

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF NEW MEXICO

FILED

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OFFICE OF THE CLERK
United States Bankruptcy Court
Albuquerque, New Mexico

ANGEL FIRE CORPORATION
ANGEL FIRE SKI CORPORATION,
SANGRE DE CRISTO LIMITED PARTNERSHIP IV,

Debtors.

Jointly Administered
No. 11-93-12176 RA

AMENDED JOINT DISCLOSURE STATEMENT FILED BY

BILL J. SHOLER, TRUSTEE

AND

PARKER TOWN SQUARE, INC.

AND

ANGEL FIRE PROPERTY OWNERS' COMMITTEE ("POC")

AND

TOM MASTIN, ROBERT DILLON, BRUCE LAWRENCE AND A. L. CLANTON

Dated April 20, 1995

BILL J. SHOLER, TRUSTEE, PARKER TOWN SQUARE, INC., ANGEL FIRE PROPERTY OWNERS' COMMITTEE ("POC"), and TOM MASTIN, ROBERT DILLON, BRUCE LAWRENCE AND A. L. CLANTON, propose the following Chapter 11 Plan of Reorganization in the Angel Fire Corporation, Angel Fire Ski Corporation, and Sangre de Cristo IV Bankruptcy Cases.

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I. INTRODUCTION

This Joint Disclosure Statement ("Disclosure Statement") is submitted by the angel Fire Property Owners' Committee ("Committee"), Parker Town Square, Inc. ("Parker"), Bill J. Sholer, Chapter 11 Trustee ("Trustee") and Tom Mastin, Robert Dillon, Bruce Lawrence, and A. L. Clanton (the "Mastin Group"), (all collectively hereafter referred to as the "Proponents"), pursuant to Section 1125 of the United States Bankruptcy Code, 11 U.S.C. §101 et seq. (the "Bankruptcy Code"). This Disclosure Statement is provided in connection with the solicitation of acceptances of the Joint Amended Plan of Reorganization filed by the Proponents with the Bankruptcy Court.

II. THE DISCLOSURE STATEMENT

A. **Purpose of this Disclosure Statement.** The purpose of this Disclosure Statement is to enable you, as a creditor whose claim is impaired along with other parties in interest, to make an informed decision in exercising your right to vote to accept or reject the Plans. In the event of any inconsistency between a Plan and the summary of such Plan contained herein, the Plan is controlling. This Disclosure Statement, therefore, should be read in conjunction with the Plan.

B. **Court Approval of Disclosure Statement.** Pursuant to 11 U.S.C. §1125, after notice and a hearing, by Order dated _____, 1995, the Bankruptcy Court approved this Disclosure Statement finding it contained information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor, typical of the Classes of claimants and other parties in interest being solicited, to make an informed judgment regarding the Plan.

APPROVAL OF THIS DISCLOSURE STATEMENT BY THE COURT DOES NOT CONSTITUTE A DETERMINATION BY THE COURT OF THE FAIRNESS OR MERITS OF THE PLAN, OR OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

III. THE CONFIRMATION PROCESS AND VOTING PROCEDURES

A. **Hearing on Plan Confirmation.** On April 18, 1995, the Bankruptcy Court entered an Order fixing May 19, 1995 at 9:00 a.m. M.D.T. in the United States Bankruptcy Court, 2nd Floor (Judge Rose), 421 Gold Avenue SW, Albuquerque, New Mexico, as the date, time and place for the hearing on Confirmation of the Plan; and fixing May 15, 1995, as the last date for filing objections to the Plan, and voting to accept or reject the Plan. A copy of the Order of the Bankruptcy Court approving the Disclosure Statement, scheduling the hearing on confirmation of the Plan, and fixing a date by which objections to Confirmation must be filed and ballot returned is included in this mailing. The Confirmation hearing may be adjourned from time to time by the Court without further notice except by

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the announcement of such adjournment at the confirmation hearing or any adjournment thereof.

B. Requirements of Voting. A Holder of a Claim or Interest, in order to vote on the Plan, must have filed a proof of claim or interest with the court prior to the Bar Date of April 9, 1994 unless that creditor was scheduled by the Debtors as not disputed, liquidated or not contingent. Holders of Claims relating to the right to use the Amenities of the Angel Fire Resort and the Holders of claims relating to the HUD Improvements have had their proofs of claim filed by the Committee in class proofs of claim which were filed on April 8, 1994, in the jointly administered cases. Any Holder of a Claim scheduled as not disputed, liquidated and not contingent is, to the extent scheduled by the Debtors, deemed to have filed a Claim pursuant to 11 U.S.C. §1111(a) and, absent objection, such Claim is deemed Allowed.

C. Time and Manner of Voting. After carefully reviewing this Disclosure Statement, the Plan and Exhibits, you should indicate your vote on the enclosed Ballot and sign and return your Ballot to ATTENTION: Bill Sholer, Chapter 11 Trustee, 5353 Wyoming Blvd. NE, #1, Albuquerque, NM 87109, in the enclosed envelope so that it is received not later than 5:00 p.m. M.D.T. on May 15, 1995.

D. You may have a Claim against more than one of the Debtors, or you may have claims in more than one Class for any one Debtor. If you have more than one Claim, you must so indicate on the appropriate Ballot in the space provided. It is extremely important that you so indicate so that each of your Claims counts in the reorganization process.

PLEASE NOTE THAT ANY BALLOTS NOT RECEIVED BY MAY 15TH, 1995, AT 5:00 P.M. M.D.T., OR BALLOTS THAT ARE RECEIVED TIMELY BUT ARE UNSIGNED, WILL NOT BE COUNTED. PLEASE USE ONLY THE BALLOT(S) SENT TO YOU WITH THIS DISCLOSURE STATEMENT.

E. Confirmation Requirements. The Plan referred to in this Disclosure Statement can be confirmed by the court and thereby made binding on you if it is accepted by the holders of two-thirds in amount and more than one-half in number of Claims in each class voting on The Plan. In the event the requisite acceptances are not obtained, the Court may nevertheless confirm the Plan if the Court finds that the Plan does not discriminate unfairly and is fair and equitable, with respect to each class that is impaired under, and has not accepted, the Plan and the Plan otherwise satisfied the requirements of §1129(b) of the Code.

No representations concerning the Debtors or the Plan are authorized by proponents other than as set forth in this Disclosure Statement. Any representations or inducements made by any person to secure your vote which are other than those contained herein should not be relied upon and such representations or inducements should be reported to the Court.

THE PROPONENTS BELIEVE THE INFORMATION THEY HAVE GENERATED THAT IS CONTAINED IN THIS DISCLOSURE STATEMENT IS CORRECT. HOWEVER, SOME OF THE INFORMATION WAS PREPARED BY THE DEBTORS OR OTHER THIRD PARTIES, AND HAS NOT BEEN INDEPENDENTLY AUDITED OR OTHERWISE VERIFIED. REASONABLE EFFORTS HAVE BEEN MADE TO PRESENT ACCURATE INFORMATION; HOWEVER, WITH RESPECT TO INFORMATION PRODUCED BY PARTIES OTHER THAN PROPONENTS AND UNAUDITED INFORMATION FOR WHICH ONLY A CERTIFIED AUDIT COULD ASSURE ACCURACY, THE PROPONENTS MAKE NO REPRESENTATION OF ACCURACY.

IV.

SUMMARY OF THE AMENDED JOINT
PLAN OF REORGANIZATION

A. Summary of the Plan. The Plan provides that all assets of the Debtors be transferred free and clear of all liens and encumbrances to the Purchasing Group as described in Article XIII unless otherwise stated.

B. Payment of Secured Claims: The Plan provides that creditors with Allowed Secured Claims would be paid 100% of the market value of those claims in cash on the effective date of the Plan. Creditors should note that if the total amount of their claim exceeds the value of their collateral, their Secured Claim would only be for the market value of the collateral, and the balance would be an Unsecured Claim unless otherwise stated.

C. Unsecured Claims: The Plan provides that Creditors with unsecured claims are treated as follows:

a) Claims of less than \$500 are paid in full.

b) Other unsecured creditors share pro rata in claim funds defined in the Plan for the various estates.

D. Treatment of Property Owners: The Plan provides property owners with a negative easement on existing amenities legally recorded and confirmed by the Bankruptcy Court. A new standard dues structure with \$750 for improved properties and \$350 for unimproved properties will be provided with a provision for CPI increases in annual dues and temporary capital improvement dues with limitations. There will be a provision for differing dues structure for new amenities (for example, a new golf course) and an elimination of guest 1/2 price discounts. There will be restrictions allowing dues to be used only on the operation and maintenance of amenities with a \$100,000 discretionary budget to be used by Property Owners for projects under their direction. Membership suspension provisions will apply for non-payment of dues or abuses of the membership rules. A fair

and reasonable access schedule for use of the amenities by all property owners will be established.

E. Treatment of Infrastructure Improvements (HUD) Improvements: The Plan provides that APL will complete the HUD Improvements over a maximum 6 year period. APL places high value in completing these projects to restore the ability to sell real estate and to restore the economic value to the real estate portion of the Resort.

F. Executory Contracts and Unexpired Leases: The Plan provides that specific executory contracts and unexpired leases will be assumed by the APL while all remaining contracts and lease would be rejected. If you are a party to an executory contract or unexpired lease with the Debtor, you should review the Plan to determine how your contract or lease is treated.

G. Treatment of Insiders and Other Interest Holders: The Plan provides that the insiders, shareholders, partners, equity holders and all other interest holders in the Debtor receive nothing for their interests.

H. Benefits to Creditors: Purchaser believes the various creditor classes are treated substantially better than they have been in the past or would be in the future under current operating conditions. The most significant benefit is that the overall debt associated with the operation and financing of Angel Fire Resort has been virtually eliminated.

V. HISTORY OF DEBTORS

5.1 History of the Debtor Entities: The Angel Fire Resort was originally developed by Lebus Development Corporation in approximately 1967. Ownership of the resort has changed hands several times since then. For several years, the Debtor was owned by a Mr. Dan Lasater, an Arkansas investor. Pursuant to an article appearing in the June 14, 1994 edition of the Arkansas Democrat-Gazette, "U.S. District Judge D. Thomas Eisele accepted Lasater's guilty plea for having conspired to distribute cocaine for recreational use. On January 15, 1987, Lasater began serving 6 months of a 30 month sentence at a Fort. Worth Texas prison." during that time, Lasater sold the Resort to the current owners. The Angel Fire Resort has not been financially stable for some time.

In 1987, Ron Evans, Gary Plante and Walter Fagan purchased the Angel Fire Resort. In conjunction with purchase of the resort, Ron Evans, Gary Plante and Walter Fagan, created three entities:

a. Sangre de Cristo Limited Partnership I, ("SCI"), whose general partners are Ronald L. Evans, Gary D. Plante, and Walter Fagan. SCI became the owner of the Angel Fire Corporation stock by purchasing it from The Phoenix Group, Inc., a corporation owned by Mr. Lasater. The purchase, which was completed in March, 1987, was financed

by First Federal Savings and Loan Association of Austin ("First Federal"). Sangre de Cristo I and some of the Related Entities borrowed approximately \$18 Million from First Federal to purchase this stock. At the time of the purchase, Angel Fire Corporation was experiencing financial difficulties.

b. Sangre de Cristo Limited Partnership II, ("SCII"), whose general partners are Ronald L. Evans, Gary D. Plante, and Walter Fagan. SCII's assets consisted mainly of the escrow services for the administration of payments made on real estate contracts which were being collected on behalf of Angel Fire Corporation by Portfolio Services, Inc. Prior to the filing of the bankruptcy petitions, Portfolio Services, Inc. was sold to Greyhound/Greycas.

c. Sangre de Cristo Limited Partnership IV, ("SCIV"), which entity was created to hold the ownership of the Legends Hotel, the real property upon which it sits and the personal property and leases related to the operation of the hotel. SCIV purchased the Legends Hotel from First Federal. First Federal had obtained title to the hotel through foreclosure, after the hotel had been closed. At the time of the purchase SCIV signed a \$20 million dollar note to First Federal, payable by the positive cash flow generated by the hotel. The Legends Hotel is the bed base for Angel Fire Ski Corporation's ski hill operation, and contains the corporate offices of Angel Fire Corporation.

Over the years, the Debtor and its predecessors have sold to Property Owners a considerable number of residential lots, condominiums, and time share intervals in and around the village of Angel Fire, New Mexico. There are now approximately 6,000 property Owners. Angel Fire Corporation is not currently selling lots because of its failure to make the Infrastructure Improvements to various lots already sold to property owners. The plan proposes to make infrastructure improvements; readers should consult either the plan summary contained herein for the plan or the individual Plan of Reorganization to see the details of such treatment. *

One of the inducements to purchase residential real estate from Angel Fire Corporation was the opportunity to use the Amenities. Historically, the Property Owners have paid annual dues to Angel Fire Corporation, in exchange for use of the Amenities. One of the major Amenities is the golf course and country club. The golf course is used for about 30,000 rounds of golf per year, approximately 25,500 of which are played by the property owners and their guests.

The other major Amenity is the ski mountain. Based upon information provided by the Debtor, the number of skier visits at the Angel Fire ski mountain has increased over the years, from approximately 121,000 during the 1984/85 season to approximately 200,000 during the 1993/94 season. Approximately 18% of current skier visits are made by Property Owners. Because property owners' dues have been transferred from Angel Fire Corporation to subsidize the Legends Hotel, necessary maintenance and repairs have not been made to the other amenities as well as the ski hill. All plan proponents believe skier visits cannot

increase substantially without purchasing and installing additional ski lifts, constructing new ski runs, and taking other steps to increase capacity.

