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John A. White, Jr.
Nevada State Bar No. 1741
White Law Chartered
335 W. First Street
Reno, NV 89503
Telephone: (702) 322-8000
Attorney for Debtor

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BANKRUPTCY COURT
DISTRICT OF NEVADA

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

IN RE

CAPRI RESORTS, INC.,
a Nevada corporation,

Case No. BK-N-93-31295
Chapter 11

ORDER AUTHORIZING LOAN

Debtor.

Hearing Date: April 4, 1995
Hearing Time: 10:00 a.m.

Capri Resorts, Inc. ("Debtor") having filed its Motion for Order Determining that Proposed Loan is Authorized by Plan of Reorganization ("Motion"), seeking approval from this court to borrow \$100,000.00 from Joann Thompson, and it appearing that the hearing of the Motion has been properly noticed to creditors, proof of notice being on file herein, and the matter having come on for hearing on shortened time at the foregoing date and time, Jan Chubb, Esq. appearing for the Kingsbury Crossing Homeowner's Association ("KCOA"), John A. White, Jr., appearing for the revested debtor ("Debtor"), DeArmond Sharp, Esq. appearing for senior secured creditor GEICO Financial Services, Inc. ("GEFCO"), and Cecilia L. Rosenauer, appearing for junior secured creditor Kelly Turner ("Turner"), and the court being fully advised in the premises, GEFCO having withdrawn its objection upon the Debtor agreeing to pay GEFCO deferred release payments of \$ 2,297.00

1 from loan proceeds and to certain changes to the proposed Deed of
2 trust in favor of lender Joann Thompson, hereinafter described,
3 and the hearing of the Motion proceeding on the objection of
4 Turner, and no other party objecting, and Good Cause appearing,

5 The court hereby enters its Findings of Fact, Conclusions of
6 Law and Order, as follows:

7 FINDINGS OF FACT

8 1. That this court confirmed Debtor's modified plan of
9 reorganization, filed October 7, 1994, on December 16, 1994 (the
10 "Plan"). That the Plan specifically authorizes Debtor to borrow
11 an additional one hundred thousand dollars (\$100,000.00) from
12 GEFCO and to secure repayment of same with a deed of trust senior
13 to all other encumbrances of any nature against Debtor's time
14 share intervals, save and except the existing GEFCO deed of
15 trust.

16 2. That GEFCO is now in the process of selling its loan
17 portfolio, including its loan to Debtor, and is therefore unable
18 to loan additional sums to the Debtor.

19 3. That while GEFCO was not obligated by the Plan to make
20 further loans to Debtor, Debtor nonetheless at the time of
21 confirmation operated on the reasonable assumption that GEFCO
22 would continue its lending operation through the period of time
23 that Debtor would need the additional \$100,000.00. That Debtor
24 was mistaken in its assumption that GEFCO would continue to
25 accept applications for new loans after plan confirmation.

26 4. That Debtor is in great need of the additional
27 \$100,000.00 and all of it.

28

1 judgments, abstracts of judgments, writs of attachments, federal
2 tax liens and lien agreements and deeds of trust.

3 3. That as set forth in the Plan, as corrected by this
4 Order Authorizing Loan, the deed of trust issued on February 3rd,
5 1995 by Debtor, pursuant to the Plan, to Kelly Turner (herein the
6 "Turner Deed of Trust"), and recorded February 3rd, 1995 as
7 document No. 355585, book 0295, page 0574, Official Records,
8 Douglas County, Nevada, be and the same hereby is subordinated to
9 the Thompson Deed of Trust.

10 4. That as set forth in the Plan, as corrected herein, the
11 deed of trust issued on February 3, 1995 by Debtor, pursuant to
12 the Plan, to Carl A. Morrison, Charles I. McClure, and Gurcharan
13 S. Lau, (herein the "Former Shareholders Deed of Trust") and
14 recorded February 27, 1995, as document No. 356859, Book 0295,
15 page 3821, official Records, Douglas County, Nevada be and the
16 same hereby is subordinated to the Thompson Deed of Trust.

