

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

In re:)	
)	
LSI RETAIL II, LLC)	Case No. 15-13375 MER
EIN 20-0741627)	Chapter 11
)	
Debtor.)	

PLAN OF REORGANIZATION

LSI Retail II, LLC, Debtor-in-Possession ("Debtor"), proposes this Plan of Reorganization ("Plan"), pursuant to §1121 of the Bankruptcy Code (11 U.S.C. §1121). This Plan is dated April 23, 2015.

ARTICLE I.

INTRODUCTION

The Debtor filed its voluntary Chapter 11 petition on April 2, 2015. The Debtor remains in possession of its Assets and is managing its financial affairs as a Debtor-in-Possession. The Debtor owns two (2) parcels of Real Property which it values at a total value of \$15,618,000. The Real Property is encumbered with liens in the total amount of \$12,472,114, which means that there is equity in the Debtor's Real Property of \$3,145,886. The Debtor has entered into a Purchase and Sale Agreement ("Sale Agreement") with SUSO 4 Roxborough, LP ("Purchaser") to sell the Real Property for \$15,618,000.

The within Plan provides for the payment of creditors' claims, both secured and unsecured, in full with interest either at a closing on the sale ("Closing") of the Real Property or on the Effective Date of the Plan. The Plan has not "impaired" creditor claims

by changing any creditor's rights with respect to their individual claims. As such, creditors will not be entitled to vote on the Plan. Also, because the Debtor is not soliciting votes on its Plan, it is not necessary for the Debtor to provide a Disclosure Statement along with its Plan. See In re Stanley Hotel, Inc., 13 B.R. 926, 929 (Bankr.D.Colo. 1981). In the event a sale to Purchaser does not close, the Plan provides for the sale of the Real Property to a different purchaser for a price that shall not be less than the total amount of all Allowed Claims, including interest, and all allowed Chapter 11 Administrative Expenses.

ARTICLE II.

DEFINITIONS

The following terms, when used in the Plan, shall have the following meanings:

2.1 Administrative Expenses shall mean those expenses entitled to priority under the provisions of §§507 and 503(b) of the Bankruptcy Code, including actual and necessary costs and expenses of preserving the estate.

2.2 Allen & Vellone, P.C., 1600 Stout St., #1100, Denver, CO 80202, shall mean the attorneys hired with Bankruptcy Court approval to represent the Debtor as special counsel. To the extent allowed by the Court, Allen & Vellone, P.C.'s fees and expenses are entitled to payment as Chapter 11 administrative expenses. Allen & Vellone, P.C. is a Professional Person as defined herein.

2.3 Allowed Claim shall mean a claim (a) in respect of which a Proof of Claim has been timely filed with the Court within the applicable period of limitation fixed by Bankruptcy Rule 3003 or (b) scheduled in the list of creditors prepared and filed with the Court by the Debtor pursuant to Bankruptcy Rules 1007 and 3003, and not listed as disputed, contingent or unliquidated as to amount, in either case as to which no objection to the allowance

thereof has been interposed within any applicable period of limitation pursuant to Bankruptcy Rule 3007 or an Order of the Court, or as to which any such objection has been terminated by an Order or Judgment which is no longer subject to appeal, or certiorari proceeding and as to which no appeal or certiorari proceeding is pending.

2.4 Assets shall mean the Debtor's real and personal property.

2.5 Bankruptcy Code shall mean Title I of the Bankruptcy Reform Act of 1978, 11 U.S.C. §1101 et seq., as amended ("Code").

2.6 Chapter 11 shall mean Chapter 11 of the Code.

2.7 Claim shall mean a claim against the Debtor as defined in 11 U.S.C. §101(5).

2.8 Class shall mean any class of creditors or interests described in Article II of the Plan.

2.9 Closing shall mean the consummation of the transaction contemplated under the Purchase and Sale Agreement.

2.10 Confirmation Date shall mean the date on which the Plan is confirmed by the Bankruptcy Court.

2.11 Confirmation Order shall mean a Final Order of the Bankruptcy Court confirming the Plan in accordance with the provisions of Chapter 11 of the Code.

