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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION

In re:	Bankruptcy No. 08-26934
JERRY A. McWILLIS and JANET KAY McWILLIS, J.A.M. FAMILY LIMITED PARTNERSHIP, a Utah limited partnership,	Chapter 11 Honorable William T. Thurman
Debtors.	**CREDITOR BANK OF AMERICA, N.A.'S DISCLOSURE STATEMENT FILED IN CONNECTION WITH CREDITOR BANK OF AMERICA N.A.'S LIQUIDATING PLAN OF REORGANIZATION DATED May 4, 2010**

[FILED ELECTRONICALLY]

Bank of America, N.A. ("Bank" or "Plan Proponent"), as a creditor and party-in-interest in the above-captioned bankruptcy case, submits the following Disclosure Statement for Creditor Bank of America, N.A.'s Liquidating Plan of Reorganization Dated May 4, 2010 pursuant to 11 U.S.C. § 1121(b) and 1125(b).

Dated: May 4, 2010.

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I. PRELIMINARY STATEMENT

A. THIS DISCLOSURE STATEMENT HAS BEEN PREPARED PURSUANT TO SECTION 1125 OF TITLE 11 OF THE UNITED STATES CODE ON BEHALF OF THE BANK, AND DESCRIBES THE TERMS OF CREDITOR'S LIQUIDATING PLAN REORGANIZATION DATED MAY 4, 2010 (THE "PLAN"). A COPY OF THE PLAN IS ATTACHED AS EXHIBIT A HERETO.

B. THE INFORMATION CONTAINED IN THIS STATEMENT HAS BEEN PREPARED IN GOOD FAITH, BASED UPON INFORMATION MADE AVAILABLE TO THE BANK, THE BANK'S PROFESSIONALS, AS WELL AS THEIR REVIEW OF DOCUMENTS FILED IN THE BANKRUPTCY CASE. NONE OF THE INFORMATION CONCERNING THE DISCLOSURE STATEMENT, HOWEVER, HAS BEEN SUBJECTED TO A VERIFIED AUDIT. THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN ADMISSION BY ANY PARTY, BE ADMISSIBLE IN ANY PROCEEDING INVOLVING ANY OF THE PLAN PROPONENTS, OR BE DEEMED CONCLUSIVE ADVICE ON THE LEGAL EFFECTS OF THE PLAN.

C. THE DESCRIPTION OF THE PLAN CONTAINED IN THIS STATEMENT IS INTENDED AS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN ITSELF. EACH CREDITOR AND INTEREST HOLDER IS ENCOURAGED TO CAREFULLY READ THE PLAN.

D. THIS STATEMENT HAS BEEN APPROVED BY THE COURT AS CONTAINING ADEQUATE INFORMATION TO ENABLE A HYPOTHETICAL REASONABLE PERSON, TYPICAL OF HOLDERS OF CLAIMS OR INTERESTS OF EACH RELEVANT CLASS, TO MAKE AN INFORMED JUDGMENT ABOUT HOW TO VOTE ON THE PLAN. THE COURT'S APPROVAL OF THIS STATEMENT, HOWEVER, DOES NOT CONSTITUTE A RECOMMENDATION BY THE COURT EITHER FOR OR AGAINST THE PLAN.

II. DEFINITIONS

All capitalized terms used in this Disclosure Statement and not otherwise defined herein shall have the meanings assigned to them in Article I of the Plan.

III. INTRODUCTION

This Disclosure Statement contains information about the Debtors, Jerry A. McWillis, Janet Kaye McWillis ("McWilises"), and J.A.M. Family Limited partnership ("JAM") (collectively,"Debtors") and describes the Creditor's Liquidating Plan of Reorganization (the "**Plan**") filed by Bank of America, N.A. on May 4, 2010. A copy of the Plan is attached to this Disclosure Statement as **Exhibit A**. **Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.**

A. Purpose of this Disclosure Statement. Debtors Jerry A. McWillis and Janet Kaye McWillis filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on October 9, 2008. Debtor J.A.M. Family Limited Partnership filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on October 27, 2008 and the cases of JAM and the

McWillises subsequently were consolidated. This Disclosure Statement has been prepared to disclose information that is important for holders of Claims and Interests in making an informed decision about how to respond to the Plan. This Disclosure Statement also describes how Claims and Interests will be satisfied or treated. The classification and treatment of Claims and Interests is described below. **You are urged to study the Plan, to consult with your counsel about the Plan, and to consider its effect on your legal rights before you vote.** A confirmed Plan is an enforceable contract that is binding on creditors and Debtor. Once confirmed, the Plan replaces your prior rights and defines the Reorganized Debtor's new obligations to you.

This Disclosure Statement describes:

- Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat Claims or Interests of the type you hold (*i.e.*, what the Plan Proponents anticipate you will receive for your Claim or Interest if the Plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Court will consider when deciding whether to confirm the Plan,
- Why the Bank believes the Plan is feasible, and how the treatment of your Claim or Interest under the Plan compares to what you would receive on your Claim or Interest in liquidation, and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as this Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

IN THE OPINION OF THE BANK, THE TREATMENT OF CREDITORS AND INTEREST HOLDERS UNDER THE PLAN PROVIDES A GREATER RECOVERY

THAN THAT WHICH IS LIKELY TO BE ACHIEVED UNDER ANY OTHER EXISTING ALTERNATIVE FOR THE REORGANIZATION OR CHAPTER 7 LIQUIDATION OF DEBTOR. ACCORDINGLY, THE BANK BELIEVES THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTEREST OF ALL PARTIES IN INTEREST AND YOU SHOULD VOTE TO ACCEPT THE PLAN.

B. Brief Explanation of Chapter 11. Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to Chapter 11, a debtor's estate may be reorganized or liquidated for the benefit of its creditors and equity holders. The Debtors' estate consists of all property owned by Debtors. Attempts to collect pre-petition claims are stayed during the case, and a debtor generally operates its business as a debtor-in-possession until a plan of reorganization is confirmed. Formulation of a plan is one of the principal purposes of a Chapter 11 case. The Plan is the vehicle for satisfying Claims against the Debtors.

IV. VOTING PROCEDURES AND REQUIREMENTS; PLAN CONFIRMATION HEARING

THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTOR AND ON ALL CREDITORS AND INTEREST HOLDERS IN THIS CASE.

A. Parties Entitled to Vote. Only holders of Allowed Claims, and holders of Disputed Claims whose Claims have been temporarily allowed for voting purposes, are entitled to vote on the Plan. For purposes of the Plan, a Claim is Allowed (*i*) to the extent that a proof of claim was timely filed before the Bar Date, and neither Debtors, the Reorganized Debtors, nor

any other party-in-interest has filed an objection to the Claim, or (*ii*) the Claim is Allowed by a Final Order. Allowance for voting purposes does not preclude the subsequent filing of any objection to the Claim for the purpose of allowance and distribution under the Plan. Disputed Claims are Claims which are not Allowed Claims or are the subject of objections. Pursuant to Section 1126 of the Bankruptcy Code, each Class of impaired Claims is entitled to vote separately on the Plan. Any creditor whose Allowed Claim is in an impaired Class under the Plan is entitled to vote. Under Section 1124 of the Bankruptcy Code, all Classes of Claims in the Plan are **impaired** under the Plan, and therefore ballots will be provided to all creditors with Allowed Claims.

B. Class Vote Required for Acceptance of the Plan. If a Class of Claims is impaired, the Plan cannot be confirmed unless at least one impaired Class of Claims accepts the Plan, without considering the votes of any insiders. Section 1126 of the Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of two-thirds in dollar amount and a majority in number of claims of that class, in both cases counting only ballots which are timely filed and which affirmatively vote to accept or reject the Plan. The Bankruptcy Code defines acceptance of a plan by a class of interests as acceptance by two-thirds in amount of the allowed interests in the class which actually vote to accept or reject the plan.

C. Deadline for Voting to Accept or Reject the Plan. If you are entitled to vote to accept or reject the Plan, you may vote on the enclosed ballot and return the ballot in the enclosed envelope to: Bank of America, N.A. c/o Lon A. Jenkins, Jones Waldo Holbrook & McDonough PC, 170 South Main Street, Suite 1500, Salt Lake City, Utah 84101. Your ballot

must be **received** by the voting deadline found in the Notice of Hearing sent to you with this Disclosure Statement or it will not be counted.

D. Time and Place of the Hearing to Confirm the Plan. The Court has scheduled a hearing for confirmation of the Plan. A Notice of Hearing accompanies this Disclosure Statement. The hearing will be held before Judge William T. Thurman in his courtroom at the Frank E. Moss United States Courthouse, 350 South Main Street, Salt Lake City, Utah. At that hearing, the Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and whether it is in the best interests of Debtor's creditors. The hearing on confirmation may be adjourned from time to time by the Court without further notice, except for an announcement made at the hearing or any adjournment thereof.

E. Disclaimer. The financial data and other information relied upon in formulating the Plan is based on information provided by the Debtor which, unless otherwise indicated, is unaudited, information in the Bank's books and records, and information filed of record in the Case which is available to the public. The Bank represents that everything stated in this Disclosure Statement is true and correct to the best of the Bank's knowledge. The Court has not yet determined whether or not the Plan is confirmable and makes no recommendation as to whether or not you should support or oppose the Plan.

F. Objections. Objections to the confirmation of the Plan **must be filed with the Court** and served upon counsel for the Bank at the address below **no later than the date and time specified in the Notice of Hearing which accompanies this Disclosure Statement:**

Lon A. Jenkins
R.L. Knuth
Attorneys for Bank of America, N.A.
Jones Waldo Holbrook & McDonough, PC
170 South Main Street, Suite 1500
Salt Lake City ,UT 84101

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. **IF AN OBJECTION TO CONFIRMATION IS NOT TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.** If you want additional information about the Plan, you should contact the Bank counsel at the above addresses.

V. BACKGROUND OF DEBTOR'S BUSINESS

A. Description and History of Debtors and Debtors' Business. Jerry McWillis held various sales positions over the years, the last with Continental Sales Company, selling eyeglass frames and accessories to optical shops and eye doctors. Subsequently, he decided to start his own business known as International Optical Supply

Jerry and Janet McWillis were married in 1994. After years working in the field of education, she quit her job and began working with Jerry at the International Optical business. That summer they purchased a cabin in Manor Lands in the high Uintas.

In 1973 Jerry bought his first home on Fortuna Drive in Olympus Hills. In 1974, he bought two four-plex apartment buildings. In 1977 he purchased Maplewood Estates which consists of fourteen townhouses (seven buildings). In 1978 he traded the two four-plexes for Garden Acres which consists of ten townhouses (five buildings). In 1984, he sold the home on Fortuna Drive and purchased the McWillis' current Residence on Thousand Oaks Circle. He later purchased the adjacent lot and had the two lots combined into one.