17 5. That the proceeds of the Thompson loan are to be placed
18 in a bank account requiring two signatures for any withdrawal,
19 one being that of Larry Lopez, the broker, and the other being
20 that of John A. White, Jr., Debtor's counsel.

21 6. That nothing in this Order Approving Loan shall effect
22 the flow of payments due Turner under the Plan.

23 7. That the document entitled Proposed Use of Proceeds,
24 showing that \$30,023.98 of the Thompson Loan proceeds as an
25 allocation for Marketing, attached as Exhibit C to the Loan
26 Agreement (and admitted as Exhibit A at the hearing), as revised
27 by the court at the conclusion of the hearing on the Motion is
28

1 approved. The Revised Proposed Use of Proceeds, incorporating
2 the court's said changes, and showing a \$50,152.10 Allowance for
3 Marketing is attached hereto as Exhibit C.

4 8. The payments described in the Revised Proposed Use of
5 Proceeds, attached hereto, may be made without further order of
6 this Court. As to disbursements other than the \$50,152.10 listed
7 as Allocated For Marketing, Mr. Lopez and Mr. White shall be
8 relieved of all responsibility for wrongful disbursement of the
9 loan proceeds provided that the funds are distributed to the
10 payees designated in Exhibit C hereto. As to \$50,152.10
11 allocated for marketing, Lopez and White are entitled to rely
12 upon written representations of the debtor that a particular
13 disbursement is for marketing purposes, provided that at least 48
14 hours before the disbursement is made the proposed disbursement
15 or a summary thereof be first faxed or hand delivered to the
16 following counsel: DeArmond Sharp, Jan Chubb, Del Hardy and
17 Cecilia Rosenauer. Compliance with the provisions of this
18 paragraph will completely exonerate Lopez and White from any
19 liability for wrongful disbursement of the loan proceeds.

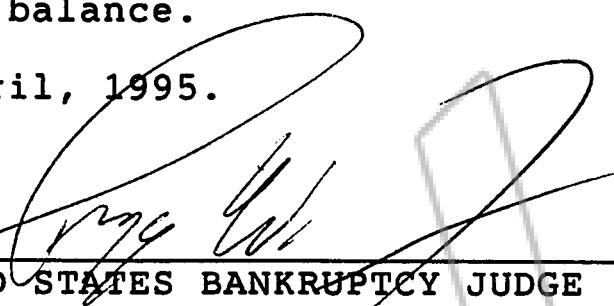
20 9. Without affecting his lack of liability for wrongful
21 disbursement as ordered in paragraph 8 above, White is hereby
22 ordered to file herein on or before May 1, 1995 and monthly
23 thereafter until the proceeds are exhausted, an accounting of
24 disbursements made from the proceeds of the above-referenced
25 \$100,000.00 loan. In this regard, all distributions of the loan
26 proceeds shall be made by check and Mr. White shall possess the
27 checkbook. The accounting filed with this court shall contain
28

1 the following: item number; date issued; amount; payee as
2 appearing on the item; account balance.

3 DATED this 12th day of April, 1995.

4

5


UNITED STATES BANKRUPTCY JUDGE

6

7 Approved/Disapproved

8

9 //s//
Janet Chubb, Esq.
Attorney for KCOA

10

11 Approved/Disapproved

12

13 //s//
Del Hardy, Esq.
Attorney for Former Shareholders

14

15 Approved/Disapproved

16

17 //s//
Cecilia Rosenauer, Esq.
Attorney for Kelly Turner

18

19 Approved/Disapproved

20

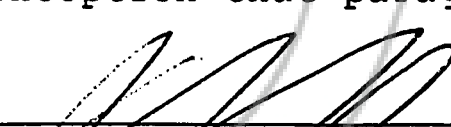
21 //s//
DeArmond Sharp, Esq.
Attorney for GEFCO

22

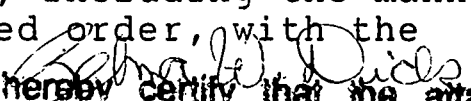
23 I certify that the above Order is identical to the original Order
24 Authorizing Loan as lodged on April 7, 1995, including the manner
25 in which the attorneys signed off that lodged order, with the
26 exception that paragraph 9 has been added.