2.12 Court or Bankruptcy Court shall mean the United States Bankruptcy Court for the District of Colorado, unless otherwise identified.

2.13 Debtor shall mean Debtor-in-Possession, LSI Retail II, LLC. The terms "Debtor" and "Debtor-in-Possession" may be used interchangeably in the within Plan but shall have the same meaning. The Debtor, LSI Retail II, LLC, is the proponent of this Plan of Reorganization.

2.14 Disallowed Claim shall mean any claim or portion thereof that has been disallowed by a Final Order of the Bankruptcy Court.

2.15 Disputed Claim shall mean any claim which has been scheduled by the Debtor as disputed, contingent or unliquidated, or any claim as to which an objection has been filed and allowance or disallowance of such claim has not been determined by a Final Order.

2.16 Effective Date shall mean that date which is not greater than three (3) business days following the Closing.

2.17 Estate shall mean the estate created and existing in this case pursuant to §541 of the Bankruptcy Code.

2.18 Final Order shall mean an Order or a Judgment as to which the time to seek certiorari, appeal, review or a hearing has expired and as to which no writ of certiorari, appeal or petition for review or a hearing or rehearing is pending.

2.19 Fox Rothschild, LLP, 1225 17th Street, Suite 2200, Denver, CO 80202, shall mean the attorneys hired, or to be hired, with Bankruptcy Court approval to represent the Debtor as special counsel. To the extent allowed by the Court, Fox Rothschild, LLP's fees and expenses are entitled to payment as a Chapter 11 administrative expense. Fox Rothschild, LLP is a Professional Person as defined herein.

2.20 Impaired Claims shall mean those allowed secured and unsecured claims wherein the Plan alters the legal, equitable and contractual rights to which such claim or interest entitles the holder of such claim or interest.

2.21 Mountain High Real Estate Advisors, Inc., 1100 East 6600 South, Suite 100, Salt Lake City, Utah 84121, shall mean the real estate broker for the Debtor hired with

Bankruptcy Court approval. To the extent allowed by the Court, Mountain High Real Estate Advisors, Inc.'s fees and expenses are entitled to payment as Chapter 11 administrative expenses. Mountain High Real Estate Advisors, Inc. is a Professional Person as defined herein.

2.22 Petition Date shall mean April 2, 2015, the date on which the Debtor filed its voluntary Chapter 11 petition with the Court.

2.23 Plan shall mean this Plan of Reorganization and such amendments, if any, as may be proposed by the Debtor.

2.24 Professional Person shall mean any attorney, accountant, appraiser or real estate agent hired with Bankruptcy Court approval to represent or provide services to the Debtor during the pendency of the Debtor's Chapter 11 bankruptcy proceeding.

2.25 Purchase and Sale Agreement shall mean that certain Purchase and Sale Agreement dated January 22, 2015, entered into between the Debtor and Slate US Acquisitions, LLC, wherein the Debtor agreed to sell and Slate US Acquisitions, LLC agreed to purchase the Debtor's Real Property for a total Purchase Price of \$15,618,000. Slate US Acquisitions, LLC subsequently assigned its interest in the Purchase and Sale Agreement to SUSO 4 Roxborough, LP.

2.26 Purchase Price shall mean \$15,618,000 in cash delivered at Closing to the Debtor by SUSO 4 Roxborough, LP. In the event there is no Closing, the Purchase Price shall in no way be less than the total amount owed to creditors and allowed Chapter 11 administrative expenses under the Plan.

2.27 Purchaser shall mean SUSO 4 Roxborough, LP, the purchaser of the Debtor's Real Property, or, if SUSO 4 Roxborough, LP does not purchase the Real

Property, then a non-insider of the Debtor that purchases the Real Property by means of an arms length transaction.

