

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF MISSOURI**

In re:	)	
	)	Case No. 11-40999
PURSELL HOLDINGS, LLC	)	
	)	
	)	Chapter 11
Debtor.	)	

**DEBTOR'S DISCLOSURE STATEMENT**

1. **INTRODUCTION**

Debtor filed its petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Western District of Missouri, on March 10, 2011. Debtor has continued to operate its business throughout the course of the Chapter 11 case, and has been a debtor in possession. The Debtor is a Missouri limited liability company with management and executive headquarters located in Liberty, Missouri. It engages primarily in the commercial rental business. Its headquarters office is located at 300 N. Church Road, Liberty, Missouri 64068.

2. **PURPOSE OF THIS DISCLOSURE STATEMENT**

Pursell Holdings, LLC prepared this Debtor's Disclosure Statement (the "Disclosure Statement") in connection with its solicitation of acceptances of the Debtor's Plan of Reorganization dated October 3, 2011 (the "Plan") filed in the Debtor's bankruptcy reorganization case (the "Reorganization Case") under Chapter 11, Title 11, United States Code (the "Bankruptcy Code"), pending before the United States Bankruptcy Court for the Western District of Missouri, Western Division (the "Bankruptcy Court"). After a hearing on \_\_\_\_\_, 2011, the Bankruptcy Court shall determine whether the Disclosure Statement contains information of a kind, and in sufficient detail as far as is reasonably practicable, that would

enable a hypothetical reasonable investor and a typical holder of a claim of the classes being solicited to make an informed judgment whether to vote to accept or reject the Plan. The Disclosure Statement is the only document authorized by the Court to be used in connection with the solicitation of votes accepting or rejecting the Plan. The Plan is attached hereto as **Exhibit A**.

The Plan reflects Debtor's determined effort to maintain the economic integrity of the business of the Debtor and obtain the greatest value for benefit of its creditors. Debtor believes that creditors will receive more value under the Plan than they would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code, and that the Plan offers prospects for the highest and best recovery to creditors that can be obtained.

Your vote on the Plan is important. As a general rule, confirmation of the Plan requires acceptance by each of the voting classes. Pursuant to §1126 of the Bankruptcy Code, in order for the Plan to be accepted by a voting class, creditors holding at least two-thirds in dollar amount and more than one-half in number of claims allowed for voting purposes in such class and who actually vote to accept or reject the Plan must vote in favor of the Plan. Any class that fails to accept the Plan will be deemed to have rejected the Plan.

**THIS DISCLOSURE STATEMENT IS NOT INTENDED TO REPLACE CAREFUL AND DETAILED REVIEW AND ANALYSIS OF THE PLAN BY EACH HOLDER OF A CLAIM OR INTEREST ENTITLED TO VOTE THEREON, BUT IS INTENDED TO AID AND SUPPLEMENT SUCH REVIEW. THE DESCRIPTION OF THE PLAN HEREIN IS A SUMMARY ONLY. HOLDERS OF CLAIMS ARE CAUTIONED TO REVIEW THE PLAN ITSELF AND ANY RELATED AGREEMENTS OF TRANSACTIONS FOR A FULL UNDERSTANDING OF ITS PROVISIONS. THE DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO**

**THE PLAN. THE TERMS OF THE PLAN AND ANY RELATED AGREEMENTS ARE CONTROLLING IF ANY INCONSISTENCY EXISTS BETWEEN THEM AND THIS DISCLOSURE STATEMENT.**

The following is a list of the Exhibits accompanying this Disclosure Statement:

- EXHIBIT A The Chapter 11 Reorganization Plan**
- EXHIBIT B-1 2011 Summary – January, 2011 through August, 2011**
- EXHIBIT B-2 Debtor's Pro Forma Profit and Loss Statement for 2012**
- EXHIBIT B-3 Debtor's Pro Forma Profit and Loss Statement for 2013-14**
- EXHIBIT C Debtor's Profit and Loss Statement for 2008, 2009 and 2010**
- EXHIBIT D Debtor's Balance Sheet for 2008, 2009 and 2010**

This Disclosure Statement, the Plan and all Exhibits remain subject to modification and amendment in their entirety. All financial information provided herein constitutes the best information available to the Debtor as of the date of the filing of this Disclosure Statement and remains subject to revision.

Capitalized terms used in the Disclosure Statement that are not specifically defined herein have the meanings set forth in the Plan. All Exhibits to the Disclosure Statement are incorporated by reference into and made a part of the Disclosure Statement.

**YOU SHOULD READ THE DISCLOSURE STATEMENT AND ITS EXHIBITS IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN. NO STATEMENTS OR INFORMATION CONCERNING THE DEBTOR OR ANY OTHER ENTITY DESCRIBED IN THE DISCLOSURE STATEMENT OR THE PLAN, PARTICULARLY AS TO ITS FUTURE BUSINESS OPERATIONS, PROFITS, FINANCIAL CONDITIONS, ASSETS,**

**LIABILITIES ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH  
IN THE DISCLOSURE STATEMENT.**

The financial information set forth in the Disclosure Statement has not been audited by independent certified public accountants. The Debtor is unable to represent and warrant that the information set forth in the Disclosure Statement is without any inaccuracy. To the extent practicable, however, the information has been prepared from the Debtor's financial books and records and great effort has been made to ensure that all such information is fairly presented.

3. PROCEDURAL INFORMATION

Under §1126 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 3018(a), only creditors whose claims are deemed allowed pursuant to §502 of the Bankruptcy Code or have been allowed by an Order of the Bankruptcy Court are entitled to vote on the Plan.

Except as otherwise provided in the Disclosure Order, ballots are being sent with the Disclosure Statement to the known holders of all claims against the Debtor as of the commencement date of this case on March 10, 2011, including those that have been or will be objected to by the Debtor. These parties may distribute the ballots to the beneficial owners of the claims as they deem necessary. The holders of claims and interest that have been objected to by the Debtor are not entitled to vote on the Plan unless otherwise ordered by the Bankruptcy Court in accordance with Federal Rule of Bankruptcy Procedure 3018(a), which provides in pertinent part, that: "Notwithstanding objection to a claim or interest, the court after notice and hearing may temporarily allow the claim or interest in an amount which the court deems proper for the purpose of accepting or rejecting a plan." Additional rules governing the voting process are set forth in the Disclosure Order that accompanies the Disclosure Statement.

All pleadings and other documents referred to in the Disclosure Statement as being on file with the Bankruptcy Court are available for inspection and review during normal business hours at the Clerk of the Bankruptcy Court, 400 E. Ninth St., Kansas City, MO 64106. In addition, such pleadings and documents may be viewed online at [http://www.mow.uscourts.gov/bk\\_cmecf.htm](http://www.mow.uscourts.gov/bk_cmecf.htm) using PACER access. ANY CHANGES TO THESE DOCUMENTS WILL BE DESCRIBED AT THE HEARING ON THE CONFIRMATION OF THE PLAN.

After carefully reviewing the Plan, the Exhibits annexed thereto, this Disclosure Statement and exhibits annexed thereto, please indicate your vote(s) with respect to the Plan on the ballot sent to you and return it by the deadline to Debtor's counsel. If you have a claim in more than one voting class, you are entitled to vote each claim. **PLEASE VOTE AND RETURN EVERY BALLOT THAT YOU RECEIVE. IN ORDER TO BE COUNTED, BALLOTS MUST BE RECEIVED BY \_\_\_\_\_, 2011.**

The Court will hold a combined hearing on final approval of the Disclosure Statement and confirmation of the Plan of Reorganization commencing at \_\_\_\_ p.m. \_\_\_\_\_ (the "Confirmation Hearing").

THE DEBTOR BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTEREST OF CREDITORS AND RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.

Dated: October 3, 2011

4. BRIEF EXPLANATION OF CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. It allows a business debtor to remain in operation and work out its financial difficulties. Unlike a case under

Chapter 7 of the Bankruptcy Code, which automatically results in the appointment of a trustee to manage the affairs of the entity filing under the Bankruptcy Code, the debtor in a Chapter 11 case remains in control of the Estate as the “debtor in possession,” generally with the same powers and duties as a trustee, unless and until a creditor’s committee or other party obtains the appointment of a trustee to operate the business.

Upon filing a petition for Chapter 11 reorganization and during the pendency of a reorganization case, the Bankruptcy Code imposes an automatic stay against creditors’ attempts to collect or enforce, through litigation or otherwise, claims against the debtor. The automatic stay provisions of §362 of the Bankruptcy Code, unless lifted by court order, will generally prohibit or restrict attempts by secured or unsecured creditors or other claimants to collect or enforce any claims against the debtor that arose prior to the commencement of the Chapter 11 case.

Formulation and confirmation of a Plan of reorganization is the principal purpose of a Chapter 11 reorganization case. The Plan of reorganization is the vehicle for satisfying the holders of claims against, and equity interests in, a debtor. After a Plan of reorganization has been filed, the holders of claims against, or interests in, a debtor are permitted to vote to accept or reject the Plan. Section 1125 of the Bankruptcy Code requires the debtor, before soliciting acceptances of the proposed Plan, to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the Plan. The Disclosure Statement is presented to holders of Claims in impaired classes to satisfy the requirements of § 1125 of the Bankruptcy Code.

Chapter 11 does not require that each holder of a claim against, or interest in, a debtor vote in favor of a Plan of reorganization in order for the Bankruptcy Court to confirm the Plan.

At a minimum, however, a Plan must be accepted by a majority in number and at least two-thirds in amount of those claims actually voting in at least one class of claims impaired under such Plan. In the present case, holders of claims who fail to return ballots will not be counted as either accepting or rejecting the Plan for purposes of determining whether the Plan is adopted or rejected.

