**IN THE UNITED STATES BANKRUPTCY COURT**
**FOR THE EASTERN DISTRICT OF TEXAS**
**SHERMAN DIVISION**

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|---|---|---|
| **In re:** | § | |
| | § | **CHAPTER 11 CASE** |
| **BENTLEY PREMIER BUILDERS, LLC,** | § | |
| | § | **CASE NO. 13-41940** |
| | § | |
| **Debtor.** | § | |

# [PROPOSED] DISCLOSURE STATEMENT IN SUPPORT OF THE JOINT CHAPTER 11 PLAN OF REORGANIZATION FOR BENTLEY PREMIER BUILDERS, LLC

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Dated: December 6, 2013

**THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING "ADEQUATE INFORMATION" AS DEFINED IN SECTION 1125(A) OF THE BANKRUPTCY CODE FOR USE IN SOLICITATION OF ACCEPTANCES OR REJECTIONS OF A CHAPTER 11 PLAN. THE FILING AND DISSEMINATION OF THIS DISCLOSURE STATEMENT ARE NOT INTENDED TO BE, AND SHOULD NOT IN ANY WAY BE CONSTRUED AS, A SOLICITATION OF VOTES ON THE PLAN, NOR SHOULD THE INFORMATION CONTAINED IN THIS PROPOSED DISCLOSURE STATEMENT BE RELIED UPON FOR ANY PURPOSE BEFORE THE BANKRUPTCY COURT DETERMINES THAT THE PROPOSED DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION OF A KIND, AND IN SUFFICIENT DETAIL, AS FAR AS IS REASONABLY PRACTICABLE IN LIGHT OF THE NATURE AND HISTORY OF THE DEBTOR AND THE CONDITION OF THE DEBTOR'S BOOKS AND RECORDS, THAT WOULD ENABLE A HYPOTHETICAL INVESTOR OR CREDITOR OF THE RELEVANT CLASS TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN. THE PROPONENTS RESERVE THE RIGHT TO AMEND OR SUPPLEMENT THIS PROPOSED DISCLOSURE STATEMENT AT ANY TIME BEFORE THE HEARING TO CONSIDER WHETHER THE SAME CONTAINS "ADEQUATE INFORMATION" AND AUTHORIZE THE SOLICITATION OF ACCEPTANCES AND REJECTIONS OF THE PLAN.**

**A SEPARATE NOTICE OF HEARING WILL BE SERVED BY THE PROPONENTS TO NOTIFY PARTIES IN INTEREST OF THE DATE AND TIME SCHEDULED FOR A HEARING ON THE APPROVAL OF THIS PROPOSED DISCLOSURE STATEMENT.**

**IN THE UNITED STATES BANKRUPTCY COURT**
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**[PROPOSED] DISCLOSURE STATEMENT IN SUPPORT OF STARSIDE, LLC AND THE PHILLIP M. POURCHOT REVOCABLE TRUST'S ORIGINAL CHAPTER 11 PLAN OF REORGANIZATION FOR BENTLEY PREMIER BUILDERS, LLC**

Starside, LLC ("Starside") and The Phillip M. Pourchot Revocable Trust (the "Pourchot Trust" and, collectively with Starside, the "Secured Lenders" or "Proponents"), jointly file this *[Proposed] Disclosure Statement in the Joint Chapter 11 Plan of Reorganization for Bentley Premier Builders, LLC* (the "Disclosure Statement") to explain the terms of the Plan of Reorganization for Bentley Premier Builders, LLC ("Bentley" or the "Debtor"), the debtor in the above-captioned chapter 11 case pending before the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division (the "Bankruptcy Court"). A copy of the Plan is attached hereto as Exhibit A.

## I. OVERVIEW OF THE PLAN

The Pourchot Trust and Starside propose this Plan to stabilize the Debtor's business and infuse the necessary capital to ensure that creditors are paid in full and customers receive the high quality homes that Bentley promised to build for them. Under the Plan, all vendors, subcontractors, home warranty claimants, homeowners associations and taxing authorities will be paid in full, and the Proponents will infuse the necessary capital to complete ongoing construction jobs and ensure the future viability of the company.

A key component of the Plan is the change in ownership and management. When the Bankruptcy Court appointed Trustee during the Bankruptcy Case, the effect of such appointment was the removal of Sandy Golgart from her position as manager of the Debtor. The Trustee then retained Marc Powell to handle the Debtor's day to day construction operations.

Under this Plan, Bentley will emerge with only one owner—the successful bidder at an auction to be held at or before the confirmation hearing. Because the Proponents have the largest financial stake in this case, they intend to credit bid up to the combined amount of their secured claim. For purposes of this Plan only, the Pourchot Trust will agree to a substantial claim

reduction, to help the future viability of the company. The details of the plan and the proposed auction are discussed below, and the Plan itself is attached as Exhibit A.

## II. BACKGROUND OF THE DEBTOR

### A. FORMATION OF THE DEBTOR, MEMBERSHIP AND MANAGEMENT

The Debtor was formed as a Texas limited liability company in 2007, by Sandy Golgart and Phillip Pourchot. Ms. Golgart, individually, holds a 50% equity interest in the Debtor, and the Pourchot Trust, as assignee of Phillip Pourchot, holds the remaining 50% interest in the Debtor. The formation documents provide that the company would not have a manager, but would be member-managed. Ms. Golgart acted in a managerial capacity, and, although Mr. Pourchot was initially involved in the company's operations until at least a year prior to the bankruptcy filing, Ms. Golgart excluded Mr. Pourchot from participation in such operations and took exclusive control of the Debtor's books, records and bank accounts at least a year before the Petition Date. All QuickBooks and accounting entries were made by Ms. Golgart. On belief, Golgart has turned over a portion of the Debtor's books and records to the Trustee, but a portion of such books and records remain unaccounted for.

### B. THE DEBTOR'S OPERATIONS AND ASSETS

The Debtor is in the business of selling high-end residential lots and building high-quality luxury homes. The Debtor owns and develops lots, primarily in the two subdivisions known as Normandy Estates, which straddles both Denton and Collin Counties, near the intersection of Spring Creek Parkway and Midway Road in Plano, and Wyndsor Pointe, which is located in Frisco off Stonebrook Parkway, one-half mile west of the Dallas North Tollway. As of the filing of this Disclosure Statement, the Debtor owned approximately 100 vacant residential lots, with listing prices ranging from $150,000 to $900,000. In addition to these vacant lots, the Debtor owns a model house and an Amenities Center in Normandy Estates, two houses in Wyndsor Pointe, some common areas and an approximately 5-acre tract zoned for commercial use.