2.28 Real Property shall mean the Debtor's real property identified as 8351-8361 N. Rampart Range Road, Littleton, Colorado 80125 and 1.2 acres of undeveloped land located on Waterton Canyon Road, Douglas County, Colorado.

2.29 Reorganized Debtor shall mean the successor entity to the Debtor upon the entry of the Confirmation Order.

2.30 Sale shall mean a sale of the Debtor's Real Property free and clear of liens and encumbrances to SUSO 4 Roxborough, LP for the Purchase Price, of, if there is no closing, through an arms length transaction to a non-insider of the Debtor.

2.31 Unsecured Claims shall mean the Allowed Claims against the Debtor which are unsecured and which are other than Allowed Priority Claims and Administrative Expenses, and shall include any Deficiency Claim(s) arising to the holder of an Allowed Secured Claim, pursuant to the provisions of 11 U.S.C. §506, after a hearing pursuant to Rule 3012 of the Bankruptcy Rules or resulting from any agreement reached between the Claimant and the Debtor in which it is determined that the value of the collateral securing the claim is less than the Allowed Claim.

2.32 Unsecured Creditors shall mean the holders of allowed Unsecured Claims in the estate.

2.33 Weinman & Associates, P.C., 730 17th Street, #240, Denver, CO 80202-3506, shall mean the attorneys hired with Bankruptcy Court approval to represent the Debtor in the within Chapter 11 bankruptcy proceeding. To the extent allowed by the Court, Weinman & Associates, P.C.'s fees and expenses are entitled to payment as Chapter 11

Administrative Expenses for services provided to the Debtor. Weinman & Associates, P.C. is a Professional Person as defined herein.

ARTICLE III.

CLASSIFICATION OF CREDITORS' CLAIMS AND EQUITABLE INTERESTS AND IMPAIRMENT OF CREDITORS' CLAIMS AND EQUITABLE INTERESTS

A. CREDITOR CLAIMS AND EQUITABLE INTERESTS IN THE DEBTOR ARE CLASSIFIED AND IMPAIRED IN THE PLAN AS FOLLOWS:

(1) Class 1 consists of the allowed secured claim of the Douglas County Treasurer's Office. Class 1 is not impaired under the Plan and cannot vote on the Plan.

(2) Class 2 consists of the allowed secured claim of 3NP, LLC. Class 2 is not impaired under the Plan and cannot vote on the Plan.

(3) Class 3 consists of the allowed secured claim of State Farm Life Insurance Company ("State Farm"). Class 3 is not impaired under the Plan and cannot vote on the Plan.

(4) Class 4 consists of the allowed unsecured claims of the Debtor's Unsecured Creditors. Class 4 is not impaired under the Plan and cannot vote on the Plan.

(5) Class 5 consists of the holders of allowed pre-petition equity interests in the Debtor. Class 5 is not impaired under the Plan and cannot vote on the Plan.

ARTICLE IV.

**TREATMENT OF CREDITOR CLAIMS AND EQUITABLE INTERESTS WHICH ARE
IMPAIRED UNDER THE PLAN**

There are no creditor claims and equitable interests which are impaired under the Plan.

ARTICLE V.

**TREATMENT OF CLASSES OF CREDITORS' CLAIMS AND EQUITABLE
INTERESTS NOT IMPAIRED UNDER THE PLAN**

Provision for payment of or treatment of creditor classes and equitable interests not impaired under the Plan is set forth below.

5.1 Class 1. Douglas County Treasurer's Office. Class 1 is not impaired under the Plan. Class 1 consists of the allowed secured claim of the Class 1 creditor estimated in the amount of \$317,990 as of the Petition Date. The allowed claim of the Class 1 creditor shall be paid in full with interest at the statutory rate, at the option of the Class 1 creditor, at the Closing or on the Effective Date. In the event the sale of the Real Property pursuant to the terms of the Purchase and Sale Agreement does not close, then the allowed claim of the Class 1 creditor will be paid as provided for in Article VII, Paragraph 7.1(f) of this Plan.