5.2 Interrelationships of the Debtor Entities: The three debtor entities, Angel Fire Corporation, Angel Fire Ski Corporation and Sangre de Cristo IV, the subject of this Disclosure Statement, are each dependent upon the others in the operation of the resort and its continued development. Angel Fire Corporation and Angel Fire Ski Corporation have, since 1987, filed consolidated income tax returns and consolidated financial statements. Dues monies collected from the property owners by Angel Fire Corporation have always been used to ready the ski mountain for Angel Fire Ski Corporation, and Angel Fire Ski Corporation has paid back a portion of those dues to Angel Fire Corporation from its operating income to provide the rest of the amenities through the spring and summer amenity season.

Since inception the debtors have made intercompany transfers of funds between Angel Fire Corporation, Angel Fire Ski Corporation and Sangre de Cristo IV whenever it was deemed appropriate and/or necessary to contribute to the overall health of the resort operations. These intercompany transfers include not only monies received from commercial operations of the ski mountain but also include possible transfers of Amenities Dues paid by Property Owners for use of the Amenities. The Legends Hotel, owned by Sangre de Cristo IV, may have been subsidized by property owners' dues. Sangre de Cristo IV does not return dues monies to Angel Fire Corporation as it is unable to operate without subsidy. The transfers to Sangre de Cristo IV are estimated to be in excess of \$2,800,000 pre-petition.

5.3 Resort Owners and Key Personnel:

A. Owners: As has been stated above, the Sangre de Cristo Partnership entities, I and IV, between them, own all of the entities which own all of the assets of Angel Fire Resort. The owners of Sangre de Cristo I and IV are Mr. Ronald L. Evans, General partner, who owns fifty-one percent (51%) of each partnership, Mr. Gary D. Plante, Managing General Partner, who owns forty-four percent (44%) of each partnership, and Mr. Walter Fagan, Limited Partner, who owns five percent (5%) of each partnership. Sangre de Cristo I owns one hundred percent (100%) of the stock of Angel Fire Corporation, which in turn owns one hundred percent (100%) of the stock of Angel Fire Ski Corporation. Mr. Ronald L. Evans, Mr. Gary D. Plante, and Mr. Walter Fagan are also officers and directors of Angel Fire Corporation and Angel Fire Ski Corporation.

B. Key Personnel: There have been a number of changes in personnel between 1987 and the filing of the Bankruptcy Petitions. At the time of the petition filing, the key personnel running the Angel Fire Resort operations were Gary D. Plante as managing partner of Sangre de Cristo IV and I, president of Angel Fire Corporation and president of Angel Fire Ski Corporation; Mr. John Ogier, general manager of the ski mountain operations and Paul Bertrand, financial comptroller for the Angel Fire Resort operations.

At the time of the filing of this Disclosure Statement, the key personnel operating the resort are Bill J. Sholer, Chapter 11 Trustee in bankruptcy, who has taken the place of Gary D. Plante as manager of Sangre de Cristo IV & I, Angel Fire Corporation and Angel Fire Ski Corporation and Mr. John Ogier, who Mr. Sholer has promoted to general manager of resort operations. Mr. Paul Bertrand, former financial comptroller of the resort operations, resigned in January of 1994. Since Mr. Bertrand's resignation, the financial comptroller duties for the resort operations are temporarily being provided by Marilyn Holmes of the debtors' accounting firm, Winter-Cunion. Mr. Sholer has retained most of the other management personnel who were employed by the Debtors before Mr. Sholer's appointment.

5.4 Pre-Petition Financial Information - Debtors' Operations: The debtors' pre-petition financial information is summarized and presented in Exhibits "A", "B", and "C". The source of the information presented and the accounting basis of the financial statements is described separately below for each debtor.

a. **Angel Fire Corporation.** Angel Fire Corporation is the administrator and property development arm of the Angel Fire Resort. Angel Fire Corporation is also the entity which collects amenities dues from the property owners. For the last several years, Angel Fire Corporation had Portfolio Services, Inc. (now called GPSI because it was sold to Greyhound/Greycas by the debtor, Sangre de Cristo II, pre-petition) collect the annual dues assessment from the Angel Fire property owners. The yearly collection of dues has fluctuated in the last several years between \$1.2 Million and \$1.4 Million. The amount of dues collected for the 1993/1994 amenity season which began on September 30, 1993, and ended on September 30, 1994, is approximately \$1,550,000.00. The approximate amount of dues owed by the 5,500 to 6,000 property owners on a yearly basis, if all dues money were collected, is \$1,800,000.00 per year.

The financial information of Angel Fire Corporation (without Angel Fire Ski Corporation) in Exhibit "A", provides the history of its operations for the last 4 fiscal years ended each June 30 from 1994 through 1991. The financial activity of the debtor is audited by independent certified public accountants. For Angel Fire Corporation, the audited financial statements are presented without Sangre de Cristo IV (Legends Hotel), but includes the activity of its wholly owned subsidiaries, Angel Fire Ski Corporation, Angel Fire Services Corporation and BTW Investment Corporation.

b. **Angel Fire Ski Corporation:** The financial information of Angel Fire Ski Corporation in Exhibit "B" hereto, provides the history of its operations for the last 4 fiscal years ended each June 30 from 1994 through 1991. The financial activity of the debtor is audited by independent certified public accountants. For Angel Fire Ski Corporation, the audited financial statements are presented on a consolidated basis with its parent Angel Fire Corporation.

The financial statements reported on by the outside accountants are prepared on the accrual basis of accounting and include the notes and disclosures necessary for the statements to present the results of the debtor's operations in accordance with generally accepted accounting principles. The information for the fiscal years ended June 30, 1993, 1992 and 1991 was extracted from the debtor's audited financial statements.

The financial statements for the fiscal year ended June 30, 1994 have been audited by the debtor's independent certified public accountants.

c. **Sangre de Cristo Limited Partnership IV:** The financial information of Sangre de Cristo Limited Partnership IV in Exhibit "C" provides the history of its operations for the last 3 calendar years ended each December 31 from 1993 through 1991 and for the most recent 6 month period ended June 30, 1994. The financial activity of the debtor is not audited by independent certified public accountants.

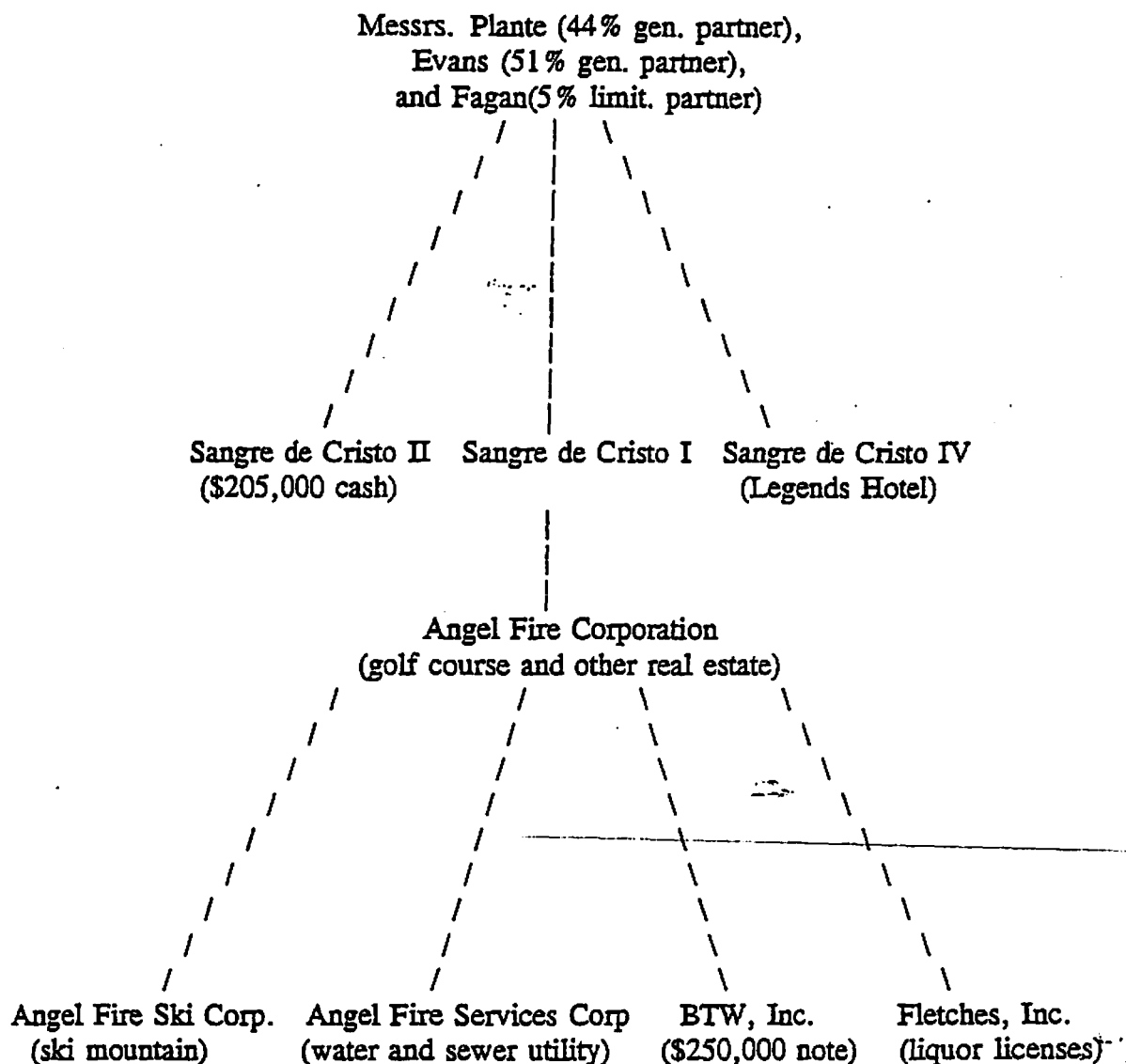
The information for the calendar years 1993, 1992 and 1991 was extracted from the debtor's partnership tax returns. The information presented in the tax returns was reported on the cash basis method of accounting, which will yield results different from the accrual basis method.

It is uncertain whether the tax returns for the calendar year ended December 31, 1994 will be compiled and reported on by the debtor's independent certified public accountants. If such statements and reports are to be issued it is uncertain whether they will be available by the time the Court holds a hearing on the adequacy of the Disclosure Statement or on approval of the Plans of Reorganization. The financial information for the 6 months ended June 30, 1994 has been extracted from the debtor's internal accounting records. This information, while generally accounted for on the accrual basis, is subject to being adjusted as necessary to report the results of operations in accordance with generally accepted accounting principles or in the debtor's tax returns.

VI. THE DEBTORS

In July, 1993, five corporations or partnerships operating or related to the Angel Fire resort in Angel Fire, New Mexico filed bankruptcy: Angel Fire Corporation, Angel Fire Ski Corporation, Sangre de Cristo Limited Partnership I ("Sangre de Cristo I"), Sangre de Cristo Limited Partnership II ("Sangre de Cristo II"), and Sangre de Cristo Limited Partnership IV ("Sangre de Cristo IV"). Three of the debtors, Angel Fire Corporation, Angel Fire Ski Corporation, and Sangre de Cristo IV, operate businesses and own property, while the other two have no current business operations. This section of the Disclosure Statement will describe the three operating debtors and their assets with some detail, and will give a more cursory description of the other two debtors. The plan of reorganization related to this disclosure statement does not deal with Sangre de Cristo I or Sangre de Cristo II.

1. **Structure of the Five Debtors.** The relationship of the five debtors is diagrammed as follows:



The plan of reorganization related to this Disclosure Statement does not address Sangre de Cristo I or Sangre de Cristo II.

2. **Overview of the Debtors.**

A. **IN GENERAL.** The five debtors together own and operate the Angel Fire resort in Angel Fire, New Mexico. The resort includes the Angel Fire ski mountain, a golf course and club house, the Legends hotel, tennis courts, a lake, stables, a park, greenbelt areas, an RV park, unsold residential and commercial lots, and unsold time share intervals. About 6000 individual property owners own real property in Angel Fire that was

purchased from Angel Fire Corporation or its predecessors. Before filing bankruptcy, the debtors were managed by Gary Plante and, to a lesser extent, by Ron Evans.

B. ANGEL FIRE CORPORATION.

(i) In General. Angel Fire Corporation is a Texas corporation with its principal place of business in Angel Fire, New Mexico. Either directly or through wholly-owned subsidiaries, Angel Fire Corporation owns the Angel Fire ski mountain, the Angel Fire golf course and country club, tennis courts, riding stables, a fishing lake, an RV park, greenbelt areas, condominium units, undeveloped commercial and residential real property in Angel Fire, and Angel Fire's sewer and water utilities.

Currently, Angel Fire Corporation's main source of income comes from operating the golf course and related activities, from managing condominiums and time-share intervals owned by others, from property owner dues paid by owners of lots or other real estate purchased from Angel Fire Corporation or its predecessors and, indirectly, from operating the ski mountain. Historically, property owners have paid annual dues in exchange for use of the ski mountain, golf course, and other resort amenities.

