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Bankruptcy Order

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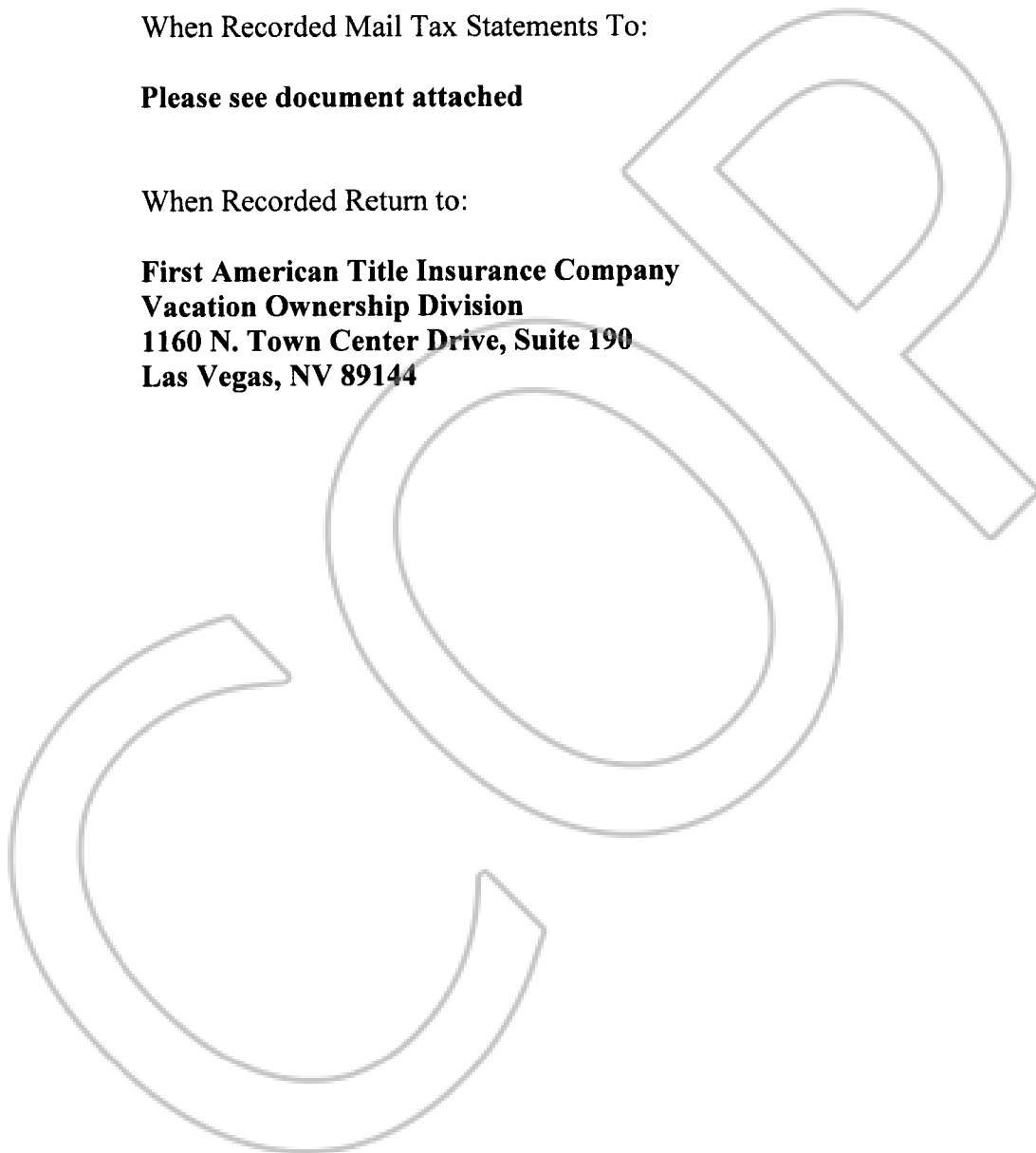
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UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

In re:

CHAPTER 11

CELEBRITY RESORTS, LLC, *et al.*,

CASE NO.: 6:10-bk-3550-ABB

Debtors.

