

MATTHEW L. JOHNSON & ASSOCIATES, P.C.
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1 Trustee for the Registered Holders of Morgan Stanley Capital I Inc. Commercial Pass-Through
2 Certificates, Series MSCI 2004-HQ3, its successors, assigns and subsidiaries relating to the first
3 deed of trust over Michaels' Plaza, that is security for a promissory note in the original amount
4 of approximately \$6,000,000.00, and which is now valued at approximately \$5,514,992.59.

5 It is unclear whether Vestin has been awarded a first deed of trust on the vacant parcels,
6 or whether an after acquired property clause in the Bank of America's deed of trust awards the
7 first deed of trust to Bank of America. Within sixty (60) days of the Effective Date of the
8 Amended Plan, the Debtor will move this Court for a determination as to priority of the
9 interests in the vacant parcels as outlined herein.

10 7.03 Class Three shall consist of the Secured Claim of Vestin, its successors, assigns
11 and subsidiaries relating to the deed of trust over the vacant parcels and the second deed of trust
12 over Michaels' Plaza which is security for a promissory note in the amount of approximately
13 \$4,715,000.00. It is unclear whether Vestin has been awarded a first deed of trust on the vacant
14 parcels, or whether an after acquired property clause in the Bank of America's deed of trust
15 awards the first deed of trust to Bank of America. Within sixty (60) days of the Effective Date
16 of the Amended Plan, the Debtor will move this Court for a determination as to priority of the
17 interests in the vacant parcels as outlined herein.

18 7.04 Class Four shall consist of all other Allowed Secured Claims, if any.

19 7.05 Class Five shall consist of Allowed Unsecured Claims.

20 7.06 Class Six shall consist of the allowed unsecured claims of insider, Modern
21 Management, Inc. and/or Jeff Chain, if any.

22 7.07 Class Seven shall consist of the claims of an Allowed Equity Interest Holders, if
23 any.

24 **ARTICLE VIII**

25 **TREATMENT OF CLAIMS**

26 8.01 Class One is impaired. Each holder of an Allowed Priority Claim in Class One
27 will be paid the amount of its Allowed Claim in full in deferred cash payments. Such payments
28

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1 will commence on the later of the Effective Date or the first Business Day following the date
2 upon which such claim becomes an Allowed Claim and will be paid in equal monthly
3 installments over a period of 60 months. As the Debtor is a Nevada limited liability company,
4 any federal income taxes pass through to its members. Pre-petition, the Debtor paid the
5 amounts due and owing on the real property taxes into an escrow account originally held by
6 Wells Fargo. The Debtor is currently working with Bank of America, Wells Fargo's successor
7 in interest, to obtain the funds to pay the real property taxes in full. To the extent any such
8 taxes accrue prior to the confirmation of the Amended Plan and instant Amended Disclosure
9 Statement that are not covered by the funds in the escrow account, those taxes shall be paid in
10 accordance with this section.

11 8.02 Class Two is impaired. The allowed Class Two Claim shall be satisfied by the
12 lease or sale of Michaels' Plaza. The Debtor has employed, with Court approval, real estate
13 brokers, Grubb & Ellis/ BRE Commercial, LLC. It is anticipated that for one (1) year from the
14 Effective Date of the Amended Reorganization Plan, the Debtor and the real estate brokers will
15 work with the Debtor to locate and contract with suitable tenants to fill Michaels' Plaza, or in
16 the alternative, will find an adequate buyer to purchase Michaels' Plaza. The Debtor shall
17 repay secured creditors with the proceeds of any lease up and/or sale according to a priority
18 determination as outlined in paragraph III.C, herein. If the Debtor has not repaid the secured
19 creditors within one year, the confirmation injunction under 11 U.S.C. §1141 shall be lifted and
20 the property shall be turned over to the secured creditors in order of priority.