The Class 1 creditor's claim shall be fully secured by its existing collateral pending payment in full of its allowed secured claim.

5.2 Class 2. 3NP, LLC. Class 2 is not impaired under the Plan. Class 2 consists of the allowed secured claim of the Class 2 creditor estimated in the amount of \$203,690 as of the Petition Date. However, because the Class 2 creditor's lien, as evidenced by its deed of trust, is cross-collateralized with obligations owing by Land Securities Investors,

LTD (“LSI”) (Case No. 13-11167 MER), and pursuant to that certain Confirmed Plan of Reorganization of LSI, the Class 2 creditor is entitled to receive 85% of the amount it is owed before it is obligated to release its lien on the Debtor’s Real Property. Accordingly, the Class 2 creditor has agreed to and shall receive \$425,000, at the option of the Class 2 creditor, at the Closing or on the Effective Date. If for any reason the sale of the Real Property does not Close, the Class 2 creditor shall be entitled to receive an amount equal to 85% of what it is then owed in consideration of releasing its lien, paid as provided for in Article VII, Paragraph 7.1(f) of this Plan.

The Class 2 creditor’s claim shall be fully secured by its existing collateral pending payment in full of its allowed secured claim.

5.3 Class 3. State Farm Life Insurance Company (“State Farm”). Class 3 is not impaired under the Plan. Class 3 consists of the allowed secured claim of the Class 3 creditor estimated in the amount of \$11,950,434.16 as of the Petition Date. The allowed secured claim of the Class 3 creditor shall be paid in full including, but not limited to, interest at the note rate, attorneys’ fees and costs, at the option of the Class 3 creditor, at the Closing or on the Effective Date. In the event the sale of the Real Property pursuant to the terms of the Purchase and Sale Agreement does not close, then the allowed claim of the Class 3 creditor will be paid as provided for in Article VII, Paragraph 7.1(f) of this Plan.

The Class 3 creditor’s claim shall be fully secured by its existing collateral pending payment in full of its allowed secured claim.

5.4 Class 4. Allowed Unsecured Claims. Class 4 is not impaired under the Plan. Class 4 consists of the holders of allowed unsecured claims. Total allowed unsecured

claims are estimated by the Debtor to equal \$26,505. Each holder of an allowed unsecured claim in Class 4 will be paid the allowed amount of their unsecured claim plus interest at the contract rate established by such allowed unsecured claim, or, if there is not an interest rate established by such claim, then interest at the Federal Judgment Interest Rate on the Effective Date of the Plan. In the event the sale of the Real Property pursuant to the terms of the Purchase and Sale Agreement does not close, then the allowed claims of the Class 4 creditors will be paid as provided for in Article VII, Paragraph 7.1(f) of this Plan. Interest shall accrue from the Petition Date until paid.

5.5 Class 5. Equity Interests. Class 5 is not impaired under the Plan. The holders of pre-petition equitable interests in the Debtor shall retain such interests following confirmation of the Plan. The holders of equitable interests shall be paid for such interests only after all allowed claims and allowed administrative expenses are paid in full as provided for in this Plan.

ARTICLE VI.

PAYMENT OF UNCLASSIFIED ALLOWED CHAPTER 11 ADMINISTRATIVE EXPENSES AND ALLOWED UNSECURED PRIORITY CLAIMS

6.1 Payment of allowed Chapter 11 Administrative Expenses and allowed Unsecured Priority Claims not classified under the Plan is set forth in Paragraph 6.2 below.