Classes of claims or interests that are not “impaired” under a Plan of reorganization are conclusively presumed to have accepted the Plan of reorganization. Consequently, holders of claims or interests in such classes are not entitled to vote. Acceptances of the Plan in this case are being solicited only from those who hold claims in an impaired class. A class of claims is impaired under a Plan of reorganization unless, as set forth in § 1124 of the Bankruptcy Code, with respect to each claim or equity interest of such class, the Plan: (1)(a) leaves unaltered the legal, equitable and contractual provision or applicable law that entitles the holder of a claim or interest after the occurrence of a default; (b) cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code other than a default of a kind specified in § 365(b)(2) of the Bankruptcy Code; (c) reinstates the maturity of such a claim or interest as such maturity existed before such default; (d) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and (e) does not otherwise alter the legal, equitable or contractual rights to which such claim or interest entitles the holder of such a claim or interest; or (2) provides that, on the Effective Date of the Plan, the holder of such claim or interest receives, on account of such claim or interest, cash equal to: (a) with respect to a claim, the allowed amount of such claim; or (b) with respect to an interest, if applicable, the greater of: (i) any fixed liquidation preference to which the terms of any security representing such interest

entitle the holder of such interest; or (ii) any fixed price at which the debtor, under the terms of the security, may redeem such security from such holder.

Even if all classes of claims and interests accept a Plan of reorganization, the Bankruptcy Court nevertheless might not confirm that Plan. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a Plan of reorganization and, among other things, requires that a Plan of reorganization be (1) in the “best interests” of creditors and equity holders and (2) feasible. The “best interests” test generally requires that the value of the consideration be distributed under a Plan to holders of claims or interests who have not voted to accept the Plan may not be less than those parties would receive if the debtor were liquidated under a hypothetical liquidation occurring under Chapter 7 of the Bankruptcy Code. Under the “feasibility” requirement, the court generally must find that there is a reasonable probability that the debtor will be able to perform the obligations incurred under the Plan and to continue operations without the need for further financial reorganization.

If the proponent of a plan of reorganization seeks confirmation of such a plan under the “cramdown” provisions of § 1129(b) of the Bankruptcy Code, the plan must meet all applicable requirements of § 1129(a) of the Bankruptcy Code (except § 1129(a)(8), which requires acceptance by all impaired classes). Among these requirements are that the Plan must (1) comply with the applicable provisions of the Bankruptcy Code and applicable law, (2) be proposed in good faith, and (3) be accepted by at least one impaired class of creditors.

The court may confirm a plan of reorganization as “fair and equitable” as to a class if, among other things, the plan provides: (1) with respect to secured claims, that each holder of such claim included in the rejecting class will receive or retain on account of such claim property that has a value, as of the Effective Date of the Plan, equal to the allowed amount of such claim;



and (2) with respect to unsecured claims and interests, that the holder of any claim or interest that is junior to the claims or interests of such class will not receive or retain on account of such junior claim or interest any property at all unless the senior class is paid in full. The Bankruptcy Court must further find that the economic terms of the plan of reorganization do not unfairly discriminate with respect to the particular objecting class, as provided in § 1129(b) of the Bankruptcy Code.

Other significant aspects of Chapter 11 are (1) a debtor's right and duty to seek avoidance of certain pre-petition or post-petition transfers of interests in the Debtor's Estate and (2) the right and duty of a debtor to evaluate all pre-petition executory (i.e., uncompleted) contracts (including unexpired leases) and to assume or reject such contracts.

5. OVERVIEW OF THE REORGANIZATION CASE

The Debtor's purpose in seeking relief under Chapter 11 and in proposing a Plan of Reorganization is to pay its secured and unsecured creditors in a timely fashion. The Debtor proposes to retain its existing commercial rental property and continue the business. The Debtor proposes to sell its residential real estate or to dispose of its residential real estate by consenting to foreclosure by the senior secured Creditor as provided in the Plan. Debtor will pay Allowed Claims as provided over time through the Plan using income the Debtor earns after confirmation of the Plan to fund Plan payments.

6. OVERVIEW OF THE PLAN

The holders of Allowed Claims against the Debtor will be classified and receive the treatment specified in the Plan. The Classification of such Allowed Claims and Interests, distributions to Claimants and other aspects of the consummation of the Plan are discussed in greater detail in **Article 14** of the Disclosure Statement entitled "Summary of the Plan."

However, for overview purposes only, the classification and treatment of certain secured, priority and unsecured Allowed Claims are summarized below.

The Plan divides Claims against and Interests in the Debtor into various Classes in accordance with the Bankruptcy Code. Secured Claims, priority unsecured Claims, non-priority unsecured Claims, and contingent unliquidated secured claims are each assigned to separate Classes under the Plan. A Claim shall receive a distribution under the Plan only if it is an “Allowed Claim” or an “Allowed Interest,” as defined in the Plan.

In accordance with the Bankruptcy Code each secured creditor is entitled to a separate classification. Accordingly, each of the Secured Claims is placed into a separate Class. In accordance with the nature and overall composition of the collateral and the lien position held by the secured creditor each secured creditor is afforded payment terms which reflect their individual situation.

Administrative expenses and other Allowed Claims will be treated in a manner consistent with the requirements set forth in the Bankruptcy Code. The holders of secured Allowed Claims, as determined in accordance with § 506 of the Bankruptcy Code, are classified separately within Classes 1 through 12. The holders of unsecured Allowed Claims with priority are classified separately within Class 13. The holders of general unsecured Allowed Claims are classified as Class 14. The holders of contingent, unliquidated secured Claims are classified as Class 15. The Claims by the equity owners of the Debtor are classified as Class 16 claims. These holders will receive the treatment specified for such Classes in the Plan. All Allowed Claims in Classes 1 to 13 will be paid in full. The Plan provides for a ten percent (10%) dividend to the holders of general unsecured Allowed Claims in Class 14. The Plan provides that the contingent unliquidated claim of PAF Investment, LLC in Class 15 is to be paid by the primary obligor,

Damon Pursell Construction Company, under its confirmed Plan of Reorganization in Case No. 10-44965. The owners of the Debtor in Class 16, retain their interests subject to the terms of this Plan.

A summary of the classification and treatment of Claims is set forth in subsection c of **Article 14** of the Disclosure Statement entitled “Classification and Treatment of Claims”.

7. HISTORY AND BACKGROUND OF DEBTOR AND ITS BUSINESS

(a) Bankruptcy Case.

Debtor filed its petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Western District of Missouri, on March 10, 2011. Debtor has continued to operate its business throughout the course of the Chapter 11 case and has been a debtor in possession.

(b) The Debtor’s Property and Business.

The Debtor is a Missouri limited liability company with management and executive headquarters located in Liberty, Missouri. It historically engaged in both the commercial real estate leasing business and residential real estate development. The Debtor has worked to exit the residential real estate development business both prior to the Petition Date and subsequent to the Petition Date. The Debtor’s Plan is to complete its exit from the residential real estate development business and focus exclusively in the commercial real estate leasing business in the future.

8. THE DEBTOR’S FINANCIAL OPTIONS

(a) Liquidation.

In order to pay its Creditor’s, the Debtor has studied other options to confront the financial difficulties facing it which primarily resulted from the drain of financial resources to

cover losses from its residential real estate development investments. The Debtor's first option is to liquidate all assets and dissolve. As further discussed in **Article 27**, the Debtor's estimate of cash generated by liquidation would not be sufficient to pay all of its secured creditors and it would have nothing to pay its unsecured creditors..

Thus, the secured Allowed Claims will only be paid in full and the proposed dividend paid to unsecured creditors by allowing Debtor's continued operation.

**(b) Sale as Going Concern.**

**The second option would be to sell off the Debtor's business segments as a going concern to a third party which would continue to operate the businesses. Given the current economic conditions, it is highly unlikely that the commercial real estate can sold for an amount sufficient to pay all secured creditors. The residential real estate owned by the Debtor, if not sold over time in an orderly liquidation, would likely be sold only for a fraction of their value. The sale of the commercial real estate would eliminate the Debtor's ability to generate more income over time to permits it to repay the secured Allowed Claims in full and to pay a modest dividend to unsecured Allowed Claims.**

**9. REASONS FOR FILING BANKRUPTCY**

The demands for cash caused by the collapse of the residential real estate market and the number of pending developments in which the Debtor held an interest or was obligated upon, resulting in the Debtor having insufficient liquidity to pay its real estate taxes and other obligations. While the Debtor was attempting to work out those issues, it was unable to renew loans with secured creditors whose monthly payments were otherwise current up to the end of the existing term. One of these secured creditors commenced foreclosure upon a building in the

Buckeye Industrial Park that generates sufficient rents to repay that loan. **The Debtor's profit and loss statements for the years 2008 through 2010 are attached hereto as Exhibit C, and the Debtor's balance sheet for the years 2008 through 2010 are attached hereto as Exhibit D.**

**10. OWNERSHIP OF THE DEBTOR**

**The Debtor is a Missouri limited liability company formed on January 25, 1995 and is in good standing with the Office of the Missouri Secretary of State. As of the date of this Disclosure Statement, the Debtor's ownership structure is as follows: Michael Pursell is a 61% member of the Debtor and Pursell Land is a 39% member of the Debtor. Pursell Land Company is 100% owned by Michael Pursell.**

**11. MANAGEMENT AND EMPLOYEES OF THE DEBTOR**

**The Debtor is managed by its member Michael Pursell. The treasurer and chief financial officer of Damon Pursell Construction Company ("DPCC") assists Mr. Pursell as the financial management of the Debtor. Nona Pence, also an employee of DPCC, performs lease administrative duties for the Debtor. Sandra Bauer, another employee of DPCC, performs bookkeeping duties for the Debtor. DPCC has not charged the Debtor for these services during the Chapter 11 proceedings. However, the Debtor anticipates that the average monthly cost for management services provided by DPCC (not including Mr. Pursell's services) after confirmation will not exceed \$1,000.00.**

**The Debtor has no employees and, except for the direct costs charged by DPCC and as disclosed hereafter, it has not and will not provide compensation to Mr. Pursell. The Debtor owns a 2006 Lexus automobile that is made available to Mr. Pursell as the only compensation he receives. Under the Plan the Debtor will continue to use the management**

services of DPCC under the direction of Michael D. Pursell. The Debtor will continue to make the 2006 Lexus automobile available to Mr. Pursell but he will receive no other compensation for his management of the Debtor.

Mr. Pursell has extensive knowledge regarding the maintenance and operation of commercial buildings and leasing of commercial building. Although the Debtor is exiting its residential real estate development business by orderly liquidation of its remaining holdings, Mr. Pursell also has extensive experience in that aspect of the Debtor's business.

