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6

7 UNITED STATES BANKRUPTCY COURT  
8 NORTHERN DISTRICT OF CALIFORNIA – OAKLAND DIVISION

9 In re:  
10 Pacific Thomas Corporation  
11 Debtor.

Case No. 12-46534

Chapter 11

Date: August 15, 2013

Time: 10:30 a.m.

Place: **Courtroom 215**

Judge: Hon. M. Elaine Hammond

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16 **DEBTOR'S FIRST AMENDED DISCLOSURE STATEMENT IN SUPPORT OF FIRST  
AMENDED PLAN OF REORGANIZATION, DATED JULY 11, 2013**

17  
18 **The Debtor is a corporation, tax id # xxx-xx-5859 The Debtor's address is 1818 Mt.  
Diablo Blvd., Suite D, Walnut Creek, CA**  
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**ARTICLE I.**  
**INTRODUCTION**

Pacific Thomas Corporation the Debtor (hereinafter referred to as “Debtor” in this Case<sup>1</sup>), provides this Disclosure Statement to all of its Creditors, Equity Security Holders, and to other parties in interest in the Case.

The Debtor commenced its Bankruptcy case by filing a voluntary Chapter 11 petition under the United States Bankruptcy Code, (“Code”) Sections 101-1330, on August 6, 2012 (the “Petition Date”). The Debtor was continuing in the operation and management of its business pursuant to Bankruptcy Code Sections 1107 and 1108 until a Chapter 11 trustee was appointed on January 8, 2013.

Section 1125 of the Bankruptcy Code requires that, at the time when the Plan is delivered to Creditors, the Plan be accompanied by this Disclosure Statement<sup>2</sup>. The purpose of this Disclosure Statement is to provide information of a kind, and in sufficient detail, so far as is reasonably practicable, in light of the nature and history of the Debtor and the condition of the Debtor’s books and records, to enable a typical Creditor or Equity Security Holder to make an informed judgment about the Plan and to enable such Creditor or Equity Security Holder to determine whether it is in his best interest to vote for (accept) or against (reject) the Plan.

Chapter 11 of the Bankruptcy Code allows Debtor, and under some circumstances, creditors and other parties in interest, to propose a plan of reorganization. The plan may provide for Debtor to reorganize by continuing to operate, to liquidate by selling assets of the estate, or a combination of both. The Debtor is the party proposing the Plan sent to you in the same envelope as this document. **THE DOCUMENT YOU ARE READING IS THE**

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<sup>1</sup> The definitions of the capitalized terms used in this Disclosure Statement are contained in Section II. of this Disclosure Statement.

<sup>2</sup> Section 1125(b) provides, in pertinent part, as follows: An acceptance or rejection of a plan may not be solicited after the commencement of the case under this title from a holder of a claim or interest with respect to such claim or interest, unless, at the time of or before such solicitation, there is transmitted to such holder the plan or a summary of the plan, and a written disclosure statement approved, after notice and a hearing, by the court as containing adequate information. . . . 11 U.S.C. § 1125(b).

1 DISCLOSURE STATEMENT FOR THE ENCLOSED PLAN. This Disclosure Statement  
2 contains a description of the Plan and other information relevant to the decision whether to  
3 vote to accept or to reject the Plan. The Debtor urges you to read this Disclosure Statement  
4 because it contains important information concerning the Debtor's history, business, assets,  
5 and liabilities and sets forth a summary of the Plan.

6 The Debtor's Plan is a reorganizing plan accomplished through the continuation of  
7 Debtor's primary business, the ownership, management, leasing, and or sale/refinance of  
8 commercial real estate. In other words, the Plan Proponent (i.e., the Debtor) seeks to  
9 accomplish payment under the Plan primarily from the net proceeds and revenues generated  
10 through the sale or refinance of the Pacific Thomas Properties. The Plan may provide for the  
11 Debtor to reorganize by continuing to operate, to liquidate by selling assets of the estate,  
12 refinancing assets of the estate or a combination of all of the above. The Debtor, Pacific  
13 Thomas Corporation, is the party proposing the Plan sent to you in the same envelope as this  
14 document. THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT  
15 FOR THE ENCLOSED PLAN.

16 This is a restructuring plan with a refinance or sale within sixty months. In other  
17 words, the Proponent seeks to accomplish payments under the Plan by restructuring notes  
18 secured by real property of the estate held by Summit Bank, Bank of the West, Jacol, and  
19 Private Mortgage Fund LLC, by restructuring notes secured by personal property and real  
20 property of the estate, by restructuring liens levied by the real estate taxing authorities, and by  
21 a full payoff off all secured and general unsecured creditors within sixty months. The secured  
22 creditors as well as the general unsecured creditors of the estate shall be paid the present value  
23 of their claim at a market interest rate over a sixty month period through net income generated  
24 from the Pacific Thomas Properties and/or through a refinance or sale of the Pacific Thomas  
25 Properties. The Effective Date of the proposed Plan is projected to be September 31, 2013.  
26 The first payment due under the plan based upon the projected Effective Date is September 31,  
27 2013.

1 The Plan will be implemented through the following means:

2 • John Loh will provide oversight and will be the key-decision maker with  
3 final decision-making authority for the Debtor. Randall Whitney will provide  
4 oversight and assistance in the operation of the Debtor's business and day-to-  
5 day management decisions. The Debtor will work to refinance/sell, and develop  
6 the Pacific Thomas Properties providing funds for the payment of creditors.

7 • The proceeds from net income resultant from the leasing, and/or the  
8 refinance/sale of the Pacific Thomas Properties will be used to fund the  
9 payments to both Secured and Unsecured Creditors provided for under the Plan.  
10 It is anticipated that there will be sufficient funds from the above-referenced  
11 sources to pay all Allowed Secured and Allowed Unsecured Claims as follows:

12 • The Alameda County Treasurer will be paid in full on or before the  
13 earlier of the sixtieth (60<sup>th</sup>) month following the Effective Date or the closing of  
14 a refinance loan.

15 • The secured claim of Summit Bank, will be paid in full on or before  
16 the earlier of the sixtieth (60<sup>th</sup>) month following the Effective Date or the  
17 closing of a refinance loan.

18 • Secured Creditor Bank of the West shall be paid in full on or before  
19 the earlier of the sixtieth (60<sup>th</sup>) month following the Effective Date or the  
20 closing of a refinance loan.

21 • Secured creditor Private Mortgage Fund LLC shall be paid in full on  
22 or before the earlier of the sixtieth (60<sup>th</sup>) month following the Effective Date, or  
23 the closing of a refinance loan.

24 • Secured creditor Jacol shall be paid in fully on or before the earlier of  
25 the sixtieth (60<sup>th</sup>) month following the Effective Date, or the closing of a  
26 refinance loan.

27

- Allowed Class 6A Non-Insider Trade Creditor Unsecured Claims and Class 6B Non-Insider Business Unsecured Claims will receive 100% of their allowed claim on or before the earlier of the sixtieth (60th) month following the Effective Date or the closing of a refinance loan.
- Allowed Class 6C Unsecured Claims of Insiders will receive 100% of their allowed claim whereby Class 6C shall receive no funds until Class 6A and 6B have been paid in full in accordance with the absolute priority rule.

**A MORE COMPLETE DESCRIPTION OF THE PROVISIONS OF THE PLAN AND THE MEANS OF EFFECTUATING THE PLAN ARE LOCATED AT SECTION III. BELOW.**

**1.01 Purpose of this Document.**

This Disclosure Statement summarizes what is in the Plan and tells you certain information relating to the Plan and the process the Court follows in determining whether or not to confirm the Plan. This Disclosure Statement does not purport to be a complete description of the Plan, the financial data pertaining to the Debtor's business operations, the applicable provisions of the Bankruptcy Code, or any other matter which may be deemed significant by Creditors or Interest Holders. Out of practical necessity, this Disclosure Statement represents an attempt to summarize extensive overall data, legal documents and legal principles, including provisions of the Bankruptcy Code, and to set them forth in understandable, readable form. Creditors are cautioned that the dividend analysis of this Disclosure Statement is an **estimated projection only**, and the actual dividend amount will likely change when claims become allowed or disallowed and the total amount of all allowed claims is known.

**READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW ABOUT:**

**1. WHO CAN VOTE OR OBJECT;**

//

1           2. **WHAT THE TREATMENT OF YOUR CLAIM IS, (i.e., what your claim will**  
2 **receive if the Plan is confirmed) AND HOW THIS TREATMENT COMPARES TO**  
3 **WHAT YOUR CLAIM WOULD RECEIVE IN LIQUIDATION;**

4           3. **THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING**  
5 **THE BANKRUPTCY;**

6           4. **WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER**  
7 **OR NOT TO CONFIRM THE PLAN;**

8           5. **WHAT IS THE EFFECT OF CONFIRMATION; AND**

9           6. **WHETHER THE PLAN IS FEASIBLE.**

10           This Disclosure Statement cannot tell you everything about your rights. You should  
11 consider consulting your own lawyer to obtain more specific advice on how the Plan will affect  
12 you and what is the best course of action for you. Be sure to read the Plan as well as all of this  
13 Disclosure Statement.

14           The Code requires a Disclosure Statement to contain "adequate information"  
15 concerning the Plan. The Bankruptcy Court has conditionally approved this document as an  
16 adequate Disclosure Statement, containing enough information to enable parties affected by the  
17 Plan to make an informed judgment about the Plan. Any party can now solicit votes for or  
18 against the Plan. However, the statements and conclusions set forth in this document are,  
19 unless otherwise noted, those of the Proponent of the Plan. The accuracy has not yet been  
20 determined by the Court, and the Court may determine such accuracy at the hearing regarding  
21 whether or not to confirm the Plan.

22           **1.02 Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing.**

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



1                   **1.02.1 Time and Place of the Confirmation Hearing**

2                   The hearing where the Court will determine whether or not to confirm the Plan will  
3 take place on \_\_\_\_\_, 2013, at \_\_\_\_\_ A.M., in the Courtroom of the  
4 Honorable M. Elaine Hammond, Courtroom 215, 1300 Clay Street, Oakland, California.

5                   **1.02.2 Deadline for Voting to Accept or Reject the Plan**

6                   If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and  
7 return the ballot in the enclosed envelope to **Matlock Law Group, P.C.**, to the attention of  
8 Anne-Leith Matlock, 1485 Treat Blvd., Suite 200, Walnut Creek, CA 94597 Telephone: (925)  
9 944-7131, by \_\_\_\_\_, 2013, at 5:00 P.M. California time. See Article IV for a  
10 discussion of voting eligibility requirements.

11                  Your ballot must be received and served upon **Matlock Law Group, P.C.**, to the  
12 attention of Anne-Leith Matlock, 1485 Treat Blvd., Suite 200, Walnut Creek, CA 94597  
13 Telephone: (925) 944-7131, by \_\_\_\_\_, 2013, at 5:00 P.M. California time (the  
14 “Voting Deadline”).

15                  **IMPORTANT NOTICE; IF YOU ARE ELIGIBLE TO VOTE AND YOUR**  
16 **COMPLETED BALLOT IS NOT RECEIVED AND SERVED UPON MATLOCK**  
17 **LAW GROUP, P.C., TO ATTENTION OF ANNE-LEITH MATLOCK, 1485 TREAT**  
18 **BLVD., SUITE 200, WALNUT CREEK, CA 94597 ON OR BEFORE THE VOTING**  
19 **DEADLINE, YOU WILL BE DEEMED TO HAVE VOTED TO ACCEPT THE PLAN.**

20                  **1.02.3 Deadline for Objecting to the Confirmation of the Plan**

21                  Objections to the confirmation of the Plan must be filed with the Court and served upon  
22 **Matlock Law Group, P.C.** to the attention of Anne-Leith Matlock, 1485 Treat Blvd., Suite  
23 200, Walnut Creek, CA 94597 Telephone: (925) 944-7131, by \_\_\_\_\_, 2013, at 5:00  
24 P.M. California time.

25                  At the Confirmation Hearing, the Bankruptcy Court will determine, pursuant to  
26 Section 1129 of the Bankruptcy Code, whether the Plan has been accepted by the necessary  
27 Classes of Claims and Interests created under the Plan, and if not, whether the Bankruptcy

1 Court should nevertheless confirm the Plan. If at the Confirmation Hearing the Bankruptcy  
2 Court determines that the Plan meets all of the requirements for confirmation prescribed by the  
3 Bankruptcy Code, the Bankruptcy Court will enter a Confirmation Order. Pursuant to Section  
4 1141 of the Bankruptcy Code, the effect of the Confirmation Order will be to make the  
5 provisions of the Plan binding upon the Debtor and each of its Creditors and Interest Holders,  
6 regardless of whether each Creditor or Interest Holder voted to accept the Plan.

7 **1.02.4 Identity of Person to Contact for More Information Regarding the**  
8 **Plan**

9 Any interested party desiring further information about the Plan may contact Anne-  
10 Leith Matlock at **Matlock Law Group, P.C.**, 1485 Treat Blvd., Suite 200, Walnut Creek, CA  
11 94597, Telephone: (925) 944-7131

12 **1.03 Disclaimer**

13 The Plan involves the payment of Claims from available Cash on the Effective Date  
14 and the Reorganized Debtor's post-confirmation net income. Additionally, Debtor  
15 contemplates payment of Claims through a refinance or sale of one or more parcels of the  
16 Pacific Thomas Properties within 60 months of the Effective Date. Based on Debtor's  
17 financial projections, the Debtor projects that there will be sufficient funds available to make  
18 the payments called for under the Plan. The Debtor's financial projections are filed in support  
19 of the Plan (included in **Exhibit G** attached hereto) and were prepared by the Debtor.

20 THE PROJECTIONS SET FORTH IN THIS DISCLOSURE STATEMENT  
21 REPRESENT A PREDICTION OF FUTURE EVENTS BASED UPON CERTAIN  
22 ASSUMPTIONS SET FORTH WITH SUCH PROJECTIONS. THESE FUTURE EVENTS  
23 MAY OR MAY NOT OCCUR, AND THE PROJECTIONS MAY NOT BE RELIED UPON  
24 AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS WHICH  
25 WILL OCCUR. BECAUSE OF THE UNCERTAINTIES INHERENT IN PREDICTIONS OF  
26 FUTURE EVENTS, THE DEBTOR'S ACTUAL CASH FLOW MAY WELL BE

1 DIFFERENT FROM THAT PREDICTED, AND SUCH DIFFERENCE MAY BE  
2 MATERIAL AND ADVERSE TO THE INTERESTS OF THE CREDITORS.

3 The projections are intended to assess the future cash flow available to the  
4 Debtor for making the distributions required by the Plan. Significant assumptions underlying  
5 the financial projections include the following:

6 1. Effective Date of the Plan

7 For the purpose of the Projections, the Debtor estimates that the Confirmation  
8 Date will occur in or about September 16, 2013 and hence, that the Effective Date will occur in  
9 or about September 31, 2013.

10 2. Earnings Generated by Pacific Thomas Properties.

11 The Debtor's projection of the future earnings which will be generated by the  
12 Pacific Thomas Properties through rental revenues and or the refinance or sale of Pacific  
13 Thomas Properties is derived from Debtor's estimate of the revenue which the Pacific Thomas  
14 Properties will generate after the Confirmation Date.

15 3. Expenses of the Debtor

16 The Debtor has assumed, for the purpose of the Projections, that its expenses will not  
17 increase by any significant amount, except as specifically set forth in the Projections, during  
18 the term of the Plan.

19 The information contained in this Disclosure Statement is provided by the Debtor. The  
20 Plan Proponent represents that everything stated in the Disclosure Statement is true to the  
21 Proponent's best knowledge. The Court has not yet determined whether or not the Plan is  
22 confirmable and makes no recommendation as to whether or not you should support or oppose  
23 the Plan.

24 The financial data relied upon in formulating the Plan is based on the Debtor's post-  
25 petition financial projections, the Debtor's Bankruptcy Schedules, and the financial  
26 information contained in pleadings filed with the Bankruptcy Court. This information was not  
27 audited or reviewed by an independent accountant and the Debtor is unable to warrant or

1 represent that such financial information is without any inaccuracies, although Debtor believes  
2 it has made reasonable efforts under the circumstances to present such financial information  
3 fairly and accurately. The Debtor represents that everything stated in the Disclosure Statement  
4 is true to the best of Debtor's knowledge. The Court has not yet determined whether or not the  
5 Plan is confirmable and makes no recommendation as to whether or not you should support or  
6 oppose the Plan.

7 **THIS IS A SOLICITATION BY THE DEBTOR. THE REPRESENTATIONS**  
8 **HEREIN ARE THOSE OF THE DEBTOR AND NOT OF ITS ATTORNEYS OR**  
9 **CONSULTANTS. NO REPRESENTATIONS CONCERNING THE DEBTOR OR**  
10 **POST-CONFIRMATION DEBTOR, INCLUDING, BUT NOT LIMITED TO,**  
11 **REPRESENTATIONS AS TO THE POST-CONFIRMATION DEBTOR'S FUTURE**  
12 **ACTIVITIES, THE VALUE OF ITS PROPERTY, THE AMOUNT OF CLAIMS**  
13 **AGAINST THE DEBTOR'S ESTATE, OR ANY TAX EFFECT OF THE**  
14 **TRANSACTIONS PROPOSED UNDER THE PLAN, ARE AUTHORIZED BY THE**  
15 **DEBTOR, OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.**  
16 **ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE**  
17 **ACCEPTANCE OF THE PLAN THAT ARE IN ADDITION TO OR DIFFERENT**  
18 **FROM THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT**  
19 **SHOULD NOT BE RELIED UPON BY ANY PARTY IN INTEREST. ANY SUCH**  
20 **ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED**  
21 **TO THE DEBTOR'S ATTORNEYS WHO, IN TURN, WILL DELIVER THE**  
22 **INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS THE**  
23 **BANKRUPTCY COURT MAY DEEM TO BE APPROPRIATE.**

24 **UNLESS SPECIFICALLY SET FORTH HEREIN TO THE CONTRARY, THE**  
25 **INFORMATION CONTAINED OR REFERRED TO IN THIS DISCLOSURE**  
26 **STATEMENT REGARDING THE DEBTOR HAS NOT BEEN SUBJECT TO**  
27 **CERTIFIED AUDIT. RECORDS KEPT BY THE DEBTOR RELY FOR THEIR**

1 ACCURACY ON BOOKKEEPING PERFORMED INTERNALLY BY THE DEBTOR.  
2 THE DEBTOR BELIEVES THAT EVERY REASONABLE EFFORT HAS BEEN  
3 MADE TO PRESENT FINANCIAL INFORMATION AS ACCURATELY AS IS  
4 REASONABLY PRACTICABLE GIVEN THE NATURE AND HISTORY OF THE  
5 DEBTOR'S BUSINESS AND THE CONDITION OF THE DEBTOR'S BOOKS AND  
6 RECORDS. HOWEVER, THE FINANCIAL INFORMATION CONTAINED HEREIN  
7 REGARDING THE DEBTOR IS NEITHER WARRANTED NOR REPRESENTED TO  
8 BE FREE OF INACCURACY. COUNSEL FOR THE DEBTOR HAS NOT  
9 INDEPENDENTLY VERIFIED THE INFORMATION CONTAINED HEREIN AND  
10 MAKES NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE  
11 ACCURACY THEREOF.