6.2 Administrative Expenses. Chapter 11 Administrative Expenses are identified as follows:

- (a) Counsel (Weinman & Associates, P.C.) employed to represent the Debtor in the within bankruptcy proceeding;

- (b) Special Counsel (Allen & Vellone, P.C.) employed to represent the Debtor in the within bankruptcy proceeding;
- (c) Special Counsel (Fox Rothschild, LLP) employed to represent the Debtor in the within bankruptcy proceeding;
- (d) Real Estate Broker (Mountain High Real Estate Advisors, Inc.) employed to provide brokerage services to the Debtor in the within bankruptcy proceeding;
- (e) Fees required to be paid to the U.S. Trustee pursuant to 28 U.S.C. §1930; and
- (f) Post-petition fees and expenses, including taxes, incurred by the Debtor's bankruptcy estate in the ordinary operation and management of the Debtor's business and/or financial affairs.

The holders of allowed expenses in Paragraphs 6.2(a), (b) and (c) shall submit their requests for payment to the Court and the Debtor shall pay such Allowed Chapter 11 Administrative Expenses only upon approval by and in the amount allowed by the Court.

The holders of allowed expenses in Paragraphs 6.2(a), (b) and (c) shall be paid the allowed amount of their Chapter 11 Administrative Expenses on the Effective Date of the Plan provided the Court has entered final, non-appealable orders allowing such Administrative Expenses or as may be otherwise agreed to by the Administrative Claimants and the Reorganized Debtor.

The holder of an allowed expense in Paragraph 6.2(d) shall be paid the allowed amount of its expense at the Closing.

U.S. Trustee fees required to be paid pursuant to 28 U.S.C. §1930 identified in Paragraph 6.2(e) shall be timely paid until such time as the within Chapter 11 case is dismissed, converted or closed by order of the Bankruptcy Court.

Fees and other expenses identified in Paragraph 6.2(f) shall be paid pursuant to the terms of any agreement and/or in the ordinary course of the Debtor's business and/or financial affairs according to ordinary business terms. Any unpaid and due post-petition taxes owing by the Debtor's bankruptcy estate will be paid in full on or before the Effective Date of the Plan.

6.3 Allowed Unsecured Priority Claims. Any unpaid and allowed Unsecured Priority Claim(s) owing to any taxing authority shall be paid in full to such taxing authority with an appropriate statutory rate of interest on the Effective Date. The Debtor believes that it does not owe any allowed unsecured priority claims.

ARTICLE VII.

MEANS FOR IMPLEMENTATION OF THE PLAN

7.1 Upon confirmation of the Plan, the Reorganized Debtor will implement its Plan as follows:

- (a) Upon entry of the Confirmation Order, the Estate's Assets shall be transferred to the Reorganized Debtor.
- (b) The Reorganized Debtor shall convey, transfer and sell its Real Property free and clear of liens and encumbrances to the Purchaser at the Closing, unless such Closing has occurred prior to confirmation.
- (c) The Reorganized Debtor will continue to operate its business following entry of the Confirmation Order for whatever purpose as may be required through

its Manager, Sunset Management Services, Inc., by Alan R. Fishman, President of Manager.

- (d) The Purchaser shall pay \$15,618,000 in cash to the Reorganized Debtor at the Closing.
- (e) The Plan being filed relates to a Motion to Sell the Real Property which has been or will be filed with the Court.
- (f) In the event the sale of the Real Property to the Purchaser does not close, the Reorganized Debtor will sell its Real Property to a non-insider of the Debtor through an arms length transaction for a purchase price that is not less than the total amount that is owed to the holders of allowed claims, including interest, and allowed Chapter 11 administrative expenses.
- (g) The Reorganized Debtor will pay creditor classes established under the Plan.
- (h) The Reorganized Debtor will pay the holders of allowed Chapter 11 Administrative Expenses, except for the U.S. Trustee, on the Effective Date of the Plan, unless otherwise agreed to between these parties and the Plan Trustee, or as otherwise provided for in the Plan.