In 1987, Jerry acquired a warehouse property in the Broadbent Business Center. He later purchased adjacent property to the warehouse and built a new, larger warehouse in 1991 – 1992 where the offices and main operations are now housed. He designed the warehouse so that sections could be leased out to other commercial businesses.

Jerry's brother D.V. McWillis and his wife Renee (collectively **"DV"**) had built an existing business known as Salt City Candle Company. As their business grew, they found that they were unable to expand as rapidly as necessary. DV was interested in developing the retail side of the business, and in 1998 they approached Jerry and Janet to develop the home party side which became known as Party Wicks and Scents ("PW&S"). PW&S set up a complete manufacturing facility using DV's approved Salt City Candle formulations but basically working independently of them. Using his sales background, Jerry recruited distributors, got the manufacturing up and running, and designed marketing tools, while Janet ran the internal side of the business. PW&S started with a dozen distributors and over the next 7 1/2 years brought on hundreds of distributors as they expanded the business and brand recognition across the United States. The Debtors saw tremendous growth within a very short period of time. From 1998 to 2002, sales of PW&S grew to nearly $6,000,000. Although the Debtors did all of the work at their warehouses for PW&S, DV received 50% of all profits.

As a result of the profitability of PW&S, the Debtors purchased the property located at 5061 Commerce Drive in 1999 and the corner property of 5065, 5071, and 5075 Commerce Drive in 2000. In 2001 Jerry refinanced the apartment complexes (Maplewood Estates and Garden Acres) and they purchased the 2.8 acres on Commerce and Vine (aka

Germania). The Debtors had purchased a home on Eastmoor Drive in Holladay in 2000 to serve as the home for Jerry's parents; in 2005, they traded that property for 5059 Commerce in order to complete the acquisition of the 6.13 acres that they currently own. In 2001 they also purchased a parcel of property in Entrada (St. George, Utah).

The PW&S partnership became contentious due to differences of opinion between DV and the Debtors. In 2003, the Debtors were forced to initiate a lawsuit against DV based on breach of fiduciary duty. This lawsuit was extremely costly and lasted for three (3) years. On February 24, 2006, DV offered the Debtors a settlement agreement that included the ability of the Debtors to start their own candle company.

The Debtors developed Cachet Candle Company ("Cachet") as a result of the settlement agreement. In developing Cachet, the Debtors faced many challenges, including huge financial hurdles. In order to support the business activities of Cachet, the Debtors were required to begin borrowing against their personal assets and properties.

B. Events Leading to Debtor's Chapter 11 Petition. As a result of the inability of the Debtors to either liquidate the Real Property or find alternative financing in light of the economic climate, and in order to protect the Debtors' interests in the Real Property, the McWillises filed a petition for relief under Chapter 11 on October 9, 2008. When they realized that JAM would also need to file, they caused JAM to file its petition under Chapter 11 on October 27, 2008.

VI. POST-PETITION ACTIVITIES OF THE ESTATE

A. Management of Debtors. The Debtors have continued to operate their business and manage their properties as debtors-in-possession pursuant to Section 1107 and 1108 of the Bankruptcy Code since the filing of the bankruptcy petitions.

B. Significant Events During the Case.

1. Initial Applications, Retentions and Filing Schedules. The voluntary Chapter 11 petition for Jerry and Janet McWillis was filed on October 9, 2008. On that day, Debtors Jerry and Janet McWillis also filed their application to employ Anna W. Drake as Debtors' counsel. That application was granted by the Court by order entered on October 27, 2008. On October 24, 2008, Debtors Jerry and Janet McWillis filed their Statements of Affairs and Schedules in which they disclosed, among other things,their assets and claims held against them. The first meeting of creditors pursuant to 11 U.S.C. § 341 was held on November 13, 2008.

JAM filed its voluntary petition for relief under Chapter 11 on October 27, 2008. Anna W. Drake was approved as counsel for JAM by order entered on November 25, 2008.

2. Consolidation of Cases. Due to the confusion regarding the ownership of Parcels A, B, C, D, E, F, G and H as described by the Debtors on Exhibit 1 to the Plan, the McWillises and JAM elected to file a motion to consolidate their two cases. Following a hearing held by the Court, on Feburary 4, 2009, the Court entered an order consolidating the cases of the McWillises and JAM into the lead case number 08-26934.

As part of that order, the Debtors were required to file a plan of reorganization and disclosure statement no later than March 31, 2009.

3. Cash Collateral Use. The Debtors have entered into two (2) separate cash collateral agreements which allow them to use the rental proceeds from the Maplewood and Garden Acres Apartments, as well as the lease payments from Cachet, to continue operating those properties and provide for their minimum personal expenses through March 31, 2009. The terms of the cash collateral agreement included the following:

(i) The McWillises are authorized to collect all rents generated from the Maplewood apartments and the Garden Acres apartments (collectively "Apartments") and deposit those funds into the existing debtor-in-possession account maintained at Key Bank (xxxxxxx7243) ("DIP Account").

(ii) J.A.M. Family Limited Partnership ("JAM"), through the McWillises, is authorized to collect all rents generated from the warehouse properties ("Warehouse") leased to Cachet Candle Company and to deposit those funds into the DIP Account.

(iii) From the DIP Account, the McWillises are authorized to do the following:

(iv) Pay the ordinary and necessary operating expenses for the Apartments, including utilities, insurance premiums, and regular maintenance and repairs, but excluding renovation costs, unless such renovation costs are expressly agreed to by Bank of America.

(v) Pay their personal living expenses, the ("Personal Expenses") both past and future, according an approved budget, so long as the aggregate total of such expenses does not exceed $4,443.29.

(vi) Allocate 71% of the Personal Expenses to the cash collateral generated from the Apartments, *pro rata* between Maplewood and Garden Acres.

(vii) Allocate 29% of the Personal Expenses to the cash collateral generated from the Warehouse.

(viii) On a monthly basis, but no later than the 15th day of the month, and after payment of all expenses above relating to the apartments, the Debtors shall remit 80% of any amounts held in the DIP Account to Bank of America and Assurity Life, the creditors holding the senior cash collateral interest in the respective cash collateral, *pro rata*.

C. The Bank and Granite Credit Union ("GCU") are granted a first and second priority post-petition security interest and replacement lien, respectively, in and on all of the McWillises' and JAM's post-petition accounts, rents, contract rights, chattel paper, documents, cash, cash equivalents, depository accounts, general intangibles, leasehold interests and leases, and all proceeds, products, rents and profits of all of the foregoing, acquired by the McWillises or JAM after the Petition Dates for the McWillises and for JAM, relating solely to the Maplewood and Garden Acres properties. The security interests and liens of the Bank, as granted herein, shall be valid and superior to all other interests or liens of creditors of the estates of the McWillises and JAM in the Maplewood and Garden Acres properties, as adequate protection for any loss suffered by Bank as a result of the use of the Bank's cash collateral.

D. The McWillises were to redesignate the beneficiaries of their respective life insurance policies to pay the indemnity therefore to the surviving debtor.

E. Assurity Life Insurance Company ("Assurity") is granted a first priority post-petition security interest and replacement lien in and on all of the McWillises' and JAM's post-petition accounts, rents, contract rights, chattel paper, documents, cash, cash equivalents, depository accounts, general intangibles, leasehold interests and leases, and all proceeds, products, rents and profits of all of the foregoing, acquired by the McWillises or JAM after the petition dates for the McWillises and for JAM, relating solely to the

Warehouse. This security interest and lien shall be valid and superior to all other interests or liens of creditors of the estates of the McWillises and JAM in the Warehouse as adequate protection for any loss suffered by Assurity Life Insurance Company as a result of the use of Assurity Life Insurance Company's cash collateral.

F. The McWillises and JAM were to provide the Bank, GCU and Assurity with such financial reports and information as those creditors reasonably request, including copies of the monthly operating reports filed with the Court.

G. The McWillises and JAM shall provide that all properties are properly maintained and insured at all times.

4. Relief from Stay Motions. The following motions for relief from stay have been filed and/or granted:

Home Savings Bank filed a motion for relief from stay to obtain permission to foreclose its Deed of Trust filed against the Entrada Lot. The motion was granted on September 29, 2009.

SunTrust Mortgage, Inc. filed a motion for relief from the stay to obtain permission to foreclose its Deed of Trust against the Cabin. The motion was granted on September 9, 2009, terminating the automatic stay as to the Cabin on October 31, 2009.

The Debtors did not object to the motion filed by UUCU to obtain relief from the automatic stay to liquidate the 2004 Hummer, and the Debtors anticipate that said vehicle will be sold for less than the amount of the debt owed.

In connection with Granite's motion for relief from the automatic stay relating to the 1990 Sea Ray Sundancer Yacht and the 1998 Nissan forklift, the Debtors have surrendered

the Yacht to Granite. The forklift is owned by Cachet which intends to purchase it for $500.00.

On March 30, 2009, UUCU also filed a motion for relief from stay in connection with the 1999 Lexus and the 2003 Dodge Ram. Each of these vehicles acted as security for non-purchase money security loans with UUCU. The vehicles are valued significantly higher than the outstanding debts.

On October 8, 2009, Brighton filed a motion for relief from the automatic stay with respect to a 1998 Harley Davidson motorcycle and a 1989 Mercedes Benz 560 SEC. That motion was subsequently amended by Brighton. Brighton has not yet obtained an order on its motion.

VII. SUMMARY OF DEBTORS' ASSETS AND LIABILTIES

A. Assets: The assets of the Estate as of October 9, 2008, are generally described as follows**:**

Real Estate: The McWillises and JAM[1] are the owners of residential, commercial and business properties as reflected on Exhibit 1 attached to the Plan. In addition, Exhibit 2 attached to the Plan reflects the address, tax identification number, owners, values, classes, mortgages, and claims filed relating to each of the properties. For ease of reference, the Debtors have assigned parcel designations to each property as described below.

1. Commerce Drive Properties: Vacant Parcels.

Parcels[2] A, B, C, and D are currently non-income producing properties which are secured only by first position trust deeds in favor of Granite Credit Union (**"Granite"**) (**"Granite Lien"**). The parcels are described as (i) 5065, 5071 and 5075 South Commerce Drive, Salt Lake City, Utah [**Parcels A and B**]; (ii) 248 West Germania (Vine) Drive, Salt Lake City, Utah [**Parcel C**]; and (iii) 5059 South Commerce Drive, Salt Lake City, Utah

[1] Each of Parcels A, B, C, D, E, F, and G was originally held in the name of JAM; however, at the time that the Granite Lien was placed upon each of those properties on January 30, 2007, these properties were deeded to the McWillises for loan purposes and were apparently never reconveyed to JAM. The McWillises report they were unaware of this fact and continued to manage those properties as if they were held in the name of JAM.

[2] "Parcels" refers to the Parcel designations shown on Exhibits 1 and 2 attached to the Plan.