21
22 Within that year, the Debtor shall pay to the First Deed of Trust Holder on Michaels'
23 Plaza, Bank of America, adequate protection payments in the amount of \$22,979.14 per month.
24 The payments shall be funded through the Debtor's equity shareholders. In consideration of the
25 adequate protection payments, the Debtor's shareholders shall retain their interest in the Debtor
26 or shall be awarded new membership interests in the Debtor based on their capital
27 contributions.
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1 Pursuant to 11 U.S.C. § 1123(a)(5)(G), the Debtor may cure any default. Under the
2 Amended Plan, any note is cured, and any consequences of default, including penalties of
3 higher interest than the note rate, will be avoided.

4 8.03 Class Three is impaired. As outlined more fully in paragraph III.C above, there
5 is a dispute as to which secured creditor holds the first priority interest in the vacant parcels. As
6 outlined in paragraph III.C, within sixty (60) days of the Effective Date of the Amended
7 Reorganization Plan, the Debtor shall move this Court for a determination on the priority issues
8 concerning the vacant parcels.

9
10 In any event, the Debtor shall market Michaels' Plaza for one year in an attempt to lease
11 up and/or sell Michaels' Plaza and the three adjacent, vacant parcels. The Debtor shall repay
12 secured creditors with the proceeds of any lease up and/or sale according to paragraph III.C,
13 herein. If the Debtor has not repaid the secured creditors within one year, the confirmation
14 injunction under 11 U.S.C. §1141 shall be lifted and the property shall be turned over to the
15 secured creditors in order of priority.

16 Pursuant to 11 U.S.C. § 1123(a)(5)(G), the Debtor may cure any default. Under the
17 Amended Plan, any note is cured, and any consequences of default, including penalties of
18 higher interest than the note rate, will be avoided.

19 8.04 Class Four is impaired. All other allowed Secured Claims, if any, shall be paid
20 from the lease or sale of Michaels' Plaza and the three vacant parcels following full satisfaction
21 of the claims of Class Two and Class Three. Under the Amended Plan, any note is cured, and
22 any consequences of default, including penalties of higher interest, are avoided.

23 8.05 Class Five is impaired. The allowed Class Five Unsecured Claims shall be paid
24 from the lease or sale of Michaels' Plaza and the vacant parcels following full satisfaction of
25 the claims of all classes of higher priority. Once the claims of Classes One through Four are
26 satisfied the net proceeds of any sale of the vacant parcels and the rents from Michaels' Plaza
27 will be paid to the holders of allowed claims in Class Five, if any, or placed into an interest
28 bearing account until a determination by the Court as to the specific amount of each holder of

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1 Class Five's claim. Within 60 days of the sale of the satisfaction of Classes One through Four,
2 the Debtor shall notice a hearing to determine the amount and validity of any holder of a claim
3 in Class Five, if any. Following the determination of each holder's allowed claim, the net
4 proceeds of the sale of each of the parcels shall be turned over to holders of Class Five until
5 their allowed claims are paid in full.

6 8.06 Class Six is impaired. Following satisfaction in full of the claims held by Class
7 One through Five, any allowed Class Six Unsecured Claim of Insiders, Modern Management,
8 Inc. and/or Jeff Chain, if any, shall be paid. The Class Six claims shall be paid in full by any
9 proceeds remaining from the sale of the vacant parcels and any rents generated from Michaels'
10 Plaza following satisfaction of all claims of higher priority.

11 8.07 Class Seven is impaired. Allowed Equity Interest Holders shall lose their interest
12 in the Debtor and the Reorganized Debtor, and all membership certificates shall be cancelled.
13 Any Equity Interest Holder who contributes to the Bank of America adequate protection
14 payments shall either retain their interest in the Debtor or shall be awarded new membership
15 interest in the Debtor based on their capital contributions.

16 8.08 Priority Tax Claims. All Allowed Priority Tax Claims excluded from
17 classification in Class One shall, if any, be paid in full in cash within six years from the date of
18 assessment by making equal monthly installments on the 15th day of each month beginning on
19 the first month after the Effective Date from the Distribution Fund. Pre-petition, the Debtor
20 paid the amounts due and owing on the real property taxes into an escrow account originally
21 held by Wells Fargo. The Debtor is currently working with Bank of America, Wells Fargo's
22 successor in interest, to obtain the funds to pay the real property taxes in full. To the extent any
23 such taxes accrue prior to the confirmation and the Amended Reorganization Plan and instant
24 Amended Disclosure Statement that are not covered by the funds in the escrow account, those
25 taxes shall be paid in accordance with this section.