In years past, Angel Fire Corporation also generated income by selling residential lots in Angel Fire for development. The sale of the lots was subject to the registration and disclosure requirements of the federal Interstate Land Sales Act, 15 U.S.C. §1701 et seq. Angel Fire Corporation voluntarily suspended property sales subject to the Interstate Land Sales Act, due to its failure to complete certain infrastructure improvements.

The Angel Fire Corporation is entirely owned by Sangre de Cristo I, a Texas limited partnership that is also in bankruptcy. Mr. Gary Plante owns 44% of Sangre de Cristo I, Mr. Ron Evans own 51% of Sangre de Cristo I, and Mr. Walter Fagan owns a 5% limited partnership interest in Sangre de Cristo I. In addition, Angel Fire Corporation owns all of the stock of Angel Fire Ski Corporation, Angel Fire Services Corporation, Fletches, Inc. and BTW, Inc.

(ii) Angel Fire Corporation's Real Property. Angel Fire Corporation owns substantial real property in and around Angel Fire, New Mexico. The property includes numerous residential, commercial, and multifamily lots in Angel Fire, the Angel Fire golf course and country club, the Starfire condominiums, approximately 1500-2000 unplatted and undeveloped acres near the Angel Fire airport, unsold time share intervals, and the "greenbelt" areas in and around Angel Fire. A more complete list of the real property owned by Angel Fire Corporation is set forth in Exhibit D hereto. A definitive listing of Angel Fire Corporation's real property is difficult because Angel Fire Corporation apparently did not keep accurate records of the real property it owned. A large portion of the real property is pledged to creditors of Angel Fire Corporation. Most of the remaining property is undeveloped, and is zoned for either commercial, multi-family, or residential development.

(iii) Angel Fire Corporation's Subsidiaries. Angel Fire Corporation owns all of the stock of Angel Fire Ski Corporation, which owns the Angel Fire ski mountain and related personal property, including the ski lifts, snow-making equipment, Snow Cats, and snowmobiles. Angel Fire Corporation also owns all the stock of Angel Fire Services Corporation, the water and sewer utility in Angel Fire. Finally, Angel Fire Corporation owns all the stock of BTW Investments, Inc., whose sole asset is an unsecured promissory note for \$250,000, and Fletches, Inc., which owns three liquor licenses used by Angel Fire Corporation and the other debtors.

(iv) Angel Fire Corporation's Other Personal Property. Angel Fire Corporation also owns office equipment, approximately 37 vehicles, construction and other equipment, notes receivable from the sale of lots and condominiums, golf course equipment, and beer, food and liquor inventory. A more complete listing of the personal property is set forth Exhibit D.

(v). Angel Fire Corporation's Creditors. Attached as Exhibit E hereto is a list of creditors who have either filed proofs of claim against Angel Fire Corporation, or were listed on Angel Fire Corporation's schedules as having claims against it. Inclusion on the list does not indicate a creditor's claim is valid.

B. ANGEL FIRE SKI CORPORATION.

(i) In General. Angel Fire Ski Corporation is a Texas corporation that owns and operates the ski mountain in Angel Fire, New Mexico. Angel Fire Ski Corporation owns the ski mountain, chair lifts, snow-making equipment, snowmobiles, Snow Cats, and related equipment that constitute the ski mountain. For a more complete list of the real and personal property Angel Fire Ski Corporation owns, see Exhibit F. Angel Fire Ski Corporation is a wholly-owned subsidiary of Angel Fire Corporation.

Angel Fire Ski Corporation's main source of income comes from operating the ski mountain. Part of such income is from property owner dues, paid by owners of lots or other real estate purchased from Angel Fire Corporation or its predecessors. Historically, property owners have paid annual dues in exchange for use of the ski mountain, golf course, and other resort amenities.

(ii). Angel Fire Ski Corporation's Real Property. Angel Fire Ski Corporation's only real estate is the Ski Mountain. FNBSF has a first lien on the Ski Mountain, in the approximate amount of \$150,000. Parker, the Chapter 11 Trustee, and Ticor Title Insurance Company recently litigated the trial phase of a lawsuit in the Angel Fire Ski bankruptcy case, concerning the validity of a substantial mortgage Parker claimed against the ski mountain. The lawsuit has been referred to as the "Barclays Action." In the lawsuit, the Bankruptcy Court ruled that Parker's mortgage was invalid. Parker is appealing the Court's ruling. Unless the Bankruptcy Court's decision is reversed on appeal, Ticor will have a second lien on the Ski Mountain, in the amount of approximately \$1,900,000, plus

any attorney fees, costs, and other amounts the Court finds are allowable. Finally, Parker asserts a lien on the Ski Mountain in the amount of at least \$20,000,000, with a release price of \$1,000,000 cash.

(iii) Angel Fire Ski Corporation's Personal Property. Angel Fire Ski Corporation also owns snowmobiles, Snow Cats, rental skis, poles, and boots, safety and first aid equipment, and related property needed to operate the Ski Mountain.

(iv) Angel Fire Ski Corporation's Creditors. Attached as Exhibit G hereto is a list of creditors who have either filed proofs of claim against Angel Fire Ski Corporation, or were listed on Angel Fire Ski Corporation's schedules as having claims against it. Inclusion on the list does not indicate a creditor's claim is valid.

C. SANGRE DE CRISTO IV.

(i) In General. Sangre de Cristo IV is a Texas limited partnership that owns and operates the Legends Hotel in Angel Fire, New Mexico (the "Hotel"). For a more complete list of the real and personal property Sangre de Cristo IV owns, see Exhibit H. Sangre de Cristo IV is owned 51% by Mr. Ron Evans, 44% by Mr. Gary Plante, and 5% (a limited partnership interest only) by Mr. Walter Fagan.

Sangre de Cristo IV's main source of income comes from operating the Hotel. The Hotel has never operated at a profit. In recent years the annual losses have declined, although it appears in the 1994-1995 season the Hotel may again suffer substantial losses.

(ii) Sangre De Cristo IV's Real Property. Sangre de Cristo IV's only real estate is the Hotel. Parker has a first lien on the Hotel, securing a claim of more than \$20,000,000. Parker obtained an appraisal of the Hotel, which indicated the Hotel has a value of approximately \$1,350,000. Parker is in the process of obtaining another appraisal of the Hotel, from Mr. Larry Brooks of Brooks, Lomax and Fletcher, but has not yet received the appraisal.

(iii) Sangre De Cristo IV's Personal Property. Sangre de Cristo IV also owns the room furniture, dining room furniture and equipment, front desk equipment, and related property needed to operate the Hotel. Parker asserts a lien on this personal property. There is a dispute about whether Sangre de Cristo IV or Angel Fire Corporation owns the telephone and reservation system equipment used by the Hotel. That dispute has not been resolved. For a more complete list of Sangre de Cristo IV's property, see Exhibit H, attached hereto.

(iv) Sangre de Cristo IV's Creditors. Attached as Exhibit I hereto is a list of creditors who have either filed proofs of claim against Sangre de Cristo IV, or were listed on Sangre de Cristo IV's schedules as having claims against it. Inclusion on the list does not indicate a creditor's claim is valid.

D. SANGRE DE CRISTO I. Sangre de Cristo I is a Texas limited partnership, owned 51% by Mr. Ron Evans, 44% by Mr. Gary Plante, and 5% (limited partnership interest only) by Mr. Walter Fagan. The sole assets of Sangre de Cristo I is 100% of the capital stock of Angel Fire Corporation, and certain alleged claims against Parker and Guaranty. Sangre de Cristo I filed bankruptcy on July 12, 1993. Sangre de Cristo I has no business operations. The only creditor of Sangre De Cristo I is Parker. Parker filed a claim in the Sangre de Cristo I case for \$20,685,428, secured by a lien on the Angel Fire Corporation stock. The plans of reorganization related to this Disclosure Statement do not address Sangre de Cristo I.

E. SANGRE DE CRISTO II. Sangre de Cristo II is a Texas limited partnership, owned 51% by Mr. Ron Evans, 44% by Mr. Gary Plante, and 5% (limited partnership interest only) by Mr. Walter Fagan. The assets of Sangre de Cristo II are \$205,000 in cash, and certain alleged claims against Parker and Guaranty. Sangre de Cristo II filed bankruptcy on July 12, 1993. The only creditor of Sangre De Cristo I is Parker. Parker filed a claim in the Sangre de Cristo I case for \$4,108,458. The plans of reorganization related to this Disclosure Statement do not address Sangre de Cristo II.

3. **Information Common to All Debtors.** The following information is relevant to Angel Fire Corporation, Angel Fire Ski Corporation, and Sangre de Cristo IV:

A. THE AMENITIES. One of the inducements to purchase residential real estate from Angel Fire Corporation was the opportunity to use the amenities. Historically, the property owners have paid annual dues to Angel Fire Corporation, in exchange for use of the amenities. In 1993, the property owners paid approximately \$1,500,000 in dues to Angel Fire Corporation.

One of the major amenities is the golf course and country club. Currently, the property owners and others play about 30,000 rounds of golf per year, approximately 25,500 of which are played by the property owners and their guests.

The other major amenity is the ski mountain. Based upon information provided by Angel Fire Corporation, the number of skier visits at the Angel Fire ski mountain has increased over the years, from approximately 121,000 during the 1984/85 season to approximately 200,000 during the 1993/94 season. However, it appears the number of skier visits for the 1994/95 season will be below, and possibly substantially below, 200,000. This downturn appears to be due to a combination of factors, including a poor snow year, the fact Angel Fire Corporation has been in bankruptcy for almost two years, and other factors.

Approximately 18% of current skier visits are made by property owners. The skier visits probably cannot increase substantially without purchasing and installing additional ski lifts, constructing new ski runs, and taking other steps to increase capacity. Estimates about how much this would cost vary, but the price would probably be in excess of \$4,000,000.

In addition to the ski mountain and the golf course and clubhouse, the other amenities are:

- a. the Olympic Park;
- b. Monte Verde Lake;
- c. The RV Park;
- d. All tennis courts;
- e. All greenbelt/picnic areas; and
- f. The petting zoo/stable area.

B. THE DEBTORS' MANAGEMENT. The debtors are currently managed by the Chapter 11 Trustee. The Chapter 11 Trustee hired Mr. John Ogier as the chief operating officer of the Debtors. Under the agreement, Mr. Ogier will work for the Debtors at least through the end of the 1994-95 ski season. Prior to Mr. Sholer's appointment, Mr. Ogier worked full time for Angel Fire Corporation since December, 1993. Mr. Ogier, whose educational background is in accounting, has been involved in resort and ski area management for more than ten years, including 10 years as the general manager of Purgatory ski resort in Colorado. Neither the Chapter 11 Trustee nor Parker has any agreement with Mr. Ogier to work beyond the 1994-95 ski season.

Mr. Sholer has also retained most or all of the other management employees employed by Angel Fire Corporation before Mr. Sholer was appointed. These employees oversee operation of the ski mountain, hotel, golf course, real estate management department, real estate sales department, marketing department, and other departments. Many of Angel Fire Corporation's employees spend part of their time working for entities related to Angel Fire Corporation, and a portion of their salary is paid by the related entity. For example, the management employees that operate the ski mountain are paid in part by Angel Fire Ski Corporation, a wholly-owned subsidiary of Angel Fire Corporation that owns the ski mountain.

C. THE DEBTORS' EMPLOYEES. The debtors have approximately 200 full time employees. The debtors employ approximately 500-700 employees during the ski season. The debtors are the largest employers in Colfax County.

D. THE INFRASTRUCTURE CLAIMS. From at least 1972 to 1988, Angel Fire Corporation or its predecessors sold residential real estate in the Angel Fire area to property owners. The sales were conducted in interstate commerce, and Angel Fire Corporation registered under and otherwise complied with the federal Interstate Land Sales Act, 15 U.S.C. §1701 et seq. As part of the registration process, Angel Fire Corporation

was required to prepare and file a statement of record which included a property report and additional information and documents. In the property reports, Angel Fire Corporation represented to potential and actual purchasers that Angel Fire Corporation would make certain improvements to the property sold, including the construction of roads, sewer lines, water lines, electrical lines, and telephone lines. Certain improvements have yet to be constructed. In 1989, Angel Fire Corporation voluntarily suspended property sales subject to the Interstate Land Sales Act. There may be approximately 550-700 holders of infrastructure claims. The Committee and Angel Fire Corporation filed a joint proof of claim in the Angel Fire Corporation bankruptcy case on behalf of all holders of infrastructure claims. The joint proof of claim was for \$4,500,000, and is an unsecured claim.

E. THE PROPERTY OWNERS' AMENITIES CLAIMS. The property owners assert they have certain legal rights in connection with the amenities, including (i) the right to limit Angel Fire Corporation's or any subsequent owner's use of the amenities to the current use; (ii) the right, upon payment of annual dues, to use of the amenities; (iii) the right to an accounting of how all dues are spent; and possibly (iv) the right to eventual ownership of the amenities. To obtain a determination of the property owners' rights to the amenities, the Committee filed a lawsuit in the Angel Fire Corporation bankruptcy case, seeking a declaratory judgment of their rights. The lawsuit is currently pending.

4. Entities Related to the Debtors That Are Not in Bankruptcy. The following corporations are related to the debtors, but are not in bankruptcy:

A. ANGEL FIRE SERVICES CORPORATION. Angel Fire Services Corporation ("Services") is a wholly-owned subsidiary of Angel Fire Corporation. Services owns and operates the water and sewer utilities in Angel Fire, New Mexico. Services is regulated by the New Mexico Public Utility Commission. Transfer of ownership of Angel Fire Services Corporation pursuant to any of the plans of reorganization is subject to approval of the Public Utilities Commission.