Ms. Golgart, through the Debtor's schedules and again in her Disclosure Statement (filed on November 27, 2013), has optimistically listed these assets as having a value in the range of $35-37 million. That value is unrealistic on its face, as Golgart readily admits that the lot liquidation values would decline by 20-30% from the retail values of $35-$37 million. Further, the retail values listed assume that the lots could be sold immediately at no cost. That is simply an unrealistic appraisal of the Debtor's assets.

The Proponents would show that, after factoring the time, risks and costs associated with such sales, the Debtor's assets have a more realistic ***present*** value of only $23-27 million. This value also includes the building component of the Debtor's business, which involves contracting as the builder to construct high-quality luxury homes. The Debtor has maintained a flexible model that allows it to build on its own lots or on its customers' lots. From 2008 to the present, the Debtor has sold nine lots and completed construction on nine homes, three of which were spec homes and one of which was the model home.

## C. DEBT AND CAPITAL STRUCTURE

The Debtor was initially capitalized by a $1 million investment from its two members ($500,000 each).

The Debtor borrowed approximately $24 million from the Pourchot Trust through many cash advances made between 2008 and 2012 pursuant to a promissory note dated January 11, 2008, and many cash advances made thereafter. The Debtor's obligations under such promissory note and the subsequent advances are secured by a deed of trust covering approximately 25 lots and two spec homes (plus the rents derived from the leases on those homes). These obligations accrued interest at a floating rate of LIBOR plus .84%. As of the Petition Date, the aggregate unpaid principal was $23,485,528.42, and the aggregate accrued, unpaid non-default interest was $2,872,662.73, for a total of between **$26,358,191.15** and as much as **$39,064,076.87**.[1]

The Pourchot Trust made several advances to the Debtor under a 2008 promissory note and lot purchase agreement between 2008 and 2012, and obligations are secured by a deed of trust duly recorded in Collin and Denton counties. As set forth in the cash collateral and financing order entered in the Bankruptcy Case, the Trustee has until December 25, 2013, to file objections to the validity, priority or enforceability of those liens and obligations. On belief, the Trustee does not dispute the validity of the initial advances or the calculation of interest accrued on such advances. The non-default interest accrued on these initial advances, as of the Petition Date, was $2,396,837.62, for a total pre-petition debt of *at least* **$14,396,837.62**. If the value of the Debtor's property exceeds the amount of this debt, the Pourchot Trust may be entitled to collect post-petition interest at a rate of $1,318.68 per day from the Petition Date until the effective date of the Plan.

The Trustee and Golgart have each raised the possibility that a portion of the advances made after the initial $12 million might be recharacterized as equity contributions. The Pourchot Trust disputes such contentions and would demonstrate that all advances are properly characterized as debt under applicable Texas law based on the documents, dealings and the Debtor's books and records (incidentally, for which Golgart was the custodian during all relevant periods). After advancing the initial $12 million discussed above, the Pourchot Trust advanced an additional $11,996,202.35 between October 28, 2008 and July 3, 2012, as needed by the Debtor to fund additional lot purchases, construction costs, property taxes and other costs necessary to the Debtor's business. Because of an accounting adjustment made by Ms. Golgart—*i.e.,* not an actual payment by the Debtor to the Pourchot Trust—the total principal due according to the Debtor's books and records, as of the Petition Date, was $11,485,528.42. The total accrued, unpaid interest was $475,825.11, making a total due, again, according to the Debtor's books and records, at least **$11,991,353.53**. If the value of the Debtor's property exceeds this amount, the Pourchot Trust may be entitled to collect post-petition interest at a rate of $341.66 per day from the Petition Date until confirmation.

[1] The Pourchot Trust has filed a proof of claim for $39,064,076.87, which is the near the maximum amount the Pourchot Trust could collect under applicable non-bankruptcy law. Under this Plan only, and without prejudice to the Pourchot Trust's rights to assert a higher claim under any other circumstances, the Pourchot Trust is willing to accept a lesser amount in exchange for acceptance of the terms of its Plan and avoidance of unnecessary legal disputes with the Trustee and other creditors over the amount of money owed to the Pourchot Trust.

There are open disputes concerning the characterization of the subsequent advances as debt or equity, and the calculation of interest payable to the Pourchot Trust. The Pourchot Trust has filed a proof of claim for over $39 million. If this Plan is confirmed, the Pourchot Trust will voluntarily reduce the secured portion of the claim to $23 million, or such other amount as set by the Court. Meanwhile, the Trustee and the Pourchot Trust will continue to engage in discussions in an effort to resolve all other disagreements that may arise over the Pourchot Trust's claim. It is the Pourchot Trust's hope that such claim can be resolved at or before the Confirmation Hearing.

In addition to amounts borrowed from the Pourchot Trust, the Debtor also borrowed $7,250,000 from Sovereign Bank, as evidenced by a promissory note dated May 10, 2011, and secured by a deed of trust covering approximately 100 lots, and two commercial lots adjacent to the residential subdivision. The note had a one year maturity with an option for an additional 12 months. Sovereign also required Mr. Pourchot and the Pourchot Trust to provide personal guarantees on the bank note, as well as one year of prepaid interest placed in a collateral account and, if the option chosen, on the first anniversary of the loan. In order to induce Sovereign Bank to make this loan to the Debtor, the Pourchot Trust agreed to subordinate its liens to Sovereign Bank's liens and agreed to pledge $2 million of its own (non-Debtor) assets under a Securities Account Control Agreement. Bentley took the option and paid all interest payments into the cash collateral account on or about May 10, 2012. Interest was applied by Sovereign monthly. In March 2013, Sovereign Bank inquired about what Bentley proposed to do about the impending maturity date of May 10, 2013. Because Bentley did not have the means to refinance or pay off the Note, Mr. Pourchot formed Starside to acquire the interests of Sovereign Bank and its note and deed of trust. Sovereign Bank assigned such interests to Starside on or about April 19, 2013.

