtor or (ii) the amount of such claim as set forth in a timely filed proof of claim.
- If a claim is deemed allowed in accordance with the Plan, such claim will be allowed for voting purposes in the deemed allowed amount set forth in the Plan.
- If a claim has been estimated or otherwise allowed for voting purposes by order of the Court, such claim will be temporarily allowed for voting purposes in the amount so estimated or allowed by the Court.
- Ballots that are otherwise validly executed but do not indicate either acceptance or rejection of the Plan will not be counted.
- Only Ballots that are timely received with signatures will be counted. Unsigned ballots will not be counted.
- Ballots postmarked prior to the Voting Deadline, but received after the Voting Deadline, will be counted.

- Ballots that are illegible, or contain insufficient information to permit the identification of the creditor, will not be counted.
- If a creditor simultaneously casts inconsistent duplicate ballots, with respect to the same claim, such ballots shall not be counted.

Unless otherwise ordered by the Court, questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of ballots shall be determined by the Bankruptcy Court at the Confirmation Hearing.

**IN ORDER TO BE COUNTED, EXCEPT TO THE EXTENT THE DEBTOR SO DETERMINES OR AS PERMITTED BY THE BANKRUPTCY COURT PURSUANT TO BANKRUPTCY RULE 3018, BALLOTS MUST BE SIGNED AND RETURNED SO THAT THEY ARE RECEIVED NO LATER THAN 5:00 P.M. (CST) ON \_\_\_\_\_, 2012 AT THE FOLLOWING ADDRESS:**

MARGARET M. MCCLURE  
State Bar No. 00787997  
909 Fannin, Suite 3810  
Houston, Texas 77010  
(713) 659-1333  
(713) 658-0334 (fax)  
Email: Margaret@mmmclurelaw.com

**BALLOTS WILL BE ACCEPTED BY REGULAR MAIL, FACSIMILE OR EMAIL.**

As mentioned above, if your Ballot is not signed and returned as described, it will not be counted. If your Ballot is damaged or lost, or if you do not receive a Ballot, you may request a replacement by addressing a written request to Debtor's counsel at the above address by regular mail, facsimile or email. Please follow the directions contained on the Ballot carefully.

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

**B. ACCEPTANCE.**

Acceptance of the Plan requires that each Impaired Class of Claims or Interests (as classified therein) accepts the Plan, with certain exceptions hereinafter discussed below. Thus, acceptance of the Plan requires acceptance by each of the Impaired Classes.

Classes of Claims and Interests that are Unimpaired under the Plan are deemed to have accepted the Plan. Acceptances of the Plan are being solicited only from those persons who hold Claims or Interests of Impaired Classes.



The Bankruptcy Code defines acceptance of the Plan by a Class of Claims as acceptance by the holders of at least two-thirds (2/3) in dollar amount and a majority in number of Claims of that class, but for that purpose, only those Claims, the holders of which actually vote to accept or reject the Plan, are counted.

### **C. CONFIRMATION OF THE PLAN.**

To confirm the Plan, § 1129 requires the Bankruptcy Court to make a series of determinations concerning the Plan, including, without limitation: (i) that the Plan has classified Claims and Interests in a permissible manner; (ii) that the contents of the Plan complies with the technical requirements of the Bankruptcy Code; (iii) that the Debtor has proposed the Plan in good faith; and (iv) that the Debtor has made disclosures concerning the Plan which are adequate and include information concerning all payments made or promised in connection with the Plan and the Columbia Lakes Bankruptcy Case. The Debtor believes that all of these conditions have been or will be met with respect to the Plan.

The Bankruptcy Code requires that, unless the Cramdown provisions of the Bankruptcy Code (as discussed below) are utilized, as a condition precedent to confirmation, the Plan be accepted by the requisite votes of each Class of Claims and Interests voting as separate Classes. Therefore, the Bankruptcy Court must find, in order to confirm the Plan, that the Plan has been duly accepted. In addition, the Bankruptcy Court must find that the Plan is feasible and that the Plan is in the “best interests” of all holders of Claims and Interests. Thus, even if holders of Claims were to accept the Plan by the requisite number of votes, the Bankruptcy Court is still required to make independent findings respecting the Plan’s feasibility and whether the Plan is in the best interests of holders of Claims and Interests before it can confirm the Plan.

### **D. THE BEST INTEREST TEST.**

Whether or not the Plan is accepted by each Impaired Class of Claims entitled to vote on the Plan, in order to confirm the Plan the Bankruptcy Court must independently determine, pursuant to § 1129(a)(7), that the Plan is in the best interests of each holder of an Impaired Claim or Interest that has not voted to accept the Plan. This requirement is satisfied if the Plan provides each non-accepting holder of a Claim or Interest in such Impaired Class a recovery on account of such holder’s Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the Distribution each such holder would receive in a liquidation of the Debtor under Chapter 7.

To determine the value that holders of Impaired Claims and Interests would receive if the Debtor was liquidated under Chapter 7, the Bankruptcy Court must determine the aggregate dollar amount that would be generated from the liquidation of the Debtor’s assets if the Case was converted to Chapter 7 liquidation and the Debtor’s assets were liquidated by a Chapter 7 trustee (the “Liquidation Value”). Debtor’s Liquidation Analysis is attached hereto as **Exhibit “4”**.

It is apparent from the attached Liquidation Analysis that the Plan provides a better distribution to unsecured creditors as they would receive if this case had been commenced as, or if it was converted to, one under Chapter 7 of the Code.

## **XI. DISCLAIMERS**

*The Debtor has No Duty to Update.* The statements contained in this Disclosure Statement and Plan are made by the Debtor as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement and Plan after that date does not imply that there has been no change in the information set forth herein since that date. The Debtor has no duty to update this Disclosure Statement and Plan unless otherwise ordered to do so by the Bankruptcy Court.

*Source of Information.* Counsel for Debtor has relied upon information provided by the Debtor in connection with the preparation of this Disclosure Statement and Plan. Although counsel for the Debtor has performed certain limited due diligence in connection with preparing this Disclosure Statement and Plan, she has not verified independently the information contained herein.

*No Legal or Tax Advice Provided.* The contents of this Disclosure Statement and Plan should not be construed as legal, business or tax advice. Each creditor or holder of an Interest should consult his, her, or its own legal counsel and accountant as to legal, tax and other matters concerning his, her, or its Claim or Interest.

This Disclosure Statement and Plan is not legal advice to you. This Disclosure Statement and Plan may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

*No Admission Made.* Nothing contained herein shall constitute an admission of any fact or liability by any party (including, without limitation, the Debtor) or be deemed evidence of the tax or other legal effects of the Plan on the Debtor or on holders of Claims or Interests.

*No Regulatory Agency Approval.* No governmental or other regulatory agency approvals have been obtained as of the date of the mailing of the Plan and Disclosure Statement and Plan. Please note, however, that such approvals are a condition to the Plan's Effective Date.

## **XIX. CONCLUSION AND RECOMENDATION**

The Debtor believes that Confirmation of the Plan is desirable and in the best interests of all holders of Claims and Interests. The Debtor therefore urges you to vote to accept the Plan and to evidence such acceptance by returning the Ballot(s) so they will be received by the Balloting Deadline.

**XX. EXHIBITS TO PLAN AND DISCLOSURE STATEMENT**

<b>EXHIBITS</b>	<b>DESCRIPTION</b>
Exhibit "1"	Debtor's Financials for January-August, 2012
Exhibit "2"	Debtor's Schedules "A" and "B" – Assets
Exhibit "3"	Debtor's Schedules "D," "E," and "F" – Liabilities
Exhibit "4"	Debtor's Liquidation Analysis.
Exhibit "5"	Mediated Settlement Agreement with Patriot Bank.