(i) Water Utility. Services provides water service to all subdivisions within the Angel Fire Resort, as well as providing water to the ski mountain, hotel, and golf course. Services has 76 miles of water pipeline. Currently, Services serves 751 residential customers and 170 commercial or multifamily users. Services also bills 3308 lots for fire protection availability fees of \$6 per month. Services owns 725 acre feet of water rights, which are all the water rights owned by any of the debtors. Services is operating under an emergency transfer of adjudicated surface water rights to groundwater points of diversion, which was granted January 6, 1984. Under the emergency order, Services cannot pump more than 548 acre feet of water per year. Services is currently using almost 548 acre feet of water per year. If substantial development occurred in Angel Fire, Services could have to obtain more water, which would require a substantial expenditure.

(ii) Sewer Utility. Services provides sewer service to certain lots located in or near Angel Fire, including 25 lots in the mobile home subdivision, 64

residential lots, and 167 commercial or multifamily users. An additional 295 lots are billed for sewer availability fees. Services has two waste water treatment plants, one for the mobile home subdivision, and the main plant for the resort. The sewage treatment plants are near capacity. If further substantial development occurred in the resort, the sewage treatment plant could have to be expanded, which would require a substantial investment.

Although Services currently generates a positive cash flow of approximately \$100,000 per year, Services does not make a profit because of depreciation, and apparently cannot generate sufficient cash to make the capital improvements that may be necessary if substantial development occurs. Unless the New Mexico Public Utilities Commission allows Services to substantially raise its water and sewer rates (which the Commission has been unwilling to do in the past), any funding for substantial capital improvements would have to come from other sources, including, possibly, a special assessment district or a municipal utility district.

B. BTW, INC. BTW, Inc. ("BTW") is a wholly-owned subsidiary of Angel Fire Corporation. BTW has only one asset, an unsecured promissory note signed by Sierra Meadows Management, Inc. in the face amount of \$250,000.

C. FLETCHES, INC. Fletches, Inc. ("Fletches") is a wholly-owned subsidiary of Angel Fire Corporation. Fletches only assets are three liquor licenses that are used by the debtors in the operation of the resort.

ARTICLE VII NON-BANKRUPTCY LITIGATION

7.1 Angel Fire Corporation:

A. The lawsuit, *Parker Town Square, Inc. v. Sangre de Cristo IV, Ltd., Sangre de Cristo I, Ltd., Sangre de Cristo II, Ltd., The Angel Fire Ski Corporation and The Angel Fire Corporation, Defendants in Intervention, The Angel Fire Corporation; Parker Town Square, Inc.; Counter-Defendant; Guaranty Federal Bank, F.S.B.*, Case No. 93-29 CV, Eighth Judicial District Court, Colfax County, New Mexico is a foreclosure action filed by the main secured claimant in the bankruptcy, Parker, which foreclosure suit has been filed against all three (3) of the Angel Fire debtor entities in order to allow Parker to foreclose on all of its collateral. The filing of the bankruptcy proceedings have stayed this foreclosure action though the stay was lifted in the SDCTV proceeding noted below. Parker requested, in the state court foreclosure lawsuit in Colfax County, New Mexico, that a receiver be appointed and the Court appointed a receiver. If a Chapter 11 plan is not confirmed, then a receiver may take over the operation of the Resort. The trustee has filed a motion to hire Debtor's former special counsel Tom Graves to pursue the estate's counterclaim. The Committee and Parker have objected to the motion. The Court ruled that Graves employment will be limited to participating in Bankruptcy Court valuation proceedings with other issues deferred to a later time.

There is also a pending lawsuit in Texas by Guaranty Federal Bank, F.S.B./Parker against the guarantors of the debt to Parker, Ronald L. Evans and Gary D. Plante. The guarantors have filed a lender liability counterclaim against Guaranty/Parker. Mr. Evans has settled his lawsuit with Parker. The terms are not known. Tom Graves has withdrawn as Gary Plante's attorney. Mr. Plante has now hired Phil Russ.

A. *Angel Fire Corporation v. The Village of Angel Fire, Case No. 92-121CV*, Eighth Judicial District Court, Colfax County, New Mexico is a lawsuit involving Angel Fire Corporation as a plaintiff and the Village of Angel Fire as a defendant. This lawsuit dealt with a culvert built by the Village which Angel Fire Corporation alleged caused flooding. The Corporation and the Village settled the suit by entering into a lease on the property which was allegedly being flooded. This case is closed.

B. *Angel Fire Home and Landowners Association v. Angel Fire Amenities Corporation, Angel Fire Corporation, Angel Fire Ski Corporation, Angel Fire Land and Sales Corporation, Sangre de Cristo I, Ltd., Sangre de Cristo II, Ltd., Sangre de Cristo IV, Ltd., Star Fire Resorts, Incorporated, Two Moreno Valley, Incorporated, and BTW Investment Corporation, Case No. 93-60CV*, Eighth Judicial District Court, Colfax County, New Mexico was a lawsuit brought by the Angel Fire Home and Landowners Association in order to establish the property owners' negative easement which would run against the resort property and which easement would recognize the rights of the property owners to use the Angel Fire amenities upon payment of their yearly dues assessment. This lawsuit may have been dismissed without prejudice.

C. *Tim O'Rourke, Carlin Newcomb, Porfiria Amberg, Ronald Amberg, Alyce Gilbert, Cecil Gilbert, Margaret Robertson, Gregory Robertson, Kathy Kalen and Herbert Kalen v. Angel Fire Corporation, Case No. CIV-92-1475LA*, United States District Court for the District of New Mexico, was a lawsuit filed on behalf of those property owners entitled to HUD improvements from the Angel Fire Corporation. All HUD improvements including water service, sewer service, roads, telephone and electricity were to have been completed by Angel Fire Corporation for approximately 700 property owners of the Angel Fire Resort by 1989, and all HUD reports and other documents evidence the commitments and agreements of the Angel Fire Corporation to make the HUD improvements. Angel Fire Corporation did not have the financial wherewithal to make any HUD improvements. A pre-petition settlement was entered into by Angel Fire Corporation which Corporation agreed to contribute 2.5 million dollars to make the HUD improvement. Angel Fire Corporation defaulted on the settlement. This suit was dismissed October 13, 1993 subsequent to the Bankruptcy proceedings being filed.

7.2 Angel Fire Ski Corporation: See 5.1A and 5.1C above.

7.3 Sangre de Cristo Limited Partnership IV:

A. *Parker Town Square, Inc. v. Sangre de Cristo IV, Ltd., Sangre de Cristo I, Ltd., Sangre de Cristo II, Ltd., The Angel Fire Ski Corporation and The Angel Fire Corporation; Defendants in Intervention, The Angel Fire Corporation, Parker Town Square, Inc., Counter-Defendant, Guaranty Federal Bank, F.S.B., Case No. 93-29CV* Eighth Judicial District Court, Colfax County, New Mexico. This is the same pending foreclosure suit discussed above in paragraph 5.1a. The Bankruptcy Court did allow the automatic stay to lift in order for Parker Town Square, Inc. to proceed on its foreclosure suit against the Legends Hotel owned by Sangre de Cristo IV. The foreclosure action is still pending. There has been no trial or judgment entered in 93-29CV.

B. See 5.1B above.

7.4 Existence, Likelihood and Possible Success of Non-Bankruptcy Litigation:

Proponents believe that the foreclosure action instituted by Parker Town Square against the three debtor entities filing this Disclosure Statement, has a possibility of success because the Note is in default. However, that success is tempered by the fact that the value of Parker's collateral is worth only a fraction of Parker's claim. The value of the Parker Claims may be determined by the Court through the counterclaim to be litigated by the Chapter 11 Trustee. Although the counterclaims and third party claims assert a number of legal theories and are based upon various allegations, they in large part involve the claim that Parker and/or Guaranty agreed to a restructure of the indebtedness, pursuant to which Parker had no right to bring the Foreclosure Action. Parker disputes the Debtors' counterclaims. Even though the automatic stay was lifted by the Bankruptcy Court in order to allow Parker to continue its foreclosure action against the Legends Hotel owned by Sangre de Cristo IV, Parker has made no attempt to continue the foreclosure proceedings to date.

ARTICLE VIII

POST-PETITION ACTIVITIES AND PERFORMANCE OF DEBTORS

8.1 Filing of Bankruptcy Proceedings: Five (5) bankruptcy petitions were filed in July of 1993 encompassing all of the operations and assets of the Angel Fire Resort. Those bankruptcies filed were:

- a. Angel Fire Corporation, 11-93-12176MA, filed on July 9, 1993;
- b. Angel Fire Ski Corporation, 11-93-12192MA, filed on July 12, 1993;
- c. Sangre de Cristo IV, 11-93-12177MA, filed on July 9, 1993;
- d. Sangre de Cristo I, 11-93-12193MA, filed on July 12, 1993;
- e. Sangre de Cristo II, 11-93-12191MA, filed on July 11, 1993.

8.2 Subsequent Proceedings:

A. The Property Owners Committee ("Committee") was appointed on September 21, 1993 and had its formation meeting on that same date. Behles-Giddens was appointed as counsel to the Committee by order of the Court on September 29, 1993.

B. The Committee filed a motion for joint administration of the bankruptcy proceedings on September 29, 1993. In that motion, the Committee requested that all bankruptcy proceedings be heard by the same bankruptcy judge in order to ensure continuity and similarity of decisions. The court ordered joint administration of all five (5) bankruptcy proceedings on October 27, 1993.

C. On September 29, 1993, the Committee objected to Parker's and the debtors' joint motion regarding use of cash collateral and adequate protection. A stipulated order between Parker, the debtors and the Committee which provided for and dealt with the use of the property owners amenities dues was entered on October 29, 1993. It segregates the property owners amenities dues from other funds of the resort and provides for specific agreed uses to be made of the funds contained in the amenities dues account.

Also, on September 29, 1993, the Committee filed motions requesting an order requiring sequestration of the Property Owners Amenities dues which motions were filed by the Committee in the AFC, AFSC and Sangre de Cristo I, II and IV bankruptcy proceedings. In the Committee's motion for an order requiring sequestration of the Property Owners' Amenities dues, the Committee requested that the Amenities dues be sequestered in a separate interest bearing account, to be held in trust by the Debtors and that the Amenities dues be used only for the purpose of providing Amenities and operating expenses related to providing Amenities.

A stipulated order between the Debtors, the Committee and Parker Town Square, Inc. authorizing the use of the Amenities dues was filed on November 22, 1993, which order stated that all funds received from the Property Owners in the form of dues for the 1993/1994 amenity year (which ends on or about September 30, 1994), shall be used in conformity with the Amenities budget attached to the order which budget contemplated the transfer of sufficient funds in the dues account to AFSC in order to enable AFSC to open and operate the ski Amenities (those funds necessary to open and operate the ski Amenities until such time as the ski Amenities turned a profit equaled the entire amount of Amenities dues collected prior to December 1, 1993). The Order also called for AFSC to repay the amounts of Property Owners' dues to the dues account by depositing in it all of the net operating cash flow realized by AFSC until the dues account reached at least \$694,438.00, which was the amount needed for the Angel Fire debtor entities to provide the rest of the Amenities to the Property Owners for the amenity year ending September 30, 1994. The Angel Fire debtor entities complied with the court order and all Amenities for the 1993/1994 Amenities season have been provided timely through the date of the filing of this Disclosure Statement and Plan of Reorganization.

The Committee has filed a new motion for an order requiring sequestration of the Property Owners' Amenities dues which will be paid by the Property Owners for the

1994/1995 Amenities season of the Angel Fire Resort, which season commenced on September 30, 1994 and for which the bills for the payment of dues have already been sent to the Property Owners by the Chapter 11 bankruptcy trustee. That order requiring sequestration of the 1994/1995 dues was filed on June 27, 1994. The Chapter 11 Trustee agreed to the Committee motion for dues sequestration including the attached budget (attached to the motion). All parties included in the stipulated order have agreed to the segregation of dues and an order was duly entered.

D. The Committee and Parker also entered into a stipulated order with the debtors to authorize the use of \$150,000.00 of amenities dues to purchase new ski rental inventory for the Angel Fire Ski Corporation's ski and boot rental operation.

E. The Committee objected to the debtors' (Angel Fire Corporation, Angel Fire Ski Corporation and Sangre de Cristo IV) motions to authorize inter-company allocations and transfers of funds, which objection was filed on October 26, 1993. A stipulated order regarding inter-company allocations and transfers was entered on November 29, 1993. In that stipulated order, the Committee and the debtors agreed that certain funds (not amenities dues) of Angel Fire Corporation which had been transferred to Angel Fire Ski Corporation and Sangre de Cristo IV be returned to the respective debtor entities over a period of time. Parker Town Square, Inc. and First National Bank of Santa Fe objected to the stipulated order regarding inter-company allocations and transfers until such time as they were able to review debtors' books and records. After their review of the books and records of the debtor entities, a new stipulated order regarding inter-company transfers was entered into by the debtors, the Committee, Parker, and FNBSF on April 14, 1994. The results of the inter-company transfers made between the debtors were that Angel Fire Corporation transferred a total of \$1,334,329.00 to Angel Fire Ski Corporation post-petition through June 30, 1994. As of June 30, 1994, Sangre de Cristo IV owed Angel Fire Corporation \$293,262.00 for inter-company transfers made by Angel Fire Corporation to Sangre de Cristo IV. As of January 31, 1995, Sangre de Cristo IV owes Angel Fire Corp. \$261,914.78.