As of the Petition Date, the total due under the Sovereign note (as modified and acquired by Starside) was $6,022,974.32 in principal and approximately $202,951.57 in interest, for a total pre-petition secured claim of **$6,225,925.89**. To the extent the Court determines that the value of Starside's collateral exceeds the amount owed to Starside, Starside may be entitled to recover additional interest accrued after the Petition Date as allowed under section 506(b) of the Bankruptcy Code. Under the pre-petition loan documents, the Debtor's obligations to Starside accrue interest at a contractual default rate of 15% interest, or $2,475.19 per day.

As discussed above, the present value of the Debtor's real estate assets is approximately $23-27 million. The combined secured claims of Starside and the Pourchot Trust are at least $29.2 million, which exceeds to value of such real property. In addition to the secured claims of Starside and the Pourchot Trust, subcontractors have asserted Mechanic's Lien claims under state law. Ad valorem real property taxes for 2012 are past due, and taxes for 2013 will need to be paid on or before the Confirmation Hearing. In addition to these priority and secured claims, unsecured creditors have asserted claims. Based on proofs of claims filed to date, the Proponents anticipate that general unsecured claims will exceed the Debtor's initial estimate of $250,000.

Because equity is out of the money, old equity will be cancelled, and new equity will be issued under the Plan. The Proponents intend to auction off the Reorganized Debtor's new equity to the highest and best bidder under bid procedures to be approved by the Bankruptcy Court at the Disclosure Statement Hearing. The Proponents seek approval of credit bid rights that will include the aggregate of their allowed secured claims, the administrative expense claims

for post-petition lending and the amounts they are committed to advance under the Plan. The details are discussed below.

### D. EVENTS LEADING TO THE BANKRUPTCY FILING

The Debtor's operations were successful for several years, even gaining significant praise from prominent local magazines in the Dallas-Fort Worth area for the Debtor's quality and style.

Toward the end of 2012, however, intense acrimony between the Debtor's two owners exposed a significant problem in Golgart's management of the Debtor. Earlier in 2013, the Secured Lenders and Mr. Pourchot, as 50% owner of Bentley, continued their efforts to obtain documentation evidencing the financial status of Bentley, which Ms. Golgart repeatedly opposed. In May 2013, the Secured Lenders commenced litigation in the state district court to put a stop to Golgart's mismanagement and to collect the amounts past due and owing under the notes. The Secured Lenders further posted their collateral for non-judicial foreclosure in August. Golgart filed a Motion for Temporary Injunction in the state district court seeking to stop the foreclosure. Golgart, without the consent of the other 50% owner of Debtor, filed this bankruptcy case the day of the Secured Lenders' posted sale to remain in control of the Debtor's assets.

## III. SIGNIFICANT EVENTS DURING THE BANKRUPTCY

### A. FIRST DAY FILINGS, CASH COLLATERAL AND APPOINTMENT OF THE TRUSTEE

The Debtor commenced this Bankruptcy Case as a voluntary chapter 11 case on August 6, 2013. The Debtor filed ordinary first day motions to use cash collateral and sell homes and lots in the ordinary course of business. The Pourchot Trust initially moved to dismiss the Bankruptcy Case as such filing was not properly authorized under the Company documents. The Secured Lenders opposed the Debtor's continued use of cash collateral as no financial information had been provided by Golgart. The Pourchot Trust later determined that it was in the estate's best interest to keep the Bankruptcy Case open, but only as managed by a neutral chapter 11 trustee, due to the owners' issues after Ms. Golgart's testimony at the Section 341 meeting and withdrew its Motion to Dismiss. The Secured Lenders moved for appointment of a trustee on September 12, 2013.

The United States Trustee filed its own motion to appoint a chapter 11 Trustee on September 17, 2013, and the motions were scheduled to be heard on September 27, 2013. Eventually, the Debtor consented to the appointment of a trustee, and the Bankruptcy Court entered an agreed order without requiring a hearing on September 26, 2013. The Trustee was formally approved on November 1, 2013.

The effect of the Trustee's appointment was that Golgart was no longer authorized to manage the Debtor's business or affairs. From that point forward, the Trustee was solely responsible for the management and operations of the Debtor's assets and business. To aid the Trustee in managing the Debtor's construction business, the Bankruptcy Court approved the Trustee's employment of Marc Powell, who has considerable experience in the high-end home building industry.

### B. PROFESSIONALS AND ADMINISTRATIVE EXPENSES

On August 22, 2013, approximately two weeks after the Petition Date, the Debtor sought to employ Hiersche, Hayward, Drakeley & Urbach, P.C. as its bankruptcy counsel. The Secured Lenders, other unsecured creditors and the United States Trustee opposed such employment based on the firm's prior representation of Golgart, which represented an adverse interest to the estate and, thus, the firm's inability to represent the estate's best interests. The Bankruptcy Court denied the application after an evidentiary hearing held on November 18, 2013. The denial of the employment application means that the firm may not be compensated by the bankruptcy estate. On information and belief, the firm asserted that it incurred at least $180,000 in legal fees and expenses after to the Petition Date. The firm was also paid significant amounts by the Debtor before the Petition Date to prepare the Debtor's chapter 11 filing and to assist Golgart in state court litigation unrelated to the chapter 11 filing. The Proponents reserve the right to review the amounts paid to the firm by the Debtor and whether any of those amounts may be recovered (whether from the firm, directly, or from Golgart, indirectly, as the true beneficiary of the firm's services). If the Bankruptcy Court's ruling is appealed, the estate could incur expenses in connection with the appeal and could have to pay all or some of the firm's fees if the ruling is ultimately overturned on appeal.

The Bankruptcy Court has approved the employment of Searcy & Searcy, P.C., as attorneys for the Trustee, and Gollob, Morgan, Peddy & Co., P.C., as accountants for the Trustee. The Trustee and his professionals are entitled to be compensated for their services, subject to final approval by the Bankruptcy Court. The Plan proposes to pay them in full based on the fees awarded by order of the Bankruptcy Court.

