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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA

In re:

Case No. 12-03860-PB11

EL CENTRO MOTORS,

Chapter 11

Chapter 11 Debtor and Debtor in Possession.

**DEBTOR'S SECOND AMENDED PLAN
OF REORGANIZATION (DATED
FEBRUARY 28, 2013), AS MODIFIED**

Judge: Hon. Peter W. Bowie

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I. INTRODUCTION

El Centro Motors, the Debtor and Debtor in Possession in the above-referenced Chapter 11 bankruptcy case (the “Debtor”), is the Debtor in a pending Chapter 11 bankruptcy case. On March 21, 2012 (the “Petition Date”), the Debtor commenced its bankruptcy case by filing a Voluntary Petition under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101 et seq. (the “Bankruptcy Code”). This document is the Debtor’s Second Amended Plan of Reorganization (Dated February 28, 2013), As Modified (the “Plan”) that is being proposed by the Debtor.

Chapter 11 allows the Debtor, and, under some circumstances, creditors and other parties in interest, to propose a plan of reorganization. This Plan is a plan of reorganization which has been proposed by the Debtor. The effective date of this Plan (the “Effective Date”) will be the first business day which is at least fifteen days following the date of entry of the Court order confirming this Plan (the “Plan Confirmation Order”) when and provided that all of the following conditions to the effectiveness of this Plan have been satisfied or waived by the Debtor: (a) there shall not be any stay in effect with respect to the Plan Confirmation Order; (b) the Plan Confirmation Order shall not be subject to any appeal or rehearing; and (c) this Plan and all documents, instruments and agreements to be executed in connection with this Plan have been executed and delivered by all parties to such documents, instruments and agreements. Notwithstanding the foregoing, the Effective Date shall not exceed thirty (30) days from the date of fulfillment of conditions (a) and (b) above, regardless of the status of the fulfillment of condition (c) above. The Debtor, following the Effective Date, shall be referred to as the “Reorganized Debtor”. All defined terms which are not defined herein shall have the same meanings ascribed to such terms in the Debtor’s Disclosure Statement.

II. PLAN SUMMARY

On May 3, 2013, the Debtor, Dealer Computer Services, Inc. (“DCS”), and Community Valley Bank (“CVB”), among other parties, conducted a mediation of their disputes related to the Debtor’s Plan. The mediation resulted in a settlement of disputes (the “Settlement”), which

1 results in modifications to the treatment of class 4 and class 5 claims under the Plan, as
 2 discussed below.

3 Class 1 under the Plan consists of the claims of Ford Motor Credit Company LLC
 4 (“Ford Credit”) related to the Ford Credit Term Loan. Under the Plan, the terms of the Ford
 5 Credit Term Loan will be modified as follows: The Ford Credit Term Loan shall be refinanced
 6 by Ford Credit and the amount of the refinanced Ford Credit Term Loan shall be increased to
 7 not more than \$4,440,000 (the “Refinanced Ford Credit Term Loan”), utilizing the incremental
 8 funds to retire the Ford Credit Revolving Loan in the current amount of approximately
 9 \$270,000. The Refinanced Ford Credit Term Loan shall have a term of sixty (60) months and
 10 shall be amortized over a period of one hundred eighty (180) months with interest to accrue at a
 11 rate of the 30-day LIBOR as of the Effective Date plus 4.60%. The Refinanced Ford Credit
 12 Term Loan shall be secured by the same collateral, with the same lien priority, which currently
 13 secures the Ford Credit Term Loan and the Ford Credit Revolving Loan. The existing payments
 14 on the Ford Credit Term Loan and the Ford Credit Revolving Loan will decrease from \$54,929
 15 per month to approximately \$33,000 pursuant to the Refinanced Ford Credit Term Loan as a
 16 result of the refinancing of the Ford Credit Term Loan and the elimination of the Ford Credit
 17 Revolving Loan. The Debtor will execute all documents as may be required by Ford Credit to
 18 memorialize, effect and/or implement the Refinanced Ford Credit Term Loan as proposed by
 19 the Plan. Class 1 under the Plan is impaired and is entitled to vote on the Plan.

20 Class 2 under the Plan consists of the claims of Ford Credit related to the Ford Credit
 21 Revolving Loan. Under the Plan, the Ford Credit Revolving Loan will be repaid in full
 22 pursuant to the Refinanced Ford Credit Term Loan. Class 2 under the Plan is impaired and is
 23 entitled to vote on the Plan.

24 Class 3 under the Plan consists of the claims of Ford Credit related to the Ford Credit
 25 Flooring Line. Under the Plan, the existing terms of the Ford Credit Flooring Line will not be
 26 modified. Class 3 under the Plan is not impaired and will not be entitled to vote on the Plan.

1 Class 4 under the Plan consists of the claims of CVB related to the CVB Loan. Pursuant
 2 to the Settlement, the CVB Loan will be modified and repaid as follows: The CVB Loan shall
 3 be refinanced by CVB and the amount of the refinanced CVB Loan shall be increased by
 4 \$150,000 plus CVB's attorneys' fees incurred in connection with this Chapter 11 case, (the
 5 "Refinanced CVB Loan"). The additional \$150,000 made available to the Debtor pursuant to
 6 the Refinanced CVB Loan shall be applied to the \$600,000 initial distribution to class 5 (as set
 7 forth below). The Debtor estimates that as of the Effective Date, the total balance of the
 8 Refinanced CVB Loan will be approximately \$1,151,000. The Refinanced CVB Loan shall
 9 have a term of twelve (12) years shall be fully amortized over that term, with interest to accrue
 10 at the same rate as the CVB Loan. The Refinanced CVB Loan shall be guaranteed by the same
 11 individuals and be secured by the same collateral, with the same lien priority, which currently
 12 secures the CVB Loan, subject to the lien rights provided to Ford Credit pursuant to the
 13 Refinanced Ford Credit Term Loan. The Commercial Security Agreement between CVB and
 14 the Debtor dated December 19, 2011, the UCC Financing Statement filed with the California
 15 Secretary of State (Filing No. 09-7189591190), the Deed of Trust filed in Imperial County
 16 Recorder's Office (Recording No. 2011-030483) and the CVB Loan Guaranties executed by
 17 Dennis Nesselhauf and Robert Valdes dated December 19, 2011 shall each remain in full force
 18 and effect and secure and guaranty the Refinanced CVB Loan pursuant to the terms of the
 19 respective Loan Documents. The Debtor will execute all documents as may be commercially
 20 reasonably required by CVB to memorialize, effect and/or implement the Refinanced CVB
 21 Loan as proposed by the Plan. CVB's Class 4 claim under the Plan is impaired and CVB is
 22 entitled to vote on the Plan. Pursuant to the Settlement, CVB will vote in favor of the Plan.

23 Class 5 under the Plan consists of all non-priority general unsecured claims. The Debtor
 24 is in the process of reviewing all filed proofs of claim. The total amount of general unsecured
 25 claims asserted against the Debtor equals approximately \$8,452,798.93. DCS shall have an
 26
 27

1 Allowed¹ non-priority general unsecured claim in the exact amount of its to be filed amended
 2 proof of claim which is not to exceed \$5,400,000 (five million four hundred thousand dollars),
 3 pursuant to the Settlement, which is deemed Allowed and shall not be subject to objection in
 4 this Chapter 11 case or any case to which this case may be converted. \$2,705,000 of the
 5 approximate \$8,452,798.93 amount constitutes Cavanah's claim. Cavanah has agreed to waive
 6 his right to any and all distributions under this Plan and under the Settlement. Cavanah has
 7 agreed to this treatment due to Cavanah's personal interest in the continuation of the Debtor's
 8 business and its successful emergence from Chapter 11. Cavanah is a guarantor of the Ford
 9 Credit Term Loan, and the Ford Credit Revolving Loan. Additionally, Cavanah's son and son-
 10 in-law are employees of the Debtor and the shutdown of the Debtor would mean that his son
 11 and son-in-law would be unemployed. Thus, Cavanah has a financial and personal interest in
 12 seeing that the Debtor's business continues to operate and is not shut down. After removing
 13 Cavanah's claim from the total amount of asserted general unsecured claims, and assuming that
 14 all such claims are allowed, there will be a total of approximately \$5,747,798.93 of class 5
 15 claims that will be entitled to a distribution under this Plan.