F. Parker Town Square, Inc. filed a motion to appoint examiner for limited purposes in all bankruptcy proceedings. Parker subsequently withdrew its motion to appoint an examiner. The Committee accountant and Committee counsel made a thorough investigation of all of Parker's allegations contained in the motion to appoint examiner and after reporting their findings to Parker Town Square, Inc.'s attorneys, Parker Town Square, Inc. withdrew its motion to appoint an examiner.

G. A joint motion by Debtors, Angel Fire Ski Corporation, FNBSF and Parker, set out in the form of a stipulated order, was filed on November 24, 1993 for adequate protection payments to be made to FNBSF on its secured debt. Because of the adversary proceeding between Angel Fire Ski Corporation, FNBSF and Parker on the question of the priority of liens between Parker and FNBSF on the ski mountain, the monthly adequate protection payments to FNBSF have been (by agreement of the parties noted above) escrowed pending the outcome of the adversary proceeding. The amount in escrow as of June

30, 1994 was \$121,387.00. More information on the adversary proceeding (commonly referred to as the Barclays adversary, No. 93-1346) is contained below.

H. The debtors, Angel Fire Corporation, Angel Fire Ski Corporation and Sangre de Cristo IV filed a motion to extend the exclusivity period for debtors to file a plan pursuant to 11 U.S.C. §1121(b). The motion requested that the Court extend the debtors' exclusive period for filing plans of reorganization. The motion was objected and the Court denied the debtors' motion to extend exclusivity period on January 21, 1994.

I. The debtors in Angel Fire Corporation, Angel Fire Ski Corporation and Sangre de Cristo IV had filed a Joint Disclosure Statement and Joint Plan of Reorganization on November 8, 1993. The Bankruptcy Court, on January 21, 1994, denied approval of the debtors' Disclosure Statement and also found that the plan could not be confirmed under the terms and conditions as set forth in the plan.

J. Parker Town Square, Inc. filed a motion to set a claims bar date for all claimants and creditors in the bankruptcies. Parker, the Committee, and the debtors stipulated to an order fixing bar date and specifying the manner in which certain claims should be filed, which order was entered on February 9, 1994. Under the Order Fixing Bar Date, the Committee was allowed to file, on behalf of all property owners, a claim for the property owners' negative easement which runs with the land of the Angel Fire Resort, which protects the rights of property owners to use the amenities of the Angel Fire Resort upon payment of their yearly dues assessment. The Committee was also allowed to file a Proof of Claim on behalf of all property owners entitled to HUD improvements including water service, sewer service, roads, telephone and electricity. The Committee also filed a request for an extension of the claims bar date for those claimants entitled to water services upon completing their Real Estate Contract payments for the real property they purchased from the resort. The last \$1,500.00 of payments made on their Contracts were to be escrowed to provide water services to these owners' lots. Of the approximate \$600,000.00 that was to be escrowed, as of June 30, 1994, only \$176,009.00 has been escrowed. The motion for extension was filed on March 31, 1994. The Court granted the extension on May 4, 1994 and Committee's counsel sent a notice to all water escrow claimants of the extended claims bar date of June 6, 1994.

K. The Committee entered into a stipulation on June 13, 1994, with the Colfax County Treasurer for allowance and payment of post-petition property taxes due and owing by the debtor entities, AFC, AFSC and SDCIV. Under that stipulation between the Committee and Colfax County, which was approved by the Debtors and Parker, the post-petition property taxes should be paid current during the pendency of these bankruptcy proceedings. The stipulation was entered into because the Debtors, upon the Court ordering that they pay approximately \$75,000.00 of post-petition property taxes due, actually paid Colfax County \$202,000.00 in property tax payments. The Debtors' management did not inform the Committee that it was going to make the overpayment nor did it inform the Committee when it made the overpayment. Upon discovery of this payment by Committee's

accountant, Committee's counsel negotiated to have a portion of the overpayment returned to the estate accounts and stipulated that a portion remain with Colfax County to pay the first half of the 1993 taxes which Colfax County alleged was a post-petition claim pursuant to New Mexico statutes.

L. Parker Town Square, Inc. filed a motion for relief from automatic stay wherein it requested that the automatic stay be lifted so that it could proceed on its foreclosure action against Sangre de Cristo IV, whose asset is the Legends Hotel. The Court granted Parker's motion for relief from automatic stay on April 1, 1994. Parker has not continued to pursue its foreclosure action against the Legends Hotel at this time.

M. Parker and the Committee joined together to file a motion for replacement/substitution of debtors' management, (Ron Evans and Gary Plante) motion for disgorgement of salaries and/or bar of continued payment of salaries on March 14, 1994. Parker and the Committee amended their motion on April 12, 1994, to include the alternative that a Chapter 11 Trustee be appointed. On June 21, 1994, the eve of trial (trial having been set for June 22 and June 24, 1994), debtors' management consented to the appointment of a Chapter 11 Trustee in all five debtor entities.

Bill J. Sholer, who has been a Bankruptcy Trustee for thirty-five (35) years was appointed as Chapter 11 Trustee in all five (5) bankruptcy proceedings on June 27, 1994.

N. The United States Trustee, on May 6, 1994, filed a motion to dismiss these bankruptcies because no plan and Disclosure Statement had been filed subsequent to the debtors' initial filing of Disclosure Statement and plan on November 3, 1993. Parker, the Committee and the U.S. Trustee entered into a stipulated order in which all parties agreed that a Plan of Reorganization would be filed in Angel Fire Corporation, Angel Fire Ski Corporation and Sangre de Cristo IV no later than August 24, 1994.

O. One of the most important issues that the Committee has pursued in these bankruptcies is the Committee's adversary Complaint for Declaratory Judgment, Adversary No. 93-1392MA, which complaint was filed on December 17, 1993. The Committee has requested in the Complaint that the Bankruptcy Court declare that the Property Owners of the Angel Fire Resort have a negative easement (a vested property right for the use of the Amenities) running with the land which gives Property Owners the right to use the Amenities of the Angel Fire Resort upon the payment of their yearly Annual Assessment.

On April 7, 1995, at a hearing on dispositive motions, Judge Rose granted the debtors' Motion to Dismiss "except with respect to consent judgments which have heretofore or may hereafter be entered."

P. There was pending an adversary entitled Angel Fire Ski Corporation, First National Bank of Santa Fe and Sangre de Cristo Limited Partnership IV v. Parker Town Square, Inc., and Alfred Staehly, Trustee, Adversary No. 93-1346 M, which was a complaint

filed to have the Bankruptcy Court settle the priority and extent of Parker's and FNBSF's liens on AFSC ski hill. The Bankruptcy Court decided the adversary on January 4, 1995, and held that FNBSF holds the first lien in the approximate amount of \$154,000.00. FNBSF (through its successor Ticor) holds the second lien in an amount between \$2,250,000.00 to \$2,500,000.00. Parker holds a third lien of \$1,000,000.00 which is cross collateralized from the SDCIV entity. The lien which was the real issue in this adversary proceeding was an alleged lien by Parker of \$9,600,000.00. The Bankruptcy Court found that Parker must execute a release of the \$9,600,000.00 lien on the ski hill, found that AFSC bankruptcy did not owe any of this \$9,600,000.00 to Parker. Parker, after losing this adversary proceeding, requested that the Court stay its decision in the proceeding pending the outcome of an appeal and also filed a notice of appeal of this proceeding in January, 1995, shortly after the Court made its decision. The Court issued a letter dated February 15, 1995, to counsel in the adversary proceeding stating that it would give Parker a sixty (60) day stay of the adversary proceeding without bond.

The Committee attempted to intervene in the appeal to oppose Parker receiving a stay of this adversary proceeding, particularly without bond, arguing that a stay is very harmful to any party's ability to propose a plan when it is unclear where Parker's claims actually lie within these debtor entities and on what Parker actually has a lien. However, the Court denied the Committee's motion to intervene and issued a sixty (60) day stay.

Q. The Committee filed a motion to value the collateral of Parker in AFC, AFSC and SDCIV in which the trustee joined and pursuant to a direction of the Court the Trustee also filed a motion to value all of the property owned by these three debtor entities so that the Court may establish a value for all assets of these three debtor entities as well as establish the value of the collateralized lien positions of all lienholders in these bankruptcy proceedings and for all purposes required at plan confirmation. The trial dates for the valuation hearings begin May 19, 1995.

R. Four Property Owners bought a \$50.00 claim in the SDCIV bankruptcy case from Joan Mullen a claimant in that proceeding. These same Property Owners then put the claim in a trust and appointed the Committee as Trustees in order that the Committee, on behalf of the approximate 6,000 Property Owners of the Angel Fire Resort, had standing in the SDCIV bankruptcy and also had the ability to do any act appropriate under the Bankruptcy Code and Rules as a claimant in the SDCIV bankruptcy proceeding. Parker filed both an objection to the claim and an objection to the Committee's standing in regard to the claim. Bankruptcy Judge McFeeley recused himself and ordered a re-hearing in front of Judge Rose on this matter. Judge Rose disallowed the claim in SDCIV and upheld Judge McFeeley's earlier ruling denying standing in SDCIV.

S. After Bill J. Sholer was appointed Trustee he hired Bill J. Sholer, P.C. as attorney for Trustee and also rehired Winter-Cunion as the estate accountant. The Trustee and the Committee have made a motion to the Court to hire Price-Waterhouse to perform a valuation of all the assets of the Angel Fire Resort for purposes of the valuation hearings and

also for purposes of confirmation hearing. Since parties have agreed to file a joint plan, the Trustee and POC counsel informed Price Waterhouse to discontinue their work.

T. The Committee had objected to the claim of United Mercantile Capital Corporation, and the Trustee joined in that objection. However, the Trustee subsequently took the position that an adversary proceeding needed to be brought to properly object to that claim and that he (the Trustee) was the appropriate party to bring this action in the Bankruptcy Court. The Committee and Trustee agreed that the Committee would withdraw its objection to the United Mercantile Capital Corporation claim and that the Trustee would file an adversary proceeding to have the Court find that the UMCC claim is a fraudulent conveyance and should either be disallowed or equitably subordinated to all other claims in these bankruptcy proceedings. This adversary proceeding was filed by the Trustee on March 7, 1995

8.3 Post-Petition Financial Information for Debtor Entities:

The attached Exhibits "J", "K", & "L" reflect the post petition financial activity, by month, of each of the three Debtors, AFC, AFSC and SDCIV (a/k/a the Legends Hotel). These exhibits have been prepared using the Operating Reports filed by the Debtors and Trustee with the Court. The Operating Reports generally reflect the cash basis activity of the Debtors and do not include the effects of adjustments that would be required to have the income and expense information presented in conformity with generally accepted accounting principles.

Examples of such adjustments would include depreciation of fixed assets, amortization of intangible assets, accrual basis adjustments of accounts receivables and accounts payables, recognition or deferral of recognition of income and expense items until the period earned or incurred, respectively, provisions for income taxes, intercompany allocations of income or expenses and others. In addition, expense payments in the Operating Reports include payments of items related directly to the bankruptcy proceedings which would not normally be a part of the operations of the Debtors. Such items include payments to Debtors' bankruptcy counsel, payments to the Office of the United States Trustee, payments to the Court appointed trustee, payments to other professionals whose employment has been approved by the Court, payments to other outside parties related to production, copying and delivery of records and documents to various parties in interest in the bankruptcy proceedings and other similar expenses.

The financial activity of AFC and AFSC are audited by the Debtors' outside independent certified public accountants. The reports of the certified public accountants for the fiscal year ended June 30, 1994, were provided to the Trustee in February 1995.

The post-petition financial activity of AFC through December 31, 1994 as shown on the operating reports reflects an excess of receipts over expenses and other cash payments of \$415,851.00.

The post-petition financial activity of AFSC through December 31, 1994, as shown on the operating reports reflects an excess of receipts over expenses and other cash payments of \$1,079,561.00.

The post-petition financial activity of SDCIV through December 3, 1994, as shown on the operating reports show an excess of receipts over expenses and cash payments of \$669,989.00 (which includes transfers and advances from AFC).

8.4 Collection of Amenities Dues for the 1994/1995 Season:

The Chapter 11 Trustee, Bill J. Sholer, has entered into a one year contract for \$36,000.00, with GPSI (formerly Portfolio Services, Inc.) to send out the bills to all Property Owners and collect their Amenities dues for the 1994/1995 dues season on behalf of AFC. Because the bills did not go out by July 15 as they usually do, the Chapter 11 Trustee extended the traditional five percent (5%) discount for early payment of the yearly dues assessment for an extra fifteen days, through September 15, 1994. The Trustee, Mr. Sholer, also agreed to the form of stipulated order presented to him by the Committee counsel for the sequestration of the Amenities Assessment dues for the 1994/1995 season. Parker also agreed to the sequestration order. First National Bank of Santa Fe, another claimant in these bankruptcies, agreed to the order sequestering Amenities dues. An appropriate order was entered by the Court.

ARTICLE IX DESCRIPTION OF ASSETS AND VALUATION

9.1 Angel Fire Corporation: A list of the assets of Angel Fire Corporation and the values scheduled by the debtors for those individual assets is marked Exhibit "D", attached hereto and incorporated herein by reference.

