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7 Attorneys for Debtor

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 9
 10 IN THE UNITED STATES BANKRUPTCY COURT
 11 FOR THE DISTRICT OF OREGON

12 In re:

13 Fountain Village Development, a general
 14 partnership,

15 Debtor.

Case No. 09-39718-rld11

**DEBTOR'S DISCLOSURE
 STATEMENT (March 19, 2010)**

16
 17 **I. INTRODUCTION AND SUMMARY OF PLAN**

18 **A. INTRODUCTION**

19 On November 20, 2010 (the "Petition Date"), Fountain Village Development
 20 ("Debtor") filed a voluntary petition under Chapter 11 of Title 11 of the United States Code
 21 (the "Bankruptcy Code"). On March 19, 2010, Debtor Filed its Plan of Reorganization with
 22 the Bankruptcy Court ("Plan"). This Disclosure Statement (the "Disclosure Statement")
 23 describes various transactions contemplated under the Plan, including the manner in which
 24 Claims and Interests will be satisfied. A copy of the Plan is attached hereto as Exhibit 1.
 25 You are urged to review the Plan and, if appropriate, consult with counsel about the Plan and
 26 its impact on your legal rights before voting on the Plan. Capitalized terms used but not

1 defined in this Disclosure Statement shall have the meanings assigned to such terms in the
2 Plan or the Bankruptcy Code.

3 This Disclosure Statement has been prepared by Debtor based upon its
4 knowledge and information in Debtor's books and records. The information contained herein
5 has been prepared in good faith, based upon information available. The information
6 concerning the Plan has not been subject to a verified audit. Debtor believes this Disclosure
7 Statement complies with the requirements of the Bankruptcy Code.

8 The statements contained in this Disclosure Statement are made as of the date
9 hereof, unless another time is specified herein, and the delivery of this Disclosure Statement
10 shall not imply that there has been no change in the facts set forth herein since the date of this
11 Disclosure Statement and the date of the material relied on in preparation of this Disclosure
12 Statement was compiled. The description of the Plan contained in this Disclosure Statement
13 is intended as a summary only and is qualified in its entirety by reference to the Plan itself. If
14 any inconsistency exists between the Plan and this Disclosure Statement, the terms of the
15 Plan are controlling. Each holder of a Claim is encouraged to read, consider and carefully
16 analyze the terms and provisions of the Plan.

17 This Disclosure Statement may not be relied on for any purpose other than to
18 determine how to vote on the Plan. Nothing contained herein shall constitute an admission of
19 any fact or liability by any party, or be admissible in any proceeding involving Debtor or any
20 other party, or be deemed conclusive advice on the tax or other legal effects of the
21 reorganization on the holders of Claims or Interests.

22 This Disclosure Statement is submitted in accordance with Section 1125 of
23 the Bankruptcy Code and Bankruptcy Rule 3016. The Bankruptcy Court has scheduled a
24 hearing on confirmation of the Plan to commence on _____, 2010 at
25 _____. That hearing will be held at the United States Bankruptcy Court for the District
26 of Oregon, Courtroom 3, 1001 SW Fifth Avenue, Portland, Oregon 97204 before the

1 Honorable Randall L. Dunn. The hearing on confirmation may be adjourned from time to
2 time by the Bankruptcy Court without further notice, except for an announcement made at
3 the hearing or any adjournment thereof.

4 A ballot has been enclosed with this Disclosure Statement for use in voting on
5 the Plan. In order to be tabulated for purposes of determining whether the Plan has been
6 accepted or rejected, ballots must be received at the address indicated on the ballot no later
7 than 4:00 p.m. on - _____, 2010.

8 **B. SUMMARY OF PLAN**

9 A copy of the Plan is attached hereto as Exhibit 1. The following description
10 of the Plan is intended as a summary only and is qualified in its entirety by reference to the
11 Plan. Debtor urges each holder of a Claim to carefully review the entire Plan, together with
12 this Disclosure Statement, before voting on the Plan.

13 Each Secured Creditor will retain its security interest in and liens on its
14 Collateral with the same priority such security interest and liens had on the Petition Date.
15 Each claim will be a Secured Claim up to the value of the property securing the claim unless
16 the Claimant elects treatment under 11 U.S.C. § 1111(b). The Debtor will either (a) deed
17 certain of the properties securing a Creditor's Claim to that Creditor in full satisfaction of the
18 Secured Claim or (b) keep the property as a Retained Property. Creditors holding General
19 Unsecured Claims will receive Pro Rata distributions of 50% of Excess Cash Flow generated
20 by the Reorganized Company on a quarterly basis for seven (7) years.

21 The Effective Date of the Plan shall be the first day of the first month
22 following the day on which the Confirmation Order becomes a Final Order. On or before the
23 Effective Date, an Oregon limited liability company -- the Reorganized Company -- will be
24 formed. The General Partners will be the sole initial members of the Reorganized Company.
25 On the Effective Date, all membership interests in the Reorganized Company will be issued
26 to the General Partners. The General Partners will transfer all of their assets, except their

1 primary home, household furnishings, and two cars to the Reorganized Company.
2 Additionally, Debtor will transfer all Retained Property to the Reorganized Company and the
3 General Partners will guaranty all of the Plan payments.

4 All post-petition and Administrative Expense Claims will be paid on the
5 Effective Date or the date on which such Claim comes Allowed, whichever is later.

6 All unexpired leases and executory contracts will be assumed and assigned to
7 Reorganized Company through the Plan unless such unexpired leases and executory
8 contracts have previously been rejected, or a motion seeking their assumption or rejection has
9 been Filed before the Confirmation Date.

10 In the event that any Class of Creditors of any Debtor does not accept the
11 Plan, Debtor reserves the right to request that the Bankruptcy Court confirm the Plan in
12 accordance with Section 1129(b) of the Bankruptcy Code or otherwise modify the Plan.

13 **C. BRIEF EXPLANATION OF CHAPTER 11**

14 Chapter 11 of the Bankruptcy Code is the principal reorganization provision
15 of the Bankruptcy Code. Pursuant to Chapter 11, a debtor attempts to reorganize its business
16 for the benefit of the debtor, its creditors, and other parties in interest.

17 The formulation and confirmation of a plan of reorganization is the principal
18 purpose of a Chapter 11 case. A plan of reorganization sets forth a proposed method for
19 compensating the holders of claims and interests in the debtor. A claim or interest is
20 impaired under a plan of reorganization if the plan provides that the legal, equitable or
21 contractual rights of the holder of such claim or interest are altered. A holder of an impaired
22 claim or interest is entitled to vote to accept or reject the plan. Chapter 11 does not require
23 all holders of claims and interests to vote in favor of a plan in order for the Bankruptcy Court
24 to confirm it. However, the Bankruptcy Court must find that the plan meets a number of
25 statutory tests before it may approve the plan. These tests are designed to protect the
26

1 interests of holders of claims or interests who do not vote to accept the plan, but who will
2 nonetheless be bound by the plan's provisions if it is confirmed by the Bankruptcy Court.

3 An official committee of unsecured creditors is appointed by the United States
4 Trustee's office in most Chapter 11 cases to, among other things, negotiate the plan of
5 reorganization on behalf of the unsecured creditors of the debtor. A committee of unsecured
6 creditors was not appointed by the United States Trustee in this case.

7 **II. VOTING PROCEDURES AND CONFIRMATION OF A PLAN**

8 **A. BALLOTS AND VOTING DEADLINE**

9 A ballot to be used for voting to accept or reject the Plan is enclosed with each
10 copy of this Disclosure Statement mailed to all Creditors entitled to vote. After carefully
11 reviewing this Disclosure Statement and its exhibits, including the Plan, please indicate your
12 acceptance or rejection of the Plan by voting in favor or against the Plan on the enclosed
13 ballot as directed below.

14 The Bankruptcy Court has directed that, to be counted for voting purposes,
15 ballots for the acceptance or rejection of the Plan must be received no later than 4:00 p.m.
16 Pacific time, on _____, 2010 by Debtor at the following address:

17 Tonkon Torp LLP,
18 Attention: Ava L. Schoen
19 1600 Pioneer Tower
20 888 S.W. Fifth Avenue
21 Portland, Oregon 97204-2099

22 or via facsimile transmission to Ava L. Schoen at (503) 972-3843.

23 Holders of each Claim that was scheduled by Debtor or with respect to which
24 a Proof of Claim has been Filed will receive ballots and are permitted to vote based on the
25 amount of the Proof of Claim. If no Proof of Claim has been Filed, then the vote will be
26 based on the amount scheduled by Debtor in its Schedules. Holders of Disputed Claims who
27 have settled their dispute with Debtor are entitled to vote the settled amount of their Claim.

28 The Bankruptcy Code provides that such votes will be counted unless the Claim has been

1 | disputed, disallowed, disqualified or suspended prior to computation of the vote on the Plan.
2 | The Claim to which an objection has been Filed is not allowed to vote unless and until the
3 | Bankruptcy Court rules on the objection. The Bankruptcy Code provides that the Bankruptcy
4 | Court may, if requested to do so by the holder of such claim, estimate or temporarily allow a
5 | Disputed Claim for the purposes of voting on the Plan.

6 | If a person holds claims in more than one class entitled to vote on the Plan,
7 | such person will be entitled to complete and return a ballot for each Class. If you do not
8 | receive a ballot or if a ballot is damaged or lost, please contact:

9 | Tonkon Torp LLP
10 | Attention: Judy Alexander
11 | 1600 Pioneer Tower
12 | 888 S.W. Fifth Avenue
13 | Portland, Oregon 97204-2099
14 | Telephone number: (503) 802-2134

15 | All persons entitled to vote on the Plan may cast their vote for or against the
16 | Plan by completing, dating and signing the enclosed ballot and returning it, by First Class
17 | Mail or hand delivery, to Debtor at the address indicated above. In order to be counted, all
18 | ballots must be executed and received at the above address no later than 4:00 p.m. Pacific
19 | time on _____, 2010. Any ballots received after 4:00 p.m. Pacific time
20 | on _____, 2010 will not be included in any calculation to determine whether
21 | the parties entitled to vote on the Plan have voted to accept or reject the Plan.

22 | Ballots may be received by Debtor by facsimile transmission to Tonkon Torp
23 | LLP, Attention: Ava L. Schoen at (503) 972-3843. Ballots sent by facsimile transmission
24 | will be counted if faxed to Ms. Schoen by 4:00 p.m. Pacific time on _____,
25 | 2010.

26 | When a ballot is signed and returned without further instruction regarding
acceptance or rejection of the Plan, the signed ballot shall be counted as a vote accepting the
Plan. When a ballot is returned indicating acceptance or rejection of the Plan but is unsigned,

1 the unsigned ballot will not be included in any calculation to determine whether parties
2 entitled to vote on the Plan have voted to accept or reject the Plan. When a ballot is returned
3 without indicating the amount of the Claim, the amount shall be as set forth on Debtor's
4 Schedules or any Proof of Claim Filed with respect to such Claim.

5 **B. PARTIES ENTITLED TO VOTE**

6 Pursuant to Section 1126 of the Bankruptcy Code, each class of impaired
7 claims or interests that is not deemed to reject the Plan is entitled to vote to accept or reject
8 the Plan. Any holder of an Allowed Claim that is in an impaired class under the Plan, and
9 whose Class is not deemed to reject the Plan, is entitled to vote. A Class is "impaired" unless
10 the legal, equitable and contractual rights of the holders of claims in that Class are left
11 unaltered by the Plan or if the Plan reinstates the Claims held by members of such Class by
12 (1) curing any defaults, (2) reinstating the maturity of such claim, (3) compensating the
13 holder of such claim for damages that result from the reasonable reliance on any contractual
14 provision of law that allows acceleration of such claim, and (4) otherwise leaving unaltered
15 any legal, equitable or contractual right of which the Claim entitles the holder of such claim.
16 Because of their favorable treatment, classes that are not impaired are conclusively presumed
17 to accept the Plan. Accordingly, it is not necessary to solicit votes from the holders of claims
18 in classes that are not impaired.

19 Classes of Claims or Interests that will not receive or retain any money or
20 property under a Plan on account of such Claims or Interests are deemed, as a matter of law
21 under Section 1126(g) of the Bankruptcy Code, to have rejected the Plan and are likewise not
22 entitled to vote on the Plan.

23 Class 1 (other Priority Creditors), Class 5 (Wells Fargo), and Class 10
24 (Jacobsen Living Trust) are not impaired and therefore are deemed to have accepted the Plan.
25 All other Classes of Claims (Class 2 through 4, Class 6 through 9, and Class 11 through 15)
26

1 are impaired under the Plan, and persons holding Claims in those Classes are entitled to vote
2 to accept or reject the Plan.

3 **C. VOTES REQUIRED FOR CLASS ACCEPTANCE OF THE PLAN**

4 As a condition to confirmation, the Bankruptcy Code requires that each
5 impaired Class of Claims or Interests accepts the Plan, subject to the exceptions described
6 below in the section entitled "Cram Down of the Plan." At least one impaired Class of
7 Claims must accept the Plan in order for the Plan to be confirmed.

8 For a Class of Claims to accept a plan, Section 1126 of the Bankruptcy Code
9 requires acceptance by Creditors that hold at least two-thirds in dollar amount and a majority
10 in number of the Allowed Claims of such Class, in both cases counting only those claims
11 actually voting to accept or reject the plan. The holders of Claims who fail to vote are not
12 counted as either accepting or rejecting the Plan. If the Plan is confirmed, the Plan will be
13 binding with respect to all holders of Claims and Interest in each Class, including Classes and
14 members of Classes that did not vote or that voted to reject the Plan.

15 **D. "CRAM DOWN" OF THE PLAN**

16 If the Plan is not accepted by all of the impaired Classes of Claims, the Plan
17 may still be confirmed by the Bankruptcy Court pursuant to Section 1129(b) of the
18 Bankruptcy Code's "Cram Down" provision if the Plan has been accepted by at least one
19 Impaired Class of Claims, without counting the acceptances of any Insiders of Debtor, and
20 the Bankruptcy Court determines, among other things, that the Plan "does not discriminate
21 unfairly" and is "fair and equitable" with respect to each non-accepting Impaired Class of
22 Claims or Interest. Debtor believes that the Plan can be confirmed even if it is not accepted
23 by all impaired Classes of Claims.

24 **E. CONFIRMATION HEARING**

25 The Bankruptcy Court has scheduled a hearing on confirmation of the Plan to
26 commence on _____, 2010, at _____. The Confirmation Hearing will

1 be held at the United States Bankruptcy Court for the District of Oregon, Courtroom No. 3,
2 1001 SW Fifth Avenue, 8th Floor, Portland, Oregon, before the Honorable Randall L. Dunn,
3 United States Bankruptcy Judge. At the hearing, the Bankruptcy Court will consider whether
4 the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is
5 feasible and whether it is in the best interest of the creditors of Debtor. At that time, Debtor
6 will submit a report to the Bankruptcy Court concerning the votes for acceptance or rejection
7 of the Plan by the persons entitled to vote thereon.

8 Section 1128(b) of the Bankruptcy Code provides that any party in interest
9 may object to confirmation of the Plan. Any objections to confirmation of the Plan must be
10 made in writing and filed with the Bankruptcy Court and received by counsel for Debtor no
11 later than _____, 2010, by 4:00 p.m. Pacific time. Unless an objection to
12 confirmation is timely filed and received, it may not be considered by the Bankruptcy Court.

13 **III. BACKGROUND AND GENERAL INFORMATION**

14 **A. FOUNTAIN VILLAGE DEVELOPMENT**

15 Fountain Village Development is an Oregon general partnership originally
16 formed in 1966. It has two general partners, John and Janet Beardsley, who are husband and
17 wife. The Beardsleys have at least a 45-year history of building development,
18 redevelopment, ownership and management, with a focus in downtown Portland, Oregon.

19 Fountain Village Development currently own 18 properties in Portland and
20 one property in Juneau, Alaska. Several of the Portland properties are connected to assemble
21 a block of buildings side-by-side. The buildings are occupied by residential tenants and
22 commercial tenants, such as restaurants, retail stores, churches, and professional office
23 spaces. Debtor's revenue consists of rental payments from tenants and Debtor's costs consist
24 largely of debt servicing payments, renovation costs, and operation expenses.

25 For several years, the Portland market that Fountain Village Development
26 operates in experienced a dramatic upswing. The tightening of the mortgage credit markets,

1 however, led to dramatic changes. It made it more difficult for Debtor to attract and retain
2 tenants. The loss of revenue impaired Fountain Village Development's cash flow and led to
3 additional costs to maintain and finance the unoccupied units. Additionally, it made it more
4 difficult for Debtor to obtain and renegotiate financing.

5 **B. MANAGEMENT**

6 **1. BEARDSLEY BUILDING MANAGEMENT**

7 Beardsley Building Management manages numerous properties, including
8 those properties owned by Debtor.

9 **2. KEY OFFICERS**

10 John Beardsley. John Beardsley has owned, developed, and operated real
11 estate for over 45 years. Mr. Beardsley oversees Fountain Village Development's overall
12 operations with primary emphasis in acquiring buildings and tenants.

13 Terry Canby, Chief Financial Officer. Terry Canby joined Beardsley Building
14 Development in 2001 and brings over 30 years of experience in financial services and
15 accounting. He is responsible for managing Fountain Village Development's finances and
16 assets. Mr. Canby holds a bachelors degree in business administration from Linfield College.
17 Mr. Canby shall continue to be employed by Beardsley Building Management.

18 Tom Carrollo, General Manager of Beardsley Building Management. Tom
19 Carrollo joined Beardsley Building Development in 1997. He is the General Manager of
20 Beardsley Building Management, the management entity that manages Debtor's properties.
21 Prior to joining Beardsley Building Development, Mr. Carrollo managed the B&O
22 Commerce Center, a multi-use facility including over 120 various businesses and later played
23 a key role in managing the renovation and modernization of the Historic U.S. National Bank
24 Block. Mr. Carrollo holds a degree from University of Wisconsin-Whitewater.

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1 **C. FINANCIAL PERFORMANCE**

2 Attached hereto as Exhibit 2 are the tabular income statements for Debtor's
3 properties, for the fiscal years ending in the prior three years.¹ Attached hereto as Exhibit 3
4 are tabular projected operating results for the properties Debtor intends to retain.

5 **IV. THE BANKRUPTCY CASE**

6 **A. THE FILING**

7 Debtor Filed a voluntary petition for relief under Chapter 11 of the
8 Bankruptcy Code on November 20, 2009.

9 **B. POST-PETITION DEVELOPMENTS**

10 **1. GENERAL DEVELOPMENTS**

11 Immediately after the filing of the Petition, Debtor was able to obtain the use
12 of cash collateral from all of its lenders who have a security interest in Debtor's cash. Debtor
13 has since been operating under the cash collateral order.

14 **2. AGREEMENTS WITH LENDERS**

15 Debtor has reached agreements with several of its lenders subsequent to the
16 Petition Date, as follows:

17 **a. First Independent**

18 Debtor and First Independent have entered into a settlement agreement,
19 pursuant to Bankruptcy Rule 9019. That agreement provides that Debtor will deliver to First
20 Independent a non-recourse deed in lieu of foreclosure for the Yeon Building. For 90 days,
21 and thereafter to the extent First Independent so consents, Debtor will list the Yeon Building
22 for sale with a broker on terms acceptable to First Independent. During this 90 day period of
23 time, First Independent will not record the deed in lieu of foreclosure, and Debtor will
24 maintain and insure the Yeon Building and make a good faith effort to sell it. Thereafter,

25 _____
26 ¹ To the extent Debtor has not owned a property for three years, the income statement
reflects the date from which Debtor acquired the property.

1 Debtor will continue its good faith efforts to sell the Yeon Building until the Bank elects to
2 record its deed in lieu of foreclosure. During the sale period, Debtor will have use of cash
3 collateral under the terms of the present cash collateral order. In the event there is an offer to
4 purchase the Yeon Building for an amount in excess of First Independent's Allowed Secured
5 claim, the Yeon Building shall be sold and First Independent will not be permitted to record
6 the deed in lieu of foreclosure.

7 Debtor will file a motion with the Bankruptcy Court seeking approval of this
8 settlement agreement.

9 **b. Jacobsen Living Trust and Wells Fargo**

10 Debtor has entered into an agreement with the Jacobsen Living Trust and
11 Wells Fargo as follows:

12 First, the Secured Claim of Wells Fargo will be assumed by Alaska Juneau
13 Aeronautics ("AJA") and Seaport Air Group, LLC ("Seaport"), which entities will jointly and
14 severally execute a replacement note for the full amount of Wells Fargo's Secured Claim.
15 Debtor and Reorganized Company will be released from any liability on Wells Fargo's
16 Secured Claim. The repayment of the replacement note will be guaranteed by the Beardslays
17 and will be secured by a pledge by the Beardslays of their equity interests in Seaport and
18 AJA.

19 Second, the Alaska hangar will be transferred by Debtor to either AJA or
20 Seaport subject to the Wells Fargo indebtedness and with Wells Fargo's agreement. Debtor
21 will be released from the Secured Claim of Wings Airline Services, Inc.² of more than
22 \$1,600,000 with regards to the Alaska hangar. This claim is the subject, in part, of a lawsuit
23 pending in the U.S. District Court of the State of Alaska, which lawsuit will be resolved by
24 this settlement agreement.

25 _____
26 ² The 82% owner of Wings Airline Services, Inc. is Robert N. Jacobsen of the Jacobsen
Living Trust.