16 The proposed treatment of class 5 Allowed claims is comprised of two primary
 17 components: First, creditors holding class 5 Allowed claims other than Cavanah will receive an
 18 initial cash payment ("Initial Distribution") from the Reorganized Debtor as soon as possible,
 19 and no later than sixty (60) days following the Effective Date in the amount of \$600,000.
 20 \$150,000 of the Initial Distribution shall be paid using the additional \$150,000 made available
 21 to the Debtor pursuant to the Refinanced CVB Loan. The Initial Distribution will be distributed
 22 to holders of class 5 Allowed claims other than Cavanah on a pro rata basis based upon the
 23 amount of their class 5 Allowed claims. DCS and CVB shall dismiss their respective
 24 complaints and counterclaims currently pending in the United States District Court in the
 25 Southern District of California as Case No. 3:12-cv-02918-L-KSC with prejudice within ten
 26

27 ¹ AS used in this Plan, the term, "Allowed" shall have the same meaning as defined in 11 U.S.C. § 502.
 28

1 (10) calendar days of receipt of good and sufficient funds by DCS from the Initial Distribution
 2 of \$600,000 to Class 5, and the Debtor shall dismiss its appeal of DCS' arbitration award within
 3 ten (10) calendar days after the Effective Date. DCS shall also dismiss with prejudice its action
 4 against the Debtor in the United States District Court for the Southern District of California
 5 styled Dealer Computer Services, Inc. v. El Centro Motors, Inc., Case No. 3:12-mc-00028 /
 6 3:12-cv-02734-H-BGS and shall withdraw its abstract of judgment recorded with the County
 7 Recorder for Imperial County as Document No. 2012-001969 and any other lien recorded by
 8 DCS against the Debtor in connection with DCS' pre-petition judgment.

9 Second, creditors holding class 5 Allowed claims other than Cavanah will receive for
 10 pro rata distribution monthly payments from the Reorganized Debtor in the amount of \$25,000
 11 per month ("Monthly Payment"), for a period of ninety six (96) months, for total payments
 12 (including the Initial Distribution) of \$3,000,000. The Monthly Payments shall be due on the
 13 fifteenth (15th) day of each month (the "Due Date"), with the first such payment to be due the
 14 first full month that is at least sixty (60) days after the Effective Date, provided, however, that if
 15 the Due Date falls on a non-business day or a legal holiday, the Due Date shall be the next day
 16 thereafter that is not a non-business day or a legal holiday. For purposes of clarity all payments
 17 required under this Plan must be received by the Due Date in order to be in timely compliance
 18 with the terms and conditions of this Plan.

19 The failure to pay DCS its pro rata share of: (a) the Initial Distribution within sixty (60)
 20 calendar days after the Effective Date; or (b) any of the Monthly Payments of \$25,000 within
 21 ten (10) calendar days after the Due Date, shall be deemed to be a payment default (a "Default")
 22 under the Plan if DCS gives written notice of the Default ("Notice of Default") to the Debtor,
 23 FMCC, and CVB.² To the extent Notice of Default is not served on the Debtor, Ford Credit,
 24 and CVB, a Default will not be deemed to have occurred. If the payment is received after ten
 25

27 2 Notice of Default need only specify the fact that the payment has not been received and that it
 28 may be cured within ten (10) calendar days from receipt of Notice of the Default.

1 (10) calendar days after the Due Date but before DCS gives Notice of Default, DCS shall not be
 2 entitled to claim a Default, and a Default shall not be deemed to have occurred.

3 The Debtor, or any other party, may cure any Default within ten (10) calendar days of
 4 receipt of Notice of the Default (the "Cure Period"), provided, however, that if the tenth
 5 calendar day after receipt of Notice of Default falls on a non-business day or a legal holiday, the
 6 Cure Period shall be extended to the next day that is not a non-business day or a legal holiday.

7 If a Default is not cured within the Cure Period, the Default shall constitute a Final
 8 Default and DCS shall then have the right to request that the case be converted to a case under
 9 chapter 7 of the Bankruptcy Code or any other available remedy under this Plan which DCS
 10 may choose at its election. To the extent the case is closed when a Final Default occurs, DCS
 11 shall have the right to re-open the case in order to request that the case be converted to a case
 12 under chapter 7 of the Bankruptcy Code or any other available remedy under this Plan which
 13 DCS may choose at its election.

14 The Debtor or any other party shall be entitled to cure a Default on not more than three
 15 separate consecutive or non-consecutive occasions. If a fourth Default occurs, and DCS
 16 provides Notice of the fourth Default, then: (a) there will not be an opportunity to cure the
 17 Default; and (b) DCS shall have the remedies specified above (a "Final Default").

18 No waiver shall be construed under any and all circumstances with respect to DCS's
 19 rights as set forth above.

20 The Honorable Scott C. Clarkson, United States Bankruptcy Judge for the Central
 21 District of California, shall exercise exclusive authority over the resolution of any Default or
 22 Final Default alleged by DCS. The only issue for resolution, however, will be whether or not
 23 proper Notice of Default or Final Default was given and whether or not payments to DCS were
 24 made under the terms of this Plan.

25 There will not be any prepayment penalty, such that, if the Reorganized Debtor so
 26 chooses, the Reorganized Debtor may prepay the distributions owing to all class 5 claim
 27 holders. The Reorganized Debtor may pre-pay any individual class 5 claim of less than \$5,000.

1 If any class 5 creditor is prepaid, the Monthly Payment shall be reduced by the amount of the
2 pro rata portion of the Monthly Payment to such creditor.

3 Notice of a Default or Final Default shall be deemed to have been given properly when
4 the Notice of Default or Final Default is sent to the designated parties to whom Notice of
5 Default is due by email and by any reputable overnight mail service provider and addressed as
6 follows to each of the parties set forth below. Service shall be deemed good and sufficient
7 when sent in compliance hereto unless a change of address and email address is provided to all
8 other parties entitled to Notice of Default in writing.

9 1. El Centro Motors
10 Attn: Dennis Nesselhauf, Robert Valdes
11 1520 W. Ford Drive
El Centro, CA 92243
12 Email: desertdenny@yahoo.com; robertjvaldes@yahoo.com

13 and

14 Martin J. Brill, Esq.
15 Krikor J. Meshefjalian, Esq.
Levene, Neale, Bender, Yoo & Brill L.L.P.
16 10250 Constellation Blvd., Suite 1700
Los Angeles, CA 90067
17 Email: mjb@lnbyb.com; kjm@lnbyb.com

18 2. Community Valley Bank
19 ATTN: Jon A. Edney, Acting CEO
1443 Main Street
20 El Centro, CA 92243
21 Email: cvbloanddept@yourcvb.com; jedney@yourcvb.com

22 and

23 Bernard M. Hansen, Esq.
3465 Camino Del Rio South, Suite 250
24 San Diego, CA 92108-3905
25 Email: bernardmhansen@sbcglobal.net

1 3. Ford Motor Credit Company LLC
 2 c/o Donald H. Cram, III, Esq.
 3 Severson Werson, P.C.
 4 One Embarcadero Center
 5 26th Floor
 6 San Francisco, CA 94111
 7 Email: dhc@severson.com

8 4. Dealer Computer Services, Inc.
 9 Attn: Legal Department
 10 6700 Hollister
 11 Houston, TX 77040
 12 Email: legalbk@reyrey.com; Scott_Cherry@reyrey.com

13 Pursuant to the Settlement, DCS shall vote its Allowed general unsecured non-priority
 14 claim not to exceed \$5,400,000 in favor of the Plan. The Debtor estimates that this will result in
 15 a total cash payment to class 5 claim holders other than Cavanah equal to approximately 52% of
 16 the amount of their class 5 Allowed claims.