Debtor believes that Mr. Pursell's continued involvement in its commercial leasing business and in completing the liquidation of its residential real estate development business is essential to its ability to repay its creditors as provided under the Plan.

12. POST PETITION ADMINISTRATION

Subsequent to filing its petition, Debtor has operated in the ordinary course of business. The Debtor negotiated agreements with its secured creditors CUNA Mutual Insurance, Bank Liberty, Morrill & Janes Bank and Pony Express Bank. The Debtor has also negotiated extensively with its secured creditors Metcalf Bank and Lawson Bank. The Debtor has also filed its claims objectives and resolved all but three (two of which would be resolved by the terms of this Plan and on remaining for possible trial.)

Since filing the Chapter 11 case, the Debtor has been able to operate successfully and pay all of its post petition obligations in the ordinary course of its business.

13. THE REORGANIZED DEBTOR

On the Effective Date of the Plan, the Reorganized Debtor will assume and continue to own and operate its business and assets presently being operated by the Debtor. The Reorganized

Debtor will take all steps necessary to protect its interest in its assets and preserve their value through appropriate management of the Reorganized Debtor's operations. **As was discussed in above in Article 11, Michael D. Pursell will remain as member and will continue to manage the day-to-day operations of the Debtor. Damon Pursell Construction Company ("DPCC") will be retained to provide management services to the Debtor following confirmation. Such services will be provided by the key personnel listed in above Article 11. The expense of retaining DPCC is included in the General and Administrative Expense section on the Debtor's pro-forma financial projections attached as Exhibits B-2 and B-3 hereto. The Debtor's pro-forma financial projections set forth on Exhibits B-2 and B-3 are the representations of the Debtor of the future financial performance of the Debtor's business. The Plan may be in effect for as long as ten (10) years since the Plan calls for the payments to continue for ten (10) years for unsecured Allowed Claims. Debtor will retain the services of Cassidy Turley, Inc. and Whitney Kerr, Jr. as needed to fill any vacancies in the Buckeye Industrial Park as they occur. Cassidy Turley will be compensated in the ordinary course of business (generally a 6% commission). The Debtor will also retain as needed residential real estate agents to assist in finalizing the orderly liquidation of the Debtor's remaining residential real estate. They will also be compensated in the ordinary course of business (generally 6% commission). Debtor has previously retained Re/Max Results and anticipates it will continue to do so.**

MUCH EFFORT HAS BEEN MADE TO ENSURE THAT THE FINANCIAL PROJECTIONS AND THE ASSUMPTIONS ON WHICH THEY ARE BASED ARE ACCURATE AND REASONABLE. HOWEVER, NO REPRESENTATION CAN BE MADE WITH RESPECT TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR THE

ABILITY OF THE REORGANIZED DEBTOR TO ACHIEVE THE PROJECTED RESULTS. MANY OF THE ASSUMPTIONS UPON WHICH THE FINANCIAL PROJECTIONS ARE BASED ARE SUBJECT TO UNCERTAINTIES. SOME OR ALL OF THE ASSUMPTIONS MAY NOT MATERIALIZE, AND UNANTICIPATED EVENTS AND CIRCUMSTANCES MAY OCCUR THAT WILL AFFECT THE FINANCIAL PROJECTIONS AND THE ASSUMPTIONS ON WHICH THEY ARE BASED. ACCORDINGLY, THE ACTUAL RESULTS ACHIEVED THROUGHOUT THE PROJECTION PERIOD MAY VARY FROM THE PROJECTED RESULTS SET FORTH IN THE FINANCIAL PROJECTIONS AND THE VARIATIONS MAY BE MATERIAL. ALL PARTIES ARE URGED TO CAREFULLY REVIEW THE FINANCIAL PROJECTIONS AND THE ASSUMPTIONS ON WHICH THEY ARE BASED BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN.

14. SUMMARY OF PLAN OF REORGANIZATION

The Debtor's Plan in its entirety is attached as **Exhibit A** to the Disclosure Statement. THE FOLLOWING IS A BRIEF SUMMARY OF THE PLAN. THIS SUMMARY SHOULD NOT BE RELIED ON FOR VOTING PURPOSES. CREDITOR IS URGED TO READ THE ENTIRE PLAN AND TO CONSULT WITH COUNSEL OR EACH OTHER IN ORDER TO FULLY UNDERSTAND THE PLAN. THE PLAN IS COMPLEX AND REPRESENTS A PROPOSED LEGALLY BINDING AGREEMENT BY THE DEBTOR. AN INTELLIGENT JUDGMENT CONCERNING THE PLAN THEREFORE CANNOT BE MADE WITHOUT UNDERSTANDING IT.

(a) Financial Basis for the Plan.

The Plan is based upon the belief that the present enforced liquidation value of the Debtor's assets is less than the Debtor's total indebtedness and lien obligations (in the case of



PAF Investment, LLC). The Plan provides to the creditors a larger distribution than most creditors, in their respective priorities, would receive if the Debtor were to be subjected to a forced liquidation under Chapter 7 of the Bankruptcy Code. Debtor therefore, believes the confirmation of the Plan would be in the best interest of the creditors and the Debtor.

Attached to the Plan are the Debtor's pro-forma financial projections for the years 2012 through 2014. The expense figures used in these financial projections are based upon the actual operating experience of the Debtor from previous years and expectations of revenues in the future.

(b) Administrative Expenses

Administrative Expenses are treated under the Plan in the manner required by the Bankruptcy Code and, therefore, are unclassified. The Plan provides that all administrative expenses, which include the costs and expenses incurred in connection with the Reorganization Case subsequent to the filing date, will be paid in full in cash according to the ordinary terms under which they are incurred or, if due and not previously paid, on the Effective Date. They include all fees and costs of the Debtor's attorneys, accountants, consultants, other professionals employed at the expense of the Debtor's Estate pursuant to Final Orders of the Bankruptcy Court, and the fees of the Office of the United States Trustee. Such fees, costs and expenses will be paid at a time and in an amount allowed by the Bankruptcy Court.

All payments to be made to authorized professionals in the Reorganization Case will be made in accordance with specific procedures established by the Bankruptcy Court relating to the payment of interim compensation and are subject to final allowance by the Bankruptcy Court. After the Confirmation Date, the Bankruptcy Court may review all previously unreviewed fees paid and to be paid to the authorized professionals and any additional requests for compensation

and reimbursement of expenses. The Bankruptcy Court may then determine the final fee and cost allowances for these authorized professionals to the extent their fees and costs need to be determined in a final fee and cost allowance.

At the present time, the Court has approved the employment by the Chapter 11 Estate of the law firm of Brown & Ruprecht, PC.

(c) Classification and Treatment of Claims

Class 1 –Secured Allowed Claim of CUNA Mutual Insurance Society

CUNA Mutual Insurance Society – Allowed Claim of CUNA Mutual Insurance Society in the amount of \$2,833,606.33 as of the Petition Date, which is secured by a first deed of Trust on Debtor's real property which include three (3) buildings in the Buckeye Industrial Park located at 3939-4000 NE 33<sup>rd</sup> Terrace, Kansas City, Missouri.

Debtor gave its Promissory Note in the amount of \$3,400,000 to Lender on December 12, 2006. The Promissory Note provides that the outstanding principal balance bears a non-default rate of 5.99% interest per annum, that the monthly payment amount is \$24,339.04 until January 1, 2017, and that a balloon payment of the entire outstanding principal balance together with unpaid accrued interest will be due at that time. The Promissory Note is secured by Debtor's Deed of Trust and Security Agreement and Fixture Financing Statement dated December 12, 2006 and recorded in the office of the Clay County Recorder of Deeds on December 13, 2006, as Instrument # 2006054451, in Book 5577 at Page 118 (54 pages) ("Deed of Trust"). Lender has a first and senior lien interest in the real estate described in the Deed of Trust upon which are located three (3) buildings forming part of the Buckeye Industrial Park in Kansas City, Clay County, Missouri. The Promissory Note is further secured by Debtor's Assignment of Leases and Rents dated December 12, 2006 and recorded in the Office of the Clay County Recorder of

Deeds on December 13, 2006 as Instrument # 2006054452, in Book 5577 at Page 119 (14 pages) ("Assignment of Rents"). The Assignment of Rents granted Lender a first priority security interest in the leases Debtor has with its tenants in the three (3) buildings.

Lender recorded its UCC 1 Financing Statement with the Missouri Secretary of State's office on December 13, 2006, as File Number 20060133313C ("Financing Statement"). Lender filed its UCC-1 Financing Statement with the Office of the Clay County Recorder of Deeds on December 13, 2006 as Instrument No. 2006054453 (the "County Financing Statement.") The Lender shall retain its liens under this Plan.

MEMBERS Life Insurance Company, an Iowa corporation ("MEMBERS"), the original holder of the Note, Deed of Trust and Assignment of Rents executed and recorded that certain Assignment and Deed of Trust and Other Loan Documents dated December 31, 2007 and recorded April 11, 2008 in the Office of the Recorder of Deeds of Clay County, Missouri as Instrument No. 2008012426 (the "Assignment") pursuant to which MEMBERS assigned all of its right, title and interest in the Note, Deed of Trust and Assignment of Rents (and other documents as described therein) to Lender. Concurrent with the recordation of the Assignment, amendments to the Financing Statement and the County Financing Statement were filed in the appropriate offices evidencing the change in the secured party from MEMBERS to Lender.

The real estate which is the subject of the Deed of Trust was appraised with a value of \$5,300,000 on October 30, 2006. The Clay County Appraiser valued the real estate which is the subject of the Deed of Trust at \$5,011,500.00 as of January 1, 2011. The value of the real estate exceeds the amount due on the Promissory Note.

Debtor has timely renewed its insurance through General Casualty Company of Wisconsin and provided evidence of continued coverage in the form required by Section 3.1 of

the Deed of Trust. Debtor shall timely make all required premium payments so that its insurance coverage will stay in force. In the event that Debtor later changes insurers, Debtor will seek separate billing for the property which is Lender's collateral and escrow for insurance with Lender in accordance with the terms of the Deed of Trust. Upon determination of the insurance premium applicable to Lender's collateral if new coverage with a different insurer acceptable to Lender is obtained, Debtor shall be required to separately escrow amounts for insurance with Lender at the amount as required by Section 3.2 of the Deed of Trust.