1 Third, the second-position deed of trust encumbering the Fountain Village
2 Block as security for the repayment of the Jacobsen Living Trust's Secured Claim shall be
3 released and reconveyed to Debtor.

4 Debtor believes that this settlement agreement provides a considerable benefit
5 to Debtor's estate because it will release significant debt and a lien in the Fountain Village
6 Block. Further, absent the settlement, the value of the Alaska hangar will be in jeopardy
7 because the viability of the hangar's current tenants may be in question. Debtor will file a
8 motion with the Bankruptcy Court seeking approval of this settlement agreement.

9 **c. Riverview**

10 Debtor and Riverview have agreed that the value of Riverview's Allowed
11 Secured Claim is \$1,059,400.19. Riverview's Secured Claim will be paid in full in cash in
12 360 installments of principal and interest commencing on March 1, 2010. As of March 1,
13 2010, the initial rate of interest will be 5% per annum. On the fifth anniversary of March 1,
14 2010 and annually thereafter, the interest rate shall be reset to an annual rate equal to the
15 prime rate of interest as published in the Wall Street Journal plus 150 basis points (the "Reset
16 Rate"). Payments will reset to an amount equal to 360 equal, amortizing payments of
17 principal and interest at the Reset Rate.

18 **V. ASSETS AND LIABILITIES**

19 **A. ASSETS**

20 Debtor's assets consist primarily of buildings in Portland, Oregon in which
21 Debtor rents units to tenants. A description of each of the projects is as follows:

22 **1. FOUNTAIN VILLAGE BLOCK**

23 Fountain Village Block is comprised of three buildings located at 15-27 SW
24 Second Avenue, 9-13 SW Second Avenue, and 16 SW Third Avenue in Portland, Oregon.
25 The buildings were built in 1900, 1906 and 1908, and include commercial and residential
26 tenants. Collectively, the buildings are approximately 97% occupied. The value of the

1 Fountain Village Block is approximately \$5,690,000. The debt owing on the buildings is
2 approximately \$2,993,000. The lender for the Fountain Village Block is First Independent;
3 the Jacobsen Living Trust has a second-position mortgage.

4 **2. NEW MARKET THEATER BLOCK**

5 The New Market Theater Block is comprised of two joined buildings, the
6 New Market Theater Building and the Fountain Village Building, in Portland's downtown
7 core area. The buildings are located at 120 SW Ankeny Street in Portland Oregon and 75-83
8 SW 1st Avenue, in Portland, Oregon, respectively. Both buildings have extensive cast iron
9 columns, arches and many other decorative details.

10 Debtor acquired the New Market Theater Building in 2001. The New Market
11 Theater Building was built in 1872 and has six stories. The building has six full floors of
12 offices with an exterior retail annex that faces towards Ankeny Square, where the Portland
13 Saturday Market is held each weekend. The New Market Theater Building has a historic tax
14 exemption that freezes taxes at its current level until June, 2011.

15 Debtor acquired the Fountain Village Building in 1993. The Fountain Village
16 Building was built in 1880 and has five stories. The ground floor is retail space and the four
17 upper floors house professional offices. Both buildings were completely renovated in the
18 1980s.

19 The New Market Theater Block is at approximately 53% occupancy. The
20 value of the New Market Theater Block is approximately \$5,650,000. The debt owing on the
21 buildings is approximately \$7,151,000. The lender for the New Market Theater Block is
22 Telesis.

23 **3. YEON BUILDING**

24 The Yeon building is located at 520-530 SW Fifth Avenue in Portland,
25 Oregon. It is a registered historic building and is currently used as a retail and professional
26 office building. It was built in 1906 and acquired by Debtor in 2008. The Yeon building is

1 at approximately 57% occupancy. The value of the Yeon Building is approximately
2 \$11,210,000. The debt owing on the building is approximately \$12,139,000. The lender for
3 this building is First Independent.

4 As set out above, Debtor and First Independent have reached an agreement
5 whereby Debtor will issue and First Independent will record a non-recourse deed in lieu of
6 foreclosure in full satisfaction of First Independent's Secured Claim to the extent Debtor
7 cannot sell the building and pay First Independent's Secured Claim.

8 **4. PATRICK AND POPPLETON BUILDINGS**

9 The Patrick and Poppleton buildings are located at 816-818 and 824-828 SW
10 First Avenue in Portland, Oregon. They were built in 1880 and acquired by Debtor in 2007.
11 The buildings are rented to retail and office tenants. The buildings are at approximately
12 41.5% occupancy. Debtor expects to enter into a new lease shortly that will bring the
13 occupancy to approximately 60%. The value of the Patrick and Poppleton Buildings is
14 approximately \$2,140,000. The debt owing on the buildings is approximately \$1,974,000.
15 The lender for the buildings is M&T.

16 **5. LOYALTY AND HAMILTON BUILDINGS**

17 The Loyalty and Hamilton Buildings are located at 523-529 W 3rd Avenue in
18 Portland, Oregon and 317 SW Alder Street in Portland, Oregon, respectively. The Hamilton
19 Building was built in 1893 and has six above-ground floors; the Loyalty Building was built
20 in 1929 and has twelve above-ground floors. Major renovations were completed in 1977 and
21 1990, respectively. The buildings are rented to retail and commercial tenants and are at
22 approximately 74% occupancy. The Hamilton Building has a historic tax exemption that
23 freezes its taxes at their current level until June, 2011. The value of the Loyalty and
24 Hamilton Buildings is approximately \$8,620,000. The debt owing on the buildings is
25 approximately \$8,724,000. The lender for this building is M&T.

26 ///

1 **6. BLAGEN BUILDING**

2 The Blagen Building is located at 30-34 NW 1st Avenue in the downtown
3 core area of Portland, Oregon. It was built in 1888 and renovated in the 1970s with periodic
4 updates since then. It was acquired by Debtor in 1999. The building includes four above-
5 ground floors (and an unfinished basement level) divided into suites that are leased to
6 commercial tenants. The building is at approximately 64% occupancy. It has a historic tax
7 exemption that freezes its taxes at their current level until June, 2015. The value of the
8 Blagen Building is approximately \$3,800,000. The debt owing on the building is
9 approximately \$4,346,000. M&T issued a mortgage and construction loan on the Blagen
10 building.

11 **7. OREGON PIONEER BUILDING**

12 Oregon Pioneer is located at 409 SW Third Avenue in Portland, Oregon. It
13 was built in 1910 and was acquired by Debtor in 2007. The second through sixth floors of
14 the building are finished as office space. The first floor consists of multiple retain suites,
15 including the restaurant, Hubers. Oregon Pioneer's occupancy is approximately 52.5%. The
16 building has a historic tax exemption that freezes its taxes at their current level until June,
17 2011. The value of the Oregon Pioneer Building is approximately \$6,430,000. The debt
18 owing on the building is approximately \$6,094,000. M&T issued a construction loan on the
19 Oregon Pioneer building.

20 **8. POSTAL BUILDING**

21 The Postal Building is located at 502-516 SW Third Avenue in Portland,
22 Oregon. The building was built in 1900 and acquired by Debtor in 2007. The Postal
23 Building is an historic building with tenants including restaurants, professional offices, and
24 retail spaces; it is at approximately 84% occupancy. The building has an historic tax
25 exemption that freezes its taxes at their current level until June, 2011. The value of the
26

1 Postal Building is approximately \$4,970,000. The debt owing on the buildings is
2 approximately \$6,639,000. The lender for the Postal Building is M&T.

3 Debtor has filed an adversary proceeding (adversary proceeding #10-03018-
4 rld) against Weiner Investment Co. and Clear Channel Outdoor, Inc., seeking declaratory
5 relief and trespass damages in connection with the billboard advertising situated on the
6 eastern side of the Postal Building, located at SW Third and SW Washington Streets. The
7 Debtor's goal in this proceeding is to establish its ownership and right to control the use of
8 this wall, which is currently claimed by Weiner Investment Co. pursuant to an 1888 party
9 wall agreement. The case is now proceeding in discovery.

10 **9. 11 NW FIFTH**

11 The building referred to as 11 NW Fifth is located at 11 NW Fifth Avenue in
12 Portland, Oregon. The building was built in 1912 and Debtor purchased it in 2005, at which
13 time Debtor completely renovated the interior and exterior. The above-grade area of the
14 building is leased to the Salvation Army, which operates the building as a women's shelter.
15 The value of 11 NW Fifth is approximately \$1,125,000. The lender for this building is
16 Riverview. Debtor and Riverview have agreed that the value of Riverview's Allowed
17 Secured Claim is \$1,059,400.¹⁹ Riverview's Allowed Secured Claim will be paid in full as
18 set forth in section IV(B)(2)(c) above.

19 **10. 5 NW FIFTH**

20 The building referred to as 5 NW Fifth is a commercial redevelopment
21 building built in 1910 with corner exposure at the intersection of NW 5th Avenue and West
22 Burnside Street in Portland's central business district. The building consists of ground floor
23 retail space and two upper floors. The ground floor is leased 100% to one tenant. The
24 ground floor lease expires in August 2010 and Debtor believes that the tenant is likely to
25 renew the lease. The two upper levels are leased 100% to one tenant, who subleases
26 individual rooms to as storage spaces and artist studios. Debtor expects this tenant to

1 continue leasing the two upper floors indefinitely. Debtor purchased 5 NW Fifth in 2005.
2 The value of 5 NW Fifth is approximately \$810,000. The debt owing on the building is
3 approximately \$774,000. The lender for the building is Fairway.

4 **11. 522 NW THOMPSON**

5 The building referred to as 522 NW Thompson is located at 522 N. Thompson
6 in an industrial-zoned area of Portland, Oregon. This building has been used as a warehouse
7 and for light industrial work. It includes two recessed covered loading docks and one
8 exterior loading dock. The value of 522 NW Thompson is approximately \$1,400,000. The
9 debt owing on the building is approximately \$729,000. The lender for this building is HMS.

10 **12. JAZZ DE OPUS**

11 Jazz de Opus is located at 27-33 NW Second Avenue in Portland, Oregon. It
12 was built in 1912 and acquired by Debtor in 2007. Jazz de Opus has two ground-floor suites
13 and two second-floor suites. The building is at approximately 81% occupancy. The value of
14 Jazz de Opus is approximately \$1,675,000. The debt owing on the building is approximately
15 \$1,509,000. The lender for Jazz de Opus is Pishue.

16 **13. ALASKA HANGAR**

17 The Alaska hangar is an airplane hangar located within the boundaries of the
18 Juneau International Airport in Juneau, Alaska. The Alaska hangar has two tenants. The
19 value of the Alaska Hanger is approximately \$3,400,000. The debt owing on the hangar is
20 approximately \$2,501,000. The lender for the hangar is Wells Fargo.

21 As set forth above, Debtor has entered into an agreement with the Jacobsen
22 Living Trust and Wells Fargo whereby the Secured Claim of Wells Fargo will be assumed by
23 AJA and Seaport, which entities will jointly and severally execute a replacement note for the
24 full amount of Wells Fargo's Secured Claim. Debtor and Reorganized Company will be
25 released from any liability on the Secured Claim. The repayment of the replacement note
26 will be guaranteed by the Beardsleys and will be secured by a pledge by the Beardsleys of

1 their equity interests in Seaport and AJA. The deed of trust encumbering the Fountain
2 Village Block as security for the repayment of the Secured Claim shall be released and
3 reconveyed to Debtor. The Alaska hangar will be transferred by Debtor to either AJA or
4 Seaport subject to the Wells Fargo indebtedness and with Wells Fargo's agreement.

5 **14. GEARHART HOUSE**

6 The Gearhart house is a private home located at 1768 Ocean Drive in
7 Gearhart, Oregon. The value for the Gearhart House is approximately \$1,025,000. The debt
8 owing on the house is approximately \$840,000. The lender for the house is M&T.

9 **B. SECURED LIABILITIES**

10 **1. FIRST INDEPENDENT BANK**

11 Debtor currently has the Fountain Village Block (composed of three
12 buildings) and the Yeon Building financed with First Independent. First Independent has a
13 Claim for approximately \$2,993,000 and \$12,139,000, respectively, secured by real estate.

14 **2. TELESIS COMMUNITY CREDIT UNION**

15 Debtor currently has the New Market Theater Block, composed of two
16 buildings, financed with Telesis. Telesis has a Claim for approximately \$7,151,000 secured
17 by real estate.

18 **3. M&T REAL ESTATE TRUST**

19 Debtor currently has multiple properties financed with M&T, including the
20 Patrick and Poppleton Buildings, the Loyalty and Hamilton Buildings, the Postal Building,
21 and the Gearhart house. Additionally, Debtor has a mortgage and construction loan from
22 M&T on the Blagen Building, and a construction loan on the Oregon Pioneer Building.
23 Collectively, M&T has a Claim for approximately \$28,619,876 secured by real estate.

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4. RIVERVIEW COMMUNITY BANK

Debtor currently has the building located at 11 NW Fifth financed with Riverview. Riverview and Debtor have agreed that Riverview has an Allowed Secured Claim for approximately \$1,059,400.19.

5. WELLS FARGO BANK

Debtor currently has an airplane hangar located in Juneau, Alaska financed with Wells Fargo. Wells Fargo has a Secured Claim for approximately \$2,501,000.

6. FAIRWAY AMERICA, LLC

Debtor currently has the building located at 5 NW Fifth financed with Fairway. Fairway has a Claim for approximately \$774,000 secured by real estate.

7. HMS INVESTMENT INC

Debtor currently has the building located at 522 N. Thompson St. financed with HMS. HMS has a Secured Claim for approximately \$729,000.

8. SAM AND MICHELE PISHUE

Debtor currently has Jazz de Opus financed with Pishue. Pishue has a Claim for approximately \$1,509,000 secured by real estate.

9. JACOBSEN LIVING TRUST

The Jacobsen Living Trust has a second-position mortgage on the Fountain Village Block, which is comprised of three buildings. Jacobsen Living Trust has a Claim for approximately \$300,000 secured by real estate.

10. EVERGREEN PORTLAND, LLC

Evergreen has second-position mortgages on various Debtor properties. Evergreen has a Claim for approximately \$2,393,414 secured by real estate.

11. TAXES

Debtor has unpaid property taxes totaling approximately \$682,784, excluding any interest owing thereon.

1 **C. UNSECURED CREDITORS**

2 Debtor owes approximately \$1,251,000 to unsecured creditors. This amount
3 includes approximately \$508,000 in tenant key and security deposits currently held by
4 Debtor, which may or may not ultimately be owed to tenants. In addition, Debtor anticipates
5 that Secured Creditors will have deficiency claims totaling approximately \$5,010,221
6 resulting in additional unsecured debt.

7 **D. ADMINISTRATIVE EXPENSES**

8 Debtor has retained Tonkon Torp LLP as their counsel in this case. Debtor
9 has have also retained First Service PGP Valuation to perform appraisal services. In
10 addition, Debtor is responsible for payment of the Examiner's fees and expenses. Debtor
11 anticipates that it will incur approximately \$250,000 in professional fees and expenses
12 through confirmation of the Plan.

13 **VI. DESCRIPTION OF PLAN OF REORGANIZATION**

14 **A. UNCLASSIFIED CLAIMS**

15 Administrative Expense Claims and Priority Tax Claims are not classified.
16 An Administrative Expense Claim is a Claim against Debtor constituting an expense of
17 administration of the Bankruptcy Case allowed under Section 503(b) of the Bankruptcy Code
18 including, without limitation, the actual and necessary costs and expenses of preserving the
19 estate and operating Debtor's businesses during the Case, any indebtedness or obligations
20 incurred by Debtor during the pendency of the Case in connection with the rendition of
21 services to Debtor, and compensation for legal and other professional services and
22 reimbursement of expenses and statutory fees payable to the United States Trustee.

23 A "Priority Tax Claim" is a Claim of a governmental unit of the kind entitled
24 to priority under Section 507(a)(8) of the Bankruptcy Code or that would otherwise be
25 entitled to priority but for the Secured status of the Claim.

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1 Pursuant to the Plan of Reorganization, Administrative Expense Claims will
2 be paid in full on the latter of the Effective Date or the date on which any such
3 Administrative Expense Claim becomes an Allowed Claim. However, the Administrative
4 Expense Claims representing liabilities incurred in the ordinary course of business (including
5 amounts owed to vendors and suppliers that have sold products or furnished services to
6 Debtor after the Petition Date) will be paid in accordance with the written terms and
7 conditions of the particular transactions and any other agreements relating thereto. Allowed
8 Unsecured Priority Tax Claims (except for property tax claims) will be paid as provided in
9 Section 1129(a)(9)(C) and (D) over a period ending five years from the Petition Date.

10 **B. CLASSIFIED CLAIMS**

11 The following summary of distributions under the Plan to Classified Claims
12 does not purport to be complete and is subject to, and is qualified in its entirety by reference
13 to, the Plan attached hereto as Exhibit 1.

14 1. Class 1 (Other Priority Claims). Class 1 is unimpaired. Each holder of
15 an Allowed Class 1 Claim will be paid in full in Cash the amount of its Allowed Class 1
16 Claim, including all interest, costs, fees and charges provided for under any agreement under
17 which such Claim arose or is otherwise allowed by law, on the latter of (a) the Effective Date
18 or (b) the date on which such Claim becomes Allowed, unless such holder shall agree or has
19 agreed to a different treatment of such Claim (including any different treatment that may be
20 provided for in any documentation, agreement, contract, statute, law or regulation creating
21 and governing such Claim.

22 2. Class 2 through 11 (Secured Claim of Lenders). Class 2 through 4,
23 Class 6 through 9, and Class 11 through 15 are impaired under the Plan. Class 5 and Class
24 10 are not impaired. The Secured Claims of Debtor's lenders are secured by a security
25 interest in certain of Debtor's real estate assets. The Class 2 through 11 Claims shall be paid
26 as described in detail in the attached Plan. Debtor believes that it is unlikely that Evergreen

1 has a secured claim under 11 U.S.C. § 506, in which case Evergreen will be treated as an
2 Unsecured Claim. Debtor further believes that other lenders will have deficiency claims as
3 well, so a portion of those lenders' Claims will be treated as Unsecured Claims.

4 In some cases, the Debtor has reached agreement with respect to treatment of
5 a lender's Claim. Debtor has reached agreement on the terms of the treatment of Riverview
6 whereby Riverview will have an Allowed Secured Claim for \$1,059,400.19, which will be
7 paid back in full with interest pursuant to an agreed upon payoff schedule as set out in the
8 Plan.

9 Debtor has reached an agreement with First Independent, which agreement
10 shall be submitted to the Court for approval, to provide First Independent with a deed in lieu
11 of foreclosure in full and final release and satisfaction of any and all claims against Debtor
12 and any guarantors, to the extent Debtor cannot sell the Collateral securing First
13 Independent's Claim.

14 Debtor has reached an agreement in principle with Wells Fargo and the
15 Jacobsen Living Trust, as set forth herein, which agreement shall be submitted to the Court
16 for approval.

17 With respect to Telesis, M&T, Fairway, HMS, and Pishue, the Plan proposes
18 that the properties will either be returned to the lenders in full satisfaction of the lenders'
19 Secured Claims or the Debtor will retain the property and pay the lenders their Allowed
20 Secured Claims pursuant to a schedule set out in the Plan. The liquidation analysis attached
21 hereto as Exhibit 4 sets forth the Debtor's estimate as to the values of the properties and any
22 potential deficiency claims related thereto.

23 3. Class 12 (Property Tax Lien Claims). Class 12 is impaired. The
24 holder of Class 12 Claims will retain their security interest with the same priority to which it
25 is entitled by law. The Allowed Class 12 Claimant shall be paid the full amount of their
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1 Secured Claims as permitted by 11 USC § 1129(a)(9)(D) in full within five (5) years after the
2 Petition Date.

3 4. Class 13 (Statutory Lien Claims). Class 13 is impaired. Each holder
4 of a Class 13 Claim will retain its security interest with the same priority to which it is
5 entitled by law. The Allowed Class 13 Claimants shall be paid the full amount of their
6 Secured Claims in full within five (5) years after the Petition Date.

7 5. Class 14 (General Unsecured Claims). Class 14 is impaired. Each
8 holder of a Class 14 Claim shall be paid by receiving a Pro Rata share of 50% of the Excess
9 Cash Flow generated by the Reorganized Company for each calendar quarter from and after
10 the Effective Date for seven (7) years. General Unsecured Claims total approximately
11 \$1,251,000 to unsecured creditors. This amount includes approximately \$508,000 in tenant
12 key and security deposits currently held by Debtor, which may or may not ultimately be
13 owed to tenants. In addition General Unsecured Claims include any Deficiency Claims of
14 Secured Creditors of anywhere from \$0 to \$5,010,221.

15 6. Class 15 (Interests). Class 15 is impaired. The holders of Class 15
16 Claims are the holders of all ownership interests in Debtor. Class 15 Interests will be
17 exchanged for interests in the Reorganized Company.

18 **C. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

19 The Bankruptcy Code gives Debtor the right, after commencement of its
20 Chapter 11 Case, subject to the approval of the Bankruptcy Court, to assume or reject
21 executory contracts and unexpired leases. Generally, an "executory contract" is a contract
22 under which material performance (other than the payment of money) is still due by each
23 party. The Plan provides for the assumption by the Debtor of all executory contracts and
24 unexpired leases.