12 ALL PARTIES ENTITLED TO VOTE ON THE PLAN ARE URGED TO  
13 REVIEW CAREFULLY THE PLAN AND THIS DISCLOSURE STATEMENT PRIOR  
14 TO VOTING ON THE PLAN. THE CONTENTS OF THIS DISCLOSURE  
15 STATEMENT SHOULD NOT BE CONSTRUED IN ANY MANNER TO BE LEGAL,  
16 BUSINESS, OR TAX ADVICE. EACH CREDITOR AND OTHER PARTY IN  
17 INTEREST SHOULD CONSULT WITH HIS OWN LEGAL COUNSEL, BUSINESS  
18 ADVISOR, CONSULTANT, AND/OR ACCOUNTANT PRIOR TO VOTING TO  
19 ENSURE A COMPLETE UNDERSTANDING OF THE TERMS OF THE PLAN. THIS  
20 DISCLOSURE STATEMENT IS INTENDED FOR THE SOLE USE OF THE  
21 CREDITORS AND INTEREST HOLDERS OF THE DEBTOR TO ENABLE THEM  
22 TO MAKE AN INFORMED DECISION REGARDING THE PLAN.

23 THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT  
24 INDICATES ONLY THAT THE DISCLOSURE STATEMENT CONTAINS  
25 ADEQUATE INFORMATION FOR THE PURPOSE OF SOLICITATION OF  
26 ACCEPTANCES TO THE PLAN BY THE DEBTOR, ASSUMING IT IS ACCURATE.  
27 HOWEVER, THE BANKRUPTCY COURT HAS NOT YET DETERMINED THE

1 ACCURACY OF SUCH INFORMATION. IT MAY DO SO AT THE  
2 CONFIRMATION HEARING.

3 **1.04 Definitions, Interpretations and Rules of Construction**

4 **1.04.1 Definitions**

5 1. **“Administrative Claim”** means a Claim for costs and expenses of the  
6 administration of the Case under Sections 503(b) or 507(b) of the Bankruptcy Code, including,  
7 without limitation: (a) the actual and necessary costs and expenses incurred after the Petition  
8 Date of preserving the Estate and operating the business of the Debtor (such as wages, salaries,  
9 or commissions for services); (b) all Claims of professionals employed at the expense of the  
10 Estate; and (c) any fees or charges assessed against the Estate under 28 U.S.C. § 1930.

11 2. **“Allowed Administrative Claim”** means an Administrative Claim allowed  
12 pursuant to Sections 503(b) or 507(b) of the Bankruptcy Code.

13 3. **“Allowed Amount”** means the amount of any Claim against the Debtor  
14 determined in accordance with Sections 502 and 506(a) of the Bankruptcy Code and any other  
15 applicable Section of the Bankruptcy Code, and recognized by the Debtor as value or allowed  
16 by Final Order of the Court, except to the extent described or defined otherwise herein.

17 4. **“Allowed Claim”** means a Claim: (a) with respect to which a Proof of Claim  
18 has not been filed but the Claim has been listed in the Schedules filed with the Bankruptcy  
19 Court by the Debtor and not listed as disputed, contingent, or unliquidated as to amount and as  
20 to which no objection is filed within the time period fixed by the Bankruptcy Court, or as to  
21 which any such objection has been determined by a Final Order; or (b) with respect to which a  
22 Proof of Claim has been filed within the time period fixed by the Bankruptcy Court, and as to  
23 which no objection is filed within the time period fixed by the Bankruptcy Court, or as to  
24 which any such objection has been determined by a Final Order. **Class \_\_\_ Claim** means an  
25 Allowed Claim in the particular Class described.

26 5. **“Allowed Class \_\_\_ Claim”** means an Allowed Claim in the particular Class  
27 described.

1           6.        **“Allowed Class Interest”** means an Allowed Interest in the particular Class  
2 described

3           7.        **“Allowed General Unsecured Claim”** means an unsecured Allowed Claim  
4 against the Debtor, however arising, not entitled to priority under Section 507(a) of the  
5 Bankruptcy Code, including, without limitation, an Allowed Claim based on the rejection of an  
6 executory contract or unexpired lease.

7           8.        **“Allowed Priority Claim”** means an Allowed Administrative Claim, Allowed  
8 Priority Tax Claim, or Allowed Priority Unsecured Claim.

9           9.        **“Allowed Priority Tax Claim”** means an Allowed Claim entitled to priority  
10 pursuant to Section 507(a)(8) of the Bankruptcy Code.

11          10.       **“Allowed Priority Unsecured Claim”** means an Allowed Claim entitled to  
12 priority pursuant to Sections 507(a)(3), 507(a)(4), or 507(a)(6) of the Bankruptcy Code.

13          11.       **“Allowed Secured Claim”** means an Allowed Claim secured by a lien, security  
14 interest or other charge against property in which the Estate has an interest, or which is subject  
15 to setoff under Section 553 of the Bankruptcy Code, to the extent of the value, determined in  
16 accordance with Section 506(a) of the Bankruptcy Code, of the interest of the holder of such  
17 Allowed Secured Claim in the Estate’s interest in such property, or to the extent of the amount  
18 subject to any setoff, as the case may be.

19          12.       **“Amended Bank of the West Note 1 Security Documents”** means the Bank  
20 of the West Note 1 Security Documents as they relate to the collateral securing the Bank of the  
21 West Note 1, as amended pursuant to the Plan.

22          13.       **“Amended Jacol Note 1 Security Documents”** means the Private Mortgage  
23 Fund Note 1 Security Documents as they relate to the collateral securing the Private Mortgage  
24 Fund Note 1, as amended pursuant to the Plan.

25          14.       **“Amended Private Mortgage Fund LLC Security Documents”** means the  
26 Private Mortgage Fund LLC Note 1 Security Documents as they relate to the collateral  
27 securing the Private Mortgage Fund LLC Note 1, as amended pursuant to the Plan.

1           15.    “**Amended Summit Bank Note 1 Security Documents**” means Summit Bank  
2 Note 1 Security Documents as they relate to the Summit Bank Note 1 Collateral securing the  
3 Summit Bank Note 1, as amended pursuant to the Plan.

4           16.    “**Approved Date**” means the date on which an Order approving the Disclosure  
5 Statement, or an amended version thereof, is entered by the clerk on the Court's docket.

6           17.    “**Avoidance Action**” means any action which is filed or which may be filed  
7 pursuant to the provisions of Sections 510, 542, 543, 544, 545, 547, 548, 549, or 550 of the  
8 Bankruptcy Code, any actions based on applicable non Bankruptcy law that may be  
9 incorporated or brought under the foregoing sections of the Bankruptcy Code, or any other  
10 similar action or proceeding filed to recover property for or on behalf of the Estate or to avoid  
11 a lien or transfer.

12           18.    “**Ballot**” means the form distributed to holders of claims and interests on which  
13 is to be stated an acceptance or rejection of the Plan.

14           19.    “**Bankruptcy Code**” means Title 11 of the United States Code, as now in  
15 effect or hereafter amended. All citations in the Plan to section numbers are to the Bankruptcy  
16 Code unless otherwise expressly indicated.

17           20.    “**Bankruptcy Court**” means the United States Bankruptcy Court for the  
18 Northern District of California, Oakland Division which has jurisdiction over the Case and the  
19 Estate of the Debtor, or such successor court or tribunal as may hereafter be confirmed or  
20 created by lawful authority with power to confirm reorganization plans under Chapter 11 of the  
21 Bankruptcy Code and all applicable statutes, rules, and regulations pertaining thereto.

22           21.    “**Bankruptcy Rules**” means the Federal Rules of Bankruptcy Procedure and the  
23 Local Bankruptcy Rules for use in the Bankruptcy Court, as now in effect or hereafter  
24 amended.

25           22.    “**Bank of the West**” means Bank of the West, the holder of the beneficial  
26 interest in the 1st Mortgage encumbering the Bank of the West Note 1 Collateral.

27



1           23. **“Bank of the West Note 1”** means that certain Promissory Note secured by a <sup>1st</sup>  
2 trust deed encumbering the Bank of the West Note 1 Collateral

3           24. **“Bank of the West Note 1 Collateral”** means the <sup>1st</sup> deed of trust encumbering  
4 the property located at 2615 East 12<sup>th</sup> Oakland, CA, on APN 25-701-6-4.

5           25. **“Bank of the West First Note 1”** means that certain Promissory Note which  
6 amends the Bank of the West Note 1 and is to be executed by the Reorganized Debtor and  
7 Bank of the West pursuant to the Plan.

8           26. **“Bar Date”** means the last date for filing Proofs of Claim other than  
9 Administrative Claims or Claims based upon the rejection of any executory contracts or  
10 unexpired leases. The Bar Date for filing Proofs of Claim for all creditors except a  
11 governmental unit was set by the Bankruptcy Court as December 10, 2012.

12           27. **“Business Day”** means any day other than a Saturday, Sunday, or “legal  
13 holiday” (as defined in Bankruptcy Rule 9006(a)).

14           28. **“Case”** means the Debtor’s Chapter 11 case which was filed in the Bankruptcy  
15 Court, as 12-46534

16           29. **“Cash”** means cash and cash equivalents, including, but not limited to, checks  
17 or similar forms of payment or exchange.

18           30. **“Claim”** means: (a) a right to payment from the Debtor, whether or not such  
19 right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured,  
20 disputed, undisputed, legal, equitable, secured, or unsecured, or (b) a right to an equitable  
21 remedy for breach of performance if such breach gives rise to a right to payment from the  
22 Debtor, whether or not such right to an equitable remedy is reduced to judgment, liquidated,  
23 unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or  
24 unsecured.

25           31. **“Claimant”** means the holder of a Claim.

26 //

27 //

1           32.    “**Class**” means a grouping into which Claims or Interests which are  
2 substantially similar to other Claims or Interests have been classified pursuant to Article IV of  
3 the Plan.

4           33.    “**Confirmation**” means the entry of the Confirmation Order by the Bankruptcy  
5 Court.

6           34.    “**Confirmation Date**” means the date on which the Confirmation Order is  
7 entered by the Bankruptcy Court.

8           35.    “**Confirmation Hearing**” means the hearing, including any continued or  
9 postponed session thereof, at which time the Bankruptcy Court will consider and determine  
10 whether to confirm the Plan.

11          36.    “**Confirmation Order**” means the order, as entered, of the Bankruptcy Court  
12 confirming the Plan pursuant to Section 1129 of the Bankruptcy Code.

13          37.    “**Creditor**” means the holder of an Allowed Claim.

14          38.    “**Debtor**” means Pacific Thomas Corporation, the debtor in the Case.

15          39.    “**Disallowed Claim**” means a Claim against the Debtor, which Claim is  
16 disallowed pursuant to an order of the Bankruptcy Court as to which eleven (11) calendar days  
17 have passed following entry of such order and no stay pending an appeal of such order is  
18 obtained during such period

19          40.    “**Disbursing Agent**” means the person or entity charged with making  
20 Distributions pursuant to the terms of the Plan. Pursuant to the Plan, the Court shall appoint a  
21 neutral person or entity to serve as the Disbursing Agent under the Plan.

22          41.    “**Disclosure Statement**” means the Disclosure Statement (and all exhibits or  
23 schedules annexed thereto or referenced therein) which accompanies the Plan, as the  
24 Disclosure Statement may be amended, modified, or supplemented from time to time in  
25 accordance with the Bankruptcy Code and Bankruptcy Rules.

26          42.    “**Disputed Claim**” means any Claim: (a) listed on the Debtor’s Schedules as  
27 unliquidated, disputed, or contingent; or (b) as to which the Debtor, or any other party in

1 interest, has interposed a timely objection or request for estimation or subordination in  
2 accordance with the Bankruptcy Code and the Bankruptcy Rules, which objection or request  
3 for estimation or subordination has not been withdrawn or determined by a Final Order. A  
4 Claim will be considered a Disputed Claim in its entirety if an objection is timely filed to any  
5 portion of such Claim.

6 43. **“Disputed Claims Reserve Account”** means the segregated account to be  
7 created for holding the pro-rata share of any Disputed Claims pending final resolution of the  
8 Disputed Claim.

9 44. **“Distribution”** means the Cash which is required to be distributed under the  
10 Plan to the holders of Allowed Claims.

11 45. **“Effective Date”** means the date not later than ninety (90) days following the  
12 date upon which the Confirmation Order becomes a Final Order; provided, however, that, if an  
13 appeal of the Confirmation Order is timely filed, the Debtor may elect to cause the Plan to  
14 become effective, notwithstanding the pendency of such appeal, so long as no stay of the  
15 Confirmation Order is in effect, by filing with the Bankruptcy Court a notice of such election,  
16 in which event the Plan will become effective as provided herein.

17 46. **“Equity Security Holder”** means the holder of an Interest in the Debtor.

18 47. **“Estate”** means the estate created under Section 541 of the Bankruptcy Code in  
19 the Case.

20 48. **“Exhibits”** means those exhibits annexed to the Plan or Disclosure Statement or  
21 incorporated by reference in the Plan or Disclosure Statement.

22 49. **“File,” “Filed,” or “Filing”** means filed with the Bankruptcy Court having  
23 jurisdiction over the Case.

24 50. **“Final Distribution”** means, for each Class, the last Distribution to be made to  
25 holders of Allowed Claims in that Class

26 51. **“Final Order”** means an order or judgment of the Bankruptcy Court, or of any  
27 court of competent jurisdiction where there is pending an action in which the Debtor is a party,

1 which has not been reversed, stayed, modified, or amended, and as to which: (a) the time to  
2 appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which  
3 no appeal, petition for certiorari, or other proceeding for reargument or rehearing shall then be  
4 pending; or (b) any right to appeal, petition for certiorari, reargument, or rehearing shall have  
5 been waived in writing in form and substance satisfactory to the Debtor; or (c) any appeal,  
6 petition for certiorari, reargument or rehearing has been resolved by the highest court to which  
7 the order or judgment was appealed timely or from which certiorari, reargument, or rehearing  
8 was sought.

9 52. **“Financial Projections”** means the financial statements prepared by the  
10 Debtor which sets forth, among other things, the Debtor's cash flow projections, and which is  
11 attached as Exhibit "C" hereto.

12 53. **“General Unsecured Claim”** means an unsecured Claim against the Debtor  
13 that is not entitled to priority under Section 507(a) of the Bankruptcy Code, including, without  
14 limitation, a Claim based on the rejection of an executory contract or unexpired lease.

15 54. **“Interest”** means a membership interest in the Debtor.

16 55. **“Jacol”** means Jacol LLC, the holder of the beneficial interest in the 2<sup>nd</sup> deed of  
17 trust encumbering the Jacol Note 1 Collateral.

18 56. **“Jacol Note 1”** means that certain Promissory Note secured by a second deed  
19 of trust encumbering Jacol Note 1 Collateral.

20 57. **“Jacol First Note 1”** means that certain Promissory Note which amends the  
21 Jacol Note 1 and is to be executed by the Reorganized Debtor and Jacol pursuant to the Plan.

22 58. **“Jacol Note 1 Collateral”** means the 2<sup>nd</sup> Deed of trust encumbering the  
23 Property located in Oakland, CA on APNs 25-697-2-4, 25-697-3-6, 25-697-7-14.

24 59. **“Net Sales Proceeds”** means all of the Cash proceeds from the sale of the assets  
25 of the Estate minus all costs of sale and administrative expenses of the Estate including, but not  
26 limited to, the fees and expenses of the Disbursing Agent and Professionals employed by the  
27

1 Estate, income taxes and payments pursuant to the Plan to creditors holding Allowed  
2 Administrative Claims, Allowed Priority Claims and/or Allowed Secured Claims.

3 60. **“Order”** means an order or judgment of the Bankruptcy Court as entered on  
4 the Court's docket.

5 61. **“Pacific Thomas Properties”** means the Properties located on APNs 25-697-2-4,  
6 25-697-3-6, 25-697-7-14, APN 25-701-6-4, and APNs 25-693-8, 19-102-4, 25-701-11, 25-  
7 697-7-15, 25-707-14-2.

8 62. **“Person”** means any individual, corporation, general partnership, limited  
9 partnership, association, joint stock company, joint venture, estate, trust, government or any  
10 political subdivision, governmental unit (as defined in the Bankruptcy Code) or official  
11 committee appointed by the United States Trustee.

12 63. **“Petition Date”** means August 6, 2012, the date on which the Debtor filed its  
13 voluntary petition under Chapter 11 of the Bankruptcy Code, commencing the Case.

14 64. **“Plan”** means the Debtor's Chapter 11 Plan of Reorganization, as the Plan may  
15 be amended, modified, or supplemented from time to time in accordance with the Bankruptcy  
16 Code and Bankruptcy Rules.

17 65. **“Post-Confirmation Estate Claims”** means any and all claims and causes of  
18 action which constitute property of the Estate including, but not limited to, any Avoidance  
19 Actions, whether or not such claims or causes of action are the subject of litigation pending as  
20 of the Effective Date.