[**Parcel D**]. The Salt Lake County Treasurer (**"Treasurer"**) valued these four (4) parcels at $1,996,900.00 for the year 2008. The McWillises have valued these parcels at $7,930,000.00.

Parcel E is currently non-income producing vacant land situated at 5061 South Commerce Drive, Salt Lake City, Utah. This parcel is secured by a first position deed of trust in favor of JPMorgan Chase (fka Washington Mutual) (**"Chase"**) and the Granite Lien. The Treasurer values Parcel E at $236,000.00 for 2008. The McWillises value of $700,000.00 greatly exceeds the lien of Chase in the sum of $71,430.35 (Proof of Claim No. 8).

2. Commerce Drive Properties: Warehouse Properties

Parcels J and K consist of warehouse properties (**"Warehouses"**) warehouse properties situated at 5037 and 5057 South Commerce Drive, Salt Lake City, Utah, which are currently occupied by Cachet. Cachet currently pays the sum of $7,000.00 per month in rent, together with all utility charges. These parcels are jointly encumbered by a first deed of trust in favor of Assurity. The Debtors assert that the combined value of the Warehouses is $3,000,000.00, while the 2008 Treasurer's tax notice reflects a value of $1,238,800. Pursuant to Proof of Claim No. 1 filed in the McWillis case and Proof of Claim No. 6 filed in the JAM case, Assurity claims that the Debtors owed the sum of $1,080,973.33 as of the Petition Date. The Debtors have alleged that the balance owed as of December 31, 2008 is $873,903.55. On January 6, 2010, Assurity obtained relief from the automatic stay to pursue its remedies with respect to the Warehouses. The current status of the Warehouses is unknown.

3. Value of Commerce Drive Properties

The Commerce Drive Properties (Parcels A, B, C, D, E, J and K) are directly northwest of the new 1.5 million square foot Intermountain Medical Center campus consisting of five (5) hospital buildings which opened in October of 2007 and near a TRAX and Frontrunner Commuter Rail Station.

Granite claims that the current value of the vacant land is $2,720,000.00, pursuant to an appraisal dated December 30, 2008, prepared by David P. Holtby of Bodell-Van Drimmelen Commercial Appraisers, Inc. At the time that the Debtors executed the loan agreements with Granite in early 2007, this appraiser valued the same property at $4,250,000.00. The Debtors have asserted that there are numerous discrepancies between the two appraisals, including, but not limited to, the total arrearage appraised.

On June 21, 2007, the Debtors received an offer to purchase the Commerce Drive Properties for $8,500,000.00, or the Vacant Land for $5,500,000.00 with an option to purchase the Warehouse Properties for $3,000,000.00. The Debtors assert that the Commerce Drive Properties are worth at least $8,500,000.00 in today's market due to the proximity to the Intermountain Medical Center and the new FrontRunner station.

4. Apartment Complexes.

Parcel F is the Maplewood Apartment complex (**"Maplewood"**) situated at 4321-4333 South 500 East, Salt Lake City, Utah. The complex, built in 1972, consists of 14 units. This property generates approximately $8,625.00 per month in gross rental income. The parcel is subject to a first deed of trust in favor of the Bank, while the Granite Lien stands in second position. The McWillises have asserted that the value of Maplewood is $1,500,000.00; and the 2008 assessed tax value is $1,305,300.00. Pursuant to its Proof of Claim filed in the Case, the Bank asserted as of the Petition Date the amount of $807,079.15 owing secured by Maplewood, with interest accruing at the Contract Rate since the Petition Date.

Parcel G consists of the Garden Acres Apartment complex (**"Garden Acres"**) situated at 4391-4421 South 970 East, Salt Lake City, Utah. This apartment complex was built in 1972 and consists of 10 units. Parcel G is secured by a separate first deed of trust in favor of the Bank and the Granite Lien stands in second position. This property generates monthly gross rental income of approximately $8,225.00. The McWillises assert that the value if Garden Acres is $1,100,000.00. The assessed tax value is $847,800.00. Pursuant to its Proof of Claim filed in the Case, the Bank asserted, as of the Petition Date, the amount of $564,745.96 owing secured by Garden Acres, with interest accruing at the Contract Rate since the Petition Date.

5. Residential Properties.

Parcel I, the McWillises' residence situated at 3809 Thousand Oaks Circle, Salt Lake City, Utah (**"Residence"**), is valued by the McWillises at $6,000,000.00, and the Treasurer's tax notice reflects a value of $2,861,700.00. The Residence is encumbered by a first-position deed of trust in favor of Chase (fka Washington Mutual) ($2,940,817.37 balance per Proof of Claim No. 7) and a second trust deed in favor of National City Mortgage ($350,000.00 balance). In addition, L. Benson Mabey recorded a Notice of Attorney's Fee Lien against the Residence on October 6, 2008, in the sum of $4,600.00. Pursuant to Proof of Claim No. 16 (filed in the McWillis case) and No. 2 (filed in the JAM case), the Debtors owed the sum of $4,600.00 as of the Petition Date.

The McWillises also own **Parcel L**, a cabin located at 419 Foothill Drive, Christmas Meadows, Utah (**"Cabin"**) which they value at $180,000.00. Pursuant to Proof of Claim No. 36 filed by SunTrust, the Debtors owed the sum of $124,209.80 as of the Petition Date. On November 24, 2009, the Court entered an Order granting SunTrust Mortgage relief from the automatic stay to pursue its remedies with respect to the Cabin. The current status of the Cabin in unknown.

The Deseret Ridge Timeshare (**Parcel M**) (**"Timeshare"**) is unencumbered and is valued by the Debtors at $25,900.00.

JAM also owns **Parcel H**, a residential building lot situated at 2486 North Anasazi Trail, St. George, Utah, and valued by the Debtors at $1,100,000.00. Home Savings holds the first lien against Parcel H and has obtained an appraisal dated October 27, 2008, which values the property at $515,000.00. Home Savings did not file a Proof of Claim but asserts that the Debtors owed $490,050.00 as of January 7, 2009. Parcel H is also encumbered by a second lien in favor of Granite, and is further encumbered by a lien filed by the Entrada Property Owners Association in the sum of $545.00. On June 29, 2009, the Court entered an Order granting Home Savings relief from the automatic stay to pursue its remedies related to the property. The current status of the property is not known.

Personal Property: A summary of the Debtors personal assets prepared by them are reflected on Exhibit B attached hereto. The value of those assets on the Petition Date was $507,068.50. Since the Petition Date, the $250,000 TransAmerica Occidental Life Insurance Company Term policy has been redeemed by the beneficiary (University of Utah). In addition, the 2004 Hummer and the 1990 Sea Ray Sundancer Yacht have been returned to the University of Utah Credit Union and Granite Credit Union, respectively, thereby reducing the value of McWillises personal property by $77,975.00 to a total of $429,093.50. A copy of the exemptions which the McWillises have claimed is attached as Exhibit C hereto.

Accounts Receivable: None.

Contingent Claims: None.

Cash and Accounts: The Debtors had approximately $1,650.00 in their checking account on the Petition Date.

Avoidable Transfers: The Debtors identified no avoidable transfers that occurred prior to the Petition Date. To the extent that the Bank or other parties determine that any such transfers have occurred, proceeds from those collections, less reasonable and necessary fees and costs of collection, shall be deposited in the Plan Account for payment to creditors.

B. Liabilities.

1. Administrative Claims: Anna Drake is currently owed the sum of approximately $28,000.00 and holds a $20,000.00 retainer to cover those fees. She estimates that the total fees to complete this case will be approximately $35,000.00. All fees and costs of professionals are subject to approval by the Court. There are no past due amounts owed to any creditors or taxing authorities since the Petition Date. To the extent that the Debtors sell any of their properties for a sum which results in a gain, that

gain may qualify as a capital gain, subject to any legitimate deductions to offset that gain. The Debtor are obligated to file income tax returns and pay all administrative taxes due thereon, all as provided in I.R.C. §§ 1398 and 1399.

2. Taxes: The Debtors assert that they owed no taxes on the Petition Date. The Internal Revenue Service has filed Claim No. 5 in the sum of $5,000.00.

3. Secured Creditors: The Debtors assert that they owed the total of $8,245,256.51 to Secured Creditors on the Petition Date. Exhibit 3 attached to the Plan is a summary of all of the Secured Creditors by Class number, a description of the security for their Claims, the amounts asserted by the Debtors and the various creditors, and the anticipated Allowed Claims. In addition to the disclosure of all obligations secured by Real Property reflected in "ASSETS", *above,* the Debtors also owe the following debts:

(i) Promissory Note in favor of Brighton Bank dated October 18, 2005, secured by a Non- Purchase Money Security Interest in a 1989 Mercedes Benz 560 SEC and a 1998 Harley Davidson motorcycle. As evidenced by Proof of Claim No. 12 filed by Brighton the Debtors owed the sum of $5,104.01 as of the Petition Date. On October 8, 2009, Brighton filed a motion for relief from the automatic stay. The Court has not yet entered an order on that motion.

(ii) Promissory Note in favor of University of Utah Credit Union ("UUCU") dated June 6, 2006, secured by a Non- Purchase Money Security Interest in a 2003 Dodge Ram 150 valued by the Debtors at

$18,000.00. Pursuant to Proof of Claim No. 11 filed by UUCU, the Debtors owed the sum of $15,831.48 as of the Petition Date.

(iii) Promissory Note in favor of UUCU dated June 16, 2006, secured by a Non- Purchase Money Security Interest in a 1999 Lexus LX470 valued by the Debtors at $21,000.00. Pursuant to Proof of Claim No. 9 filed by UUCU, the Debtors owed the sum of $7,361.46 as of the Petition Date.

(iv) Promissory Note in favor of UUCU dated June 15, 2006, secured by a Non- Purchase Money Security Interest in a 2004 GMC Hummer H2 valued by the Debtors at $36,975.00. Pursuant to Proof of Claim No. 10 filed by UUCU, the Debtors owed the sum of $31,311.39 as of the Petition Date. The Bank understands that the Debtors have relinquished the Hummer to UUCU.

(v) Promissory Note in favor of Granite dated 2006, secured by a Non-Purchase Money Security Interest in a 1990 Sea Ray Sundancer Yacht valued by the Debtors at $41,000.00, and a forklift valued by the Debtors at $500.00; the forklift is not an asset of this Estate. Granite has not filed a claim, and the Debtors disclosed that they owed the sum of $39,569.00 as of the Petition Date. The Bank understands that the Debtors have relinquished the Yacht to Granite.

4. Trade Debt, Credit Card Debt, and other Unsecured Loans: The Debtors owe approximately $70,721.96 to unsecured creditors. Exhibit 4 attached to the

Plan is a summary of all Class 14 Unsecured Claims, the amounts asserted by the Debtors and the various creditors, and the anticipated Allowed Claims.