9.2 Angel Fire Ski Corporation: A list of the assets of Angel Fire Ski Corporation and the values scheduled by the debtors for those individual assets is marked Exhibit "F", attached hereto and incorporated herein by reference.

9.3 Sangre de Cristo IV: A list of the assets of Sangre de Cristo IV and the values scheduled by the debtors for those individual assets is marked Exhibit "H", attached hereto and incorporated herein by reference.

9.4 Claims Schedule: A Schedule of claims for each of the above named debtor entities is marked Exhibit "E", "G", and "I", attached hereto and incorporated herein by reference. It is self explanatory.

9.5 Environmental Claims: Trustee does not believe that any environmental claims have been or can be made against any of the debtor entities or their assets.

ARTICLE X
ACCOUNTING AND VALUATION METHODS USED

10.1 General Explanation.

The financial information in this Disclosure Statement has been derived from a variety of sources, is prepared or assembled on several different bases of accounting and has been used in several ways to project activity in the future using various assumptions. A summary of the type of financial information presented in this Disclosure Statement, the methods of used to develop the financial information and the methods of using that information in projecting operations or asset values follows.

10.2 Pre-petition or Historical Financial Information (Article IV Section 4.5):

a. Angel Fire Corporation - Audited financial statements for the years ended June 30, 1993, 1992 and 1991 were prepared on the accrual basis of accounting and, except as noted in the auditors' report, reported in conformance with generally accepted accounting principles. Unaudited financial statements for the year ended June 30, 1994 were prepared on the accrual basis of accounting, subject to adjustments, if any, necessary to report them in conformance with generally accepted accounting principles.

b. Angel Fire Corporation (Without Angel Fire Ski Corporation) - The financial information in Item a. above was adjusted to remove the operations of Angel Fire Ski Corporation using the financial information in Item c. below. The resulting financial information is subject to adjustments, if any, to reflect intercompany activity between Angel Fire Corporation and Angel Fire Ski Corporation that was eliminated in the consolidated financial information for Angel Fire Corporation. The resulting information is not necessarily presented in conformance with generally accepted accounting principles.

c. Angel Fire Ski Corporation - Audited financial statements for the years ended June 30, 1993, 1992 and 1991 were prepared on the accrual basis of accounting and, except as noted in the auditors' report, reported in conformance with generally accepted accounting principles. Unaudited financial statements for the year ended June 30, 1994 were prepared on the accrual basis of accounting, subject to adjustments, if any, necessary to report them in conformance with generally accepted accounting principles.

d. Sangre de Cristo Limited Partnership IV - Financial information was extracted from the partnership tax returns for the calendar years 1993, 1992 and 1991. This information was prepared on the accrual method of accounting for tax purposes which differs from the accrual method of accounting for purposes of reporting financial information in accordance with generally accepted accounting principles. Financial information was extracted from the debtor's compiled financial statements for the fiscal year ended June 30, 1993. This information was prepared on the accrual method of accounting but excluded the

disclosures necessary to report financial information in conformance with generally accepted accounting principles.

Financial information was extracted from the debtor's trial balance as of June 30, 1994 and for the 6 months ended June 30, 1994. This information was prepared on the accrual method of accounting and is subject to adjustments, if any, necessary to provide for reporting the financial information in conformance with generally accepted accounting principles.

10.3 Post Petition Operations - Financial Information:

a. Angel Fire Corporation - Post petition financial information of the debtor was extracted from the Operating Reports filed with the Court. This information is accounted for on a cash basis and is subject to adjustment for accrual amounts and other adjustments. See Exhibit "J" attached hereto.

b. Angel Fire Ski Corporation - Post petition financial information of the debtor was extracted from the Operating Reports filed with the Court. This information is accounted for on a cash basis and is subject to adjustment for accrual amounts and other adjustments. See Exhibit "K" attached hereto.

c. Sangre de Cristo Limited Partnership IV - Post petition information of the debtor was extracted from the Reports filed with the Court. This information is accounted for on a cash basis and is subject to adjustment for accrual amounts and other adjustments. See Exhibit "L" attached hereto.

10.4 Liquidation Analysis (Article XI):

a. Angel Fire Corporation - The valuation method used in the liquidation analysis was to use the discounted future earnings with asset residual method of valuing a going concern. The underlying assumptions used to project future operations were the pre-petition or historical financial information described above.

b. Angel Fire Ski Corporation - The valuation method used in the liquidation analysis was to use the discounted future earnings with asset residual method of valuing a going concern. The underlying assumptions used to project future operations were the pre-petition or historical financial information described above.

c. Sangre de Cristo Limited Partnership IV - The valuation method used in the liquidation analysis was to use the discounted future earnings with asset residual method of valuing a going concern. The underlying assumptions used to project future operations were the pre-petition or historical financial information described above.

10.5 Tax Consequences:

a. Angel Fire Corporation - Financial information used to estimate the tax consequences of the Plan of Reorganization was extracted from the debtor's most recent federal tax return and was adjusted to include an estimate of the effect of current operating activity from the debtor's June 30, 1994 trial balance and further adjusted for the estimated operating activity from July 1, 1994 through an unspecified effective date of confirmation of the Plan of Reorganization. Purchaser's proposed tentative allocation of purchase price of the debtor's assets was used to estimate the tax effect of the sale. See Exhibit "M".

This information was prepared on the accrual method of accounting for tax purposes which differs from the accrual method of accounting for purposes of reporting financial information in accordance with generally accepted accounting principles.

b. Angel Fire Ski Corporation - Included in the consolidated corporate tax return of Angel Fire Corporation and, as such, there was no separate estimate of tax consequences for this debtor.

c. Sangre de Cristo Limited Partnership IV - Financial information used to estimate the tax consequences of the Plan of Reorganization was extracted from the debtor's most recent federal tax return and was adjusted to include an estimate of the effect of current operating activity from the debtor's June 30, 1994 trial balance and further adjusted for the estimated operating activity from July 1, 1994 through an unspecified effective date of confirmation of the Plan of Reorganization. Purchaser's Proposed tentative allocation of purchase price of the debtor's assets was used to estimate the tax effect of the sale. See Exhibit "N."

This information was prepared on the accrual method of accounting for tax purposes which differs from the accrual method of accounting for purposes of reporting financial information in accordance with generally accepted accounting principles.

10.6 Proforma Financial Information Relevant to Creditors: The proforma financial information is attached as Exhibit "O".

a. Angel Fire Corporation - The proforma financial information relevant to creditors was prepared using the debtor's pre-petition or historical financial information as described above. Assumptions were made as to future changes in income and expenses based on information provided by the Purchaser regarding its intended operations. The resulting net cash flow from future operations is presented to reflect the resulting proforma financial information operations.

b. Angel Fire Ski Corporation - Included in the overall proforma financial information presented for Angel Fire Corporation and, as such, incorporates the description above for Angel Fire Corporation.

c. Sangre de Cristo Limited Partnership IV - Included in the overall proforma financial information presented for Angel Fire Corporation and, as such, incorporates the description above for Angel Fire Corporation.

ARTICLE XI LIQUIDATION ANALYSIS

11.1 Introduction: Parker does not join in the Liquidation Analysis portion of the Disclosure Statement." This section is presented to estimate the liquidation value of the debtors and the resulting distribution, if any, to the individual debtor's unsecured creditors in a Chapter 7 liquidation. Liquidation value can be determined by a number of different methods, including going concern value, forced sale asset value, deathbed value and others. Liquidation value is generally the total of the individual fair market values of all of the assets and liabilities of the business sold at distressed prices. Additional consideration is then given for such items as sales commissions, administration of the liquidation and the write off of intangible assets, such as goodwill.

However, for entities which have relatively stable historical operations and for which the greatest potential is to liquidate the assets in a manner which will allow the business activity to continue to operate, the going concern valuation method is appropriate for determining liquidation value in a bankruptcy proceeding. *In re Mountain Side Holdings*, 142 B.R. 421 (1992), is a case where the Court determined that the "best use" or "going concern" value is appropriate in valuing creditors' interests in the disposition or reorganization of an entity. Using this method, the results of the entities' historical operations are adjusted for the changes which will occur in future operations after the assets are acquired.

The most common methods of determining going concern value involve income theories or the valuation of the stream of future cash flow or earnings of the entity. The four most common methods of income valuation are capitalization of earnings, capitalization of excess earnings, discounted future earnings with income residual and discounted future earnings with asset residual. For purposes of determining liquidation value in this Disclosure Statement, the discounted future earnings with asset residual method will be used. The reason for choosing this method is that it gives weight both to the stream of earnings anticipated to be generated in the future and to the inherent value of the assets which generate the earnings under current operating conditions.

11.2 Angel Fire Corporation.

The operations of Angel Fire Corporation, excluding the effects of the operations of Angel Fire Ski Corporation, have resulted in losses for each of the last 4 years. As indicated in Exhibit "C" to the Historical Financial Information section of the Disclosure Statement and based on the audited financial statements of the debtor and eliminating the effects of Angel Fire Ski Corporation as indicated on its audited financial statements, the net losses for the fiscal years ended June 30, 1993, 1992 and 1991 were \$699,336, \$207,788 and \$1,143,678,

respectively. The unaudited preliminary results for the fiscal year ended June 30, 1994, reflect net losses of approximately \$1,096,692. As such, the discounted value of the future earnings of the debtor is zero. These net loss amounts for Angel Fire Corporation do not necessarily reflect the full payment of all debt service requirements on the debtor's secured obligations and do not include adjustments which might be necessary to reflect certain intercompany transactions with Angel Fire Ski Corporation.

Exclusive of the operations of the golf course in the summer season and the operations of its wholly owned subsidiary, Angel Fire Services Corporation, the debtor's primary business should be the sale of developed and undeveloped property from its inventory of approximately 1400 lots. Since there are significant unfulfilled prior commitments for improvements to lots already sold, including water, sewer, roads, electricity and telephone, to approximately 700 real property owners, the debtor is currently not allowed to sell additional lots. These improvements represent the so-called "HUD improvements" and until they are completed, there is no assurance that the debtor will be allowed to sell any additional lots from its inventory. The debtor in the past has had engineering studies performed which resulted in the estimated cost of completing these improvements at approximately \$4,500,000. With its history of stand alone operating losses and without assurance that the debtor can commence selling lots to generate cash flow, it is doubtful that Angel Fire Corporation would be successful in securing the outside financing necessary to complete the HUD improvements.

Angel Fire Corporation, through its wholly owned subsidiary Angel Fire Services Corporation, operates the water and sewer system which serves the resort property and the Village of Angel Fire. According to the annual reports for the calendar years 1993 filed by the debtor with the New Mexico Public Service Commission, the majority of the sewer system was constructed between 1972 and 1983 and 1992. These annual reports reflect that the operations of the sewer system incurred losses of approximately \$115,000 and \$60,500 during the calendar years 1993 and 1992, respectively. As of December 31, 1993, the accumulated amount of losses (or deficit) of the sewer system was approximately \$738,500. These reports further reflect that the operations of the water system incurred losses during the calendar years 1993 and 1992, respectively.

During the past several years, the debtor's operation of the water and sewer system has been cited for deficiencies by the New Mexico Environmental Department. These citations relate primarily to sewage waste treatment and capacity overflow conditions in the sewer system during peak times. The feasibility study by Gannett-Fleming engineers shows a current estimate of the costs associated with these problems at \$342,500, \$462,950, \$538,900, \$597,965, and \$4,580,000 for the years 1995, 1996, 1997, 1998, and 1999, respectively. Without additional outside financing, it is doubtful that the debtor can undertake to make the necessary improvements and, as such, will most likely not be able to sell additional lots and may be subject to further citation and possible sanctions by the state authorities.

The above noted uncertainties regarding the ability of the debtor to sell its remaining developed and undeveloped lots and the approximate \$10,000,000 cost of needed

infrastructure improvements which cannot be supported by the debtors current operations make it difficult to estimate if there is any residual value to the debtor's real estate inventory. In addition to the above costs and the ongoing costs associated with these properties until they can be sold, the debtor will incur various marketing and selling costs at such time as sales commence again. Consequently, for purposes of this Disclosure Statement and under the current operating conditions, Purchaser estimates that there is no value in the debtor's inventory of developed and undeveloped lots.

The remaining operating assets of the debtor, including the golf course and related facilities, are subject to a negative easement of the property owners. The effect of this negative easement has not been fully assessed, but it would appear to limit the value of such assets by creating an encumbrance against the assets which is superior to all other encumbrances or obligations. In addition, various of these other assets are subject to additional security interests by the debtor's secured creditors. Consequently, Purchaser estimates that there is little, if any, residual value in these assets.

The real and personal property assets of the debtor are secured by various mortgage liens, including the mortgage lien of Parker Town Square. Other than for Parker Town Square, Inc., from the claims filed in this case, there are in excess of \$6,550,000 of secured debt obligations of the debtor. The balance claimed due on the obligation as indicated in the amended Proof of Claim filed by Parker Town Square, Inc. is allegedly \$20,000,000 plus accrued interest and expenses. These combined amounts far exceed the underlying value of the real and personal property assets of the debtor. Combining the discounted value of future earnings of zero with a residual asset value of zero, Purchaser estimates the liquidation value of the assets of Angel Fire Corporation to be zero in a chapter 7 liquidation.