25 If an executory contract or unexpired lease is or has been rejected, the
26 Creditor may file a Proof of Claim for damages resulting from such rejection. The Plan

1 provides that a Proof of Claim with respect to any such Claim must be Filed no later than 30
2 days after approval of the Bankruptcy Court of the rejection of the relevant executory
3 contract or unexpired lease or 30 days after the Effective Date, whichever is sooner. Any
4 such Claim shall constitute an Unsecured Claim to the extent that such Claim is finally
5 treated as an Allowed Claim. To the extent the Debtor rejects an unexpired lease of
6 nonresidential real property, the Claim for damages resulting from such rejection will be
7 limited to the amount allowed under the Bankruptcy Code.

8 Upon assumption of an executory contract or unexpired lease, Debtor must
9 cure or provide adequate assurance of prompt cure of any monetary defaults. The Plan
10 provides that Reorganized Company will cure all defaults in the ordinary course of business
11 and will cure any monetary defaults promptly. All assumed executory contracts and leases
12 will be automatically assigned to the Reorganized Company as of the Effective Date

13 **D. EFFECT OF CONFIRMATION**

14 **1. TRANSFER OF BEARDSLEYS' ASSETS**

15 This Plan provides that John and Janet Beardsley, the general partners of
16 Debtor, will transfer all of their assets, except their primary home, household furnishings,
17 and two cars to the Reorganized Company. The Beardsleys' assets include the following:

18 **a. Historic U.S. National Bank Block LLC**

19 The Beardsleys are the sole members of Historic U.S. National Bank Block
20 LLC ("HUSNBB"). John Beardsley is the managing member of HUSNBB. HUSNBB was
21 formed in 1999 for the purpose of acquiring and renovating three commercial office
22 buildings located in downtown Portland, Oregon. HUSNBB's revenue consists of rental
23 payments from tenants; HUSNBB's costs consist largely of debt servicing payments,
24 renovation costs, and operational expenses. HUSNBB filed for Chapter 11 bankruptcy
25 protection on October 9, 2009, and anticipates emerging from bankruptcy in the coming
26 months. HUSNBB's value is approximately \$24,027,455.

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b. Janair LLC

Janair LLC ("Janair") is an Oregon limited liability corporation. John and Janet Beardsley each own 50% of the membership interests in Janair. The Beardsleys' membership interests in Janair are valued at \$2,624,881. Janair holds an 80% interest in SeaPort Air Group, LLC, which, in turn, is the 100% owner of common stock of Alaska Juneau Aeronautics, Inc. dba Wings of Alaska and SeaPort Airlines.

c. 67449 N. Laguna Drive, Cathedral City, California

The Beardsleys own a residential house located at 67449 N. Laguna Drive in Cathedral City, California. The house is valued at approximately \$450,000 and has a debt balance of approximately \$361,774. Washington Mutual is the secured lender.

d. 84742 White Fir Lane, Joseph, Oregon

The Beardsleys own a residential house located at 84742 White Fir Lane in Joseph, Oregon. The house is valued at approximately \$475,000 and has a debt balance of approximately \$297,791. Washington Mutual is the secured lender.

e. 406 NW 6th Street, Corvallis, Oregon

The Beardsleys own a residential house located at 406 NW 6th Street in Corvallis, Oregon. The house is valued at approximately \$350,000 and is currently vacant.

f. 13642 SW 61st, Portland, Oregon

The Beardsleys own a residential house located at 13642 SW 61st in Portland, Oregon. The house is used as a rental home and currently has a tenant. The house is valued at approximately \$250,000, with a debt balance of approximately \$174,778. Washington Mutual is the secured lender on the house.

g. Palm Springs, California Lot

The Beardsleys own an undeveloped lot in Palm Springs, California. The lot is valued at approximately \$350,000. Palm Desert National has a first-position secured

1 mortgage on the lot for approximately \$199,363 and M&T Bank has a second-position
2 secured mortgage on the lot for approximately \$289,205.

3 **h. Lake Oswego, Oregon Lots**

4 The Beardsleys own two undeveloped lots in the residential Mount Park
5 neighborhood of Lake Oswego, Oregon. The lots are valued at approximately \$400,000 and
6 have a debt balance of approximately \$245,634. Riverview Bank is the secured lender on the
7 lots.

8 **i. Cars**

9 The Beardsleys own 11 cars. Nine of the cars will be transferred by the
10 Beardsleys to the Reorganized Company.

11 **j. Stock**

12 The Beardsleys own 276 shares of AT&T stock; 24 shares of US Bank stock;
13 and 47,215 shares of PreCash Inc. stock. The value of the shares fluctuates.

14 **2. DISCHARGE**

15 The treatment of, and consideration received by, holders of Allowed Claims
16 and Allowed Interests pursuant to the Plan of Reorganization will be in full satisfaction,
17 release and discharge of their respective Claims against or interests in Debtor. The
18 Confirmation Order shall discharge Debtor from any liability that arose before the Effective
19 Date as provided in Sections 524 and 1141 of the Bankruptcy Code, and any debt and
20 liability of a kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code,
21 whether or not: (a) a Proof of Claim based on such debt or liability is filed or deemed filed
22 under Section 501 of the Bankruptcy Code; (b) a Claim based on such debt or liability is
23 Allowed; or (c) the holder of the Claim based on such debt or liability has accepted the Plan.

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3. REVESTING, OPERATION OF BUSINESS

All property of the estate shall revert in Reorganized Company on the Effective Date free and clear of all rights, claims, liens, charges, encumbrances and interests, except as otherwise provided in the Plan.

4. INJUNCTION

Except as otherwise expressly provided in the Plan, all persons who have held, hold or may hold Claims, or who may have held, hold or may hold any Interest, are permanently enjoined from and after the Effective Date from (a) commencing or continuing in any manner any action or other proceedings of any kind with respect to any Claims or Interests against Reorganized Company; (b) enforcing, attaching, collecting or recovering by any manner or any means any judgment, award, decree or order against Reorganized Company; (c) creating, perfecting or enforcing any encumbrances of any kind against Reorganized Company with respect to any such Claim except as specifically set forth in the Plan; (d) asserting any setoff, right of subrogation or recoupment of any kind against any obligation due to Debtor, Reorganized Company or its property; and (e) proceeding in any manner in any place whatsoever that does not conform to, does not comply with, or is inconsistent with the provisions of the Plan or the order confirming the Plan.

Any and all Creditors holding a Claim against Debtor shall be temporarily enjoined from attempting to collect its Claim from John Beardsley and/or Janet Beardsley or any of their property until such time as all required Plan payments have been made or there is a default under the Plan that is not cured within 15 business days after receipt of notice to Debtor and the Beardsleys.

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1 **5. MODIFICATION OF THE PLAN; REVOCATION OR**
2 **WITHDRAWAL OF THE PLAN**

3 Subject to Section 1127 of the Bankruptcy Code, Debtor reserves the right to
4 alter, amend or modify the Plan before its substantial consummation so long as the treatment
5 of holders of Claims and Interests under the Plan are not adversely affected.

6 **6. RETENTION OF JURISDICTION**

7 Notwithstanding the entry of the Confirmation Order or the Effective Date
8 having occurred, the Bankruptcy Court shall retain exclusive jurisdiction over all matters
9 arising out of or relating to the Chapter 11 Case, including, but not limited to, the following
10 matters: (a) to hear and determine any pending applications for the rejection of executory
11 contracts or unexpired leases, and the allowance of Claims resulting therefrom; (b) to
12 determine any adversary proceedings, applications, contested matters or other litigative
13 matters pending on the Effective Date or Filed prior to the closing of the case; (c) to ensure
14 that distributions to holders of Allowed Claims are accomplished; (d) to hear and determine
15 objections to or requests for estimations of Claims, including any objections to the
16 classification of any Claim, and to allow, disallow and/or estimate any Claim in whole or in
17 part; (e) to enter and implement such orders as may be appropriate in the event the
18 Confirmation Order is for any reason stayed, revoked, modified or vacated; (f) to issue any
19 appropriate orders in aid of execution of the Plan or to enforce the Confirmation Order and/or
20 the discharge, or the effect of such discharge, provided to Debtor; (g) to hear and determine
21 any applications to modify the Plan, to cure any defect or omission or to reconcile any
22 inconsistency in the Plan or in any order of the Bankruptcy Court, including, without
23 limitation, the Confirmation Order; (h) to hear and determine all applications for
24 compensation and reimbursement of expenses of professionals or members of the Creditors
25 Committee under the Bankruptcy Code; (i) to hear and determine disputes arising in
26 connection with the interpretation, implementation or enforcement of the Plan; (j) to hear and

1 determine other issues presented or arising under the Plan; (k) to hear and determine any
2 other matters related hereto and not inconsistent with Chapter 11 of the Bankruptcy Code;
3 and (l) to enter a final decree closing the Chapter 11 Case.

4 **7. UNITED STATES TRUSTEE FEES**

5 Reorganized Company shall be responsible for timely payment of fees
6 incurred pursuant to 28 U.S.C. § 1930(a)(6) until the case is closed, converted or dismissed.
7 After confirmation, Reorganized Company shall serve on the United States Trustee a
8 monthly financial report for each month, or portion thereof, that the case remains open. The
9 monthly financial report shall include a statement of all disbursements made during the
10 course of the month, whether or not pursuant to the Plan.

11 **VII. LIQUIDATION ANALYSIS**

12 A Plan of Reorganization cannot be confirmed unless the Bankruptcy Court
13 finds that the Plan is in the "best interest of creditors" of holders of claims against, and
14 interests in, the debtor subject to such plan. The best interest test is satisfied if the plan
15 provides each dissenting or non-voting member of each impaired Class with a recovery not
16 less than the recovery such member would receive if the debtor was liquidated in a
17 hypothetical case under Chapter 7 of the Bankruptcy Code by a Chapter 7 Trustee. Debtor
18 believes that the holders of impaired Claims will receive more than they would receive under
19 a Chapter 7 liquidation. In applying the "best interest" test, the Bankruptcy Court would
20 ascertain the hypothetical recovery in a Chapter 7 proceeding to secured Creditors, priority
21 claimants, general Unsecured Creditors and equity interest holders. The hypothetical
22 Chapter 7 recoveries would then be compared with the distribution offered to each Class of
23 Claims or Interests under the Plan to determine that the Plan satisfied the "best interest" test
24 set forth in the Bankruptcy Code.

25 A copy of the Debtor's tabular liquidation analysis is attached hereto as
26 Exhibit 4. The real property values are estimated based on the results of third-party

1 appraisals, discussions with lenders, appraisers, other market participants, recent sales and/or
2 current asking prices for inventory less estimated discounts for liquidation and projected
3 selling costs. The liquidation table shows that upon a liquidation of the Debtor, there would
4 be no funds available for distribution to Unsecured Creditors.

5 **VIII. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

6 CIRCULAR 230 DISCLAIMER: TO ENSURE COMPLIANCE WITH
7 REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, WE INFORM
8 YOU THAT (A) ANY U.S. FEDERAL TAX ADVICE CONTAINED IN THIS
9 COMMUNICATION (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR
10 WRITTEN TO BE USED OR RELIED UPON, AND CANNOT BE USED OR RELIED
11 UPON, FOR THE PURPOSE OF (1) AVOIDING TAX-RELATED PENALTIES UNDER
12 THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR (2) PROMOTING,
13 MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY TRANSACTION
14 OR TAX MATTER(S) ADDRESSED HEREIN, AND (B) THIS DISCUSSION WAS
15 WRITTEN IN CONNECTION WITH DEBTOR SOLICITING ACCEPTANCES OF THE
16 PLAN THROUGH THIS DISCLOSURE STATEMENT.

17 **A. GENERAL TAX CONSIDERATIONS**

18 The following discussion is a summary of certain material federal income tax
19 consequences expected to result from the consummation of the Plan. This discussion is for
20 general information purposes only, and should not be relied upon for purposes of determining
21 the specific tax consequences of the Plan with respect to a particular holder of an Allowed
22 Claim or equity interest. This discussion does not purport to be a complete analysis or listing
23 of all potential tax considerations. This discussion does not address aspects of federal
24 income taxation that may be relevant to a particular holder of an Allowed Claim subject to
25 special treatment under federal income tax laws (such as foreign taxpayers, broker-dealers,
26 banks, thrifts, insurance companies, financial institutions, regulated investment companies,

1 real estate investment trusts and pension plans, and other tax-exempt investors), and does not
2 discuss any aspects of state, local or foreign tax laws. Furthermore, this summary does not
3 address federal taxes other than income taxes.

4 This discussion is based on existing provisions of the Internal Revenue Code
5 of 1986, as amended (the "IRC"), existing and proposed Treasury Regulations promulgated
6 thereunder, and current administrative rulings and court decisions. Legislative, judicial or
7 administrative changes or interpretations enacted or promulgated after the date hereof could
8 alter or modify the discussion set forth below with respect to the federal income tax
9 consequences of the Plan. Any such changes or interpretations may be retroactive and could
10 significantly affect the federal income tax consequences of the Plan. No ruling has been
11 requested or obtained from the Internal Revenue Service (the "IRS") with respect to any tax
12 aspects of the Plan and no opinion of counsel has been sought or obtained with respect
13 thereto. This discussion is not binding on the IRS or the courts and no assurance can be
14 given that the IRS will not assert, or that a court will not sustain, a different position than any
15 position discussed herein. No representations or assurances are being made to the holders of
16 Allowed Claims or equity interests with respect to the federal income tax consequences
17 described herein.

18 Accordingly, the following summary of certain federal income tax
19 consequences of the Plan is for informational purposes only and is not a substitute for careful
20 tax planning or advice based upon the individual circumstances pertaining to a particular
21 holder of an Allowed Claim or an equity interest. Each holder of an Allowed Claim or an
22 equity interest is strongly urged to consult with its own tax advisors regarding the federal,
23 state, local, foreign, and other tax consequences of the Plan.

24 Any discussion of federal tax issues set forth in this Disclosure Statement was
25 written solely in connection with the confirmation of the Plan to which the transactions
26 described in this Disclosure Statement are ancillary. Such discussion is not intended or

1 written to be legal or tax advice to any person and is not intended or written to be used, and
2 cannot be used, by any person for the purpose of avoiding any federal tax penalties that may
3 be imposed on such person. Each holder of an Allowed Claim or equity interest should seek
4 advice based on its particular circumstances from an independent tax advisor.

5 **B. FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF**
6 **AN ALLOWED CLAIM**

7 **1. GENERAL UNSECURED CREDITOR CLAIMS**

8 In accordance with the Plan, the debt owed by Debtor to each holder of a
9 General Unsecured Creditor Claim will be adjusted so that each General Unsecured Creditor
10 will be entitled to a Pro Rata share of 50% of the Excess Cash Flow generated by the
11 Reorganized Company for seven years. If this adjustment is considered significant, each
12 such holder will recognize taxable gain or loss equal to the difference between the fair
13 market value of the obligation as adjusted and the holder's adjusted basis in the original debt.
14 It may be difficult to place a value on the obligation as adjusted, but gain may nevertheless
15 be recognized. The character and amount of such taxable gain or loss will be determined
16 based on factors specific to each holder of a Claim, including but not limited to (i) whether
17 the Claim (or a portion thereof) is attributable to principal or interest, (ii) the origin of the
18 Claim, (iii) whether the holder of the Claim reports income on the accrual or cash basis
19 method, and (iv) whether the holder of the Claim has taken a bad debt deduction or otherwise
20 recognized a loss with respect to the Claim.

21 **C. IMPORTANCE OF OBTAINING PROFESSIONAL TAX**
22 **ASSISTANCE**

23 THE FOREGOING DISCUSSION IS INTENDED ONLY AS A
24 SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE
25 PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX
26 PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES

1 ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY
2 CASES UNCERTAIN AND MAY VARY DEPENDING ON THE PARTICULAR
3 SITUATION OF A HOLDER OF AN ALLOWED CLAIM, OR ANY EQUITY INTEREST
4 HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, EACH HOLDER OF
5 AN ALLOWED CLAIM AND EACH EQUITY INTEREST HOLDER IS URGED TO
6 CONSULT ITS TAX ADVISOR ABOUT THE FEDERAL, STATE, LOCAL, AND
7 APPLICABLE FOREIGN, INCOME AND OTHER TAX CONSEQUENCES OF THE
8 PLAN.

9 **IX. ACCEPTANCE AND CONFIRMATION OF THE PLAN**

10 **A. CONFIRMATION HEARING**

11 The Bankruptcy Court has scheduled a hearing on confirmation of the Plan on
12 _____, 2010 at _____. The hearing will be held at the United States
13 Bankruptcy Court for the District of Oregon, Courtroom No. 3, 1001 SW Fifth Avenue,
14 Portland, Oregon 97204, before the Honorable Randall L. Dunn, United States Bankruptcy
15 Judge. At that hearing, the Bankruptcy Court will consider whether the Plan satisfies the
16 various requirements of the Bankruptcy Code, including whether it is feasible and whether it
17 is in the best interest of Creditors and Interest holders of Debtor. Debtor will submit a report
18 to the Bankruptcy Court at that time concerning the votes for acceptance or rejection of the
19 Plan by the parties entitled to vote thereon. Any objection to confirmation of the Plan must
20 be timely filed as stated in Section II.E above.

21 **B. REQUIREMENTS OF CONFIRMATION**

22 At the hearing on confirmation, the Bankruptcy Court will determine whether
23 the provisions of Section 1129 of the Bankruptcy Code have been satisfied. If all of the
24 provisions of Section 1129 are met, the Bankruptcy Court may enter an order confirming the
25 Plan. Debtor believes the Plan satisfies all of the requirements of Chapter 11 of the
26

1 Bankruptcy Code, that it has complied or will have complied with all of the requirements of
2 Chapter 11, and that it has been proposed and is made in good faith.

3 **C. FEASIBILITY**

4 Debtor believes that confirmation of the Plan is not likely to be followed by
5 the liquidation of Reorganized Company or a need for a further financial reorganization of
6 Reorganized Company. The projections of Debtor's post-confirmation business, attached
7 hereto as Exhibit 3, show sufficient earnings and cash flow from operations to support and
8 meet the ongoing financial needs of Reorganized Company. The projections indicate that the
9 Plan as proposed by Debtor is feasible and that Reorganized Company will be financially
10 viable after confirmation of the Plan.

11 **D. RISK FACTORS**

12 There are a number of risks associated with Debtor's proposed Plan. Each
13 Creditor should carefully consider those risks in evaluating its vote on Debtor's Plan. All of
14 the risks associated with Debtor's Plan are too numerous to identify, however, a few of those
15 risks are set forth below.

16 **1. GENERAL FINANCIAL MARKET CONDITIONS**

17 The recent disruption with numerous major financial institutions and the
18 resulting crisis in the financial markets has rippled through the economy, and has impacted
19 the real estate industry in particular. While the ultimate effects of this crisis on the owners
20 and operators of buildings, such as Debtor, are as yet unclear, it is possible that this financial
21 market will prevent even qualified borrowers from being able to obtain mortgages on
22 affordable terms, if at all. A continued freeze of the credit markets could have a significant
23 adverse impact on the Debtor.

24 **2. PROJECTED FINANCIAL RESULTS**

25 The Debtor's projected financial results reflect management's best estimate of
26 the Reorganized Company's future financial performance based on currently known facts and

1 hypothetical assumptions about, among other matters, the timing, confirmation and
2 consummation of the Plan in accordance with its terms, the anticipated future performance of
3 the Reorganized Company, real estate, and general business and economic conditions. Many
4 of these factors are beyond the control of the Reorganized Company. As a consequence, the
5 actual financial results may differ significantly from the projections. Specifically, the
6 Reorganized Company may not be able to meet the projected financial results or achieve the
7 revenue or cash flow that it has assumed in projecting future business prospects.

8 **3. CLAIM AMOUNTS**

9 The claims estimates set forth in this Disclosure Statement are based on
10 various assumptions. The actual Allowed Claim amounts may differ significantly from these
11 estimates should Debtor's underlying assumptions prove to be incorrect. Such differences
12 may materially and adversely affect the percentage recovery to holders of such Claims under
13 the Plan.

14 **E. CRAM DOWN**

15 As discussed previously, a Court may confirm a Plan, even if it is not accepted
16 by all impaired classes, if the Plan has been accepted by at least one impaired class of claims
17 and the Plan meets the cram down requirements set forth in Section 1129(b) of the
18 Bankruptcy Code. In the event that any impaired Class of Claims does not accept the Plan,
19 Debtor hereby requests that the Bankruptcy Court confirm the Plan in accordance with
20 Section 1129(b) of the Bankruptcy Code or otherwise permit Debtor to modify the Plan.

21 Debtor believes the Plan does not violate the absolute priority rule of the
22 Bankruptcy Code. 11 U.S.C. § 1129(b)(2)(B)(ii), commonly referred to as the absolute
23 priority rule, provides that with respect to a class of unsecured claims, the holder of any
24 claim or interest that is junior to the claims of such class will not receive or retain under the
25 plan on account of such junior claim or interest any property unless the plan provides that
26

1 each holder of a claim receives or retains on account of such claim property of a value, as of
2 the Effective Date of the plan, equal to the Allowed amount of such claim.

3 **F. ALTERNATIVES TO CONFIRMATION OF THE PLAN**

4 If a Plan is not confirmed, Debtor or another party in interest may attempt to
5 formulate or propose a different Plan or Plans of Reorganization. Such Plans might involve a
6 reorganization and continuation of Debtor's business, a sale of Debtor's businesses as a going
7 concern, an orderly liquidation of Debtor's assets or any combination thereof. If no Plan of
8 Reorganization is determined by the Bankruptcy Court to be confirmable, the Chapter 11
9 case may be converted to a liquidation proceeding under Chapter 7 of the Bankruptcy Code.