26
27 8.09 Administrative Claims. All Allowed Administrative Claims shall consist of all
28 Priority Claims not otherwise excluded from classification by 11 U.S.C. §1123(a)(1) (2007).

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1 All Administrative Claims will be paid in full, in cash, on the Effective Date, unless the holder
2 of such a Claim agrees to a different treatment.

3 8.10 Disputed Claims. Notwithstanding any other provisions of the Amended Plan,
4 holders of Disputed Claims shall be paid the disputed portion of their claim only after it, or
5 such portion thereof, is allowed by the Bankruptcy Court. In case there are Disputed Claims
6 which cause there to be a possibility that there may be insufficient funds to pay all creditors in a
7 Class, as provided in the Amended Plan, the Bankruptcy Court may allow a partial distribution
8 to the creditors in that Class, and the balance shall be held by the Reorganized Debtor subject to
9 the further order of the Bankruptcy Court. The deadline for filing objections to pre-petition
10 Claims or Interests is 60 days from the Effective Date.

11 8.11 Modification of Payment Terms. Reorganized 3900 reserves the right to modify
12 the treatment of any Allowed Claim at any time with the written consent of the creditor whose
13 Allowed Claim is being modified.

14 8.12 Disposition of Properties. Under the Amended Plan, it is the Debtor's intent to
15 sell the vacant parcels, and lease or sell Michaels' Plaza until all allowed claims are paid. In
16 the event that the claims of classes two and three are not satisfied within one (1) year after the
17 Effective Date, the confirmation injunction pursuant to 11 U.S.C. §1141 shall be lifted and the
18 property shall be turned over to the secured creditors in order of priority.

19 8.13 Use of Proceeds. The use of the proceeds of the lease or sale of Michaels' Plaza
20 shall be used as cash collateral to pay day to day operating expenses of the company, and to
21 repay Bank of America in full. The proceeds from the sale of the vacant parcels shall be
22 utilized to repay Bank of America and/or Vestin in accordance with the priority determination
23 by this Court. Any remaining amounts after repayment in full of the secured claims of Bank of
24 America and Vestin, shall be paid to each remaining class, in satisfaction of their allowed
25 claims, in order of priority.

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1 note rate, will be avoided, and an amended and restated note will be executed and provided as
2 new and valuable consideration.

3 8.16 Absolute Priority Rule. The Amended Plan may be modified by the Court at the
4 request of the Debtor to ensure compliance with 11 U.S.C. §1129.

5 **ARTICLE IX. MISCELLANEOUS**

6 **A. Retention of Jurisdiction.**

7 The Court shall retain jurisdiction of this case for the following purposes:

- 8 (1) allowance of compensation and other administrative expenses;
- 9 (2) resolution of objections to claims;
- 10 (3) resolution of all objections, conflicts, controversies or disputes arising out of the
- 11 sale of assets of the estate and to provide for additional time for sale of any
- 12 assets if necessary;
- 13 (4) correction of any defect, omission or inconsistency in the Plan, or the order
- 14 confirming the Plan as may be necessary to carry out the purposes and intent of
- 15 the Plan;
- 16 (5) modification of the Plan in accordance with the provisions of 11 U.S.C. § 1127;
- 17 (6) resolution of all questions and disputes regarding title to property and resolution
- 18 of all causes of action, controversies, disputes or conflicts arising out of the Plan,
- 19 the order confirming the Plan, or any other order issued with respect to the Plan,
- 20 including, without limitation, disputes arising out of the failure of the
- 21 Reorganized Debtor, any creditor, or other party in interest to perform
- 22 obligations required under the Plan;
- 23 (7) resolution of requests to close or reopen this case;
- 24 (8) assumption or rejection of Executory Contracts which are not discovered or
- 25 proved to be valid as against the Debtor prior to the Confirmation Date, and
- 26
- 27
- 28

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1 allowance of claims for damages as to rejection of such Executory Contracts;
2 and
3 (9) adjudication of any adversary proceeding filed in this case, if any.