5. Disputed Claims: The Debtors have stated that they dispute any amounts owing to Aspen Press, Intercontinental Fragrances, Clint Jones, Ciji Rodriguez and Vandalyn Densely. The Debtors have expressed intent to object to each of these Claims. Other disputed creditors which did not file claims include AAA Security, James Albert of Bantam Asphalt Construction, American Label, California Packaging, and French Color & Fragrance.

VIII. SUMMARY OF THE PLAN

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11 of the Bankruptcy Code, a debtor's business and affairs may be reorganized, including through liquidation, for the benefit of its creditors and equity interest holders. Pursuant to the Plan, the Bank proposes that the Debtors pay their creditors from the proceeds of the sale of substantially all of the Debtors' assets, including any non-exempt real and personal property, which sale will proceed pursuant to the terms of the Plan and from the recovery, if any, of funds from any avoidance actions and other lawsuits that the Reorganized Debtors may prosecute on behalf of the estate. The Plan provides for the creation of twenty-one (21) classes of Claims (including subclasses), as more particularly described in Paragraph 3.3 of the Plan. The Plan describes the precise treatment for each class of Claims and/or Interests.

A. Claims Provided for In the Plan. The Plan treats all Allowed Claims and Interests against or in Debtor, against the Debtor's Property, and against the Estate. Only Allowed Claims

will receive any distribution under the Plan. **The holders of all Claims that are disallowed will not receive any distributions under the Plan.**

B. Unclassified Claims. Certain types of Claims are automatically entitled to specific treatment under the Bankruptcy Code. However, they are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Bankruptcy Code. As such, the following Claims are not placed in any class:

1. Administrative Claims. Administrative expenses are costs or expenses of administering Debtor's bankruptcy case that are allowed under Section 507(a)(2) of the Bankruptcy Code. Administrative expenses also include claims made by creditors for the value of any goods sold to Debtor in the ordinary course of business and received within twenty (20) days before the Petition Date.

As provided in Article III of the Plan, all applications or other requests for payment of Administrative Claims must be filed by the Administrative Claims Bar Date, unless such date is extended by the Court.

Except as otherwise provided in the Plan, by agreement of the holder of an Allowed Administrative Claim to different treatment, or by order of the Court, a person holding an Allowed Administrative Claim will receive cash equal to the unpaid portion of such Allowed Administrative Claim which has come due for payment under any applicable order or law no later than the later of (a) the Effective Date, and (b) the date on which such person becomes the holder of an Allowed Administrative Claim. Notwithstanding the foregoing, interim and final payments for fee claims of professionals

employed pursuant to Section 327 of the Bankruptcy Code may be made in accordance with any order of the Court, and the Administrative Claim Bar Date shall not apply to such Claims.

2. Fees Specified in 28 U.S.C. § 1930(a)(6). All fees required to be paid by 28 U.S.C. § 1930(a)(6) will be timely paid until the case is closed, dismissed, or converted to another chapter of the Bankruptcy Code. Any U.S. Trustee fees owed on or before the Effective Date will be paid on the Effective Date or as soon thereafter as practicable**.**

3. Priority Tax Claims. Each holder of an Allowed Priority Tax Claim shall be paid in full from the proceeds of the sale(s) of Debtor's assets, as contemplated by Article VI of the Plan, assuming proceeds of such sale remain after payment to holders of Secured Claims and Administrative Claims. Otherwise, all such Allowed Priority Tax Claims shall be paid from the Plan Account within five (5) years from the Effective Date. Any penalty claims associated with Priority Tax Claims shall be treated as Class 14 Unsecured Claims. Allowed Priority Tax Claims, to the extent such Claims are not paid in full on the Effective Date, shall accrue interest in accordance with § 6621 of the Internal Revenue Code. The Plan will not provide any distributions on account of a Priority Tax Claim to the extent that such Claim has been paid, disallowed, released, withdrawn, waived, settled, or otherwise satisfied as of the Effective Date, including without limitation, payments by third party guarantors, sureties, co-obligors, or insurers, whether governmental or nongovernmental. The Plan will not provide any distribution

on account of a Priority Tax Claim that is a Disputed Claim, until and unless such Disputed Claim has become and Allowed Claim.

C. Classified Claims and Interests. The Plan provides the following designation of Classes of Claims and Interests pursuant to Section 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is in a particular class only to the extent that the Claim or Interest is an Allowed Claim or Interest in that Class, and has not been paid, released, withdrawn, waived, settled, disallowed, or otherwise satisfied. The Plan will not provide any distributions on account of a Claim that is not an Allowed Claim – including Claims that have been disallowed, released, withdrawn, waived, settled, or otherwise satisfied or paid, including, without limitation, through payments by third party guarantors, sureties, or insurers, such Claim will not receive a distribution. The Plan will not provide any distributions on account of a Claim if the payment of such Claim has been assumed by a third party. Whenever a Claim is a Disputed Claim, whether or not such dispute takes the form of litigation, the treatment of said Disputed Claims shall commence and/or be measured from the date of the Final Order resolving such dispute. Any holder of any Claim in any Class may agree, pursuant to Section 1123(a)(4) of the Bankruptcy Code, to treatment of such Claim that is less favorable than any other Claim in such Class. Unless the Plan expressly provides otherwise, when a Class includes a subclass, each subclass is a separate Class for all purposes under the Bankruptcy Code, including, without limitation, voting and distribution.

D. Classes of Claims. The Plan provides for the creation and treatment of twenty-one (21) classes (including subclasses) of Claims. The Classes are summarized on the table below:

Type of Claim	Class	Creditor	Property (if Secured)

Type of Claim	Class	Creditor	Property (if Secured)
Priority Wage Claims	1	None	
Secured Claims	2	Chase	Parcel E
	3	Bank of America	Parcel F
	4	Bank of America	Parcel G
	5-A	Home Savings	Parcel H
	5-B	Entrada POA	Parcel H
	5-C	Washington County Treasurer	Parcel H
	6	Granite	Parcels A, B, C, D, E, F, G, H
	7-A	Chase	Parcel I
	7-B	National City	Parcel J
	7-C	L. Benson Mabey	Parcel J
	8	Assurity	Parcel K
	9-A	SunTrust	Parcel L
	9-B	Summit County Treasurer	Parcel L
	10	Brighton	Mercedes, motorcycle
	11-A	UUCU	Dodge
	11-B	UUCU	Lexus
	11-C	UUCU	Hummer
	12	Granite	Yacht & Forklift
	13	Salt Lake County Treasurer	Parcels A-D; E, I, J-K
Unsecured Claims	14	General Unsecured Creditors	N/A

Type of Claim	Class	Creditor	Property (if Secured)
Interest Holders in JAM	15	Janet K. McWillis Jerry A. McWillis Kami Jean Colin Jacob Kosten Shawnee Kosten Tashara Kosten Alissa McWillis Breanna McWillis Sean Del Jerry McWillis	N/A

If a Creditor has filed a proof of claim, the amount listed on the proof of claim will be the amount treated in the Plan unless the Debtors or some other party-in-interest with appropriate standing objects to such Claim. A Summary of Secured Creditors' Classes and Claims is attached to the Plan as Exhibit 3. A Summary of Class 14 Unsecured Creditors is attached to the Plan as Exhibit 4.

E. Treatment of Impaired Classes of Claims Under the Plan. Certain Classes of Claims are impaired within the meaning of 11 U.S..C. §§1124 and 1123(a)(2) and (3). These include Classes 2 through 14.

F. Provisions Relating to All Secured Claims under the Plan.

1. Liens. The lien of each Allowed Secured Claim as it existed on the Petition Date, and/or those liens that have been given pursuant to the Cash Collateral Stipulation or other order of the Court, shall be retained as security for the payment or performance by the Debtors of all amounts as provided herein. As further set forth in the Plan, if the Debtors fail to sell those assets securing any applicable Allowed Secured Claim within three (3) months from the Confirmation Date, the holder of such Allowed Secured Claim with liens on Debtors' assets (or such assets that may remain) may

exercise its legal and contractual rights against the Property without further order from the Court, assuming such liens have not been satisfied.

2. Reservation of Rights. Except to the extent expressly modified in the Plan, nothing contained in the Plan or the Confirmation Order shall alter or affect the rights, claims, and defenses of each Secured Creditor and the Debtors with respect to each Claim.

3. Interest. Except to the extent expressly stated in the Plan, all Secured Claims, to the extent allowable under applicable law, shall accrue interest at the contractual rates provided for in the applicable agreements between Debtors and those holders of Secured Claims. If no Contract Rate is provided, then the Secured Claims shall accrue interest at the Prime Rate plus three (3) percent.

G. Provisions Relating to Certain Secured Claims under the Plan. Certain creditors' claims shall be treated as follows:

1. Class 2: Chase: Promissory Note in favor of Washington Mutual (now Chase) dated August 28, 2002, in the sum of $91,000.00, executed by the McWillises and payable at the rate of $511.56 per month. This debt is secured by a Deed of Trust recorded against vacant land situated at 5061 South Commerce Drive, Salt Lake City, Utah [Parcel E]. Pursuant to Proof of Claim No. 8 filed by Chase, the Debtors owed the sum of $71,430.35 as of the Petition Date. This Class is impaired.

The property securing this claim shall be sold by the Debtors in accordance with Article VI of the Plan, and after deducting the reasonable expenses and costs of sale from the proceeds of such sale, the Allowed Secured Claim of Chase shall be paid in full from

the remaining proceeds of such sale, if sufficient proceeds exist for such repayment. Any amounts owed to Chase after application of proceeds of the sale of the property securing its claim shall be treated as a Class 14 Unsecured Claim. If such property is not sold by the date specified in Article VI of the Plan, Chase may exercise its legal and contractual rights against Debtors' assets without further order from the Court, assuming such liens have not been satisfied, in accordance with Article VI of the Plan.

2. Class 3: Bank of America: Promissory Note in favor of Bank of America dated October 15, 2001 in the amount of $848,000.00, executed by the McWillises and payable at the rate of $6,971.00 per month. This debt is secured by a Deed of Trust recorded against the Maplewood Apartments situated at 4321-4333 South 500 East, Salt Lake City, Utah [Parcel F]. Pursuant to Proof of Claim No. 27 filed by the Bank, the Debtors owed the Bank the amount of $807,079.15 as of the Petition Date, with interest accruing at the Contract Rate since the Petition Date. This Class is impaired.

The property securing this claim shall be sold by the Debtors in accordance with Article VI of the Plan, and after deducting the reasonable expenses and costs of sale from the proceeds of such sale, the Allowed Secured Claim of the Bank shall be paid in full from the remaining proceeds of such sale, if sufficient proceeds exist for such repayment. Any amounts owed to the Bank after application of proceeds of the sale of the property securing its claim shall be treated as a Class 14 Unsecured Claim. If such property is not sold by the date specified in Article VI of the Plan, the Bank may exercise its legal and contractual rights against Debtors' assets, including without limitation the Maplewood Apartments, without further order from the Court, assuming such liens have not been

satisfied, in accordance with Article VI of the Plan. Prior to the sale of the Maplewood Apartments, the Debtors shall continue to make adequate protection payments to the Bank from the Plan Account (or other account held by Debtors and/or Reorganized Debtors assuming the Plan Account has not yet been established) upon those terms set forth in the Cash Collateral Stipulation.