10 In a liquidation, a Chapter 7 Trustee would be appointed with the purpose of
11 liquidating the assets of Debtor. Typically, in a liquidation, assets are sold for less than their
12 going concern value and, accordingly, the return to Creditors and Interest holders is less than
13 the return in a reorganization, which derives the value to be distributed in a Plan from the
14 business as a going concern. Proceeds from liquidation would be distributed to Creditors and
15 Interest holders of Debtor in accordance with the priorities set forth in the Bankruptcy Code.
16 Debtor believes there is no currently available alternative that would offer holders of Claims
17 and Interests in Debtor greater than the Plan and urges all parties entitled to vote on the Plan
18 to vote to accept the Plan.

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1 **X. CONCLUSION**

2 Please read this Disclosure Statement and the Plan carefully. After reviewing
3 all the information and making an informed decision, please vote by using the enclosed
4 ballot.

5 DATED this 19th day March, 2010.

6 Respectfully submitted,

7 FOUNTAIN VILLAGE DEVELOPMENT

8
9 By /s/ John Beardsley
10 John Beardsley, General Partner

11 Presented by:

12 TONKON TORP LLP

13 By /s/ Ava L. Schoen
14 Albert N. Kennedy, OSB No. 821429
15 Ava L. Schoen, OSB No. 044072
16 Attorneys for Debtor
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EXHIBIT 1

Plan of Reorganization

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13 Attorneys for Debtor

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IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF OREGON

In re

Fountain Village Development, a general
partnership,

Debtor.

Case No. 09-39718-rld11

**DEBTOR'S PLAN OF
REORGANIZATION
(March 19, 2010)**

DEBTOR'S PLAN OF REORGANIZATION (March 19, 2010)

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1 Fountain Village Development, as debtor and debtor-in-possession ("Debtor"),
2 proposes the following Plan of Reorganization (the "Plan") pursuant to Section 1121(a) of
3 Title 11 of the United States Code.

4 This Plan provides that John and Janet Beardsley, the general partners of Debtor, will
5 transfer all of their assets, except their primary home, household furnishings, and two cars to
6 the Reorganized Company for distribution pursuant to the Plan.

7 This Plan provides for the repayment of Debtor's obligations to its Creditors. The
8 Plan provides for payment to Secured Creditors in the full amount of their Secured Claim
9 over a period of time, or as properties are sold, or by transferring the assets securing their
10 Claim to them in full satisfaction of their Secured Claim. General Unsecured Creditors will
11 receive pro-rata distributions based upon 50% of Excess Cash Flow generated by the
12 Reorganized Company for seven (7) years. A Disclosure Statement is enclosed herewith to
13 assist you in understanding this Plan and making an informed judgment concerning its terms.

14 **ARTICLE 1**

15 **DEFINITIONS**

16 Definitions of certain terms used in this Plan are set forth below. Other terms are
17 defined in the text of this Plan or the text of the Disclosure Statement. In either case, when a
18 defined term is used, the first letter of each word in the defined term is capitalized. Terms
19 used and not defined in this Plan or the Disclosure Statement shall have the meanings given
20 in the Bankruptcy Code or Bankruptcy Rules, or otherwise as the context requires. The
21 meanings of all terms shall be equally applicable to both the singular and plural, and
22 masculine and feminine, forms of the terms defined. The words "herein," "hereof," "hereto,"
23 "hereunder," and others of similar import, refer to the Plan as a whole and not to any
24 particular section, subsection or clause contained in the Plan. Captions and headings to
25 articles, sections and exhibits are inserted for convenience of reference only and are not
26 intended to be part of or to affect the interpretation of the Plan. The rules of construction set

1 forth in Section 102 of the Bankruptcy Code shall apply. In computing any period of time
2 prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.
3 Any capitalized term that is not defined herein but is defined in the Bankruptcy Code shall
4 have the meaning ascribed to such term in the Bankruptcy Code.

5 1.1 "Administrative Expense Claim" means any Claim entitled to the priority
6 afforded by Sections 503(b) and 507(a)(2) of the Bankruptcy Code.

7 1.2 "Allowed" means, when used to modify the term Claim or Administrative
8 Expense Claim, either a proof of which has been properly Filed or, if no Proof of Claim was
9 so Filed, which was or hereafter is listed on the Schedules as liquidated in amount and not
10 disputed or contingent or an Administrative Expense Claim that the Debtor has received by
11 the applicable bar date, and, in each case, a Claim or Administrative Expense Claim as to
12 which no objection to the allowance thereof, or motion to estimate for purposes of allowance,
13 shall have been Filed on or before any applicable period of limitation that may be fixed by the
14 Bankruptcy Code, the Bankruptcy Rules and/or the Bankruptcy Court, or as to which any
15 objection, or any motion to estimate for purposes of allowance, shall have been so Filed, to
16 the extent (a) such objection is resolved between such Claimant and either the Debtor or the
17 Reorganized Company or (b) such claim is allowed by a Final Order.

18 1.3 "Allowed Secured Claim" means an Allowed Claim that is secured by a lien,
19 security interest or other charge against or interest in property in which the Debtor has an
20 interest or that is subject to setoff under Section 553 of the Bankruptcy Code, to the extent of
21 the value (as set forth in the Plan, or if no value is specified, as determined in accordance
22 with Section 506(a) of the Bankruptcy Code or, if applicable, Section 1111(b) of the
23 Bankruptcy Code) of the interest of the holder of such Claim in Debtor's interest in such
24 property or to the extent of the amount subject to setoff, as the case may be.

25 1.4 "Allowed Unsecured Claim" means an Allowed Claim that is not an Allowed
26 Secured Claim or an Allowed Administrative Expense Claim.

1 1.5 "Avoidance Actions" means, without limitation, any and all actions, causes of
2 action, liabilities, obligations, rights, suits, debts, sums of money, damages, judgments,
3 claims and demands whatsoever, whether known or unknown, in law (including, without
4 limitation, sections 506(c), 510, 542, 544, 547, 548, 549, 550 and 553 of the Bankruptcy
5 Code or equivalent provisions of applicable non-bankruptcy law), equity or otherwise.

6 1.6 "Bankruptcy Case" means the case under Chapter 11 of the Bankruptcy Code
7 with respect to Debtor, pending in the District of Oregon, administered as *In re Fountain*
8 *Village Development, a general partnership*, Case No. 09-39718-rld11.

9 1.7 "Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended
10 from time to time, set forth in Sections 101 et seq. of Title 11 of the United States Code.

11 1.8 "Bankruptcy Court" means the United States Bankruptcy Court for the District
12 of Oregon, or such other court that exercises jurisdiction over the Bankruptcy Case or any
13 proceeding therein, including the United States District Court for the District of Oregon, to
14 the extent that the reference to the Bankruptcy Case or any proceeding therein is withdrawn.

15 1.9 "Bankruptcy Rules" means, collectively, the Federal Rules of Bankruptcy
16 Procedure, as amended and promulgated under Section 2075, Title 28, of the United States
17 Code, and the local rules and standing orders of the Bankruptcy Court.

18 1.10 "Beardsley Building Management" means the management company that
19 manages Debtor's real property and whose sole member is John Beardsley.

20 1.11 "Beardsleys" means John and Janet Beardsley, the general partners of Debtor.

21 1.12 "Business Day" means a day other than a Saturday, Sunday, any legal holiday
22 as defined in Bankruptcy Rule 9006(a), or other day on which banks in Portland, Oregon are
23 authorized or required by law to be closed.

24 1.13 "Cash" means lawful currency of the United States of America and
25 equivalents, including, without limitation, checks, wire transfers and drafts.

26 ///

1 1.14 "Claim" means (a) any right to payment from Debtor arising before the
2 Effective Date, whether or not such right is reduced to judgment, liquidated, unliquidated,
3 fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or
4 unsecured; or (b) any right to an equitable remedy against Debtor arising before the Effective
5 Date for breach of performance if such breach gives rise to a right of payment from Debtor,
6 whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent,
7 matured, unmatured, disputed, undisputed, secured or unsecured.

8 1.15 "Class" means one of the classes of Claims defined in Article 3 hereof.

9 1.16 "Collateral" means any property in which Debtor has an interest that is subject
10 to a lien or security interest securing the payment of an Allowed Secured Claim.

11 1.17 "Confirmation Date" means the date on which the Confirmation Order is
12 entered on the docket by the Clerk of the Bankruptcy Court.

13 1.18 "Confirmation Order" means the order of the Bankruptcy Court confirming the
14 Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

15 1.19 "Creditor" means any entity holding a Claim against Debtor.

16 1.20 "Debtor" means Fountain Village Development, a general partnership, as
17 Debtor and Debtor-in-Possession in the Bankruptcy Case.

18 1.21 "Deficiency Claim" means the portion of a Secured claim that is unsecured.

19 1.22 "Disclosure Statement" means Debtor's Disclosure Statement as amended,
20 modified, restated or supplemented from time to time, pertaining to the Plan.

21 1.23 "Disputed Claim" means a Claim with respect to which a Proof of Claim has
22 been timely Filed or deemed timely Filed under applicable law, and as to which an objection,
23 timely Filed, has not been withdrawn on or before the Effective Date or any date fixed for
24 filing such objections by order of the Bankruptcy Court, and has not been denied by a Final
25 Order and which Claim has not been estimated or temporarily allowed by the Bankruptcy
26 Court on timely motion by the holder of such Claim. If an objection related to the allowance

1 of only a part of a Claim has been timely Filed or deemed timely Filed, such Claim shall be a
2 Disputed Claim only to the extent of the objection.

3 1.24 "Effective Date" means the first day of the first month following the day on
4 which the Confirmation Order becomes a Final Order.

5 1.25 "Evergreen" means Evergreen Portland, LLC.

6 1.26 "Entity" shall have the meaning ascribed to it by Section 101(15) of the
7 Bankruptcy Code.

8 1.27 "Examiner" means the examiner appointed by the office of the U.S. Trustee
9 pursuant to the Bankruptcy Court's March 8, 2010 Order.

10 1.28 "Excess Cash Flow" means net operating income after interest, replacement
11 reserves, tenant improvements, tax reserves, and leasing commissions.

12 1.29 "Fairway" means Fairway America, LLC.

13 1.30 "Filed" means filed with the Bankruptcy Court in the Bankruptcy Case.

14 1.31 "Final Order" means an order or judgment entered on the docket by the Clerk
15 of the Bankruptcy Court or any other court exercising jurisdiction over the subject matter and
16 the parties that has not been reversed, stayed, modified or amended and as to which the time
17 for filing a notice of appeal, or petition for certiorari or request for certiorari, or request for
18 rehearing shall have expired.

19 1.32 "First Independent" means First Independent Bank.

20 1.33 "General Partners" means John and Janet Beardsley as the sole general
21 partners of Debtor.

22 1.34 "General Unsecured Claim" means an Unsecured Claim.

23 1.35 "HMS" means HMS Investment, Inc.

24 1.36 "Insider" shall have the meaning ascribed to it by Section 101(31) of the
25 Bankruptcy Code.

26 ///

1 1.37 "Interests" means all rights of the owners of the partnership interests of
2 Debtor.

3 1.38 "Jacobsen Living Trust" means the Robert N. Jacobsen and Darlene F.
4 Jacobsen Living Trust.

5 1.39 "M&T" means M&T Real Estate Trust.

6 1.40 "Other Priority Claim" means any Claim for an amount entitled to priority in
7 right of payment under Section 507(a)(3), (4), (5) (6) or (7) of the Bankruptcy Code.

8 1.41 "Petition Date" means November 20, 2009, the date on which the petition
9 commencing this Bankruptcy Case was Filed.

10 1.42 "Pishue" means Sam and Michele Pishue.

11 1.43 "Plan" means this Plan of Reorganization, as amended, modified, restated or
12 supplemented from time to time.

13 1.44 "Priority Tax Claim" means a Claim of a governmental unit of the kind
14 entitled to priority under Section 507(a)(8) of the Bankruptcy Code or that would otherwise
15 be entitled to priority but for the secured status of the Claim.

16 1.45 "Pro Rata" means a proportionate share, so that the ratio of (a) the amount of
17 property distributed on account of any Allowed Claim, or retained on account of a Disputed
18 Claim, in a Class, to (b) the amount distributed on account of all Allowed Claims, or
19 allocated to on account of all disputed claims, in such Class, is the same as the ratio (x) such
20 claim bears to (y) the total amount of all claims (including Disputed Claims in their
21 respective Disputed claim Amounts) in such Class.

22 1.46 "Rejection Claim" means a Claim entitled to be filed as a result of Debtor
23 rejecting an executory contract in these Bankruptcy Cases.

24 1.47 "Reorganized Company" means an Oregon limited liability company to be
25 formed on or before the Effective Date. The General Partners will be the sole initial
26 members of the Reorganized Company.

1 1.48 "Retained Property" means any real property of the Debtor that, on the
2 Effective Date, has not been previously surrendered to a Secured Creditor or is not to be
3 surrendered to a Secured Creditor pursuant to the terms of the Plan or agreement of the
4 parties.

5 1.49 "Riverview" means Riverview Community Bank.

6 1.50 "Schedules" means the Schedules of Assets and Liabilities and the Statement
7 of Financial Affairs Filed by Debtor pursuant to Section 521 of the Bankruptcy Code, as
8 amended, modified, restated or supplemented from time to time.

9 1.51 "Scheduled Amounts" means the Claim amounts as set forth in Debtor's
10 Bankruptcy Schedules.

11 1.52 "Secured Claim" means any Claim against Debtor held by any entity,
12 including, without limitation, an affiliate or judgment creditor of Debtor, to the extent such
13 Claim constitutes a secured Claim under Sections 506(a) or 1111(b) of the Bankruptcy Code.
14 The unsecured portion, if any, of such Claim shall be treated as an Unsecured Claim.

15 1.53 "Statutory Lien Claims" means the Allowed Secured Claim of any entity to the
16 extent that such claim is secured by a lien arising under the statutes of the State of Oregon.

17 1.54 "Subordinated Claim" means any Claim: (a) subordinated for purposes of
18 distribution pursuant to section 510(c) of the Bankruptcy Code, or (b) for any fine, penalty or
19 forfeiture, or for multiple, exemplary or punitive damages, to the extent that such Claims are
20 not compensation for actual pecuniary loss.

21 1.55 "Telesis" means Telesis Community Credit Union.

22 1.56 "Unsecured Claim" means a Claim that is not an Administrative Claim, a
23 Secured Claim, a Tax Claim, or an Other Priority Claim.

24 1.57 "Unsecured Creditor" means a holder of an Allowable Unsecured Claim.

25 1.58 "Unsecured Creditors' Proceeds" means 50% of Excess Cash Flow generated
26 by Reorganized Company for each calendar quarter commencing with the quarter ending

1 December 31, 2010, and continuing for each calendar quarter through December 31, 2017 or
2 until claims have been paid in full, whichever is earlier, without accounting for future or past
3 quarterly performance by Reorganized Company.

4 1.59 "Utility Deposits" means deposits with utilities made by Debtor after the
5 Petition Date pursuant to Section 366(b) of the Bankruptcy Code.

6 1.60 "Wells Fargo" means Wells Fargo Bank, NA.

7 **ARTICLE 2**

8 **UNCLASSIFIED CLAIMS**

9 2.1 Administrative Expense Claims. Each holder of an Allowed Administrative
10 Expense Claim shall be paid by the Reorganized Company in full in Cash on the later of
11 (a) the Effective Date or (b) the date on which such Claim becomes Allowed, unless such
12 holder shall agree to a different treatment of such Claim (including, without limitation, any
13 different treatment that may be provided for in any documentation, statute or regulation
14 governing such Claim); provided, however, that Administrative Expense Claims representing
15 obligations incurred in the ordinary course of business by Debtor during the Bankruptcy Case
16 shall be paid by Debtor or Reorganized Company in the ordinary course of business and in
17 accordance with any terms and conditions of the particular transaction, and any agreements
18 relating thereto.

19 2.2 Priority Tax Claims. Each holder of an Allowed Priority Tax Claim shall be
20 paid by Reorganized Company the full amount of its Allowed Priority Tax Claim as allowed
21 by 11 U.S.C. § 1129(a)(9)(C) and (D), together with interest as provided in 11 U.S.C. § 511,
22 over a period ending not later than five years after the date on which such claim was assessed.

23 2.3 Bankruptcy Fees. Fees payable by Debtor under 28 U.S.C. § 1930, or to the
24 Clerk of the Bankruptcy Court, will be paid in full in Cash on the Effective Date. After
25 confirmation, Reorganized Company shall continue to pay quarterly fees of the Office of the
26 United States Trustee and to file quarterly reports with the Office of the United States Trustee

1 until this case is closed by the Court, dismissed or converted except as otherwise ordered by
2 the Court. This requirement is subject to any amendments to 28 U.S.C. § 1930(a)(6) that
3 Congress makes retroactively applicable to confirmed Chapter 11 cases.

4 **ARTICLE 3**

5 **CLASSIFICATION**

6 For purposes of this Plan, Claims (except those treated under Article 2) are classified
7 as provided below. A Claim is classified in a particular Class only to the extent that such
8 Claim qualifies within the description of such Class, and is classified in a different Class to
9 the extent that such Claim qualifies within the description of such different Class.

10 3.1 Class 1 (Other Priority Claims). Class 1 consists of all Allowed Other Priority
11 Claims.

12 3.2 Class 2 (Telesis Community Credit Union). Class 2 consists of the Allowed
13 Secured Claim of Telesis Community Credit Union.

14 3.3 Class 3 (M&T Real Estate Trust). Class 3 consists of the Allowed Secured
15 Claims of M&T Real Estate Trust.

16 3.4 Class 4 (First Independent Bank). Class 4 consists of the Allowed Secured
17 Claim of First Independent Bank.

18 3.5 Class 5 (Wells Fargo Bank, NA). Class 5 consists of the Allowed Secured
19 Claim of Wells Fargo Bank, NA.

20 3.6 Class 6 (Fairway America, LLC). Class 6 consists of the Allowed Secured
21 Claim of Fairway America, LLC.

22 3.7 Class 7 (Riverview Community Bank). Class 7 consists of the Allowed
23 Secured Claim of Riverview Community Bank.

24 3.8 Class 8 (Sam and Michele Pishue). Class 8 consists of the Allowed Secured
25 Claim of Sam and Michele Pishue.

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1 3.9 Class 9 (HMS Investment, Inc). Class 9 consists of the Allowed Secured
2 Claim of HMS Investment, Inc.

3 3.10 Class 10 (Robert N. Jacobsen and Darlene F. Jacobsen Living Trust). Class
4 10 consists of any Allowed Secured Claim of Robert N. Jacobsen and Darlene F. Jacobsen
5 Living Trust.

6 3.11 Class 11 (Evergreen Portland, LLC). Class 11 consists of the Allowed
7 Secured Claim of Evergreen Portland, LLC.

8 3.12 Class 12 (Property Tax Lien Claims). Class 12 consists of the Allowed
9 Secured Claims of any governmental units for *ad valorem* property taxes or similar
10 impositions that are secured by statutory liens on any of the Debtor's property (real or
11 personal).

12 3.13 Class 13 (Statutory Lien Claims). Class 13 consists of the Allowed Secured
13 Claims of holders of Statutory Lien Claims.

14 3.14 Class 14 (General Unsecured Claims). Class 14 consists of all Allowed
15 Unsecured Claims not otherwise classified and treated under the Plan.

16 3.15 Class 15 (Interests). Class 15 consists of the Interests.

17 **ARTICLE 4**

18 **TREATMENT OF CLASSIFIED CLAIMS AND INTERESTS**

19 4.1 Class 1 (Other Priority Claims). Class 1 is unimpaired. Each holder of an
20 Allowed Class 1 Claim will be paid in full in Cash the amount of its Allowed Class 1 Claim,
21 on the latter of (a) the Effective Date or (b) the date on which such Claim becomes allowed,
22 unless such holder shall agree or has agreed to a different treatment of such Claim (including
23 any different treatment that may be provided for in any documentation, agreement, contract,
24 statute, law or regulation creating and governing such Claim.

25 ///

26 ///

1 4.2 Class 2 (Telesis Community Credit Union). Class 2 is impaired. The Class 2
2 Claim of Telesis is secured by a security interest in Debtor's real property known as the New
3 Market Theater Block.

4 The Class 2 Claimant will retain its security interest in and liens upon its Collateral
5 with the same priority and to the extent such security interest and liens had as of the Petition
6 Date. The Class 2 Claimant asserts that the present value of the Collateral is \$5,650,000.
7 The Class 2 Claim will be paid in full in 360 amortizing payments of principal and interest as
8 follows (a) commencing on the first day of the first month following the Effective Date, and
9 continuing for 59 months thereafter, Telesis will be paid equal, monthly amortizing payments
10 of principal and interest at the rate of 4.75%; and (b) commencing on the first day of the sixty
11 first month following the Effective Date, and annually thereafter, the interest rate shall be
12 reset to an annual rate equal to the prime rate of interest as published in the Wall Street
13 Journal plus 150 basis points (the "Reset Rate"), provided that the adjustment to the interest
14 rate in any one year shall not be more than 1% up or down, and further provided that the rate
15 shall not adjust more than 3% up or down over the life of the Plan, and Telesis will be paid
16 equal monthly amortizing payments of principal and interest at the Reset Rate.