21 66. **“Post-Petition Earnings”** means any funds received by Debtor since the  
22 Petition Date.

23 67. **“Priority Claim”** means an Administrative Claim, Priority Tax Claim, or  
24 Priority Unsecured Claim.

25 68. **“Priority Tax Claim”** means a Claim asserted to have priority under Section  
26 507(a)(8) of the Bankruptcy Code.

27 //

1           69.    “**Priority Unsecured Claim**” means a Claim asserted to have priority under  
2 Sections 507(a)(3), 507(a)(4), or 507(a)(6) of the Bankruptcy Code.

3           70.    “**Private Mortgage Fund**” means Private Mortgage Fund, LLC, the holder of  
4 the beneficial interest in the 1<sup>st</sup> deed of trust encumbering the Private Mortgage Fund Note 1  
5 Collateral

6           71.    “**Private Mortgage Fund Note 1**” means that certain Promissory Note secured  
7 by a first deed of trust encumbering the Private Mortgage Fund Note 1 Collateral.

8           72.    “**Private Mortgage Fund First Note 1**” means that certain Promissory Note  
9 which amends the Private Mortgage Fund Note 1 and is to be executed by the Reorganized  
10 Debtor and Private Mortgage Fund pursuant to the Plan.

11          73.    “**Private Mortgage Fund Note 1 Collateral**” means the 1<sup>st</sup> Deed of trust  
12 encumbering the Property located at 1111 29<sup>th</sup> Ave, 2783 East 12<sup>th</sup> Avenue and the, 2801 East  
13 12<sup>th</sup> Street parking lot in Oakland, CA on APNs 25-697-2-4, 25-697-3-6, 25-697-7-14.

14          74.    “**Professionals**” means professionals, such as attorneys, consultants or  
15 accountants employed by the Debtor in this case after the confirmation of the Plan, including  
16 but not limited to, Anne-Leith Matlock.

17          75.    “**Pro Rata**” means the proportional amount of any one Claim or Equity Interest  
18 in a Class or a group of Claims to the aggregate amount of all Claims or Equity Interests in the  
19 same Class or group, including Disputed Claims until disallowed.

20          76.    “**Proof of Claim**” means a statement under oath filed in the Case by a Claimant  
21 in which the Claimant sets forth the amount claimed to be owed to it and sufficient detail to  
22 identify the basis for the Claim, in accordance with Federal Rule of Bankruptcy Procedure  
23 3001.

24          77.    “**PTC**” means Pacific Thomas Corporation.

25          78.    “**Reorganized Debtor**” means the Debtor, Pacific Thomas Corporation, on and  
26 after the Effective Date, who shall assume all of the rights and obligations of the Debtor  
27

1 together with title to and control of the Debtor's assets and liabilities upon Confirmation of the  
2 Plan, as such rights, obligations, assets and liabilities are modified in the Plan

3 79. **"Schedules"** means the Schedules of Assets and Liabilities and Statement of  
4 Financial Affairs filed by the Debtor in the Case, as amended, modified, or supplemented from  
5 time to time.

6 80. **"Secured Claim"** means a Claim secured by a lien, security interest or other  
7 charge against property in which the Estate has an interest, or which is subject to setoff under  
8 Section 553 of the Bankruptcy Code, to the extent of the value, determined in accordance with  
9 Section 506(a) of the Bankruptcy Code, of the interest of the holder of such Secured Claim in  
10 the Estate's interest in such property, or to the extent of the amount subject to any setoff, as the  
11 case may be.

12 81. **"Secured Creditor"** shall mean the holder of an Allowed Secured Claim.

13 82. **"Summit Bank"** means Summit Bank, the holder of the beneficial interest in  
14 the 1<sup>st</sup> deed of trust encumbering the Summit Bank Note 1 Collateral.

15 83. **"Summit Bank Note 1"** means that certain Promissory Note secured by a 1<sup>st</sup>  
16 trust deed encumbering the Summit Bank Note 1 Collateral.

17 84. **"Summit Bank Note 1 Collateral"** means the Building located at 1113-1115  
18 29<sup>th</sup> Ave, the 23<sup>rd</sup> Ave Cul de sac parking area, and the 2901 East 12<sup>th</sup> Street Parking Lot(s)  
19 located in Oakland, CA on APNs 25-693-8, 19-102-4, 25-701-11, 25-697-7-15, 25-707-14-2.

20 85. **"Summit Bank First Note 1"** means that certain Promissory Note which  
21 amends the Summit Bank Note 1 and is to be executed by the Reorganized Debtor and Summit  
22 Bank pursuant to the Plan.

23 86. **"Tax Collector"** means the County Treasurer/Tax Collector or its successors-  
24 in-interest

25 87. **"Unclaimed Distribution"** means any Distribution which is unclaimed as a  
26 result of any of the following: (a) checks which have been returned as undeliverable without a  
27 proper forwarding address; (b) checks which were not mailed or delivered because of the

1 absence of a proper address to which to mail or deliver the same; (c) checks which remain un-  
2 negotiated for a period of ninety (90) days after the date of issuance.

3 88. **“Unclassified Claims”** means the Allowed Amount of all Administrative  
4 Claims of the Debtor's Case, allowed pursuant to Section 503(b) of the Bankruptcy Code; and  
5 (ii) all Priority Tax Claims entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy  
6 Code.

7 89. **“Unsecured Creditors”** means Creditors holding Allowed Unsecured Claims  
8 against the Debtor for which there are no assets of the Debtor serving as a security, but not  
9 including Priority Claims.

10 90. **“Wage Claimant”** means a Claimant asserting a Claim pursuant to Section  
11 507(a)(3) or (a)(4) of the Bankruptcy Code.

#### 12 **1.04.2 Undefined Terms**

13 Any term used in the Disclosure Statement that is not defined in the Disclosure  
14 Statement, either in Section 1.03.1 (Definitions) or elsewhere, but that is used in the  
15 Bankruptcy Code or the Bankruptcy Rules has the meaning assigned to that term in the  
16 Bankruptcy Code or the Bankruptcy Rules.

### 17 **1.05 Interpretations, Computation of Time and Governing Law**

#### 18 **1.05.1 Rules of Interpretation**

19 For the purposes of the Disclosure Statement:

20 1. Whenever, from the context, it is appropriate, each term, whether stated in the  
21 singular or the plural, shall include both the singular and the plural.

22 2. Any reference in the Plan to a contract, instrument, release or other agreement  
23 or document being in a particular form or on particular terms and conditions means that such  
24 document shall be substantially in such form or substantially on such terms and conditions.

25 3. Any reference in the Plan to an existing document or Exhibit Filed or to be  
26 Filed means such document or Exhibit, as it may have been or may be amended, modified, or  
27 supplemented as of the Confirmation Date.



1           4.       Unless otherwise specified in a particular reference in the Plan, all references in  
2 the Plan to Sections, Articles or Exhibits are references to Sections, Articles and Exhibits of or  
3 to the Plan.

4           5.       Unless otherwise specified in a particular reference in the Plan, the words  
5 "herein," "hereof," "hereto," "hereunder," and others of similar import refer to the Plan in its  
6 entirety rather than only to a particular paragraph, subparagraph, or clause contained in the  
7 Plan.

8           6.       Captions and headings to Articles and Sections are inserted for convenience of  
9 reference only and are not intended to be a part of or to affect the interpretation of the Plan.

10          7.       The rules of construction set forth in Bankruptcy Code Section 102 shall apply.

11          8.       The provisions of the Plan will control over any description thereof contained in  
12 the Disclosure Statement.

13          9.       Any term used in the Plan that is not defined in the Plan, but that is used in the  
14 Bankruptcy Code or in the Bankruptcy Rules shall have the meaning assigned to that term in  
15 (and shall be construed in accordance with the rules of construction under) the Bankruptcy  
16 Code or the Bankruptcy Rules. Without limiting the foregoing, the rules of construction set  
17 forth in Section 102 of the Bankruptcy Code shall apply hereto. The definitions and rules of  
18 construction contained herein do not apply to the Disclosure Statement or to the exhibits to the  
19 Plan except to the extent expressly so stated in the Disclosure Statement or in each exhibit to  
20 the Plan.

21          10.       Except to the extent that federal law, including the Bankruptcy Code or the  
22 Bankruptcy Rules are applicable, the rights and obligations arising under the Plan shall be  
23 governed by, and construed and enforced for all purposes in accordance with, the laws of the  
24 state of California, without giving effect to any principles of conflict of laws thereof.

25 All exhibits to the Plan are incorporated into the Plan and will be deemed to be included in the  
26 Plan, regardless of when they are filed.

27 //

1                   **1.05.2   Computing Time Periods**

2                   In computing any period of time prescribed or allowed by the Plan, the provisions of  
3 Bankruptcy Rule 9006(a) shall apply.

4                   **1.05.3   Section Numbers**

5                   References in the Plan and Disclosure Statement to a Code section are references to the  
6 United States Bankruptcy Code (Title 11 of the United States Code) except as otherwise  
7 indicated.

8                   **1.05.4   Notices and Delivery of Documents**

9                   All notices, correspondence, and other deliveries under this Disclosure Statement must  
10 be directed as follows:

<p>11                   To the Debtor or 12                   Reorganized Debtor:</p>	<p>Pacific Thomas Corporation Attn: Randall Whitney 1818 Mt. Diablo Blvd., Suite D, Walnut Creek, CA</p>
<p>13                   With a Copy to:</p>	<p>Matlock Law Group, P.C. Anne-Leith Matlock 1485 Treat Blvd., Suite 200, Walnut Creek, CA 94597 Telephone: 14 (925) 944-7131</p>

15  
16                   **ARTICLE II.**

17                   **BACKGROUND**

18                   **2.01   Description and History of the Debtor’s Business**

19                   The Debtor Pacific Thomas Corporation (PTC) is a real estate investment and  
20 development company doing business since 1951 in California and, previously, also Hawaii.  
21 PTC currently controls an approximate ten (10) acre site next door to Fruitvale BART station  
22 in Oakland California, that is assembled with eight (8) legal and contiguous parcels. The  
23 portfolio is anchored by the company-owned self-storage facility “Safe Storage” that is  
24 currently leased to Pacific Trading Ventures.

25                   PTC property portfolio comprises a total of 10 acres of transit-oriented site area in  
26 Oakland California adjacent to the Fruitvale BART station. The properties are situated within  
27 Oakland’s Coliseum/Airport redevelopment project area.

1 A significant part of PTC's Oakland portfolio property is master leased by the Pacific  
2 Trading Ventures, the Safe Storage Management Company business. See **Exhibit H**. The Safe  
3 Storage/Safe Parking business operation occupies approximately 210,000 SF site area, and  
4 consists of approximately 100,000 SF of net rentable square feet spanning 11 self storage  
5 buildings and 80 parking stalls for RV & Boat storage.

6 Next to the Safe Storage self storage operation are two commercial buildings, primarily  
7 consisting of (1) 7200 SF commercial building on a 25,000 SF lot and (2) a 10,000 commercial  
8 building on a 12,500 SF lot. Both buildings have adjacent parking, as well, both share a corner  
9 lot (approx 13,500 SF) which provides parking to either building. These buildings and corner  
10 parking lot comprise entire corner property at busy intersection of East 12<sup>th</sup> Street and 29<sup>th</sup>  
11 Avenue, Oakland Ca. This intersection is one of three primary entries into the entire  
12 community from the major 880 Interstate highway.

13 The first building is located at 1111 29<sup>th</sup> Avenue, Oakland CA 94601 (APN#: 25-697-  
14 3-6) also referred to as the "Tuffy Building". The subject property houses a commercial, retail-  
15 grade building, which sits immediately adjacent to the Safe Storage facility. The building has  
16 approximately 7,200 square feet of lease space and a total land size of 24,882 square feet. This  
17 building will need tenant improvements as required by the current lease agreement with  
18 PPM group.

19 The second building is located at 2783 East 12<sup>th</sup> Street, Oakland, CA (APN #: 25- 697-  
20 02-04), also referred to as the "Morse Building". This subject property is currently the main  
21 offices for the Safe Storage Management Company (using approximately 1450 SF for offices  
22 and retail lobby space). The building has approximately 10,000 SF of gross leasable area and  
23 total land size of 12,669 SF. The building will need additional tenant improvements as  
24 required by the lease agreement. Currently, the building has tenants in both Safe Storage  
25 Management Co and a group called MUA Group which utilizes approximately 2000 SF of the  
26 mezzanine floor.

27 //

1 The remainder of the property consists of the parking lot area next to the Fruitvale  
2 BART station – this site is comprised of approximately 60,000 SF of gross leasable square  
3 feet. This subject site has adjacent proximity to existing BART parking facilities and is best  
4 suited for parking support to the congested BART station. As of October 2010, BART sold off  
5 the last 600 stall parking lot to private development for future housing/mixed use, which will  
6 continue to provide a high demand for parking availability within the neighborhood.

7 Another 18,646 SF exists on the opposite side of the Safe Storage site and is currently  
8 being utilized to support the SAFE PARKING and BUDGET Truck Rental operations.

9 All of Debtor’s leases but the Master Lease, Exhibit H, managed by Pacific Trading  
10 Ventures.

#### 11 **2.02 Insiders of Debtor’s Business**

12 The Debtor Pacific Thomas Corporation consists of 5 shareholders, Randall Whitney,  
13 Jill Worsley, Edwin Thomas Revocable Living Trust, Roger W. Worsley, Stephen T. Worsley.  
14 Other family members and related entities are listed as creditors including, Richard Douglas  
15 Worsely, Thomas Koolaupoko Inv. c/o Darow/Whitney, Buhla R. Darrow Trust, Thomas  
16 Capital Investments, and Darrow Family Partners.

#### 17 **2.03 Management of the Debtor Before and After the Bankruptcy**

18 Management of the Debtor both before and after the filing of the Bankruptcy is by the  
19 Debtor’s officers, Randall Whitney and Jill Worsley, with management of all Pacific Thomas  
20 Properties but the Pacific Thomas Properties that are subject to the Master Lease, Exhibit G,,  
21 both before and after the filing of the Bankruptcy, by Pacific Thomas Ventures. Post-  
22 Confirmation, the Debtor’s business operations will be managed by Randall Whitney and John  
23 Loh (<http://www.lohrealty.com/about.html>; real estate broker and former chairman of the  
24 Board for the Port of Oakland). John Loh will act as Debtor’s CEO, will have final decision  
25 making authority for the term of the Plan, and will receive an hourly compensation for his  
26 management services, which Debtor estimates to be \$3,000 per month as shown in Exhibit G.

27 //

1           **2.04     Events Leading to Chapter 11 Filing**

2           Here is a brief summary of the circumstances that led to the filing of this Chapter 11  
3 case:

4           The Debtor’s loan with Summit Bank matured in March 2011, and its loans with the  
5 remaining secured creditors were set to mature in December, 2012 (Private Mortgage Fund)  
6 and December 2013 (Bank of the West.) The Debtor commenced discussions and negotiations  
7 with Summit Bank to pay off its loan. Summit Bank, however, consistently refused to provide  
8 the Debtor with an actual payoff amount resulting in the Debtor losing various refinance  
9 opportunities as Summit Bank never provided its payoff amount. Instead, Summit Bank  
10 commenced an action for specific performance to appoint a receiver, RG11574626. Unable to  
11 refinance due to the Summit Bank intransigence and with the Summit Bank loan due, on  
12 August 6, 2012, the Debtor filed for protection under Chapter 11 of the federal bankruptcy  
13 code.

14           **Significant Events During the Bankruptcy**

15           **i.           Bankruptcy Proceedings**

16           The following is a chronological list of significant events which have occurred during  
17 this case:<sup>3</sup>

18           This case was commenced by Debtor’s filing of a voluntary petition for relief under  
19 Chapter 11 on August 6, 2012. Subsequent to the filing of the case, Matlock Law Group, P.C.  
20 filed its application for employment on August 15, 2012. See Court Docket No. 16-18. On  
21 September 10, 2012, the First Meeting of Creditors under section 341 of the Bankruptcy Code  
22 was held and concluded. On October 4, 2012, the Court issued an order approving the  
23 employment of Matlock Law Group, P.C. as Debtor and Debtor-In-Possession’s general  
24 insolvency counsel. Court Docket No. 106. On November 21, 2012, Matlock Law Group, P.C.

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26  
27           <sup>3</sup> This is only a summary of the docket and the Orders described above. The docket and the Orders  
should be consulted for an exact description of their contents and terms. In the event of any discrepancy  
between this summary and the docket or the Orders, the terms of the docket and the Orders shall control.

1 filed an interim fee application, Court Docket No. 152 and 153, and the Court granted an  
2 interim fee award on December 18, 2012. Court Docket No 180. On September 20, 2013, the  
3 Court approved on an interim basis the cash collateral stipulations Debtor had negotiated and  
4 entered into with Private Mortgage Fund, Private Capital Investments, and Summit Bank,  
5 respectively, on an interim basis, pending final hearing. Court Docket No. 90, 91, 92. After a  
6 final hearing, the Court approved the afore-mentioned stipulations. Court Docket No. 122, 127,  
7 127<sup>4</sup>. On November 2, 2012, the Court approved the cash collateral stipulation by and between  
8 Debtor and Bank of the West Court Docket No. 137.

9 On January 8, 2013, an order approving the appointment of Chapter 11 Trustee was  
10 entered, Pacific Thomas Corporation was no longer the debtor-in-possession and was ordered  
11 to not make any disbursements. On April 26, 2013, the Court approved the cash collateral  
12 stipulations entered into by the Chapter 11 Trustee and Bank of the West, Summit Bank,  
13 Private Mortgage Fund and Private Capital Investments, respectively. On April 11, 2013 an  
14 Emergency Motion for Issuance of Temporary Restraining Order was filed by the Chapter 11  
15 Trustee. Also on April 11, 2013, the Chapter 11 Trustee filed a complaint against Randall  
16 Whitney, Pacific Trading Ventures, Pacific Trading Ventures, Ltd., and Jill Worsley, Adv.  
17 Case No. 13-04079. On May 30, 2013, the Chapter 11 Trustee filed a motion to sell certain real  
18 real property free and clear of Pacific Trading Ventures' leasehold interest, which the Chapter  
19 11 Trustee disputes. The motion was granted on July 1, 2013. The trustee has not yet obtained  
20 court approval of any sale of any of Debtor's assets free and clear of the secured creditors'  
21 interests.