17 In addition, creditors holding class 5 Allowed claims other than Cavanah will receive a
 18 pro rata distribution of any net recoveries obtained from the pursuit of avoidance causes of
 19 actions (“Avoidance Actions”) pursued after confirmation of the Plan. The Debtor believes that
 20 this recovery by class 5 claim holders is substantially in excess of what they would receive in a
 21 chapter 7 liquidation of the Debtor.

22 Class 6 under the Plan consists of the current existing equity interests in the Debtor. On
 23 the Effective Date, in exchange for retaining their existing equity interests in the Debtor, Dennis
 24 Nesselhauf, Robert Valdes, and Cavanah (the “New Investors”) will contribute, in total,
 25 \$400,000 of cash (the “New Value Investment”) to the Debtor with such cash to be used to
 26 allow the Debtor to fund the Plan, and for the Reorganized Debtor to continue operating, and
 27 maintain adequate working capital. Additionally, on the Effective Date of the Plan, Mr.
 28 Nesselhauf will pay \$110,000 (the “Nesselhauf Settlement Payment”) to the Debtor in full
 settlement and satisfaction of the Debtor’s preference claims against Mr. Nesselhauf, which
 have been asserted to be in the sum of \$110,000. Additional details regarding preference claims
 against Nesselhauf are provided in Section IV.D.6. below. The New Value Investment, the

1 Nesselhauf Settlement Payment, and \$150,000 from the Refinanced CVB Loan collectively
 2 total \$660,000 (the “Plan Funds”).

3 **III. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER**
 4 **THIS PLAN**

5 **A. What Creditors and Interest Holders Will Receive Under this Plan**

6 As required by the Bankruptcy Code, this Plan classifies claims and interests in various
 7 classes according to their right to priority. This Plan states whether each class of claims or
 8 interests is impaired or unimpaired. This Plan provides the treatment each class will receive.

9 **B. Unclassified Claims**

10 Certain types of claims are not placed into voting classes; instead they are unclassified.
 11 They are not considered impaired and they do not vote on this Plan because they are
 12 automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such,
 13 the Debtor has not placed the following claims in a class:

14 **1. Administrative Expenses**

15 Administrative expenses are claims for costs or expenses of administering the Debtor’s
 16 Chapter 11 case which are Allowed under Bankruptcy Code Section 507(a)(2). The Bankruptcy
 17 Code requires that all administrative claims be paid on the Effective Date unless a particular
 18 claimant agrees to a different treatment.

19 The following chart lists all of the Debtor’s § 507(a)(2) administrative claims and their
 20 treatment under this Plan:

Name	Amount Owed	Treatment
Clerk’s Office Fees	\$0	Paid in full on the Effective Date
Office of the U.S. Trustee Fees	\$0	Paid in full on the Effective Date
Levene, Neale, Bender, Yoo & Brill L.L.P. (“ <u>LNYB</u> ”), bankruptcy counsel to the Debtor	\$50,000 (est.), which would be in addition to any pre-petition retainers received and any post-petition fees	Paid in full on the later of the Effective Date and the date the Court enters an order allowing such fees and expenses from the Plan

	and expenses paid to LNYB by the Debtor	Funds	
1	Roger Clems & Company (“ <u>RCC</u> ”), certified public accountant	\$10,000 (est.), which would be in addition to any post-petition fees and expenses paid to RCC by the Debtor	Paid in full on the later of the Effective Date and the date the Court enters an order allowing such fees and expenses from the Plan Funds
2	GlassRatner Advisory & Capital Group, LLC (“ <u>GR</u> ”)	\$35,000 (est.), \$25,000 of which would be a fixed fee, and the remainder of which is an estimate of potential time spent and charged on an hourly basis	\$25,000 paid in full upon entry of a Court order approving the application to employ GR, and any additional amounts being paid in full on the date the Court enters an order allowing such fees and expenses.
3	Post-Petition Non-Professional Fee Administrative Claims	\$805,000 (approx.) of post-petition accounts payable accrued in the ordinary course of the Debtor’s business. ³	Paid in full out of the Reorganized Debtor’s funds in the ordinary course of the Reorganized Debtor’s business or following the entry of an order of the Court if a dispute exists between the Reorganized Debtor and the administrative claim holder
4	TOTAL	\$900,000.00	Paid in the manner described above

Court Approval of Fees Required:

The Court must approve all professional fees and expenses listed in this chart before they may be paid. For all professional fees and expenses except fees owing to the Clerk of the Bankruptcy Court and fees owing to the OUST, the professional in question must file and serve a properly noticed fee application and the Court must rule on the application. Only the amount of fees and expenses allowed by the Court will be required to be paid under this Plan. The

³ Post-petition non-professional administrative claims include estimates of the post-petition amounts that the Debtor believes it would immediately owe were the Debtor to immediately shut down operations. This would include sales tax of approximately \$160,000, DMV fees of approximately \$10,000, payroll taxes of approximately \$45,000, health benefits of approximately \$20,000, customer trade payoffs of approximately \$70,000, utility bills of approximately \$15,000, parts payables of approximately \$140,000, and other accounts payable related to services and business-related goods of approximately \$345,000.

1 administrative claim amounts set forth above simply represent the Debtor's best estimate as to
 2 the amount of allowed administrative claims in this case. The actual administrative claims may
 3 be higher or lower. By voting to accept this Plan, creditors are not acknowledging the validity
 4 of, or consenting to the amount of, any of these administrative claims, and creditors are not
 5 waiving any of their rights to object to the allowance of any of these administrative claims.
 6 Similarly, professionals who have been employed in this case are not being deemed to have
 7 agreed that the figures contained herein represent any ceiling on the amount of fees and
 8 expenses that they have incurred or are entitled to seek to be paid pursuant to Court order as
 9 such fees and expenses are just estimates provided at the time of the preparation of this Plan.

10 **2. Priority Tax Claims**

11 Priority tax claims include certain unsecured income, employment and other taxes
 12 described by Section 507(a)(8) of the Bankruptcy Code. Section 1129(a)(9)(C) of the
 13 Bankruptcy Code requires that each holder of such a Section 507(a)(8) priority tax claim receive
 14 regular installment payments of a total value, as of the Effective Date, equal to the allowed
 15 amount of such Allowed tax claims, over a period ending not later than five years after the
 16 Petition Date. The Debtor is not aware of any such claims.

17 **C. Classified Claims and Interests**

18 **1. Class of Secured Claims**

19 Secured claims are claims secured by liens on property of the estate. The following
 20 charts set forth the description and treatment of the Debtor's secured claims:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> <u>(Y/N)</u>	<u>TREATMENT</u>
1	The secured claim of Ford Credit related to the Ford Credit Term Loan Estimated claim amount is currently	Impaired; allowed claim in this class is entitled to vote	The Reorganized Debtor will repay the class 1 claim of Ford Credit in full as follows: The Ford Credit Term Loan shall be refinancing by Ford Credit and the amount of the refinanced Ford

1	\$3,923,299	on this Plan.	Credit Term Loan shall be increased to not more than \$4,440,000 (the "Refinanced Ford Credit Term Loan"), utilizing the incremental funds to retire the Ford Credit Revolving Loan in the current amount of approximately \$270000.
2			The Refinanced Ford Credit Term Loan shall have a term of sixty (60) months and shall be amortized over a period of one hundred eighty (180) months with interest to accrue at a rate of the 30-day LIBOR as of the Effective Date plus 4.60%. The initial monthly payment amount is estimated to be approximately \$33,000.
3			The Refinanced Ford Credit Term Loan shall be secured by the same collateral, with the same lien priority, which currently secures the Ford Credit Term Loan and the Ford Credit Revolving Loan.
4			The Reorganized Debtor will execute any reasonable documentation requested by Ford Credit in regards to repayment of this indebtedness.

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> <u>(Y/N)</u>	<u>TREATMENT</u>
2	The secured claim of Ford Credit related to the Ford Credit Revolving Loan Estimated claim amount is currently \$270,066	Impaired; allowed claim in this class is entitled to vote on	The Reorganized Debtor will repay the class 2 claim of Ford Credit in full as follows: The Ford Credit Revolving Loan shall be paid in full upon the funding of the Refinanced Ford Credit Term Loan immediately

1		this Plan.	upon funding of the Refinanced Ford Credit Term Loan.
2			The Reorganized Debtor will execute any reasonable documentation requested by Ford Credit in regards to repayment of this indebtedness.