17 4.3 Class 3 (M&T Real Estate Trust). Class 3 is impaired. The Class 3 Claim of
18 M&T includes multiple subclaims, each of which will be separately classified and separately
19 treated as hereinafter described. The Class 3 Claimant will retain its security interests in and
20 liens upon its Collateral with the same priority and to the same extent such security had as of
21 the Petition Date, and the Reorganized Company will maintain the Collateral in good repair
22 and insure such Collateral to its full, useable value. The Class 3 Claimant has Allowed
23 Class 3 Claims as follows:

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1 4.3.1. Class 3.1. M&T's Secured Claim secured by the Patrick and
2 Poppleton Buildings.

3 M&T will retain its security interest in and liens upon its Collateral with the
4 same priority and to the same extent such security interest and liens had as of the Petition
5 Date. M&T's Class 3.1 Claim is fully secured and M&T will have an allowed Class 3.1
6 Claim in the amount of the principal, non-default interest, and reasonable fees and costs
7 owing to M&T. The value of the Collateral securing the Class 3.1 Claim is approximately
8 \$2,140,000. The Class 3.1 Secured Claim will be paid in 360 monthly amortizing payments
9 of principal and interest as follows: (a) commencing on the first day of the first month
10 following the Effective Date, and continuing on the first day of each month for 59 months
11 thereafter, M&T's Class 3.1 Secured Claim will be paid equal, monthly amortizing payments
12 of principal and interest at the rate of 4.75%; and (b) commencing on the first day of the sixty
13 first month following the Effective Date, and annually thereafter, the interest rate shall be
14 reset to an annual rate equal to the prime rate of interest as published in the Wall Street
15 Journal plus 150 basis points (the "Reset Rate"), provided that the adjustment to the interest
16 rate in any one year shall not be more than 1% up or down, and further provided that the rate
17 shall not adjust more than 3% up or down over the life of the Plan, and payments will reset to
18 an amount equal to equal, amortizing payments of principal and interest at the Reset Rate.

19 4.3.2. Class 3.2. M&T's Secured Claim by the Loyalty and Hamilton
20 Buildings.

21 M&T will retain its security interest in and liens upon its Collateral with the same
22 priority such security interest and liens had as of the Petition Date. M&T's Class 3.2 Secured
23 Claim will be allowed in an amount equal to the value of M&T's interest in the Collateral
24 securing its Class 3.2 Claim. The value of the collateral is approximately \$8,620,000. The
25 Class 3.2 Secured Claim will be paid in 360 monthly amortizing payments of principal and
26 interest as follows: (a) commencing on the first day of the first month following the Effective

1 Date, and continuing on the first day of each month for 59 months thereafter, M&T will be
2 paid equal, monthly amortizing payments of principal and interest at the rate of 4.75%, and
3 (b) commencing on the first day of the sixty first month following the Effective Date, and
4 annually thereafter, the interest rate shall be reset to an annual rate equal to the prime rate of
5 interest as published in the Wall Street Journal plus 150 basis points (the "Reset Rate"),
6 provided that the adjustment to the interest rate in any one year shall not be more than 1% up
7 or down, and further provided that the rate shall not adjust more than 3% up or down over the
8 life of the Plan, and payments will reset to an amount equal to equal, amortizing payments of
9 principal and interest at the Reset Rate.

10 4.3.3. Class 3.3. M&T's Secured Claim secured by the Blagen Building.

11 M&T will retain its security interest in and liens upon its Collateral with the same
12 priority such security interest and liens had as of the Petition Date. The Class 3.3 Secured
13 Claim will be allowed in an amount equal to the value of M&T's interest in the Collateral
14 securing the Class 3.3 Claim. The value of the Collateral securing the Class 3.3 Claim is
15 approximately \$3,800,000. The Class 3.3 Secured Claim will be paid in 360 amortizing
16 payments of principal and interest as follows (a) commencing on the first day of the first
17 month following the Effective Date and continuing on the first day of each month for 59
18 months thereafter, M&T will be paid equal, monthly amortizing payments of principal and
19 interest at the rate of 4.75%, and (b) commencing on the first day of the sixty first month
20 following the Effective Date, and annually thereafter, the interest rate shall be reset to an
21 annual rate equal to the prime rate of interest as published in the Wall Street Journal plus 150
22 basis points (the "Reset Rate"), provided that the adjustment to the interest rate in any one
23 year shall not be more than 1% up or down, and further provided that the rate shall not adjust
24 more than 3% up or down over the life of the Plan, and payments will reset to an amount
25 equal to equal, amortizing payments of principal and interest at the Reset Rate.

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1 4.3.4. Class 3.4: M&T's Secured Claim Secured by the Oregon Pioneer2 Building.

3 As soon as practicable after the Effective Date, Debtor shall execute a non-merger
4 deed in lieu of foreclosure in a form satisfactory to M&T transferring Debtor's interest in the
5 Oregon Pioneer Building to M&T in full satisfaction of its Class 3.4 Claim.

6 4.3.5. Class 3.5: M&T's Secured Claim Secured by the Postal Building.

7 M&T will retain its security interest in and liens upon its Collateral with the same
8 priority such security interest and liens had as of the Petition Date. M&T's Class 3.5 Secured
9 Claim will be allowed in an amount equal to the value of M&T's interest in the Collateral
10 securing the Class 3.5 Claim. The value of the collateral is approximately \$4,970,000. The
11 Class 3.5 Secured Claim will be paid in 360 amortizing payments of principal and interest as
12 follows: (a) commencing on the first day of the first month following the Effective Date and
13 continuing on the first day of each month for 59 months thereafter, M&T will be paid equal,
14 monthly amortizing payments of principal and interest at the rate of 4.75%, and
15 (b) commencing on the first day of the sixty first month following the Effective Date, and
16 annually thereafter, the interest rate shall be reset to an annual rate equal to the prime rate of
17 interest as published in the Wall Street Journal plus 150 basis points (the "Reset Rate"),
18 provided that the adjustment to the interest rate in any one year shall not be more than 1% up
19 or down, and further provided that the rate shall not adjust more than 3% up or down over the
20 life of the Plan, and payments will reset to an amount equal to equal, amortizing payments of
21 principal and interest at the Reset Rate.

22 4.3.6. Class 3.6: M&T's Secured Claim Secured by the Gearhart House.

23 The Class 3.6 Secured Claim will be paid in 360 amortizing payments of principal
24 and interest as follows: (a) commencing on the first day of the first month following the
25 Effective Date and continuing on the first day of each month for 59 months thereafter, M&T
26 will be paid equal, monthly amortizing payments of principal and interest at the rate of

1 4.75%, and (b) Debtor shall sell the property within five years of the Effective Date with all
2 net proceeds of the sale paid to M&T up to the value of M&T's Class 3.6 Claim.

3 4.4 Class 4 (First Independent Bank). Class 4 is impaired in part and unimpaired
4 in part. The Class 4 Claim of First Independent includes two subclasses, each of which will
5 be separately classified and separately treated as hereinafter described. The Class 4 Claimant
6 will retain its security interests in and liens upon its Collateral with the same priority and to
7 the same extent such security had as of the Petition Date, and the Reorganized Company will
8 maintain the Collateral in good repair and insure such Collateral to its full, useable value.

9 The Class 4 Claimant has Allowed Class 3 Claims as follows:

10 4.5 Class 4.1: First Independent's Secured Claim Secured by the Yeon Building.

11 The Class 4.1 Secured Claim is unimpaired and shall be paid and satisfied as provided
12 by the agreement between Debtor and First Independent and reflected in an order to be
13 entered by the Court in this Bankruptcy Case.

14 4.6 Class 4.2: First Independent's Secured Claim Secured by the Fountain Village
15 Block.

16 The Class 4.2 Claim is impaired. First Independent will have an allowed Class 4.2
17 Claim in the amount of the principal, non-default interest, and reasonable fees and costs
18 owing to First Independent. The Class 4.2 Claim will be paid in 360 monthly amortizing
19 payments of principal and interest as follows: (a) commencing on the first day of the first
20 month following the Effective Date, and continuing on the first day of each month for 59
21 months thereafter, First Independent's Class 4.2 Claim will be paid equal, monthly amortizing
22 payments of principal and interest at the rate of 4.75%; and (b) commencing on the first day
23 of the sixty first month following the Effective Date, and annually thereafter, the interest rate
24 shall be reset to an annual rate equal to the prime rate of interest as published in the Wall
25 Street Journal plus 150 basis points (the "Reset Rate"), provided that the adjustment to the
26 interest rate in any one year shall not be more than 1% up or down, and further provided that

1 the rate shall not adjust more than 3% up or down over the life of the Plan, and payments will
2 reset to an amount equal to equal, amortizing payments of principal and interest at the Reset
3 Rate.

4 4.7 Class 5 (Wells Fargo Bank, NA). Class 5 is unimpaired. Class 5 consists of
5 the Allowed Secured Claim of Wells Fargo. Wells Fargo's Allowed Secured Claim will be
6 paid in full in accordance with the existing loan terms. Wells Fargo's Loan will retain its
7 Security Interests in its Collateral with the same priority such Security Interests had on the
8 Petition Date.

9 4.8 Class 6 (Fairway America, LLC). Class 6 is impaired. The Class 6 Claim of
10 Fairway is secured by a security interest in Debtor's real property known as 5 NW 5th.
11 Fairway will retain its security interest in and liens upon its Collateral with the same priority
12 such security interest and liens had as of the Petition Date. Fairway's Class 6 Claim is fully
13 secured and Fairway will have an Allowed Claim in the amount of the principal, non-default
14 interest, and reasonable fees and costs owing to Fairway. The value of the Collateral is
15 approximately \$810,000. The Class 6 Secured Claim will be paid in 360 amortizing
16 payments of principal and interest as follows: (a) commencing on the first day of the first
17 month following the Effective Date and continuing on the first day of each month for 59
18 months thereafter, Fairway will be paid equal, monthly amortizing payments of principal and
19 interest at the rate of 4.75%, and (b) commencing on the first day of the sixty first month
20 following the Effective Date, and annually thereafter, the interest rate shall be reset to an
21 annual rate equal to the prime rate of interest as published in the Wall Street Journal plus 150
22 basis points (the "Reset Rate"), provided that the adjustment to the interest rate in any one
23 year shall not be more than 1% up or down, and further provided that the rate shall not adjust
24 more than 3% up or down over the life of the Plan, and payments will reset to an amount
25 equal to equal, amortizing payments of principal and interest at the Reset Rate.

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1 4.9 Class 7 (Riverview Community Bank). Class 7 is impaired. The Class 7
2 Claim of Riverview is secured by a security interest in Debtor's real property known as 11 NW
3 5th. The value of Riverview's Allowed Secured Claim is \$1,059,400.19. The Class 7
4 Claimant's Allowed Secured Claim will be paid in full in cash in 360 installments of principal
5 and interest commencing on March 1, 2010. As of March 1, 2010, the initial rate of interest
6 will be 5% per annum. On the fifth anniversary of March 1, 2010 and annually thereafter, the
7 interest rate shall be reset to an annual rate equal to the prime rate of interest as published in
8 the Wall Street Journal plus 150 basis points (the "Reset Rate"). Payments will reset to an
9 amount equal to 360 equal, amortizing payments of principal and interest at the Reset Rate.

10 4.10 Class 8 (Sam and Michele Pishue). Class 8 is impaired. The Class 8 Claim of
11 Pishue is secured by a security interest in Debtor's real property known as Jazz de Opus.
12 Pishue will retain its security interest in and liens upon its Collateral with the same priority
13 such security interest and liens had as of the Petition Date. Pishue will have an Allowed
14 Class 8 Claim in an amount equal to principal, non-default interest, and reasonable fees and
15 expenses. The present value of the collateral is approximately \$1,675,000. The Class 8
16 Secured Claim will be paid in 360 amortizing payments of principal and interest as follows:
17 (a) commencing on the first day of the first month following the Effective Date and
18 continuing on the first day of each month for 59 months thereafter, Pishue will be paid equal,
19 monthly amortizing payments of principal and interest at the rate of 4.75%, and
20 (b) commencing on the first day of the sixty first month following the Effective Date, and
21 annually thereafter, the interest rate shall be reset to an annual rate equal to the prime rate of
22 interest as published in the Wall Street Journal plus 150 basis points (the "Reset Rate"),
23 provided that the adjustment to the interest rate in any one year shall not be more than 1% up
24 or down, and further provided that the rate shall not adjust more than 3% up or down over the
25 life of the Plan, and payments will reset to an amount equal to equal, amortizing payments of
26 principal and interest at the Reset Rate.

1 4.11 Class 9 (HMS Investment, Inc.). Class 9 is impaired. The Class 9 Claim of
2 HMS is secured by a security interest in Debtor's real property known as 522 NW Thompson.
3 HMS will retain its security interest in and liens upon its collateral with the same priority
4 such security interest and liens had as of the Petition Date. HMS will have an Allowed
5 Class 9 Claim up to the full amount of the principal, non-default interest, and reasonable fees
6 and expenses. The present value of the collateral is approximately \$1,400,000. The Class 9
7 Secured Claim will be paid in 360 amortizing payments of principal and interest as follows:
8 (a) commencing on the first day of the first month following the Effective Date and
9 continuing on the first day of each month for 59 months thereafter, HMS will be paid equal,
10 monthly amortizing payments of principal and interest at the rate of 4.75% based upon a 30-
11 year amortization schedule and (b) commencing on the first day of the sixty first month
12 following the Effective Date, and annually thereafter, the interest rate shall be reset to an
13 annual rate equal to the prime rate of interest as published in the Wall Street Journal plus 150
14 basis points (the "Reset Rate"), provided that the adjustment to the interest rate in any one
15 year shall not be more than 1% up or down, and further provided that the rate shall not adjust
16 more than 3% up or down over the life of the Plan, and payments will reset to an amount
17 equal to equal, amortizing payments of principal and interest at the Reset Rate.

18 4.12 Class 10 (Robert N. Jacobsen and Darlene F. Jacobsen Living Trust). Class
19 10 is unimpaired. The Class 10 Claim of the Jacobsen Living Trust is secured by a second-
20 position mortgage on the Fountain Village Block. The Class 10 Claim shall be paid as agreed
21 by the Class 10 Claimant and Debtor, and approved by the Court, prior to confirmation.

22 4.13 Class 11 (Evergreen Portland, LLC). Class 11 is impaired. The Class 11
23 Claim of Evergreen is secured by several second-position security interests in Debtor's real
24 property securing the Secured Claims of Pishue, Fairway and HMS. Evergreen will retain its
25 security interest in and liens upon its Collateral with the same priority such security interest
26 and liens had as of the Petition Date. The Class 11 Claim shall be allowed in amount equal

1 to the value of Evergreen's interest in Debtor's interest in Evergreen's Collateral. The value
2 of such interest will be determined by court order or agreement of the parties. The Class 11
3 Secured Claim will be paid in 360 amortizing payments of principal and interest as follows:

4 (a) commencing on the first day of the first month following the Effective Date and
5 continuing on the first day of each month for 59 months thereafter, Evergreen will be paid
6 equal, monthly amortizing payments of principal and interest at the rate of 4.75%, and

7 (b) commencing on the first day of the sixty first month following the Effective Date, and
8 annually thereafter, the interest rate shall be reset to an annual rate equal to the prime rate of
9 interest as published in the Wall Street Journal plus 150 basis points (the "Reset Rate"),

10 provided that the adjustment to the interest rate in any one year shall not be more than 1% up
11 or down, and further provided that the rate shall not adjust more than 3% up or down over the
12 life of the Plan, and payments will reset to an amount equal to equal, amortizing payments of
13 principal and interest at the Reset Rate.

14 4.14 Class 12 (Property Tax Lien Claims). Class 12 is impaired. Class 12
15 Claimants will retain any security interests they have with the same priority to which they are
16 entitled by law. The Allowed Class 12 Claimant shall be paid the full amount of its Allowed
17 Secured Claims as permitted by 11 U.S.C. § 1129(a)(9)(D) in full within five years.

18 4.15 Class 13 (Statutory Lien Claim). Class 12 is impaired. Class 12 Claimants
19 will retain any security interests they have with the same priority to which they are entitled by
20 law. The Allowed Class 13 Claimant shall be paid the full amount of its Allowed Claim in
21 equal, monthly amortizing payments of principal and interest over five years at the rate of
22 4.75% per annum based upon a 5-year amortization schedule.

23 4.16 Class 14 (General Unsecured Claims). Class 14 is impaired. Holders of
24 Allowed Class 14 Claims will be paid Pro Rata from the Unsecured Creditors' Proceeds
25 generated by Reorganized Company for each calendar quarter commencing with the quarter
26 ending December 31, 2010, and continuing through and including the calendar quarter ending

1 December 31, 2017 or until claims have been paid in full, whichever is earlier. In addition,
2 holders of Allowed General Unsecured Claims shall receive a Pro Rata share of the net
3 proceeds of any Avoidance Action recoveries.

4 4.17 Class 15 (Interests). Class 15 is impaired. Class 15 Interests will be
5 exchanged for interests in the Reorganized Company.

6 ARTICLE 5

7 DISPUTED CLAIMS; OBJECTIONS TO CLAIMS

8 5.1 Disputed Claims; Objections to Claims. Only Claims that are Allowed shall
9 be entitled to distributions under the Plan. Debtor reserves the right to contest and object to
10 any Claims and previously Scheduled Amounts, including, without limitation, those Claims
11 and Scheduled Amounts that are specifically referenced herein, are not listed in the
12 Schedules, are listed therein as disputed, contingent and/or unliquidated in amount, or are
13 listed therein at a different amount than the Debtor currently believes is validly due and
14 owing. Unless otherwise ordered by the Bankruptcy Court, all objections to Claims and
15 Scheduled Amounts (other than Administrative Expense Claims) shall be Filed and served
16 upon counsel for Debtor and the holder of the Claim objected to on or before the later of
17 (a) forty-five (45) days after the Effective Date or (b) sixty (60) days after the date (if any) on
18 which a Proof of Claim is Filed in respect of a Rejection Claim or Deficiency Claim. The
19 last day for filing objections to Administrative Expense Claims shall be set pursuant to a
20 further order of the Bankruptcy Court. All Disputed Claims shall be resolved by the
21 Bankruptcy Court, except to the extent that (a) Debtor may otherwise elect consistent with
22 the Plan and the Bankruptcy Code or (b) the Bankruptcy Court may otherwise order.

23 5.2 Deficiency Claims. On or before fifteen (15) days after the entry of the
24 Confirmation Order unless otherwise provided for under the Plan, any party holding an
25 alleged Secured Claim in Classes 2 through 11 under the Plan will file and serve the
26 Reorganized Company with a proof of claim asserting the amount that their Claim is an

1 Unsecured Claim. Creditors who fail to file a proof of claim by the date established in this
2 Section 5.2 shall be forever barred and estopped from asserting an Unsecured Claim and from
3 receiving distributions as a Class 13 or 14 Claimant.

4 5.3 Reserve Account. On or before the Effective Date, Reorganized Company
5 will establish and maintain reserve accounts for (a) all Unsecured Creditors' Proceeds;
6 (b) Administrative Expense Requests and Priority Claims, including, without limitation,
7 professional fee claims; and (c) Disputed Claims. The reserve for all Disputed Claims will
8 equal an amount needed to make distributions to all Disputed Claims, including without
9 limitation, all Disputed Administrative Expense Requests, Disputed Priority Tax Claims,
10 Disputed Other Priority Claims in an amount equal to what would be distributed to holders of
11 such Disputed Claims if their Disputed Claims would be deemed Allowed Claims on the
12 Effective Date. Cash held by Reorganized Company in any reserve account shall be invested
13 in the manner described in Bankruptcy Code section 345(a) or as otherwise permitted by a
14 final order of the Bankruptcy Court.

15 5.4 Subsequent Allowance of Disputed Claims. The holder of a Disputed Claim
16 that becomes Allowed in full or in part subsequent to the Effective Date shall receive Cash
17 distributions on the next distribution date following the allowance of such Disputed Claim.

18 5.5 Distributions. The Reorganized Company will make initial distributions as
19 required by the Plan on the Effective Date, or as soon thereafter as is practicable, and make
20 further distributions, including Pro Rata distributions to holders of Allowed General
21 Unsecured Claims on the First Business Day of the next calendar quarter from the date such
22 Claims are Allowed. Subsequent distributions shall be made on the First Business Day of
23 each calendar quarter until the later of (a) all Avoidance Actions, if any, commenced by
24 Debtor or Reorganized Company have been resolved by Court order, agreement by the parties
25 or have been withdrawn; (b) the obligation to reserve Unsecured Creditors' Proceeds has
26 expired and all distributions to Allowed Claim holders have been made, and (c) all Disputed

1 Claims have been resolved. No Cash or other property shall be distributed under the Plan on
2 account of any Disputed Claim, or a portion of any such Claim, unless and until such
3 Disputed Claim becomes an Allowed Claim.

4 5.6 De Minimis Post-Effective Payments. If a Cash payment to be made to a
5 holder of an Allowed Claim after the Effective Date would be \$20 or less in the aggregate, no
6 such payment will be made to the holder of such Claim, unless and until the aggregate
7 distribution on account of such Claim would be at least \$20 at a subsequent distribution date.

8 **ARTICLE 6**

9 **MEANS FOR EXECUTION OF PLAN**

10 6.1 Effective Date Transfers. On the Effective Date:

11 6.1.1. All membership interests in the Reorganized Company will be issued
12 to the General Partners.

13 6.1.2. The General Partners will transfer all of their assets, except their
14 primary home, household furnishings, and two cars to the Reorganized Company. The assets
15 will include all real property, stock, membership interests, and rights to tax refunds. Such
16 transfers will be subject to any existing debt.

17 6.1.3. Debtor will transfer all Retained Property to the Reorganized
18 Company.