7.2 The Reorganized Debtor will pay quarterly fees to the U.S. Trustee as required by the Bankruptcy Code until the Chapter 11 case is closed, converted to a Chapter 7 case or dismissed by the Bankruptcy Court.

7.3 Objections to Claims.

- (a) The Reorganized Debtor shall object, when appropriate, to any administrative expense, secured or unsecured claim; and

(b) The Reorganized Debtor shall bring any preference or fraudulent conveyance claims as appropriate.

7.4 Payment of Allowed Claims and Administrative Expenses Under the Plan. The Reorganized Debtor shall make payments to creditors and administrative expense claimants as provided for under the terms of the within Plan. Payments to creditors and administrative expense claimants under the Plan shall be made by check and shall be mailed to each creditor and/or administrative expense claimant with an allowed claim and/or administrative expense at the address set forth in the Debtor's Statements and Schedules filed with the Court or as set forth in any Proof of Claim, other pleading or change of address notification, etc. filed with the Court.

7.5 Unclaimed Distributions. For a period of one year following the date a payment is due under the within Plan, the Reorganized Debtor shall retain in a reserve account for issuance any unclaimed distributions for the benefit of the holders of allowed claims and/or administrative expenses which have failed to claim such distributions. Following the one year period after such distributions are due, the holders of allowed claims or allowed administrative expenses theretofore entitled to such distributions held in such reserve account shall cease to be entitled thereto and such unclaimed distributions shall become property of the Reorganized Debtor.

ARTICLE VIII.

UNEXPIRED EXECUTORY CONTRACTS AND LEASES

8.1 Unexpired Executory Contracts and Leases.

(a) Debtor's Schedule G has been attached hereto as Exhibit "A". With the exception of tenant leases, to the extent that any of these agreements

constitute unexpired executory contracts and/or leases, they shall be rejected by the Reorganized Debtor upon the entry of the Confirmation Order. Debtor does not believe that any of the agreements are executory as each has either expired or is terminable at will after a brief notice period. None of the agreements will be assumed or assigned to the Purchaser pursuant to the Sale Agreement except the tenant leases as required by the Sale Agreement.

(b) All unexpired executory contracts and/or leases of the Debtor neither assumed pursuant to the Plan nor pursuant to an order of the Court prior to confirmation of the Plan shall be deemed to have been rejected upon confirmation of the Plan.

ARTICLE IX.

MISCELLANEOUS PROVISIONS

9.1 Procedures for Resolving Contested Matters.

- (a) The Reorganized Debtor's objections to claims shall be filed with the Court and shall be served on the holder of each of the claims to which objections are filed by no later than 180 days after the Effective Date. The Reorganized Debtor shall litigate to judgment, settle or withdraw objections to all such Disputed Claims; and
- (b) No payments or distributions shall be made under the Confirmed Plan with respect to all or any portion of a Disputed Claim or Administrative Expense unless and until all objections to such Disputed Claim or Administrative Expense have been determined by Final Order of the

Court. Payments and distributions to holders of Disputed Claims or Administrative Expenses under the Confirmed Plan, to the extent such become Allowed Claims or Administrative Expenses, shall be made in accordance with the provisions of this Plan.

9.2 Compromise and Settlement of Claims and/or Disputes. The Reorganized Debtor shall be authorized to compromise and settle any claim and/or dispute which it may have against any entity or which may have been brought by any entity against the Debtor. Any such compromise or settlement shall be subject to approval by the Bankruptcy Court after notice and opportunity for hearing as provided for pursuant to Rule 9013 of the Local Rules of Bankruptcy Procedure for the United States Bankruptcy Court for the District of Colorado, or unless otherwise ordered by the Court.