Jointly Administered with Cases

6:10-bk-3551-ABB to 6:10-bk-3585-ABB

**ORDER GRANTING EMERGENCY MOTION FOR APPROVAL OF COMPROMISE
OF CONTROVERSY BY AND BETWEEN DEBTORS AND (1) QUINTUS RESORTS,
LLC; (2) WALLEY'S PARTNERS LIMITED PARTNERSHIP; (3) GARY GROTTKE;
(4) WALLEY'S PROPERTY OWNERS ASSOCIATION; (5) MARLENA FORST; (6)
IRVINE PHILLIPS; (7) JARED MEYERS; AND (8) CRAIG LEWIS**

THIS MATTER came before the Court on April 22, 2010, at 10:00 A.M. in Orlando, Florida, on the Debtors' Emergency Motion for Approval of Compromise of Controversy By and Between the Debtors and (1) Quintus Resorts, LLC ("QRL"); (2) Walley's Partners Limited Partnership ("WPLP"); (3) Gary Grottke ("Grottke"); (4) Walley's Property Owners Association (the "POA"); (5) Marlena Forst ("Forst"); (6) Irvine Phillips ("Phillips"); (7) Jared Meyers ("Meyers"); and (8) Craig Lewis ("Lewis")(collectively, the "Parties")(the "Motion")(Dkt. No. 161). The Court, having reviewed the Settlement Agreement which is Exhibit A to the Motion (the "Settlement Agreement"), all parties having been provided sufficient notice, and the Court being otherwise fully advised in the premises,

THE COURT FINDS that:

- A. The compromise described in the Settlement Agreement is reasonable and in the best interests of the creditors of the Debtors' estates and all other affected parties;
- B. The Parties have the authority to enter into the Settlement Agreement;



C. Pursuant to Rule 9019(a) of the Federal Rules of Bankruptcy Procedure and relevant legal authorities, the compromise is fair and equitable and is above the lowest point in the range of reasonableness;

D. If the Settlement Agreement is not approved, the prospect of complex and protracted litigation exists against certain of the settling parties, the outcome of which is uncertain;

E. All Parties support the compromise;

F. Competent and experienced counsel for proponents of the compromise recommend its acceptance;

G. The nature and breadth of the releases to be effected pursuant to the Settlement Agreement are fair and reasonable and supported by the consideration to be paid or exchanged under the Settlement Agreement;

H. The compromise is the product of arms-length, non-collusive bargaining among the Parties and has been reached in good faith and, when consummated in accordance with this Order and the Settlement Agreement, will have been consummated in good faith. Additionally, pursuant to the Settlement Agreement, QRL is purchasing the Real Property, Management Agreement, and FUA (as defined in the Motion) and other consideration in good faith and is a good faith purchaser within the meaning of 11 U.S.C. §363(m), and is therefore entitled to the protection of that provision, and otherwise has proceeded in good faith in all respects in connection with this proceeding in that: (a) QRL recognized that the Debtors were free to deal with any other party interested in acquiring the Real Property; (b) QRL in no way induced or caused the Chapter 11 filing of the Debtors; (c) all payments to be made by QRL under the Settlement Agreement in connection with the sale of the Real Property have been disclosed; and



(d) the negotiation and execution of the Settlement Agreement and any other agreements or instruments related thereto was in good faith and an arms-length transaction between QRL and the Debtors;

I. This Court has jurisdiction to approve the Motion and the compromise pursuant to 28 U.S.C. §§ 157 and 1334, § 105 of the Bankruptcy Code, and *F.R.B.P.* 9019;

J. The Notice of this Motion was adequate and sufficient under the circumstances of this Chapter 11 case and this proceeding and complied with the various applicable requirements of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the procedural due process requirements of the United States Constitution; and

K. To the extent any Findings of Facts set forth above and all sub-parts thereto, herein constitute Conclusions of Law, the Court so concludes.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, EFFECTIVE IMMEDIATELY, AS FOLLOWS:

1. The Settlement Agreement attached to the Motion is approved.

2. The Settlement Agreement and this Order constitute valid and binding obligations of the Debtors and their estates which shall be enforceable in accordance with the terms thereof and shall be binding upon and inure to the benefit of the Debtors and any of their respective successors and assigns, including any subsequently appointed trustee under any chapter of the Bankruptcy Code which may be appointed in these cases. Additionally, the releases in the Settlement Agreement are binding on all Debtors presently jointly-administered with Case No.: 6:10-bk-3550-ABB.