### C. TRUSTEE FINANCING

To stabilize and maintain the Debtor's operations in bankruptcy, the Pourchot Trust and Starside, as the Secured Lenders, consented to the Trustee's use of cash collateral and agreed to finance the Trustee's post-petition operations. On November 25, 2013, the Bankruptcy Court entered an agreed order authorizing the terms of such cash collateral use and post-petition financing. The order authorized the Trustee to use funds held in an escrow account to pay budgeted expenses and granted the Pourchot Trust a lien on six additional lots and a priority claim to ensure repayment of the amounts used from that escrow account or otherwise advanced by the Pourchot Trust post-petition. As part of that order, the Trustee was given 30 days from the entry of the order to challenge the Pourchot Trust's secured claim. While the parties have engaged in discussions over the proper characterization of the claim, the Pourchot Trust maintains that its claim is properly characterized as debt. The Pourchot Trust has already agreed to a substantial reduction to its allowed secured claim if this Plan is confirmed.

## IV. SUMMARY OF TREATMENT UNDER THE PLAN

### A. CLASSES AND PROPOSED TREATMENT

There will be a total of seven (7) Classes under the Plan, all of which will be impaired. Except for Class 7 Equity Interests, all classes will be entitled to vote. The following section and subsections discuss the classes, proposed treatment and other important information to help creditors determine whether or not they should support the Plan.

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| **Class: 1.A – Starside Secured Claim**<br><br>Number of Claimants: 1<br>Amount of Claims: Approx. $6.2 million<br>Estimated Repayment: 100%<br><br>**This Sub-Class is Impaired and Entitled to Vote** | **Proposed Treatment:** Starside will have an Allowed Secured Claim for approximately $6.2 million (the total principal and accrued but unpaid interest due on the Petition Date). Unless a Successful Bidder outbids the Secured Lenders at the Auction (at which point the claim must be paid in cash in full), the Allowed Secure Claim will be satisfied by new note with 5% per annum, interest payable quarterly, for the first 12 months after the Effective Date, maturing on the first anniversary of the Effective Date, unless Starside agrees to extend. The new note will be secured by liens on the same collateral held by Starside pre-petition with the same priority. |
| **Class: 1.B – Pourchot Trust Secured Claim**<br><br>Number of Claimants: 1<br>Amount of Claims: Approx. $23 million<br>Estimated Repayment: 58.9%<br><br>**This Sub-Class is Impaired and Entitled to Vote** | **Proposed Treatment:** The Pourchot Trust will have an Allowed Secured Claim for approximately $23 million, or such other amount as determined by the Bankruptcy Court, with the deficiency being treated as an Allowed Class 5 General Unsecured Claim. Unless a Successful Bidder outbids the Secured Lenders at the Auction (at which point the claim must be paid in cash in full), the Allowed Secured Claim will be satisfied by new note with 5% per annum, interest payable quarterly, for the first 12 months after the Effective Date, maturing on the first anniversary of the Effective Date, unless the Pourchot Trust agrees to extend. The new note will be secured by liens on the same collateral held by the Pourchot Trust pre-petition with the same priority, plus any additional collateral granted under any post-petition orders. |
| **Class 1.C – Secured Mechanic's Lien Claims**<br><br>Number of Claimants: Unknown<br>Amount of Claims: Unknown ($275,000 per the Debtor)<br>Estimated Recovery: 100%<br><br>**This Sub-Class is Impaired and Entitled to Vote** | **Proposed Treatment**: The Reorganized Debtor will pay the invoiced amounts (without interest and fees) of any Subcontractor who has recorded a lien affidavit on any property owned by the Debtor, sold by the Debtor or on which the Debtor or its Subcontractors have performed work in the past. Payment will be in satisfaction of any right to assert a Mechanic's Lien, and the Reorganized Debtor may require the Claimant to deliver evidence of a release as a condition to tendering such payments. |
| **Class 2 – Unsecured Subcontractor Claims**<br><br>Number of Claimants: Unknown<br>Amount of Claims: Unknown<br>Estimated Recovery: 100%<br><br>**This Class is Impaired and Entitled to Vote** | **Proposed Treatment**: Unless the Reorganized Debtor disputes any amounts owed to a Subcontractor (in which case, the dispute will be resolved under the Claims Objection process set forth in the Plan), the Reorganized Debtor will pay all invoices presented by a Subcontractor (without interest or fee) in three equal installments, beginning on the 30th day after the Effective Date and continuing every 30 days thereafter. |
| **Class 3 – Customer Warranty Claims**<br><br>Number of Claimants: Unknown<br>Amount of Claims: Unknown<br>Estimated Recovery: 100% | **Proposed Treatment:** The Reorganized Debtor will satisfy all Customer Warranty Claims by enforcing the applicable third-party insurance policies and Subcontractor warranties. To the extent a Customer Warranty Claim is not so satisfied, the Reorganized Debtor will reserve sufficient Cash to complete any |

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| **This Class is Impaired and Entitled to Vote** | additional repairs or replacements necessary to satisfy the Debtor's obligations under the appropriate Residential Construction Contract. Any disputes over the Debtor or Reorganized Debtor's obligations thereunder shall be resolved in the Bankruptcy Court in accordance with the Claims Objections process set forth in the Plan. |
| **Class 4 – HOA Claims**<br><br>Number of Claimants: 1 or 2<br>Amount of Claims: Less than $75,000<br>Estimated Recovery: 100%<br><br>**This Class is Impaired and Entitled to Vote** | **Proposed Treatment**: The Trustee or Reorganized Debtor, as applicable, will reconcile all amounts paid by the Debtor pre-petition with the amounts owed to the HOA and attempt to reach an agreement on the amount of an Allowed HOA Claim. If the parties cannot reach an agreement, the Reorganized Debtor may file a timely Claim Objection, and the Bankruptcy Court shall hear and determine the amount of any Allowed HOA Claim. Within three (3) business days after entry of a Final Order concerning the Allowed HOA Claim or execution of an agreement between the HOA and the Reorganized Debtor, the Reorganized Debtor will pay the full Allowed HOA Claim in Cash in full satisfaction of such HOA Claim. |
| **Class 5 – General Unsecured Claims**<br><br>Number of Claimants: Unknown<br>Amount of Claims: Less than Unknown<br>Estimated Recovery: 100%<br><br>**This Class is Impaired and Entitled to Vote** | **Proposed Treatment**: Subject to any Objections filed in accordance with Article X of the Plan, the Reorganized Debtor will satisfy all Class 5 Unsecured Claims by payment of Cash in the amount of the Allowed General Unsecured Claim, without interest or fees, on the later of the Claims Objection Deadline or, if an Objection is filed, the tenth ($10^{th}$) day after entry of a Final Order establishing the amount of the Allowed General Unsecured Claim. |
| **Class 6 – Subordinated Claims**<br><br>Number of Claimants: Unknown<br>Amount of Claims: Unknown<br>Estimated Recovery: Unknown<br><br>**This Class is Impaired and Entitled to Vote** | **Proposed Treatment:** After satisfaction of all other Allowed Claims, the Reorganized Debtor may use its discretion to determine how much it has available to pay Subordinated Claim holders. Once payments begin, the Reorganized Debtor may use its best efforts to pay as much of the Allowed Subordinated Claims as possible using any excess Cash available for a period not to exceed three years. |
| **Class 7 – Equity Interests**<br><br>Number of Interest Holders: 2<br>Amount of Interests: Unknown<br>Estimated Recovery: $0.00<br><br>**Impaired; Deemed to Reject** | **Proposed Treatment:** All existing equity Interests in the Debtor will be cancelled on the Effective Date. |