11.3 Angel Fire Ski Corporation.

The operations of Angel Fire Ski Corporation during the period since acquisition by the current owners have resulted in varying levels of operating income during the last 7 years. As indicated in Exhibit "D" to the Historical Financial Information section of the Disclosure Statement and based on the audited financial statements of the debtor, the net income for the fiscal years ended June 30, 1993, 1992 and 1991 were \$917,067, \$879,883 and \$552,730; respectively. These net income amounts do not necessarily reflect the effects of the payment of all debt service requirements of the debtor related to all secured debt obligations. The unaudited preliminary results for the fiscal year ended June 30, 1994, including the effect of income taxes at the rate historically used by the debtor in its audited financial statements, reflect net income of approximately \$865,634. For purposes of this liquidation analysis, the earnings of the debtor have been projected by Purchaser for the next 10 years as shown on Exhibit "P" to this Disclosure Statement. The basis for projecting the debtor's earnings is to use the average of the last three fiscal years, 1994, 1993 and 1992 and adjust the averages to include increasing revenue for the proportionate use of the ski area by property owners and to increase expenses for the use of water resources for which the debtor has not historically been charged. The debtor's historical financial information does not reflect the effect of allocating

a portion of property owner dues collected to the use of the ski area facilities by the property owners. If this allocation were to be made, Purchaser estimates the increase in projected lift ticket revenue to be 18% based on the debtor's representation of property owner usage of the ski area during the 1993-1994 ski season. The increase in water charges for snow-making and ski area operations has been estimated at \$100,000 per year. Without a fixed agreement with the property owners' to be able to use their dues in advance of the ski season for start-up costs, the debtor will probably be required to secure outside cash flow financing of approximately \$1,200,000 annually. The additional interest cost of this financing was estimated at 5.0% or approximately \$60,000 per year. As a stand alone entity, the debtor would no longer be able to utilize net operating losses of affiliated consolidated group entities to offset its taxable income. As such, income taxes are provided for at the rate of approximately 38%, which is the amount historically used by the debtor in its audited financial statements. This rate may be too low, when consideration is given to recent increase in the maximum average corporate federal tax rates of 35% and when combined with the current maximum corporate New Mexico rate of 7.6%. Further, the overall income and expense activity of the debtor has been projected to increase at a uniform rate of 4.0% per year for the next ten years. This amount exceeds the current rate of increase in general prices as reflected by the CPI.

Other factors, which take into account the uncertainty of the operation of the debtor as a stand alone entity were included by Purchaser in determining the discount rate to be applied to projected future earnings and residual asset value. These uncertainties and their percentage risk premium amount are as follows:

a. Property Owners' Negative Easement - The negative easement, if upheld by the Bankruptcy Court, would encumber all of the ski area and its property such as the ski lifts, certain common area base facilities and others. Any debt financing or equity purchase of the debtor would be subject to this easement and the uncertainty it could create with respect to security interests and collateral value. For example, this negative easement right has been the subject of both individual and collective lawsuits against the debtor in the past. The risk premium estimated to be associated with this uncertainty is 10.0%

b. Bed Base - As a stand alone entity and without adequate assurance that the hotel facility would either be open and operating or that it would be operating cooperatively with the debtor's operations, it can be anticipated that skier day revenue and other income would be directly affected. Further, current operations benefit from the property management services, reservations services and tie-in rendered by Angel Fire Corporation for various residential and condominium lodging units. The risk premium estimated to be associated with this uncertainty is 5.0%.

c. Bad Snow Years - The debtor has benefitted from 3 relatively good snow years in a row and the resulting record or near record number of skier days in each of those years. As an industry, ski areas are susceptible to years in which natural snowfall cannot adequately

be supplemented by snow making facilities on the slopes. The risk premium estimated to be associated with this uncertainty is 5.0%.

d. **Water and Sewer System** - The current water and sewer system operated by Angel Fire Services Corporation is in need of upgrading and expansion to meet both current user and health standards needs and to provide for growth of the area. During the past ski season, the sewer system could not adequately and safely handle the area's needs on several occasions and citations were issued by the New Mexico Environmental Department. Without assurance that the system will be repaired as needed now and expanded in the future, there is uncertainty as to whether there will be adequate capacity to handle anticipated growth. The debtor cannot provide that assurance without also providing funding to correct the problems. The risk premium estimated to be associated with this uncertainty is 5.0%.

e. **Capital Improvements** - The debtor has not made any significant capital improvements to the ski area in a number of years. To provide for expanded ski area use and to provide for better overall distribution of the current skier base, significant changes need to be made in the ski lift system. The effect of any such expansion and upgrading would not necessarily be to increase the overall skier day activity of the area. Other ski areas in the region have added or improved their lift capacity over the last several years. For example, Taos Ski Valley, Red River Ski Area and Santa Fe Ski Area have all either added new lifts or replaced old lifts with more modern, faster lifts in the last 5 years. If the debtor was able to make such capital improvements, it could remain competitive in the marketplace. The financial effect of such a program has not been projected, but the risk premium estimated to be associated with this uncertainty is 3.0%.

f. **Administration** - Currently, Angel Fire Corporation provides considerable administrative support and cooperative, coordinated advertising support to the debtor. Angel Fire Corporation provides such things as managerial oversight and supervision, accounting and clerical assistance, reservations services, cooperative purchasing benefits and others to the debtor. As a stand alone entity, the debtor would be required to undertake these additional responsibilities. The risk premium associated with this uncertainty is 2.0%.

g. **Parking and Access** - Currently, the debtor uses parking facilities and other access provided by or maintained and operated by Angel Fire Corporation. As a stand alone entity, the debtor would need to make arrangements for such parking and facilities access. The risk premium estimated to be associated with this uncertainty is 1.0%.

The sum of the above risk premium percentages is 31.0%. In determining the discount rate to be used, this risk premium was added to a typical "Risk-Free Long -Term Government Bond Rate" of 8.00%. The resulting discount rate used in the liquidation analysis is 39.00%. The risk premiums added above were made in lieu of the more typical Common Stock Equity Risk Premium, Small Stock Equity Risk Premium and Subjective Risk Premiums that are added in such valuations. The risk premiums added above were also made in lieu of attempting to estimate the annual direct effect of the above uncertainties on revenue

or expenses. Applying the discount rate determined above to the stream of projected earnings for the next 10 years and to an estimated residual asset value of \$8,000,000 in the year 2005, the resulting liquidation value of the debtor as a going concern is estimated to be \$3,330,380.00.

The real and personal property assets of the debtor are secured by mortgage liens of the First National Bank of Santa Fe and Parker Town Square. The balance claimed due on the obligation as indicated in the amended Proof of Claim filed by Parker Town Square, Inc. is allegedly \$20,000,000 plus accrued interest and expenses. The balance claimed due on the secured obligation as indicated in the Proof of Claims filed by First National Bank of Santa Fe is \$2,342,399.53 plus expenses. Parker's Allowed Secured lien is in the amount of \$1,000,000. The combination of these amounts approximate the underlying value of the real and personal property assets of the debtor. Upon sale of the debtor's assets in a chapter 7 liquidation and payment to the secured creditors First National Bank of Santa Fe and Parker Town Square, Inc. and payment of administrative expenses of the bankruptcy proceeding, it is estimated that there will be no distributions or payments to the unsecured creditors.

11.4 Sangre de Cristo IV, Limited Partnership IV.

The operations of Sangre de Cristo IV, a/k/a the Legends Hotel, during the period since acquisition by the current owners have resulted in losses for each of the last 7 years. As indicated in Exhibit "E" to the Historical Financial Information section of the Disclosure Statement, the operating losses (on a tax basis) for the calendar years 1993, 1992 and 1991 were \$487,444, \$152,426 and \$515,844, respectively. The loss for the 6 months ended June 30, 1994, reflected on the debtor's unaudited internal accounting information was \$502,940. The projected operations for the next 5 years, which are included in the proforma Financial Information section of the Disclosure Statement continue to show losses with break even operations projected in the fiscal year ended June 30, 1999. The projected losses for the fiscal years ended June 30, 1995, 1996, 1997 and 1998 are \$141,073, \$112,821, \$80,071, and \$42,398, respectively. The earnings projected for the fiscal year ended June 30, 1999 is \$375. These projected operations assume that the Purchaser will be able to bring the hotel's operating costs more in line with industry averages and that occupancy rates will increase from the current average of approximately 38% to approximately 50% during the 5 year period.

As such, the discounted value of the future earnings is zero. The estimated residual value of the assets of the debtor can probably be best valued at the amount the Purchaser is willing to pay for the real and personal property assets in the bankruptcy proceeding. For this purpose, the Purchaser is allocating approximately \$400,000 of the purchase price to the assets of the Legends Hotel. As such, combining the discounted value of future earnings of zero with a residual asset value of \$400,000, the liquidation value of the assets of Sangre de Cristo IV is \$400,000.

The real and personal property assets of the debtor are secured by a first mortgage lien of Parker Town Square and the balance claimed due on the obligation as indicated in the

amended Proof of Claim filed by Parker Town Square, Inc. is allegedly \$20,000,000 plus accrued interest and expenses. This amount far exceeds the underlying value of the real and personal property assets of the debtor. Upon sale of the debtor's assets in a chapter 7 liquidation and payment to the secured creditor Parker Town Square, Inc. and payment of administrative expenses of the bankruptcy proceeding, it is estimated that there will be no distributions or payments to the unsecured creditors.

ARTICLE XII PLAN OF REORGANIZATION

12.1 Plan of Reorganization: The Plan of Reorganization in these proceedings is complicated and all of its terms and conditions interrelate and must be read together.

ARTICLE XIII INFORMATION REGARDING FUTURE OWNERS/MANAGEMENT

13.1 Information on Owner/Purchaser: The Purchaser under the Plan is Angel Project LLC, a Texas Limited Liability Company formed by CS First Boston's Praedium Recovery Fund, L.P., to acquire the assets of the resort. CS First Boston, Praedium Fund, L.P., is sole member of the limited liability company. Angel Project LLC has entered into a Management Agreement with Angel Projects I Limited, a Texas Limited Partnership which will be responsible for the management and operation of the resort. The general partner of Angel Projects I Limited is Angel Projects, Inc., a Texas corporation having a 1% interest as general partner. The shareholders of Angel Projects, Inc. are Tim Allen, 25%, Gregory Allen, 25%, D. Craig Martin, 25%, and Richard Weyand, 25%. The limited partners of Angel Projects I Limited are Tim Allen, 24.75%, Gregory Allen, 24.75%, D. Craig Martin, 24.75%, and Richard Weyand, 24.75%. Angel Projects I Limited also has a series of options to purchase up to 100% of the interest of Angel Project LLC.

13.2 Financial Ability to Close Sale: Purchaser has demonstrated the ability to fund \$12,000,000 to close on the sale of the Estates' assets which together with the estates cash on hand and cash from future operations represents 100% of the amounts needed to fund the Plan. The \$12,000,000 represents a 100% equity investment into the Resort. A copy of the Commitment Letter from Praedium Recovery Fund, L.P. is attached as Exhibit "Q".

13.3 Future Management: Angel Project Limited will be responsible for the overall management of the Resort through management affiliations for golf, skiing and land development.

13.4 Management Agreement: Chaffin Light Associates ("CLA") will enter into an agreement with APL to manage the development, marketing and sales of the real estate held for development and sale by APL with these key provisions:

a. CLA shall receive fees for the management services equal to 3% of the gross sales in the real estate development entity plus 15% of the "net profits." In addition to these fees, CLA will receive a fixed fee of \$150,000 during the first two years. The definition of "net profits" will: be based upon generally accepted accounting principles for determining net income from the real estate development with provisions which include specifically agreed upon amounts allocated to the initial purchase of the real estate; preclude unusual allocations of other capital costs, operating expenses, or parent company expenses from the other resort operations, parent companies, or other affiliates of either party; and provide for a long-term lease and rent at a market rate on the existing sales office.

b. The Management Agreement shall have a term of 25 years with a provision that Purchaser may not terminate the agreement during the first two years, can terminate the agreement during years 3 - 10 by paying a termination fee of \$500,000 and can terminate the agreement after 10 years by paying a termination fee of \$250,000.

c. The real estate which CLA will manage will include all real estate acquired by Purchaser at closing and any subsequently acquired real estate by Purchaser or its affiliates which will be held for development and sale. Excluded from the assets which CLA will manage are the operating assets of the resort, e.g., the Legends Hotel, the ski area, the golf course, clubhouse, tennis courts and other operating amenities, any notes receivable, and the present time share inventory.

ARTICLE XIV

PROFORMA FINANCIAL INFORMATION RELEVANT TO CREDITORS

14.1 Benefits to Creditors: Based on the proforma operations of Purchaser and its commitments to be fulfilled upon confirmation of the Plan of Reorganization, Purchaser believes the various creditor classes are treated substantially better than they have been in the past or would be in the future under current operating conditions.