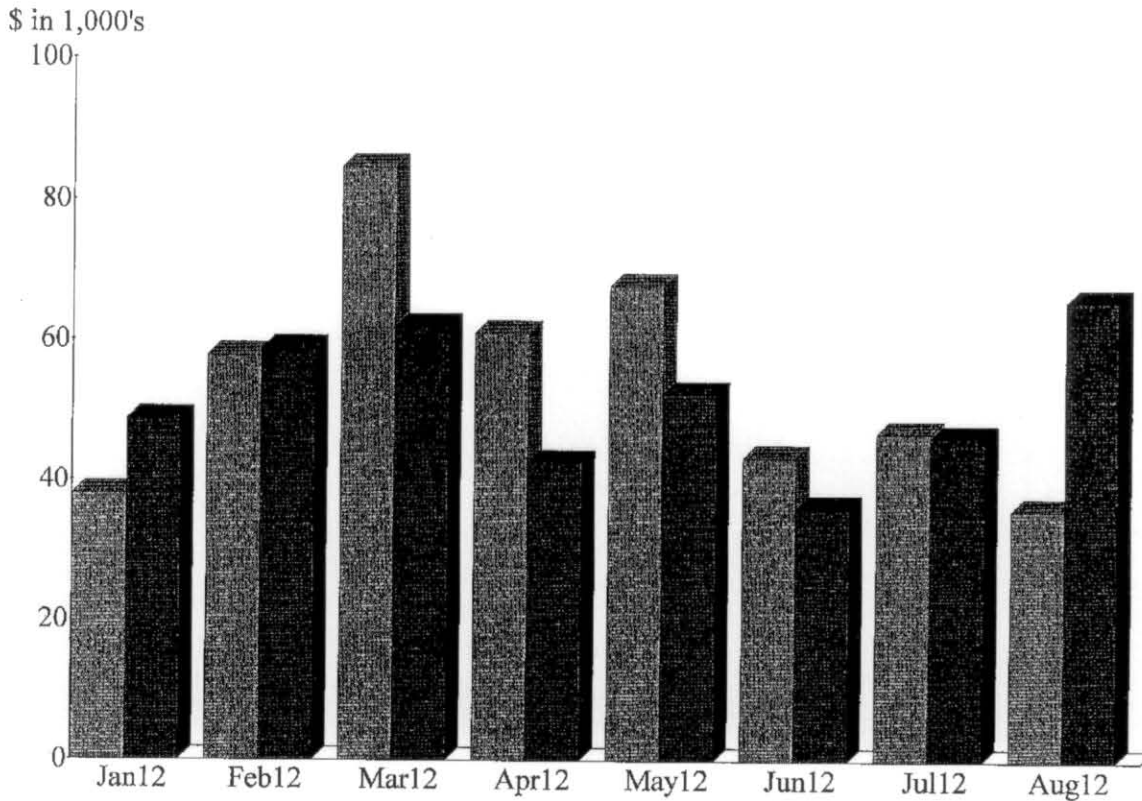
**DATED: October 26, 2012.***/s/ Margaret M. McClure*


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**MARGARET M. MCCLURE**

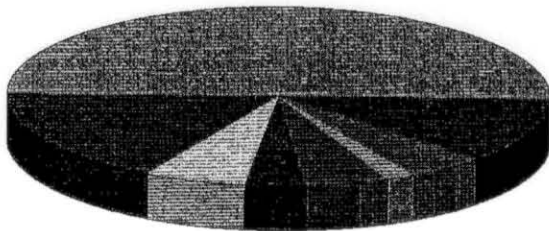
Income and Expense by Month  
January through August 2012

Income  
Expense



Expense Summary  
January through August 2012

58000 · Salaries & Wages	%50.09
68600 · Utilities	17.15
80150 · Depreciation Expenses	6.18
63400 · Interest Expense	3.74
80200 · Real Estate Taxes	3.24
60100 · Air Conditioning & Heating Exp.	1.83
61620 · Cable, Internet & Wireless Sev.	1.79
68100 · Telephone Expense	1.65
62625 · Guest Room Supplies	1.63
63300 · Insurance Expenses	1.55
Other	11.14
<b>Total</b>	<b>\$411,252.49</b>



By Account

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Accrual Basis

**Columbia Lakes Resort & Conference Center, LLC**  
**Profit & Loss**  
 January through August 2012

	Jan - Aug 12
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
41000 · Lodging Revenue	
41105 · Corporate Room Revenue	29,663.15
41115 · Transient Room Revenue	210,534.42
41125 · Package Room Revenue	6,180.52
41155 · Other Room Revenue	89,454.95
41815 · Adjust Transient Room Rev.	-150.00
41000 · Lodging Revenue - Other	89,470.78
<b>Total 41000 · Lodging Revenue</b>	<b>425,153.82</b>
43300 · Tel. & Miscellaneous Sales	
43380 · Meeting Room Rental	450.00
43385 · Office Space Rental	2,250.00
43397 · Snack Bar Rental	6,000.00
43400 · Miscellaneous Revenue	422.08
<b>Total 43300 · Tel. &amp; Miscellaneous Sales</b>	<b>9,122.08</b>
<b>Total Income</b>	<b>434,275.90</b>
<b>Cost of Goods Sold</b>	
50000 · Cost of Goods Sold	
52900 · Purchases - Resale Items	6,018.43
56079 · Cost of Miscellaneous Sales	70.02
<b>Total 50000 · Cost of Goods Sold</b>	<b>6,088.45</b>
<b>Total COGS</b>	<b>6,088.45</b>
<b>Gross Profit</b>	<b>428,187.45</b>
<b>Expense</b>	
58000 · Salaries & Wages	
58100 · Hotel Administration	41,825.76
58110 · Front Desk - Personnel	35,642.21
58140 · Housekeeping Staff	76,327.05
58150 · Sales & Mktg. Staff	18,509.08
58160 · Repairs & Maint. Staff	17,643.60
58400 · Payroll Processing & Co. Taxes	16,054.54
<b>Total 58000 · Salaries &amp; Wages</b>	<b>206,002.24</b>
60000 · Advertising and Promotion	1,868.30
60100 · Air Conditioning & Heating Exp.	7,511.77
60200 · Automobile Expense	567.00
60330 · Bank Chgs. & Cr. Cd. Discounts	6,165.24
60430 · Cleaning Supplies	2,548.81
60500 · Computer and Support Expenses	1,712.04
61620 · Cable, Internet & Wireless Sev.	7,374.95
61650 · Cash Over/(Short)	551.20
61675 · Contract Cleaning	880.34
62500 · Dues and Subscriptions	650.00
62625 · Guest Room Supplies	6,722.62
62675 · Hotel 60% Owners Fee	3,750.00
63300 · Insurance Expenses	
63315 · General liability Ins. premiums	3,299.27
63340 · Workers' Compensation Ins.	1,963.89
63300 · Insurance Expenses - Other	1,113.73
<b>Total 63300 · Insurance Expenses</b>	<b>6,366.89</b>
63400 · Interest Expense	15,399.01
63430 · Landscaping and Groundskeeping	478.63
63460 · Laundry/Dry Cleaning	3,410.79
63530 · Linens - Rooms	217.58
63570 · Miscellaneous Expenses	5,210.83
64900 · Office Supplies	974.50
66060 · Penalties & Late Fees	541.30
68075 · Postage & Shipping Costs	58.64



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Accrual Basis

**Columbia Lakes Resort & Conference Center, LLC**  
**Profit & Loss**  
 January through August 2012

	Jan - Aug 12
66700 · Professional Fees	
66710 · Accounting Fees	3,200.00
66725 · Legal Fees	1,000.00
<b>Total 66700 · Professional Fees</b>	<b>4,200.00</b>
67200 · Repairs and Maintenance	
Cottages Repairs	462.51
67250 · Locks, Keys, & Security	1,328.56
67200 · Repairs and Maintenance - Other	880.20
<b>Total 67200 · Repairs and Maintenance</b>	<b>2,671.27</b>
67205 · Pool Maintenance	2,453.78
67800 · Small Tools and Equipment	443.80
68100 · Telephone Expense	6,767.45
68165 · Travel Agent Commissions	386.40
68600 · Utilities	
68601 · Electricity	43,823.27
68605 · Water	22,493.07
68607 · Waste Removal & Recycling	4,225.39
<b>Total 68600 · Utilities</b>	<b>70,541.73</b>
<b>Total Expense</b>	<b>366,427.11</b>
<b>Net Ordinary Income</b>	<b>61,760.34</b>
<b>Other Income/Expense</b>	
<b>Other Expense</b>	
80150 · Depreciation Expenses	25,395.00
80200 · Real Estate Taxes	13,341.93
89000 · Ask My Accountant	0.00
<b>Total Other Expense</b>	<b>38,736.93</b>
<b>Net Other Income</b>	<b>-38,736.93</b>
<b>Net Income</b>	<b>23,023.41</b>