19 6.1.4. The General Partners will guaranty the payment and performance by
20 the Reorganized Debtor of its payment obligations under this Plan.

21 6.1.5. The Reorganized Company will execute such agreements as are
22 necessary or appropriate to assume, continue, perfect, and document the transactions
23 contemplated by this Plan, including such documents as are required for the assumption by
24 Reorganized Company of all obligations secured by the property conveyed to the
25 Reorganized Company.

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1 6.2 Annual Reporting. During the term in which the Reorganized Company has
2 an obligation to make distributions to General Unsecured Creditors, it will prepare a quarterly
3 and annual report by forty-five (45) days after the close of each preceding calendar quarter or
4 year detailing its financial performance, and will make such report available to all holders of
5 Allowed Claims requesting a copy. Such reports shall include the status of Avoidance
6 Actions, an income statement reflecting the calculation of Excess Cash Flow, Excess Cash
7 Flow, including each component made up in such calculation, extraordinary expenses,
8 management compensation or other employee benefits, incentive compensation and any other
9 information considered pertinent by Reorganized Company.

10 6.3 Setoffs. Debtor may, but shall not be required to, set off against any Claim
11 and the distributions to be made pursuant to the Plan in respect of such Claim, any claims of
12 any nature whatsoever which Debtor may have against the holder of such Claim, but neither
13 the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or
14 release of any such claim Debtor may have against such holder.

15 6.4 Utility Deposit. All utilities holding a Utility Deposit shall immediately after
16 the Effective Date return or refund such Utility Deposit to Reorganized Company. At the
17 sole option of Reorganized Company, Reorganized Company may apply any Utility Deposit
18 that has not been refunded to Reorganized Company in satisfaction of any payments due or to
19 become due from Reorganized Company to a utility holding such a Utility Deposit.

20 6.5 Management Compensation. Beardsley Building Management shall continue
21 as the management company on behalf of the Reorganized Company and be compensated at
22 standard and ordinary rates equal to 5% of the gross receipts of the managed properties.

23 6.6 Beardsleys' Compensation: The Beardsleys shall be entitled to a management
24 fee not to exceed \$10,000 per month.

25 6.7 Event of Default; Remedy. Any material failure by Reorganized Company to
26 perform any term of this Plan, which failure continues for a period of ten Business Days

1 following receipt by Reorganized Company of written notice of such default from the holder
2 of an Allowed Claim to whom performance is due, shall constitute an event of Default. Upon
3 the occurrence of an Event of Default, the holder of an Allowed Claim to whom performance
4 is due shall have all rights and remedies granted by law, this Plan or any agreement between
5 the holder of such Claim and Debtor or Reorganized Company. An Event of Default with
6 respect to one Claim shall not be an Event of Default with respect to any other Claim.

7 6.8 Conditions Precedent to Effectiveness of Plan. The following conditions must
8 occur and be satisfied for the Plan to become effective, notwithstanding the Effective Date:

9 (a) The Bankruptcy Court shall have entered the Confirmation Order, in
10 the form and substance reasonably satisfactory to the Debtor, which shall, among other
11 things, (i) find that the Plan complies with all applicable requirements of the Bankruptcy
12 Code, (ii) decree that the Confirmation Order shall supersede any court orders issued prior to
13 the Confirmation Date that may be inconsistent therewith, (iii) decree that, except as
14 otherwise provided in the Plan or Confirmation Order, all transfers of property contemplated
15 under the Plan shall be free and clear of all claims, security interests, liens, encumbrances,
16 and other interests of holders of Claims and equity interest; and (iv) provide that any and all
17 executory contracts and unexpired leases that are assumed and/or assigned pursuant to the
18 Plan shall remain in full force and effect for the benefit of the Reorganized Company, in each
19 case, notwithstanding any provision in any such contract or lease or inapplicable law
20 (including those described in Sections 365(b)(2) and (f) of the Bankruptcy Code) that
21 prohibits, restricts or conditions such transfer or that enables or requires termination or
22 modification of such contract or lease; and

23 (b) All documents, instruments and agreements, each in form and
24 substance satisfactory to the Debtor, provided for or necessary to implement this Plan shall
25 have been executed and delivered by the parties thereto, unless such execution or delivery has
26 been waived by the party to be benefited thereby.

ARTICLE 7

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1 Assumption and Rejection. Except as may otherwise be provided, all executory contracts and unexpired leases of Debtor which are not otherwise subject to a prior Bankruptcy Court order or pending motion before the Bankruptcy Court are assumed by Reorganized Company on the Effective Date. The Confirmation Order shall constitute an order authorizing assumption of all executory contracts and unexpired leases except for those otherwise specifically rejected or otherwise provided for or subject to other Court Order or pending motion. Reorganized Company shall promptly pay all amounts required under Section 365 of the Bankruptcy Code to cure any defaults for executory contracts and unexpired leases being assumed by performing its obligations from and after the Effective Date in the ordinary course of business. In the event any monetary payments are due, the Reorganized Company shall make 12 equal monthly payments with interest at the rate of 3.25% per annum from and after the Effective Date commencing on the 15th day of the first month after the Effective Date and continuing on the same day of each month for twelve months or as otherwise provided by Order of the Bankruptcy Court.

7.2 Assignment. To the extent necessary, all assumed executory contracts and unexpired leases shall be deemed assigned to Reorganized Company as of the Effective Date. The Confirmation Order shall constitute an order authorizing such assignment of assumed executory contracts and unexpired leases, and no further assignment documentation shall be necessary to effectuate such assignment.

7.3 Rejection Claims. Rejection Claims must be Filed no later than 30 days after the entry of the order rejecting the executory contract or unexpired lease or 30 days after the entry of the Confirmation Order, whichever is sooner. Any such Rejection Claim not Filed within such time shall be forever barred from asserting such Claim against Debtor,

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1 Reorganized Company, its property, estates, and any guarantors of such obligations. Each
2 Rejection Claim resulting from such rejection shall constitute a General Unsecured Claim.

3 **ARTICLE 8**

4 **EFFECT OF CONFIRMATION**

5 8.1 Debtor's Injunction. The effect of confirmation shall be as set forth in
6 Section 1141 of the Bankruptcy Code. Except as otherwise provided in the Plan or in the
7 Confirmation Order, confirmation of the Plan shall act as a permanent injunction applicable
8 to entities against (a) the commencement or continuation, including the issuance or
9 employment of process, of a judicial, administrative, or other action or proceeding against
10 Reorganized Company that was or could have been commenced before the entry of the
11 Confirmation Order, (b) the enforcement against Reorganized Company or its assets of a
12 judgment obtained before the Petition Date, and (c) any act to obtain possession of or to
13 exercise control over, or to create, perfect or enforce a lien upon all or any part of the assets.

14 8.2 Beardsleys' Injunction. Any and all Creditors holding a Claim against Debtor
15 shall be temporarily enjoined from attempting to collect its Claim from John Beardsley
16 and/or Janet Beardsley or any of their property until such time as all required Plan payments
17 have been made or there is a default under the Plan that is not cured within 15 business days
18 after receipt of notice to Debtor and the Beardsleys.

19 **ARTICLE 9**

20 **RETENTION OF JURISDICTION**

21 9.1 Notwithstanding the entry of the Confirmation Order, the Court shall retain
22 jurisdiction of this Chapter 11 Case pursuant to and for the purposes set forth in
23 Section 1127(b) of the Bankruptcy Code:

24 (a) to classify the Claim or interest of any Creditor or stockholder,
25 reexamine Claims or Interests which have been owed for voting purposes and determine any
26 objections that may be Filed to Claims or Interests,

1 (b) to determine requests for payment of Claims entitled to priority under
2 Section 507(a) of the Bankruptcy Code, including compensation and reimbursement of
3 expenses in favor of professionals employed in these Bankruptcy Cases,

4 (c) to avoid transfers or obligations to subordinate Claims under Chapter 5
5 of the Bankruptcy Code,

6 (d) to approve the assumption, assignment or rejection of an executory
7 contract or an unexpired lease pursuant to this Plan,

8 (e) to resolve controversies and disputes regarding the interpretation of
9 this Plan,

10 (f) to implement the provisions of this Plan and enter orders in aid of
11 confirmation,

12 (g) to adjudicate adversary proceedings and contested matters pending or
13 hereafter commenced in these Bankruptcy Cases, and

14 (h) to enter a final decree closing these Bankruptcy Cases.

15 **ARTICLE 10**

16 **ADMINISTRATIVE PROVISIONS**

17 10.1 Modification or Withdrawal of the Plan. Debtor may alter, amend or modify
18 the Plan pursuant to Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 at any
19 time prior to the time that the Bankruptcy Court has signed the Confirmation Order. After
20 such time, and prior to the substantial consummation of the Plan, Debtor may, so long as the
21 treatment of holders of Claims and Interests under the Plan is not adversely affected, institute
22 proceedings in Bankruptcy Court to remedy any defect or omission or to reconcile any
23 inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, and any
24 other matters as may be necessary to carry out the purposes and effects of the Plan; provided,
25 however, that prior notice of such proceedings shall be served in accordance with Bankruptcy
26 Rule 2002.

1 10.2 Revocation or Withdrawal of Plan

2 10.2.1. Right to Revoke. Debtor reserves the right to revoke or withdraw the
3 Plan at any time prior to the Effective Date.

4 10.2.2. Effect of Withdrawal or Revocation. If Debtor revokes or withdraws
5 the Plan prior to the Effective Date, then the Plan shall be deemed null and void. In such
6 event, nothing contained herein shall be deemed to constitute a waiver or release of any
7 claims by or against Debtor or any other Entity or to prejudice in any manner the rights of
8 Debtor or any Entity in any further proceeding involving Debtor.

9 10.3 Nonconsensual Confirmation. Debtor shall request that the Bankruptcy Court
10 confirm the Plan pursuant to Section 1129(b) of the Bankruptcy Code if the requirements of
11 all provisions of Section 1129(a) of the Bankruptcy Code, except subsection 1129(a)(8), are
12 met.

13 **ARTICLE 11**

14 **MISCELLANEOUS PROVISIONS**

15 11.1 Revesting. Except as otherwise expressly provided herein, on the Effective
16 Date, all property and assets of the estate of Debtor shall revest in Reorganized Company,
17 free and clear of all claims, liens encumbrances, charges and other Interests of Creditors
18 arising on or before the Effective Date, and Reorganized Company may operate, from and
19 after the Effective Date, free of any restrictions imposed by the Bankruptcy Code or the
20 Bankruptcy Court.

21 11.2 Rights of Action. Except as otherwise expressly provided herein, any claims,
22 rights, interests, causes of action, defenses, counterclaims, cross-claims, third-party claims, or
23 rights of offset, recoupment, subrogation or subordination including, without limitation,
24 claims under Section 550(a) of the bankruptcy Code or any of the sections referenced therein
25 (including, without limitation, any and all Avoidance Actions) accruing to Debtor shall

26 ///

1 remain assets of Reorganized Company. Reorganized Company may pursue such rights of
2 action, as appropriate, in accordance with what is in its best interests and for its benefit.

3 11.3 Governing Law. Except to the extent the Bankruptcy Code, the Bankruptcy
4 Rules or other federal laws are applicable, the laws of the State of Oregon shall govern the
5 construction and implementation of the Plan, and all rights and obligations arising under the
6 Plan.

7 11.4 Withholding and Reporting Requirements. In connection with the Plan and all
8 instruments issued in connection therewith and distributions thereon, Debtor and
9 Reorganized Company shall comply with all withholding, reporting, certification and
10 information requirements imposed by any federal, state, local or foreign taxing authorities
11 and all distributions hereunder shall, to the extent applicable, be subject to any such
12 withholding, reporting, certification and information requirements. Entities entitled to
13 receive distributions hereunder shall, as a condition to receiving such distributions, provide
14 such information and take such steps as Reorganized Company may reasonably require to
15 ensure compliance with such withholding and reporting requirements, and to enable
16 Reorganized Company to obtain the certifications and information as may be necessary or
17 appropriate to satisfy the provisions of any tax law.

18 11.5 Time. Unless otherwise specified herein, in computing any period of time
19 prescribed or allowed by the Plan, the day of the act or event from which the designated
20 period begins to run shall not be included. The last day of the period so computed shall be
21 included, unless it is not a Business Day, in which event the period runs until the end of the
22 next succeeding day which is a Business Day.

23 11.6 Section 1146(c) Exemption. Pursuant to Section 1146(c) of the Bankruptcy
24 Code, the issuance, transfer or exchange of any security under the Plan, or the execution,
25 delivery or recording of an instrument of transfer pursuant to, in implementation of or as
26 contemplated by the Plan, or the revesting, transfer or sale of any real property of Debtor or

1 Reorganized Company pursuant to, in implementation of or as contemplated by the Plan,
2 shall not be taxed under any state or local law imposing a stamp tax, transfer tax, or similar
3 tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any
4 city, county or governmental unit in which any instrument hereunder is to be recorded shall,
5 pursuant to the Confirmation Order, be ordered and directed to accept such instrument
6 without requiring the payment of any documentary stamp tax, deed stamps, transfer tax,
7 intangible tax or similar tax.

8 11.7 Severability. In the event that any provision of the Plan is determined to be
9 unenforceable, such determination shall not limit or affect the enforceability and operative
10 effect of any other provisions of the Plan. To the extent that any provision of the Plan would,
11 by its inclusion in the Plan, prevent or preclude the Bankruptcy Court from entering the
12 Confirmation Order, the Bankruptcy Court, on the request of Debtor, may modify or amend
13 such provision, in whole or in part, as necessary to cure any defect or remove any impediment
14 to the confirmation of the Plan existing by reason of such provision.

15 11.8 Binding Effect. The provisions of the Plan shall bind Debtor, Reorganized
16 Company and all holders of Claims and Interests, and their respective successors, heirs and
17 assigns.

18 11.9 Retiree Benefits. On or after the Effective Date, to the extent required by
19 Section 1129(a)(13) of the Bankruptcy Code, Reorganized Company shall continue to pay all
20 retiree benefits (if any) as that term is defined in Section 1114 of the Bankruptcy Code,
21 maintained or established by Debtor prior to the Effective Date, without prejudice to
22 Reorganized Company's rights under applicable non-bankruptcy law to modify, amend or
23 terminate the foregoing arrangements.

24 11.10 Recordable Order. The Confirmation Order shall be deemed to be in
25 recordable form, and shall be accepted by any recording officer for filing and recording
26 purposes without further or additional orders, certifications or other supporting documents.

1 11.11 Plan Controls. In the event and to the extent that any provision of the Plan is
2 inconsistent with the provisions of the Disclosure Statement, or any other instrument or
3 agreement contemplated to be executed pursuant to the Plan, the provisions of the Plan shall
4 control and take precedence.

5 11.12 Effectuating Documents and Further Transactions. Debtor and Reorganized
6 Company shall execute, deliver, file or record such contracts, instruments, assignments, and
7 other agreements or documents, and take or direct such actions, as may be necessary or
8 appropriate to effectuate and further evidence the terms and conditions of this Plan.

9 DATED this 19th day of March, 2010.

10 Respectfully submitted,

11 FOUNTAIN VILLAGE DEVELOPMENT

12
13
14 By /s/ John Beardsley
John Beardsley, General Partner

15
16 TONKON TORP LLP

17
18
19 By /s/ Ava L. Schoen
Albert N. Kennedy, OSB No. 821429
Ava L. Schoen, OSB No. 044072
20 Attorneys for Debtor
21
22
23
24
25
26

EXHIBIT 2

Historical Income Statements

Fountain Village Block

BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Fountain Village Block
SUMMARY LEVEL
For the 12 Months Ended 12-31-2007

Revenue

Tenant Related Income	\$ 526,075
Other Income	<u>42,381</u>
Total Revenue	\$ 568,456

Operating Expenses

Administrative Employee Expense	\$ 14,000
Admin Office, Prof & Other Exp	22,609
Bldg R&M Employee Exp	33,332
Cleaning	9,780
Bldg R & M General Exp	14,236
Plumbing	7,311
Electrical	676
Elevator	5,584
HVAC	659
Equipment	1,053
Fire / Life Safety	2,305
Utilities	39,910
General Operating Expense	9,560
Property Insurance	40,072
Property Taxes	<u>43,261</u>
Total Operating Expense	\$ 244,348

Non-Operating Expenses

Non-Operating Expenses	\$ 13,202
Total Expenses	\$ 257,550

NET OPERATING INCOME **\$ 310,906**

Debt Service \$ 153,377

NET CASH FLOW FROM OPERATIONS **\$ 157,529**

This document is confidential and is to be used for internal purposes only.
Unaudited.

5-28-2008
5:07 pm

Case 09-39718-rld11 Doc 199 Filed 03/19/10
BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Fountain Village Block
SUMMARY LEVEL
For the 12 Months Ended 12-31-2008

Revenue

Tenant Related Income	\$ 530,473
Other Income	55,501
Total Revenue	\$ 585,974

Operating Expenses

Administrative Employee Expense	\$ 12,287
Admin Office, Prof & Other Exp	23,210
Bldg R&M Employee Exp	21,559
Cleaning	7,585
Bldg R & M General Exp	8,914
Plumbing	1,678
Electrical	53
Elevator	3,426
HVAC	2,182
Equipment	1,052
Fire / Life Safety	2,259
Utilities	33,730
General Operating Expense	449
Property Insurance	34,485
Property Taxes	30,946
Total Operating Expense	\$ 183,815

Non-Operating Expenses

Non-Operating Expenses	\$ 71,554
Total Expenses	\$ 255,369

NET OPERATING INCOME **\$ 330,605**

Debt Service **\$ 163,831**

NET CASH FLOW FROM OPERATIONS **\$ 166,774**

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Unaudited.

3-16-2010
10:00 am

Case 09-39718-rld11 Doc 199 Filed 03/19/10
BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Fountain Village Block
SUMMARY LEVEL
For the 11 Months Ended 11-30-2009

Revenue

Tenant Related Income	\$ 455,324
Other Income	84,783
Total Revenue	\$ 540,107

Operating Expenses

Administrative Employee Expense	\$ 12,287
Admin Office, Prof & Other Exp	24,083
Bldg R&M Employee Exp	46,242
Cleaning	7,845
Bldg R & M General Exp	14,113
Plumbing	5,398
Electrical	174
Elevator	3,791
HVAC	369
Equipment	981
Fire / Life Safety	6,059
Utilities	18,478
General Operating Expense	5,795
Property Insurance	40,846
Total Operating Expense	\$ 186,461

Non-Operating Expenses

Non-Operating Expenses	\$ 14,517
Total Expenses	\$ 200,978

NET OPERATING INCOME **\$ 339,129**

Debt Service **\$ 158,510**

NET CASH FLOW FROM OPERATIONS **\$ 180,619**

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Unaudited.

3-16-2010
10:11 am

BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Fountain Village Block - DIP
SUMMARY LEVEL
For the 12 Months Ended 12-31-2009

Revenue

Tenant Related Income	\$ 34,946
Other Income	543
Total Revenue	\$ 35,489

Operating Expenses

Administrative Employee Expense	\$ 1,489
Admin Office, Prof & Other Exp	60
Bldg R&M Employee Exp	7,816
Cleaning	657
Bldg R & M General Exp	843
Plumbing	21
Elevator	274
Fire / Life Safety	213
Utilities	266
Property Insurance	2,820
Total Operating Expense	\$ 14,459

Non-Operating Expenses

Non-Operating Expenses	\$ 19,808
Total Expenses	\$ 34,267

NET OPERATING INCOME **\$ 1,222**

NET CASH FLOW FROM OPERATIONS **\$ 1,222**

New Market Block

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for New Market Block

SUMMARY LEVEL

For the 12 Months Ended 12-31-2007

Revenue

Tenant Related Income	\$ 989,151
Other Income	6,233
Total Revenue	\$ 995,384

Operating Expenses

Administrative Employee Expense	\$ 16,170
Admin Office, Prof & Other Exp	52,403
Bldg R&M Employee Exp	47,269
Cleaning	64,130
Bldg R & M General Exp	25,682
Plumbing	2,925
Electrical	3,057
Elevator	13,797
HVAC	3,024
Equipment	1,956
Fire / Life Safety	14,612
Grounds	3,610
Utilities	166,608
General Operating Expense	13,962
Property Insurance	23,182
Property Taxes	36,033
Total Operating Expense	\$ 488,420

Non-Operating Expenses

Non-Operating Expenses	\$ 39,110
Total Expenses	\$ 527,530

NET OPERATING INCOME	\$ 467,854
-----------------------------	-------------------

Debt Service	\$ 449,968
--------------	------------

NET CASH FLOW FROM OPERATIONS	\$ 17,886
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Unaudited.

5-29-2008
8:03 am

Case 09-39718-rld11 Doc 199 Filed 03/19/10
BEARDSLEY BUILDING DEVELOPMENT
 Cash Income Statement for New Market Block
SUMMARY LEVEL
 For the 12 Months Ended 12-31-2008

Revenue

Tenant Related Income	\$ 944,548
Other Income	853
Total Revenue	\$ 945,401

Operating Expenses

Administrative Employee Expense	\$ 3,058
Admin Office, Prof & Other Exp	46,238
Bldg R&M Employee Exp	34,792
Cleaning	57,686
Bldg R & M General Exp	64,314
Plumbing	2,293
Electrical	1,450
Elevator	10,591
HVAC	2,728
Equipment	1,951
Fire / Life Safety	12,544
Grounds	3,439
Utilities	153,492
General Operating Expense	456
Property Insurance	21,536
Property Taxes	25,344
Total Operating Expense	\$ 441,912

Non-Operating Expenses

Non-Operating Expenses	\$ 23,725
Total Expenses	\$ 465,637

NET OPERATING INCOME	\$ 479,764
-----------------------------	-------------------

Debt Service	\$ 421,458
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NET CASH FLOW FROM OPERATIONS	\$ 58,306
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 Unaudited.