22 See Court's Docket for a detailed list of orders and proceedings in Debtor's Chapter 11  
23 case.

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27 <sup>4</sup> An amended order after final hearing was entered by the Court on October 23, 2012. Court Docket No.  
131.

1                   **ii.           Other Legal Proceedings**

2           In addition to the proceedings discussed above, the Debtor is/was involved in the  
3 following non-Bankruptcy legal proceedings in the State of California Superior Court for the  
4 County of Alameda:

- 5                   a) Summit Bank vs. Pacific Thomas (RG11) Case # RG11574626,
- 6                   b) Pacific Thomas vs. Summit Bank (RG12) Case # RG12624629 (dismissed).

7                   **iii.           Procedures Implemented to Resolve Financial Problems**

8           To attempt to fix the problems that led to the Bankruptcy filing, Debtor has  
9 implemented the following procedures:

10           The Debtor has recently obtained (i) a Conditional Loan Commitment, Exhibit F, and  
11 (ii) a Term Sheet (not attached) proposing financing from third party lenders / funding sources  
12 for the funding of a loan to refinance all debt encumbering the Pacific Thomas Properties.  
13 Debtor will work to close a refinance loan, either as currently offered through the Conditional  
14 Loan Commitment from a third party lender / funding source, as currently proposed in a Term  
15 Sheet from a third party lender / funding source, or a loan with like terms through a third party  
16 lender / funding source. The third party funding source conditional loan commitment makes  
17 provision for an interest reserve so that on any given month as revenues fluctuate, the mortgage  
18 payment and payments to the unsecured creditors under the plan continue to be made. See  
19 Exhibit F, para. 2(d) of its Exhibit A. Although the ultimate funding source may end up being  
20 this lender or another third party, a provision for an interest reserve will most likely be a part of  
21 any funding plan used to cash out the sixty month restructuring notes. As described in Section  
22 3.03.1 below, Classes 1-6B shall be paid in full within sixty months from the refinance loan  
23 funds once the refinance loan closes and funds. Creditors will be paid on or before the 60<sup>th</sup>  
24 month following the Effective Date from net income resultant from the leasing, and or the  
25 sale/refinance of the Pacific Thomas Properties.

26 //

27 //

1           **2.05      Actual and Projected Recovery of Avoidable Transfers**

2           After a diligent review of its general ledger and its corporate books and records, the  
3 Debtor believes there are no voidable preferential transfers, fraudulent conveyances, or other  
4 avoidance actions to pursue.

5           **2.06      Claims Objections**

6           Except to the extent that a claim is already allowed pursuant to a final non-appealable  
7 order, the Debtor reserves the right to object to claims. Therefore, even if your claim is  
8 allowed for voting purposes, you may not be entitled to a distribution if an objection to your  
9 claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to  
10 your claim is later upheld. The procedures for resolving disputing disputed claims are set for  
11 the in Article VI of the Plan.

12          The deadline for filing objections to claims is 90 days after the Confirmation Date, or 90 days  
13 after the applicable claims deadline, whichever is later.

14           **2.07      Current and Historical Financial Conditions**

15          PTC is in the midst of converting two commercial buildings into a newly modernized,  
16 medical corner plaza to better serve the surrounding community. PTC will be converting this  
17 historical industrial corner into a new dual purpose medical clinic base. PTC expects to sign  
18 leases with the following groups within 90 days of the Confirmation Date (each of the below  
19 has signed a Letter of Intent to lease space):

- 20           • NorCal Imaging aka Norcal Imaging – 3000 SF ([www.radnet.com](http://www.radnet.com))
- 21           • APMC Highland Hospital – offsite parking and logistics([www.acmedctr.org](http://www.acmedctr.org))

22          RADNET aka NorCal Imaging ([www.radnet.com](http://www.radnet.com)) is currently considering 3600 SF,  
23 with monthly rental income targeted at approximately \$7,000 NNN. NorCal Imaging is the  
24 dominant service provider of medical diagnostic imaging services, such as XRay, CatScan,  
25 MRI and Mammography. NorCal Imaging would draw customers from Oakland’s Fruitvale  
26 and Chinatown/East Lake Merritt districts, as well as, Alameda medical community.

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1 Norcal Imaging (www.radnet.com) would provide the diagnostic imaging component  
2 that would create a more comprehensive specialized clinic. The expansion to our market is  
3 the result of the increasing demands for health care services in the Fruitvale neighborhood.

4 Additionally, Debtor has an executed lease with Planned Parenthood (7200 SF;  
5 [www.plannedparenthood.org](http://www.plannedparenthood.org)), assumes said lease under the Plan, and intends to move forward  
6 with Planned Parenthood's tenant improvement construction. With regard to the tenant  
7 improvements, PTC has a commitment to deliver approximately \$42 PSF tenant  
8 improvements, or approximately \$300,000, for a 10 year contract worth approximately  
9 \$150,000 per year lease income. The first installment of such tenant improvement payment, as  
10 shown in Exhibit G, shall be made by Debtor from available estimated Cash Debtor will have  
11 on hand by the Effective Date within the first full month after the Effective Date.

12 From rental income generated by the Pacific Thomas Properties, the Chapter 11 Trustee  
13 currently makes adequate protection payments to Debtor's secured creditors. Prior to the  
14 Chapter 11 Trustee's appointment, Debtor made adequate protection payments to the secured  
15 creditors pursuant to the negotiated and stipulated cash collateral budgets that had been  
16 approved by the court. See Section 2.04 *supra*.

17 The Debtor estimates as of the writing of this disclosure Statement that it will meet its  
18 debt service obligations on the Pacific Thomas Properties on the Effective Date and through  
19 the term of the Plan through cash flow generated by the net rental proceeds. Additionally,  
20 Debtor contemplates to meet its debt service obligations on the Pacific Thomas Properties  
21 through a refinance or sale of the Pacific Thomas Properties within 60 months of the Effective  
22 Date.

23 The identity and fair market value of the estate's assets are listed in Exhibit A. A  
24 summary of Debtor's projected financials is also attached hereto at **Exhibit C**.

25 A summary of the Debtor's projected monthly income and expenses is attached hereto  
26 as **Exhibit G**. A summary of the Debtors' periodic operating reports filed since the  
27 commencement of the Debtors' bankruptcy case is set forth in the following table:

	Gross Income	Expenses	Net Income	Ct. Docket #
August 2012	\$45,649	\$45,100	\$7,686	125
September 2012	\$71,800	\$49,366	\$22,434	132
October 2012	\$58,000	\$55,249	\$2,751	160
November 2012	\$114,113	\$148,558	(\$3,445)	201
December 2012	\$78,728	\$155,055	(\$76,328)	244
January 2013	\$156,325	\$331	\$155,994	245
February 2013	\$46,501	\$375	\$46,126	246
March 2013	\$72,425	\$17,402	\$55,023	273
April 2013	\$54,408	\$73,102	(\$18,694)	285
May 2013	\$108,466	\$140,615	(32,149)	313
<b>TOTAL</b>	\$806,415	\$685,153	\$59,398	

**ARTICLE III.**

**SUMMARY OF THE PLAN OF REORGANIZATION**

**3.01 What Creditors and Interest Holders Will Receive Under The Proposed Plan**

As required by the Bankruptcy Code, the Plan classifies claims and equity interests in various classes and describes the treatment each class will receive. The Plan states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan. The Plan provides for a five year structured payout per the treatment below with a balloon payment upon refinancing, prior to the sixtieth (60<sup>th</sup>) month after the Effective Date, at which time the real property secured claims shall be paid in full. All other claims shall be treated as outlined below.

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1           **3.02     Unclassified Claims**

2           Certain types of claims are not placed into voting classes; instead they are unclassified.  
3           They are not considered impaired and they do not vote on the Plan because they are  
4           automatically entitled to specific treatment provided for them in the Bankruptcy Code. As  
5           such, the Proponent has not placed the following claims in a class.

6                           **3.02.1    Administrative Expenses**

7           Administrative expenses are claims for costs or expenses of administering the Debtor's  
8           Chapter 11 case which are allowed under Code section 507(a)(2). The Code requires that all  
9           administrative claims be paid on the Effective Date of the Plan, unless a particular claimant  
10          agrees to a different treatment.

11          The following chart lists all of the Debtor's § 507(a)(2) administrative claims and their  
12          treatment under the Plan.

13

<u>Name</u>	<u>Amount Owed</u>	<u>Treatment</u>
Matlock Law Group, P.C., Debtor's Counsel	\$200,000(est.)	Paid on the Effective Date of the Plan.
Chapter 11 Trustee	\$50,000 (est.)	Paid on the Effective Date of the Plan.
Chapter 11 Trustee Counsel	\$100,000 (est.)	Paid on the Effective Date of the Plan.
Chapter 11 Trustee Accountant	\$5,000 (est.)	Paid on Effective Date
Clerk's Office Fees	\$0.00 (est.)	Paid on Effective Date
Office of the U.S. Trustee Fees	\$650 (2nd qtr 2013)	Paid on Effective Date
	TOTAL \$355,650.00	

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24                           **3.02.1.1   Court Approval of Fees Required**

25          The Court must rule on all professional fees listed in the above-stated chart before the  
26          fees will be owed. For all fees except Clerk's Office fees and U.S. Trustee's fees, the  
27          professional in question must file and serve a properly noticed professional fee application and

1 the Court must rule on the application. Only the amount of fees allowed by the Court will be  
2 owed and required to be paid under this Plan.

3 As indicated above, the Debtor will need to pay approximately \$355,650 worth of  
4 administrative claims on the Effective Date of the Plan unless the claimant has agreed to be  
5 paid later or the Court has not yet ruled on the claim. As indicated elsewhere in this Disclosure  
6 Statement, Debtor will have approximately \$600,000.00 in cash on hand on the Effective Date  
7 of the Plan. The source of this cash will be cash in Debtor's DIP bank accounts and cash from  
8 third party funding sources (new value) in an estimated amount of \$450,000. These third party  
9 funding sources are insiders of the Debtor who will receive shares in the Reorganized Debtor  
10 as well as a release from personal guarantees / third party liabilities in return for their  
11 investment, pursuant to a newly executed share repurchase agreement within ten days of  
12 Confirmation Date of the Plan. The cash on hand will be utilized to pay administrative claims  
13 and tenant improvements.

### 14 **3.02.2 Priority Tax Claims**

15 Priority tax claims are certain unsecured income, employment and other taxes described  
16 by Code Section 507(a)(8). Except to the extent that the holder of a particular Allowed Priority  
17 Tax Claim agrees to a different treatment thereof, the Code requires that each holder of an  
18 Allowed Priority Tax Claim receive the present value of such Allowed Priority Tax Claim in  
19 deferred Cash payments over a period not exceeding six years from the date of assessment of  
20 such tax.

#### 21 **3.02.2.1 Treatment of Allowed Priority Tax Claims**

22 Priority tax claims are certain unsecured income, employment and other taxes described  
23 by Code Section 507(a)(8). Except to the extent that the holder of a particular Allowed Priority

24 Tax Claim agrees to a different treatment thereof, the Code requires that each holder of  
25 an Allowed Priority Tax Claim receive on account of such Claim regular installment payments:

26 1) of a total value, as of the Effective Date of the Plan, equal to the allowed amount of such  
27 Claim; 2) over a period ending not later than five years after the Petition Date under Section

301, 302 or 303; and 3) in a manner not less favorable than the most favored nonpriority Unsecured Claim provided for by the Plan (other than Cash payments made to a class of creditors under Section 1122(b)).

The Debtor has no Section 507(a)(8) Priority Tax Claims. If it is determined that there are allowed Section 507(a)(8) Priority Tax Claims, such Allowed Priority Tax Claims will be paid in monthly installment payments such that they are paid in full within five years of the Petition Date, with payments to commence within thirty days of the Effective Date, will include annual interest at the January 31, 2012 published rate for one-year Treasury constant maturities of (.26%), and will be fully amortized in 48 equal payments. Alternatively, the Allowed Claim amount may be paid in full on the Effective Date.

The following chart lists all of the Debtor's Section 507(a)(8) priority tax claims and their treatment under the Plan: **The Debtor has no Section 507(a)(8) priority tax claims.**<sup>5</sup>

Description	Amount Owed	Treatment
· Name = Not Applicable · Type of tax = None · Date tax assessed = Not Applicable	0.00	· Pymt interval = · Est. pymt amt/interval = · Begin date = · End date = · Interest rate % = · Total payout amount% = \$

### 3.03 Classified Claims and Interests

#### 3.03.1 Classes of Secured Claims

Secured claims are claims secured by liens on property of the estate. Allowed Secured Claims are claims secured by the property of the Debtor's bankruptcy estate (or that are subject

<sup>5</sup> In the event any taxing agencies filed Priority Tax Claims, the Debtor reserves the right to file an objection to such Claims on any appropriate grounds.

to setoff) to the extent allowed as secured claims under §506 of the Bankruptcy Code.<sup>6</sup> If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a non-insider business creditor unsecured claim. The Plan releases any and all third parties from any and all liabilities for the below-listed secured claims. Upon Confirmation of the Plan, the below-listed classes relinquish their claims to and/or liens on Debtor's personal property assets, including but not limited to Debtor's cash collateral accounts. The following chart lists all classes containing Debtor's secured pre-petition claims and their treatment under the Plan.

3.03.1.1 Class 1

<u>CLASS#</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> <u>(Y/N)</u>	<u>IMPAIRED</u> <u>(Y/N)</u>	<u>TREATMENT</u>
1	Secured claim of: · Name = Summit Bank · Collateral description = (see Definitions: Summit Bank Note 1 Collateral) · Priority of security int. = 1st · Principal owed = \$7,579,194.07 · Post-pet. arrearage amount = 0 (est) · Total claim amount = \$7,579,194.07	N	Impaired, Claims in this class are entitled to vote on the Plan.	Pymt interval = Monthly · Est. pymt amt/interval = \$31,579.98 months 1-30 and \$40,686.75 months 31-60 · Balloon pymt = \$7,288,823.89 Begin date = 10/15/2013· End date = 10/15/2018 Interest rate % = 5.0% fixed interest only months 1-30 and amortized over 30 years in months 31-60. · Total payout % = 100% \$9,456,825.79 will be paid over on 100% of a principal balance of \$7,579,194.07. · Treatment of lien = Lien on the Summit Bank Note 1 Collateral is retained and in full force and effect.

<sup>6</sup> The Debtor reserves its right to object to any of the Claims filed by the following Creditors on any reasonable grounds. Furthermore, Debtor will file objections to Claims 6, 7, 18, 20, 22, 27, 28, and 32 as these claims are not secured by property of Debtor's bankruptcy estate and as these purported creditors have no valid, contractual relations with the Debtor and no valid claims against the Debtor.

1 Comments:

2 Class 1 consists of the Allowed Claims of Summit Bank or the holder of the Summit  
3 Bank Note 1. Class 1 is impaired under the Plan. Within five (5) business days after the  
4 Confirmation Date, Summit Bank or the holder of the Summit Bank Note 1 and the  
5 Reorganized Debtor shall execute the Summit Bank First Note 1 and the Amended Summit  
6 Bank Note 1 Security Documents, which shall amend the Summit Bank Note 1 and the Summit  
7 Bank Note 1 Security Documents, respectively, to implement and reflect this class's loan and  
8 lien terms as set forth in the Plan.

9 (a) The Summit Bank First Note 1. The Summit Bank First Note 1 and  
10 Amended Summit Bank Note 1 Security Documents shall be in the same  
11 form as the Summit Bank Note 1 and Summit Bank Note 1 Security  
12 Documents, respectively.

13 In the event there is any provision of the Summit Bank First Note 1 which is  
14 inconsistent with the terms of the Plan, the terms of the Plan shall control.

15 The Amended Summit Bank Note 1 Security Documents shall secure a lien on the  
16 Summit Bank Note 1 Collateral with the same priority and validity that existed prior to the  
17 Debtor's alleged pre-petition default(s). The Amended Summit Bank Note 1 Security  
18 Documents shall secure repayment of the Summit Bank First Note 1. Any event of default that  
19 may have existed pre-petition with respect to the Summit Bank Note 1 and/or the Summit  
20 Bank Note 1 Security Documents shall be deemed cured and any notice of default which may  
21 have been recorded pre or post-petition with respect to the Summit Bank Note 1 and the  
22 Summit Bank Note 1 Security Documents shall be deemed null and void and of no further  
23 force or effect, and Summit Bank or the holder of the Summit Bank Note 1 shall execute any  
24 documents or instruments necessary to reflect the same, including the execution and  
25 recordation of a release of notice of default.

26 Payments on the Summit Bank First Note 1 shall be shall be made in monthly  
27 installments of interest only calculated at a fixed interest rate of five percent (5.0%) for the first

1 30 months, and then amortized over 360 months for the final 30 months, calculated at a fixed  
2 interest rate of five percent (5.0%). Interest shall begin to accrue on the Summit Bank First  
3 Note 1 as of the Effective Date. The first (1st) payment shall be due on the fifteenth (15th) day  
4 of the first (1st) full month following the Effective Date, and shall be in an amount equal to a  
5 percentage of a full monthly installment payment derived from the number of days remaining  
6 in the month in which the Effective Date occurs (the numerator) divided by the number of days  
7 in the month in which the Effective Date occurs (the denominator). Thereafter, payments shall  
8 be due on the fifteenth (15th) day of each and every month until the sixtieth (60th) month after  
9 the Effective Date at which time the entire outstanding balance of the Summit Bank First Note  
10 1 shall be all due and payable excepting that when Debtor finalizes and closes a refinance loan  
11 with a third party lender prior to the sixtieth (60th) month after the Effective Date, the Class 1  
12 Claimant shall be paid in full upon the funding of Debtor's refinance loan. See Section 2.04(3)  
13 above. There shall be no prepayment penalty.

14       Upon payment in full of the Summit Bank First Note 1, the lien evidenced by the  
15 Amended Summit Bank Note 1 Security Documents shall be deemed satisfied and shall be  
16 deemed canceled. Summit Bank shall execute and record a reconveyance of its Deed of Trust  
17 and shall cancel and terminate any and all of its security interests.