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Accrual Basis

**Columbia Lakes Resort & Conference Center, LLC**  
**Balance Sheet**  
As of August 31, 2012

	Aug 31, 12
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
01001 · Prosperity Bank-Operating Acct.	659.36
01002 · Debtor in Possession Account	9,027.95
01003 · Investment Account	7,741.48
01005 · Prosperity Bank - Payroll Acct.	-55.31
01026 · Petty Cash & Change Drawers	600.00
<b>Total Checking/Savings</b>	17,973.48
<b>Other Current Assets</b>	
01110 · A/R Guest Ledger	30,705.94
01175 · A/R-Columbia Lakes Country Club	53,108.67
<b>Total Other Current Assets</b>	83,814.61
<b>Total Current Assets</b>	101,788.09
<b>Fixed Assets</b>	
15005 · Land	500,000.00
15050 · Buildings and Improvements	
15110 · Guest Quarter Buildings	2,410,644.03
15120 · Admin. & Public Buildings	128,428.64
<b>Total 15050 · Buildings and Improvements</b>	2,539,072.67
15150 · Furniture and Equipment	167,492.24
15211 · Telephone System - Cottages	30,145.25
17000 · Accumulated Depreciation	-272,222.56
<b>Total Fixed Assets</b>	2,964,487.60
<b>Other Assets</b>	
18010 · Security & Utility Deposits	6,000.00
<b>Total Other Assets</b>	6,000.00
<b>TOTAL ASSETS</b>	3,072,275.69
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
20000 · Accounts Payable-Trade	81,377.00
<b>Total Accounts Payable</b>	81,377.00
<b>Other Current Liabilities</b>	
20105 · Guest Advance Deposits	3,347.67
23000 · Taxes Payable	
23101 · Room Occupancy Tax Payable	1,550.62
<b>Total 23000 · Taxes Payable</b>	1,550.62
25119 · Accrued Property Ins. Payable	10,688.18
25173 · Accrued R. E. Taxes Payable	38,004.88
25195 · Deferred Compensation Payable	123,750.00
<b>Total Other Current Liabilities</b>	177,341.35
<b>Total Current Liabilities</b>	258,718.35
<b>Long Term Liabilities</b>	
26100 · Note Payable - Patriot Bank 1st	2,241,142.78
26125 · Note Payable - Patriot Bk 2nd	250,000.00
26133 · Note Payable - Prosperity Bank	3,038.96
26135 · Notes Payable-Moody Bank	46,808.58
<b>Total Long Term Liabilities</b>	2,540,990.32
<b>Total Liabilities</b>	2,799,708.67
<b>Equity</b>	
30000 · Opening Bal Equity	502,000.00



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Accrual Basis

**Columbia Lakes Resort & Conference Center, LLC**  
**Balance Sheet**  
As of August 31, 2012

	<u>Aug 31, 12</u>
30150 - Additional Paid-In Capital	439,000.00
32000 - Retained Earnings	-691,456.39
Net Income	23,023.41
Total Equity	<u>272,567.02</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>3,072,275.69</u></b>

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Accrual Basis

**Columbia Lakes Resort & Conference Center, LLC**  
**Profit & Loss**  
 January through August 2012

	Jan 12	Feb 12	Mar 12	Apr 12	May 12
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
41000 · Lodging Revenue					
41105 · Corporate Room Revenue	9,170.50	15,641.65	4,851.00	0.00	0.00
41115 · Transient Room Revenue	7,863.18	7,089.04	4,242.81	60,378.88	95,088.82
41125 · Package Room Revenue	416.14	884.24	4,900.14	0.00	0.00
41165 · Other Room Revenue	18,054.88	31,488.65	67,819.05	0.00	-27,907.43
41815 · Adjust Transient Room Rev.	0.00	0.00	0.00	0.00	0.00
41000 · Lodging Revenue - Other	0.00	0.00	0.00	0.00	0.00
<b>Total 41000 · Lodging Revenue</b>	<b>35,504.50</b>	<b>55,093.58</b>	<b>81,813.00</b>	<b>60,378.88</b>	<b>67,181.39</b>
43300 · Tel. & Miscellaneous Sales					
43380 · Meeting Room Rental	0.00	0.00	450.00	0.00	0.00
43385 · Office Space Rental	450.00	450.00	0.00	450.00	450.00
43397 · Snack Bar Rental	2,000.00	2,000.00	2,000.00	0.00	0.00
43400 · Miscellaneous Revenue	42.45	135.00	244.63	0.00	0.00
<b>Total 43300 · Tel. &amp; Miscellaneous Sales</b>	<b>2,492.45</b>	<b>2,585.00</b>	<b>2,694.63</b>	<b>450.00</b>	<b>450.00</b>
<b>Total Income</b>	<b>37,996.95</b>	<b>57,678.58</b>	<b>84,507.63</b>	<b>60,828.88</b>	<b>67,631.39</b>
<b>Cost of Goods Sold</b>					
50000 · Cost of Goods Sold					
52900 · Purchases - Resale Items	3,658.43	2,360.00	0.00	0.00	0.00
56079 · Cost of Miscellaneous Sales	0.00	0.00	0.00	0.00	0.00
<b>Total 50000 · Cost of Goods Sold</b>	<b>3,658.43</b>	<b>2,360.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total COGS</b>	<b>3,658.43</b>	<b>2,360.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Gross Profit</b>	<b>34,338.52</b>	<b>55,318.58</b>	<b>84,507.63</b>	<b>60,828.88</b>	<b>67,631.39</b>
<b>Expense</b>					
58000 · Salaries & Wages					
58100 · Hotel Administration	5,183.45	7,596.79	7,579.57	5,239.21	3,025.40
58110 · Front Desk - Personnel	3,853.01	3,096.83	4,786.15	2,855.09	5,504.47
58140 · Housekeeping Staff	7,644.27	9,786.99	9,816.29	5,571.02	9,880.71
58150 · Sales & Mktg. Staff	2,116.64	1,706.68	1,791.22	1,467.66	2,816.78
58180 · Repairs & Maint. Staff	2,156.80	2,032.20	2,112.00	960.00	2,213.08
58400 · Payroll Processing & Co. Taxes	2,105.18	1,950.08	2,105.23	1,166.54	2,086.95
<b>Total 58000 · Salaries &amp; Wages</b>	<b>23,063.35</b>	<b>26,151.57</b>	<b>28,190.46</b>	<b>18,099.52</b>	<b>25,309.39</b>
60000 · Advertising and Promotion	169.00	299.00	0.00	1,185.30	225.00
60100 · Air Conditioning & Heating Exp.	0.00	0.00	386.94	487.74	239.61
60200 · Automobile Expense	0.00	134.00	0.00	134.00	0.00
60330 · Bank Chgs. & Cr. Cd. Discounts	653.79	638.66	606.62	878.17	947.75
60430 · Cleaning Supplies	0.00	443.88	504.52	567.22	167.18
60600 · Computer and Support Expense	0.00	0.00	0.00	0.00	0.00
61620 · Cable, Internet & Wireless Sev.	985.98	1,014.16	1,907.80	1,026.25	507.08