## B. AUCTION PROCESS

First, the Proponents intend to hold an auction for the new equity in the Reorganized Debtor at or before the Confirmation Hearing. The bidding procedures will be approved along

with the disclosure statement and solicitation procedures at the disclosure statement hearing. All qualifying bids must be in writing and provided to the Trustee before the deadline fixed by the Bankruptcy Court. A minimum bid will be determined by the Trustee, after consulting with the Secured Lenders, but the Trustee will have the sole discretion to determine whether a bidding party has submitted a "qualifying bid" as defined in the bid procedures and whether an Auction is necessary. All deadlines and bid procedures will be fixed by the Bankruptcy Court in the order entered at the disclosure statement hearing.

Because the Proponents have perhaps the largest financial stake in this case, they would like the right to credit bid at any auction. The credit bid amount will depend on the amount of their allowed secured claims. Starside has asserted a Secured Claim for $6.2 million, and the Pourchot Trust has asserted a Secured Claim for $39 million. Without prejudice to its right to assert this amount outside of this Plan, the Pourchot Trust will voluntarily reduce its secured claim to $23 million under this Plan only (with the deficiency being treated under Class 5 under the Plan). In the aggregate, the Secured Lenders ask for authority to bid the aggregate of its allowed secured claim ($29.2 million), or such other amount as determined by the Bankruptcy Court at the Disclosure Statement Hearing, plus the total amounts advanced post-petition under the cash collateral orders and the amounts committed under the Plan for payment to unsecured creditors and administrative claimants.

If a third party bidder is the Successful Bidder at the auction, the third party bidder will be entitled to receive the new equity in the Reorganized Debtor and will have to pay the Secured Lenders in full on the Effective Date, unless the Secured Lenders agree to alternative payment arrangements. If no auction is held, or if the Secured Lenders are the Successful Bidders at the auction, the Secured Lenders will receive the new equity in the Reorganized Debtor, and their Secured Claims will be satisfied as summarized in the chart above.

Each bidding party must include with its bid: (i) the new officers and managers, and the terms of compensation of an insider, that would be employed; and (ii) any other information required to satisfy the 1129(a)(5) disclosure requirements. Further, each bid must list the contracts and leases that the prospective bidder would like to have assumed under the Plan.

The Plan offers other parties an opportunity to buy the Reorganized Debtor. The bidding starts at $1 million, which is the new money the Pourchot Trust proposes to infuse under the Plan, in addition to its existing $29.2 million in outstanding debt. If another party wishes to offer more, the Trustee should hold an auction to determine how much more, and determine whether such an offer is in the best interest of the estate and its creditors. The purpose of the auction is to leave other creditors unaffected so that they will be paid in full no matter who succeeds at the Auction.

## C. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

The Proponents will file plan supplements twenty-one (21) days before the voting and objection deadlines, designating the leases and executory contracts to be assumed and assigned to the Reorganized Debtor under the Plan. Any cure claims of assumed contracts/leases will be paid in full on the Effective Date of the plan. Any rejection damage claims may be filed within 30 days of confirmation, and will be treated under Class 5.

Objections to the cure amount or the assumption of a contract or lease must be filed by the Claim Objection Deadline and served on the Proponents.

## D. REVIEW AND PAYMENT OF CLAIMS

The Plan will appoint the Reorganized Debtor to review and pay Allowed Claims. The "Claim Objection Deadline" will be 90 days after the Effective Date of the Plan. If an objection is filed before that deadline, there will be a hearing to determine whether the claim is valid, and the Reorganized Debtor will pay the allowed amount within 10 days after the Court's ruling becomes final. All other claims will be paid in accordance with Article V of the Plan, as summarized in under subsection A above.

If the Court allows creditors to file Late Filed Claims after the Bar Date, the Reorganized Debtor will have 30 days to object to such Late Filed Claims before they are deemed allowed and entitled to payment under the Plan.

## E. ESTATE CAUSES OF ACTION

**THE FOLLOWING DISCUSSION OF ESTATE CAUSES OF ACTION IS INTENDED SUMMARIZE THE CAUSES OF ACTION RESERVED UNDER THE PLAN. PLEASE REFER TO SECTION 7.6 OF THE PLAN FOR A MORE COMPLETE DISCUSSION.**

Unless expressly waived or released under the Plan, or by a prior order of the Bankruptcy Court, all Causes of Action, including such Causes of Action described below, will be reserved under the Plan and assigned to the Reorganized Debtor. The Reorganized Debtor will be authorized, but not required, to pursue the Estate Causes of Action.

### 1. Avoidance Actions Against Third-Party Creditors

The Bankruptcy Code authorizes debtors and trustees to review payments made by a debtor within the 90 days leading up to the bankruptcy filing and determine whether any creditors were preferred over other creditors. If so, the Bankruptcy Code allows the debtor or trustee to recover the payments and redistribute them more evenly among the debtor's creditors.