3. Class 4: Bank of America: Promissory Note in favor of Bank of America dated October 15, 2001, in the sum of $591,000.00, executed by the McWillises and payable at the rate of $4,791.00 per month. This debt is secured by a Deed of Trust recorded against the Garden Acres Apartments situated at 4392-4421 South 970 East, Salt Lake City, Utah [Parcel G]. Pursuant to Proof of Claim No. 26 filed by the Bank, the Debtors owed the Bank the sum of $564,745.96 as of the Petition Date, with interest accruing at the Contract Rate since the Petition Date. This Class is impaired.

The property securing this claim shall be sold by the Debtors in accordance with Article VI of the Plan, and after deducting the reasonable expenses and costs of sale from the proceeds of such sale, the Allowed Secured Claim of the Bank shall be paid in full from the remaining proceeds of such sale, if sufficient proceeds exist for such repayment. Any amounts owed to the Bank after application of proceeds of the sale of the property securing its claim shall be treated as a Class 14 Unsecured Claim. If such property is not sold by the date specified in Article VI of the Plan, the Bank may exercise its legal and contractual rights against Debtors' assets, including without limitation the Garden Acre Apartments, without further order from the Court, assuming such liens have not been satisfied, in accordance with Article VI of the Plan. Prior to the sale of the Garden Acre

Apartments, the Debtors shall continue to make adequate protection payments to Bank of America from the Plan Account (or other account held by Debtors and/or Reorganized Debtors assuming the Plan Account has not yet been established) upon those terms set forth in the Cash Collateral Stipulation.

4. Class 5-A: Home Savings: Promissory Note dated May 29, 2007, in the sum of $450,000.00 executed by JAM and payable at the rate of $3,375.00 per month. This debt is secured by a Deed of Trust recorded against Entrada [Parcel H]. Home Savings has obtained an appraisal dated October 27, 2008, which values Entrada at $515,000.00. Home Savings did not file a Proof of Claim but asserts that the Debtors owed $490,050.00 as of January 7, 2009. This Class is impaired.

On September 29, 2009, the Court entered its *Order Terminating the Automatic Stay* [Docket No. 127], pursuant to which the Court terminated the automatic stay as to Home Savings concerning the property securing the claim of Home Savings, and permitting Home Savings to proceed, pursuant to applicable non-bankruptcy law, to exercise its legal remedies and rights as against such property.

The property securing this claim shall be sold by Home Savings (assuming it has not already been sold), or by the Debtors in accordance with Article VI of the Plan, and after deducting the reasonable expenses and costs of sale from the proceeds of such sale, the Allowed Secured Claim of Home Savings shall be paid in full from the remaining proceeds of such sale, if sufficient proceeds exist for such repayment. Any amounts owed to Home Savings after application of proceeds of the sale of Entrada shall be treated as a Class 14 Unsecured Claim.

5. Class 5-B: Entrada POA: The Debtors were delinquent in payment of homeowners association fees in connection with Entrada [Parcel H]. Pursuant to Proof of Claim No. 35 filed by Entrada POA, the Debtors owed the sum of $545.00 as of the Petition Date, and such amount was allegedly secured by Entrada. This Class is impaired.

The property securing this claim shall be sold by Home Savings (assuming it has not already been sold), or by the Debtors in accordance with Article VI of the Plan, and after deducting the reasonable expenses and costs of sale from the proceeds of such sale, and the payment of remaining proceeds to Home Savings, the Allowed Secured Claim of Entrada POA shall be paid in full from any remaining proceeds of such sale, if sufficient proceeds exist for such repayment. Any amounts owed to Entrada POA after application by Home Savings and/or Entrada POA of proceeds of the sale of Entrada shall be treated as a Class 14 Unsecured Claim.

6. Class 5-C: Washington County Treasurer: Washington County Treasurer has not yet filed a claim in this Case. However, if Washington County Treasurer holds an Allowed Claim, the Debtors shall satisfy such claim through the proceeds generated from the sale of Entrada, to the extent sufficient proceeds exist. Otherwise, the Class 5-C Claim of the Washington County Treasurer shall be treated in Class 14.

7. Class 6: Granite: Promissory Note dated January 30, 2007, in the sum of $2,171,500.00, executed by Cachet and guaranteed by the McWillises, and payable at the rate of $18,223.00 per month. This debt is secured by first position Deeds of Trust recorded against the following properties: (a) 5065, 5071 and 5075 South Commerce

Drive, Salt Lake City, Utah [Parcels A and B]; (b) 248 West Germania Drive (Vine Street), Salt Lake City, Utah [Parcel C]; and (c) 5059 South Commerce Drive, Salt Lake City, Utah [Parcel D]. The debt is also secured by second position Deeds of Trust recorded against Parcels E, F, G, and H. Granite did not file a Proof of Claim but asserts that it was owed $2,460,064.98 as of July 1, 2009. The Debtors have acknowledged that they owed the sum of $2,153,457.00 as of the Petition Date. This Class is impaired.

The property securing this claim shall be sold by the Debtors in accordance with Article VI of the Plan, and after deducting the reasonable expenses and costs of sale from the proceeds of such sale, the Allowed Secured Claim of Granite shall be paid in full from the remaining proceeds of such sale, if sufficient proceeds exist for such repayment. Any amounts owed to Granite after application of proceeds of the sale of the property securing its claim shall be treated as a Class 14 Unsecured Claim. If such property is not sold by the date specified in Article VI of the Plan, Granite may exercise its legal and contractual rights against Debtors' assets without further order from the Court, assuming such liens have not been satisfied, in accordance with Article VI of the Plan.

8. Class 7-A: Chase: Promissory Note in favor of Washington Mutual (now Chase) dated July 20, 2007, in the sum of $2,800,000.00 executed by Janet McWillis and payable at the rate of $9,006.00 per month. This debt is secured by a Deed of Trust recorded against the Residence [Parcel I]. Pursuant to Proof of Claim No. 7 filed by Chase, the Debtors owed the sum of $2,940,817.37 as of the Petition Date. This Class is impaired.

The property securing this claim shall be sold by the Debtors in accordance with Article VI of the Plan, and after deducting the reasonable expenses and costs of sale from the proceeds of such sale, and after taking into account any exemption that may be available to the McWillises, the Allowed Secured Claim of Chase shall be paid in full from the remaining proceeds of such sale, if sufficient proceeds exist for such repayment. Any amounts owed to Chase after application of proceeds of the sale of the property securing its claim shall be treated as a Class 14 Unsecured Claim. If such property is not sold by the date specified in Article VI of the Plan, Chase may exercise its legal and contractual rights against Debtors' assets without further order from the Court, assuming such liens have not been satisfied, in accordance with Article VI of the Plan.

9. Class 7-B: National City: Promissory Note dated April 11, 2005, in the sum of $350,000.00, executed by Janet McWillis and payable at the rate of $2,538.00 per month. This debt is secured by a Deed of Trust recorded against the Residence [Parcel I]. Pursuant to Proof of Claim No. 22 filed by National City, the Debtors owed the sum of $368,337.77 as of the Petition Date. This Class is impaired.

The property securing this claim shall be sold by the Debtors in accordance with to Article VI of the Plan, and after deducting the reasonable expenses and costs of sale from the proceeds of such sale, and after taking into account any exemption that may be available to the McWillises, the Allowed Secured Claim of National City shall be paid in full from the remaining proceeds of such sale, if sufficient proceeds exist for such repayment. Any amounts owed to National City after application of proceeds of the sale of the property securing its claim shall be treated as a Class 14 Unsecured Claim. If such

property is not sold by the date specified in Article VI of the Plan, National City may exercise its legal and contractual rights against Debtors' assets without further order from the Court, assuming such liens have not been satisfied, in accordance with Article VI of the Plan.

10. Class 7-C: Mabey: Mabey recorded a Notice of Attorney's Fee Lien against the Residence [Parcel I] on October 6, 2008, in the sum of $4,600.00. Pursuant to Proof of Claim No. 16 (filed in the McWillis case) and No. 2 (filed in the JAM case), the Debtors owed the sum of $4,600.00 as of the Petition Date. This Class is impaired.

The property securing this claim shall be sold by the Debtors in accordance with Article VI of the Plan, and after deducting the reasonable expenses and costs of sale from the proceeds of such sale as well as the payment of senior liens, and after taking into account any exemption that may be available to the McWillises, the Allowed Secured Claim of Mabey shall be paid in full from the remaining proceeds of such sale, if sufficient proceeds exist for such repayment. Any amounts owed to Mabey after application of proceeds of the sale of the property securing its claim shall be treated as a Class 14 Unsecured Claim. If such property is not sold by the date specified in Article VI of the Plan, Mabey may exercise its legal and contractual rights against Debtors' assets without further order from the Court, assuming such liens have not been satisfied, in accordance with Article VI of the Plan.

11. Class 8: Assurity: Promissory Note in favor of Equitable Life & Casualty Company dated January 17, 2006, in the sum of $920,000.00 executed by JAM and payable at the rate of $7,272.00 per month. This debt is secured by a Deed of Trust

recorded against the Warehouse Properties [Parcels J and K]. Pursuant to Proof of Claim No. 1 filed in the McWillis case and Proof of Claim No. 6 filed in the JAM case, Assurity claims that the Debtors owed the sum of $1,080,973.33 as of the Petition Date. The Debtors have disputed that amount and have alleged that the balance owed as of December 31, 2008 is $873,903.55. This Class is impaired.

Assurity obtained an order granting it relief from the automatic stay on January 6, 2010. The property securing this claim shall be sold by the Assurity (assuming it has not already been sold) or the Debtors in accordance with Article VI of the Plan, and after deducting the reasonable expenses and costs of sale from the proceeds of such sale, the Allowed Secured Claim of Assurity shall be paid in full from the remaining proceeds of such sale, if sufficient proceeds exist for such repayment. Any amounts owed to Assurity after application of proceeds of the sale of the property securing its claim shall be treated as a Class 14 Unsecured Claim.

12. Class 9-A: SunTrust: Promissory Note dated November 4, 2005, in the sum of $128,000.00 executed by the McWillises and payable at the rate of $884.00 per month. This debt is secured by a Deed of Trust recorded against the Cabin [Parcel L]. Pursuant to Proof of Claim No. 36 filed by SunTrust, the Debtors owed the sum of $124,209.80 as of the Petition Date. This Class is impaired.