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
3	The secured claim of Ford Credit related to the Ford Credit Flooring Line Estimated claim amount is currently \$6,240,082	Not Impaired; allowed claim in this class is not entitled to vote on this Plan.	This Plan leaves unaltered the legal, equitable and contractual rights of Ford Credit as they related to the Ford Credit Flooring Line. The Ford Credit Flooring Line will be repaid pursuant to its existing terms and conditions.

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
4	The secured claim of CVB related to the CVB Loan Estimated claim amount is currently \$972,210	Impaired; allowed claim in this class is entitled to vote on this Plan.	The Reorganized Debtor will repay the class 4 claim of CVB in full as follows: The CVB Loan shall be refinanced by CVB. The refinanced CVB Loan shall be increased by \$150,000 plus CVB's attorneys' fees incurred in connection with this Chapter 11 case (the " <u>Refinanced CVB Loan</u> "). The additional \$150,000 made available to the Debtor pursuant to the Refinanced CVB Loan shall be

		<p>1 applied towards the \$600,000 2 initial distribution to class 5 3 creditors.</p> <p>4 The Debtor estimates that as of the 5 Effective Date, the total balance of 6 the Refinanced CVB Loan will be 7 approximately \$1,151,000.</p> <p>8 The Refinanced CVB Loan shall 9 have a term of twelve (12) years 10 and shall be fully amortized over 11 that term with interest to accrue at 12 the rate set forth in the CVB Loan. 13 The Refinanced CVB Loan shall 14 be guaranteed by the same 15 individuals and be secured by the 16 same collateral, with the same lien 17 priority, which currently secures 18 the CVB Loan, subject to the lien 19 rights provided to Ford Credit 20 pursuant to the Refinanced Ford 21 Credit Term Loan. The 22 Commercial Security Agreement 23 between CVB and the Debtor 24 dated December 19, 2011, the 25 UCC Financing Statement filed 26 with the California Secretary of 27 State (Filing No. 09-7189591190), 28 the Deed of Trust filed in Imperial County Recorder's Office (Recording No. 2011-030483) and the CVB Loan Guaranties executed by Dennis Nesselhauf and Robert Valdes dated December 19, 2011 shall each remain in full force and effect and secure and guaranty the Refinanced CVB Loan pursuant to the terms of the respective Loan Documents.</p> <p>Class 4 claim under the Plan is impaired and CVB is entitled to vote on the Plan. Pursuant to the Settlement, CVB will vote in favor</p>
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1			of the Plan.
2			The Debtor will execute all documents as may be commercially reasonably required by CVB to memorialize, effect and/or implement the Refinanced CVB Loan as proposed by the Plan.

7 **2. Classes of Priority Unsecured Claims**

8 Certain priority claims that are referred to in Bankruptcy Code Sections 507(a)(3), (4),
 9 (5), (6), and (7) are required to be placed in classes. These types of claims are entitled to
 10 priority treatment as follows: the Bankruptcy Code requires that each holder of such a claim
 11 receive cash on the Effective Date equal to the Allowed amount of such claim. However, a
 12 class of unsecured priority claim holders may vote to accept deferred cash payments of a value,
 13 as of the Effective Date, equal to the Allowed amount of such claim. The Debtor is not aware
 14 of any such claims.

15 **3. Class of General Unsecured Claims**

16 General unsecured claims are unsecured claims not entitled to priority under Bankruptcy
 17 Code Section 507(a). The following chart identifies this Plan's treatment of the class containing
 18 all of the Debtor's non-priority general unsecured claims (see Exhibit "1" to the Disclosure
 19 Statement for detailed information about each general unsecured claim):

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
20 5	All general unsecured claims The total amount of general unsecured claims asserted against the Debtor is \$8,452,798.93. \$2,705,000 of this amount constitutes Cavanah's claim.	Impaired; allowed claims in this class are entitled to vote on the Plan.	Class 5 Allowed claims will receive a pro rata initial distribution of \$600,000 (the " <u>Initial Distribution</u> ") of cash from the Reorganized Debtor as soon as possible, and no later than sixty (60) days following the Effective Date, and an additional \$25,000 per month for pro rata distribution (" <u>Monthly Payment</u> ") for a period of ninety six (96)

	<p>Cavanah has agreed to waive his right to a distribution under the Debtor's Plan. After removing Cavanah's claim from potential class 5 claims, the Debtor estimates that there will be, assuming all such claims are Allowed, a total of \$5,747,7989.93 of class 5 claims that will receive a distribution under the Debtor's Plan.</p> <p>A detailed claims chart showing all class 5 claims which were scheduled by the Debtor and all general unsecured proofs of claim which have been filed against the Debtor is attached hereto as Exhibit "1" (the "Claims Chart").</p>	<p>months (with the first Monthly Payment to be made on the Due Date (defined below) of the first full calendar month that is at least sixty (60) days after the Effective Date of the Plan), for payments totaling \$3,000,000 in full settlement and satisfaction of their claims against the Debtor.</p> <p>The Monthly Payments shall be due on the fifteenth (15th) day of each month (the "<u>Due Date</u>"), provided, however, that if the Due Date falls on a non-business day or a legal holiday, the Due Date shall be the next day thereafter that is not a non-business day or a legal holiday. For purposes of clarity all payments required under this Plan must be received by the Due Date or within the Cure Period (defined below) in order to be in timely compliance with the terms and conditions of this Plan.</p> <p>The Debtor estimates that this will result in total cash payments to class 5 claim holders equal to approximately 52% of the amount of their class 5 Allowed claims.</p> <p>There will not be any prepayment penalty, such that, if the Reorganized Debtor so chooses, the Reorganized Debtor may prepay the distributions owing to all class 5 claim holders. The Reorganized Debtor may pre-pay any individual class 5 claim of less than \$5,000.00. If any Class 5 creditor is prepaid, the Monthly Payment shall be reduced by the amount of the pro rata portion of the Monthly Payment to such</p>
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		<p>1 creditor.</p> <p>2 Additionally, if the final amount</p> <p>3 of class 5 Allowed claims is</p> <p>4 higher than the Debtor's</p> <p>5 estimated amount, then the</p> <p>6 percentage distribution to class 5</p> <p>7 claim holders will be reduced</p> <p>8 proportionately, and if the final</p> <p>9 amount of class 5 Allowed claims</p> <p>10 is lower than the Debtor's</p> <p>11 estimated amount, then the</p> <p>12 percentage distribution to class 5</p> <p>13 claims holders will be increased</p> <p>14 proportionately.</p> <p>15 If there remain any disputed class</p> <p>16 5 claims on the date of</p> <p>17 distribution, a sum will be</p> <p>18 withheld from distribution to the</p> <p>19 holders of class 5 Allowed claims</p> <p>20 in an amount that would have</p> <p>21 been distributed on account of the</p> <p>22 disputed class 5 claims if all such</p> <p>23 disputed class 5 claims were</p> <p>24 allowed in the amounts asserted.</p> <p>25 Once a disputed claim is resolved,</p> <p>26 the holder of the formerly</p> <p>27 disputed class 5 claim will receive</p> <p>the distribution that the claim</p> <p>holder is entitled to receive, and</p> <p>any excess sums available will be</p> <p>distributed to the other holders of</p> <p>class 5 allowed claims.</p> <p>In addition to the foregoing,</p> <p>holders of class 5 Allowed claims</p> <p>will be paid on a pro rata basis the</p> <p>full amount of any net recoveries</p> <p>obtained from the pursuit of the</p> <p>Avoidance Actions.</p> <p><u>DEFAULT AND CURE</u></p> <p><u>PROVISIONS FOR DCS</u></p> <p><u>ONLY</u></p>
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		<p>The failure to pay DCS its pro rata share of: (a) the Initial Distribution within sixty (60) calendar days after the Effective Date; or (b) any of the Monthly Payments of \$25,000 within ten (10) calendar days after the Due Date, shall be deemed to be a payment default (a “<u>Default</u>”) under the Plan if DCS gives written notice of the Default (“<u>Notice of Default</u>”) to the Debtor, Ford Credit, and CVB.⁴ To the extent Notice of Default is not served on the Debtor, Ford Credit, and CVB, a Default will not be deemed to have occurred. If the payment is made after ten (10) calendar days after the Due Date but before DCS gives Notice of Default, DCS shall not be entitled to claim a Default, and a Default shall not be deemed to have occurred.</p> <p>The Debtor, or any other party, may cure any Default within ten (10) calendar days of receipt of Notice of the Default (the “<u>Cure Period</u>”), provided, however, that if the tenth calendar day after receipt of Notice of Default falls on a non-business day or a legal holiday, the Cure Period shall be extended to the next day that is not a non-business day or a legal holiday.</p> <p>If a Default is not cured within the Cure Period, the Default shall constitute a Final Default and</p>
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⁴ Notice of Default need only specify the fact that the payment has not been received and that it may be cured within ten (10) calendar days from receipt of Notice of the Default.