**In this case, because all unsecured creditors will be paid in full, there is no need to pursue avoidance actions against non-insiders (except to the extent a payment or transfer was made to a third-party for the benefit of an insider). Thus, the Proponents are not reserving avoidance actions against third-party creditors. This is unusual and extremely beneficial for third-party creditors.**

### 2. Causes of Actions against Insiders and Related Parties

The Proponents believe that the Debtor was harmed by its prior manager, Sandy Golgart. While investigations remain ongoing, the Proponents believe that Sandy Golgart may have been grossly negligent in mismanaging construction projects and may have used Debtor's funds for inappropriate expenditures. Under the Plan, the Reorganized Debtor will have the right to pursue any and all causes of action held by the Debtor against any member, manager or insider,

including without limitation Sandy Golgart or Phillip Pourchot for breach of fiduciary duty, fraud, negligence, gross negligence, misrepresentation, misappropriation, conversion, conspiracy, tortious interference with existing and prospective contracts, preferential transfers, and fraudulent transfers. Such claims may also be pursued against any third-parties who aided or abetted Sandy Golgart's actions or omissions, and any third-party transferees who received transfers from the Debtor as payment for goods and/or services that benefited Sandy Golgart, personally, instead of the Debtor and its non-management members and creditors.

**ALL SUCH CLAIMS, COUNTERCLAIMS, CAUSES OF ACTION AND DEFENSES ARE EXPRESSLY RESERVED UNDER THE PLAN AND ASSIGNED TO THE REORGANIZED DEBTOR.**

3. Other Reserved Causes of Action

Finally, the Proponents seek to reserve certain claims concerning the Debtor's lenders, subcontractors and customers. Such claims may include lender liability, warranty obligations of subcontractors and payment obligations of the Debtor's customers. While the Reorganized Debtor may or may not ultimately pursue litigation on these claims, the Proponents describe such potential claims to demonstrate that the Reorganized Debtor alone will have standing to pursue such claims and that, to the extent any such causes of action exist, they will not be waived or released under the Plan.

### F. DISCHARGE OF DEBTS AND INJUNCTIONS

The Plan and Confirmation Order will act as a discharge of debts owed by the Debtor and a permanent injunction against all parties in interest from pursuing claims and causes of action against the Debtor and Reorganized Debtor beyond the relief expressly provided in the Plan and Confirmation Order. **THIS MEANS THAT ALL CLAIMS, RIGHTS AND REMEDIES THAT A CREDITOR OR OTHER PARTY IN INTEREST COULD HAVE ASSERTED AGAINST THE DEBTOR OR DERIVATIVELY THROUGH THE DEBTOR WILL BE DISCHARGED, AND SUCH CREDITORS OR INTERESTED PARTIES WILL BE ENJOINED FROM PURSUING SUCH REMEDIES PROVIDED THAT THE DEBTOR AND REORGANIZED DEBTOR SATISFY THE OBLIGATIONS IMPOSED UNDER THE PLAN AND CONFIRMATION ORDER.**

The specific provisions of the Plan governing such discharge and injunction may be found in Section 13.5 of the Plan.

## V. VOTING PROCEDURES

### A. DEADLINE FOR SUBMISSION OF BALLOTS AND OBJECTIONS TO CONFIRMATION

On _____, the Bankruptcy Court entered an order pursuant to section 1125 of the Bankruptcy Code (the "Solicitation Order") approving this Disclosure Statement as containing information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor, typical of the solicited holders of Claims against and Interests in the Debtor, to make an informed judgment with respect to the acceptance or rejection of the Plan. A copy of the Solicitation Order is included in the materials accompanying this Disclosure Statement.

**APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT REGARDING THE FAIRNESS OR MERITS OF THE PLAN.**

After carefully reviewing this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan by voting in favor of, or against, the Plan on the enclosed ballot and returning the same to the address set forth on the ballot, so that it will be received by the Balloting Agent, no later than 4:00 p.m., Central Time, on [_____, 2013] (the "Voting Deadline").

If you do not vote to accept the Plan, or if you are the holder of an unimpaired Claim or Interest, you may be bound by the Plan if it is accepted by the requisite number of Claimants and amount of Claims.

TO BE SURE YOUR BALLOT IS COUNTED, YOUR BALLOT MUST BE RECEIVED NO LATER THAN 4:00 P.M., CENTRAL TIME, ON **[_____, 2013]**. For detailed voting instructions and the name, address, and phone number of the person you may contact if you have questions regarding the voting procedures.

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan (the "Confirmation Hearing"), on **[_____, 2013 at _____.m.]**, Central Time, in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division.

The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed and served on or before **[_____.m., on _____, 2013]**.

## B. CREDITORS SOLICITED TO VOTE

Each Creditor holding a Claim in Classes 1.A-C and Classes 2-6, each of which is impaired under the Plan, is being solicited to vote on the Plan. Creditors will receive Ballots for each Class in which they are entitled to vote.

A Creditor's vote will not be counted if there is an objection to such Creditor's Claim, unless and to the extent that the Bankruptcy Court temporarily allows the Claim. To obtain temporary allowance of a Claim for voting purposes, a Creditor must file a Rule 3018 Motion before the Voting Deadline. Such motion must be heard and determined by the Bankruptcy Court prior to the date and time established by the Bankruptcy Court for determination of confirmation of the Plan. In addition, a Creditor's vote may be disregarded if the Bankruptcy Court determines that the Creditor's acceptance or rejection of the Plan was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

**EACH CREDITOR IS HEREBY URGED TO REVIEW THE PLAN AND BALLOTS CLOSELY TO DETERMINE IF MAKING SUCH ELECTIONS IS IN ITS OWN BEST INTERESTS.**

The Proponents support confirmation and urges all Claimants to vote to accept the Plan.

# VI. EXPLANATION OF CHAPTER 11

## A. OVERVIEW OF CHAPTER 11

The commencement of a chapter 11 case creates an estate comprising all the legal and equitable interests of the debtor in property as of the date the petition is filed. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a "debtor in possession" unless the bankruptcy court orders the appointment of a trustee. In the present Chapter 11 Case, the Debtor has remained in possession of its property and has continued to function as debtor-in-possession.

The filing of a chapter 11 petition also triggers the automatic stay provisions of the Bankruptcy Code. Section 362 of the Bankruptcy Code provides, *inter alia,* for an automatic stay of all attempts to collect pre-petition claims from the debtor or otherwise interfere with its property or business. Except as otherwise ordered by the bankruptcy court, the automatic stay remains in full force and effect until the effective date of a confirmed plan for the Debtor.