On November 23, 2009, the Court entered its *Ex Parte Order Terminating the Automatic Stay* [Docket No. 143], pursuant to which the Court terminated the automatic stay as to SunTrust concerning the Cabin, and permitted SunTrust to proceed, pursuant to

applicable non-bankruptcy law, to exercise its legal remedies and rights as against such property.

The property securing this claim shall be sold by SunTrust (assuming it has not been sold already), or by the Debtors in accordance with Article VI of the Plan, and after deducting the reasonable expenses and costs of sale from the proceeds of such sale, the Allowed Secured Claim of SunTrust shall be paid in full from the remaining proceeds of such sale, if sufficient proceeds exist for such repayment. Any amounts owed to SunTrust after application of proceeds of the sale of the property securing its claim shall be treated as a Class 14 Unsecured Claim.

13. Class 9-B: Summit County Treasurer: Summit County Treasurer has not yet filed a Claim in this Case. However, if Summit County Treasurer files a Claim, the Debtors shall satisfy such claim through the proceeds generated from the sale of the Cabin, if sufficient proceeds exist from the sale. Otherwise, the Class 9-B Claim of the Summit County Treasurer shall be treated in Class 14.

14. Class 10: Brighton: Promissory Note dated October 18, 2005, secured by a Non-Purchase Money Security Interest in a 1989 Mercedes Benz 560 SEC ("**Mercedes**") and a 1998 Harley Davidson motorcycle ("**Motorcycle**"). Pursuant to Proof of Claim No. 12 filed by Brighton the Debtors owed the sum of $5,104.01 as of the Petition Date. This Class is impaired.

Brighton has filed a motion for relief from the automatic stay; however, it has not yet obtained an order on that motion. The Motorcycle and the Mercedes shall be sold by the Debtors in accordance with Article VI of the Plan, and after deducting the reasonable

expenses and costs of sale from the proceeds of such sale, the Allowed Secured Claim of Brighton shall be paid in full from the remaining proceeds of such sale, if sufficient proceeds exist for such repayment. Any amounts owed to Brighton after application of proceeds of the sale of the property securing its claim shall be treated as a Class 14 Unsecured Claim. If such property is not sold by the date specified in Article VI of the Plan, Brighton may exercise its legal and contractual rights against the Motorcycle and/or Mercedes without further order from the Court, assuming Brighton's liens in such property have not been satisfied, in accordance with Article VI of the Plan.

15. Class 11-A: UUCU: Promissory Note dated June 6, 2006, secured by a Non-Purchase Money Security Interest in a 2003 Dodge Ram 150 ("**Dodge Ram**") valued by the Debtors at $18,000.00. Pursuant to Proof of Claim No. 11 filed by UUCU, the Debtors owed the sum of $15,831.48 as of the Petition Date. This Class is impaired.

The Dodge Ram shall be sold by the Debtors in accordance with Article VI of the Plan, and after deducting the reasonable expenses and costs of sale from the proceeds of such sale, the Allowed Secured Claim of UUCU shall be paid in full from the remaining proceeds of such sale, if sufficient proceeds exist for such repayment. Any amounts owed to UUCU after application of proceeds of the sale of the property securing its claim shall be treated as a Class 14 Unsecured Claim. If such property is not sold by the date specified in Article VI of the Plan, UUCU may exercise its legal and contractual rights against the Dodge Ram without further order from the Court, assuming UUCU's liens in such property have not been satisfied, in accordance with Article VI of the Plan.

16. Class 11-B: UUCU: Promissory Note dated June 16, 2006, secured by a Non-Purchase Money Security Interest in a 1999 Lexus LX470 ("**Lexus**") valued by the Debtors at $21,000.00. Pursuant to Proof of Claim No. 9 filed by UUCU, the Debtors owed the sum of $7,361.46 as of the Petition Date. This Class is impaired.

The Lexus shall be sold by the Debtors in accordance with Article VI of the Plan, and after deducting the reasonable expenses and costs of sale from the proceeds of such sale, the Allowed Secured Claim of UUCU shall be paid in full from the remaining proceeds of such sale, if sufficient proceeds exist for such repayment. Any amounts owed to UUCU after application of proceeds of the sale of the property securing its claim shall be treated as a Class 14 Unsecured Claim. If such property is not sold by the date specified in Article 14, UUCU may exercise its legal and contractual rights against the Lexus without further order from the Court, assuming UUCU's liens in such property have not been satisfied, in accordance with Article VI of the Plan.

17. Class 11-C: UUCU: Promissory Note dated June 15, 2006, secured by a Non-Purchase Money Security Interest in a 2004 GMC Hummer H2 ("**Hummer**") valued by the Debtors at $36,975.00. Pursuant to Proof of Claim No. 10 filed by UUCU, the Debtors owed the sum of $31,311.39 as of the Petition Date. This Class is impaired.

The Bank understands that the Debtors have relinquished the Hummer to UUCU. Following the sale of that vehicle, UUCU shall file an amended Proof of Claim for any deficiency, and such deficiency shall be treated as a Class 14 Unsecured Claim.

18. Class 12: Granite: Promissory Note dated 2006, secured by a Non-Purchase Money Security Interest in a 1990 Sea Ray Sundancer Yacht ("**Yacht**") valued

by the Debtors at $41,000.00, and a forklift valued by the Debtors at $500.00. Granite has not filed a claim for these obligations, and the Debtors listed that they owed the sum of $39,569.00 as of the Petition Date. This Class is impaired.

The Bank understands that the Debtors have relinquished the Yacht to Granite. Following the sale of that asset, Granite shall file an amended Proof of Claim for any deficiency, and such deficiency shall be treated as a Class 14 Unsecured Claim. The Debtors shall cause Cachet to purchase the forklift by paying the sum of $500.00 to Granite within thirty (30) days following the Effective Date of the Plan.

19. Class 13: Salt Lake County Treasurer: Salt Lake County Treasurer has not yet filed a claim in this Case. However, if Salt Lake County Treasurer holds an Allowed Claim, the Debtors shall satisfy such claim through the proceeds, if sufficient, generated from the sale of the Real Property located in Salt Lake County. Otherwise, the Claim of the Salt Lake County Treasurer shall be treated in Class 14.

H. Provisions Relating to Unsecured Claims.

1. Class 14: Unsecured Claims: This Class is impaired. This Class consists of Allowed Unsecured Claims including, without limitation, those Claims which represent deficiency amounts after the allowance of Allowed Secured Claims, or Claims arising from the rejection of any Executory Contract or Unexpired Lease, or Claims arising through the avoidance of any lien under any of the avoiding powers available to the Estate. This Class does not include Administrative Claims and Priority Claims, nor claims held by insiders of Debtors. The Debtors' estimated Allowed Unsecured Claims are listed on Exhibit 4 attached to the Plan. The amounts listed on Exhibit 4 attached to

the Plan in the column entitled "Allowed Amount" represent the Claim amounts that will be treated under the terms of the Plan as Allowed Unsecured Claims, exclusive of deficiency Claims of Secured Creditors, rejection damage Claims, and Claims held by creditors whose transfers are avoided. The estimated amount of allowed Class 14 Claims is $316,277.67.

2. Treatment of Unsecured Claims: The holder of each Allowed Unsecured Claim shall receive a *pro rata* distribution of cash available for Class 14 Claims, if any, following the sale of Debtors' assets pursuant to the provisions of Article VI of the Plan, and from the proceeds, if any, resulting from the liquidation of Debtors' claims, including avoidance actions. Additionally, Janet McWillis shall comply with 11 U.S.C. § 1123(a)(8) to continue her employment with Cachet for as long as Cachet remains in business. The Debtors shall pay their ordinary living expenses from Janet McWillis's earnings, and provide "such portion of earnings from personal services performed by the Debtors after the commencement of the case or other future income of the Debtors as is necessary for the execution of the plan."

Further, beginning one (1) month following the Effective Date, the Debtors shall commence depositing any amounts received in excess of their ordinary living expenses from their future earnings ("**Net Earnings**") into the Plan Account. Those funds shall remain in the Plan Account until such time as the amount of Class 14 General Unsecured Claims has been fixed. Each month thereafter, the Debtors shall deposit their Net Earnings into the Plan Account and then forward those funds on a quarterly basis, *pro rata*, to all remaining Allowed Administrative Claims, Allowed Priority Tax Claims,

Class 1 Claims, and Class 14 Unsecured Claims by the 15th day of the month in October, January, May, and August. These payments shall continue until the earlier of (i) a period of five (5) years, or (ii) payment in full of all Allowed Claims.

In the event of a default by the Reorganized Debtors under the terms of the Plan, the holder of any Class 14 Claim affected by the default may exercise any and all remedies under applicable non-bankruptcy law; provided, however, that prior thereto, the holder shall provide at least twenty (20) days' written notice to the Reorganized Debtors and to the Reorganized Debtors' counsel of such default, and within such twenty (20) days, the Reorganized Debtors may cure such default.

I. Class 15: Interest Holders of JAM: This Class is impaired. This Class consists of the ownership interests of JAM. Persons holding Allowed Interests in this Class shall not receive distributions of cash or other property under the Plan unless and until all unclassified Claims and all Allowed Claims in Classes 1-14 have been paid in full in accordance with the terms of the Plan.

IX. Means for Implementation of the Plan.

The Plan will be implemented by the Reorganized Debtor. Prior to and after confirmation of the Plan, the Reorganized Debtor shall perform all of the duties imposed under the Plan, including without limitation, the review of (and if necessary, objection to) Claims and the distribution of cash to holders of Allowed Claims.

A. Sale of Substantially All of Debtors' Assets: Debtors shall satisfy the Allowed Claims of Creditors holding Claims in Classes 1 through 14 through a sale of substantially all of the Debtors' assets, including without limitation, the Real Property and Personal Property, to the

offeror offering the highest and best price. Debtors shall then distribute the proceeds of such sale as set forth in Paragraph D. below. The purchase price for Debtors' assets shall be paid upon sale of such assets, or upon the various sales of such assets if more than one sale is conducted. The purchase price shall be paid in lawful money of the United States of America, and any party whose Claim may be secured by the property to be sold may credit bid some or all of such indebtedness for such property. Debtors' assets shall be sold free and clear of all liens and encumbrances, with such liens and encumbrances, if any, attaching to the proceeds of sale in the same order of priority as liens on such assets. Failing the sale of substantially all of Debtors' assets by the date three (3) months after the Confirmation Date, creditors with liens on Debtors' assets (or such assets that remain) may exercise their legal and contractual rights against Debtors' assets, including the repossession and foreclosure of such assets, without further order from the Court, assuming such liens have not been satisfied.