1		DCS shall then have the right to request that the case be converted to a case under chapter 7 of the Bankruptcy Code or any other available remedy under this Plan which DCS may choose at its election. To the extent the case is closed when a Final Default occurs, DCS shall have the right to re-open the case in order to request that the case be converted to a case under chapter 7 of the Bankruptcy Code or any other available remedy under this Plan which DCS may choose at its election.
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11		The Debtor or any other party shall be entitled to cure a Default on not more than three separate consecutive or non-consecutive occasions. If a fourth Default occurs, and DCS provides Notice of the fourth Default, then: (a) there will not be an opportunity to cure the Default; and (b) DCS shall have the remedies specified above.
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18		No waiver shall be construed under any and all circumstances with respect to DCS's rights as set forth above.
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21		The Honorable Scott C. Clarkson, United States Bankruptcy Judge for the Central District of California, shall hold exclusive authority over the resolution of any Default or Final Default alleged by DCS. The only issue for resolution, however, will be whether or not proper Notice of Default or Final Default was given and whether or not payments to DCS were made
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		<p>under the terms of this Plan.</p> <p>Notice of Default or Final Default shall be deemed to have been given properly when the Notice of Default or Final Default is sent to the designated parties to whom Notice of Default is due by email and by any reputable overnight mail service provider and addressed as follows to each of the parties set forth below. Service shall be deemed good and sufficient when sent in compliance hereto unless a change of address and email address is provided to all other parties entitled to Notice of Default in writing.</p> <p>1. El Centro Motors Attn: Dennis Nesselhauf, Robert Valdes 1520 W. Ford Drive El Centro, CA 92243 Email: desertdenny@yahoo.com robertjvaldes@yahoo.com</p> <p>and</p> <p>Martin J. Brill, Esq. Krikor J. Meshefesian, Esq. Levene, Neale, Bender, Yoo & Brill L.L.P. 10250 Constellation Blvd., Suite 1700 Los Angeles, CA 90067 Email: mjb@lnbyb.com kjm@lnbyb.com</p> <p>2. Community Valley Bank ATTN: Jon A. Edney, Acting CEO</p>
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			<p>1443 Main Street El Centro, CA 92243 Email: cvbloanddept@yourcvb.com jedney@yourcvb.com</p> <p>and</p> <p>Bernard M. Hansen, Esq. 3465 Camino Del Rio South, Suite 250 San Diego, CA 92108-3905 Email: bernardmhansen@sbcglobal.net</p> <p>3. Ford Motor Credit Company LLC c/o Donald H. Cram, III, Esq. Severson Werson, P.C. One Embarcadero Center 26th Floor San Francisco, CA 94111 Email: dhc@severson.com</p> <p>4. Dealer Computer Services, Inc. Attn: Legal Department 6700 Hollister Houston, TX 77040 Email: legalbk@reyrey.com Scott_Cherry@reyrey.com</p> <p>Pursuant to the Settlement, DCS shall vote its Allowed general unsecured non-priority claim not to exceed \$5,400,000 in favor of the Plan. The Debtor estimates that this will result in a total cash payment to class 5 claim holders other than Cavanah equal to approximately 52% of the amount</p>
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1			of their class 5 Allowed claims.
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3 **4. Class of Interest Holders**

4 Interest holders are the parties who hold an ownership interest (i.e., equity interest) in
 5 the Debtor. The following chart identifies this Plan's treatment of the class of interest holders:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
6	All equity holders, including holders of common stock, preferred stock, stock options, warrants, etc.	Not Impaired; holders of class 6 interests are not entitled to vote on this Plan.	On the Effective Date, in exchange for retaining their existing equity interests in the Debtor, the New Investors will contribute the New Value Investment to the Debtor.

13 **D. Means of Effectuating this Plan and Implementation of this Plan**

14 **1. Funding for this Plan**

15 The treatment of all claim holders will occur in the manner described above. All cash
 16 distributions to be made on or near the Effective Date will be funded from the Plan Funds and
 17 the Debtor's cash. All payments to be made over time will be funded from a combination of the
 18 Debtor's cash and revenue generated from the Reorganized Debtor's future business operations.

19 **2. Composition of the Reorganized Debtor**

20 On the Effective Date, all of the equity interests in the Reorganized Debtor will remain
 21 with the existing equity holders.

22 **3. Post-Confirmation Management**

23 The senior management of the Reorganized Debtor will be identical to the current
 24 management of the Debtor (meaning that Dennis Nesselhauf will serve as the President of the
 25 Reorganized Debtor and will remain the dealer principal of the Reorganized Debtor, and Robert
 26 Valdes will serve as the General Manager of the Reorganized Debtor). Their respective initial
 27 compensation will be identical to their pre-petition salary plus usual and customary benefits.

1 The members of the Reorganized Debtor's Board of Directors will be Dennis Nesselhauf,
 2 Robert Valdes, and Thomas Topuzes. Mr. Topuzes is Cavanah's son-in-law and his attorney
 3 and will be his representative on the Board. These Board members will not receive any initial
 4 compensation for serving as members of the Reorganized Debtor's Board of Directors.

5 **4. Disbursing Agent**

6 The Reorganized Debtor will serve as the disbursing agent for purposes of making all
 7 distributions required to be made under this Plan. The Reorganized Debtor will not charge any
 8 disbursing agent fee for making such distributions.

9 **5. Objections to Claims**

10 The Debtor or the Reorganized Debtor, as the case may be, will file objections to all
 11 claims which are inconsistent with the Debtor's books and records unless the Debtor deems the
 12 inconsistency to be insignificant. All such claim objections will be filed within sixty days of
 13 entry of the Plan Confirmation Order. As provided by Section 502(c) of the Bankruptcy Code,
 14 the Court may estimate any contingent or unliquidated disputed claim for purposes of
 15 confirmation of this Plan. The Reorganized Debtor will have the authority to file any objections
 16 to claims following Plan confirmation (or to continue with the prosecution of any claims
 17 objections commenced by the Debtor prior to Plan confirmation), and the Court shall retain
 18 jurisdiction over the Reorganized Debtor and this case to resolve such objections to claims
 19 following Plan confirmation. Nothing contained in this Plan shall constitute a waiver or release
 20 by the Debtor or the Reorganized Debtor of any rights of setoff or recoupment, or of any
 21 defense, the Debtor or the Reorganized Debtor may have with respect to any claim.

22 **6. Avoidance Actions**

23 All claims, causes of action and avoidance actions of the Debtor and its estate are
 24 preserved by the Plan, and the Reorganized Debtor shall have full power and authority to settle,
 25 adjust, retain, enforce or abandon any claim, cause of action or avoidance actions as the
 26 representative of the Debtor's estate under section 1123(b) of the Bankruptcy Code or otherwise,

1 regardless of whether such claims, causes of action or avoidance actions were commenced prior
 2 or subsequent to the Effective Date.