Debtor shall pay \$13,856.77 each month to Lender for Lender to hold in escrow to pay real estate taxes in accordance with the terms of the Deed of Trust. If prior to confirmation of the plan real estate taxes become due on Lender's collateral, Lender shall pay those taxes from its escrow account to the extent of available funds. In the event the Lender's real estate tax escrow account is insufficient, Debtor shall pay the difference. The Debtor will pay monthly to Lender \$24,339.04 representing the normal monthly payment of principal and interest under the Promissory Note. The monthly payment of principal and interest and for real estate taxes shall be made by the 5<sup>th</sup> of each month. In the event the 5<sup>th</sup> falls on a weekend or on a holiday, the payment shall be due on the next business day. Debtor shall pay to Lender's attorney \$3,563.48 within three (3) months after the Effective Date of the Plan.

Except as modified herein, Debtor agrees to comply with all the covenants and obligations contained in the Promissory Note, Deed of Trust, Assignment of Rents, and other loan documents entered into by the parties before the Petition Date.

Class 1 is an impaired class under Section 1124 of the Bankruptcy Code.

Class 2 – Secured Allowed Claims of Morrill & Janes Bank

Morrill & Janes Bank – Allowed Claims by Morrill & Janes Bank in the amount of \$188,726.19 and \$173,891.32 as of the Petition Date, which are secured by a first position security interest in real property of the Debtor located at 4719 NE 102<sup>nd</sup> Court and 10215 N. Lawn Court, Kansas City, Missouri, Lots 123 and 133, Pine Grove Meadows Phase 2.

Debtor, together with Summerfield Development Company, Inc., gave its Promissory Note in the amount of \$199,500 to Lender on May 29, 2007. (“Lot 123 Loan # 70698”). Summerfield Development Company, Inc. and Debtor renewed the Promissory Note for Lot 123 Loan # 70698 most recently by their Debt Modification Agreement with Lender dated October 14, 2009. The Debt Modification Agreement provides that the outstanding principal balance (\$215,000) bears a non-default rate of interest of 4.750% per annum; and, the loan was to be repaid in 24 months with monthly payments of \$1,350.00 and a single balloon payment due on October 5, 2011. (The Promissory Note for this loan is referred to hereafter as “Debt Modification Agreement”).

Debtor, together with Summerfield Development Company, Inc., also gave a second Promissory Note in the amount of \$199,500 to Lender on May 29, 2007. (“Lot 133 Loan # 70699”). Debtor and Summerfield Development Company, Inc. renewed the Promissory Note for Lot 133 Loan # 70699 most recently by their Renewal Note dated February 5, 2011. The Renewal Note for Lot 133 Loan # 70699 provides that the outstanding principal balance bears a non-default rate of not less than 4.750% interest per annum. The Renewal Note provides for monthly payments of \$1,350.00 with a balloon payment due on June 5, 2011. (The Promissory Note for this loan is referred to hereafter as “Renewal Note”).

The Renewal Note and Debt Modification Agreement are secured by Summerfield Development Company, Inc.’s Deed of Trust dated May 29, 2007 and recorded in the office of

the Clay County Recorder of Deeds on June 12, 2007, in Book 5730 at Page 5 as Instrument Number 2007024022 (“Deed of Trust”). The Deed of Trust includes an Assignment of Leases and Rents. Lender has a first and senior lien interest, subject to unpaid real estate taxes, in Lots 123 and 133, Pine Grove Meadows 2<sup>nd</sup> Plat, a Subdivision of Kansas City, Clay County, Missouri, securing both the Renewal Note and the Debt Modification Agreement and in the rents therefrom. The real estate described in the Deed of Trust was originally owned by the co-borrower, Summerfield Development Company, Inc. But the real estate was transferred to Debtor by that certain Corporation Warranty Deed dated March 23, 2010 and recorded in the office of the Clay County Recorder of Deeds on April 7, 2010, in Book 6388 at Page 52 as Instrument Number 2010010811. Summerfield Development Company, Inc. is an administratively dissolved corporation and is insolvent and/or is unable to pay its obligations to Lender. The rents from the real estate known as Lots 123 and 133, Pine Grove Meadows, were \$3,500 per month and were sufficient to allow Debtor to make the monthly payments. But it was and is the intention of Debtor to sell both residential properties to repay Lender and to allow Debtor to recover any material equity for the benefit of its creditors in this case. The Lender shall retain its liens under this Plan.

Lots 123 and 133, Pine Grove Meadows, which are the subject of the Deed of Trust, were appraised for \$450,000 as of the date of the Voluntary Petition. Therefore, the value of the real estate exceeded the amount due on the Debt Modification Agreement and the Renewal Note as of the Petition Date.

As of the Petition Date, the outstanding principal amount under the Debt Modification Agreement was \$188,596.95. As of the Petition Date, the outstanding principal amount under

the Renewal Note was \$173,819.32. There is approximately \$3,934.00 for 2010 real estate taxes due on Lot 133 and approximately \$3,991.00 for 2010 real estate taxes due on Lot 123.

Debtor has insurance on the subject properties, through General Casualty Company of Wisconsin. Debtor has timely renewed its insurance through General Casualty Company of Wisconsin and will provide evidence of continued coverage in the form reasonably required by Lender.

Debtor will pay to Lender loan payments of \$1,350 each (or \$2,700 for both properties) per month pursuant to the Debt Modification Agreement and the Renewal Note. The Debtor will continue the loan payments of \$1,350 per month per property so long as such property is rented and the tenant makes its payment. Such payments shall be paid to Lender on the 5<sup>th</sup> of each month. At the time the properties become vacant and no monthly rent is received by the Debtor, Debtor shall discontinue its monthly payments to Lender.

The loans evidenced by the Debt Modification Agreement and the Renewal Note shall continue to accrue interest at the rate of 4.75 % per annum through the closing date when each property is sold (or transferred to the Lender or its designee as provided hereafter) together with reasonable attorneys fees and any other recoverable costs and charges under Section 506(b) of the Bankruptcy Code and the terms of the loan documents between Debtor and Lender. At the closing of a sale of the first of the two properties to be sold, all amounts received after payment of closing costs shall be applied first to the loan directly tied to the real estate being sold. Any excess proceeds shall be applied to reduce the balance due on the loan tied to the remaining real estate. Upon the second of the properties to sell in accordance with this stipulation, Debtor shall receive the excess proceeds after Lender is paid in full.

Debtor gave 30 days written notice to its tenant residing with a month to month lease at 10215 North Lawn Avenue, Lot 133 Pine Grove Meadows, to vacate the residence by August 31, 2011. After giving notice, the tenant entered into a purchase contract with closing on or before October 31, 2011. Debtor gave 30 days written notice to its tenant residing at 4719 Northeast 102<sup>nd</sup> Court, Lot 123 Pine Grove Meadows, to vacate the residence by August 31, 2011, at the end of the tenant's written lease. After giving notice, tenant entered into a purchase contract with closing on or before October 31, 2011.

The Debtor has paid post-petition all city and county real estate taxes for 2010 from the excess segregated rents and the Debtor's checking account previously held with Lender. The amount of rents for the two properties has been and is approximately \$800 in excess of the monthly payment amount hereunder (for so long as such properties are rented). After payment of the 2010 real estate taxes and payment of the insurance premium (the amount attributable to Lots 123 and 133 only), Debtor shall continue to escrow any excess rents that may be received for payment of 2011 real estate taxes and future insurance premiums.

Should either of the properties become vacant, Debtor agrees to place all utilities (including gas, water, and electricity) in Debtor's name and shall maintain the interior temperature in the two houses between 68 and 75 degrees at all times. Within 14 days after a property becomes vacant, Debtor will enter into a listing agreement with a licensed Missouri real estate brokerage firm approved by Lender. Realtor Lana Boyd Leabee, of ReMax Results, shall be deemed an approved broker. Debtor and Lender agree that the properties shall be listed at a price not in excess of the February, 2011 Bliss & Associates appraised values. The Debtor and Lender further agree that any subsequent modifications of the list price shall be in accordance with that certain June 10, 2011, proposal agreed to between them or as Lender may otherwise



agree to in advance in writing with Debtor. All written offers to purchase either of the properties during the period of listing shall be submitted to Lender for its approval prior to the Debtor accepting such an offer if the estimated net HUD sales proceeds associated with the offer or counter-offer would result in a short-sale. All offers that generate estimated positive net HUD sales proceeds do not require Lender approval. However, Lender shall be provided a copy of any such sale contract within two business days of acceptance by Debtor.

Lender shall have a right of inspection of the properties upon reasonable notice until the properties are sold, foreclosed, or transferred to Lender or its designee as provided hereunder.

If the closing on the sale of the properties, or either of them, has not occurred by January 31, 2012, Debtor agrees to relief from the automatic stay in favor of Lender to exercise its rights and remedies against the subject properties if this Chapter 11 case is still pending. Pursell Holdings, LLC will also give its deed in lieu of foreclosure to the Lender or its designee (either if the case is still pending or if Debtor is operating under a confirmed plan) if the Lender so elects. The properties shall continue to be marketed throughout any such process but all offers must be submitted to Lender for acceptance.

Debtor and Lender shall execute any additional loan documents reasonably required by Lender that are consistent with the terms of this Plan.

Lender agrees that so long as Debtor complies with the terms of the parties' agreements as modified herein, Lender will not make a deficiency claim on either loan. Except as modified herein (either temporarily or permanently), Debtor agrees to comply with all the covenants and obligations contained in the Debt Modification Agreement, Renewal Note, Deed of Trust, and other loan documents entered into by the parties before the Petition Date.

Class 2 is an impaired class under Section 1124 of the Bankruptcy Code.