18       In the event that the Reorganized Debtor defaults in its obligation to pay each payment  
19 due and payable under the Summit Bank First Note 1 and the Amended Summit Bank Note 1  
20 Security Documents, the holder of the Summit Bank First Note 1 shall be entitled to record a  
21 notice of default and accelerate the entire unpaid indebtedness and/or exercise such other  
22 remedies as provided under the guarantee, the Summit Bank First Note 1 and the Amended  
23 Summit Bank Note 1 Security Documents or under applicable California law. The  
24 Reorganized Debtor shall be entitled to cure and reinstate any such default under applicable  
25 California law.

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1 Nothing in the Plan shall enhance or otherwise increase the rights of the holder of the  
 2 Class 1 claim to seek recovery on its claim as against any party other than the Reorganized  
 3 Debtor.

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 5 **3.03.1.2 Class 2**

<u>CLASS#</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> <u>(Y/N)</u>	<u>IMPAIRED</u> <u>(Y/N)</u>	<u>TREATMENT</u>
2	Secured claim of: · Name =Bank of the West · Collateral description = (see Definitions: Bank of the West Note 1 Collateral) Collateral value = Fully secured Priority of security int. = (see Definitions: Bank of the West Note 1 collateral) · Principal owed = \$3,237,845.57 · Pre-pet. arrearage amount = \$ (included above) · Post-pet. arrearage amount = \$0(est) · Total claim amount = \$3,237,845.57	N	Impaired, Claims in this class are entitled to vote on the Plan.	· Pymt interval = Monthly · Est. pymt amt/interval = \$13,491.01 months 1-30 and \$17,381.46 months 31-60 · Balloon pymt = \$3,113,799.97 Begin date = 10/15/2013· End date = 10/15/2018 Interest rate % = 5.0% fixed interest only months 1-30 and amortized over 30 years in months 31-60. · Total payout % = 100% \$4,039,974.07 will be paid over on 100% of a principal balance of \$3,237,845.57. · Treatment of lien = Lien is retained and in full force and effect.

20 **Comments:**

21 Class 2 consists of the Allowed Claims of Bank of the West or the holder of the Bank  
 22 of the West Note 1. Class 2 is impaired under the Plan. Within five (5) business days after the  
 23 Confirmation Date, Bank of the West or the holder of the Bank of the West Note 1 and the  
 24 Reorganized Debtor shall execute the Bank of the West First Note 1 and the Amended Bank of  
 25 the West Note 1 Security Documents, which shall amend the Bank of the West Note 1 and the  
 26 Bank of the West Note 1 Security Documents, respectively, to implement and reflect this  
 27 class's loan and lien terms as set forth in the Plan.

1 (a) The Bank of the West First Note 1. The Bank of the West First Note 1 and  
2 Amended Bank of the West Note 1 Security Documents shall be in the same  
3 form as the Bank of the West Note 1 and Bank of the West Note 1 Security  
4 Documents, respectively. Upon Confirmation of the Plan, the SWAP  
5 Agreement between Debtor and Bank of the West is cancelled.

6 In the event there is any provision of the Bank of the West First Note 1 which is  
7 inconsistent with the terms of the Plan, the terms of the Plan shall control.

8 The Amended Bank of the West Note 1 Security Documents shall secure a lien on the  
9 Bank of the West Note 1 Collateral with the same priority and validity that existed prior to the  
10 Debtor's alleged pre-petition default(s). The Amended Bank of the West Note 1 Security  
11 Documents shall secure repayment of the Bank of the West First Note 1. Since the Bank of the  
12 West Note 1 has been paid in full pursuant to the Plan, any event of default that may have  
13 existed pre-petition with respect to the Bank of the West Note 1 and/or the Bank of the West  
14 Note 1 Security Documents shall be deemed cured and any notice of default which may have  
15 been recorded pre or post-petition with respect to the Bank of the West Note 1 and the Bank of  
16 the West Note 1 Security Documents shall be deemed null and void and of no further force or  
17 effect, and Bank of the West or the holder of the Bank of the West Note 1 shall execute any  
18 documents or instruments necessary to reflect the same, including the execution and  
19 recordation of a release of notice of default.

20 Payments on the Bank of the West First Note 1 shall be shall be made in monthly  
21 installments of interest only calculated at a fixed interest rate of five percent (5.0%) for the first  
22 30 months, and then amortized over 360 months for the final 30 months, calculated at a fixed  
23 interest rate of five percent (5.0%). Interest shall begin to accrue on the Bank of the West First  
24 Note 1 as of the Effective Date. The first (1st) payment shall be due on the fifteenth (15th) day  
25 of the first (1st) full month following the Effective Date, and shall be in an amount equal to a  
26 percentage of a full monthly installment payment derived from the number of days remaining  
27 in the month in which the Effective Date occurs (the numerator) divided by the number of days

1 in the month in which the Effective Date occurs (the denominator). Thereafter, payments shall  
2 be due on the fifteenth (15th) day of each and every month until the sixtieth (60th) month after  
3 the Effective Date at which time the entire outstanding balance of the Bank of the West First  
4 Note 1 shall be all due and payable excepting that when Debtor finalizes and closes a refinance  
5 loan with a third party lender prior to the sixtieth (60th) month after the Effective Date, the  
6 Class 2 Claimant shall be paid in full upon the funding of Debtor's refinance loan. See Section  
7 2.04(3) above. There shall be no prepayment penalty.

8           Upon payment in full of the Bank of the West First Note 1, the lien evidenced by the  
9 Amended Bank of the West Note 1 Security Documents shall be deemed satisfied and shall be  
10 deemed canceled. Bank of the West shall execute and record a reconveyance of its Deed of  
11 Trust and shall cancel and terminate any and all of its security interests.

12           In the event that the Reorganized Debtor defaults in its obligation to pay each payment  
13 due and payable under the Bank of the West First Note 1 and the Amended Bank of the West  
14 Note 1 Security Documents , the holder of the Bank of the West First Note 1 shall be entitled  
15 to record a notice of default and accelerate the entire unpaid indebtedness and/or exercise such  
16 other remedies as provided under the guarantee, the Bank of the West First Note 1 and the  
17 Amended Bank of the West Note 1 Security Documents or under applicable California law.  
18 The Reorganized Debtor shall be entitled to cure and reinstate any such default under  
19 applicable California law.

20           Nothing in the Plan shall enhance or otherwise increase the rights of the holder of the  
21 Class 2 claim to seek recovery on its claim as against any party other than the Reorganized  
22 Debtor.

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3.03.1.3 Class 3

<u>CLASS#</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> <u>(Y/N)</u>	<u>IMPAIRED</u> <u>(Y/N)</u>	<u>TREATMENT</u>
3	Secured claim of: · Name =Private Mortgage Fund LLC · Collateral description = (see Definitions: Private Mortgage Fund LLC Note 1 Collateral) · Collateral value = Fully secured Priority of security int. = (see Definitions: Private Mortgage Fund LLC Note 1 Collateral) · Principal owed = \$1,761,449.79 · Pre-pet. arrearage amount = \$ (included above) · Post-pet. arrearage amount = \$0 (est) · Total claim amount = \$1,761,449.79	N	Impaired, Claims in this class are entitled to vote on the Plan.	· Pymt interval = Monthly · Est. pymt amt/interval = \$7,339.36 months 1-30 and \$9,455.84 months 31-60 · Balloon pymt = \$1,693,965.54 Begin date = 10/15/2013 · End date = 10/14/2018 Interest rate % = 5.0% fixed interest only months 1-30 and amortized over 20,years in months 31-60 · Total payout % = 100% \$2,197,821.54 will be paid over sixty months on 100% of a principal balance of \$1,761,449.79. · Treatment of lien = Lien is retained and in full force and effect.

Comments:

Class 3 consists of the Allowed Claims of Private Mortgage Fund LLC the holder of the Private Mortgage Fund LLC Note 1. Class 3 is impaired under the Plan. Within five (5) business days after the Confirmation Date, Private Mortgage Fund LLC or the holder of the Private Mortgage Fund LLC Note 1 and the Reorganized Debtor shall execute the Private Mortgage Fund LLC First Note 1 and the Amended Private Mortgage Fund LLC Note 1 Security Documents, which shall amend the Private Mortgage Fund LLC Note 1 and the Private Mortgage Fund Note 1 Security Documents, respectively, to implement and reflect this class's loan and lien terms as set forth the Plan

1 (a) The Private Mortgage Fund LLC First Note 1. The Private Mortgage Fund  
2 LLC First Note 1 and Amended Private Mortgage Fund LLC Note 1  
3 Security Documents shall be in the same form as the Private Mortgage Fund  
4 LLC Note 1 and Private Mortgage Fund LLC Note 1 Security Documents,  
5 respectively.

6 In the event there is any provision of the Private Mortgage Fund LLC First Note 1  
7 which is inconsistent with the terms of the Plan, the terms of the Plan shall control.

8 The Amended Private Mortgage Fund LLC Note 1 Security Documents shall secure a  
9 lien on the Private Mortgage Fund LLC Note 1 Collateral with the same priority and validity  
10 that existed prior to the Debtor's alleged pre-petition default(s). The Amended Private  
11 Mortgage Fund LLC Note 1 Security Documents shall secure repayment of the Private  
12 Mortgage Fund LLC First Note 1. Since the Private Mortgage Fund LLC Note 1 has been paid  
13 in full pursuant to the Plan, any event of default that may have existed pre-petition with respect  
14 to the Private Mortgage Fund LLC Note 1 and/or the Private Mortgage Fund LLC Note 1  
15 Security Documents shall be deemed cured and any notice of default which may have been  
16 recorded pre or post-petition with respect to the Private Mortgage Fund LLC Note 1 and the  
17 Private Mortgage Fund LLC Note 1 Security Documents shall be deemed null and void and of  
18 no further force or effect, and Private Mortgage Fund LLC or the holder of the Private  
19 Mortgage Fund LLC Note 1 shall execute any documents or instruments necessary to reflect  
20 the same, including the execution and recordation of a release of notice of default.

21 Payments on the Private Mortgage Fund LLC First Note 1 shall be shall be made in  
22 monthly installments of interest only calculated at a fixed interest rate of five percent (5.0%)  
23 for the first 30 months, and then amortized over 360 months for the final 30 months, calculated  
24 at a fixed interest rate of five percent (5.0%). Interest shall begin to accrue on the Private  
25 Mortgage Fund LLC First Note 1 as of the Effective Date. The first (1st) payment shall be due  
26 on the fifteenth (15th) day of the first (1st) full month following the Effective Date, and shall  
27 be in an amount equal to a percentage of a full monthly installment payment derived from the

1 number of days remaining in the month in which the Effective Date occurs (the numerator)  
2 divided by the number of days in the month in which the Effective Date occurs (the  
3 denominator). Thereafter, payments shall be due on the fifteenth (15th) day of each and every  
4 month until the sixtieth (60th) month after the Effective Date at which time the entire  
5 outstanding balance of the Private Mortgage Fund LLC First Note 1 shall be all due and  
6 payable excepting that when Debtor finalizes and closes a refinance loan with a third party  
7 lender prior to the sixtieth (60th) month after the Effective Date, the Class 3 Claimant shall be  
8 paid in full upon the funding of Debtor's refinance loan. See Section 2.04(3) above. There shall  
9 be no prepayment penalty.

10       Upon payment in full of the Private Mortgage Fund LLC First Note 1, the lien  
11 evidenced by the Amended Private Mortgage Fund LLC Note 1 Security Documents shall be  
12 deemed satisfied and shall be deemed canceled. Private Mortgage Fund LLC shall execute and  
13 record a reconveyance of its Deed of Trust and shall cancel and terminate any and all of its  
14 security interests.

15       In the event that the Reorganized Debtor defaults in its obligation to pay each payment  
16 due and payable under the Private Mortgage Fund LLC First Note 1 and the Amended Private  
17 Mortgage Fund LLC Note 1 Security Documents , the holder of the Private Mortgage Fund  
18 LLC First Note 1 shall be entitled to record a notice of default and accelerate the entire unpaid  
19 indebtedness and/or exercise such other remedies as provided under the guarantee, the Private  
20 Mortgage Fund LLC First Note 1 and the Amended Private Mortgage Fund LLC Note 1  
21 Security Documents or under applicable California law. The Reorganized Debtor shall be  
22 entitled to cure and reinstate any such default under applicable California law.

23       Nothing in the Plan shall enhance or otherwise increase the rights of the holder of the  
24 Class 3 claim to seek recovery on its claim as against any party other than the Reorganized  
25 Debtor.

26 //

27 //

3.03.1.4 Class 4

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> <u>Y/N</u>	<u>IMPAIRED</u> <u>(Y/N)</u>	<u>TREATMENT</u>
3	Secured claim of: · Name =Jacol · Collateral description = (see Definitions: Jacol Note 1 Collateral) · Collateral value = Fully secured Priority of security int. = (see Definitions: Jacol Note 1 Collateral) · Principal owed = \$700,000 · Pre-pet. arrearage amount = \$ (included above) · Post-pet. arrearage amount = \$0 (est) · Total claim amount = \$700,000.00	N	Impaired, Claims in this class are entitled to vote on the Plan.	· Pymt interval = Monthly · Est. pymt amt/interval = \$2,916.67 months 1-30 and \$3,757.75 months 31-60 · Balloon pymt = \$673,181.76 Begin date = 10/15/2013 · End date = 10/15/2018 Interest rate % = 5.0% fixed interest only months 1-30 and amortized over 30,years in months 31-60 · Total payout % = 100% \$873,414.36 will be paid over sixty months on 100% of a principal balance of \$700,000.00. · Treatment of lien = Lien is retained and in full force and effect.

Comments:

Class 4 consists of the Allowed Claims of Jacol or the holder of the Jacol Note 1. Class 4 is impaired under the Plan. Within five (5) business days after the Confirmation Date, Jacol or the holder of the Jacol Note 1 and the Reorganized Debtor shall execute the Jacol First Note 1 and the Amended Jacol Note 1 Security Documents, which shall amend the Jacol Note 1 and the Jacol Note 1 Security Documents, respectively, to implement this class’s loan and lien terms as set forth in the Plan.

(a) The Jacol First Note 1. The Jacol First Note 1 and Amended Jacol Note 1 Security Documents shall be in the same form as the Jacol Note 1 and Jacol Note 1 Security Documents, respectively.

In the event there is any provision of the Jacol First Note 1 which is inconsistent with the terms of the Plan, the terms of the Plan shall control.

1           The Amended Jacol Note 1 Security Documents shall secure a lien on the Jacol Note 1  
2 Collateral with the same priority and validity that existed prior to the Debtor's alleged pre-  
3 petition default(s). The Amended Jacol Note 1 Security Documents shall secure repayment of  
4 the Jacol First Note 1. Since the Jacol Note 1 has been paid in full pursuant to the Plan, any  
5 event of default that may have existed pre-petition with respect to the Jacol Note 1 and/or the  
6 Jacol Note 1 Security Documents shall be deemed cured and any notice of default which may  
7 have been recorded pre or post-petition with respect to the Jacol Note 1 and the Jacol Note 1  
8 Security Documents shall be deemed null and void and of no further force or effect, and Jacol  
9 or the holder of the Jacol Note 1 shall execute any documents or instruments necessary to  
10 reflect the same, including the execution and recordation of a release of notice of default.

11           Payments on the Jacol First Note 1 shall be shall be made in monthly installments of  
12 interest only calculated at a fixed interest rate of five percent (5.0%) for the first 30 months,  
13 and then amortized over 360 months for the final 30 months, calculated at a fixed interest rate  
14 of five percent (5.0%). Interest shall begin to accrue on the Jacol First Note 1 as of the  
15 Effective Date. The first (1st) payment shall be due on the fifteenth (15th) day of the first (1st)  
16 full month following the Effective Date, and shall be in an amount equal to a percentage of a  
17 full monthly installment payment derived from the number of days remaining in the month in  
18 which the Effective Date occurs (the numerator) divided by the number of days in the month in  
19 which the Effective Date occurs (the denominator). Thereafter, payments shall be due on the  
20 fifteenth (15th) day of each and every month until the sixtieth (60th) month after the Effective  
21 Date at which time the entire outstanding balance of the Jacol First Note 1 shall be all due and  
22 payable excepting that when Debtor finalizes and closes a refinance loan with a third party  
23 lender prior to the sixtieth (60th) month after the Effective Date, the Class 4 Claimant shall be  
24 paid in full upon the funding of Debtor's refinance loan. See Section 2.04(3) above. There shall  
25 be no prepayment penalty.

26           Upon payment in full of the Jacol First Note 1, the lien evidenced by the Amended  
27 Jacol Note 1 Security Documents shall be deemed satisfied and shall be deemed canceled.



Jacol shall execute and record a reconveyance of its Deed of Trust and shall cancel and terminate any and all of its security interests.

In the event that the Reorganized Debtor defaults in its obligation to pay each payment due and payable under the Jacol First Note 1 and the Amended Jacol Note 1 Security Documents, the holder of the Jacol First Note 1 shall be entitled to record a notice of default and accelerate the entire unpaid indebtedness and/or exercise such other remedies as provided under the guarantee, the Jacol First Note 1 and the Amended Jacol Note 1 Security Documents or under applicable California law. The Reorganized Debtor shall be entitled to cure and reinstate any such default under applicable California law.

Nothing in the Plan shall enhance or otherwise increase the rights of the holder of the Class 4 claim to seek recovery on its claim as against any party other than the Reorganized Debtor.