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Accrual Basis

**Columbia Lakes Resort & Conference Center, LLC**  
**Profit & Loss**  
 January through August 2012

	Jan 12	Feb 12	Mar 12	Apr 12	May 12
61650 · Cash Over/(Short)	0.00	551.20	0.00	0.00	0.00
61875 · Contract Cleaning	0.00	0.00	0.00	880.34	0.00
62500 · Dues and Subscriptions	0.00	0.00	0.00	0.00	0.00
62625 · Guest Room Supplies	354.51	871.28	1,271.22	2,016.30	567.76
62675 · Hotel 60% Owners Fee	0.00	0.00	3,750.00	0.00	0.00
63300 · Insurance Expenses					
63315 · General Liability Ins. premiums	67.00	2,118.54	0.00	0.00	0.00
63340 · Workers' Compensation Ins.	0.00	0.00	1,115.79	169.60	166.02
63300 · Insurance Expenses - Other	0.00	0.00	0.00	0.00	0.00
<b>Total 63300 · Insurance Expenses</b>	<b>67.00</b>	<b>2,118.54</b>	<b>1,115.79</b>	<b>169.60</b>	<b>166.02</b>
63400 · Interest Expense	0.00	0.00	0.00	0.00	0.00
63430 · Landscaping and Groundskeeping	0.00	0.00	0.00	257.10	0.00
63460 · Laundry/Dry Cleaning	0.00	0.00	140.10	778.00	2,232.69
63530 · Linens - Rooms	0.00	0.00	0.00	217.58	0.00
63570 · Miscellaneous Expenses	0.00	0.00	415.00	1,330.96	3,202.90
64900 · Office Supplies	139.63	0.00	353.78	46.06	64.52
66060 · Penalties & Late Fees	0.00	110.93	0.00	204.90	0.00
66075 · Postage & Shipping Costs	0.00	0.00	12.70	0.00	0.00
66700 · Professional Fees					
66710 · Accounting Fees	0.00	0.00	0.00	2,000.00	1,200.00
66725 · Legal Fees	0.00	0.00	0.00	1,000.00	0.00
<b>Total 66700 · Professional Fees</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,000.00</b>	<b>1,200.00</b>
67200 · Repairs and Maintenance					
Cottages Repairs	0.00	0.00	0.00	0.00	0.00
67250 · Locks, Keys, & Security	30.00	0.00	43.82	0.00	1,001.55
67200 · Repairs and Maintenance - Other	0.00	0.00	407.83	205.58	252.84
<b>Total 67200 · Repairs and Maintenance</b>	<b>30.00</b>	<b>0.00</b>	<b>461.65</b>	<b>205.58</b>	<b>1,254.39</b>
67205 · Pool Maintenance	0.00	0.00	0.00	0.00	0.00
67800 · Small Tools and Equipment	0.00	0.00	0.00	0.00	443.80
68100 · Telephone Expense	97.43	0.00	0.00	0.00	2,662.21
68165 · Travel Agent Commissions	0.00	0.00	0.00	386.40	0.00
68600 · Utilities					
68601 · Electricity	3,500.00	6,300.00	7,190.41	7,466.29	9,866.67
68605 · Water	2,972.80	2,952.03	3,033.63	2,689.24	2,650.80
68607 · Waste Removal & Recycling	510.76	1,012.64	0.00	515.96	513.83
<b>Total 68600 · Utilities</b>	<b>6,983.56</b>	<b>10,264.67</b>	<b>10,223.94</b>	<b>10,670.49</b>	<b>13,031.20</b>
<b>Total Expense</b>	<b>32,534.25</b>	<b>42,397.86</b>	<b>49,330.52</b>	<b>42,523.50</b>	<b>52,201.50</b>
<b>Net Ordinary Income</b>	<b>1,804.27</b>	<b>12,920.69</b>	<b>36,177.11</b>	<b>18,305.38</b>	<b>15,429.89</b>
<b>Other Income/Expense</b>					
<b>Other Expense</b>					
80160 · Depreciation Expenses	8,465.00	8,465.00	8,465.00	0.00	0.00

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 Accrual Basis

**Columbia Lakes Resort & Conference Center, LLC**  
**Profit & Loss**  
 January through August 2012

	Jan 12	Feb 12	Mar 12	Apr 12	May 12
80200 - Real Estate Taxes	4,000.00	5,341.93	4,000.00	0.00	0.00
89000 - Ask My Accountant	0.00	0.00	0.00	0.00	0.00
<b>Total Other Expense</b>	<b>12,455.00</b>	<b>13,806.93</b>	<b>12,465.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Other Income</b>	<b>-12,465.00</b>	<b>-13,806.93</b>	<b>-12,465.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Income</b>	<b>-10,880.73</b>	<b>-886.24</b>	<b>22,712.11</b>	<b>18,306.38</b>	<b>16,429.89</b>

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Accrual Basis

**Columbia Lakes Resort & Conference Center, LLC**  
**Profit & Loss**  
 January through August 2012

	Jun 12	Jul 12	Aug 12	TOTAL
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
41000 · Lodging Revenue				
41105 · Corporate Room Revenue	0.00	0.00	0.00	29,663.15
41115 · Transient Room Revenue	0.00	0.00	35,861.69	210,534.42
41125 · Package Room Revenue	0.00	0.00	0.00	6,180.62
41155 · Other Room Revenue	0.00	0.00	0.00	89,454.95
41815 · Adjust Transient Room Rev.	0.00	0.00	-150.00	-150.00
41000 · Lodging Revenue - Other	43,227.37	46,243.41	0.00	89,470.78
<b>Total 41000 · Lodging Revenue</b>	<b>43,227.37</b>	<b>46,243.41</b>	<b>35,711.69</b>	<b>425,183.82</b>
43300 · Tel. & Miscellaneous Sales				
43380 · Meeting Room Rental	0.00	0.00	0.00	450.00
43385 · Office Space Rental	0.00	450.00	0.00	2,250.00
43397 · Snack Bar Rental	0.00	0.00	0.00	6,000.00
43400 · Miscellaneous Revenue	0.00	0.00	0.00	422.08
<b>Total 43300 · Tel. &amp; Miscellaneous Sales</b>	<b>0.00</b>	<b>450.00</b>	<b>0.00</b>	<b>9,122.08</b>
<b>Total Income</b>	<b>43,227.37</b>	<b>46,693.41</b>	<b>35,711.69</b>	<b>434,275.90</b>
<b>Cost of Goods Sold</b>				
50000 · Cost of Goods Sold				
52900 · Purchases - Resale Items	0.00	0.00	0.00	6,018.43
58079 · Cost of Miscellaneous Sales	70.02	0.00	0.00	70.02
<b>Total 50000 · Cost of Goods Sold</b>	<b>70.02</b>	<b>0.00</b>	<b>0.00</b>	<b>6,088.45</b>
<b>Total COGS</b>	<b>70.02</b>	<b>0.00</b>	<b>0.00</b>	<b>6,088.45</b>
<b>Gross Profit</b>	<b>43,157.35</b>	<b>46,693.41</b>	<b>35,711.69</b>	<b>428,187.45</b>
<b>Expense</b>				
58000 · Salaries & Wages				
58100 · Hotel Administration	2,750.79	2,625.77	6,824.78	41,825.76
58110 · Front Desk - Personnel	5,294.83	5,143.44	5,306.39	36,642.21
58140 · Housekeeping Staff	10,764.30	10,910.87	12,172.60	76,327.05
58150 · Sales & Mktg. Staff	2,687.71	2,438.14	3,464.25	18,509.08
58160 · Repairs & Maint. Staff	2,328.06	2,020.20	3,819.26	17,643.60
58400 · Payroll Processing & Co. Taxes	2,209.34	2,115.30	2,313.92	16,054.54
<b>Total 58000 · Salaries &amp; Wages</b>	<b>28,035.03</b>	<b>25,251.72</b>	<b>33,901.20</b>	<b>206,002.24</b>
60000 · Advertising and Promotion	0.00	0.00	0.00	1,868.30
60100 · Air Conditioning & Heating Exp.	2,863.52	410.17	3,143.79	7,511.77
60200 · Automobile Expense	67.00	98.00	134.00	587.00
60330 · Bank Chgs. & Cr. Cd. Discounts	445.77	1,661.83	432.65	6,166.24
60430 · Cleaning Supplies	240.87	477.58	147.66	2,548.81
60500 · Computer and Support Expenses	943.46	0.00	788.56	1,712.04
81620 · Cable, Internet & Wireless Sev.	507.08	917.52	507.08	7,374.95