Class 3 –Secured Allowed Claim of Bank Liberty

Bank Liberty – Allowed Claim by Bank Liberty in the amount of \$2,158,990.58, which is secured by a first position security interest in certain of Debtor's real property located at 300 N. Church Road, Liberty. Clay County, Missouri, the Damon Pursell Construction Company office building, and 7502-7504 N. Eastern Avenue, Kansas City, Clay County, Missouri, the duplex.

Debtor gave its Promissory Note in the amount of \$2,139,430.60 to Lender on September 27, 2004 (the "First Note"). The purpose of the First Note was to restate and consolidate two (2) prior loans on the Headquarters and a loan on the Duplex. The First Note provided that the outstanding principal balance would bear a non-default rate of 6.75% interest per annum and mature on October 1, 2008. On August 23, 2006, Debtor and Lender entered into a Debt Modification Agreement whereby Debtor acknowledged the First Note balance of \$2,126,908.18 and agreed to extend the maturity date to November 15, 2006. On December 15, 2006, Debtor and Lender executed a Promissory Note Renewal Note ("First Renewal Note"), in which Debtor agreed to pay the principal amount of \$2,126,128.79 with an interest rate of 8.25% and a maturity date of December 15, 2009. On March 31, 2010, Debtor and Lender executed a Promissory Note Renewal Note ("Second Renewal Note"), in which Debtor agreed to pay the principal amount of \$2,072,899.79 with an interest rate of 7.500% and a maturity date of June 30, 2010. On June 30, 2010, Debtor and Lender entered into another Debt Modification Agreement whereby Debtor acknowledged the Second Renewal Note balance of \$2,071,151.75 and agreed to change the maturity date to September 30, 2010. On September 30, 2010, Debtor and Lender entered into another Debt Modification Agreement whereby Debtor acknowledged the Second Renewal Note balance of \$2,071,581.37 and agreed to change the maturity date to January 28, 2011. There were no further extensions. Collectively, the First Note, First Renewal

Note, Second Renewal Note and three Debt Modification Agreements shall herein be referred to as the "Current Loan."

Repayment of the Current Loan is secured by Debtor's Real Estate Deed of Trust (with Future Advance Clause) dated October 24, 2003 and recorded in the office of the Clay County, Missouri Recorder of Deeds on October 27, 2003, as Instrument # S33654 in Book 4391 at Page 229 (8 pages). This Deed of Trust secures repayment of the Current Loan up to \$1,600,000.00 and contains an assignment of rents. Repayment of the Current Loan is also secured by Debtor's Real Estate Deed of Trust (with Future Advance Clause) dated February 14, 2005 and recorded in the office of the Clay County, Missouri Recorder of Deeds on February 17, 2005, as Instrument #2005007121 in Book 4910, Page 23 (8 pages). This Deed of Trust secures up to \$260,000.00 and contains an assignment of rents. Repayment of the Current Loan is also secured by Debtor's Deed of Trust (with Future Advance Clause) dated August 23, 2006 and recorded in the office of Clay County, Missouri Recorder of Deeds on September 20, 2006, as Instrument #2006041745, in Book 5501, Page 85 (9 pages). This Deed of Trust secures up to \$300,000.00. Collectively, these Deeds of Trust granted to the Lender as security for repayment of the Current Loan up to \$2,160,000.00 the Headquarters located at 300 N. Church Road, Liberty, Clay County, Missouri (the "Headquarters"), and are referred to herein as "Headquarters Deeds of Trust." Lender has a first and senior lien interest in the real estate described in the Headquarters Deeds of Trust.

Repayment of the Current Loan is also secured by Debtor's Real Estate Deed of Trust (with Future Advance Clause) dated November 19, 2004 and recorded in the office of the Clay County, Missouri Recorder of Deeds on November 29, 2004, as Instrument #T06598, Book 4833, Page 150 (8 pages), and referred to herein as "Duplex Deed of Trust." The Duplex Deed

of Trust secures repayment of the Current Loan up to \$331,500.00 and contains an assignment of rents. The Duplex Deed of Trust granted to the Lender as security for repayment of the Loan up to \$331,500.00 the property located at 7502-7504 N. Eastern Avenue, Kansas City, Clay County, Missouri (the "Duplex"). Lender has a first and senior lien interest in the real estate described in the Duplex Deed of Trust.

On March 31, 2010, Michael D. Pursell ("Pursell") executed an individual Guaranty, in which he agreed to be unconditionally liable under the Guaranty for the debts and obligations of Debtor. On March 31, 2010, Pursell Land Company ("PLC") also executed its Guaranty, in which it agreed to be unconditionally liable under the Guaranty for the debts and obligations of Debtor.

The Headquarters property was valued for Lender at \$1,970,000.00 on January 2, 2011, by Gretzinger Appraisals, Inc. The Duplex was internally valued by Lender on March 25, 2010, \$132,000.00 per unit or a total of \$264,000.00. The Debtor has scheduled the cumulative value of the Headquarters and the Duplex at \$2,300,000.00. Together, the Clay County Appraiser has valued the Duplex and the Headquarters in 2011 at \$1,980,300.00.

The outstanding principal amount of the Current Loan is Two Million, Seventy-one Thousand, Five Hundred Eighty-one and 37/100 Dollars (\$2,071,581.37) and the unpaid interest to August 31, 2011, is \$87,409.21 for a total debt as of August 31, 2011, of \$2,158,990.58 subject to the credit, described below, for the non-judicial foreclosure of the Duplex.

North Valley Homes, Inc. ("North Valley") is an entity owned in whole or part by Michael D. Pursell. Lender had four (4) loans with North Valley secured by residential real estate. Debtor guaranteed North Valley's obligations to Lender on these four (4) loans by its Guaranty dated August 23, 2006, and its Guaranty dated March 1, 2008. Lender has foreclosed

upon its residential real estate collateral owned by North Valley and has filed its claim (“Claim No. 13”) in this bankruptcy proceeding for Two Hundred One Thousand Seven Hundred Thirty-seven and 99/100 Dollars (\$201,737.99) for the amount of its alleged deficiency plus attorneys’ fees incurred in the action entitled *BankLiberty v. North Valley Homes, Inc., et. al.*; Case No. 10CY-CV06122 in the Circuit Court of Clay County, Missouri (“Clay County Action”). Debtor filed its Limited Objection to Claims No. 13 and No. 14 of Lender on June 10, 2011 (the “Limited Objection”). On June 24, 2011, the Lender was granted Summary Judgment for its deficiency in the amount of \$203,304.54 against North Valley, Pursell and Pursell Land Company in the Clay County Action (the “Clay County Judgment”). The Deed of Trust (With Future Advance Clause) dated August 23, 2006 secures the repayment of all of the debts owed by Debtor to Lender including those amounts due under Claim No. 13, if allowed. Repayment of the Current Loan is also secured by the other Headquarters Deeds of Trust and the Duplex Deed of Trust. The Lender shall retain its liens under the Plan.

The terms of the Current Loan provide for late charges and default interest. The non-default rate of interest is presently seven and one-half percent (7.5%) per annum. Under the Current Loan, the late charges are five percent (5%) of the amount of the missed payment and the default rate of interest is seven and one-half percent (7.5%) plus eighteen percent (18%) for a total of twenty-five and one-half percent (25.5%). Lender has a perfected security interest in the rents and leases from the Headquarters and the Duplex to secure repayment of the Current Loan.

The current loan has been modified post-petition by stipulation of the parties and approved by the Court. The revised loan documents were prepared by Lender and executed by all parties, including all guarantors (the “Modified Loan”).

Debtor has timely renewed its insurance through General Casualty Company of Wisconsin and will provide evidence of continued coverage in the form reasonably required by Lender. Debtor shall not be required to separately escrow amounts for insurance with Lender so long as it maintains coverage through General Casualty Company of Wisconsin. In the event that Debtor later changes insurers, Debtor will seek separate billing for the property which is Lender's collateral and establish an escrow for insurance with Lender in accordance with the terms of the parties' agreements.

Lender has been granted relief from the stay provided by Section 362 of the Bankruptcy Code and the Lender has commenced a non-judicial foreclosure of its security interests in the Duplex. Lender shall have the right to continue such foreclosure under the Plan. Debtor agrees that it shall not oppose, delay or exercise any rights of redemption in regard to the Lender's non-judicial foreclosure of the Duplex. Lender has provided Debtor a \$200,000.00 credit on the Current Loan reducing the balance of the Modified Loan.

Lender shall not charge default interest or late charges on the Current Loan but was entitled to seven percent (7%) interest through September 6, 2011, the date of Court approval of the parties' post-petition Stipulation. The total balance of the Modified Loan, as of August 31, 2011, shall be One Million Nine Hundred Fifty-eight Thousand Nine Hundred Ninety and 58/100 Dollars (\$1,958,990.58) after applying the credit provided to the Debtor for the foreclosure of the Duplex.

Lender has dismissed Count VI of the Clay County Action pending against the Borrower with prejudice. Lender has also entered its satisfaction of the Clay County Judgment in the Clay County Action.

Debtor shall repay the Modified Loan with monthly payments based upon a twenty-five (25) year amortization and interest at the initial rate of five and three-quarter percent (5.75%) for two (2) years. Lender and Debtor agree that Debtor's monthly payments shall begin on September 10, 2011 and shall be due, without demand, that day of each month thereafter. The interest rate will adjust on the second anniversary of the Loan (from the date of Court approval of the parties' Stipulation) and each anniversary thereafter to the Wall Street Journal prime rate plus two percent (2%) with a floor of five and three-quarter percent (5.75%). The term of the Modified Loan shall be extended to September 1, 2016.

Debtor shall escrow with Lender by making monthly payments of one-twelfth (1/12) of the estimated annual real estate taxes based upon appraised value and anticipated mill rates. The amount of the monthly payment may be adjusted annually. The pre-petition real estate taxes shall be paid as provided in Classes 10, 11, and 12 of this Plan. All post-petition real estate taxes escrowed by Debtor in its Debtor in-possession account and attributable to the Headquarters has been transferred to Lender to continue to be held in escrow.

Debtor has made the initial monthly payment on September 10, 2011. The Debtor will continue to make its monthly payments thereafter on the same date with the balance of the Modified Loan due on September 1, 2016.