**3.03.1.5 Class 5**

<u>CLASS#</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> <u>(Y/N)</u>	<u>IMPAIRED</u> <u>(Y/N)</u>	<u>TREATMENT</u>
5a	Secured claim of: · Name = Alameda County Treasurer · Collateral description = Real Property Tax Lien APN 25-693-8 · Priority of security int. = 1st Principal owed = \$20,445.23 · Post-pet. Arrearage amount = \$0.00 (est) Total allowed claim amount = \$20,445.23	N	Unimpaired, Claims in this class are not entitled to vote on the Plan.	Pymt interval = Monthly · Est. pymt amt/interval = \$519.17 · Balloon pymt = 0 Begin date = 10/15/2013 End date = 10/14/2018 · Interest rate % = 18.0% · Total payout % = 100 \$31,150.20 will be paid over 60 months at \$519.17 per month on 100% of a principal balance of \$20,445.23 unless Debtor finalizes and closes a refinance loan or the Pacific Thomas Property or Properties securing the lien is sold at which time the Class 5a Claimant will be paid in full at close of escrow. Treatment of lien = Lien is retained and in full force and effect.
5b	Secured claim of: · Name = Alameda County Treasurer · Collateral description = Real Prop Tax Lien APN 25-701-6-4 · Priority of security int. = 1st Principal owed = \$67,298.70 · Post-pet. Arrearage amount = \$0.00 (est)	N	Unimpaired, Claims in this class are not entitled to vote on the Plan.	Pymt interval = Monthly · Est. pymt amt/interval = \$1,708.94 · Balloon pymt = 0 Begin date = 10/15/2013 End date = 10/14/2018 · Interest rate % = 18.0% · Total payout % = 100 \$102,536.40 will be paid over 60 months at \$1,708.94 per month on 100% of a principal balance of \$67,298.70 unless Debtor finalizes and closes a refinance loan or the Pacific

1		Total claim amount = \$67,298.70			Thomas Property or Properties securing the lien is sold at which time the Class 5b Claimant will be paid in full at close of escrow. Treatment of lien = Lien is retained and in full force and effect.
2					
3	5c	Secured claim of:	N	Unimpaired,	Pymt interval = Monthly
4		· Name = Alameda County Treasurer		Claims in this class are not	· Est. pymt amt/interval = \$358.34
5		· Collateral description = Real Prop Tax Lien APN 25- 697-2-4		entitled to vote on the Plan.	· Balloon pymt = 0
6		· Priority of security int. = 1st			Begin date = 10/15/2013
7		Principal owed = \$14,111.55			End date = 10/14/2018
8		· Post-pet. Arrearage amount = \$0.00 (est)			· Interest rate % = 18.0%
9		Total claim amount = \$14,111.55			· Total payout % = 100
10					\$21,500.40 will be paid over 60 months at \$358.34 per month on 100% of a principal balance of \$14,111.55 unless Debtor finalizes and closes a refinance loan or the Pacific Thomas Property or Properties securing the lien is sold at which time the Class 5c Claimant will be paid in full at close of escrow. Treatment of lien = Lien is retained and in full force and effect.
11	5d	Secured claim of:	N	Unimpaired,	Pymt interval = Monthly
12		· Name = Alameda County Treasurer		Claims in this class are not	· Est. pymt amt/interval = \$356.68
13		· Collateral description = Real Prop Tax Lien APN 25- 697-3-6		entitled to vote on the Plan.	· Balloon pymt = 0
14		· Priority of security int. = 1st			Begin date = 10/15/2013
15		Principal owed = \$14,046.11			End date = 10/14/2018
16		· Post-pet. Arrearage amount = \$0.00 (est)			· Interest rate % = 18.0%
17		Total claim amount = \$14,046.11			· Total payout % = 100
18					\$21,400.80 will be paid over 60 months at \$356.68 per month on 100% of a principal balance of \$14,046.11 unless Debtor finalizes and closes a refinance loan or the Pacific Thomas Property or Properties securing the lien is sold at which time the Class 5d Claimant will be paid in full at close of escrow. Treatment of lien = Lien is retained and in full force and effect.
19	5e	Secured claim of:	N	Unimpaired,	Pymt interval = Monthly
20		· Name = Alameda County Treasurer		Claims in this class are not	· Est. pymt amt/interval = \$221.63
21		· Collateral description = Real Property Tax Lien APN 19-102-4		entitled to vote on the Plan.	· Balloon pymt = 0
22		· Priority of security int. = 1st			Begin date = 10/15/2013
23		Principal owed = \$8,727.82			End date = 10/14/2018
24		· Post-pet. Arrearage amount = \$0.00 (est)			· Interest rate % = 18.0%
25		Total claim amount = \$8,727.82			· Total payout % = 100
26					\$13,297.80 will be paid over 60 months at \$221.63 per month on 100% of a principal balance of \$8,727.82 unless Debtor finalizes and closes a refinance loan or the Pacific Thomas Property or Properties securing the lien is sold at which time the Class 5e Claimant will be paid in full at close of escrow. Treatment of lien = Lien is retained and in full force and effect.
27	5f	Secured claim of:	N	Unimpaired,	Pymt interval = Monthly
		· Name = Alameda County Treasurer		Claims in this class are not	· Est. pymt amt/interval = \$2,656.24
		· Collateral description = Real Prop Tax Lien APN 25-		entitled to vote on the Plan.	· Balloon pymt = 0
					Begin date = 10/15/2013
					End date = 10/14/2018

1		701-11			· Interest rate % = 18.0%
2		· Priority of security int. = 1st			· Total payout % = 100
3		Principal owed = \$104,603.25			\$159,374.40 will be paid over 60 months at \$2,656.24 per month on 100% of a principal balance of \$104,603.25 unless Debtor finalizes and closes a refinance loan or the Pacific Thomas Property or Properties securing the lien is sold at which time the Class 5f Claimant will be paid in full at close of escrow. Treatment of lien = Lien is retained and in full force and effect.
4		· Post-pet. Arrearage amount = \$0.00 (est)			
5		Total claim amount = \$104,603.25			
6	5g	Secured claim of:	N	Unimpaired, Claims in this class are not entitled to vote on the Plan.	Pymt interval = Monthly
7		· Name = Alameda County Treasurer			· Est. pymt amt/interval = \$1,629.71
8		· Collateral description = Real Prop Tax Lien APN 25-697-7-15			· Balloon pymt = 0
9		· Priority of security int. = 1st			Begin date = 10/15/2013
10		Principal owed = \$64,178.50			End date = 10/14/2018
11		· Post-pet. Arrearage amount = \$0.00 (est)			· Interest rate % = 18.0%
12		Total claim amount = \$64,178.50			· Total payout % = 100
13	5h	Secured claim of:	N	Unimpaired, Claims in this class are not entitled to vote on the Plan.	\$97,782.60 will be paid over 60 months at \$1,629.71 per month on 100% of a principal balance of \$64,178.50 unless Debtor finalizes and closes a refinance loan or the Pacific Thomas Property or Properties securing the lien is sold at which time the Class 5g Claimant will be paid in full at close of escrow. Treatment of lien = Lien is retained and in full force and effect.
14		· Name = Alameda County Treasurer			Pymt interval = Monthly
15		· Collateral description = Real Prop Tax Lien APN 25-697-7-14			· Est. pymt amt/interval = \$119.17
16		· Priority of security int. = 1st			· Balloon pymt = 0
17		Principal owed = \$4,692.80			Begin date = 10/15/2013
18		· Post-pet. Arrearage amount = \$0.00 (est)			End date = 10/14/2018
19		Total claim amount = \$4,692.80			· Interest rate % = 18.0%
20	5i	Secured claim of:			· Total payout % = 100
21		· Name = Alameda County Treasurer			\$7,150.20 will be paid over 60 months at \$119.17 per month on 100% of a principal balance of \$4,692.80 unless Debtor finalizes and closes a refinance loan or the Pacific Thomas Property or Properties securing the lien is sold at which time the Class 5h Claimant will be paid in full at close of escrow. Treatment of lien = Lien is retained and in full force and effect.
22		· Collateral description = Real Prop Tax Lien APN 25-707-14-2 (for 2012/2013 and Escape Tax)			Pymt interval = Monthly
23		· Priority of security int. = 1st			· Est. pymt amt/interval = \$49.14
24		Principal owed = \$1,935.05			· Balloon pymt = 0
25		· Post-pet. Arrearage amount = \$0.00 (est)			Begin date = 10/15/2013
26		Total claim amount = \$1,935.05			End date = 10/14/2018
27					· Interest rate % = 18.0%
					· Total payout % = 100
					\$2,948.40 will be paid over 60 months at \$49.14 per month on 100% of a principal balance of \$1,935.05 unless Debtor finalizes and closes a refinance loan or the Pacific Thomas Property or Properties securing the lien is sold at which time the Class 5i Claimant will be paid in full at close of escrow. Treatment of lien = Lien is retained and in full force and effect.

1  
2           Comments:

3           Classes 5a through 5i consists of any and all secured claims for Real Property  
4 Taxes pertaining to the Pacific Thomas Properties. Classes 5a through 5i are unimpaired under  
5 the Debtor's Plan.

6           The Debtor shall satisfy the Allowed Secured Claims of the 5a through 5i Claimants by  
7 paying the Class 5a through 5i Claimants their post petition interest and penalties on the  
8 Effective Date, after which deferred cash payments equal to the value of their Allowed Secured  
9 Claims as of the Effective Date will be paid as follows: Commencing on the tenth (15th) day  
10 of the first full month after the Effective Date, such deferred cash payments will be made in  
11 equal monthly installments of principal and interest in an amount sufficient to amortize the  
12 Allowed Secured Claim over a period of five (5) years, all due in five (5) years from the  
13 Effective Date. The outstanding and unpaid amount of the Allowed Secured Claim will bear  
14 interest, commencing on the Effective Date and continuing until such Allowed Secured Claim  
15 is paid in full. Interest on the tax claim will be paid in accordance with applicable non-  
16 bankruptcy law at the rate of 18.0% per annum. If Debtor finalizes and closes a refinance loan  
17 with a third party lender prior to the sixtieth (60th) month after the Effective Date, the Class  
18 5a-5i Claimant shall be paid in full upon the funding of Debtor's refinance loan and there shall  
19 be no prepayment penalty.

20                   **3.03.2   Classes of Priority Unsecured Claims**

21           Certain priority claims that are referred to in Code Sections 507(a)(3), (4), (5), (6), and  
22 (7) are required to be placed in classes. These types of claims are entitled to priority treatment  
23 as follows: the Code requires that each holder of such a Claim receive cash on the Effective  
24 Date equal to the allowed amount of such Claim. However, a Class of unsecured priority claim  
25 holders may vote to accept deferred cash payments of a value, as of the Effective Date, equal  
26 to the allowed amount of such Claim. **The Debtor has no Claims of the type identified in**  
27 **Code Sections 507(a)(3), (4), (5), (6), and (7).**

**3.03.3 Classes of General Unsecured Claims**

General unsecured claims are unsecured claims not entitled to priority under Code Section 507(a). The following chart identifies the Plan’s treatment of the classes containing all of Debtor’s General Unsecured Claims:<sup>7</sup>

**3.03.3.1 Class 6A**

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> <u>(Y/N)</u>	<u>TREATMENT</u>
6A	Non-insider trade creditor unsecured claims  · Total amt of claims = \$62,096.91	Y  Impaired claims in this class are entitled to vote on the plan	Pymt interval = Monthly · Est. pymt amt/interval = \$155.24 · Balloon pymt = \$62,096.91 · Begin date = 10/15/2013 · End date = 10/14/2018 · Interest rate % = 3% · Total payout = \$133,508.22 Claim will be paid over sixty months on 100% of a principal balance of \$62,096.91 · Treatment of lien = Lien is converted to a promissory note.

**Comments:**

Class 6A consists of the Allowed Claims of the Non-Insider Trade Creditor Unsecured Creditors. Class 6A is impaired under the Plan. In full and complete satisfaction of the Class 6A Claim, the Class 6A Claimant shall be treated as follows: On or before the Effective Date, the Debtor shall execute a promissory note with each holder of a Class 6A Claim. Interest shall accrue on the promissory Note at an interest rate of three percent (3%) interest-only beginning on the Effective Date. The first (1st) payment shall be due on the fifteenth (15th) day of the first (1st) full month following the Effective Date, and shall be in an amount equal to a percentage of a full monthly installment payment derived from the number of days remaining in the month in which the Effective Date occurs (the numerator) divided by the

<sup>7</sup> The Debtor reserves its right to object to any of the Claims filed by the following Creditors on any reasonable grounds.

number of days in the month in which the Effective Date occurs (the denominator).  
 Commencing on the fifteenth (15th) day of each month thereafter through the sixtieth (60th) month following the Effective Date, the Reorganized Debtor shall make equal monthly payments of interest to the Class 6A Claimant. The Promissory Note shall be due and payable sixty (60) months following the Effective Date. In the event of a refinance or sale all or a portion of the Pacific Thomas Properties, the Class 6A Claimants Claims shall be payable at close of escrow only after payment to all secured creditors in classes 1 through 5i. In the event funds are not sufficient to pay the Class 6A Claimants upon refinance or sale of all or a portion of the Pacific Thomas Properties, the Class 6A Claimants shall receive a pro-rata share of the funds available by dividing the total amount of money each Class 6A Claimant is owed by the sum of the Class 6A Claimants claims and multiplying that percentage by the amount of money available to pay the Class 6A Claimants after refinance or sale of the Pacific Thomas Properties.

Nothing in the Plan shall enhance or otherwise increase the rights of the holder of the Class 6A claim to seek recovery on its claim as against any party other than the Reorganized Debtor.

**3.03.3.2 Class 6B**

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> <u>(Y/N)</u>	<u>TREATMENT</u>
6B	Non-insider business unsecured claims  · Total amt of claims = \$206,100	Y  Impaired claims in this class are entitled to vote on the plan	Pymt interval = Monthly · Est. pymt amt/interval = \$515.25 · Balloon pymt = \$206,100 · Begin date = 10/15/2013 · End date = 10/14/2018 · Interest rate % = 3% · Total payout = \$443,115 Claim will be paid over sixty months on 100% of a principal balance of \$206,100 · Treatment of lien = Lien is converted to a promissory note.

<sup>4</sup>

1 Comments:

2 Class 6B consists of the Allowed Claims of Non-Insider Business Unsecured Creditors.  
3 Class 6B is impaired under the Plan. In full and complete satisfaction of the Class 6B Claim,  
4 the Class 6B Claimant shall be treated as follows: On or before the Effective Date, the Debtor  
5 shall execute a promissory note with each holder of a Class 6B Claim. Interest shall accrue on  
6 the promissory Note at an interest rate of three percent (3%) interest-only beginning on the  
7 Effective Date. The first (1st) payment shall be due on the fifteenth (15th) day of the first (1st)  
8 full month following the Effective Date, and shall be in an amount equal to a percentage of a  
9 full monthly installment payment derived from the number of days remaining in the month in  
10 which the Effective Date occurs (the numerator) divided by the number of days in the month in  
11 which the Effective Date occurs (the denominator). Commencing on the fifteenth (15th) day of  
12 each month thereafter through the sixtieth (60th) month following the Effective Date, the  
13 Reorganized Debtor shall make equal monthly payments of interest to the Class 6B Claimant.  
14 The Promissory Note shall be due and payable sixty (60) months following the Effective Date.  
15 In the event of a refinance or sale all or a portion of the Pacific Thomas Properties, the Class  
16 6B Claimants Claims shall be payable at close of escrow only after payment to all secured  
17 creditors in classes 1 through 5i and class 6A. In the event funds are not sufficient to pay the  
18 Class 6B Claimants upon refinance or sale of all or a portion of the Pacific Thomas Properties,  
19 the Class 6B Claimants shall receive a pro-rata share of the funds available by dividing the  
20 total amount of money each Class 6B Claimant is owed by the sum of the Class 6B Claimants  
21 claims and multiplying that percentage by the amount of money available to pay the Class 6B  
22 Claimants after refinance or sale of the Pacific Thomas Properties.

23 Nothing in the Plan shall enhance or otherwise increase the rights of the holder of the  
24 Class 6B claim to seek recovery on its claim as against any party other than the Reorganized  
25 Debtor.

26 //

27 //

4.01.1.1 Class 6C

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
6C	General unsecured claims of insiders  · Total amt of claim = \$2,819,646.31	Y  Impaired claims in this class are NOT entitled to vote on the plan	Pymt interval = Monthly · Est. pymt amt/interval = Interest Accrues · Balloon pymt = \$2,819,646.31 · Begin date = 10/15/2013 · End date = 10/14/2018 · Interest rate % = 3% · Total payout = \$2,819,646.31 Claim will be paid only after payment in full to classes 1 through 5i and Class 6A and 6B · Treatment of lien = Lien is converted to a promissory note.

Comments:

Class 6C consists of the Allowed unsecured Claims of insiders. Class 6C is impaired under the Plan.

In full and complete satisfaction of the Class 6C Claim, the Class 6C Claimants shall be treated as follows: On or before the Effective Date, the Debtor shall execute a promissory note with each holder of a Class 6C Claim. Interest shall accrue on the promissory Note at an interest rate of three percent (3%) interest-only beginning on the Effective Date and continue to accrue for up to 60 months. Class 6C Claimants shall be paid only after payment in full of Classes 1 through 6B. In the event of a refinance or sale all or a portion of the Pacific Thomas Properties and only after payment in full of Classes 1 through 6B, the Class 6C Claimants Claims shall be payable at close of escrow. In the event funds are not sufficient to pay the Class 6C Claimants upon a refinance or sale of the Pacific Thomas Properties, the Class 6C Claimants shall receive a pro-rata share of the funds available by dividing the total amount of money each Class 6C Claimant is owed by the sum of the Class 6C Claimants claims and multiplying that percentage by the amount of money available to pay the Class 6C Claimants after a refinance or sale of the Pacific Thomas Properties.



Nothing in the Plan shall enhance or otherwise increase the rights of the holder of the Class 6C claim to seek recovery on its claim as against any party other than the Reorganized Debtor.

**4.01.2 Classes of Interest Holders**

Interest holders are the party who hold ownership interest (i.e., equity interest) in the debtor. If the debtor is a corporation, entities holding preferred or common stock in the debtor are the interest holders. If the debtor is a partnership, the interest holders include both general and limited partners. If the debtor is an individual, the debtor is the interest holder. The following chart identifies the Plan's treatment of the class of interest holders.