B. Broker; Sales Commission; Notice: Debtors and/or the Reorganized Debtors may need to hire one or more experienced broker(s) and/or real estate agent(s) to assist with the marketing and sale of the Real Property and other assets, and if hired the broker and/or agent will be paid a reasonable commission as compensation for its efforts to assist with such sale(s). Any broker's or agent's commission shall be approved by the Court prior to payment. The Reorganized Debtors shall give at least fifiteen (15) days' notice by mail to all creditors and parties-in-interest of any proposed sale of the Real Property or other assets to be consummated under the terms of the Plan. Offers on all or portions of the Real Property are subject to the approval of Secured Creditor(s) that possess an interest in that portion of the Real Property before such offers can be accepted by the Debtors or Reorganized Debtors. The Reorganized

Debtors shall be authorized to consummate the proposed sale, subject to credit bids or other higher and better offers, in the event that no objections to such proposed sale are received by the Reorganized Debtors. In the event that such Secured Creditor makes a credit bid, higher and better offers, or objections are received by the Reorganized Debtors, the Reorganized Debtors must obtain a hearing date from the Court to approve the proposed sale, and must properly notify all creditors and parties of interest of such hearing.

C. Liquidation of Other Assets: All other assets of Debtors, including all accounts, claims, counterclaims, judgments, causes of action (including avoidance actions arising under Sections 510, 541, 544, 547, 548, 549, 550, and 553 of the Bankruptcy Code), and the like shall be converted to cash in a manner designed to realize the highest and best value of such assets. Debtors shall then distribute the proceeds of such liquidation as set forth in Paragraph D. below, after paying the expenses, fees and costs of such liquidation.

D. Distribution of Sale and Liquidation Proceeds: All cash proceeds from the sale of Debtors' assets and the liquidation of Debtors' other property, including any property of the Reorganized Debtors that may be sold, shall be distributed in the following order: (a) first, in satisfaction of all necessary and reasonable costs of sale or liquidation, including reasonable attorney's fees and costs, as applicable, (b) second, in satisfaction of any Allowed Secured Claims secured by liens on those assets that are sold, in order of priority; (c) third, in payment of any Allowed Claims entitled to priority pursuant to Section 507(a) of the Bankruptcy Code; (d) fourth, arrearages on other Allowed Secured Claims, *pro rata*; (e) fifth, in payment *pro rata* to holders of Allowed Unsecured Claims in Class 14. Unless all Class 14 Allowed Unsecured

Claims are paid in full from the sale(s) of the Debtors' assets, the Debtors' requirement to fund the Plan monthly with Net Earnings will **not** be eliminated.

E. Continued Employment and Payment of Earnings: Janet McWillis shall comply with 11 U.S.C. § 1123(a)(8) to continue her employment with Cachet for as long as Cachet remains in business. Debtors shall pay their ordinary living expenses, and provide "such portion of earnings from personal services performed by the Debtors after the commencement of the case or other future income of the Debtors as is necessary for the execution of the plan." Unless the Debtors obtain employment other than through Cachet and the operation of the Apartment Complexes (until such Apartment Complexes are sold by Debtors and/or Reorganized Debtors, or are otherwise removed from the Estate), it is not anticipated that there will be any funds available for the payment of claims from earnings. To the extent that either of the McWillises obtains substitute employment, then beginning one (1) month following the commencement of said employment, the Debtors shall commence depositing any Net Earnings into the Plan Account.

F. Establishment of Plan Account: The Reorganized Debtors shall establish an account in an FDIC insured domestic banking institution and shall deposit their Net Earnings and other proceeds generated post-Confirmation into such account. All payments to Creditors holding Allowed Claims shall be paid from this account, except to the extent that funds are disbursed through a designated title company in connection with the sale of any parcel of Real Property.

G. Duties of Reorganized Debtors: Upon confirmation of the Plan, all of Debtors' and the Estate's interest in the Property shall be vested in the Reorganized Debtors. The

Reorganized Debtors shall distribute the Property, or the proceeds therefrom, as is necessary to pay Allowed Claims. The Reorganized Debtors shall be responsible for maintaining and accounting for all Property. The Reorganized Debtors shall also, to the extent deemed prudent by the Reorganized Debtors, enforce, by litigation, settlement, adjustment or otherwise, any claim or interest belonging to Debtors or the Estate for the purpose of paying holders of Allowed Claims, including, without limitation, any avoidance action authorized by the Bankruptcy Code. The Reorganized Debtors shall take all steps necessary to effectuate the terms of the Plan.

H. Disputed Claims: Notwithstanding any other provision in the Plan, no cash or property shall be distributed under the Plan on account of any Disputed Claim until the claim becomes and Allowed Claim. The Reorganized Debtors will have the power and authority to settle and compromise a Disputed Claim with Court approval and compliance with Bankruptcy Rule 9019. The Reorganized Debtors shall establish a reserve (the "**Disputed Claims Reserve**") with respect to Disputed Claims. Distributions to be made on account of Disputed Claims shall be held in the Disputed Claims Reserve until such Claims are Allowed or disallowed by a Final Order. Within a reasonable time after the Disputed Claim becomes an Allowed Claim, the holder of such Allowed Claim shall receive a distribution for the Disputed Claims Reserve, based upon the Allowed amount of such Claim, and thereafter shall participate in any further distributions under the Plan as the holder of an Allowed Claim. Any cash or property remaining in the Disputed Claims Reserve after the resolution of all disputes by Final Order shall be distributed in accordance with the priority of Paragraph 6.5 of the Plan.

I. Nullification of Liens of Insiders: Any liens in favor of insiders of Debtors, given by Debtors to or for the benefit of such insiders and that were perfected, taken, or otherwise

agreed to within the one year period prior the Petition Date, shall be nullified as of the Confirmation Date, such that any Secured Claims held by such insiders as a result of such liens shall be deemed to be Unsecured Claims for purposes of the Plan. Such Unsecured Claims shall be classified as Class 14 Claims under the Plan.

J. Procedures Regarding Distributions: The distributions required by the Plan will be made in the following manner:

1. Delivery: All distributions and other payments provided for in the Plan will be made by the Reorganized Debtors. All distributions will be made at the addresses set forth on the proofs of Claim filed with the Court or the Schedules, if no proof of Claim has been filed by a creditor, or at the last known address of the creditor filed of record in the above-captioned case. In the event that any distribution is returned as undeliverable, the Reorganized Debtors shall hold the distribution for a period of ninety (90) days after the date on which the distribution was first attempted. If the Reorganized Debtors receive notice within the ninety (90) day period of the creditor's current address, the Reorganized Debtors shall deliver the previously attempted distribution to the creditor's current address. If the Reorganized Debtors do not receive notice within the 90-day period of the creditor's current address, then, at the end of the 90-day period, such creditor's distribution shall be retained by the Reorganized Debtors for the purpose of including such distribution in the distribution pool to be paid to other creditors, the distribution to such creditor shall be deemed forfeited, and any Claims held by such creditor shall be deemed barred and disallowed.

2. Cash Payments and Time Bar: Cash distributions made by the Reorganized Debtors shall be by checks drawn on the Plan Account, and promptly mailed, postage prepaid. Any check issued to pay an Allowed Claim will be null and void if such check is not negotiated within 120 days of its issuance. The Reorganized Debtors will retain the funds resulting from such voided checks for the benefit of other Creditors and will distribute such funds under the priority scheme set forth in the Plan.

3. No *De Minimus* Distributions: The Reorganized Debtor shall make no distributions totaling less than $10.00 to the holder of any Allowed Claim.

K. Procedure for Objections to Claims or Interests: An objection to any Claim or Interest must be filed with the Court not later than sixty (60) days after the Effective Date. Upon motion filed within such sixty (60) days, the Court may extend the period within which to object to a Claim or Interest for a reasonable period of time, not to exceed an additional sixty (60) days. Any Claim or Interest to which no timely objection has been filed shall be deemed an Allowed Claim or an allowed Interest for all purposes under the Plan.

L. Contingent and Unliquidated Claim: Any Claim which (i) is not listed as an Allowed Claim on the Schedules, (ii) is not evidenced by a valid, timely proof of Claim, or (iii) is not identified in the Plan as an Allowed Claim, shall not receive any distribution of cash or property under the Plan until the same becomes an Allowed Claim, and shall be disallowed and discharged if the Claim is not Allowed by order of the Court within thirty (30) days after the Effective Date.

M. The Plan Meets the Requirements for Confirmation. At the confirmation hearing, the Court will determine whether the provisions of Section 1129 of the Bankruptcy Code have

been satisfied. If all of the provisions of Section 1129 of the Bankruptcy Code are met, the Court may enter an order confirming the Plan. The Plan Proponents believe that all requirements of Section 1129 of the Bankruptcy Code will be satisfied.

1. Potential Treatment of Dissenting Classes. The Court may confirm the Plan, even if it is not accepted by all impaired Classes, if the Plan has been accepted by at least one impaired Class of Claims and the Plan meets the "cramdown" provisions set forth in Section 1129(b) of the Bankruptcy Code. The "cramdown" provisions require that the Court find that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each nonaccepting impaired Class. The Court may find that the Plan is "fair and equitable" with respect to a Class of nonaccepting impaired Unsecured Claims only if (a) each impaired unsecured creditor receives or retains under the Plan property of a value as of the Effective Date of the Plan equal to the amount of its allowed claim, or (b) the holder of any Claim or Interest that is junior to the Claims of the dissenting Class will not receive or retain any property under the Plan. The Bank believes the Plan can be confirmed by the Court, even if the Plan is accepted by less than all impaired classes of claims.

2. Best Interests of Creditors – Liquidation Alternative. In the Bank's opinion, the treatment proposed in the Plan is in the best interests of creditors and contemplates a greater recovery than that which is likely to be achieved under any other existing alternative for reorganization or under a Chapter 7 liquidation of Debtors' assets. The Plan proposes to pay Allowed Claims from the sale of Debtors' assets over a period of time not to exceed three (3) months from the Confirmation Date. This orderly

liquidation period will allow Debtors to achieve the best possible return to creditors through the proceeds of the sale of substantially all of Debtors' assets. The Bank believes that the greatest possible recovery for creditors will be obtained through the Plan.

If the Plan is not confirmed, and the case is converted to a Chapter 7 proceeding, the value of the recovery for creditors is likely to diminish due to the increased costs of administration arising from appointment of a Chapter 7 trustee and the retention by the Chapter 7 trustee of professionals to assist the trustee. Under the Plan, the Reorganized Debtors will be responsible for administering the Estate's property and making distributions to creditors. By taking advantage of the existing knowledge of Debtors and its counsel, the administrative expense of winding up the Estate's affairs will be minimized under the Plan.

3. Feasibility. Section 1129(a)(11) of the Bankruptcy Code provides that a Chapter 11 plan may be confirmed only if the bankruptcy court finds that the Plan is feasible. A feasible plan is one that will not lead to a need for further reorganization or liquidation of the Debtor, unless such reorganization or liquidation is proposed in the Plan. Plan Proponents believe that the Plan satisfies the feasibility requirement imposed by the Bankruptcy Code. The Plan is a liquidating Plan and unclassified claims will be paid on the Effective Date, or as soon as practical thereafter, and secured claims will either be paid from the proceeds of the sale of collateral, or the holders of such claims will be allowed to take possession of their collateral and/or dispose of that collateral in satisfaction of such claims. Unsecured claims will be paid from the excess proceeds of the disposition of collateral, recoveries from avoiding actions, or the Net Earnings

deposited into the Plan Account. The Plan, which is a liquidating plan, is not likely to be followed by a further liquidation or reorganization.

X. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption or Rejection of Executory Contracts and Unexpired Leases. The Debtors shall reject all Executory Contracts and Unexpired Leases, effective as of the Effective Date, except (a) those Executory Contracts and Unexpired Leases that the Debtors may have assumed prior to the Effective Date, or (b) those Executory Contracts and Unexpired Leases that Debtors seek to assume prior to the Confirmation Date. On the Effective Date, and unless otherwise specified in the Plan or in the Confirmation Order, each Executory Contract or Unexpired Lease that is not or has not been previously assumed by order of the Court shall be rejected. Any Claim for damages arising from the rejection under the Plan of any Executory Contract or Unexpired Lease, to the extent not otherwise dealt with in the Plan, must be filed with the Court within thirty (30) days after the Effective Date or be forever barred from receiving any distribution under the Plan. Consult your attorney or adviser for more specific information regarding particular contracts or leases you may have with Debtor. If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

B. Cure Payments. All cure payments that may be required by 11 U.S.C. § 365(b) under any Executory Contract or Unexpired Lease that is assumed under the Plan shall be made by the Reorganized Debtors from the Plan Account prior to the payment of Allowed Priority Tax Claims, but shall not be paid prior to any payments owed on account of Secured Claims, including without limitation, payments under the Cash Collateral Stipulation. In the event of a

dispute regarding (i) the amount of any cure payments, (ii) the ability of the Debtors to provide adequate assurance of future performance, or (iii) any other matter pertaining to assumption or assignment, cure payments shall be made following the entry of a Final Order resolving such dispute.

C. Bar Date for Claims for Fees and Expenses Incurred Through Confirmation Date. Each person retained or requesting compensation from the Estate pursuant to Sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code (including any compensation for substantial contribution to the Estate) shall be entitled to file with the Court an application for allowance of interim or final compensation and reimbursement of expenses through the Confirmation Date until not later than thirty (30) days after the Confirmation Date. All such fee claims for which an application is not timely filed shall be forever barred, provided however that professionals may continue to file fee applications and seek approval of fee claims for services provided to the Reorganized Debtors after the Confirmation Date, and shall be authorized to seek such approval on an interim and/or final basis. Objections to fee claims and fee applications may be filed on or before fifteen (15) days after such application is filed. The Court shall determine all such fee claims.

XI. EFFECTS OF PLAN CONFIRMATION

A. Satisfaction of Claims. Holders of Allowed Claims shall receive the distributions provided for in the Plan, if any, in full settlement and satisfaction of all such Claims, and any interest accrued thereon, as applicable. All Claims against Debtors shall be released except as provided in the Plan. Upon the Confirmation of the Plan, the rights and obligations of holders of Claims shall be solely as described in the Plan.

B. Discharge of Debtor; Injunction. The rights and treatment of all Claims against and Interests in the Debtor shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Interests of any nature whatsoever, including any interests accrued thereon from and after the Petition Date, against the Debtor or its Estate, assets, properties, or interests in properties. The satisfaction, release and discharge will also act as an injunction against any person commencing or continuing any action, employment of process, or act to collect, offset, recoup, or recover any claim or cause of action satisfied, released, or discharged under the Plan.

C. Vesting. Except as otherwise expressly provided in the Confirmation Order, on the Effective Date, all property of the Estate shall vest in the Reorganized Debtors, free and clear of all Claims, liens, encumbrances, charges and other interests of creditors and Interest holders, except as provided in the Plan or in the Confirmation Order. Without limiting the foregoing, the Reorganized Debtors shall be vested with all claims, counterclaims, and causes of action of Debtor and the Estate, including, without limitation, those claims arising under Sections 510, 541, 544, 547, 548, 549, 550, and 553 of the Bankruptcy Code.

D. Post-Effective Date Effect of Evidence of Claims or Interests. Notes and other evidences of liens or Claims against Debtor shall, effective upon the Effective Date, represent only the right to participate in the distributions or rights, if any, contemplated by the Plan.

E. Retention of Jurisdiction. Notwithstanding confirmation of the Plan, or the occurrence of the Effective Date, pursuant to the Plan, the Court will retain jurisdiction to the fullest extent permitted by law including to enter any orders or to take any action specified in the Plan including, without limitation, the following: (a) to allow, disallow, reconsider (subject to

Section 502(j) of the Bankruptcy Code and applicable Bankruptcy Rules), estimate, liquidate, classify, or determine any Claim against Debtor, including fee claims or other Claims for compensation or reimbursement, (b) to hear and determine all Claims, adversary proceedings, applications, motions, and contested or litigated matters arising under the Bankruptcy Code or arising in or related to the case filed or commenced before or after the Confirmation Date or pursuant to the Plan and to adjudicate and to enforce claims or causes of action of Debtor or the Estate arising under the Bankruptcy Code or arising in or related to the above-captioned case, whether or not pending on the Confirmation Date, (c) to resolve controversies and disputes regarding interpretation and implementation of the Plan, (d) to enter orders in aid of or to interpret the Plan, including, without limitation, appropriate orders (which may include contempt or other sanctions) to enforce the Plan, and to protect Debtor, the Reorganized Debtor, and any other entity having rights under the Plan as may be necessary to implement the Plan, (e) to correct any defect, cure any omission, or reconcile any inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan, (f) to modify the Plan as provided by applicable law, (g) to determine all questions and disputes regarding title to assets of Debtor, of the Estate, or of the Reorganized Debtor, as may be necessary to implement the Plan, (h) to determine any and all pending applications for the assumption or rejection of executory contracts and unexpired leases and to hear and determine, and if need be to liquidate, whether by estimation or otherwise, any Claims arising therefrom, (i) to enforce and to determine actions and disputes concerning the discharge, release, and injunctions contemplated by the Plan and to require persons holding liens to release liens in compliance with the Plan, (j) to fix the value of collateral in connection with determining

Claims, (k) to enter any order pursuant to Section 505 of the Bankruptcy Code or otherwise to determine any tax of Debtor, whether before or after the Confirmation, including to determine any and all tax effects of the Plan, and (l) to enter a final decree closing the Case and making such final administrative provisions for the Case as may be necessary or appropriate.

XII. MISCELLANEOUS PLAN PROVISIONS

A. Retention and Enforcement of Claims: The Reorganized Debtors shall retain and may enforce all claims, interests, and causes of action of the Debtors and the Estate which have not been settled or adjudicated prior to the Effective Date and to determine the validity, extent, or priority of a lien or other interest in property, whether arising under bankruptcy law or nonbankruptcy law, and whether or not commenced prior to the Confirmation Date. All such claims and causes of action of the Debtors and the Estate against any Person, at the sole option of the Debtors, may be used to offset any payment or distribution due to such Person under the Plan.

B. Retention of Rights: In the event that payments under the Plan are not made when due, the creditors of the Debtors retain all their rights under the Bankruptcy Code and the Plan.

C. United States Trustee's Fees. Prior to the Effective Date, the Debtors shall comply with all applicable reporting and administrative regulations, including the payment of fees, if any, to the United States Trustee pursuant to the provisions of 28 U.S.C. § 1930. Beginning from the Effective Date, the Reorganized Debtors shall comply with all applicable reporting and administrative regulations, including the payment of fees to the United States Trustee pursuant to the provisions of 28 U.S.C. § 1930. At the time of any proposed distribution

under the terms of the Plan, including applicable distributions made on the Effective Date, the Reorganized Debtors shall pay all post-confirmation quarterly statutory fees as they are statutorily required and as they come due under the provisions of 28 U.S.C. § 1930. Until entry of an order closing, dismissing or converting the Bankruptcy Case, the Reorganized Debtors shall pay any quarterly payments due to the office of the United States Trustee after the Effective Date in accordance with 28 U.S.C. § 1930(a)(6).

D. Closing the Bankruptcy Case: As soon as the Reorganized Debtors determine that there is no further need for administration of the above-captioned case by the Court, such case shall be closed pursuant to Section 350 of the Bankruptcy Code upon (i) filing of a final report, (ii) after twenty (20) days notice to parties-in-interest, and (iii) the entry of an appropriate order by the Court closing the case.

E. Modification of Plan: The Plan may be modified before or after the Confirmation Hearing pursuant to 11 U.S.C. § 1127. The Plan may be modified before confirmation subject to the requirements of 11 U.S.C. §§ 1122 and 1123 if circumstances warrant such modification.

F. Governance of the Debtors as Reorganized Debtors: Notwithstanding anything which may be to the contrary in applicable nonbankruptcy law, the Debtors shall have full authority to perform the terms and conditions of the Plan.

G. Notices: A notice list shall be created and maintained by the Reorganized Debtors consisting of any and all parties in interest in these cases, or any other party that may request notice. The Reorganized Debtors shall give notice to all parties on such list of all matters significantly affecting the funds to be paid in satisfaction of Allowed Claims, including proposed settlements, commencement of new litigation, any abandonment of estate Property, distributions,

payment of expenses, and sale of assets. If no written objection is received by the Reorganized Debtors from any party within fifteen (15) days after service of such notice, the Reorganized Debtors may move forward with the proposed action. If an objection is received and cannot be satisfactorily resolved with the objecting party, the Reorganized Debtors will request that the Court hear and determine the matter, after giving proper notice of such hearing under the Bankruptcy Rules. Notice as provided in this paragraph shall be by first class mail or hand delivery. All notices and requests to persons holding any Claim or Interest in any Class shall be sent to them at their last known address or to the last known address of their attorney of record in the above-captioned case.

XIII. TAX CONSEQUENCES

The proposed Plan for the Debtor's may have significant tax consequences. The treatment of Claims and Interests under the Plan may also have tax implications to the holders of Claims and Interests. For example, there may be tax implications for the recapture of bad debts or implications regarding the timing of reportable income for entities that report income on a cash basis. Because each of the holders of Claims or Interests have varied circumstances, it is not practicable for the Bank to provide legal or accounting advice regarding the tax consequences that may issue for each holder of a Claim or Interest. Neither the Bank nor its attorneys have obtained a tax opinion and express no opinion as to the tax consequences to creditors or other parties-in-interest resulting from the Plan. Therefore, you should obtain advice from your own counsel, accountant, or tax professional regarding any tax consequences that may issue from the Plan.

XIV. CONCLUSION AND RECOMMENDATION

The Bank believes that the Plan offers creditors their best chance for a significant recovery through the bankruptcy process and recommends that all creditors entitled to vote consent to confirmation of the Plan.

DATED: May 4, 2010.

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