Lender has agreed that so long as Debtor complies with the terms of the parties' agreements as modified herein, Lender will not seek interest at its default rate or assess late fees as it might otherwise be allowed under the terms of the parties' agreements.

Except as modified herein and the revised loan documents of the Modified Loan, Debtor agrees to comply with all the covenants and obligations contained in the Loan, Headquarters

Deeds of Trust, Duplex Deed of Trust, and other loan documents entered into by the parties before the Petition Date.

Class 3 is an impaired class under Section 1124 of the Bankruptcy Code.

Class 4 –Secured Allowed Claim of Lawson Bank

Lawson Bank – Allowed Claim by Lawson Bank in the amount of \$473,839.59, which is secured by a first position security interest in certain of Debtor's real property located on six tracts of vacant property totaling approximately 19.58 acres in the Buckeye Industrial Park.

Pursell Holdings, LLC gave its Promissory Note in the amount of \$650,000 to Lender on December 16, 2003. Pursell Holdings, LLC renewed the note on December 16, 2006. Pursell Holdings, LLC entered into a Commercial Debt Modification Agreement with Lender on May 28, 2010. (The Promissory Note, the Renewal of the Promissory Note, and the Commercial Debt Modification Agreement are sometimes jointly referred to hereafter as the "Promissory Note.") The Promissory Note provides that the outstanding principal balance bears a non-default rate of not less than 5.50% interest per annum. Debtor's last monthly payment was made on March 10, 2011 prior to the filing of its Voluntary Petition.

The Promissory Note is secured by Debtor's Real Estate Deed of Trust dated December 16, 2003 and recorded in the office of the Clay County Recorder of Deeds on December 19, 2003, in Book 4451 at Pages 320 to 328 ("Deed of Trust"). Lender has a first and senior lien interest in the real estate described in the Deed of Trust. The real estate consists of 6 tracts of vacant property totaling approximately 19.58 acres located in the Buckeye Industrial Park. However, Lot 8 is used for storage for which rents are paid by tenants of nearby buildings owned by the Debtor and a tract of 5.31 acres of land in Lots 9 and 17 are leased to Satellite Shelters, Inc. The Lender shall retain its liens under this Plan.



The real estate which is the subject of the Deed of Trust was valued as of July 25, 2011, by Shaner Appraisals, Inc. at \$1,850,000.00. The Clay County Appraiser valued the real estate which is the subject of the Deed of Trust at \$1,168,093.75 as of January 1, 2011. Accordingly, the value of the real estate exceeds the amount due on the Promissory Note.

As of the Petition Date, there is \$76,877.92 in real estate taxes due on the Lender's real estate collateral.

Debtor has secured the required insurance from General Casualty Company of Wisconsin. Debtor will provide evidence of continued coverage in the form reasonably required by Lender. Debtor shall not be required to separately escrow amounts for insurance.

The Debtor will establish a real estate tax escrow account with Lender. Within sixty (60) days of the Effective Date, Debtor will pay to the amount of real estate taxes attributable to the time period of March 10, 2011, to the Effective Date. Debtor shall make monthly payments of \$3,800.00 for real estate taxes to Lender commencing on the 15<sup>th</sup> of the month following the Effective Date for its real estate taxes. The monthly payments shall be based upon one-twelfth (1/12) of the estimated annual real estate taxes based upon appraised value and anticipated mill rates.

The Promissory Note shall bear for an interest at the rate of 5.00 % per annum and monthly payments of \$2,757.38 shall be due on the 15th of each month following the Effective Date. The monthly payments shall be based upon a twenty-five (25) year amortization and shall continue for a period of six (6) years from the Effective Date. At the end of the six (6) year term, all remaining amounts due under the Promissory Note shall be due and payable. Debtor and Lender shall execute any additional loan documents reasonably required by Lender that are consistent with the terms of this Plan.

Lender shall be entitled to its post-petition interest from the Petition Date to the Effective Date at the rate of 5.50% per annum. Lender shall also be entitled to its reasonable attorneys' fees in an amount awarded by the Court upon its application for allowance of its fees.

Except as modified herein, Debtor agrees to comply with all the remaining covenants and obligations contained in the loan documents between the parties and will execute revised loan documents consistent with the terms of the Plan if requested.

Class 4 is an impaired class under Section 1124 of the Bankruptcy Code.

Class 5 – Secured Allowed Claim of Metcalf Bank

Metcalf Bank – Allowed Claim by Metcalf Bank in the amount of \$1,665,116.64 as of the Petition Date, which is secured by a first security interest in certain of Debtor's real property located at 3901 NE 33<sup>rd</sup> Terrace, Kansas City, Missouri.

On October 21, 2005, Debtor and Lender entered into a Business Loan Agreement, with the principal amount of \$1,725,000 and a maturity date of October 21, 2008. On December 31, 2008, Debtor and Lender entered into another Business Loan Agreement, with the principal amount of \$1,405,492.87 and a maturity date of January 1, 2010. Debtor gave its Promissory Note ("Note") in the amount of \$1,725,000 to Lender on October 21, 2005. The Promissory Note provides that the outstanding principal balance bears a non-default rate of 7.750% interest per annum, with a maturity date of October 21, 2008. On December 31, 2008, Debtor and Lender entered into a Change in Terms Agreement for the principal balance of \$1,405,492.87 at a non-default rate of 7.250% interest per annum, extending the maturity date to January 1, 2010. On June 17, 2010, Debtor and Lender entered into a Commercial Loan Modification Agreement for the outstanding principal amount of \$1,363,575.23 at a floating interest rate equal to the prime rate plus 1.00% per annum, and monthly payments of \$12,090.92, extending the maturity date to

August 17, 2010. Collectively, the Business Loan Agreements, the Note, Change of Terms Agreement and Commercial Loan Modification Agreement shall herein be referred to as the “Loan.”

Repayment of the Loan is secured by Debtor’s Deed of Trust with Future Advances and Future Obligations, dated October 21, 2005 and recorded in the office of the Clay County Recorder of Deeds on October 25, 2005, as Instrument # 2005051893, in Book 5185 at Page 145 (10 pages) (“Deed of Trust – 33<sup>rd</sup> Terrace Property”). This Deed of Trust secures up to One Million Seven Hundred Twenty-Five Thousand and no/100 Dollars (\$1,725,000.00) and contains an assignment of rents. Lender has a first and senior lien interest in the real estate described in the Deed of Trust upon which are located all of Lot 1, Buckeye Industrial Park, a subdivision in Kansas City, Clay County, Missouri. Repayment of the Loan is further secured by Debtor’s Assignment of Leases and Rents dated October 21, 2005 and recorded in the Office of the Clay County Recorder of Deeds on October 25, 2005 as Instrument # 2005051894, in Book 5185 at Page 146 (6 pages) (“Assignment of Rents – 33<sup>rd</sup> Terrace Property”). The Assignment of Rents granted Lender a first priority security interest in the leases Debtor has with its tenants in Lot 1, Buckeye Industrial Park, a subdivision in Kansas City, Clay County, Missouri. This real estate was appraised at \$2,310,000.00 as of October 27, 2010, by Gretzinger Appraisals, Inc.

Repayment of the Loan is further secured by Debtor’s Deed of Trust with Future Advances and Future Obligations, dated December 12, 2006 and recorded in the office of the Clay County Recorder of Deeds on December 13, 2006, as Instrument # 2006054466, in Book 5577 at Page 133 (11 pages) (“Deed of Trust – Buckeye Property”). This Deed of Trust secures up to Four Hundred Fifty Thousand and no/100 Dollars (\$450,000.00) and contains an assignment of rents. Lender has a second lien interest (after the lien of Lawson Bank) in the real

estate described in the Deed of Trust upon which are located all of Lots 8 and 9, Buckeye Industrial Park, a subdivision in Kansas City, Clay County, Missouri. Repayment of the Loan is further secured by Debtor's Assignment of Leases and Rents dated December 12, 2006 and recorded in the Office of the Clay County Recorder of Deeds on December 13, 2006 as Instrument # 2006054467, in Book 5577 at Page 134 (7 pages) ("Assignment of Rents – Buckeye Property"). The Assignment of Rents also granted Lender a security interest in the leases Debtor has with its tenants in Lot 8 and 9, Buckeye Industrial Park, a subdivision in Kansas City, Clay County, Missouri.

Lender will retain its liens under the Plan.

Debtor will maintain its insurance through General Casualty Company of Wisconsin or other qualified insurer and, upon request, provide evidence of continued coverage. Debtor shall timely make all required premium payments so that its insurance coverage will stay in force. In the event that Debtor later changes insurers, Debtor will seek separate billing for the property which is Lender's collateral and escrow for insurance with Lender. Upon determination of the insurance premium applicable to Lender's collateral if new coverage with a different insurer acceptable to Lender is obtained, Debtor shall separately escrow amounts for insurance with Lender.

Debtor shall escrow with Lender by making monthly payments of one-twelfth (1/12) of the estimated annual real estate taxes based upon appraised value and anticipated mill rates. The initial payments into escrow for real estate taxes shall be \$4,000.00 per month. The amount of the monthly payment may be adjusted annually. The pre-petition real estate taxes shall be paid as provided in Classes 10, 11, and 12 of this Plan.

Debtor shall repay the Loan with monthly payments of \$9,734.11 based upon a twenty-five (25) year amortization and interest at the rate of five percent (5.00%). The first monthly payment and tax escrow payment shall be due on the tenth (10<sup>th</sup>) day of the first month following the Effective Date and that day of each month thereafter. The term of the Loan shall be extended for six (6) years from the Effective Date.

Lender's claim shall accrue interest for the time period of March 10, 2011, to the Effective Date at the rate of 7.25% per annum.

The amount due under the Note shall include its post-petition pre-confirmation reasonable attorneys' fees in the amount allowed by the Court upon Lender's Motion for Allowance under 11 U.S.C. § 506(b).