**4.01.2.1 Class 7**

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
7	Interest holders Randall Whitney Shareholder and President 2%  Jill Worsley Shareholder, Secretary and 2%  Edwin Thomas Revocable Living Trust Shareholder 92%  Roger W. Worsley Shareholder 2%  Stephen T. Worsley Shareholder 2%	Insider; claims in this class are not entitled to vote on the Plan	Class 7 is unimpaired under the Plan and will receive the pro-rata share of monies available after payment to classes 1 through 6A, B and C.  Class 7 equity holders will retain their equity in the reorganized Debtor subject to a share repurchase agreement for new value investors

**Notwithstanding any other provision of the Plan, no payments or Distributions shall be made on account of any Disputed Claim or Disputed Interest until such Claim or Interest becomes an Allowed Claim or Allowed Interest, and then only to the extent it becomes an Allowed Claim or Allowed Interest. Any Proof of Claim or Proof of Interest filed which differs from the Scheduled amount is deemed to be a Disputed Claim or Disputed Interest.**

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1                                   **4.01.3 Resolution of State Court Actions**

2           The Debtor believes the following state court action will be resolved prior to or shortly  
3 after the Effective Date:

4           Summit Bank v. Pacific Thomas (RG11) - Case # RG11574626.

5                                   **4.02 Means of Effectuating Plan**

6                                   **4.02.1 Funding for the Plan**

7           The Plan will be funded by the following: The Reorganized Debtor shall make all  
8 payments due under the Plan out of the funds on hand in the Debtor’s Estate as of the Effective  
9 Date and through the income generated through the leasing of the Pacific Thomas Properties.  
10 Additionally, Debtor contemplates to fund the Plan through a refinance or sale of one or more  
11 parcels of the Pacific Thomas Properties.

12                                   **Post-Confirmation Management**

13           Pacific Trading Ventures will be retained as post-confirmation management company  
14 for the Debtor. Pacific Trading Ventures’ duties will include supervision of the on-site  
15 manager, management of Debtor’s commercial leases, contracting with contractors for  
16 construction, and maintaining books and records for the Debtor. Pacific Trading Ventures shall  
17 receive a management fee for the above-listed management services as shown in Exhibit G.  
18 The post-confirmation management of the Debtor will be as described in Section 2.03 *supra*.

19                                   **4.02.2 Disbursing Agent**

20           A neutral person or entity shall be appointed by the Court to act as the Disbursing  
21 Agent for the purpose of making all distributions provided for under the Plan. Debtor proposes  
22 that John Loh acts as Debtor’s Disbursing Agent. The Disbursing Agent shall serve without  
23 bond and shall receive no fee for its services as a Disbursing Agent. The Disbursing Agent  
24 shall be responsible for the Distribution of the Debtor’s Cash or any recoveries to Creditors  
25 pursuant to the provisions of the Bankruptcy Code and the Plan. The duties of the Disbursing  
26 Agent shall include preparing and filing the Post-Confirmation Status Reports with the Office  
27 of the United States Trustee and paying all post-confirmation quarterly fees of the Office of the

1 United States Trustee until the bankruptcy case is dismissed or a final decree has been entered,  
2 whichever occurs first. The Debtor, not the Disbursing Agent, shall be responsible for  
3 operating the Debtor's business, maximizing the Debtor's business affairs, preserving the  
4 assets of the Debtor's bankruptcy state, and pursuing any claims held by the Debtor's  
5 bankruptcy estate, including any Avoidance Actions and Post-Confirmation Estate Claims.  
6 Any recovery from Avoidance Actions will be utilized to pay the Class 1, 2, 3, 4, 5a - 5i, and 6  
7 A creditors in full.

8 **4.03 Risk Factors**

9 The proposed Plan has the following risks which could adversely impact the Debtor's  
10 ability to make Plan payments: (1) there is a possibility of default, i.e., possibility of inability  
11 to pay Plan payments, (2) the financial projections provided by the Plan Proponent may not be  
12 realized, (3) the business environment and real estate sale market may decline from its present  
13 level, (4) competition with the Debtor in the real estate market and car wash market may  
14 increase, (5) the legal environment in terms of laws and regulations could change and have a  
15 negative impact upon the Debtor, (6) the reorganized Debtor could be sued and the costs and  
16 expenses of litigation could impact the Debtor's financial circumstances.

17 **4.04 Other Provisions of the Plan**

18 **4.04.1 Executory Contracts and Unexpired Leases**

19 **4.04.1.1 Assumptions**

20 The following are the unexpired leases to be assumed as obligations of the reorganized  
21 Debtor under this Plan:

- 22 a) Planned Parenthood Mar Monte Inc.  
23 Commercial Lease.
- 24 b) Pacific Trading Ventures  
25 Commercial Lease
- 26 c) Mujeres Unidas Y Activas  
27 Commercial Lease
- d) Avila Trucking

Commercial Lease

e) Performance Contracting, Inc.  
Commercial Lease

f) Clark Construction  
Commercial Lease

g) Budget Parking  
Commercial Lease

h) Safe Parking  
Commercial Lease

See **Exhibit D** for unexpired leases and executory contracts being assumed.

On the Effective Date, the unexpired leases listed above if any shall be assumed as obligations of the reorganized Debtor. The Order of the Court confirming the Plan shall constitute an Order approving the assumption of the lease listed above. If you are a party to a lease or contract to be assumed and you object to the assumption of your lease or contract, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan. See Section {I.B.3.} of this document for the specific date.

The following are the executory contracts to be assumed as obligations of the Reorganized Debtor under this Plan:

Pacific Trading Ventures  
Management Contract

Sprint  
Wireless Services Contract

AT&T Advertising Solutions

East Bay Municipal Utility District  
4 Contracts

Pacific Gas & Electric Co.,  
5 accounts.

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**4.04.1.2 Rejections**

On the Effective Date, the following executory contracts and unexpired leases will be rejected: None

The Order Confirming the Plan shall constitute an Order approving the rejection of the lease or contract. If you are a party to a contract or lease to be rejected and 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. See Section {I.B.3.} of this document for the specific date.

THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM ARISING FROM THE REJECTION OF A LEASE OR CONTRACT IS not applicable. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court later orders otherwise.

**4.04.2 Changes in Rates Subject to Regulatory Commission**

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

**4.04.3 Retention of Jurisdiction**

The Court will retain jurisdiction to the extent provided by law.

**4.05 Tax Consequences of Plan**

The following are the anticipated tax consequences of the Plan:

The following disclosure of possible tax consequences is intended solely for the purpose of alerting readers about possible tax issues the Plan may present to the Debtor. The Debtor CANNOT and DO NOT represent that the tax consequences contained below are the only tax consequences of the Plan because the Tax Code embodies many complicated rules which make it difficult to state completely and accurately all the tax implications of any action on Debtor’ tax liability.

The following are the tax consequences which the Plan will have on the Debtor’ tax liability:

DUE TO THE UNSETTLED AND COMPLEX NATURE OF SOME OF THE TAX

1 ISSUES, AS WELL AS THE POSSIBILITY THAT DEVELOPMENTS SUBSEQUENT TO  
2 THE DATE HEREOF COULD AFFECT THE TAX CONSEQUENCES OF THE PLAN,  
3 THE FOLLOWING DISCUSSION SHOULD NOT BE REGARDED AS DEFINITIVE OR  
4 AS COVERING ALL POSSIBLE TAX CONSEQUENCES. ADDITIONALLY, THIS  
5 SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION  
6 THAT MAY BE RELEVANT TO A PARTICULAR CREDITOR OR HOLDER OF AN  
7 EQUITY INTEREST IN LIGHT OF ITS INDIVIDUAL CIRCUMSTANCES OR TO  
8 CERTAIN CREDITORS AND HOLDERS OF EQUITY INTERESTS SUBJECT TO  
9 SPECIAL TREATMENT UNDER THE FEDERAL INCOME TAX LAWS (FOR  
10 EXAMPLE, LIFE INSURANCE COMPANIES, TAX-EXEMPT ORGANIZATIONS,  
11 FOREIGN CORPORATIONS AND INDIVIDUALS WHO ARE NOT CITIZENS OR  
12 RESIDENTS OF THE UNITED STATES). THIS SUMMARY DOES NOT DISCUSS ANY  
13 ASPECT OF STATE, LOCAL OR FOREIGN TAXATION. HOLDERS OF CLAIMS ARE  
14 STRONGLY URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE  
15 SPECIFIC TAX CONSEQUENCES (FEDERAL, STATE, LOCAL, AND FOREIGN) TO  
16 THEM OF THE PLAN.

17 This summary is based upon the laws, regulations, rulings, and decisions in effect on  
18 the date hereof and upon certain proposed and temporary regulations, all of which are subject  
19 to change (possibly with retroactive effect) by legislation, administrative action or judicial  
20 decision. Moreover, due to a lack of definitive judicial or administrative authority and  
21 interpretation, substantial uncertainties exist with respect to various tax consequences of the  
22 Plan as discussed herein. No rulings have been or are expected to be requested from the IRS or  
23 any state tax agency concerning any of the tax matters described herein. There can be no  
24 assurance that the IRS or any state tax agency will not challenge the positions taken by the  
25 Debtor with respect to any of the issues addressed herein or that a court of competent  
26 jurisdiction would not sustain such a challenge. The amount of tax liabilities, if any, will be  
27

1 affected by any deductions the Debtor will be entitled to during the year. Thus, at this time, the  
2 Debtor cannot estimate the amount of tax liabilities that will be incurred.  
3 General tax consequences on creditors of any discharge, and the general tax consequences of  
4 receipt of plan consideration after confirmation cannot be quantified by the Debtor and  
5 creditors and interest holders are advised to consult with their own tax advisors respecting the  
6 tax consequences, if any, of the Plan, including state and local tax consequences.

7 **ARTICLE IV.**

8 **CONFIRMATION REQUIREMENTS AND PROCEDURES**

9 PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THIS PLAN  
10 SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON  
11 CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following  
12 discussion is intended solely for the purpose of alerting readers about basic confirmation  
13 issues, which they may wish to consider, as well as certain deadlines for filing claims. The  
14 Proponent CANNOT and DOES NOT represent that the discussion contained below is a  
15 complete summary of the law on this topic.

16 Many requirements must be met before the Court can confirm a Plan. Some of the  
17 requirements include that the Plan must be proposed in good faith, acceptance of the Plan,  
18 whether the Plan pays creditors at least as much as creditors would receive in a Chapter 7  
19 liquidation, and whether the Plan is feasible. These requirements are not the only requirements  
20 for confirmation. For a plan to be confirmable, the Plan must meet the requirements of  
21 Bankruptcy Code §1129(a) or §1129(b). If confirmation is sought under §1129(b), the Plan  
22 proponent must specifically request that this is the basis for the confirmation and proponent's  
23 Plan must meet all requirements of §1129(a) except §1129(a)(8).

24 **4.01 Who May Vote or Object**

25 **4.01.1 Who May Object to Confirmation of the Plan**

26 Any party in interest may object to the confirmation of the Plan, but as explained below  
27 not everyone is entitled to vote to accept or reject the Plan.

1                                   **4.01.2 Who May Vote to Accept/Reject the Plan**

2           A creditor or interest holder has a right to vote for or against the Plan if that creditor or  
3 interest holder has a claim which is both (1) allowed or allowed for voting purposes and (2)  
4 classified in an impaired class.

5                                   **4.01.2.1 What Is an Allowed Claim/Interest**

6           As noted above, a creditor or interest holder must first have an allowed claim or interest  
7 to have the right to vote. Generally, any proof of claim or interest will be allowed, unless a  
8 party in interest brings a motion objecting to the claim. When an objection to a claim or  
9 interest is filed, the creditor or interest holder holding the claim or interest cannot vote unless  
10 the Court, after notice and hearing, either overrules the objection or allows the claim or interest  
11 for voting purposes.

12           THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE IS[DATE].

13           A creditor or interest holder may have an allowed claim or interest even if a proof of  
14 claim or interest was not timely filed. A claim is deemed allowed if (1) it is scheduled on the  
15 Debtor's schedules and such claim is not scheduled as disputed, contingent, or unliquidated,  
16 and (2) no party in interest has objected to the claim. An interest is deemed allowed if it is  
17 scheduled and no party in interest has objected to the interest.

18                                   **4.01.2.2 What Is an Impaired Claim/Interest**

19           As noted above, an allowed claim or interest only has the right to vote if it is in a class  
20 that is impaired under the Plan. As provided in §1124 of the Bankruptcy Code, a class is  
21 impaired if the Plan alters the legal, equitable, or contractual rights of the members of that  
22 class. For example, a class comprised of general unsecured claims is impaired if the Plan fails  
23 to pay the members of that Class 100% of what they are owed.

24           In this case, the Proponent believes that classes 1 through 4, and Class 6A and 6B are  
25 impaired and that holders of claims in each of these classes are therefore entitled to vote to  
26 accept or reject the Plan. The Proponent believes that classes 5a through 5i are unimpaired.  
27 Holders of claims in unimpaired classes do not have the right to vote to accept or reject the



1 Plan. Parties who dispute the Proponent's characterization of their claim or interest as being  
2 impaired or unimpaired may file an objection to the Plan contending that the Proponent has  
3 incorrectly characterized the class.

#### 4 **4.01.3 Who Is Not Entitled to Vote**

5 The following four types of claims are not entitled to vote: (1) claims that have been  
6 disallowed; (2) claims in unimpaired classes; (3) claims entitled to priority pursuant to Code  
7 sections 507(a)(1), (a)(2), and (a)(8); and (4) claims in classes that do not receive or retain any  
8 value under the Plan. Claims in unimpaired classes are not entitled to vote because such  
9 classes are deemed to have accepted the Plan. Claims entitled to priority pursuant to Code  
10 sections 507(a)(1), (a)(2), and (a)(7) are not entitled to vote because such claims are not placed  
11 in classes and they are required to receive certain treatment specified by the Code. Claims in  
12 classes that do not receive or retain any value under the Plan do not vote because such classes  
13 are deemed to have rejected the Plan. **EVEN IF YOUR CLAIM IS OF THE TYPE**  
14 **DESCRIBED ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO THE**  
15 **CONFIRMATION OF THE PLAN.**

#### 16 **4.01.4 Who Can Vote in More Than One Class**

17 A creditor whose claim has been allowed in part as a secured claim and in part as an  
18 unsecured claim is entitled to accept or reject a Plan in both capacities by casting one ballot for  
19 the secured part of the claim and another ballot for the unsecured claim.

#### 20 **4.01.5 Votes Necessary to Confirm the Plan**

21 If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one  
22 impaired class has accepted the Plan without counting the votes of any insiders within that  
23 class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be  
24 confirmed by "cramdown" on non-accepting classes, as discussed later in Section 4.01.7.

#### 25 **4.01.6 Votes Necessary for a Class to Accept the Plan**

26 A class of claims is considered to have accepted the Plan when more than one-half  
27 (1/2) in number and at least two-thirds (2/3) in dollar amount of the claims which actually

1 voted, voted in favor of the Plan. A class of interests is considered to have "accepted" the Plan  
2 when at least two-thirds (2/3) in amount of the interest-holders of such class which actually  
3 voted, voted to accept the Plan.

4 **IMPORTANT NOTICE; IF YOU ARE ELIGIBLE TO VOTE AND YOUR**  
5 **COMPLETED BALLOT IS NOT RECEIVED BY MATLOCK LAW GROUP, P.C.,**  
6 **OFFICE ON OR BEFORE THE VOTING DEADLINE (SEE SECTION**

7 **4.01.7 Treatment of Nonaccepting Classes**

8 As noted above, even if all impaired classes do not accept the proposed Plan, the Court  
9 may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner  
10 required by the Code. The process by which nonaccepting classes are forced to be bound by  
11 the terms of a Plan is commonly referred to as "cramdown." The Code allows the Plan to be  
12 "crammed down" on nonaccepting classes of claims or interests if it meets all consensual  
13 requirements except the voting requirements of 1129(a)(8) and if the Plan does not  
14 "discriminate unfairly" and is "fair and equitable" toward each impaired class that has not  
15 voted to accept the Plan as referred to in 11 U.S.C. § 1129(b) and applicable case law.

16 **4.02 Liquidation Analysis**

17 Another confirmation requirement is the "Best Interest Test", which requires a  
18 liquidation analysis. Under the Best Interest Test, if a claimant or interest holder is in an  
19 impaired class and that claimant or interest holder does not vote to accept the Plan, then that  
20 claimant or interest holder must receive or retain under the Plan property of a value not less  
21 than the amount that such holder would receive or retain if the Debtor were liquidated under  
22 Chapter 7 of the Bankruptcy Code.

23 In a Chapter 7 case, the Debtor's assets are usually sold by a Chapter 7 trustee. Secured  
24 creditors are paid first from the sales proceeds of properties on which the secured creditor has a  
25 lien. Administrative claims are paid next. Next, unsecured creditors are paid from any  
26 remaining sales proceeds, according to their rights to priority. Unsecured creditors with the  
27 same priority share in proportion to the amount of their allowed claim in relationship to the

1 amount of total allowed unsecured claims. Finally, interest holders receive the balance that  
2 remains after all creditors are paid, if any. For the Court to be able to confirm this Plan, the  
3 Court must find that all creditors and interest holders who do not accept the Plan will receive at  
4 least as much under the Plan as such holders would receive under a Chapter 7 liquidation. The  
5 Plan Proponent maintains that this requirement is met here for the following reasons: The  
6 Debtor's primary asset is the Pacific Thomas Properties. The Pacific Thomas Properties are  
7 encumbered by deeds of trust in favor of Jacol, Bank of the West, Private Mortgage Fund, and  
8 Summit Bank. The balance of the notes securing the Pacific Thomas Properties as of the  
9 Petition Date was approximately \$13,420,000.

10 Based upon the Debtor's estimate, the liquidated value of the Pacific Thomas Properties  
11 is \$12,000,000. This amount is lower than the fair market value of the properties because (1) in  
12 a Chapter 7 proceeding, only the liquidation value could be obtained, most likely with each  
13 parcel being sold separately or "cherry picked", which significantly reduces their overall value,  
14 and (2) there would be normal costs of sale and other costs of administration attendant to the  
15 Chapter 7 proceeding. This means there would not be sufficient proceeds generated by a sale of  
16 the Pacific Thomas Properties to pay all of the secured creditors in full.