4 **B. Effect of Confirmation**

5 The Amended Plan provides that the entry of the confirmation order discharges and
6 terminates, as of the Effective Date, all Claims against Reorganized 3900 that arose at any time
7 before the confirmation order was entered, except those Claims outlined in the Amended Plan
8 of Reorganization, which will be discharged upon payment as set forth in the Amended Plan.
9 The discharge of Reorganized 3900 under the Amended Plan will be effective as to any claims
10 against 3900, regardless of whether a proof of claim thereof was scheduled or filed, whether the
11 claim is an Allowed Claim or whether the holder thereof has voted to accept or reject the
12 Amended Plan.

13 **C. Effective Date**

14 The Effective Date is defined in the Amended Plan. Many important events under the
15 Amended Plan occur on or after the Effective Date.

16 **D. Substantial Consummation**

17 The Reorganized Debtor will file post-confirmation reports required by the Bankruptcy
18 Rules and Local Rules and upon substantial consummation of the Amended Plan, file a final
19 report and motion for final decree.

20 **E. Reservation of Rights**

21 The filing of the Amended Plan, any statement or provision contained in the Amended
22 Plan, or any action by any party with respect to the Amended Plan, shall not be considered an
23 admission against interest or a waiver of any rights, except as stated in the Amended Plan as
24 finally confirmed. In the event the Amended Plan is not confirmed, the Amended Plan, any
25 statement or provision contained in the Amended Plan may not be used or relied upon in any
26 suit, action, controversy or other proceeding.
27
28

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1 **F. Right to Withhold Confirmation Order or Not to Proceed**

2 If there are any impediments or delays in confirming the Amended Plan, the Debtor
3 reserves the right to withhold the order confirming the Amended Plan or proceed under the
4 Amended Plan until such time as the Amended Plan has been confirmed by the Court and the
5 Effective Date under the Amended Plan has passed.

6 **G. Executory Contracts**

7
8 The Bankruptcy Code gives 3900 the power, subject to approval of the Bankruptcy
9 Court, to assume or reject executory contracts and unexpired leases. Rejection or assumption
10 can be effected either pursuant to the Amended Plan or by Order of the Bankruptcy Court
11 entered upon motion by 3900, and after notice and a hearing. If an executory contract is
12 assumed, 3900 must cure all defaults (if any) thereunder within a reasonable period of time
13 unless the other party agrees to other treatment. The default shall be cured pursuant to 8.15 of
14 this disclosure statement. The Reorganized 3900 shall assume or reject all executory contracts
15 not already specifically assumed in the Amended Plan within 60 days after the Effective Date.
16 Any executory contract not expressly assumed by the Reorganized 3900 shall be automatically
17 rejected as of the Petition Date. Creditors holding Claims resulting from the rejection of an
18 executory contract pursuant to the terms of this Article, shall have their claims (as limited by
19 Bankruptcy Code §503) treated as general unsecured claims in Class Five. Claims based upon
20 the rejection of executory contracts pursuant to this Article shall be filed within 30 days of the
21 date of the rejection or be forever barred.

22 The Debtor has 9 current leases with tenants currently in Michaels' Plaza. The current
23 tenants are:

- 24 1. Arizona Sandwich Shop, Inc.
- 25 2. Chiropractic For Life
- 26 3. Great American Dancing Shoes
- 27 4. Innate Life Center
- 28 5. Mailworks
- 6. Pong Pong Chinese Restaurant
- 7. Sweelen Hoffman

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1 from the sale of the properties would pass through to the Debtor’s principal, Modern
2 Management, Inc., as this Debtor is a limited liability company. Thus, this Debtor should not
3 be responsible for capital gains taxes.