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09/07/12

Accrual Basis

**Columbia Lakes Resort & Conference Center, LLC**  
**Profit & Loss**  
 January through August 2012

	Jun 12	Jul 12	Aug 12	TOTAL
61660 - Cash Over/(Short)	0.00	0.00	0.00	551.20
61675 - Contract Cleaning	0.00	0.00	0.00	880.34
62500 - Dues and Subscriptions	0.00	0.00	850.00	650.00
62825 - Guest Room Supplies	342.38	472.59	1,026.58	6,722.62
62875 - Hotel 60% Owners Fee	0.00	0.00	0.00	3,760.00
63300 - Insurance Expenses				
63315 - General liability ins. premiums	0.00	1,113.73	0.00	3,299.27
63340 - Workers' Compensation Ins.	171.89	185.85	184.94	1,963.89
63300 - Insurance Expenses - Other	0.00	0.00	1,113.73	1,113.73
Total 63300 - Insurance Expenses	171.89	1,299.58	1,298.67	6,366.89
63400 - Interest Expense	0.00	5,403.19	9,995.82	15,399.01
63430 - Landscaping and Groundskeeping	84.42	77.11	80.00	478.63
63460 - Laundry/Dry Cleaning	260.00	0.00	0.00	3,410.79
63530 - Linens - Rooms	0.00	0.00	0.00	217.56
63570 - Miscellaneous Expenses	0.00	261.97	0.00	5,210.83
64900 - Office Supplies	0.00	218.83	161.89	974.80
66060 - Penalties & Late Fees	0.00	0.00	226.47	541.30
66075 - Postage & Shipping Costs	20.04	12.95	12.95	58.64
66700 - Professional Fees				
66710 - Accounting Fees	0.00	0.00	0.00	3,200.00
66725 - Legal Fees	0.00	0.00	0.00	1,000.00
Total 66700 - Professional Fees	0.00	0.00	0.00	4,200.00
67200 - Repairs and Maintenance				
Cottages Repairs	262.46	13.01	187.04	462.51
67250 - Locks, Keys, & Security	253.19	0.00	0.00	1,326.56
67200 - Repairs and Maintenance - Other	0.00	13.95	0.00	880.20
Total 67200 - Repairs and Maintenance	515.65	26.96	187.04	2,671.27
67205 - Pool Maintenance	246.87	347.14	1,859.77	2,463.78
67800 - Small Tools and Equipment	0.00	0.00	0.00	443.80
68100 - Telephone Expense	0.00	1,397.25	2,610.58	8,767.46
68165 - Travel Agent Commissions	0.00	0.00	0.00	386.40
68600 - Utilities				
68601 - Electricity	0.00	4,500.00	5,000.00	43,823.27
68605 - Water	2,635.54	2,839.40	2,720.73	22,493.07
68607 - Waste Removal & Recycling	559.84	555.01	658.35	4,225.39
Total 68600 - Utilities	3,194.38	7,894.41	8,279.08	70,541.73
Total Expense	35,918.16	46,098.60	65,422.68	368,427.11
Net Ordinary Income	7,239.19	594.81	-29,711.00	61,780.34
Other Income/Expense				
Other Expense				
80160 - Depreciation Expenses	0.00	0.00	0.00	25,395.00

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 09/07/12  
 Accrual Basis

**Columbia Lakes Resort & Conference Center, LLC**  
**Profit & Loss**  
 January through August 2012

	Jun 12	Jul 12	Aug 12	TOTAL
80200 - Real Estate Taxes	0.00	0.00	0.00	13,341.93
89000 - Ask My Accountant	0.00	0.00	0.00	0.00
<b>Total Other Expense</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>38,736.93</b>
<b>Net Other Income</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-38,736.93</b>
<b>Net Income</b>	<b>7,239.19</b>	<b>594.81</b>	<b>-29,711.00</b>	<b>23,023.41</b>



B6A (Official Form 6A) (12/07)

In re: Columbia Lakes Resort & Conference CentreCase No. 12-34353-H4-11

(If known)

Debtor

**SCHEDULE A - REAL PROPERTY**

DESCRIPTION AND LOCATION OF PROPERTY	NATURE OF DEBTOR'S INTEREST IN PROPERTY	HUSBAND, WIFE, JOINT OR COMMUNITY	CURRENT VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION	AMOUNT OF SECURED CLAIM
<p><b>Commercial property at 180/188 Freeman Blvd., West Columbia, TX 77486-9616 in Brazoria County, Texas (COLUMBIA LAKES COTTAGES BLK A ACRES 1.395 and COLUMBIA LAKES COTTAGES BLK B ACRES 10.905):</b></p> <p><b>Property Description:</b></p> <p><b>Tract I:</b> Block A of Columbia Lakes Cottages, a subdivision in Brazoria County, Texas, according to the map or plat thereof recorded under File No. 2007065329, of the Map Records of Brazoria County, Texas;</p> <p><b>Tract II:</b> Lot One (1) of Final Plat of Columbia Lakes Hotel, a subdivision in Brazoria County, Texas, according to the map or plat thereof recorded under File No. 2007065328, of the Map Records of Brazoria County, Texas; and</p> <p><b>Tract III:</b> All of Columbia Lakes Cottages, a condominium, a condominium project in Brazoria County, Texas, together with the limited common elements and an undivided percent interest in and to the general common elements and all appurtenances thereto, as fully described in and as located, delineated and as defined in the condominium declaration for Columbia Lakes Cottages, a condominium, together with the survey plats, by-laws and exhibits attached thereto, recorded under Clerk's File No. 2008015648 of the Plat Records of Brazoria County, Texas</p>			<b>\$5,100,000.00</b>	<b>\$2,415,692.00</b>
<b>Total</b>			<b>\$5,100,000.00</b>	

(Report also on Summary of Schedules.)

B6B (Official Form 6B) (12/07)

In re Columbia Lakes Resort & Conference CenterCase No. 12-34353-H4-11  
(If known)

Debtor

**SCHEDULE B - PERSONAL PROPERTY**

TYPE OF PROPERTY	NONE	DESCRIPTION AND LOCATION OF PROPERTY	HUSBAND, WIFE, JOINT OR COMMUNITY	CURRENT VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION
1. Cash on hand		<b>Cash in Register</b>		<b>150.00</b>
2. Checking, savings or other financial accounts, certificates of deposit, or shares in banks, savings and loan, thrift, building and loan, and homestead associations, or credit unions, brokerage houses, or cooperatives.		<b>Checking Account - Prosperity Bank, account no. ...0901</b>		<b>6,500.00</b>
Checking, savings or other financial accounts, certificates of deposit, or shares in banks, savings and loan, thrift, building and loan, and homestead associations, or credit unions, brokerage houses, or cooperatives.		<b>Payroll Account - Prosperity Bank, account no. ...1981</b>		<b>13,417.00</b>
3. Security deposits with public utilities, telephone companies, landlords, and others.	<b>X</b>			
4. Household goods and furnishings, including audio, video, and computer equipment.	<b>X</b>			
5. Books, pictures and other art objects, antiques, stamp, coin, record, tape, compact disc, and other collections or collectibles.	<b>X</b>			
6. Wearing apparel.	<b>X</b>			
7. Furs and jewelry.	<b>X</b>			
8. Firearms and sports, photographic, and other hobby equipment.	<b>X</b>			
9. Interests in insurance policies. Name insurance company of each policy and itemize surrender or refund value of each.	<b>X</b>			
10. Annuities. Itemize and name each issuer.	<b>X</b>			
11. Interests in an education IRA as defined in 26 U.S.C. § 530(b)(1) or under a qualified State tuition plan as defined in 26 U.S.C. § 529(b)(1). Give particulars. (File separately the record(s) of any such interest(s). 11 U.S.C. § 521(c).)	<b>X</b>			
12. Interests in IRA, ERISA, Keogh, or other pension or profit sharing plans. Give particulars.	<b>X</b>			
13. Stock and interests in incorporated and unincorporated businesses. Itemize.	<b>X</b>			
14. Interests in partnerships or joint ventures. Itemize.	<b>X</b>			
15. Government and corporate bonds and other negotiable and nonnegotiable instruments.	<b>X</b>			
16. Accounts receivable.	<b>X</b>			

B6B (Official Form 6B) (12/07) -- Cont.

In re Columbia Lakes Resort & Conference CenterCase No. 12-34353-H4-11  
(If known)

Debtor

**SCHEDULE B - PERSONAL PROPERTY**

(Continuation Sheet)

TYPE OF PROPERTY	NONE	DESCRIPTION AND LOCATION OF PROPERTY	HUSBAND, WIFE, JOINT OR COMMUNITY	CURRENT VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION
17. Alimony, maintenance, support, and property settlements to which the debtor is or may be entitled. Give particulars.	<input checked="" type="checkbox"/>			
18. Other liquidated debts owed to debtor including tax refunds. Give particulars.	<input checked="" type="checkbox"/>			
19. Equitable or future interests, life estates, and rights or powers exercisable for the benefit of the debtor other than those listed in Schedule A - Real Property.	<input checked="" type="checkbox"/>			
20. Contingent and noncontingent interests in estate of a decedent, death benefit plan, life insurance policy, or trust.	<input checked="" type="checkbox"/>			
21. Other contingent and unliquidated claims of every nature, including tax refunds, counterclaims of the debtor, and rights to setoff claims. Give estimated value of each.	<input checked="" type="checkbox"/>			
22. Patents, copyrights, and other intellectual property. Give particulars.	<input checked="" type="checkbox"/>			
23. Licenses, franchises, and other general intangibles. Give particulars.	<input checked="" type="checkbox"/>			
24. Customer lists or other compilations containing personally identifiable information (as defined in 11 U.S.C. § 101(41A)) provided to the debtor by individuals in connection with obtaining a product or service from the debtor primarily for personal, family, or household purposes.	<input checked="" type="checkbox"/>			
25. Automobiles, trucks, trailers, and other vehicles and accessories.	<input checked="" type="checkbox"/>			
26. Boats, motors, and accessories.	<input checked="" type="checkbox"/>			
27. Aircraft and accessories.	<input checked="" type="checkbox"/>			
28. Office equipment, furnishings, and supplies.	<input checked="" type="checkbox"/>			
29. Machinery, fixtures, equipment and supplies used in business.		<b>Cottages: Furniture, fixtures, equipment and supplies in cottages</b>		<b>67,850.00</b>
Machinery, fixtures, equipment and supplies used in business.		<b>Lobby: Furniture, fixtures, equipment and supplies in lobby</b>		<b>2,708.00</b>
Machinery, fixtures, equipment and supplies used in business.		<b>Mulligan's: Furniture, fixtures, equipment and supplies in restaurant</b>		<b>11,398.00</b>
30. Inventory.	<input checked="" type="checkbox"/>			
31. Animals.	<input checked="" type="checkbox"/>			
32. Crops - growing or harvested. Give particulars.	<input checked="" type="checkbox"/>			
33. Farming equipment and implements.	<input checked="" type="checkbox"/>			
34. Farm supplies, chemicals, and feed.	<input checked="" type="checkbox"/>			

B6B (Official Form 6B) (12/07) -- Cont.