3 The Debtor is resolving its preference claims against Mr. Nesselhauf pursuant to the
 4 Plan. Mr. Nesselhauf will pay to the Debtor \$110,000 in full settlement and satisfaction of the
 5 Debtor's preference claims against Mr. Nesselhauf (the Nesselhauf Settlement Payment). The
 6 Nesselhauf Settlement Payment constitutes a portion of the Plan Funds that will be used towards
 7 payment of administrative claims against the Debtor's estate, with any remaining amount to be
 8 distributed to holders of allowed Class 5 claims. The nature of the Debtor's preference claim
 9 against Mr. Nesselhauf is the Debtor's repayment of a \$100,000 loan made to the Debtor by
 10 Nesselhauf in January 2009, which loan was utilized to cover payroll expenses during a period
 11 of time when the Debtor was in dire need of funds. That loan was paid using, in part, proceeds
 12 from the CVB Loan in January 2012.

13 The Debtor is also aware of a potential claim against the Finnell 1993 Family Trust (the
 14 "Finnell Trust"). In January 2012, the Finnell Trust received a payment of \$400,000 from the
 15 proceeds of a refinancing arrangement between the Debtor and CVB, in full settlement and
 16 satisfaction of the Debtor's obligations to the Finnell Trust which obligations totaled
 17 approximately \$650,000 worth of preferred stock, and salary and related perquisites. The
 18 Debtor does not believe that any action against the Finnell Trust is worth pursuing, and the
 19 Debtor believes that any judgment that might be obtained against the Finnell Trust would not be
 20 collectible, due to Mr. Finnell's advanced age, poor health, and financial condition. To the
 21 extent any party in interest disagrees with the Debtor's decision to not pursue an action against
 22 the Finnell Trust, and would prefer to pursue the Finnell Trust for the benefit of the estate, the
 23 Debtor will confer upon any such party standing to pursue the estate's causes of action against
 24 the Finnell Trust, provided that, such litigation shall be pursued on a contingency fee basis, at
 25 no cost to the estate and any net recovery from such action would be distributed to holders of
 26 allowed Class 5 claims pursuant to this Plan.

27 **7. Employment of Officers, Employees and Professionals**

On and after the Effective Date, the Reorganized Debtor shall have the right to employ and compensate such officers, employees, professionals, agents and representatives as the Reorganized Debtor determines is necessary or appropriate to implement all of the provisions of this Plan and to enable the Debtor to operate its business without the need for any further order of the Court.

8. Distributions to be Made Pursuant to this Plan and Unclaimed Funds

Distributions to be made to holders of Allowed claims pursuant to this Plan may be delivered by regular mail, postage prepaid, to the address shown in the Debtor's schedules, as they may from time to time be amended in accordance with Bankruptcy Rule 1009, or, if a different address is stated in a proof of claim duly filed with the Bankruptcy Court, to such address. However, distributions to be made to DCS on account of its Allowed general unsecured claim not to exceed \$5,400,000 pursuant to this Plan shall be delivered by overnight mail, postage prepaid, to the following address: Dealer Computer Services, Inc.; Attn: Legal Department, 6700 Hollister, Houston, TX 77040.

Distributions shall be deemed made upon receipt. Checks issued to pay Allowed claims shall be null and void if not negotiated within one hundred twenty (120) days after the date of issuance thereof. Any unclaimed funds shall be forfeited to and become property of the Reorganized Debtor.

9. Exculpations and Releases

To the maximum extent permitted by law, neither the Debtor, the Reorganized Debtor, nor any of their employees, officers, directors, shareholders, agents, members, representatives, or professionals employed or retained by any of them, shall have or incur liability to any person or entity for any act taken or omission made in good faith in connection with or related to the formulation and implementation of this Plan, or a contract, instrument, release, or other agreement or document created in connection therewith, the solicitation of acceptances for or confirmation of this Plan, or the consummation and implementation of this Plan and the transactions contemplated therein.

1 **10. Injunctions**

2 The Plan Confirmation Order shall enjoin the prosecution, whether directly, derivatively
 3 or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of
 4 action, liability or interest released, discharged or terminated pursuant to this Plan. Except as
 5 provided in this Plan or the Plan Confirmation Order, as of the Effective Date, all entities that
 6 have held, currently hold or may hold a claim or other debt or liability that is discharged or an
 7 interest or other right of an equity security holder that is extinguished pursuant to the terms of
 8 this Plan are permanently enjoined from taking any of the following actions against the Debtor,
 9 the Reorganized Debtor, or their property on account of any such discharged claims, debts or
 10 liabilities or extinguished interests or rights: (i) commencing or continuing, in any manner or in
 11 any place, any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in
 12 any manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien
 13 or encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against
 14 any debt, liability or obligation due to the Debtor; and (v) commencing or continuing any action
 15 in any manner, in any place, that does not comply with or is inconsistent with the provisions of
 16 this Plan. By accepting distribution pursuant to this Plan, each holder of an allowed claim
 17 receiving distributions pursuant to this Plan shall be deemed to have specifically consented to
 18 the injunctions set forth in this Section.

19 **11. Executory Contracts and Unexpired Leases**

20 On the Effective Date, all of the Debtor's remaining executory contracts and unexpired
 21 leases which have not previously been assumed or rejected by the Debtor and which are
 22 identified in Exhibit "2" hereto shall be deemed to be assumed by the Debtor and to become
 23 valid and binding executory contracts and unexpired leases of the Reorganized Debtor (the
 24 "Debtor's Assumed Contracts and Leases"). All of the Debtor's remaining executory contracts
 25 and unexpired leases which have not previously been assumed or rejected by the Debtor and
 26 which are not included among the Debtor's Assumed Contracts and Leases shall be deemed
 27 rejected effective as of 11:59 PST on the Effective Date. The Debtor intends to assume all of

1 the executory contracts and unexpired leases listed on Schedule G of the Debtor's Schedules of
 2 Assets and Liabilities except for the Debtor's Key Machine Agreement with Keylogic.
 3 Additionally, the Debtor believes that Ford Motor Company will consent to the Debtor's
 4 assumption of the Ford Franchise Agreement and Lincoln Franchise Agreement, and that Ford
 5 Motor Company will support the Debtor's Plan.

6 With respect to all of the Debtor's Assumed Contracts and Leases for which a default
 7 exists on the Effective Date, the Debtor will be required to (a) cure or provide adequate
 8 assurance that the Reorganized Debtor will promptly cure any default existing under any such
 9 executory contracts and unexpired leases, (b) compensate or provide adequate assurance that the
 10 Reorganized Debtor will promptly compensate any other party to such executory contracts and
 11 unexpired leases for any actual pecuniary loss to such parties resulting from any default existing
 12 under any such executory contracts and unexpired leases, and (c) provide adequate assurance of
 13 future performance under such executory contracts and unexpired leases. **THE BAR DATE**
 14 **FOR FILING A PROOF OF CLAIM BASED ON A CLAIM ARISING FROM THE**
 15 **REJECTION OF AN UNEXPIRED LEASE OR EXECUTORY CONTRACT WHICH IS**
 16 **REJECTED ON THE EFFECTIVE DATE WILL BE THIRTY DAYS AFTER THE**
 17 **EFFECTIVE DATE.** Any claim based on the rejection of an unexpired lease or executory
 18 contract will be barred if the proof of claim is not timely filed, unless the Court orders
 19 otherwise.