3-16-2010
 10:03 am

Case 09-39718-rld11 Doc 199 Filed 03/19/10
BEARDSLEY BUILDING DEVELOPMENT
 Cash Income Statement for New Market Block
SUMMARY LEVEL
 For the 11 Months Ended 11-30-2009

Revenue

Tenant Related Income	\$ 867,175
Other Income	2,250
Total Revenue	\$ 869,425

Operating Expenses

Administrative Employee Expense	\$ 3,223
Admin Office, Prof & Other Exp	46,745
Bldg R&M Employee Exp	22,870
Cleaning	46,685
Bldg R & M General Exp	12,309
Plumbing	2,553
Electrical	1,407
Elevator	7,294
HVAC	1,453
Equipment	398
Fire / Life Safety	9,094
Grounds	2,691
Utilities	131,502
General Operating Expense	3,737
Property Insurance	19,760
Total Operating Expense	\$ 311,721

Non-Operating Expenses

Non-Operating Expenses	\$ 26,754
Total Expenses	\$ 338,475

NET OPERATING INCOME	\$ 530,950
-----------------------------	-------------------

Debt Service	\$ 29,193
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NET CASH FLOW FROM OPERATIONS	\$ 501,757
--------------------------------------	-------------------

Case 09-39718-rld11 Doc 199 Filed 03/19/10
BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for New Market Block - DIP
SUMMARY LEVEL
For the 12 Months Ended 12-31-2009

Revenue

Tenant Related Income	\$ 81,748
Other Income	930
Total Revenue	\$ 82,678

Operating Expenses

Administrative Employee Expense	\$ 371
Admin Office, Prof & Other Exp	308
Bldg R&M Employee Exp	5,189
Cleaning	4,938
Bldg R & M General Exp	859
Plumbing	120
Elevator	709
HVAC	26
Fire / Life Safety	1,130
Grounds	226
Utilities	(200)
Property Insurance	1,831
Total Operating Expense	\$ 15,507

Non-Operating Expenses

Non-Operating Expenses	\$ 1,666
Total Expenses	\$ 17,173

NET OPERATING INCOME **\$ 65,505**

NET CASH FLOW FROM OPERATIONS **\$ 65,505**

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Unaudited.

3-16-2010
10:34 am

Yeon Building

Case 09-39718-rld11 Doc 199 Filed 03/19/10
BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Yeon Building
SUMMARY LEVEL
For the 12 Months Ended 12-31-2008

Revenue

Tenant Related Income	\$ 1,207,747
Other Income	18,003
Total Revenue	\$ 1,225,750

Operating Expenses

Administrative Employee Expense	\$ 8,899
Admin Office, Prof & Other Exp	43,206
Bldg R&M Employee Exp	26,584
Cleaning	52,080
Bldg R & M General Exp	38,540
Plumbing	3,000
Electrical	178
Elevator	18,891
HVAC	1,024
Equipment	561
Fire / Life Safety	3,436
Utilities	110,369
General Operating Expense	11,012
Property Insurance	32,004
Property Taxes	21,145
Total Operating Expense	\$ 370,929

Non-Operating Expenses

Non-Operating Expenses	\$ 218,077
Total Expenses	\$ 589,006

NET OPERATING INCOME \$ 636,744

Debt Service \$ 681,527

NET CASH FLOW FROM OPERATIONS \$ (44,783)

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Unaudited.

3-16-2010
10:04 am

Case 09-39718-rld11 Doc 199 Filed 03/19/10
BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Yeon Building
SUMMARY LEVEL
For the 11 Months Ended 11-30-2009

Revenue

Tenant Related Income	\$ 1,035,208
Other Income	<u>932</u>
Total Revenue	\$ 1,036,140

Operating Expenses

Administrative Employee Expense	\$ 8,899
Admin Office, Prof & Other Exp	47,579
Bldg R&M Employee Exp	48,353
Cleaning	59,821
Bldg R & M General Exp	16,975
Plumbing	2,447
Electrical	788
Elevator	30,693
HVAC	2,308
Equipment	928
Fire / Life Safety	1,581
Utilities	155,466
General Operating Expense	585
Property Insurance	<u>44,082</u>
Total Operating Expense	\$ 420,505

Non-Operating Expenses

Non-Operating Expenses	\$ 53,691
Total Expenses	\$ 474,196

NET OPERATING INCOME	\$ 561,944
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Debt Service	\$ 231,396
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NET CASH FLOW FROM OPERATIONS	\$ 330,548
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BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Yeon Building - DIP

SUMMARY LEVEL

For the 12 Months Ended 12-31-2009

Revenue

Tenant Related Income	\$ 101,434
Total Revenue	\$ 101,434

Operating Expenses

Administrative Employee Expense	\$ 1,079
Admin Office, Prof & Other Exp	171
Bldg R&M Employee Exp	2,870
Cleaning	7,821
Plumbing	2,527
Elevator	2,523
HVAC	336
Fire / Life Safety	81
Property Insurance	3,869
Total Operating Expense	\$ 21,277

Non-Operating Expenses

Non-Operating Expenses	\$ 5,409
Total Expenses	\$ 26,686

NET OPERATING INCOME	\$ 74,748
-----------------------------	------------------

NET CASH FLOW FROM OPERATIONS	\$ 74,748
--------------------------------------	------------------

Patrick and Poppleton

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Patrick and Poppleton

SUMMARY LEVEL

For the 12 Months Ended 12-31-2007

Revenue

Tenant Related Income	\$ 161,996
Total Revenue	\$ 161,996

Operating Expenses

Admin Office, Prof & Other Exp	\$ 4,070
Bldg R&M Employee Exp	10,684
Bldg R & M General Exp	353
Plumbing	2,905
Electrical	2,937
Elevator	455
HVAC	718
Equipment	4,193
Fire / Life Safety	2,112
Utilities	9,299
General Operating Expense	1,065
Property Insurance	4,752
Property Taxes	11,297
Total Operating Expense	\$ 54,840

Non-Operating Expenses

Non-Operating Expenses	\$ 40,864
Total Expenses	\$ 95,704

NET OPERATING INCOME	\$ 66,292
-----------------------------	------------------

Debt Service	\$ 79,867
--------------	-----------

NET CASH FLOW FROM OPERATIONS	\$ (13,575)
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Unaudited.

5-28-2008
5:10 pm

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Patrick and Poppleton

SUMMARY LEVEL

For the 12 Months Ended 12-31-2008

Revenue

Tenant Related Income	\$ 185,097
Total Revenue	\$ 185,097

Operating Expenses

Admin Office, Prof & Other Exp	\$ 7,585
Bldg R&M Employee Exp	10,698
Cleaning	5,968
Bldg R & M General Exp	3,224
Plumbing	180
Elevator	2,001
HVAC	690
Equipment	33
Fire / Life Safety	4,247
Utilities	16,178
General Operating Expense	275
Property Insurance	7,070
Total Operating Expense	\$ 58,149

Non-Operating Expenses

Non-Operating Expenses	\$ 4,455
Total Expenses	\$ 62,604

NET OPERATING INCOME	\$ 122,493
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Debt Service	\$ 119,211
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NET CASH FLOW FROM OPERATIONS	\$ 3,282
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BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Patrick and Poppleton

SUMMARY LEVEL

For the 11 Months Ended 11-30-2009

Revenue

Tenant Related Income	\$ 72,658
Other Income	<u>727</u>
Total Revenue	\$ 73,385

Operating Expenses

Admin Office, Prof & Other Exp	\$ 3,947
Bldg R&M Employee Exp	6,365
Bldg R & M General Exp	387
Plumbing	482
Elevator	2,529
HVAC	410
Equipment	1,000
Fire / Life Safety	1,683
Utilities	13,701
General Operating Expense	4,204
Property Insurance	<u>6,893</u>
Total Operating Expense	\$ 41,601

Non-Operating Expenses

Non-Operating Expenses	\$ 39,110
Total Expenses	\$ 80,711

NET OPERATING INCOME**\$ (7,326)**

Debt Service

\$ 86,823

NET CASH FLOW FROM OPERATIONS**\$ (94,149)**

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Unaudited.

3-16-2010
10:18 am

BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Patrick and Poppleton - DIP
SUMMARY LEVEL
For the 12 Months Ended 12-31-2009

Revenue

Tenant Related Income	\$ 13,464
Total Revenue	\$ 13,464

Operating Expenses

Administrative Employee Expense	\$ 100
Admin Office, Prof & Other Exp	120
Bldg R&M Employee Exp	139
Plumbing	60
Elevator	180
Property Insurance	632
Total Operating Expense	\$ 1,231

Non-Operating Expenses

Non-Operating Expenses	\$ 1,263
Total Expenses	\$ 2,494

NET OPERATING INCOME	\$ 10,970
-----------------------------	------------------

NET CASH FLOW FROM OPERATIONS	\$ 10,970
--------------------------------------	------------------

Hamilton and Loyalty Buildings

BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Hamilton and Loyalty Buildings
SUMMARY LEVEL
For the 12 Months Ended 12-31-2007

Revenue

Tenant Related Income	\$ 253,264
Other Income	<u>93</u>
Total Revenue	\$ 253,357

Operating Expenses

Admin Office, Prof & Other Exp	\$ 5,521
Bldg R&M Employee Exp	10,385
Cleaning	216
Bldg R & M General Exp	328
Elevator	1,507
Fire / Life Safety	130
Utilities	7,272
General Operating Expense	5,637
Property Insurance	14,292
Property Taxes	<u>3,594</u>
Total Operating Expense	\$ 48,882

Non-Operating Expenses

Non-Operating Expenses	\$ 5,631
Total Expenses	\$ 54,513

NET OPERATING INCOME	\$ 198,844
Debt Service	\$ 110,594
NET CASH FLOW FROM OPERATIONS	<u>\$ 88,250</u>

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Unaudited.

5-20-2008
6:54 am

BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Hamilton and Loyalty Buildings
SUMMARY LEVEL
For the 12 Months Ended 12-31-2008

Revenue

Tenant Related Income	\$ 893,245
Other Income	2,346
Total Revenue	\$ 895,591

Operating Expenses

Administrative Employee Expense	\$ 6,017
Admin Office, Prof & Other Exp	35,984
Bldg R&M Employee Exp	48,051
Cleaning	42,653
Bldg R & M General Exp	6,732
Plumbing	586
Electrical	1,818
Elevator	10,956
HVAC	4,746
Fire / Life Safety	3,959
Grounds	2,745
Utilities	131,328
General Operating Expense	1,342
Property Insurance	29,563
Total Operating Expense	\$ 326,480

Non-Operating Expenses

Non-Operating Expenses	\$ 29,919
Total Expenses	\$ 356,399

NET OPERATING INCOME**\$ 539,192**

Debt Service

\$ 388,579

NET CASH FLOW FROM OPERATIONS**\$ 150,613**

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Unaudited.

3-16-2010
10:07 am

Case 09-39718-rld11 Doc 199 Filed 03/19/10
BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Hamilton and Loyalty Buildings
SUMMARY LEVEL
For the 11 Months Ended 11-30-2009

Revenue

Tenant Related Income	\$ 777,635
Other Income	1,791
Total Revenue	\$ 779,426

Operating Expenses

Administrative Employee Expense	\$ 6,017
Admin Office, Prof & Other Exp	38,153
Bldg R&M Employee Exp	39,922
Cleaning	94,317
Bldg R & M General Exp	10,490
Plumbing	714
Electrical	2,047
Elevator	17,478
HVAC	2,955
Equipment	745
Fire / Life Safety	4,019
Grounds	765
Utilities	67,507
General Operating Expense	5,880
Property Insurance	30,444
Total Operating Expense	\$ 321,453

Non-Operating Expenses

Non-Operating Expenses	\$ 54,006
Total Expenses	\$ 375,459

NET OPERATING INCOME	\$ 403,967
-----------------------------	-------------------

Debt Service	\$ 372,548
--------------	------------

NET CASH FLOW FROM OPERATIONS	\$ 31,419
--------------------------------------	------------------

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Hamilton and Loyalty Buildings - DIP

SUMMARY LEVEL

For the 12 Months Ended 12-31-2009

Revenue

Tenant Related Income	\$ 82,653
Other Income	(92)
Total Revenue	\$ 82,561

Operating Expenses

Administrative Employee Expense	\$ 782
Admin Office, Prof & Other Exp	304
Bldg R&M Employee Exp	2,412
Cleaning	7,519
Bldg R & M General Exp	1,892
Elevator	888
Equipment	248
Fire / Life Safety	268
Grounds	90
Property Insurance	2,658
Total Operating Expense	\$ 17,061

Non-Operating Expenses

Non-Operating Expenses	\$ 3,076
Total Expenses	\$ 20,137

NET OPERATING INCOME	\$ 62,424
-----------------------------	------------------

NET CASH FLOW FROM OPERATIONS	\$ 62,424
--------------------------------------	------------------

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Unaudited.

3-16-2010
10:33 am

Blagen Block

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Blagen Block

SUMMARY LEVEL

For the 12 Months Ended 12-31-2007

Revenue

Tenant Related Income	\$ 744,358
Other Income	18
Total Revenue	\$ 744,376

Operating Expenses

Administrative Employee Expense	\$ 13,200
Admin Office, Prof & Other Exp	30,487
Bldg R&M Employee Exp	35,921
Cleaning	43,555
Bldg R & M General Exp	7,082
Plumbing	962
Electrical	2,513
Elevator	4,070
HVAC	2,715
Equipment	706
Fire / Life Safety	5,830
Grounds	405
Utilities	57,453
General Operating Expense	8,439
Property Insurance	9,687
Property Taxes	25,081
Total Operating Expense	\$ 248,106

Non-Operating Expenses

Non-Operating Expenses	\$ 71,807
Total Expenses	\$ 319,913

NET OPERATING INCOME	\$ 424,463
-----------------------------	-------------------

Debt Service	\$ 297,129
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NET CASH FLOW FROM OPERATIONS	\$ 127,334
--------------------------------------	-------------------

This document is confidential and is to be used for internal purposes only.
Unaudited.

5-28-2008
5:08 pm

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Blagen Block

SUMMARY LEVEL

For the 12 Months Ended 12-31-2008

Revenue

Tenant Related Income	\$ 631,846
Other Income	2,121
Total Revenue	\$ 633,967

Operating Expenses

Administrative Employee Expense	\$ 2,629
Admin Office, Prof & Other Exp	25,044
Bldg R&M Employee Exp	20,369
Cleaning	38,125
Bldg R & M General Exp	8,529
Plumbing	415
Electrical	3,027
Elevator	3,754
HVAC	8,228
Equipment	47
Fire / Life Safety	1,783
Grounds	1,050
Utilities	54,263
General Operating Expense	50
Property Insurance	10,935
Total Operating Expense	\$ 178,248

Non-Operating Expenses

Non-Operating Expenses	\$ 21,418
Total Expenses	\$ 199,666

NET OPERATING INCOME**\$ 434,301**

Debt Service

\$ 262,576

NET CASH FLOW FROM OPERATIONS**\$ 171,725**

This document is confidential and is to be used for internal purposes only.
Unaudited.

3-16-2010
10:00 am

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Blagen Block

SUMMARY LEVEL

For the 11 Months Ended 11-30-2009

Revenue

Tenant Related Income	\$ 507,393
Other Income	110
Total Revenue	\$ 507,503

Operating Expenses

Administrative Employee Expense	\$ 2,663
Admin Office, Prof & Other Exp	24,647
Bldg R&M Employee Exp	11,416
Cleaning	27,594
Bldg R & M General Exp	7,106
Plumbing	90
Electrical	633
Elevator	3,542
HVAC	57
Fire / Life Safety	2,002
Grounds	360
Utilities	31,758
General Operating Expense	92
Property Insurance	10,663
Total Operating Expense	\$ 122,623

Non-Operating Expenses

Non-Operating Expenses	\$ 18,173
Total Expenses	\$ 140,796

NET OPERATING INCOME	\$ 366,707
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Debt Service	\$ 244,643
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NET CASH FLOW FROM OPERATIONS	\$ 122,064
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This document is confidential and is to be used for internal purposes only.
Unaudited.

3-16-2010
10:11 am

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Blagen Block - DIP

SUMMARY LEVEL

For the 12 Months Ended 12-31-2009

Revenue

Tenant Related Income	\$ 44,085
Total Revenue	\$ 44,085

Operating Expenses

Administrative Employee Expense	\$ 319
Admin Office, Prof & Other Exp	42
Bldg R&M Employee Exp	1,247
Cleaning	2,884
Bldg R & M General Exp	432
Plumbing	441
Elevator	274
HVAC	170
Fire / Life Safety	180
Grounds	45
Property Insurance	936
Total Operating Expense	\$ 6,970

Non-Operating Expenses

Non-Operating Expenses	\$ 2,101
Total Expenses	\$ 9,071

NET OPERATING INCOME	\$ 35,014
-----------------------------	------------------

NET CASH FLOW FROM OPERATIONS	\$ 35,014
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Unaudited.

3-16-2010
10:39 am

Oregon Pioneer Building

BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Oregon Pioneer Building
SUMMARY LEVEL
For the 12 Months Ended 12-31-2007

<u>Revenue</u>	
Tenant Related Income	\$ 323,191
Other Income	8,891
Total Revenue	\$ 332,082
<u>Operating Expenses</u>	
Admin Office, Prof & Other Exp	\$ 7,131
Bldg R&M Employee Exp	13,719
Cleaning	4,502
Bldg R & M General Exp	1,318
Electrical	803
Elevator	955
HVAC	427
Equipment	43
Utilities	16,846
General Operating Expense	4,013
Property Insurance	12,375
Property Taxes	4,011
Total Operating Expense	\$ 66,143
<u>Non-Operating Expenses</u>	
Non-Operating Expenses	\$ 49,764
Total Expenses	\$ 115,907
NET OPERATING INCOME	\$ 216,175
Debt Service	\$ 89,931
 NET CASH FLOW FROM OPERATIONS	 <u><u>\$ 126,244</u></u>

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Unaudited.

5-20-2008
6:55 am

BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Oregon Pioneer Building
SUMMARY LEVEL
For the 12 Months Ended 12-31-2008

Revenue

Tenant Related Income	\$ 965,136
Other Income	36,890
Total Revenue	\$ 1,002,026

Operating Expenses

Administrative Employee Expense	\$ 5,269
Admin Office, Prof & Other Exp	39,693
Bldg R&M Employee Exp	66,106
Cleaning	62,461
Bldg R & M General Exp	13,317
Plumbing	1,739
Electrical	948
Elevator	8,287
HVAC	2,721
Equipment	658
Fire / Life Safety	1,659
Grounds	550
Utilities	187,507
General Operating Expense	1,475
Property Insurance	25,682
Total Operating Expense	\$ 418,072

Non-Operating Expenses

Non-Operating Expenses	\$ 21,056
Total Expenses	\$ 439,128

NET OPERATING INCOME **\$ 562,898**

Debt Service \$ 309,213

NET CASH FLOW FROM OPERATIONS **\$ 253,685**

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Unaudited.

3-16-2010
10:03 am

BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Oregon Pioneer Building
SUMMARY LEVEL
For the 11 Months Ended 11-30-2009

Revenue

Tenant Related Income	\$ 608,480
Other Income	16,463
Total Revenue	\$ 624,943

Operating Expenses

Administrative Employee Expense	\$ 5,269
Admin Office, Prof & Other Exp	30,909
Bldg R&M Employee Exp	33,724
Cleaning	54,969
Bldg R & M General Exp	12,752
Plumbing	351
Electrical	1,228
Elevator	15,529
HVAC	1,430
Fire / Life Safety	689
Utilities	128,975
General Operating Expense	1,430
Property Insurance	25,507
Total Operating Expense	\$ 312,762

Non-Operating Expenses

Non-Operating Expenses	\$ 11,016
Total Expenses	\$ 323,778

NET OPERATING INCOME	\$ 301,165
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Debt Service	\$ 257,827
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NET CASH FLOW FROM OPERATIONS	\$ 43,338
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Unaudited.

3-16-2010
10:17 am

BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Oregon Pioneer Building - DIP
SUMMARY LEVEL
For the 12 Months Ended 12-31-2009

Revenue

Tenant Related Income	\$ 52,620
Other Income	5,320
Total Revenue	\$ 57,940

Operating Expenses

Administrative Employee Expense	\$ 639
Admin Office, Prof & Other Exp	243
Bldg R&M Employee Exp	1,650
Cleaning	5,979
Bldg R & M General Exp	609
Plumbing	69
Elevator	1,229
HVAC	241
Fire / Life Safety	81
Utilities	(1,735)
Property Insurance	2,319
Total Operating Expense	\$ 11,324

Non-Operating Expenses

Non-Operating Expenses	\$ 2,622
Total Expenses	\$ 13,946

NET OPERATING INCOME **\$ 43,994**

NET CASH FLOW FROM OPERATIONS **\$ 43,994**

Postal Building

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Postal Building

SUMMARY LEVEL

For the 12 Months Ended 12-31-2007

<u>Revenue</u>	
Tenant Related Income	\$ 91,179
Total Revenue	\$ 91,179
<u>Operating Expenses</u>	
Admin Office, Prof & Other Exp	\$ 1,938
Bldg R&M Employee Exp	4,098
Bldg R & M General Exp	325
Plumbing	81
General Operating Expense	120
Total Operating Expense	\$ 6,562
<u>Non-Operating Expenses</u>	
Non-Operating Expenses	\$ 78,077
Total Expenses	\$ 84,639
NET OPERATING INCOME	\$ 6,540
Debt Service	\$ 34,819
 NET CASH FLOW FROM OPERATIONS	 \$ (28,279)

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Unaudited.