In re Columbia Lakes Resort & Conference Cente  
Debtor

Case No. 12-34353-H4-11  
(If known)

**SCHEDULE B - PERSONAL PROPERTY**  
(Continuation Sheet)

TYPE OF PROPERTY	NONE	DESCRIPTION AND LOCATION OF PROPERTY	HUSBAND, WIFE, JOINT OR COMMUNITY	CURRENT VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION
35. Other personal property of any kind not already listed. Itemize.	<b>X</b>			
<u>2</u> continuation sheets attached			Total >	<b>\$ 102,023.00</b>

(Include amounts from any continuation sheets attached. Report total also on Summary of Schedules.)

B6D (Official Form 6D) (12/07)

In re Columbia Lakes Resort & Conference Centre  
Debtor

Case No. 12-34353-H4-11  
(If known)

## SCHEDULE D - CREDITORS HOLDING SECURED CLAIMS

Check this box if debtor has no creditors holding secured claims to report on this Schedule D.

CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE AND AN ACCOUNT NUMBER (See Instructions, Above.)	CODEBTOR	HUSBAND, WIFE, JOINT OF COMMUNITY	DATE CLAIM WAS INCURRED, NATURE OF LIEN, AND DESCRIPTION AND VALUE OF PROPERTY SUBJECT TO LIEN	CONTINGENT	UNLIQUIDATED	DISPUTED	AMOUNT OF CLAIM WITHOUT DEDUCTING VALUE OF COLLATERAL	UNSECURED PORTION, IF ANY
ACCOUNT NO. ...1-000/...2-000							34,118.25	0.00
Brazoria County/Columbia-Brazoria ISD c/o Mr. Owen M. Sonik Perdue, Brandon, Fielder, Collins & Mott 1235 North Loop West, Suite 600 Houston, TX 77008-1772  Brazoria County/Columbia-Brazoria ISD Tax Assessor-Collector P.O. Box 1586 Lake Jackson, TX 77566  Brazoria County/Columbia-Brazoria ISD Tax Assessor-Collector 111 E. Locust Angleton, Texas 77515-4682			Property Taxes Property taxes owed for 2011  VALUE \$5,100,000.00					

2 continuation sheets attached

Subtotal >  
(Total of this page)

Total >  
(Use only on last page)

\$ 34,118.25	\$ 0.00
\$	\$

(Report also on Summary of Schedules) (If applicable, report also on Statistical Summary of Certain Liabilities and Related Data.)

B6D (Official Form 6D) (12/07)- Cont.

In re Columbia Lakes Resort & Conference Centre  
Debtor

Case No. 12-34353-H4-11  
(If known)

## SCHEDULE D - CREDITORS HOLDING SECURED CLAIMS

(Continuation Sheet)

CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE AND AN ACCOUNT NUMBER (See Instructions, Above.)	CODEBTOR	HUSBAND, WIFE, JOINT OR COMMUNITY	DATE CLAIM WAS INCURRED, NATURE OF LIEN, AND DESCRIPTION AND VALUE OF PROPERTY SUBJECT TO LIEN	CONTINGENT	UNLIQUIDATED	DISPUTED	AMOUNT OF CLAIM WITHOUT DEDUCTING VALUE OF COLLATERAL	UNSECURED PORTION, IF ANY
ACCOUNT NO.  Patriot Bank c/o Mr. Bruce J. Ruzinsky Jackson Walker, L.L.P. 1401 McKinney, Suite 1900 Houston, TX 77010	<b>X</b>		04/08/2008 <b>Mortgage</b> Commercial property at 180/188 Freeman Blvd., West Columbia, TX 77486-9616 in Brazoria County, Texas (COLUMBIA LAKES COTTAGES BLK A ACRES 1.395 and COLUMBIA LAKES COTTAGES BLK B ACRES 10.905):  <b>Property Description:</b>  <b>Tract I:</b> Block A of Columbia Lakes Cottages, a subdivision in Brazoria County, Texas, according to the map or plat thereof recorded under File No. 2007065329, of the Map Records of Brazoria County, Texas;  <b>Tract II:</b> Lot One (1) of Final Plat of Columbia Lakes Hotel, a subdivision in Brazoria County, Texas, according to the map or plat thereof recorded under File No. 2007065328, of the Map Records of Brazoria County, Texas; and  <b>Tract III:</b> All of Columbia Lakes Cottages, a condominium, a condominium project in Brazoria County, Texas, together with the limited				2,415,692.00	0.00
Subtotal > (Total of this page)							\$ 2,449,810.25	\$ 0.00
Total > (Use only on last page)							\$ 2,449,810.25	\$ 0.00

Sheet no. 1 of 2 continuation sheets attached to Schedule of Creditors Holding Secured Claims

(Report also on Summary of Schedules) (If applicable, report also on Statistical Summary of Certain Liabilities and Related Data.)

B6D (Official Form 6D) (12/07)- Cont.

In re Columbia Lakes Resort & Conference Cente  
Debtor

Case No. 12-34353-H4-11  
(If known)

## SCHEDULE D - CREDITORS HOLDING SECURED CLAIMS

(Continuation Sheet)

CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE AND AN ACCOUNT NUMBER (See Instructions, Above.)	CODEBTOR	HUSBAND, WIFE, JOINT OR COMMUNITY	DATE CLAIM WAS INCURRED, NATURE OF LIEN, AND DESCRIPTION AND VALUE OF PROPERTY SUBJECT TO LIEN	CONTINGENT	UNLIQUIDATED	DISPUTED	AMOUNT OF CLAIM WITHOUT DEDUCTING VALUE OF COLLATERAL	UNSECURED PORTION, IF ANY
			common elements and an undivided percent interest in and to the general common elements and all appurtenances thereto, as fully described in and as located, delineated and as defined in the condominium declaration for Columbia Lakes Cottages, a condominium, together with the survey plats, by-laws and exhibits attached thereto, recorded under Clerk's File No. 2008015648 of the Plat Records of Brazoria County, Texas  _____ VALUE \$5,100,000.00					

Sheet no. 2 of 2 continuation sheets attached to Schedule of Creditors Holding Secured Claims

Subtotal >  
(Total of this page)

Total >  
(Use only on last page)

<b>\$ 2,415,692.00</b>	<b>\$ 0.00</b>
<b>\$ 2,449,810.25</b>	<b>\$ 0.00</b>

(Report also on Summary of Schedules) (If applicable, report also on Statistical Summary of Certain Liabilities and Related Data.)



B6E (Official Form 6E) (4/10)

In re Columbia Lakes Resort & Conference Center

Debtor

Case No. 12-34353-H4-11

(If known)

**SCHEDULE E - CREDITORS HOLDING UNSECURED PRIORITY CLAIMS** Check this box if debtor has no creditors holding unsecured priority claims to report on this Schedule E.

TYPES OF PRIORITY CLAIMS (Check the appropriate box(es) below if claims in that category are listed on the attached sheets.)

 **Domestic Support Obligations**

Claims for domestic support that are owed to or recoverable by a spouse, former spouse, or child of the debtor, or the parent, legal guardian, or responsible relative of such a child, or a governmental unit to whom such a domestic support claim has been assigned to the extent provided in 11 U.S.C. § 507(a)(1).

 **Extensions of credit in an involuntary case**

Claims arising in the ordinary course of the debtor's business or financial affairs after the commencement of the case but before the earlier of the appointment of a trustee or the order for relief. 11 U.S.C. § 507(a)(3).