4 **C. Risk of Non-Confirmation of the Amended Plan**

5 Even if the requisite acceptances are received, the Amended Plan may not be confirmed
6 by the Bankruptcy Court, which sits as a court of equity and may exercise substantial discretion.
7 Confirmation of the Amended Plan requires, among other things, a finding by the Bankruptcy
8 Court that there will not be a need for further financial reorganization, and that the value of
9 distributions to Classes of dissenting Creditors not be less than the value of distributions such
10 creditors would receive if 3900 was liquidated under chapter 7 of the Bankruptcy Code.
11 Although 3900 believes that the Amended Plan will not be followed by a further need for
12 financial reorganization and that dissenting Creditors will receive distributions at least as great
13 as they would receive in a liquidation under chapter 7 of the Bankruptcy Code there can be no
14 assurance that the Bankruptcy Court will conclude that these tests have been met. Furthermore,
15 the effectiveness of the Amended Plan is subject to certain conditions and there can be no
16 assurance that such conditions will be satisfied.

17 **ARTICLE XI. ACCEPTANCE AND CONFIRMATION**

18
19 **A. Voting Procedures**

20 1. Generally.

21 Only those Classes that are impaired under the Amended Plan are entitled to vote to
22 accept or reject the Amended Plan. In that regard, Classes 2, 3, 4, 5, 6, and 7 are impaired
23 under the Amended Plan and are entitled to vote. Classes entitled Priority Tax Claims,
24 Administrative Claims, and Class 1 are not impaired under the Amended Plan and are deemed
25 to have accepted the Amended Plan without voting. The Debtor reserves the right to
26 supplement this Amended Disclosure Statement (if necessary) and to solicit any of the Classes
27 which may prove to be impaired, as the Reorganization Case develops further.
28

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1 Ballots will be sent to the known holders of Claims whether or not such Claims are
2 disputed. (Attached hereto collectively as **Exhibit "3"** are forms of Ballots proposed by the
3 Debtor). However, only the holders of Allowed Claims (or Claims that have been temporarily
4 allowed or have been estimated by the Bankruptcy Court), who are impaired are entitled to vote
5 on the Amended Plan. A Claim to which an objection has been filed is not an Allowed Claim
6 unless and until the Bankruptcy Court rules on the objection and any appeals are determined.
7 The holders of such Disputed Claims are not entitled to vote on the Amended Plan unless they
8 request that the Bankruptcy Court, pursuant to Bankruptcy Rule 3018, temporarily allow the
9 Claims in appropriate amount solely for the purpose of enabling the holders of such Disputed
10 Claims to vote on the Amended Plan; and the Bankruptcy Court does so.

11 2. Incomplete Ballots.

12 Ballots that are signed, dated, and timely received, but on which a vote to accept or
13 reject the Amended Plan has not been indicated, will be regarded as a vote for acceptance of the
14 Amended Plan. In addition, unless otherwise indicated, a vote cast by a Person will constitute
15 an acceptance or rejection of the Amended Plan with respect to each Allowed Claim held,
16 directly or indirectly, by such Person.

17 3. Waivers of Defects, Irregularities, etc..

18 Unless otherwise directed by the Bankruptcy Court, all questions as to validity, form,
19 eligibility (including time of receipt), acceptance and revocation or withdrawal of Ballots will
20 be determined by the Debtor in its sole discretion, whose determination will be final and
21 binding. As indicated below under "Withdrawal of Ballots", effective withdrawals of Ballots
22 must be delivered to the Debtor prior to the voting deadline. The Debtor reserves the absolute
23 right to contest the validity of such withdrawal. The Debtor also reserves the right to reject any
24 and all Ballots not in proper form, the acceptance of which would, in the opinion of the Debtor
25 or its counsel, be unlawful. The Debtor further reserves the right to waive any defects or
26 irregularities or conditions of delivery as to any particular Ballot. The interpretation (including
27 the Ballot and instructions thereto) by the Debtor, unless otherwise directed by the Bankruptcy
28

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1 Court, will be final and binding on all parties. Unless waived, any defects or irregularities have
2 not theretofore been cured or waived) will be invalidated.

3 4. Withdrawal of Ballots; Revocation.

4 Any creditor holding an Allowed Claim which is impaired who has delivered a Ballot
5 for or against the acceptance of the Amended Plan may withdraw such acceptance or rejection
6 by delivering a written notice of withdrawal to the Debtor at any time prior to the voting
7 deadline.