5-29-2008
8:02 am

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Postal Building

SUMMARY LEVEL

For the 12 Months Ended 12-31-2008

Revenue

Tenant Related Income	\$ 538,008
Other Income	<u>772</u>
Total Revenue	\$ 538,780

Operating Expenses

Administrative Employee Expense	\$ 2,904
Admin Office, Prof & Other Exp	21,172
Bldg R&M Employee Exp	47,004
Cleaning	31,769
Bldg R & M General Exp	17,094
Plumbing	1,557
Electrical	285
Elevator	2,379
HVAC	258
Equipment	46
Fire / Life Safety	5,596
Grounds	2,900
Utilities	79,223
General Operating Expense	3,092
Property Insurance	<u>8,900</u>
Total Operating Expense	\$ 224,179

Non-Operating Expenses

Non-Operating Expenses	\$ 14,326
Total Expenses	\$ 238,505

NET OPERATING INCOME	\$ 300,275
-----------------------------	-------------------

Debt Service	\$ 342,570
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NET CASH FLOW FROM OPERATIONS	\$ (42,295)
--------------------------------------	--------------------

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Unaudited.

3-16-2010
10:04 am

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Postal Building

SUMMARY LEVEL

For the 11 Months Ended 11-30-2009

Revenue

Tenant Related Income	\$ 483,663
Other Income	5,388
Total Revenue	\$ 489,051

Operating Expenses

Administrative Employee Expense	\$ 2,904
Admin Office, Prof & Other Exp	22,926
Bldg R&M Employee Exp	53,187
Cleaning	29,328
Bldg R & M General Exp	17,637
Plumbing	25
Electrical	1,046
Elevator	2,686
HVAC	224
Equipment	683
Fire / Life Safety	4,787
Grounds	1,245
Utilities	64,946
General Operating Expense	635
Property Insurance	12,251
Total Operating Expense	\$ 214,510

Non-Operating Expenses

Non-Operating Expenses	\$ 82,736
Total Expenses	\$ 297,246

NET OPERATING INCOME	\$ 191,805
-----------------------------	-------------------

Debt Service	\$ 138,151
--------------	------------

NET CASH FLOW FROM OPERATIONS	\$ 53,654
--------------------------------------	------------------

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3-16-2010
10:18 am

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Postal Building - DIP

SUMMARY LEVEL

For the 12 Months Ended 12-31-2009

Revenue

Tenant Related Income	\$ 42,209
Other Income	1,000
Total Revenue	\$ 43,209

Operating Expenses

Administrative Employee Expense	\$ 352
Admin Office, Prof & Other Exp	173
Bldg R&M Employee Exp	1,972
Cleaning	3,040
Plumbing	163
Electrical	309
Elevator	217
Fire / Life Safety	86
Grounds	150
Property Insurance	1,181
Total Operating Expense	\$ 7,643

Non-Operating Expenses

Non-Operating Expenses	\$ 1,150
Total Expenses	\$ 8,793

NET OPERATING INCOME	\$ 34,416
-----------------------------	------------------

NET CASH FLOW FROM OPERATIONS	\$ 34,416
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Unaudited.

3-16-2010
10:35 am

11 NW 5th

Case 09-39718-rld11 Doc 199 Filed 03/19/10
BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for 11 NW 5th
SUMMARY LEVEL
For the 12 Months Ended 12-31-2007

Revenue

Total Revenue

Operating Expenses

4032 Insurance	\$ 4,542
4034 Interest	31,608
4035 Repairs	951
4036 Property Taxes	6,774
4037 Utilities	6,414
4043 Admin and Office Expense	134
Total Operating Expense	\$ 50,423

NET OPERATING INCOME

\$ (50,423)

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Unaudited.

10-11-2008
7:52 am

TAX RETURN FORMAT

TR

Case 09-39718-rld11 Doc 199 Filed 03/19/10
BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for 11 NW 5th
SUMMARY LEVEL
For the 12 Months Ended 12-31-2008

Revenue

Tenant Related Income	\$ 176,136
Other Income	552
Total Revenue	\$ 176,688

Operating Expenses

Admin Office, Prof & Other Exp	\$ 1,395
Bldg R&M Employee Exp	16,677
Cleaning	4
Bldg R & M General Exp	1,237
Plumbing	60
Electrical	80
HVAC	1,177
Fire / Life Safety	139
Utilities	6,148
General Operating Expense	9,361
Property Insurance	5,866
Property Taxes	5,270
Total Operating Expense	\$ 47,414

Non-Operating Expenses

Non-Operating Expenses	\$ 24,346
Total Expenses	\$ 71,760

NET OPERATING INCOME \$ 104,928

Debt Service \$ 47,821

NET CASH FLOW FROM OPERATIONS \$ 57,107

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for 11 NW 5th

SUMMARY LEVEL

For the 11 Months Ended 11-30-2009

Revenue

Tenant Related Income	\$ 83,878
Other Income	210
Total Revenue	\$ 84,088

Operating Expenses

Admin Office, Prof & Other Exp	\$ 3,711
Bldg R&M Employee Exp	3,592
Cleaning	480
Bldg R & M General Exp	80
Plumbing	(3,243)
Equipment	560
Utilities	257
General Operating Expense	198
Property Insurance	7,981
Total Operating Expense	\$ 13,616

Non-Operating Expenses

Non-Operating Expenses	\$ 586
Total Expenses	\$ 14,202

NET OPERATING INCOME	\$ 69,886
-----------------------------	------------------

Debt Service	\$ 67,698
--------------	-----------

NET CASH FLOW FROM OPERATIONS	\$ 2,188
--------------------------------------	-----------------

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Unaudited.

3-16-2010
10:09 am

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for 11 NW 5th - DIP

SUMMARY LEVEL

For the 12 Months Ended 12-31-2009

Revenue

Tenant Related Income	\$ 7,748
Total Revenue	\$ 7,748

Operating Expenses

Administrative Employee Expense	\$ 100
Bldg R&M Employee Exp	317
Plumbing	60
Property Insurance	568
Total Operating Expense	\$ 1,045

Non-Operating Expenses

Non-Operating Expenses	\$ 400
Total Expenses	\$ 1,445

NET OPERATING INCOME	\$ 6,303
-----------------------------	-----------------

NET CASH FLOW FROM OPERATIONS	\$ 6,303
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5 NW 5th

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for 5 NW 5th

SUMMARY LEVEL

For the 12 Months Ended 12-31-2007

<u>Revenue</u>	
Tenant Related Income	\$ 80,165
Other Income	<u>6,600</u>
Total Revenue	\$ 86,765
<u>Operating Expenses</u>	
Admin Office, Prof & Other Exp	\$ 2,990
Bldg R&M Employee Exp	751
Utilities	6,103
General Operating Expense	1,319
Property Insurance	7,609
Property Taxes	<u>8,316</u>
Total Operating Expense	\$ 27,088
<u>Non-Operating Expenses</u>	
Non-Operating Expenses	\$ 1,224
Total Expenses	\$ 28,312
NET OPERATING INCOME	\$ 58,453
Debt Service	\$ 29,114
NET CASH FLOW FROM OPERATIONS	\$ 29,339

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Unaudited.

5-28-2008
5:07 pm

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for 5 NW 5th

SUMMARY LEVEL

For the 12 Months Ended 12-31-2008

Revenue

Tenant Related Income	\$ 78,985
Other Income	6,954
Total Revenue	\$ 85,939

Operating Expenses

Admin Office, Prof & Other Exp	\$ 2,758
Bldg R&M Employee Exp	2,053
Bldg R & M General Exp	323
Fire / Life Safety	267
Utilities	6,645
Property Insurance	4,709
Property Taxes	15,309
Total Operating Expense	\$ 32,064

Non-Operating Expenses

Non-Operating Expenses	\$ 42,966
Total Expenses	\$ 75,030

NET OPERATING INCOME	\$ 10,909
-----------------------------	------------------

Debt Service	\$ 48,396
--------------	-----------

NET CASH FLOW FROM OPERATIONS	\$ (37,487)
--------------------------------------	--------------------

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for 5 NW 5th

SUMMARY LEVEL

For the 11 Months Ended 11-30-2009

Revenue

Tenant Related Income	\$ 71,548
Other Income	2,690
Total Revenue	\$ 74,238

Operating Expenses

Admin Office, Prof & Other Exp	\$ 2,768
Bldg R&M Employee Exp	153
Utilities	5,814
General Operating Expense	808
Property Insurance	4,391
Total Operating Expense	\$ 13,934

Non-Operating Expenses

Non-Operating Expenses	\$ 1,763
Total Expenses	\$ 15,697

NET OPERATING INCOME	\$ 58,541
-----------------------------	------------------

Debt Service	\$ 93,354
--------------	-----------

NET CASH FLOW FROM OPERATIONS	\$ (34,813)
--------------------------------------	--------------------

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for 5 NW 5th - DIP

SUMMARY LEVEL

For the 12 Months Ended 12-31-2009

Revenue

Tenant Related Income	\$ 6,496
Total Revenue	\$ 6,496

Operating Expenses

Administrative Employee Expense	\$ 100
Bldg R&M Employee Exp	144
Property Insurance	312
Total Operating Expense	\$ 556

Non-Operating Expenses

Non-Operating Expenses	\$ 800
Total Expenses	\$ 1,356

NET OPERATING INCOME	\$ 5,140
-----------------------------	-----------------

NET CASH FLOW FROM OPERATIONS	\$ 5,140
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Unaudited.

3-16-2010
10:22 am

522 Thompson

Case 09-39718-rld11 Doc 199 Filed 03/19/10
BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for 522 Thompson
SUMMARY LEVEL
For the 12 Months Ended 12-31-2007

Revenue

Tenant Related Income	\$ 52,646
Other Income	<u>3,195</u>
Total Revenue	\$ 55,841

Operating Expenses

4029 Auto and Travel	\$ 60
4030 Cleaning and Maintenance	11,104
4032 Insurance	7,341
4033 Legal and Prof Fees	6,468
4034 Interest	52,491
4035 Repairs	43,101
4036 Property Taxes	10,309
4037 Utilities	8,873
4038 Wages and Salaries	13,502
4041 Supplies	1,113
4043 Admin and Office Expense	21,080
4044 Telephone	1,795
4045 Management Fees	2,253
4046 Security	46
4053 Rent Expense	<u>1,200</u>
Total Operating Expense	\$ 180,736

NET OPERATING INCOME \$ (124,895)

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Unaudited.

*TAX RETURN FORMAT
PRE CPA ADJ FOR CAPEX*

TE

10-11-2008
7:54 am

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for 522 Thompson

SUMMARY LEVEL

For the 12 Months Ended 12-31-2008

Revenue

Tenant Related Income	\$ 18,765
Other Income	3,460
Total Revenue	\$ 22,225

Operating Expenses

Administrative Employee Expense	\$ 1,243
Admin Office, Prof & Other Exp	2,303
Bldg R&M Employee Exp	10,660
Bldg R & M General Exp	3,548
Electrical	1,670
Elevator	2,520
Equipment	3,299
Fire / Life Safety	323
Utilities	4,452
General Operating Expense	40
Property Insurance	5,442
Total Operating Expense	\$ 35,500

Non-Operating Expenses

Non-Operating Expenses	\$ 1,327
Total Expenses	\$ 36,827

NET OPERATING INCOME	\$ (14,602)
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Debt Service	\$ 51,436
--------------	-----------

NET CASH FLOW FROM OPERATIONS	\$ (66,038)
--------------------------------------	--------------------

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Unaudited.

3-16-2010
9:59 am

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for 522 Thompson

SUMMARY LEVEL

For the 11 Months Ended 11-30-2009

Revenue

Tenant Related Income	\$ 9,446
Other Income	20
Total Revenue	\$ 9,466

Operating Expenses

Administrative Employee Expense	\$ 1,243
Admin Office, Prof & Other Exp	1,695
Bldg R&M Employee Exp	1,803
Bldg R & M General Exp	5,548
Elevator	1,832
Equipment	420
Fire / Life Safety	486
Utilities	6,804
Property Insurance	5,307
Total Operating Expense	\$ 25,138

Non-Operating Expenses

Non-Operating Expenses	\$ 1,048
Total Expenses	\$ 26,186

NET OPERATING INCOME	\$ (16,720)
-----------------------------	--------------------

Debt Service	\$ 46,168
--------------	-----------

NET CASH FLOW FROM OPERATIONS	\$ (62,888)
--------------------------------------	--------------------

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Unaudited.

3-16-2010
10:10 am

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for 522 Thompson - DIP

SUMMARY LEVEL

For the 12 Months Ended 12-31-2009

Revenue

Tenant Related Income	\$ 942
Total Revenue	\$ 942

Operating Expenses

Administrative Employee Expense	\$ 238
Admin Office, Prof & Other Exp	46
Bldg R&M Employee Exp	148
Bldg R & M General Exp	290
Elevator	203
Property Insurance	466
Total Operating Expense	\$ 1,391

Non-Operating Expenses

Non-Operating Expenses	\$ 509
Total Expenses	\$ 1,900

NET OPERATING INCOME	\$ (958)
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NET CASH FLOW FROM OPERATIONS	\$ (958)
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Jazz de Opus

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Jazz de Opus

SUMMARY LEVEL

For the 12 Months Ended 12-31-2007

Revenue

Tenant Related Income	\$ 79,451
Total Revenue	\$ 79,451

Operating Expenses

Admin Office, Prof & Other Exp	\$ 1,917
Bldg R&M Employee Exp	367
Fire / Life Safety	51
Utilities	113
General Operating Expense	798
Property Insurance	13,798
Property Taxes	6,220
Total Operating Expense	\$ 23,264

Non-Operating Expenses

Non-Operating Expenses	\$ 4,311
Total Expenses	\$ 27,575

NET OPERATING INCOME	\$ 51,876
-----------------------------	------------------

Debt Service	\$ 61,250
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NET CASH FLOW FROM OPERATIONS	\$ (9,374)
--------------------------------------	-------------------

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Unaudited.

5-28-2008
5:09 pm

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Jazz de Opus

SUMMARY LEVEL

For the 12 Months Ended 12-31-2008

Revenue

Tenant Related Income	\$ 131,081
Total Revenue	\$ 131,081

Operating Expenses

Admin Office, Prof & Other Exp	\$ 4,125
Bldg R&M Employee Exp	894
Fire / Life Safety	232
Utilities	1,551
Property Insurance	10,961
Total Operating Expense	\$ 17,763

Non-Operating Expenses

Non-Operating Expenses	\$ 1,652
Total Expenses	\$ 19,415

NET OPERATING INCOME**\$ 111,666**

Debt Service

\$ 109,375

NET CASH FLOW FROM OPERATIONS**\$ 2,291**

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Unaudited.

3-16-2010
10:01 am

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Jazz de Opus

SUMMARY LEVEL

For the 11 Months Ended 11-30-2009

Revenue

Tenant Related Income	\$ 74,651
Total Revenue	\$ 74,651

Operating Expenses

Administrative Employee Expense	\$ 54
Admin Office, Prof & Other Exp	3,627
Bldg R&M Employee Exp	2,403
Bldg R & M General Exp	61
Fire / Life Safety	67
Utilities	2,329
General Operating Expense	1,265
Property Insurance	10,631
Total Operating Expense	\$ 20,437

Non-Operating Expenses

Non-Operating Expenses	\$ 8,383
Total Expenses	\$ 28,820

NET OPERATING INCOME	\$ 45,831
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Debt Service	\$ 93,750
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NET CASH FLOW FROM OPERATIONS	\$ (47,919)
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Case 09-39718-rld11 Doc 199 Filed 03/19/10
BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Jazz de Opus - DIP
SUMMARY LEVEL
For the 12 Months Ended 12-31-2009

Revenue

Tenant Related Income	\$ 9,243
Total Revenue	\$ 9,243

Operating Expenses

Administrative Employee Expense	\$ 100
Bldg R&M Employee Exp	135
Property Insurance	757
Total Operating Expense	\$ 992

Non-Operating Expenses

Non-Operating Expenses	\$ 800
Total Expenses	\$ 1,792

NET OPERATING INCOME	\$ 7,451
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NET CASH FLOW FROM OPERATIONS	\$ 7,451
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Juneau Hangar

Case 09-39718-rld11 Doc 199 Filed 03/19/10
BEARDSLEY BUILDING DEVELOPMENT
Cash Income Statement for Juneau Hanger
SUMMARY LEVEL
For the 12 Months Ended 12-31-2008

Revenue

Tenant Related Income	\$ 239,400
Total Revenue	\$ 239,400

Operating Expenses

Admin Office, Prof & Other Exp	\$ 6,984
Property Insurance	6,768
Property Taxes	(6,106)
Total Operating Expense	\$ 7,646

Non-Operating Expenses

Non-Operating Expenses	\$ 16,653
Total Expenses	\$ 24,299

NET OPERATING INCOME **\$ 215,101**

Debt Service \$ 105,843

NET CASH FLOW FROM OPERATIONS **\$ 109,258**

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Juneau Hanger

SUMMARY LEVEL

For the 11 Months Ended 11-30-2009

Revenue

Tenant Related Income	\$ 297,204
Total Revenue	\$ 297,204

Operating Expenses

Admin Office, Prof & Other Exp	\$ 12,929
Property Insurance	13,165
Total Operating Expense	\$ 26,094

Non-Operating Expenses

Non-Operating Expenses	\$ 80
Total Expenses	\$ 26,174

NET OPERATING INCOME	\$ 271,030
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Debt Service	\$ 120,289
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NET CASH FLOW FROM OPERATIONS	\$ 150,741
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This document is confidential and is to be used for internal purposes only.
Unaudited.

3-16-2010
10:16 am

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Juneau Hanger - DIP

SUMMARY LEVEL

For the 12 Months Ended 12-31-2009

Revenue

Tenant Related Income	\$ 12,123
Total Revenue	\$ 12,123

Operating Expenses

Property Insurance	\$ 1,354
Total Operating Expense	\$ 1,354

Non-Operating Expenses

Non-Operating Expenses	\$ 311
Total Expenses	\$ 1,665

NET OPERATING INCOME	\$ 10,458
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Debt Service	\$ 10,392
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NET CASH FLOW FROM OPERATIONS	\$ 66
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Unaudited.

3-16-2010
10:34 am

Gearhart

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Gearhart

SUMMARY LEVEL

For the 12 Months Ended 12-31-2007

Revenue

Other Income	\$ 119
Total Revenue	\$ 119

Operating Expenses

4029 Auto and Travel	\$ 73
4030 Cleaning and Maintenance	7,686
4032 Insurance	2,570
4034 Interest	28,120
4035 Repairs	44
4036 Property Taxes	8,998
4037 Utilities	690
4038 Wages and Salaries	649
4041 Supplies	68
4043 Admin and Office Expense	90
4051 Loan Costs	14,694
4212 HOA Dues	1,683
Total Operating Expense	\$ 65,365

NET OPERATING INCOME	\$ (65,246)
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Unaudited.

*TAX RETURN FORMAT
PRE CPA ADJ FOR LOAN COSTS
TE*

10-11-2008
1:11 pm

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Gearhart

SUMMARY LEVEL

For the 12 Months Ended 12-31-2008

Revenue

Other Income	\$ 9
Total Revenue	\$ 9

Operating Expenses

Admin Office, Prof & Other Exp	\$ 164
Cleaning	3,287
Bldg R & M General Exp	56,002
Electrical	2,304
Grounds	1,420
Utilities	2,994
General Operating Expense	4,117
Property Insurance	2,558
Property Taxes	8,908
Total Operating Expense	\$ 81,754

Non-Operating Expenses

Non-Operating Expenses	\$ 2,624
Total Expenses	\$ 84,378

NET OPERATING INCOME	\$ (84,369)
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Debt Service	\$ 54,046
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NET CASH FLOW FROM OPERATIONS	\$ (138,415)
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3-16-2010
10:08 am

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Gearhart

SUMMARY LEVEL

For the 11 Months Ended 11-30-2009

Revenue**Total Revenue**Operating Expenses

Admin Office, Prof & Other Exp	\$ 1,187
Cleaning	1,237
Bldg R & M General Exp	1,880
Fire / Life Safety	6,807
Utilities	2,944
General Operating Expense	24,762
Property Insurance	2,464
Property Taxes	9,212
Total Operating Expense	\$ 50,493

Non-Operating Expenses

Non-Operating Expenses	\$ 834
Total Expenses	\$ 51,327

NET OPERATING INCOME**\$ (51,327)**

Debt Service

\$ 46,359

NET CASH FLOW FROM OPERATIONS**\$ (97,686)**

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Unaudited.

3-16-2010
10:12 am

BEARDSLEY BUILDING DEVELOPMENT

Cash Income Statement for Gearhart - DIP

SUMMARY LEVEL

For the 12 Months Ended 12-31-2009

Revenue

Total Revenue

Operating Expenses

Utilities

Total Operating Expense

\$ 164

\$ 164

Non-Operating Expenses

Non-Operating Expenses

\$ 4

Total Expenses

\$ 168

NET OPERATING INCOME

\$ (168)

NET CASH FLOW FROM OPERATIONS

\$ (168)