 **Wages, salaries, and commissions**

Wages, salaries, and commissions, including vacation, severance, and sick leave pay owing to employees and commissions owing to qualifying independent sales representatives up to \$11,725\* per person earned within 180 days immediately preceding the filing of the original petition, or the cessation of business, whichever occurred first, to the extent provided in 11 U.S.C. § 507(a)(4).

 **Contributions to employee benefit plans**

Money owed to employee benefit plans for services rendered within 180 days immediately preceding the filing of the original petition, or the cessation of business, whichever occurred first, to the extent provided in 11 U.S.C. § 507(a)(5).

 **Certain farmers and fishermen**

Claims of certain farmers and fishermen, up to \$5,775\* per farmer or fisherman, against the debtor, as provided in 11 U.S.C. § 507(a)(6).

 **Deposits by individuals**

Claims of individuals up to \$2,600\* for deposits for the purchase, lease, or rental of property or services for personal, family, or household use, that were not delivered or provided. 11 U.S.C. § 507(a)(7).

 **Taxes and Certain Other Debts Owed to Governmental Units**

Taxes, customs duties, and penalties owing to federal, state, and local governmental units as set forth in 11 U.S.C. § 507(a)(8).

 **Commitments to Maintain the Capital of an Insured Depository Institution**

Claims based on commitments to the FDIC, RTC, Director of the Office of Thrift Supervision, Comptroller of the Currency, or Board of Governors of the Federal Reserve System, or their predecessors or successors, to maintain the capital of an insured depository institution. 11 U.S.C. § 507(a)(9).

 **Claims for Death or Personal Injury While Debtor Was Intoxicated**

Claims for death or personal injury resulting from the operation of a motor vehicle or vessel while the debtor was intoxicated from using alcohol, a drug, or another substance. 11 U.S.C. § 507(a)(10).

\* Amounts are subject to adjustment on 4/01/13, and every three years thereafter with respect to cases commenced on or after the date of adjustment.

1 continuation sheets attached

B6E (Official Form 6E) (4/10) – Cont.

In re Columbia Lakes Resort & Conference Centre  
Debtor

Case No. 12-34353-H4-11  
(If known)

**SCHEDULE E - CREDITORS HOLDING UNSECURED PRIORITY CLAIMS**  
(Continuation Sheet)

**Type of Priority: Extensions of Credit in an Involuntary Case**

CREDITOR'S NAME, MAILING ADDRESS INCLUDING ZIP CODE, AND ACCOUNT NUMBER <i>(See instructions above.)</i>	CODEBTOR	HUSBAND, WIFE, JOINT OR COMMUNITY	DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM	CONTINGENT	UNLIQUIDATED	DISPUTED	AMOUNT OF CLAIM	AMOUNT ENTITLED TO PRIORITY	AMOUNT NOT ENTITLED TO PRIORITY, IF ANY
ACCOUNT NO.  Texas Comptroller of Public Accounts c/o Office of the Attorney General Bankruptcy - Collections Division P.O. Box 12548 Austin TX 78711-2548  Texas Comptroller of Public Accounts P.O. Box 149356 Austin, TX 78714			Hotel occupancy tax				1,857.00	1,857.00	\$0.00

Sheet no. 1 of 1 continuation sheets attached to Schedule of Creditors Holding Priority Claims

Subtotals >  
(Totals of this page)

\$	1,857.00	\$	1,857.00	\$	0.00
\$	1,857.00				
		\$	1,857.00	\$	0.00

Total >  
(Use only on last page of the completed Schedule E. Report also on the Summary of Schedules.)

Total >  
(Use only on last page of the completed Schedule E. If applicable, report also on the Statistical Summary of Certain Liabilities and Related Data.)

B6F (Official Form 6F) (12/07)

In re Columbia Lakes Resort & Conference Center  
Debtor

Case No. 12-34353-H4-11  
(If known)

**SCHEDULE F - CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS**

Check this box if debtor has no creditors holding unsecured claims to report on this Schedule F.

CREDITOR'S NAME, MAILING ADDRESS INCLUDING ZIP CODE, AND ACCOUNT NUMBER <i>(See instructions above.)</i>	CODEBTOR HUSBAND, WIFE, JOINT OR COMMUNITY	DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM. IF CLAIM IS SUBJECT TO SETOFF, SO STATE	CONTINGENT	UNLIQUIDATED	DISPUTED	AMOUNT OF CLAIM
ACCOUNT NO.						2,771.29
<b>Air Conditioning Unlimited</b> P.O. Box 787 West Columbia, TX 77486						
ACCOUNT NO.						250,000.00
<b>Billy Verkin</b> 188 Freeman Blvd. West Columbia, TX 77486						
ACCOUNT NO.						1,200.00
<b>Bottomline Financial/ Gerry Linebeck</b> 4814 Cliffpoint Katy, TX 77449						
ACCOUNT NO.						1,398.48
<b>Genares</b> P.O. Box 141117 Irving, TX 75014		Advertising service				
ACCOUNT NO.						4,983.00
<b>Hudson Energy - TX</b> P.O. Box 731137 Dallas, TX 75373						

1 Continuation sheets attached

Subtotal >	\$	260,352.77
Total >	\$	

(Use only on last page of the completed Schedule F.)  
(Report also on Summary of Schedules and, if applicable on the Statistical  
Summary of Certain Liabilities and Related Data.)

B6F (Official Form 6F) (12/07) - Cont.

In re Columbia Lakes Resort & Conference Center  
Debtor

Case No. 12-34353-H4-11  
(If known)

**SCHEDULE F - CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS**

(Continuation Sheet)

CREDITOR'S NAME, MAILING ADDRESS INCLUDING ZIP CODE, AND ACCOUNT NUMBER <i>(See instructions above.)</i>	CODEBTOR	HUSBAND, WIFE, JOINT OR COMMUNITY	DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM. IF CLAIM IS SUBJECT TO SETOFF, SO STATE	CONTINGENT	UNLIQUIDATED	DISPUTED	AMOUNT OF CLAIM
ACCOUNT NO.							<b>2,600.00</b>
<b>Weidner Weems</b> <b>180 Freeman Blvd.</b> <b>West Columbia, TX 77486-9616</b>							

1 Continuation sheets attached

Sheet no. 1 of 1 continuation sheets attached to Schedule of Creditors  
Holding Unsecured  
Nonpriority Claims

Subtotal >	<b>\$ 2,600.00</b>
Total >	<b>\$ 262,952.77</b>

(Use only on last page of the completed Schedule F.)  
(Report also on Summary of Schedules and, if applicable on the Statistical  
Summary of Certain Liabilities and Related Data.)

**COLUMBIA LAKES RESORT & CONFERENCE CENTER, LLC****CASE NO. 12-34353-H4-11****CHAPTER 7 LIQUIDATION ANALYSIS**

<b>ASSETS (Petition Date)</b>	<b><u>Market Value</u></b>
Commercial property at 180/188 Freeman Blvd., West Columbia, TX 77486	\$ 2,830,000.00
Cash in Register	150.00
DIP Account - Prosperity Bank, account no. ...6231	10,000.00
Furniture, fixtures, equipment and supplies	102,000.00
<b>TOTAL</b>	<b>\$ 2,942,150.00</b>
<b>CREDITORS</b>	<b><u>Amount</u></b>
<b><u>Secured Claims</u></b>	
Brazoria county/Columbia-Brazoria ISD - Property taxes owed for 2011 and 2012	\$ 93,978.06
Patriot Bank - Mortgage on commercial property	2,568,591.69
<b>TOTAL</b>	<b>\$ 2,662,569.75</b>
<b><u>Priority Claims</u></b>	
Texas Comptroller of Public Accounts - Hotel occupancy tax	\$ 1,857.00
<b>TOTAL</b>	<b>\$ 1,857.00</b>
<b>Net Available to General Unsecured Claims</b>	<b>\$ 277,723.25</b>
<b><u>General Unsecured Claims</u></b>	
Air Conditioning Unlimited	\$ 2,771.29
Billy Verkin	250,000.00
Bottomline Financial/Gerry Linebeck	1,200.00
Genares - Advertising service	1,398.48
Hudson Energy - TX	4,983.00
Weidner Weems	2,600.00
<b>TOTAL</b>	<b>\$ 262,952.77</b>
<b>PERCENTAGE RECEIVED IN CHAPTER 7 LIQUIDATION</b>	<b>100%</b>

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

IN RE:

COLUMBIA LAKES RESORT &  
CONFERENCE CENTER, LLC

DEBTOR.