Lender has collected the tenant rents on the 33<sup>rd</sup> Terrace property during the Chapter 11 proceedings. The amounts collected are cash collateral and shall be applied by Lender in the following order:

- A. \$38,460.00 shall be paid to Laird Plastics, Inc. for its Construction Allowance in accordance with the Second Addendum to Lease Agreement dated August 31, 2011;
- B. Real Estate Tax Escrow for the time period of March 10, 2011, to the Effective Date. This Escrow shall be with Lender;
- C. Interest accruing from March 10, 2011, to the Effective Date;
- D. Allowed post-petition attorneys' fees and expenses; and
- E. Principal of the Loan.

To the extent that the amount collected by Lender post-petition is insufficient to pay the items listed in A to D; the amounts due shall be added to the balance of the Loan as of the Effective Date.

Upon the Effective Date, the Debtor shall thereafter have the right to collect the rents direct from the Tenants. Lender shall not have right to collect the rents under its Assignments of Rent until such time as Debtor defaults under the terms of Loan as modified by this Plan.

Except as modified herein, Debtor agrees to comply with all the remaining covenants and obligations contained in the loan documents between the parties and will execute revised loan documents consistent with the terms of the Plan if requested.

Class 5 is an impaired class under Section 1124 of the Bankruptcy Code.

Class 6 – Secured Allowed Claim of Commercial Credit Group Inc.

Commercial Credit Group Inc. – Allowed Claim by Commercial Credit Group, Inc. (“CCG”) for the value of its security in two vehicles, a 1997 Plymouth Prowler Roadster and a 2003 Chevrolet SSR 2WD. CCG shall retain its liens on the two vehicles.

CCG’s claim is being paid by Daman Pursell Construction Company (“DMCC”) as a Class 7 Secured Claim under Debtor’s Second Amended Plan of Reorganization dated April 29, 2011, and filed as Document 393 in Case No. 11-44965-JWV11 in the United States Bankruptcy Court for the Western District of Missouri. DMCC’s Second Amended Plan was confirmed on May 10, 2011, in Case No. 10-44965 (Document No. 398 therein). In the event of a material default by DMCC, CCG shall be permitted to foreclose upon its collateral herein. CCG also has an unsecured claim as provided hereafter in Class 14.

Class 6 is an impaired class under Section 1124 of the Bankruptcy Code.

Class 7 –Secured Allowed Claims of Pony Express Bank

Pony Express Bank – Allowed Claims by Pony Express Bank (“Lender”) in the amount of \$264,209.14 and \$386,286.71 which are secured by a first security interest in certain of Debtor’s real property located at 4601 NE 140<sup>th</sup> Terrace, Kansas City, Missouri, numerous

vacant lots in West Springs Subdivision, Excelsior Springs, Missouri, and Lots 2, 8, 9 and 11 of Whitehall Third Plat, Liberty, Missouri.

Lender shall retain its liens in this Plan.

Lender has a Promissory Note from Debtor dated January 18, 2005, in the original principal amount of \$550,000.00. The Promissory Note was modified by the Modification Agreement dated January 17, 2007. The amounts due under the Promissory Note as modified are secured by a Deed of Trust on the real property located at the West Springs subdivision in Excelsior Springs and the Whitehall subdivision in Liberty ("Vacant Lots"). This Deed of Trust was recorded on January 20, 2005, with the Clay County Recorder of Deeds as Document No. 2005002678. The amount due on this Promissory Note is \$386,286.71 as of March 18, 2011. Lender has a Promissory Note from Summerfield Development Company, Inc. dated September 6, 2005, in the original promissory amount of \$242,250.00. This Promissory Note is secured by a Deed of Trust dated September 6, 2005, from Summerfield Development Company, Inc. for Lot 54, Pine Grove Point, 1<sup>st</sup> Plat. Lender also had a Promissory Note from Summerfield Development Company, Inc. dated October 15, 2007, in the original principal amount of \$27,212.00. This Promissory Note is secured by a Deed of Trust dated October 15, 2007, from Summerfield Development Company, Inc. for Lot 54, Pine Grove Point, 1<sup>st</sup> Plat. Lot 54, also known as 4601 Northeast 104<sup>th</sup> Terrace, Kansas City, Clay County, Missouri ("House"), was transferred to Debtor. Summerfield Development Company, Inc. is now out of business. The amount due on the Promissory Notes secured by the Deeds of Trust was \$264,209.14 as of March 18, 2011.

The Promissory Notes shall be repaid as follows:

A. Promissory Note Secured by Vacant Lots – Lender shall have two (2) new promissory notes in the form required by it in the original principal amounts of \$170,000.00 and \$280,000.00. Both notes shall be secured by the Commercial Deed of Trust in the Vacant Lots dated January 18, 2005, and recorded on January 20, 2005, as Document No. 2005002678 in Book 4884 at Page 76 of the records of the Recorder of Deeds for Clay County, Missouri. Lender shall advance up to \$450,000.00 cumulatively on the two (2) new promissory notes in order pay the real estate taxes due on the Vacant Lots and to escrow for real estate taxes not yet due through the Effective Date. The \$280,000.00 Promissory Note shall have a ten (10) year amortization at five percent (5.00%) per annum and a ten (10) year term. The monthly payments shall be \$2,969.83 per month and the monthly payments into escrow for real estate taxes shall be \$800.00. The monthly payment for real estate taxes shall be adjusted annually based on the valuation of the property and the mill rate. The Debtor shall list the Vacant Lots for sale and Lender will receive the net proceeds at closing on each lot sold. After the Promissory Note in the original principal amount of \$280,000.00 is repaid, either through monthly payments or sale of lots or a combination of both, the net proceeds of any remaining lots shall be applied to the Promissory Note in the original principal amount of \$170,000.00. The \$170,000.00 Promissory Note will have no interest accrual. It shall also have no payments required except for receipt of the net proceeds of sales of lots after the repayment of the \$280,000.00 note. The obligation to pay all net proceeds from Vacant Lot sales to Lender on the \$170,000.00 promissory note shall terminate when either \$170,000.00 has been paid to Lender or all lots have been sold by the Debtor. After \$170,000.00 has been paid to Lender on this loan, the Lender will release all liens it



holds on any remaining lots. Lender waives any deficiency on the \$170,000.00 Promissory Note.

B. Promissory Note Secured by House – Debtor shall list the House for sale at \$229,950.00. Debtor and Lender agree that every thirty (30) days commencing on the Effective Date, they will review the list price and modify it if requested by Lender. The subsequent listing prices shall be in accordance with the proposal agreed to by them and incorporated into this Plan. Lender agrees that the maximum deficiency to which it is entitled under this Promissory Note is \$25,000.00. Debtor agrees to pay Lender up to \$25,000.00 for any deficiency on this loan. The \$25,000.00 payment shall be due, without interest, on or before the later of the third anniversary of the Closing Date for the sale of the House or the third anniversary of the Effective Date.

Class 7 is an impaired class under Section 1124 of the Bankruptcy Code.

Class 8 – Secured Allowed Claim of Jackson County, Missouri for Real Estate Taxes

Jackson County, Missouri – Secured Allowed Claim of Jackson County, Missouri for real estate taxes in the amount of \$125.98 plus statutory interest shall be paid by the Debtor within thirty (30) days of the Effective Date. Payment may be by company check. This Creditor retains its liens until payment. Class 8 is an unimpaired class under Section 1124 of the Bankruptcy Code.

Class 9 – Secured Allowed Claim of Excelsior Springs, Missouri for Real Estate Taxes

Excelsior Springs, Missouri – Secured Allowed Claim of Excelsior Springs, Missouri for real estate taxes in the amount of \$7,895.10 plus statutory interest shall be paid by the Debtor from the proceeds of the additional loan from Pony Express Bank within ninety (90) days of the

Effective Date. Payment may be by company check. This creditor retains its liens until payment. Class 9 is an unimpaired class under Section 1124 of the Bankruptcy Code.

Class 10 – Secured Allowed Claim of City of Liberty, Missouri

City of Liberty, Missouri – Secured Allowed Claim for real estate taxes in the amount of \$33,542.36 as of the Petition Date. The portion of the real estate taxes attributable to the vacant lots 2, 8, 9, and 11 of Whitehall Third Plat plus statutory interest shall be paid by the Debtor from the proceeds of the additional loan from Pony Express Bank within ninety (90) days of the Effective Date. The remaining real estate taxes (\$36,533.47 with statutory interest to September 30, 2011) shall be paid by monthly payments beginning ninety (90) days after the Effective Date in an amount equal to pay the outstanding balance of the real estate taxes over a five (5) year period. The taxes shall bear interest up to the Effective Date at the statutory rate. Subsequent to the Effective Date, the amounts due hereunder shall bear the rate of five percent (5.00%) per annum. This creditor retains its liens until payment. Payment may be by company check. Class 10 is an impaired class under Section 1124 of the Bankruptcy Code.

Class 11 – Unsecured Allowed Claim of Clay County, Missouri for Real Estate Taxes

Clay County, Missouri - Secured Allowed Claim for real estate taxes in the amount of \$464,224.96 with statutory interest as of September 30, 2011. The portion of the real estate taxes attributable to the vacant lots 2, 8, 9, and 11 of Whitehall Third Plat and West Springs subdivision plus statutory interest shall be paid by the Debtor from the proceeds of the additional loan from Pony Express Bank within ninety (90) days of the Effective Date. The real estate taxes on Lots 123 and 133 Pine Grove Meadows shall be paid from the sale proceeds at closing of the sale of these properties (which are currently under contract). The real estate taxes on 7502-7504 North Eastern Avenue, Kansas City, Missouri, which is being foreclosed by Bank

Liberty subject to the taxes therein, shall be paid by the purchase of that property. The remaining real estate taxes (\$400,392.65 as of September 30, 2011) shall be paid by monthly payments beginning ninety (90) days after the Effective Date in an amount equal to pay the outstanding balance of the real estate taxes amortized and paid over a ten (10) year period. The taxes shall bear interest up to the Effective Date at the statutory rate. Subsequent to the Effective Date, the amounts due hereunder shall bear the rate of five percent (5.00%) per annum. This creditor retains its liens until payment. Payment may be by company check. Class 11 is an impaired class under Section 1124 of the Bankruptcy Code.