The formulation of a plan is the principal purpose of a chapter 11 case. The plan sets forth the means for satisfying the claims against and interests in the debtor. Unless a trustee is appointed, only the debtor may file a plan during the first 120 days of a chapter 11 case. Section 1121(c)(1) of the Bankruptcy Code permits any party to file a plan once a chapter 11 trustee has been appointed. In this Case, once the Trustee was appointed, any party obtained the right to file a plan.

## B. PLAN OF REORGANIZATION

A chapter 11 plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of the debtor's assets.

Generally, after a plan of reorganization has been filed, the holders of claims against or interests in a debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires the debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. This Disclosure Statement is presented to holders of Claims against and Interests in the Debtor to satisfy the requirements of section 1125 of the Bankruptcy Code.

If all classes of claims and interests accept a plan of reorganization, the bankruptcy court may nonetheless still not confirm the plan unless the court independently determines that the requirements of section 1129 of the Bankruptcy Code have been satisfied. Section 1129 sets forth the requirements for confirmation of a plan and, among other things, requires that a plan meet the "best interest" test and be "feasible." The "best interests" test generally requires that the value of the consideration to be distributed to the holders of claims and interests under a plan may not be less than those parties would receive if the debtor were liquidated pursuant to a hypothetical liquidation occurring under chapter 7 of the Bankruptcy Code. Under the "feasibility" requirement, the court generally must find that there is a reasonable probability that the debtor will be able to meet its obligations under its plan without the need for further financial reorganization.

**The Debtor believes that the Plan satisfies all the applicable requirements of section 1129(a) of the Bankruptcy Code, including, in particular, the "best interests of creditors" test and the "feasibility" requirement.**

**THE DEBTOR SUPPORTS CONFIRMATION OF THE PLAN AND URGES ALL HOLDERS OF IMPAIRED CLAIMS ENTITLED TO VOTE TO ACCEPT THE PLAN.**

## C. CONFIRMATION REQUIREMENTS

Chapter 11 does not require that each holder of a claim against or interest in a debtor vote in favor of a plan of reorganization for the bankruptcy court to confirm the plan. At a minimum, however, the plan must be accepted by a majority in number and two-thirds in amount of those claims actually voting in at least one class of impaired claims under the plan. The Bankruptcy Code also defines acceptance of the plan by a class of interests (equity securities) as acceptance by holders of two-thirds of the number of shares actually voting. In the present case, only the holders of Claims who actually vote will be counted as either accepting or rejecting the Plan.

In addition, classes of claims or interests that are not "impaired" under a plan of reorganization are conclusively presumed to have accepted the plan and thus are not entitled to vote. Accordingly, acceptances of a plan will generally be solicited only from those persons who hold claims or interests in an impaired class. A class is "impaired" if the legal, equitable, or contractual rights attaching to the claims or interests of that class are modified in any way under the plan. However, if holders of the claims or interests in a class do not receive or retain any property on account of such claims or interests, then each such holder is deemed to have voted to reject the plan and does not actually cast a vote to accept or reject the plan.

All Classes are impaired under the Plan. Because Class 7 Interest holders receive nothing under the Plan, they are deemed to reject the Plan and are not entitled to vote. All other Claimants are entitled to vote on the Plan. To be clear, the Proponents will solicit votes from holders of claims classified in Classes 1.A-C, and Classes 2-6.

The Bankruptcy Court may also confirm a plan of reorganization even though fewer than all the classes of impaired claims and interests accept it. For a plan of reorganization to be confirmed despite its rejection by a class of impaired claims or interests, the proponents of the plan must show, among other things, that the plan does not "discriminate unfairly" and that the plan is "fair and equitable" with respect to each impaired class of claims or interests that has not accepted the plan.

Under section 1129(b) of the Bankruptcy Code, a plan is "fair and equitable" as to a class of rejecting claims if, among other things, the plan provides: (a) with respect to secured claims, that each such holder will receive or retain on account of its claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; and (b) with respect to unsecured claims and interests, that the holder of any claim or interest that is junior to the claims or interests of such class will not receive or retain on account of such junior claim or interest any property at all unless the senior class is paid in full.

A plan does not "discriminate unfairly" against a rejecting class of claims if (a) the relative value of the recovery of such class under the plan does not differ materially from that of

any class (or classes) of similarly situated claims, and (b) no senior class of claims is to receive more than 100% of the amount of the claims in such class.

The Proponents believe that the Plan has been structured so that it will satisfy these requirements as to any rejecting Class of Claims or Interests, and can therefore be confirmed, if necessary, over the rejection of such Classes. The Proponents, however, reserve the right to request confirmation of the Plan under the "cramdown" provisions of section 1129 of the Bankruptcy Code.

## VII. ALTERNATIVES TO CONFIRMATION

### A. BULK SALES, LIQUIDATION AND ALTERNATIVE PLANS

If the Plan is not confirmed, there are a few alternatives. First, the Bankruptcy Case could be converted to chapter 7, through which all assets of the Debtor will be liquidated. Because the Proponents believe value of the Debtor's real property is less than the amount owed to the Secured Lenders, the Secured Lenders could seek relief from the automatic stay to foreclose its liens. If successful, the only assets available to the chapter 7 estate will be causes of action and the model home. Not only will the real estate assets be insufficient to satisfy the Secured Lenders' claims, but the unencumbered assets will also be insufficient to pay the unsecured claims in full, especially if the Pourchot Trust's deficiency claim is large. The chapter 7 trustee would likely determine that it is in the estate's best interest to pursue lawsuits against creditors, recipients of pre-petition transfers from the Debtor and others against whom the Debtor held a cause of action as of the Petition Date. Thus, even if the model house could be sold for $1.7 million (an optimistic value), it would be insufficient to pay all unsecured claims in full.

Another alternative is for the Trustee to conduct a bulk sale of the Debtor's real property to the highest bidder. However, the Secured Lenders would assert credit bid rights in that process, and, unless the Trustee receives bids in excess of the Secured Lenders' claims (at least $29.2 million, plus any interest and attorneys fees that may have accrued after the Petition Date as well as any amounts advanced under post-petition financing approved by the Court), the Secured Lenders would likely assert their credit bids and purchase their collateral without infusing significant cash, if any, into the estate. The Trustee would then use any proceeds from the bulk sales to pay administrative expenses, and investigate causes of action against creditors, recipients of pre-petition transfers and other potential defendants as a means to increase the potential recovery to the estate.