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Chapter 11

Case No. 12-34353

**SETTLEMENT AGREEMENT**

The parties hereto agree that this lawsuit and all claims and controversies between them are hereby settled in accordance with the following terms of this Settlement Agreement:

1. The parties acknowledge that bona fide disputes and controversies exist between them, both as to liability and the amount thereof, if any, and by reason of such disputes and controversies they desire to compromise and settle all claims and causes of action of any kind whatsoever which the parties have or may have arising out of the transaction or occurrence which is the subject of this litigation. It is further understood and agreed that this is a compromise of a disputed claim, and nothing contained herein shall be construed as an admission of liability by any party, all such liability being expressly denied.

2. Each signatory hereby warrants and represents that:

- (a) such person has authority to bind the party or parties for whom such person acts.
- (b) the claims, suits, rights, and/or interests which are the subject matter hereto are owned by the party asserting same, have not been assigned, transferred or sold, and are free of any encumbrance.

3. Plan A (concurrent with Plan B, set forth below)

- (a) The Debtor will market the Property jointly with Stallion Creek and Billy Verkin.
- (b) Stallion Creek and Billy Verkin have agreed to the following release prices, so long as the sale closes within 60 days after the effective date of the plan, and so long as such date within 60 days after the effective date of the plan is not later than March 3, ~~2013~~ 2013, *um bf*
  - (i) Stallion Creek -- \$1.8 million.
  - (ii) Verkin -- tennis courts and swimming pool -- \$150,000

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(iii) Patriot Bank -- \$2.2 million (less any post-petition principal payments received from the sale of collateral).

(c) The Debtor retains the right to approve any sale.

(d) Any sale must provide for <sup>the continued monthly</sup> payments to Stallion Creek ~~by the Debtor~~ for <sup>under</sup> the golf cart lease payments. *BR*

4. Plan B

(a) The Discounted Payoff Option:

(i) \$2 million by 10/24/2012

(ii) \$2.2 million by 11/23/2012

(iii) \$2.4 million by 01/22/2013

(iv) \$2.6 million by 3/23/2013.

(v) In the event Patriot Bank receives the discounted payoff amount within the time periods set forth ~~above~~, the guarantors shall be released in full. *Under Plan A or Plan B, under BR*

(b) The Full Plan Term Payments

(i) Maturity date of December 31, 2013

(ii) Interest Rate of 6.5% per annum

(iii) Interest only monthly payments.

(iv) Principal Payments:

(1) Funds for these reductions do not need to come from unit sales proceeds.

(2) Due 12/31/12 -- The greater of (i) \$350,000.00 or (ii) the Release Price (x) the number of units sold.

a. Minimum sales price -- at least 70% of Patriot Bank's appraised value.

b. Release Price -- greater of 70% of net sales proceeds or \$70,000.

c. The first sale must consist of 5 units, with sales to close simultaneously



d. Remaining balance from unit sales to be deposited into escrow account to be used solely for improvements (including Debtor's employees) to units, subject to budget approval by Patriot Bank.

(3) 2013 -- Quarterly Reductions

a. These reductions are based on the Debtor's projection of unit sales: at least (a) ~~1~~ units in the first Quarter, (b) 3 units in the second Quarter, and (c) 3 units in the third Quarter.

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un B/P

b. Due at the end of ~~second~~ <sup>First</sup> Quarter: greater of (i) \$140,000.00, or (ii) the Release Price (x) the number of units sold.

c. Due at the end of ~~third~~ <sup>second</sup> Quarter: the greater of (i) \$210,000.00 or (ii) the Release Price (x) the number of units sold.

e.g.

f.e.

Minimum sales price and release price as set forth above.

Remaining balance from unit sales to be deposited into escrow account to be used solely for improvements to units, subject to budget approval by Patriot Bank. *Approval will not be withheld if such expenses are reasonable and necessary.*

un B/P

(4) Capital Contributions

a. ~~\$210,000~~ <sup>\$210,000</sup> no later than 12/28/2012, and ~~\$100,000~~ <sup>\$40,000</sup> by 01/20/2013.

un B/P

b. The Capital Contribution shall be used for the following:

- i. Outstanding interest (at the Note Rate).
- ii. All past due and 2012 ad valorem property taxes paid in full.
- iii. Payment of interest to Patriot Bank.

(5) Guarantor Litigation - Patriot Bank will abate pursuit of guarantors as long as this agreement is not in default. Patriot Bank reserves all its rights and claims against the guarantors.

(6) Stallion Creek - If the golf course at Columbia Lakes closes or stops operating, the Debtor will be in immediate default of this agreement. Stallion Creek has agreed to provide not less than 30

d. Due at the end of third Quarter: greater of (i) \$210,000.00 or (ii) the Release Price (x) the number of units sold.

days written notice to the Debtor and Patriot Bank of the date it intends to close the golf course.

- (7) The plan or loan documents will contain standard ten (10) day notice and opportunity to cure language, provided that such language shall in no event apply to the following payments: (i) minimum \$350,000.00 due on 12/31/2012 and (ii) \$250,000.00 for outstanding interest and the Capital Contributions. In the event any ~~of~~ default of this agreement, the automatic stay will immediately terminate and Patriot Bank will be allowed to exercise all of its state law remedies with respect to its collateral, including without limitation, foreclosure.

*of um BR*

5. Counsel for Patriot Bank shall deliver drafts of any further documents to be executed in connection with this settlement to counsel for the other parties hereto within 7 days from the date hereof. The parties and their counsel agree to cooperate with each other in the drafting and execution of such additional documents as are reasonably requested or required to implement the provisions and spirit of this Settlement Agreement. Notwithstanding such additional documents, the parties confirm that this is a written Settlement Agreement as contemplated by Section 154.071 of the Texas Civil Practice and Remedies Code, is a complete, valid and binding contract, is intended to be an enforceable agreement as contemplated by Rule 11, Texas Rules of Civil Procedure, and may be used as the basis for a motion for judgment, motion for summary judgment, or motion to enforce with each party waiving all rights to a jury trial.

6. THIS SETTLEMENT AGREEMENT IS NOT SUBJECT TO REVOCATION.

7. This Settlement Agreement is made and performable in Harris County, Texas, and shall be construed in accordance with the laws of the State of Texas.

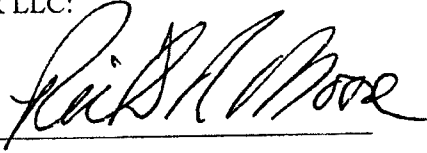
8. If one or more disputes arise with regard to the interpretation and/or performance of this Agreement or any of its provisions, the parties agree to attempt to resolve same with John F. Higgins, the Mediator who facilitated this settlement. If litigation is brought to construe or enforce this Agreement the prevailing party shall be entitled to recover attorney's fees as well as court costs and expenses, including the cost of the mediation.

9. Although the mediator has provided a basic outline of this Settlement Agreement to the parties' counsel as a courtesy to facilitate the final resolution of this dispute, the parties and their counsel have thoroughly reviewed such outline and have where necessary, modified it to conform to the requirements of their agreement. All signatories to this Settlement Agreement hereby release the Mediator from any and all responsibility arising from the drafting of this Settlement Agreement, and by signing this Settlement Agreement acknowledge that they have been advised by the Mediator in writing that this Settlement Agreement.

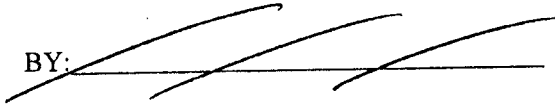
Agreed, this <sup>10</sup>~~12~~th day of September, 2012. *um BR*

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COLUMBIA LAKES AND CONFERENCE  
CENTER LLC:


  
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BY:

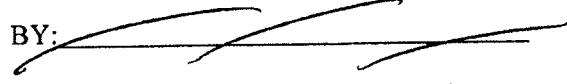
  
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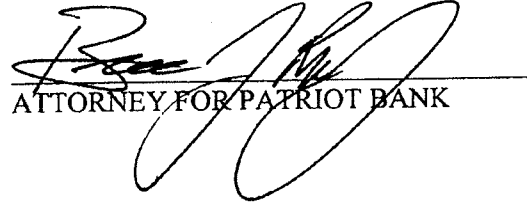
  
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ATTORNEY FOR DEBTOR

PATRIOT BANK:

  
\_\_\_\_\_  
Kevin Kaufman, V.P.

BY:

  
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ATTORNEY FOR PATRIOT BANK