3. The Settlement Agreement is hereby binding on all, creditors, equity holders and other parties in interest to the Debtors' estates and their respective successors and assigns.



4. The Parties are authorized and directed to perform such acts and prepare, execute and file any and all documents, necessary to effectuate and implement the terms of the Settlement Agreement including transfer of the Management Agreement, the FUA, and the Real Property to QRL free and clear of liens except for the mortgage of Resort Funding, LLC, on the Real Property, and except for any liens to be held by the Debtors and expressly granted in the Settlement Agreement.

5. The provisions of this Order and Settlement Agreement shall survive any order dismissing these cases or converting these cases under any chapter of the Bankruptcy Code.

6. This Court shall retain jurisdiction to effectuate, implement and enforce the terms of the Agreement and any disputes arising thereunder.

7. Notwithstanding anything in the Settlement Agreement or this Order to the contrary: (i) any liens or replacement liens granted to Jared Meyers and Kristi Meyers (the "Meyers") shall exist only to the same extent as Meyers' pre-petition lien was valid and perfected; (ii) there shall be no change in the Debtors' ownership structure as a result of the Settlement Agreement; and (iii) the Settlement Agreement and this Order shall not act as a waiver of any creditor's right to examine or challenge such pre-petition lien or the transfer at membership interests, if any, pursuant to the Settlement Agreement.

8. The stay of orders authorizing the use, sale or lease of property as provided for in Rule 6004(h) of the Federal Rules of Bankruptcy Procedure and this Order shall not be effective and this Order is effective immediately upon entry.

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9. QRL is purchasing the Real Property, FUA, and Management Agreement and any other consideration in good faith and is granted the protections of Section 363(m) of the Bankruptcy Code.

DONE AND ORDERED on April 27, 2010.

ARTHUR B. BRISKMAN
United States Bankruptcy Judge

Copies to:

Debtor: Celebrity Resorts Management Services, LLC, 8451 Palm Parkway, Orlando, FL 32836;

Attorneys for the Debtor: R. Scott Shuker, Esq. and Justin M. Luna, Esq., Latham, Shuker, Eden & Beaudine, LLP, 390 N. Orange Avenue, Suite 600, Orlando, Florida 32801;

Marty A. Stone, Esq., General Counsel, Celebrity Resorts, LLC and Celebrity Resorts of Genoa, LLC, 8451 Palm Parkway, Orlando, Florida 32836;

Quintus Resorts, LLC and Walley's Property Owners Association, c/o Gary Grottke, 213 W. Wesley, Suite 200, Wheaton, Illinois 60187;

Daniel R. Wofsey, Armstrong Teasdale, LLP, One Metropolitan Square, Suite 2600, St. Louis, Missouri 63102;

Joan Wright, Esq., Allison MacKenzie, Ltd., 402 North Division Street, Carson City, Nevada 89703;

Jules S. Cohen, Esq. and Michael Nardella, Esq., Akerman Senterfitt, CNL Center II at City Commons, 420 South Orange Avenue, Suite 1200, Orlando, FL 32801-4904;

Local Rule 1007-2 parties-in-interest list; and

U.S. Trustee, 135 West Central Blvd., Suite 620, Orlando, FL 32801..

SEAL

UNITED STATES BANKRUPTCY COURT
I CERTIFY THE FOREGOING TO BE A TRUE AND
CORRECT COPY OF THE ORIGINAL ON FILE
UNITED STATES BANKRUPTCY COURT
CLERK OF THE COURT
Dana Tattle 4/27/10
DEPUTY CLERK