25

26

27 
John A. White, Jr.
Attorney for Capri Resorts, Inc.

28

 
I hereby certify that the attached
instrument is a true and correct
copy of the original on file in the
office of the Bankruptcy Judge.
Dated 4/12/95
Authorized Clerk to Bankruptcy Judge

Capri Order - 2467.01

Page 6

WHITE LAW
CHARTERED
LAWYERS
TWENTIETH CENTURY
BUILDING
135 WEST FIRST STREET
RENO, NEVADA 89503
(702) 322-8000

359974

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SEAB

PROMISSORY NOTE

\$100,000.00

STATELINE, NV

April __, 1995

This note is to evidence indebtedness from CAPRI RESORTS, INC. (Debtor) to JOANN THOMPSON (Payee).

This note is for ONE HUNDRED THOUSAND DOLLARS (\$100,000.00).

The ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) principal portion of the note shall be repaid in increments of \$250.00 per interval escrow closing, on interval sales number one (1) through four hundred (400), with interval sale number one (1) being the first interval to close escrow after the date first mentioned above.

This note shall accrue interest at the rate of 15% per annum, payable on the first day of each calendar month. The first installment of said interest shall be due and payable on May 1, 1995.

As principal payments are made, they shall be dispersed from escrow in accordance with that Loan Agreement dated March 21, 1995 between the parties hereto, as modified by the Order Authorizing Loan, entered by the United States Bankruptcy Court, Reno, NV., on the _____ day of April, 1995.

The due date of this loan shall be _____, _____, 1995

This note is secured by a deed of trust of even date herewith.

CAPRI RESORTS, INC.

TAL LEVERETT, PRES.

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EXHIBIT A

When recorded mail to:
LAWRENCE F. LOPEZ
P.O. Box 642
South Lake Tahoe, CA 96156

DEED OF TRUST

THIS DEED OF TRUST made this ____ day of April, 1995, by and between CAPRI RESORTS, INC., a Nevada Corporation, herein referred to as "Grantor", and LEISURE TIME ESCROW, or any substitute Trustee thereafter, hereinafter referred to as "Trustee", and JOANN THOMPSON, hereinafter referred to as "beneficiary".

WITNESSETH:

WHEREAS, Grantor is obligated to beneficiary in accordance with the terms and conditions of a Loan Agreement dated March 21, 1995 between Beneficiary and Grantor ("Loan Agreement") and subject to the Second Revised First Amended Plan and Order Confirming Plan, entered on December 16, 1994, in Case No. BK-N-93-31295, Chapter 11, Capri Resorts, Inc., in the United States Bankruptcy Court, District of Nevada, Reno, Nevada, hereinafter referred to as "Plan and Order" and the Order Authorizing Loan entered by said court on April ____, 1995.

NOW THEREFORE, Grantor for the purpose of securing the

performance of all of its obligations under the Loan Agreement in accordance with the terms thereof and of the Plan and Order grants unto the Trustee all that certain real property and improvements situated, lying and being in the County of Douglas, State of Nevada, more fully described as follows:

See Exhibit "A" attached hereto.

TOGETHER WITH, all and singular, the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

THIS DEED OF TRUST will be and is security for all obligations of Grantor to Beneficiary by virtue of the above described Loan Agreement, and shall also be security for any and all renewals of the aforesaid obligations of Grantor to Beneficiary, however evidenced. Grantor expressly covenants and agrees that at all times during the term hereof, they will keep and maintain the above described real property in good condition and will not, during the term hereof, undertake any activity with respect to said real property which would in any way tend to impair or diminish the value thereof, other than the sale of intervals as contemplated by the Plan and Order.