17 Similarly, the liquidation value of Debtor's personal property assets is significantly less  
18 than the value listed in Debtor's Schedule B because the Debtor believes that its notes  
19 receivable are not collectible. Debtor made respective inquiries and believes that the costs to  
20 collect on the notes receivable would outweigh their value because the listed  
21 individuals/entities deny their liability.

22 The conclusion that necessarily follows is that Unsecured Creditors of the Debtor's  
23 Estate would not receive any distribution were this Chapter 11 proceeding converted to one  
24 under Chapter 7 of the Code. The plan, which provides for a distribution to Unsecured  
25 Creditors, clearly provides a greater return to Unsecured Creditors than that which would be  
26 achieved in a Chapter 7. Consequently, the Debtor believe that the Plan, as proposed, provides  
27 to Unsecured Creditors more than they would receive were the Debtor's Case converted to one

1 under chapter 7 of the Code. The Plan proposes to pay general unsecured creditors  
 2 approximately 100% of their total claims while a liquidation of the Debtor's estate would result  
 3 in a 0% dividend. In a Chapter 7 case, a trustee is appointed and entitled to compensation from  
 4 the Bankruptcy estate in an amount not to exceed 25% on the first \$5,000 of moneys disbursed,  
 5 10% on any amount over \$5,000 but less than \$50,000, 5% on any amount over \$50,000 but  
 6 not in excess of \$1 million and 3% on all amounts over \$1 million. In this case, the trustee's  
 7 compensation is estimated to equal \$394,519.68 based upon a liquidated value of the Pacific  
 8 Thomas Properties of \$12,000,000 and a liquidation value of Debtor's personal properties of  
 9 \$336,256.00. See *supra*. Through the Plan however, no Chapter 7 trustee's compensation will  
 10 be incurred.

11 Below is a demonstration, in balance sheet format, that all creditors and interest holders  
 12 will receive at least as much under the Plan as such creditor or interest holder would receive  
 13 under a Chapter 7 liquidation. (See Exhibit A for a detailed explanation of how the following  
 14 assets are valued. This information is provided by the Debtor.)

15 **ASSETS VALUED AT LIQUIDATION VALUE**

Description	Liquidation Value	Secured Claim	Net Proceeds
2615 E 12th Street, Oakland, CA 94601 (APN 25-701-6-4) "Safe Storage"	\$4,080,000.00  Less \$67,298.70 tax liens equals: \$4,012,701.30	\$3,237,847.57 Bank of the West	\$774,853.73
29th Avenue, Oakland, CA 94601 (APN 25-693-8; industrial-vacant land) "Derby"	\$1,295,400.00  Less \$20,445.23 tax liens equals: \$1,274,954.77	\$7,579,194.07 Summit Bank	\$0.00

1	23 <sup>rd</sup> Avenue, Oakland, CA 94601 (APN 019- 102-004)	\$306,000.00		\$0.00
2		Less \$8,727.82		
3		tax liens		
4		equals:		
5		\$297,272.18		
6	26 <sup>th</sup> Avenue in Oakland, CA 94601 (APN 25-701-11) "Safe Storage Annex"	\$1,496,000.00		\$0.00
7		Less \$104,603.25		
8		tax liens		
9		equals:		
10		\$1,391,396.75		
11	2783 E 12th Street, Oakland, CA 94601 (APN 25-697-7-15) "Safe Storage Annex"	\$782,000.00		\$0.00
12		Less \$64,178.50		
13		tax liens		
14		equals:		
15		\$717,821.50		
16	25 <sup>th</sup> Avenue Oakland, CA 94601 (partial APN 25-707-14-2) "Safe Storage Annex"	\$680,000.00		\$0.00
17		Less \$1,935.05		
18		tax liens		
19		equals:		
20		\$678,064.95		
21				
22				
23				
24				
25				
26				
27				

1	2783 E. 12th Street, Oakland, CA 94601 (APN 025-697-02-04) "Morse"	\$1,659,200.00  Less \$14,111.55 tax liens equals: \$1,645,088.45	\$1,761,449.79 Private Mortgage Fund LLC  \$700,000.00 Jacol	\$0.00
2				
3				
4				
5	29 <sup>th</sup> Avenue, Oakland, CA 94601 (APN 25- 697-3-6) "Tuffy"	\$1,312,400.00  Less \$14,046.11 tax liens equals: \$1,298,353.89		\$481,992.55
6				
7				
8				
9				
10	2483 E 12th Street, Oakland, CA 94601 (APN 25-697-7-14)	\$428,400.00  Less \$4,692.80 tax liens equals: \$423,707.20		\$423,707.20
11				
12				
13				
14				
15	Petty cash.	\$300.00	\$0.00	\$300.00
16	Pre-Petition Bank Acct. Balances	\$7,366.65	\$0.00	\$7,366.65
17	1091 Calcot	\$1,000.00	\$0.00	\$1,000.00
18	Regulars	\$53,847.01	\$0.00	\$53,847.01
19	Leon & Leon OHA Trust	\$354.01	\$0.00	\$354.01
20	Security	\$2,141.33	\$0.00	\$2,141.33
21	Other	\$13,000.00	\$0.00	\$13,000.00
22	Loans to Shareholders	\$206,290.00	\$0.00	\$206,290.00
23	Note receivable from China Sci-Tech	\$0.00	\$0.00	\$0.00
24	Note receivable from Pacific Trading Ventures, approx. \$312,000 as of January 2012.	\$0.00	\$0.00	\$0.00
25				
26				
27				

Debtor's First Amended Disclosure Statement - 70

1	Note receivable Edwin Nova Thomas RLT	\$0.00	\$0.00	\$0.00
2				
3	Note receivable Nova Group	\$0.00	\$0.00	\$0.00
4	Note receivable Terry Hepler	\$0.00	\$0.00	\$0.00
5	Note receivable Thomas California Investments	\$0.00	\$0.00	\$0.00
6				
7	Note receivable Thomas Capital Investments	\$0.00	\$0.00	\$0.00
8				
9	Note receivable Jose Coronado	\$0.00	\$0.00	\$0.00
10	Note receivable Ken Blunt	\$0.00	\$0.00	\$0.00
11	Note receivable Buhla R. Darrow	\$0.00	\$0.00	\$0.00
12	Accounts Receivable	\$41,985.00	\$0.00	\$41,985.00
13	Prepaid Insurance	\$9,972.00	\$0.00	\$9,972.00
14	TOTAL:			\$2,016,809.48

**Liquidation Analysis**

17	<b>Personal Property at Liquidation Value</b>	336,256.00	
18	<b>Pacific Thomas Properties at Liquidation Value Less Tax Liens</b>	\$11,739,360.99	
19	<b>Total Assets At Liquidation Value:</b>	\$12,075,616.99	
20	<b>LESS LIABILITIES IN CHAPTER 7 CASE</b>		
21	Less Secured Creditor Recovery <sup>8</sup>	\$13,278,491.43	
22			

8

Classes 1 through 4	13,278,491.43
Summit Bank	\$7,579,194.07
Bank of the West	\$3,237,847.57
Private Mortgage Fund LLC	\$1,761,449.79
Jacol	\$700,000.00

1	Less: Chapter 7 trustee's fees and expenses	\$394,519.68	
2	Matlock Law Group, P.C., Debtor Counsel	\$200,000.00(est.)	
3			
4	Chapter 11 Trustee	\$50,000.00 (est.)	
5	Chapter 11 Trustee Counsel	\$100,000 (est.)	
6	Chapter 11 Trustee Accountant	\$5,000 (est.)	
7			
8	Clerk's Office Fees	\$0.00	
9	Office of the U.S. Trustee Fees	\$650 (2nd qtr 2013)	
10	<b>% OF THEIR CLAIMS WHICH UNSECURED CREDITORS WILL RECEIVE OR RETAIN UNDER THIS PLAN:</b>	<b>0</b>	
11			

12 Below is a demonstration, in tabular format, that all Creditors and interest holders will  
13 receive at least as much under the Plan as such Creditor or holder would receive under a  
14 Chapter 7 liquidation.

16	<u>CLAIMS AND CLASSES</u>	<u>PAYOUT PERCENTAGE UNDER THE PLAN</u>	<u>PAYOUT PERCENTAGE IN CHAPTER 7 LIQUIDATION</u>
18	Administrative Claims	100.00%	Estimated funds available for Administrative Claims would be \$150,000 (Chapter 7 Administrative Fees and Costs are estimated at \$394,519.68 and Chapter 11 Administrative Fees and Costs are estimated at \$355,650.00)
25	Classes 1 – 4	100.00%	77.00% on average
26	Class 6A–6C Unsecured Creditors	100.00%	0%
27			



<u>CLAIMS AND CLASSES</u>	<u>PAYOUT PERCENTAGE UNDER THE PLAN</u>	<u>PAYOUT PERCENTAGE IN CHAPTER 7 LIQUIDATION</u>
Class 7– Interest Holders	To retain their equity in the Reorganized Debtor subject to a share repurchase agreement for new value investors..	0%

**4.03 Feasibility**

Another requirement for confirmation involves the feasibility of the Plan, which means that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

There are at least two important aspects of a feasibility analysis. The first aspect considers whether the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses which are entitled to be paid on such date. The Plan Proponent maintains that this aspect of feasibility is satisfied as illustrated here:

Estimated Cash Debtor will have on hand	
by Effective Date	<u>\$600,000.00</u>
<b>To Pay:</b> Administrative claims	<u>\$355,650.00</u>
<b>To Pay:</b> Statutory costs & charges	<u>\$00.00</u>
Balance after paying these amounts.....	<u>\$244,350.00</u>

The sources of the cash Debtor will have on hand by the Effective Date, as shown above are:

\$150,000.00	Cash in DIP Accounts (est. based on MORs),
\$450,000.00	Third party funding from insiders (new value; investment in return for shares in the Reorganized Debtor as well as release from personal guarantees / third party liabilities) (est.)
<u>\$600,000.00</u>	<b>Total</b>

1 The second aspect considers whether the Proponent will have enough cash over the life  
2 of the Plan to make the required Plan payments.

3 The Proponent has provided financial projections. Please refer to Exhibit C for the  
4 relevant financial projections. YOU ARE ADVISED TO CONSULT WITH YOUR  
5 ACCOUNTANT OR FINANCIAL ADVISOR IF YOU HAVE ANY QUESTIONS  
6 PERTAINING TO THESE FINANCIAL PROJECTIONS.

7 In summary, the Plan proposes to pay the Class 1 through 6B creditors through revenue  
8 generated by the rent proceeds and or the sale or refinance of the Pacific Thomas Properties  
9 and 6C creditors only after creditors in Classes 1-6B have been paid in full.

10 Debtor Pacific Thomas Corporation (“Debtor”) holds a unique relationship with the  
11 several properties located on East 12<sup>th</sup> Street and 29<sup>th</sup> Avenue. In addition to the Self Storage  
12 asset under the brand name SAFE STORAGE, the property consists of two (2) commercial  
13 buildings and hosts three (3) parking lots located next door to the Fruitvale BART station.

14 Revenues have been increasing at the Pacific Thomas Properties for past 10 years on a  
15 year over year basis. The revenue increases are primarily due to the expansion of the Safe  
16 Storage self-storage operation, being increased from 56,000 leasable square feet to over  
17 100,000 square feet as currently situated. As of June 2013, the Safe Storage operation is  
18 operating at 76% occupancy and has a composite lease rate of approximately \$1.56 per square  
19 foot.

20 The Safe Storage business is operated by Pacific Trading Ventures, who leases the self  
21 storage property for \$70,000 per month<sup>9</sup>. See Exhibit H. Additionally, the Safe Storage  
22 Management Company leases parking areas and commercial spaces for the operation of their  
23 business of Budget Truck Rental and Safe Parking program. See Exhibit H.

24 Projections for the Pacific Thomas properties from July 2013 going forward for next 5  
25 years shows very positive potential due to both internal and external factors. See Exhibit G.

26 \_\_\_\_\_  
27 <sup>9</sup> Approximately \$2,500 of this rental payment is for an office space located in the Morse Building,  
which is leased by Pacific Trading Ventures. See Exhibit H.

1 Most significant internal factor is the expiration of the 2005/2010 lease with Safe Storage  
2 Management Company. See **Exhibit G**. By either a takeover of the leased space or through a  
3 newly negotiated lease with an increased rental amount commensurate to market rental rates,  
4 Pacific Thomas should be able to recognize a robust 15-20% increase in net profit. The reasons  
5 for such increase are described below. In a takeover scenario, Pacific Thomas would assume  
6 the approximate \$115,000 gross revenues currently projected as of July 2013 for the Safe  
7 Storage facility. Rents for the self storage operations should see a year over year increase in  
8 rental rates by approximately 6-8 % consistent with the rental rate increases showing  
9 throughout the Oakland metro multi-family rental market. As of last year, Oakland achieved a  
10 12% increase in rental rates, and was ranked #2 nationwide fastest growing rental market.  
11 Additionally, Safe Storage operations have been improving and occupancy continues to gain  
12 approximately 1% per month.

13 By January 2015, Pacific Thomas would be able to demonstrate the approximate 15 -  
14 18 % occupancy increase coupled with the rental rate increases to bring its gross revenue per  
15 month closer to \$145,000.

16 Additional to the self storage asset increasing over time, the commercial property  
17 activities continue to thrive and improve. Most importantly, the impacts felt from the local  
18 APMC Highland Hospital \$1.0Billion renovation and new Acute Tower being built have been  
19 a positive result for Pacific Thomas. Primarily, the general contractor, Clark Construction, has  
20 been a primary tenant for Pacific Thomas properties by utilizing parking spaces for employees,  
21 employing shuttle buses for transportation, and using the commercial space for both logistical  
22 off-sites but also as a showroom for their “mock” hospital rooms being built at the Highland  
23 campus. Clark now occupies the commercial space and pays an additional \$3,700 per month  
24 for space, along with their parking use.

25 Pacific Thomas’ 1111 29<sup>th</sup> Ave building continues to work with Planned Parenthood on  
26 their expected \$1.4MM renovation and investment to create a new family planning clinic.

27

1 Their lease is anticipated to commence prior to year end 2013 and would bring a triple net  
2 (NNN) lease rent of \$12,250 per month to the Pacific Thomas financials.

3 Additionally, Performance Contracting Inc. has taken more commercial parking space  
4 and also utilizes storage space for their contracting needs.

5 As Debtor's financial income and expense projections demonstrate, Debtor projects the  
6 Pacific Thomas Properties will generate sufficient income to service all of the creditor's debts  
7 under the plan. See Exhibit G. The final payment under the Plan is expected to be paid on or  
8 before October 15, 2018. The Plan Proponent contends that Debtor's financial projections are  
9 feasible.

10 **ARTICLE V.**

11 **EFFECT OF CONFIRMATION OF PLAN**

12 **5.01 Discharge**

13 This Plan provides that upon confirmation of the plan, Debtor shall be discharged of  
14 liability for payment of debts incurred before confirmation of the Plan to the extent specified in  
15 11 U.S.C. § 1141. However, the discharge will not discharge any liability imposed by the  
16 Plan. Confirmation of the Plan does not discharge any debt provided for in the Plan until the  
17 Court grants a discharge on completion of all payments under the Plan, or as otherwise  
18 provided in §1141(d)(5) of the Bankruptcy Code. The Debtor will not be discharged from any  
19 debt excepted from discharge under §523 of the Bankruptcy Code, except as provided in Rule  
20 4007(c) of the Federal Rules of Bankruptcy Procedure.

21 **5.02 Injunction and Stay.**

22 The entry of the Confirmation Order shall constitute an injunction applicable to all  
23 persons, staying and enjoining the enforcement or attempted enforcement, by any means,  
24 against the Debtor, or property of the Estate, of all liens, Claims and debts to be treated under  
25 the Plan or discharged as set forth below and in Section 3.13.3.10 of the Plan.

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1           **5.03     Revesting of Property in the Debtor**

2           Except as provided herein and except as provided elsewhere in the Plan, the  
3 confirmation of the Plan revests all of the property of the estate in the Debtor.

4           **5.04     Modification of Plan**

5           The Proponent of the Plan may modify the Plan at any time before confirmation.  
6 However, the Court may require a new disclosure statement and/or re-voting on the Plan.

7           The Proponent of the Plan may also seek to modify the Plan at any time after  
8 confirmation only if (1) the Plan has not been substantially consummated and (2) the Court  
9 authorizes the proposed modifications after notice and a hearing.

10          **5.05     Post-Confirmation Status Report**

11          Within 120 days of the entry of the order confirming the Plan, Plan Proponent shall file  
12 a status report with the Court explaining what progress has been made toward consummation  
13 of the confirmed Plan. The status report shall be served on the United States Trustee, the  
14 twenty largest unsecured creditors, and those parties who have requested special notice.  
15 Further status reports shall be filed every 120 days and served on the same entities.

16          **5.06     Post-Confirmation Conversion/Dismissal**

17          A creditor or party in interest may bring a motion to convert or dismiss the case under §  
18 1112(b), after the Plan is confirmed, if there is a default in performing the Plan. If the Court  
19 orders the case converted to Chapter 7 after the Plan is confirmed, then all property that had  
20 been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan,  
21 will revest in the Chapter 7, estate. The automatic stay will be reimposed upon the revested  
22 property, but only to the extent that relief from stay was not previously authorized by the Court  
23 during this case.

24          The order confirming the Plan may also be revoked under very limited circumstances.  
25 The Court may revoke the order if the order of confirmation was procured by fraud and if a  
26 party in interest brings an adversary proceeding to revoke confirmation within 180 days after  
27 the entry of the order of confirmation.

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**5.07 Final Decree**

Upon substantial consummation of the Plan and once the estate has been fully administered as referred to in Bankruptcy Rule 3022, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion and final account with the Court to obtain a final decree to close the case. The Debtor shall have the continuing obligation to pay the quarterly fees required by 28 U.S.C. §1930 until the case is closed, converted or dismissed.

Dated: July 11, 2013

Respectfully submitted,  
  
By Plan Proponent,  
  
/s/ Randall Whitney  
Pacific Thomas Corporation, Debtor  
Randall Whitney

Matlock Law Group, P.C.  
  
By: /s/Anne-Leith Matlock  
Anne-Leith Matlock, Esq.  
Attorneys for Debtor