**Neither scenario provides the certainty and speed of recovery proposed under the Plan. Further, under both alternative scenarios, the chapter 7 trustee or chapter 11 Trustee would lack the same ability and incentive to enforce subcontractor warranties and insurance policies to complete any repairs or replacement necessary to maintain customer satisfaction.**

A third alternative that has emerged in recent weeks is the competing plan proposed by Sandy Golgart. The primary difference between Sandy Golgart's plan and the Secured Lenders' Plan is that Sandy Golgart has demonstrated no ability to fund her plan financially. Her plan relies entirely on the Debtor's ability to sell lots to pay off creditors. But under her plan, the

Debtor will only keep 13 lots and the model home. Her plan does not explain how the Debtor will fund customer warranties obligations, nor does her plan address the fundamental "underbidding" problem the Debtor experienced under her management. Further, the Proponents of this Plan believe that Golgart's plan does not accurately set forth the full extent of the Debtor's liabilities, such as subcontractors, warranty claimants and current customers. Finally, one bankruptcy court in Texas very recently denied confirmation of a plan very similar to Golgart's plan. Based on all of these factors, the Proponents of this Plan do not view Golgart's plan as a viable alternative.

The Secured Lenders' Plan is a superior alternative. It does not rely on prospective lot sales or home completions to pay creditors in full. Mr. Pourchot will use up to $1 million of the Pourchot Trust's own assets (which includes assets in excess of $10 million) to fund the Reorganized Debtor's Plan obligations. Thus, this Plan has no risk of non-payment. Moreover, this Plan has no risk to existing customers. Pourchot will hire more experienced and competent management and do what it takes to regain customer confidence.

For all of these reasons, the Starside and the Pourshot Trust strongly believe that the Plan is in the best interests of all customers, subcontractors and other creditors.

### B. EFFECT OF CONFIRMATION ON TAXES

THE PLAN AND ITS RELATED TAX CONSEQUENCES HAVE THE POTENTIAL TO BE COMPLEX. THERE MAY BE STATE, LOCAL OR OTHER TAX CONSIDERATIONS APPLICABLE TO EACH CREDITOR. CREDITORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE CONSEQUENCES OF THE PLAN TO THEM UNDER FEDERAL AND APPLICABLE STATE, LOCAL AND OTHER TAX LAWS. NOTHING IN THIS DISCLOSURE STATEMENT OR IN THE PLAN IS MEANT TO PROVIDE ANY TAX ADVICE TO ANY CREDITOR OR PARTY IN INTEREST.

## VIII. LEGAL DISCLOSURES

This Disclosure Statement is prepared by the Proponents to summarize key provisions of their proposed plan, including provisions relating to the Plan's treatment of Claim against the Debtor.

While the Proponents believe that the Disclosure Statement contains adequate information, as defined in section 1125(a) of the Bankruptcy Code, with respect to the information summarized herein, **CREDITORS SHOULD REVIEW THE ENTIRE PLAN AND EACH OF THE DOCUMENTS REFERENCED HEREIN AND SHOULD SEEK THE ADVICE OF THEIR OWN COUNSEL BEFORE CASTING THEIR BALLOTS.**

[THE BANKRUPTCY COURT HAS REVIEWED THIS DISCLOSURE STATEMENT, AND HAS DETERMINED THAT IT CONTAINS ADEQUATE INFORMATION AND MAY BE SENT TO YOU TO SOLICIT YOUR VOTE TO ACCEPT THE PLAN.]

The Proponents provide this Disclosure Statement solely for purposes of soliciting votes from holders of claims and interests to accept or reject the Plan. **THE CONTENTS OF THIS DISCLOSURE STATEMENT SHALL NOT BE DEEMED AS PROVIDING ANY**

**LEGAL, FINANCIAL, SECURITIES, TAX OR BUSINESS ADVICE. THE PROPONENTS URGE EACH HOLDER OF A CLAIM OR INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY SUCH LEGAL, FINANCIAL, SECURITIES, TAX OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT AND THE PLAN.** Moreover, this Disclosure Statement does not constitute, and may not be construed as, an admission of fact, liability, stipulation or waiver. The summary of the Plan and other documents described in this Disclosure Statement are qualified by reference to documents themselves and any exhibits thereto. The Proponents believe that the information herein is accurate but is unable to warrant that it is without any inaccuracy or omission.

Except for the information set forth in this Disclosure Statement and any exhibits thereto, the Bankruptcy Court has not authorized the dissemination of any representations concerning the Debtor, it assets and liabilities, the past or future operations by the Debtor, the Plan or any alternatives to the Plan. **ACCORDINGLY, EXCEPT FOR THE INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT AND ANY EXHIBITS THERETO, ANY REPRESENTATION MADE TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN IS UNAUTHORIZED AND SHOULD BE REPORTED.**

In the event of any inconsistency or discrepancy between a description contained in this Disclosure Statement and the terms and provisions of the Plan or the other documents or financial information incorporated herein by reference, the Plan or such other documents, as applicable, shall govern for all purposes.

To ensure compliance with Treasure Department Circular 230, each holder of a Claim or Interest is hereby notified that: (a) any discussion of U.S. Federal tax issues in this Disclosure Statement is not intended to be relied upon, and cannot be relied upon, by any holder for the purpose of avoiding penalties that may be imposed on a holder under the Tax Code; (b) such discussion is included hereby by the Proponents in connection with the promotion or marketing (within the meaning of Circular 230) by the Proponents of the transaction or matters addressed herein; and (c) each holder should seek advice based on its particular circumstances from an independent tax advisor.

## IX. CONCLUSION

Based on the foregoing analysis, the Proponents believe that its Plan proposes the best alternative for creditors and customers of the Debtor. For those reasons, the Proponents urge creditors entitled to vote on the Plan to **ACCEPT** the Plan and to evidence such acceptance by returning their ballots so that they will be received on or before **4:00 p.m., Central Time, on** [VOTING DEADLINE].

[*Remainder of this page intentionally left blank; signature page to follow*]

DATED: Dec. 6, 2013

Respectfully Submitted,

**STARSIDE, LLC**

By: Phillip M Pourchot
Printed Name: Phillip M. Pourchot
Its: Manager

and

**THE PHILLIP M. POURCHOT REVOCABLE TRUST**

By: Phillip M Pourchot
Printed Name: Phillip M Pourchot
Its: Trustee