8 A notice of withdrawal, to be valid, must: (i) contain the description of the Claim to
9 which it relates and the amount of such Claim; (ii) be signed by the voting Creditor, in the same
10 manner as the Ballot; and (iii) be received by the Debtor in a timely manner at the address set
11 forth below. As indicated above, the Debtor expressly reserves the right to contest the validity
12 of any such withdrawals of Ballots.

13 Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of
14 Ballots which is not received in a timely manner will not be effective to withdraw a previously
15 furnished Ballot.

16 5. Submission of Ballots.

17 The forms of Ballot for each of the Classes entitled to vote on the Amended Plan will be
18 sent to all Creditors with a copy of the Amended Disclosure Statement approved by the
19 Bankruptcy Court, the Amended Plan, and the Appendix of Exhibits. Creditors should read the
20 Ballot carefully. If any Creditor has any questions concerning voting procedures, that Creditor
21 may contact:
22

23 Matthew L. Johnson, Esq.
24 Melissa A. Vermillion, Esq.
25 Russell G. Gubler, Esq.
26 **MATTHEW L. JOHNSON & ASSOCIATES, P.C.**
27 Lakes Business Park
28 8831 W. Sahara Ave.
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Ballot(s) must be returned to:

Matthew L. Johnson, Esq.
Melissa A. Vermillion, Esq.
Russell G. Gubler, Esq.
MATTHEW L. JOHNSON & ASSOCIATES, P.C.
Lakes Business Park
8831 W. Sahara Ave.
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Ballots must be postmarked by no later than 5:00 p.m. on _____, 2009.

XII. ALTERNATIVES TO THE PLAN

3900 believes that the Amended Plan and the debt restructuring contemplated therein will enable Reorganized 3900 to continue to operate its business on a going concern basis. 3900 also believes that the Amended Plan provides the greatest possible recovery to all Creditors. 3900 believes that the Amended Plan, as described herein, enables all Creditors to receive payment of their Allowed Claims as quickly as possible.

XIII. HEARING ON CONFIRMATION

The hearing on confirmation of the Amended Plan has been set for _____, 2009, at the hour of _____ before the Honorable Bruce A. Markell, United States Bankruptcy Courthouse, 300 Las Vegas Blvd. South, Las Vegas, Nevada, 89101, on the 3rd Floor in Courtroom No. 3. In addition, all objections must be in writing, filed with the Court, and a copy served on Debtor's counsel no later than _____, 2009. If there are any impediments or delays in confirming the Amended Plan, the Debtor reserves its right to withhold any order confirming the Amended Plan or not proceed under the Amended Plan until such time as the Amended Plan has been confirmed by the Court and no appeals have been filed related to the order confirming the Amended Plan.

A. Effect of Confirmation

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1 The provisions of the Amended Plan shall bind all parties in interest whether or not such
2 parties are impaired under the Amended Plan and whether or not such parties have accepted the
3 Amended Plan.

4 **B. Consequence of the Failure to Confirm the Amended Plan**

5 In the event that the requirements for confirmation of the Amended Plan are not
6 satisfied, the Debtor believes that it will be necessary to revise the Amended Plan in order to
7 achieve confirmation or move the Court to convert the case to a case under chapter 7.
8

9 DATED this 24 day of March, 2009.

10 Prepared By:

11 3900, LLC

12 BY: /s/ Jeff Chain

13 JEFF CHAIN, PRESIDENT OF
14 MODERN MANAGEMENT, INC.

15 ITS: DEBTOR'S MANAGER

16 Reviewed by:

17 **MATTHEW L. JOHNSON & ASSOCIATES, P.C.**

18 /s/ Matthew L. Johnson

19 MATTHEW L. JOHNSON, ESQ. (6004)
20 MELISSA A. VERMILLION, ESQ. (10261)
21 RUSSELL G. GUBLER, ESQ. (10889)
22 Lakes Business Park
23 8831 W. Sahara Ave.
24 Las Vegas, Nevada 89117

25 **Attorneys for Debtor-in-Possession**