A sale of the assets to Purchaser will, in Purchaser's opinion, result in:

a. Parker Town Square, Inc. - Parker Town Square, Inc. will receive a cash payment equal to the value of its secured claim and a portion of its unsecured claim against AFC at confirmation. At that point, Parker will no longer have any security interest in the Angel Fire Resort properties. Parker will also receive a release of all lender liability claims against it.

b. Other Secured Creditors - Other secured creditors will receive a cash payment equal to the value of their collateral positions at confirmation unless otherwise stated.

c. Colfax County - Colfax County will receive the past due property taxes owed by the debtor at confirmation. Colfax County will also be paid current property taxes as they become due.

d. HUD Property Owners - The Plan contains provisions to complete the unfulfilled water, sewer, road, electricity and telephone commitments of the debtor within the next 6 years. }*

e. Property Owners - The property owners, will have a negative easement right to the amenities, and will have various recreational opportunities with facilities which will be constantly maintained and improved. Purchaser has committed to fund approximately \$4,500,000 of amenity improvements during the next 4 to 5 years. Ski area improvements, including a high speed quad and relocated lifts, will provide greater and quicker access to the ski trails and will ensure that these lifts are in compliance with the national safety standards in effect at the time they are installed or relocated. Golf course improvements will include needed repairs to the country club building, upgrading the irrigation system, repairing or replacing four tennis courts and the construction of a swimming pool facility.

To support Purchaser in these efforts and to ensure that there is sufficient funding for the ongoing operation and maintenance of the enhanced amenities, the current dues structure will be streamlined so that all property owners will be treated similarly. For example, all property owners with a house on their property will pay the same annual assessment. In addition, to the extent Purchaser makes capital improvements that in effect are new to the amenities, e.g., a quad ski lift from the base to the summit, a small and temporary additional assessment will be collected.

The amount to be collected will be related to the property owners' historical usage of similar amenities. Using the quad lift as an example, the average property owner with a dwelling subject to a temporary increased rate of approximately 3.0% times the current annual dues of \$750 would mean that a property owner would be paying an additional \$22.50 per year for a significantly improved amenity.

The Purchaser is committed to investing significant capital into the Angel Fire Resort from various sources which may include loans, additional capital contributions, leasing or assistance from the Village of Angel Fire. This commitment should provide lasting benefits to both the property owners and to APL through increase value in the Resort. APL is committed to making this investment without seeking any substantial dues amounts from the property owners.

14.2 Proforma Financial Information Assumptions: The assumptions used by Purchaser in preparing the Proforma Financial Information schedule attached as Exhibit "O" include the following: *

a. The proportion of property owner usage of the ski area remains constant at 18% and the proportion of property owner usage of the golf course remains constant at 55%.

b. Except for amounts related to the Legends Hotel, all revenue rates and costs increases use a CPI estimate of 4.00% per year.

c. There will be \$1,250,000 per year in capital improvements.

d. Net property owners' dues begin with a base of \$1,644,127 in 1996, →*
\$1,911,608 in 1997, and increase using a CPI of 4.00% per year.

e. The members' guest discount has been eliminated.*

f. The costs of HUD improvements have been projected to be incurred at a rate of \$333,000 in each of the 6 years.*

g. Property sales have been projected to start in 1996 and are projected to yield net collections to the Purchaser of \$100,000 in 1996 and \$500,000 per year for the following years.

14.3 Tax Consequences to the Debtor: Section 108(a)(1)(A) of the Internal Revenue Code provides that discharged indebtedness that otherwise would be included in a taxpayer's income will be excluded if the discharge is pursuant to a federal bankruptcy proceeding. However, the taxpayer must reduce certain tax attributes to the extent of income excluded under the bankruptcy exclusion. As a result of this exception, the Debtor will not recognize any substantial income from the discharge of indebtedness pursuant to this Plan. An analysis of the tax consequences of Angel Fire Corporation and its subsidiaries, and Sangre de Cristo IV are included as Exhibits "M" and "N" attached hereto.

14.4 Tax Consequences to Creditors: Creditors who receive cash in satisfaction of their Claim will generally recognize gain or loss on the exchange equal to the difference between the Creditor's basis in the Claim and the amount of cash received. The character of any gain or loss generally will depend upon the status of the Creditor, the nature of the Claim, and the holding period of such Claim.

Creditors who receive nothing for their Claim generally will be allowed a bad debt deduction to the extent of the basis in the Claim. The nature of the bad debt deduction will depend upon the status of the Creditor, the nature of the Claim, and the holding period of such Claim.

THE FOREGOING SHOULD NOT BE CONSTRUED AS TAX ADVICE.
CREDITORS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS
CONCERNING THE TAX CONSEQUENCES OF THE PLAN.

ARTICLE XV
VALUE WHICH MAY BE OBTAINED FROM AVOIDABLE TRANSFERS

15.1 United Mercantile Capital Corporation Claim/Western Savings & Loan Association: The Western Savings & Loan Association claim against the AFC debtor entity in the approximate amount of \$950,000.00 (with interest, the claim amount will now be over \$1 Million) was purchased through a series of straw entities with AFC funds. Based upon the information and disclosures received through the discovery process, related to the motion to replace Debtors management, from various persons and entities involved in the transfer of the Western Savings claim, it was established that AFC paid \$250,000.00 through the trust account of the law firm of Lamb, Metzgar, Lines & Dahl in Albuquerque, New Mexico, who in turn transferred that money to United Mercantile Capital Corporation in Texas. The money was then used by United Mercantile Capital Corporation (hereinafter "UMCC") to purchase the Western Savings & Loan Association secured claim at auction from the RTC in December of 1992. UMCC then assigned the Western Savings & Loan Association collateralized position against AFC to an entity called Sierra Meadows Management Corporation which is a solely owned corporation of Mr. Larry Lamb (partner of Lamb, Metzgar, Lewis & Dahl). UMCC also signed a promissory note to Sierra Meadows Management Corporation in either an amount equal to \$250,000.00 or \$950,000.00 plus interest. Sierra Meadows Management Corporation then allegedly signed an unsecured promissory note in favor of BTW Investment, Inc., (a wholly owned subsidiary of AFC) subsequent to its incorporation in an amount equal to either \$250,000.00 or \$950,000.00 plus interest. It has been the position of the Debtors that the UMCC claim is a secured claim worth over a million dollars. The transfer may be avoidable as a fraudulent transfer under 11 U.S.C. §548. APL believes these issues will be resolved without litigation.

15.2 Payments to Lobbyists: Three lobbyists in the New Mexico State Legislature were paid monies, totalling \$75,000.00, in January, 1994 without a Bankruptcy court order. These payments may be recoverable as payments made outside the ordinary course of business.

15.3 Other Insider Claims: There are other insider claims in these Bankruptcy proceedings, including claims for back salaries and compensation, claims by insiders of Debtors' management which should be disallowed or partially disallowed. The Committee has filed objections to those claims. APL believes that these issues will be resolved without litigation.

ARTICLE XVI
INFORMATION RELEVANT TO RISKS BY CLAIMANTS

16.1 Risks to Claimants in Voting for the Plan: The Proponents do not believe that any Property Owners, other claimants or parties in interest take any risk by voting for the Plan of Reorganization attached hereto. The plan calls for a sale of the Resort assets to a new entity which will close in mid-June, 1995.

16.2 Risks to Claimants if Chapter 11s continue without confirmed plan: To allow the debtor entities to remain in Chapter 11, particularly when the bankruptcy court has ordered that amended plans must be filed no later than February 21, 1995, will cause either one of the two following things to occur:

a. Dismissal of these bankruptcies proceedings will cause the management, in the persons of Gary Plante and Ron Evans, who were replaced by the Chapter 11 trustee, to come back into control of the Angel Fire Resort and its Amenities. Dismissal can also cause Parker, the main secured claimant, to take over control of the Resort and its Amenities.

b. If these debtor entities remain in Chapter 11 bankruptcy without a new buyer being found quickly by the Chapter 11 trustee, the trustee will soon be put in a position where he might have to request that the court convert these cases to a Chapter 7 liquidation bankruptcy proceedings. Since the amount of debts in these bankruptcy proceedings far exceed the value of the assets, the trustee may be forced in Chapter 7 to abandon all of the collateral to the secured claimants which would cause these claimants to pursue foreclosure actions against their individual pieces of collateral. Upon foreclosing on collateral, each individual claimant would be allowed to take back its particular collateral and could attempt to operate or sell that collateral. If the collateral is an amenity, this could cause individual Amenities to be sold to individual buyers and cause great difficulty in the Angel Fire Resort's ability to provide Amenities to Property Owners.

The real risk to Property Owners and other claimants and parties in interest lies with keeping these debtor entities in bankruptcy where there is the potential to cause the Resort and its Amenities to disintegrate.

ARTICLE XVII RETENTION OF JURISDICTION/IMPLEMENTATION OF PLAN

17.1 Jurisdiction: Unless the Bankruptcy Court determines otherwise, the Court shall retain jurisdiction of this Reorganization Case and over all adversary proceedings, contested matters, and other matters or proceedings arising in or in connection with this Bankruptcy Case, including without limitation jurisdiction to:

a. Consider any modification of the Plan under § 1127 of the Bankruptcy Code to the fullest extent permitted under the Bankruptcy Code;

b. Hear and determine controversies, suits, and disputes between the Purchaser and any creditor that may arise in connection with the interpretation or enforcement of the Plan;

c. Hear and determine all requests for allowance of compensation and/or reimbursement of expenses by Professional Persons made before or after the Confirmation Date;

- d. Classify, fix, liquidate, allow, or disallow Claims and direct distribution of the funds under the Plan, and hear and determine all objections to Claims, controversies, suits, and disputes pending on or after the Confirmation Date;
- e. Hear and determine all adversary proceedings still pending and not dismissed, or which are hereinafter filed to determine disputed matters not disposed of by the Plan, but which relate to the Plan;
- f. Adjudicate all Claims or controversies arising out of any purchases, sales, or contracts made or undertaken by the debtor during the pendency of this case;
- g. Hear and determine any and all applications, adversary proceedings, and other matters arising out of or related to the Plan, including but not limited to actions under Sections 506, 542, 543, 544, 545, 547, 548, 549, 550, or 553 of the Bankruptcy Code;
- h. If necessary, order the sale of assets by the Trustee out of the ordinary course of business and free and clear of or subject to liens or encumbrances, as the case may be, pursuant to § 363 of the Bankruptcy Code;
- i. Correct any defect, cure any omission, or reconcile any inconsistency in the Plan or the Confirmation Order or as may necessary to carry out the Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan;
- j. Determine disputed applications for the assumption or rejection of executory contracts and unexpired leases under § 365 of the Bankruptcy Code and determine the allowance of Claims resulting therefrom;
- k. Determine any and all disputes arising under or relating to the Plan and enforce and administer the provisions of the Plan;
- l. Enforce all; Orders, judgments, injunctions, and rulings entered in connection with the Reorganization Case, including using Rule 7070 of the Federal Rules of Bankruptcy Procedure;
- m. Enter a Final Decree under Bankruptcy Rule 3022 closing this Reorganization Case; Make such Orders as are necessary or appropriate to carry out the provisions of the Plan;
- n. Make such Orders or give such direction as may be appropriate under § 1142 of the Bankruptcy Code; and
- o. Undertake such other matters, consistent with the Plan, as may be provided for in the Confirmation Order.

ARTICLE XVIII.
ESTIMATION OF POST-PETITION ADMINISTRATIVE EXPENSES

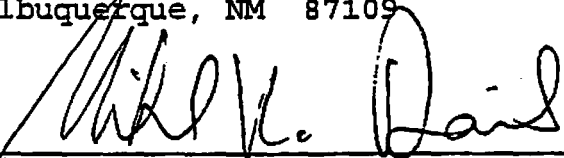
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<u>Professional</u>	<u>Amt Billed</u>	<u>Amt Paid</u>	<u>Outstanding Balance</u>	<u>Future Projections</u>	<u>Total Balance Due</u>
<u>Behles-Giddens</u>	<u>976,293.95</u>	<u>736,665.67</u>	<u>239,628.28</u>	<u>100,000.00</u>	<u>339,628.20</u>
<u>Brian Rowe</u>	<u>61,216.95</u>	<u>54,403.18</u>	<u>6,813.77</u>		<u>6,813.77</u>
<u>Ch 11 Atty for Trustee</u>	<u>154,598.34</u>	<u>115,121.59</u>	<u>39,476.75</u>	<u>80,000.00</u>	<u>119,476.75</u>
<u>Ch 11 Trustee</u>				<u>600,000.00*</u>	<u>600,000.00</u>
<u>Jacqueline Bregman</u>	<u>85,348.00</u>	<u>72,364.23</u>	<u>12,983.78</u>	<u>16,000.00</u>	<u>28,983.00</u>
<u>POC Costs</u>	<u>10,000.00</u>				<u>10,000.00</u>
<u>POC Investment Banker Fee</u>	<u>5,000.00</u>				<u>5,000.00</u>
<u>Dan Behles</u>	<u>245,522.55</u>	<u>170,186.95</u>	<u>75,335.59</u>	<u>0.00</u>	<u>75,335.00</u>
<u>Winter Cunion & Holmes</u>	<u>122,464.66</u>	<u>99,169.62</u>	<u>23,295.00</u>	<u>10,000.00</u>	<u>33,295.00</u>
<u>Tom Graves</u>	<u>63,209.35</u>	<u>63,209.35</u>	<u>0.00</u>	<u>10,000.00</u>	<u>10,000.00</u>
<u>Price Waterhouse</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>75,000.00 + expenses</u>

* Trustee's commission is estimated on the basis of 8.0 million operating receipts and 12.0 million on sale if Trustee's Plan is confirmed. Statutory maximum commission is 3%. The Court may allow less than the statutory 3% maximum and the actual receipts may be more or less than 20.0 million. Purchaser believes it has negotiated a commission of \$329,000.00.

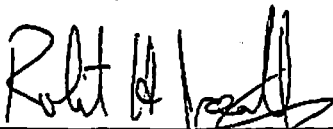


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