20 **12. Changes in Rates Subject to Regulatory Commission Approval**

21 The Debtor is not subject to governmental regulatory commission approval of its rates.

22 **13. Retention of Jurisdiction**

23 After confirmation of this Plan and occurrence of the Effective Date, in addition to
 24 jurisdiction which exists in any other court, the Court will retain such jurisdiction as is legally
 25 permissible including for the following purposes:

26 i. To resolve any and all disputes regarding the operation and interpretation
 27 of this Plan and the Plan Confirmation Order;

ii. To resolve any and all disputes regarding the operation and interpretation of this Plan;

iii. To determine the allowability, classification, or priority of claims and interests upon objection by the Debtor, the Reorganized Debtor, or by other parties in interest with standing to bring such objection or proceeding and to consider any objection to claim or interest whether such objection is filed before or after the Effective Date;

iv. To determine the extent, validity and priority of any lien asserted against property of the Debtor or property of the Debtor's estate;

v. To construe and take any action to enforce this Plan, the Plan Confirmation Order, and any other order of the Court, issue such orders as may be necessary for the implementation, execution, performance, and consummation of this Plan and the Plan Confirmation Order, and all matters referred to in this Plan and the Plan Confirmation Order, and to determine all matters that may be pending before the Court in this case on or before the Effective Date with respect to any person or entity related thereto;

vi. To determine (to the extent necessary) any and all applications for allowance of compensation and reimbursement of expenses of professionals for the period on or before the Effective Date;

vii. To determine any request for payment of administrative expenses;

viii. To determine motions for the rejection, assumption, or assignment of executory contracts or unexpired leases filed before the Effective Date and the allowance of any claims resulting therefrom;

ix. To determine all applications, motions, adversary proceedings, contested matters, and any other litigated matters instituted during the pendency of this case whether before, on, or after the Effective Date including avoidance causes of action, and the Reorganized Debtor shall have the right to commence any avoidance causes of action after the Effective Date and to continue with the prosecution of any avoidance causes of action commenced by the Debtor prior to the Effective Date;

1 x. To determine such other matters and for such other purposes as may be
 2 provided in the Plan Confirmation Order;

3 xi. To modify this Plan under Section 1127 of the Bankruptcy Code in order
 4 to remedy any apparent defect or omission in this Plan or to reconcile any inconsistency in this
 5 Plan so as to carry out its intent and purpose;

6 xii. Except as otherwise provided in this Plan or the Plan Confirmation Order,
 7 to issue injunctions, to take such other actions or make such other orders as may be necessary or
 8 appropriate to restrain interference with this Plan or the Plan Confirmation Order, or the
 9 execution or implementation by any person or entity of this Plan or the Plan Confirmation
 10 Order;

11 xiii. To issue such orders in aid of consummation of this Plan or the Plan
 12 Confirmation Order, notwithstanding any otherwise applicable nonbankruptcy law, with respect
 13 to any person or entity, to the fullest extent authorized by the Bankruptcy Code or Bankruptcy
 14 Rules; and

15 xiv. To enter a final decree closing this Chapter 11 case.

16 The Honorable Scott C. Clarkson, United States Bankruptcy Judge for the Central
 17 District of California, shall have exclusive authority over the resolution of any Default or Final
 18 Default alleged by DCS, as set forth in the "Stipulation For Change Of Venue Regarding
 19 Default And/ Or Final Default" attached hereto as Exhibit "3".

20 **IV. EFFECT OF CONFIRMATION OF THIS PLAN**

21 **A. Discharge.**

22 The Debtor will receive a discharge under this Plan pursuant to and in accordance with
 23 the provisions of Section 1141 of the Bankruptcy Code because there has not been a liquidation
 24 of all or substantially all of the property of the Debtor's estate and because the Reorganized
 25 Debtor will be continuing with the Debtor's current business operations.

26 **B. Modification of this Plan.**

The Debtor may modify this Plan at any time before confirmation. However, the Court may require a new disclosure statement and/or re-voting on this Plan if the Debtor seeks to modify this Plan before confirmation. The Debtor may also seek to modify this Plan at any time after confirmation of this Plan so long as (1) this Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Post-Confirmation Status Reports.

Until a final decree closing the Debtor's Chapter 11 case is entered, the Reorganized Debtor shall file a quarterly status report with the Court explaining what progress has been made toward consummation of the confirmed Plan and pay its quarterly fees to the United States Trustee.

D. Post-Confirmation Conversion/Dismissal.

In addition to any remedial provisions set forth herein above regarding remedies on Default and Final Default and not in derogation of same, a creditor or any other party in interest may (1) bring a motion to convert or dismiss the case under Section 1112(b) of the Bankruptcy Code after this Plan is confirmed if there is a default in performing this Plan, or (2) file a state court action to collect payment default. In order to declare a default, a creditor must provide written notice to the Reorganized Debtor of such plan default. The Reorganized Debtor shall have ten (10) days after receipt of such notice to cure any such Plan default. If the Plan default is not cured within such time period, the creditor may exercise the remedies set forth herein. If the Court orders the Debtor's Chapter 11 case converted to Chapter 7 after this Plan is confirmed, then all property that had been property of the Chapter 11 estate, and that has not been disbursed pursuant to this Plan, will revest in the Chapter 7 estate, and the automatic stay will be reimposed upon the revested property, but only to the extent that relief from stay was not previously authorized by the Court during this case. The Plan Confirmation Order may also be revoked under very limited circumstances. The Court may revoke the Plan Confirmation Order if it was procured by fraud and if a party in interest brings an adversary proceeding to revoke confirmation within 180 days after the entry of the Plan Confirmation Order.

1 **E. Final Decree.**

2 Once this estate has been fully administered as referred to in Bankruptcy Rule 3022, the
3 Reorganized Debtor will file a motion with the Court to obtain a final decree to close the
4 Debtor's Chapter 11 case. The Reorganized Debtor shall be responsible for the timely payment
5 of all fees incurred pursuant to 28 U.S.C. Section 1930(a)(6).

6

7 Dated: May 30, 2013

8 Presented By:

9 LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.

10

11 By: /s/ Martin J. Brill
12 MARTIN J. BRILL
13 KRIKOR J. MESHEFEJIAN
14 Attorneys for Chapter 11
15 Debtor and Plan Proponent

16

17 EL CENTRO MOTORS

18 By: /s/ Dennis Nesselhauf
19 DENNIS NESSELHAUF
20 President and Chief Executive Officer

EXHIBIT 1

Creditor	FILED CLAIM				SCHEDULED CLAIM			RECONCILIATION			Distribution	NOTES
	Claim No.	Secured	Priority	General Unsecured	Schedule "D" Secured	Schedule "E" Priority	Schedule "F" Unsecured	Secured	Priority	General Unsecured		
Northland Capital Financial Services LLC/Orion Asset Management, LLC	1			\$0.00	\$ -		\$60,000.00			\$0.00	\$0.00	This claim is related to the lease of lighting equipment. The Debtor intends to assume the lease and does not believe that it has any cure obligations in connection with the lease.
Office Depot	2			\$ 1,631.83					\$ 1,631.83		\$851.72	
American Express Bank FSB	3			\$ 946.08					\$ 946.08		\$493.80	
Internal Revenue Service	4		\$0.00	\$0.00		\$0.00		\$0.00	\$0.00		\$0.00	
Dealer Computer Services, Inc.	5			\$ 4,716,558.23			\$ 3,948,133.00		\$ 5,400,000.00		\$2,818,470.20	
Ford Motor Company	6			\$ 55,376.16	\$ -				\$ 55,376.16		\$28,902.97	
Blume, Faulkner, Skeen & Northam, PLLC	7			\$ 138,398.69			\$ 137,772.00		\$ 138,398.69		\$72,235.66	
Ad-Comp							\$ 44,000.00		\$ -		\$0.00	This claims was scheduled as disputed and no proof of claim has been filed.
Cal State Auto Parts Inc.							\$ 55,638.00		\$ 55,638.00		\$29,039.64	
Community Valley Bank				\$ 1,032,212.00				\$ 1,032,212.00			\$0.00	
Earl Cavanah							\$ 2,705,000.00		\$ -		\$0.00	
Ford Motor Credit Company LLC				\$ 6,893,720.82				\$ 6,893,720.82			\$0.00	
Ford Motor Credit Company LLC				\$ 380,000.00				\$ 380,000.00			\$0.00	
Ford Motor Credit Company LLC				\$ 4,275,790.00				\$ 4,275,790.00			\$0.00	
Key Logic							\$ 15,000.00		\$ 15,000.00		\$7,829.08	
Maxum Petroleum Company	8			\$ 18,274.17			\$ 14,258.00		\$ 18,274.17		\$9,538.00	
Sanderson Ford Lincoln Mercury							\$ 48,000.00		\$ 48,000.00		\$25,053.07	
Young Auto Distributors Inc.							\$ 14,534.00		\$ 14,534.00		\$7,585.86	
											\$0.00	
TOTALS:		\$ 107,051.30	\$ 0.00	\$ 4,912,910.99	\$ 12,581,722.82		\$7,042,335.00	\$12,581,722.82	\$ 0.00	\$5,747,798.93	\$3,000,000.00	

EXHIBIT 2

**LIST OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES THAT THE
DEBTOR INTENDS TO ASSUME**

The Debtor intends to assume all of its executory contracts and unexpired leases, except for the Debtor's Key Machine Agreement with Keylogic.

