

Bare land election

The Receivership estate includes 45 parcels of undeveloped land in which the Receivership entity holds ownership interests that vary from less than 1% to more than 50%. TIC investors in these properties may elect to withdraw the properties from the estate by fulfilling the following conditions and procedures:

- Unanimous election by all TICs in the property. Electing TICs may reach agreements with non-electing TICs to purchase their interests, but all owners of the property must participate for the property to be eligible for withdrawal.
- Assumption of all claims and obligations encumbering the property, including any debt, taxes, and liens.
- Releases and Assignment of Claims.
 - Release of claims against the Receivership estate, employees of Receivership entities during the relevant time periods, and the HFG Parties.
 - Assignment of third-party claims to the Receiver.
 - Release by secured lender(s), if any, of any claims against Receivership entities.
- Financial Provisions.
 - Reimbursement to the Receivership of all payments received from a Receivership Entity in connection with this investment since January 1, 2006.
 - Purchase of the Receivership's interest in the property at the March 2009 fair market value (FMV).
 - Payment to the Receivership for the pro rata share of the property's March 2009 value resulting from improvements and/or entitlements funded by a Receivership entity. The pro rata shares of value shall be determined from the relative amounts invested in the property by the TICs and any Receivership entities, and shall be based on the March 2009 FMV. Exhibit __ provides an example of the appropriate calculation methodology.
 - In withdrawing a property, electing TICs cannot receive greater value than the amount of their initial investment in the property, less payments received since January 1, 2006. If the March FMV less allowed Protective Payments exceeds the original investment less returns since January 1, 2006, TICs shall pay the Receivership that excess amount.
 - Payments made by TICs to protect the value of the property and its improvements or to avoid foreclosure ("Protective Payments")—providing such advances were previously approved by the CRO or the Receiver—may be deducted from the total amount due to the Receivership.
 - Amounts due to the Receivership under this election can be paid in cash at the time of the transaction with a 10% discount. Otherwise, a note secured by a Trust Deed on the property in the amount due the Receivership with interest at 5.25% paid annually shall be recorded, with payment due in full on sale of the property or on the last day of the 48th month after the Effective Date of the Plan, whichever comes first.

- The guidelines governing this bare land election are fixed by the Plan, but any disagreements among the parties over values or amounts paid or to be paid under this election will be mediated, and if agreement is not reached the parties shall accept the Mediator's final determination.

Examples of Bare Land Election

	Property A	Property B	Property C
Determination of Receivership share in Value			
TIC original investment	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
Improvements paid for by Receivership Entity	\$ 200,000	\$ -	\$ 100,000
Total contributions to Value	\$ 1,400,000	\$ 1,200,000	\$ 1,300,000
Receivership share of contributions to Value (%)	14%	0%	8%
Receivership ownership in Property	2%	5%	25%
Determination of Value			
Agreed March 2009 FMV	\$ 2,000,000	\$ 1,400,000	\$ 1,000,000
Less debt and other secured obligations	\$ -	\$ (15,000)	\$ (10,000)
Value of Property Net of Debt	\$ 2,000,000	\$ 1,385,000	\$ 990,000
Payments to TICS on investments since 1/1/06	\$ 250,000	\$ 230,000	\$ 200,000
To withdraw property from Receivership TICs pay:			
Reimbursement of investment returns	\$ 250,000	\$ 230,000	\$ 200,000
Receivership Entity ownership interest	\$ 40,000	\$ 69,250	\$ 247,500
Receivership share of contributions to value	\$ 285,714	\$ -	\$ 76,154
Sub total	\$ 575,714	\$ 299,250	\$ 523,654
Less pre-authorized Protective Payments	\$ (10,000)	\$ -	\$ -
Owed to Receivership	<u>\$ 565,714</u>	<u>\$ 299,250</u>	<u>\$ 523,654</u>

Note: If the value to TICs exceeds the amount of their original investment, TICs shall pay that excess to the Receivership.