Trustee is authorized to grant partial releases without payments to Beneficiary for sales of intervals at Kingsbury Crossing when a portion of the sale price is paid GEICO Financial Services Inc (hereafter known as "GEFCO") to obtain a partial release from the lien of its deed of trust or any other prior

liens or security interest as is provided in the Plan and Order above referenced.

Trustee is authorized to grant partial releases for sales of intervals at Kingsbury Crossing when a portion of the sales price is paid to Beneficiary per the Loan Agreement as modified by the Order Authorizing Loan.

Any disputes concerning the provisions in this Deed of Trust, or the language of the release clause, shall be determined by the Bankruptcy Court, consistent with the Order Authorizing Loan.

Notwithstanding any other provision of this Deed of Trust, Trustee is authorized to grant partial reconveyances so long as the United States Bankruptcy Court for the District of Nevada, Reno, Nevada, has not determined that a material default has occurred under the Plan and Order. Trustee is further authorized to grant partial releases so long as the United States Bankruptcy Court for the District of Nevada, Reno, Nevada, has not determined that Grantor herein is not in substantial compliance with the Plan and Order. The Loan Agreement secured by this Deed of Trust and any documents of record also securing those obligations are hereby modified to comply with the terms and conditions of the Plan and Order.

This Deed of Trust is subordinate only to the GEFCO Deed of Trust. The Deed of Trust of Mr. Kelly Turner and also the Deed of Trust of the former shareholders (Carl A. Morrison, Charles I. McClure, and Gurcharan S. Lau) are subordinated to this Deed of

Trust.

That Grantor shall keep the Beneficiary informed as to the current status of the payments of indebtedness to GEFCO and shall provide beneficiary with copies of all letters of default and loan status received by the Grantor. That Grantor further shall keep the Beneficiaries informed as to the current status of the Grantor's status as to payment of maintenance fees, homeowners dues and any other assessment collectible for or on behalf of the Homeowners Association and that the same shall be disclosed to the Beneficiaries upon request.

The following covenants, and being covenants number 1, 3, 4 (10%), 5, 6, 7 (reasonable), 8, and 9 of Section 107.030 of Nevada Revised Statutes, are hereby made a part of this Deed of Trust. GEFCO may modify its secured note and Deed of Trust in any way it sees fit without the consent of the Beneficiary herein and without prejudice to its first lien position or right of payment under its note.

Nothing herein shall modify the provisions of the Plan, including but not limited to the provisions in the Plan to the effect that all sales under the Plan shall be free and clear of all liens and encumbrances, including this deed of trust or the terms of the Loan Agreement. Further, no violation of any provision of this deed of trust by the Grantor by the Grantor shall constitute a default hereunder unless the Bankruptcy Court has theretofore entered an order revoking the Plan, dismissing Capri's bankruptcy case, or finding that Capri is not in

PROPERTY DESCRIPTION
EXHIBIT A

ALL RIGHT TITLE AND INTEREST OF THE GRANTOR NOW APPEARING OF PUBLIC RECORD IN THE FOLLOWING DESCRIBED PROPERTY:

AL THAT CERTAIN LOT, PIECE OR PARCEL OF LAND SITUATE IN THE COUNTY OF DOUGLAS, STATE OF NEVADA, DESCRIBED AS FOLLOWS: ALL THAT CERTAIN LOT, PIECE OR PARCEL OF LAND SITUATED IN THE COUNTY OF DOUGLAS, STATE OF NEVADA, BEING A PORTION OF THE NORTH 1/2 OF THE NORTHWEST 1/4 OF SECTION 26, TOWNSHIP 13 NORTH, RANGE 13 EAST, M.D.B & M., DESCRIBED AS FOLLOWS:

PARCEL 3, AS SHOWN ON THAT AMENDED PARCEL MAP FOR JOHN E. MICHELSEN AND WALTER COX, RECORDED FEBRUARY 3, 1981 IN BOOK 281 OF OFFICIAL RECORDS AT PAGE 172, DOUGLAS COUNTY, NEVADA AS DOCUMENT NO. 53178, SAID MAP BEING AN AMENDED MAP OF PARCEL 3 AND 4 AS SHOWN ON THAT CERTAIN MAP FOR JOHN E. MICHELSEN AND WALTER COX, RECORDED FEBRUARY 19, 1978, IN BOOK 278 OF OFFICIAL RECORDS AT PAGE 591, DOUGLAS COUNTY NEVADA AS DOCUMENT NO. 17578.