Executory contracts that the Debtor intends to assume include:

1. Ford Franchise Agreement & Lincoln Franchise Agreement with Ford Motor Company
2. Copy/Fax Machine Agreement with Great American Leasing Corp.
3. Lighting Equipment Agreement with Northland Capital Financial Services, LLC/Orion Asset Management LLC

EXHIBIT 3

1 FRANKLIN C. ADAMS, Bar No. 85351
2 franklin.adams@bbklaw.com
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10 Dealer Computer Services, Inc.

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA

In re:
EL CENTRO MOTORS,
Debtor and Debtor in
Possession.

Case No. 12-03860-PB11

Chapter 11

**STIPULATION FOR CHANGE OF VENUE
REGARDING DEFAULT AND/ OR FINAL
DEFAULT (EXHIBIT “3” TO DEBTOR’S
SECOND AMENDED PLAN OF
REORGANIZATION (DATED FEBRUARY
28, 2013), AS MODIFIED)**

Judge: Hon. Peter W. Bowie

STIPULATION

IT IS HEREBY STIPULATED by and among Debtor and Debtor in Possession El Centro Motors (the “Debtor” and as applicable, the “Reorganized Debtor”), Creditor Ford Motor Credit Company LLC (“FMCC”), Creditor Community Valley Bank (“CVB”), and Creditor Dealer Computer Services, Inc. (“DCS”), as follows:

1. Upon the confirmation of the Debtor’s Second Amended Plan of Reorganization (Dated February 28, 2013), as Modified (the “Plan”) and the occurrence of the Effective Date, any and all terms and conditions of the confirmed Plan shall be incorporated herein by reference.
2. Pursuant to the terms and conditions of the confirmed Plan and upon the occurrence of the Effective Date:
 - a. With respect to the resolution of any dispute(s) related to any Default(s) and/or Final Default alleged by DCS (“Dispute(s)”) and upon request of the Reorganized Debtor, FMCC, CVB and/or DCS, venue shall transfer to the courtroom of the Honorable Scott C. Clarkson, United States Bankruptcy Judge for the Central District of California, who shall exercise exclusive authority to hear and adjudicate such Dispute(s) (“Authority”).¹
 - b. Such Authority shall be limited to the issues of: (i) whether proper Notice of Default or Final Default was given to the Reorganized Debtor by DCS; and/or (ii) whether payment(s) to DCS were made pursuant to the terms of the confirmed Plan.
 - c. Should Judge Clarkson be unavailable to exercise Authority in a reasonably timely manner, Authority shall revert to Judge Peter W. Bowie or the United States judge, bankruptcy or otherwise, assigned to the above-referenced bankruptcy case.
 - d. Each of the Debtor, the Reorganized Debtor, FMCC, CVB and DCS intends to

¹ Judge Clarkson was the mediator for the Debtor, CVB and DCS in reaching the terms and conditions of a settlement agreement, which were put on Judge Clarkson's courtroom record and are embodied in the Plan.

waive and shall waive any and all rights to be heard in a different venue with respect to any Dispute(s), other than provided herein.

3. In the event there is any ambiguity with respect to the terms and conditions of the confirmed Plan and this Stipulation, the terms and conditions of the confirmed Plan shall control the resolution of such ambiguity.

IT IS SO STIPULATED:

Dated: May ____ , 2013

LEVENE, NEALE, BENDER, YOO & BRILL
LLP

By: _____
MARTIN J. BRILL
KRIKOR J. MESHEFEJIAN
Attorneys for Debtor and Debtor in
Possession El Centro Motors

Dated: May ____ , 2013

SEVERSON & WERSON, P.C.

By: DONALD H. CRAM, III
Attorneys for Creditor Ford Motor Credit
Company LLC

Dated: May , 2013

LAW OFFICE OF BERNARD M. HANSEN

By: _____
BERNARD M. HANSEN
Attorneys for Creditor Community Valley
Bank

Dated: May , 2013

BEST BEST & KRIEGER LLP

By: _____
FRANKLIN C. ADAMS
CATHY TA
Attorneys for Creditor Dealer Computer
Services, Inc.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

10250 Constellation Blvd., Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled (*specify*): **DEBTOR'S SECOND AMENDED PLAN OF REORGANIZATION (DATED FEBRUARY 28, 2013), AS MODIFIED** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (date) May 30, 2013 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (date) May 30, 2013, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FAXSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (date) May 30, 2013 I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

SERVED BY OVERNIGHT MAIL

Hon. Peter W. Bowie
U.S. Bankruptcy Court
Jacob Weinberger U.S. Courthouse
325 West F Street, Room 328
San Diego, CA 92101-6998

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

May 30, 2013 **MAYRA DURAN**
Date *Printed Name*

/s/ Mayra Duran
Signature

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

Franklin C. Adams on behalf of Creditor Dealer Computer Services, Inc.
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Bernard Kornberg on behalf of Creditor Ford Motor Credit Company LLC
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Kristin Mihelic on behalf of United States Trustee United States Trustee
Kristin.T.Mihelic@usdoj.gov, Tiffany.L.Carroll@usdoj.gov;ustp.region15@usdoj.gov

Cathy Ta on behalf of Creditor Dealer Computer Services, Inc.
cathy.ta@bbklaw.com, arthur.johnston@bbklaw.com;lisa.spencer@bbklaw.com

United States Trustee
ustp.region15@usdoj.gov

2. SERVED BY UNITED STATES MAIL:

(Please see attached service list)

Class 1 and 2 Claimants:

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Ford Motor Credit Company LLC
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Ford Motor Credit Co
3111 Camino Del Rio N
San Diego, CA 92108-5720

Unclassified Claimants:

Kristin T. Miheli
United States Trustee
U.S. Department of Justice
402 West Broadway, Suite 600
San Diego, CA 92101

Rogers, Clem & Company
Attn: Scott M. Biehl
1067 Park View Drive
Covina, CA 91724-3748

GlassRatner Advisory &
Capital Group, LLC
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Aramark Uniform Services
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Riverside, CA 92519

Blue Shield of California
File Box 55331
Los Angeles, CA 90074-5331

Securities & Exchange Commission
5670 Wilshire Blvd., 11th Floor
Los Angeles, CA 90036

City of El Centro
PO Box 2328
El Centro, CA 92244

California Bank & Trust
5500 Grossmont Center Drive
La Mesa, CA 91942

American Tire Distributors Inc
1220 Herbert Wayne Court
Suite 150
Huntersville, NC 28078

Department of Motor Vehicles
3615 South Hope Street
Los Angeles, CA 90007

Colonial Life & Accident Ins
PO Box 903
Columbia, SC 29202-0903

Canyon State Oil Company
P.O. Box 18988
Phoenix, AZ 85005

MDSA, LLC
650 Engineering Drive
Norcross, GA 30092

Franchise Tax Board
Special Procedures
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Sacramento, CA 95812

Dealer Track Systems, Inc.
24221 Network Place
Chicago, IL 60673-1221

Pep Boys
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Easy Care SOS
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TYG Auto
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State Board of Equalization
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Sacramento, CA 94279

Imperial County Tax Collector
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Community Valley Bank
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Community Valley Bank
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OPERATIONS
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El Centro, CA 92243

Class 5 Claimants:

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St Cloud, MN 56301-5495

Northland Capital Financial
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Saint Cloud, MN 56302

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Counsel for Ford Motor Company
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Ford Motor Company
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Ad-Comp
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Westlake Village, CA 91359

Cal State Auto Parts Inc.
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Anaheim, CA 92806

Blume, Faulker, Skeen & Norton
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Maxum Petroleum Company
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