9.3 Provisions for Execution and Supervision of the Plan: Retention of Jurisdiction.

- (a) The Court shall retain and have exclusive jurisdiction over the Chapter 11 case for the following purposes to the extent authorized by the Code:
 - (1) To determine any and all objections to the allowance of claims;
 - (2) To determine any and all applications for allowances of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Code or the Plan;
 - (3) To determine any applications pending on the Effective Date for the rejection or assumption of executory contracts or unexpired leases

for the assumption and assignment, as the case may be, of those executory contracts or unexpired leases to which the Debtor is a party or with respect to which the Debtor may be liable, and to hear and determine, and if need be, to liquidate any and all claims arising therefrom;

(4) To determine any and all applications, adversary proceedings and contested or litigated matters that may be pending on the Effective Date;

(5) To consider any modifications of the Plan, remedy any defect or omission or reconcile any inconsistency in any Order of the Bankruptcy Court, including the Confirmation Order;

(6) To determine all controversies, suits and disputes that may arise in connection with or interpretation, enforcement or consummation of the Plan;

(7) To consider and act on the compromise and settlement of any claim or cause of action by or against the Debtor's Estate;

(8) To resolve any pending disputes regarding the Debtor's interest in its Assets;

(9) To issue orders in aid of execution of the Plan to the extent authorized by 11 U.S.C. §1142 of the Code; and

(10) To determine such other matters as may be set forth in the Confirmation Order or as may arise in connection with the Plan or the Confirmation Order.

(b) The Plan may be amended by the Debtor before or after the Confirmation Date as provided in 11 U.S.C. §1127 of the Code.

9.4 Payment of Fees Pursuant to 11 U.S.C. §1129(12). All fees required to be paid by 28 U.S.C. §1930 will be paid as required therein until such time as the within Chapter 11 case is dismissed, converted or closed by order of the Bankruptcy Court. The Reorganized Debtor shall file quarterly post-confirmation reports until the case is closed.

9.5 Modification of Payment Terms. The treatment of any Allowed Claim may be modified or reduced at any time after the Confirmation Date upon the consent of the creditor whose Allowed Claim treatment is being modified.

9.6 Retention of Liens. Except as may be otherwise provided for in this Plan, creditors whose allowed claims are secured by lien(s) against the Debtor's Assets or otherwise claim an interest in such Assets shall retain such liens to the extent of their allowed secured claims and in the same priority as their pre-petition liens or, shall retain their interests in the proceeds from the Sale of such Assets to the same extent and in the same priority as their pre-petition interests in such Assets.

9.7 Debtor's Assets. Except as provided for in the Plan or in the Confirmation Order, upon Confirmation of the Plan, the Reorganized Debtor shall be vested with full ownership of and dominion over the Assets free and clear of all claims, liens, charges and other interests of creditors arising prior to the filing of the bankruptcy petition and except as otherwise provided in the Plan.

9.8 Final Report. The Reorganized Debtor will file its Final Report and seek to obtain a Final Decree administratively closing their Chapter 11 proceeding within 180 days following the Effective Date. The Reorganized Debtor will make quarterly post-confirmation

reports to the Court and the U.S. Trustee until such time as the Final Decree is entered by the Court.

9.9 Default. In the event of a default by the Reorganized Debtor with respect to payments to creditors under this Plan, such creditors shall be entitled to take action to collect the amount due under the Plan with whatever collection remedies they normally would have available when payments to such creditors are not made as scheduled were this case not in bankruptcy. The creditors shall give the Reorganized Debtor written notice of any default and the Reorganized Debtor shall have ten (10) calendar days to cure such default. Any failure to act on any default or acceptance of late payments will not act as a waiver by the creditor to act on further defaults.

9.10 Discharge. To the extent applicable pursuant to 11 U.S.C. §1141, all claims against the Debtor shall be discharged upon confirmation.

DEBTOR-IN-POSSESSION
LSI RETAIL II, LLC

By It's Manager, Sunset Management
Services, Inc.

By: /s/ Alan R. Fishman
Alan R. Fishman, President

Respectfully submitted,

WEINMAN & ASSOCIATES, P.C.

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