EXCEPTING THEREFROM THOSE TIMESHARE INTERVAL PREVIOUSLY CONVEYED.

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REVISED
PROPOSED USE OF PROCEEDS

<u>PAYEE</u>	<u>TOTAL OWED</u>	<u>CODE</u>	<u>PURPOSE</u>
Apple Credit	592.37	9	Computer Lease
Ashleman, I.R.	900.00	8	Deferred Releases
Bey, Carl & Judy	662.00	3	Refund Sp Assmnt/MaintFee
Buchanan, Joe	369.00	3	Sp. Asses refund
Community Computer Ctr.	278.31	9	Computer Repairs
Contel	900.00	9	Telemarketing Phone Bills
EmploymentSecComm2ndQtr	57.16	7	Unemployment Insurance
EmploymentSecComm3rdQtr	37.97	7	Unemployment Insurance
Employment SecComm4thQtr	8.91	7	Unemployment Insurance
Freeman's Craft Shop	140.00	9	Furniture repairs
Gefco	2,297.88	8	Deferred Releases
Harley, Sarah	293.00	3	Refund Maint Fee
Insty Prints	111.13	9	Printing
I.R.S. 2ndQtr 941	916.10	7	Federal W/H
I.R.S. 3rdQtr 941	950.61	7	Federal W/H
I.R.S. Qtr 941	100.69	7	Federal W/H
I.R.S. 1995 940	123.76	7	Federal Unemployment Ins.
Interval International	165.83	9	I.I. Catalogs
Interval International	64.00	9	I.I. Memberships
Jantzen, Peggy	293.00	3	Refund Maint Fee
K.C.O.A.	330.10	9	Telephone, billed months late
Kleinhans, Audry	738.00	3	Refund Maint Fee
Lane, Susan	336.00	6	Payroll-Admin
Legaspi, Susan	258.00	3	Referral fee, bonus time
Leverett, George	1,500.00✓	6	Payroll-Admin
Leverett, Tal	1,000.00✓	6	Payroll-Management
Leisure Time Escrow	16,000.00	5	Reconciliation of Weeks
Lopez, Larry	1,963.14✓	1	Deferred Commissions
Lopez, Larry	349.00✓	1	NSF checks
Lopez, Larry	7,500.00✓	1	Loans to Capri
Lopez, Larry	-3,000.00	1	Loan fee
Lopez, Larry	300.00✓	1	Advance repay fm Rodriguez
Postmaster	113.14	9	Postage
Postmaster	93.44	9	Postage
Rodriguez, Sam	600.00	8	Deferred Commissions
State Industrial Ins.	54.47	7	Workmens Comp
Stateline Office	95.39	9	Office Supplies
State of Nevada-SctrySt	100.00	7	Annual Filing
State of Nevada-BusnsTax	50.00	7	Employee Business Tax
Tabellija, Linda	413.00	3	Sp.Asses 369, bonus time 44
Tea, Deb/State of Nevada	913.50	6	Payroll-Admin
Tesler, Robert	500.00	6	Sales Expense
U.S. Trustee	500.00	2	4th Qtr 94
White, John	2,500.00✓	9	Legal fees
White, John	1,000.00✓	8	Deferred Releases
Williams, Ron & Faith	369.00	3	Refund Sp Assmnt
Allowance for Marketing	50,162.10	4	Allocation for Marketing
	100,000.00		

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COPY

LEISURE TIME ESCROW

LEISURE TIME ESCROW

'95 APR 13 P2:33

LINDA SLATER
RECORDER

L.S. PAID *LS* DEPUTY

359974

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