Class 12 – Secured Allowed Claim of City of Kansas City, Missouri for Real Estate Taxes

City of Kansas City, Missouri - Allowed Claim by City of Kansas City, Missouri for real estate taxes (in Clay County) in the amount of \$72,853.52. The real estate taxes on Lots 123 and 133 Pine Grove Meadows shall be paid from the sale proceeds at closing of the sale of these properties (which are currently under contract). The real estate taxes on 7502-7504 North Eastern Avenue, Kansas City, Missouri, which is being foreclosed by Bank Liberty, subject to the taxes due, shall be paid by the purchaser of that property. The remaining real estate taxes (\$69,209.33 with statutory interest as of September 30, 2011) shall be paid by monthly payments beginning ninety (90) days after the Effective Date in an amount equal to pay the outstanding balance of the real estate taxes over a five (5) year period. The taxes shall bear interest up to the Effective Date at the statutory rate. Subsequent to the Effective Date, the amounts due hereunder shall bear the rate of five percent (5.00%) per annum. Payment may be by company check. Class 12 is an impaired class within the meaning of Section 1124 of the Bankruptcy Code.

Class 13 – Unsecured Allowed Claim With Priority of Clay County, Missouri

Clay County, Missouri - Unsecured Allowed Claim With Priority of Clay County, Missouri for taxes in the amount of \$1,313.13 shall be paid by the Debtor within thirty (30) days of the Effective Date. Payment may be by company check. Class 13 is an impaired class under Section 1124 of the Bankruptcy Code.

Class 14 – General Unsecured Allowed Claims Without Priority

Class 14 consists of the following General Unsecured Allowed Claims Without Priority in the aggregate amount of \$5,404,086.22:

NAME	AMOUNT
Ace Dumpster	\$975.00
All-American Redi-Mix	\$1,919.00
Bank of the West	\$3,636,830.76
BKD, LLP	\$17,800.00
Buckner's Heating and Cooling	\$1,678.64
Chris Leon Mason Painting	\$3,702.50
Commercial Credit Group	\$520,624.07
Damon Pursell Construction Company	\$971,943.72
Gunn, Shank & Stover	\$17,023.59
Internal Revenue Service	\$180.19
Kansas City Power & Light	\$175.80
KCMO Water Services Dept.	\$1,152.41
Missouri Gas Energy	\$1,565.83
NKC Bureau of Investigation	\$1,497.00
Pine Groves Home Association	\$1,551.78
Porter Roofing Company	\$3,455.00
Randall McPike	\$39,284.00
Sol's Glass Company	\$369.50
Union Bank	\$174,925.97
Vaughn Mechanical, Inc.	\$3,813.57
Wilson-Carr Construction Company	\$347.15
Wilson Floor Coverings, Inc.	\$3,270.74
<b>TOTAL</b>	<b>\$5,404,086.22</b>

Class 14 will receive monthly payments commencing on the 15<sup>th</sup> of the fourth full month after the Effective Date. The payments will continue for a period of one hundred and twenty

(120) months and will equal ten percent (10%) of the aggregate unsecured claims listed in this paragraph. The payments made to Class 14 Allowed Claims shall be made on a pro rata basis.

Class 14 is an impaired class under Section 1124 of the Bankruptcy Code.

Class 15 – Contingent, Unliquidated Secured Claim of PAF Investment, LLC

PAF Investment, LLC – PAF Investment, LLC holds a junior judgment lien (for a debt on which the Damon Pursell Construction Company was the primary obligor) in the Debtor's real property located in Clay County, Missouri. Based on Debtor's records, the Debtor states that the total amount of PAF Investment LLC's contingent, unliquidated secured Claim as of the date of this Plan is \$2,239,859.98.

PAF Investment, LLC's claim is being paid by Daman Pursell Construction Company ("DMCC") as a Class 5 Secured Claim under Debtor's Second Amended Plan of Reorganization dated April 29, 2011, and filed as Document 393 in Case No. 11-44965-JWV11 in the United States Bankruptcy Court for the Western District of Missouri. DMCC's Second Amended Plan was confirmed on May 10, 2011, in Case No. 10-44965 (Document No. 398 therein). PAF Investment, LLC's judgment lien on the real property of Debtor shall be extinguished upon confirmation of this Plan.

Class 15 is an impaired class under Section 1124 of the Bankruptcy Code.

Class 16 – Interest of the Members of Debtor

Interest of the Members of Debtor – The holders of the equity interests in Debtor (Michael Pursell and Pursell Land, LLC) shall retain their equity interest in the Reorganized Debtor held in Debtor prepetition. Class 16 is an unimpaired class within the meaning of Section 1124 of the Bankruptcy Code.

15. **EXECUTORY CONTRACTS**

**All executory contracts and unexpired leases that are not specifically rejected by the Debtor prior to confirmation of the Plan, or for which the Debtor has not applied to the Court for permission to reject prior to confirmation, or which have not been rejected pursuant to the terms of the Plan, will be assumed. Debtor reserves the right to reject executory contracts any time prior to confirmation.**

16. **MEANS FOR EXECUTION OF THE PLAN**

(a) **Cash Flow from Business Operations.**

The Debtor will execute the Plan through a continuation of its operations as contemplated under the Plan. The operation of Debtor's commercial leasing business is expected to generate sufficient operating revenue to pay all secured Allowed Claims over an extended period of time in accordance with the Plan, to pay allowed administrative claims, and to pay the proposed dividend to unsecured Allowed Claims in accordance with the Plan.

(b) **Exit from Residential Development.**

The Debtor's Agreements with Morrill & Janes Bank, Bank Liberty, and Pony Express Bank provide for the orderly liquidation of its remaining residential real estate holdings without further burdening the Debtor's commercial leasing business. The Debtor's only remaining real estate will be commercial property. The Debtor will continue to retain its membership interest in North River Holding, LLC but it has not guaranteed its debt and has no obligation to make capital contributions under its membership agreement. (The failure of the Debtor to make capital contributions to North River Holdings, LLC may result in the reduction of its membership percentage and/or may result in the foreclosure by North American Savings Bank on all assets of North River Holdings, LLC.) The separation of the residential development business from the

remaining commercial real estate leasing business should allow the Debtor to ultimately regain its financial footing.

17. VOTING ON ACCEPTANCE OR REJECTION OF THE PLAN AS GOVERNED BY THE PROVISIONS OF THE BANKRUPTCY CODE

Each voting creditor will be supplied with an official ballot in the form prescribed by the bankruptcy court. Creditors may vote to accept or reject the Plan by filing a completed ballot with the clerk of the bankruptcy court. A class of creditors will be considered to have accepted the Plan, (1) if accepted by creditors holding at least two-thirds an amount and more than one half in number of the Allowed Claims of such class that have voted; or (2) if the class is unimpaired within the meaning of the Bankruptcy Code.

After time for voting on the Plan passes, the bankruptcy court will hold a hearing and rule on confirmation of the Plan in accordance with the Bankruptcy Code. If all requirements for confirmation of Plan under the Bankruptcy Code are satisfied except that the Plan is not accepted by the creditors, the bankruptcy court may confirm the Plan without acceptance of creditors if the court finds that the Plan does not discriminate unfairly, and is fair and equitable within the meaning of the bankruptcy code with respect to any class of creditors that does not accept the Plan.

18. TREATMENT OF EQUITY INTEREST HOLDERS

**The holders of equity interests in Debtor shall retain their equity interests in the Reorganized Debtor equal to the percentage interest they held in Debtor prepetition, subject to the terms of the treatment for Class 16.**

19. REORGANIZED DEBTOR AND THE DESIGNATION OF ALLOWED CLAIMS AND DISPUTED CLAIMS

On and after the Effective Date, the Reorganized Debtor will make all distributions under the Plan required to be made by the Reorganized Debtor to or for the benefit of the holders of Allowed Claims.

Pursuant to § 1123(b)(3)(B) of the Bankruptcy Code, the Reorganized Debtor may investigate, file, enforce, exercise, abandon, prosecute, adjust, settle or compromise all Claims, proceedings, rights and causes of action of the Debtor and its Estate, other than Claims, proceedings, rights and causes of action that have been waived, released, compromised or settled under or in connection with the Plan or otherwise. After the Effective Date, the Reorganized Debtor reserves its right to pursue any avoidance actions under §§ 544, 545, 547, 548, and 549 of the Bankruptcy Code.<sup>1</sup>

All proceedings relating to the allowance, disallowance, subordination or estimation of Claims will be diligently investigated, filed, enforced, exercised, abandoned, adjusted, settled or compromised by the Reorganized Debtor at its sole cost and expense.

Each and every holder of an Allowed Claim that elects to participate in the distributions provided for under the Plan represents and warrants to the Debtor that such holder is authorized to accept in consideration of such Allowed Claims the distributions provided for under the Plan and that there are no outstanding commitments, agreements or understandings, express or implied, that may, or shall, in any way defeat or modify the rights conveyed or released or obligations undertaken under the Plan.

## 20. REVERTING OF PROPERTY AND DISCHARGE OF CLAIMS

### (a) Reverting of Property and Assumption of Business: Substantial Consummation.

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<sup>1</sup> The Debtor will file all avoidance actions it intends to pursue prior to the final confirmation hearing.



On the Effective Date, all property of the Debtor and its Estate shall revert to the Reorganized Debtor free and clear of any and all Liens, Claims, encumbrances or restrictions, and the Reorganized Debtor shall assume the businesses of the Debtor and its Estate, except as otherwise provided in the Plan or the Confirmation Order. The Reorganized Debtor will thereafter operate the business and may use, sell, acquire, lease or otherwise dispose of its property in accordance with the Plan and the Confirmation Order, but otherwise shall be free of any restrictions imposed by the Bankruptcy Court, the Bankruptcy Code, the Bankruptcy Rules or the Office of the United States Trustee.

Substantial consummation of the Plan within the meaning of the Bankruptcy Code shall have occurred on the Effective Date when the Reorganized Debtor has assumed the business of the Debtor and its Estate and the distributions under the Plan have commenced in the manner provided in the Plan and the Confirmation Order.

(b) Discharge of Claims and Debts.

Except as otherwise expressly provided in the Plan, the Confirmation Order or any Final Order with respect to any particular Allowed Claim made pursuant to an agreement or stipulation entered into by the Debtor and the holder of that Allowed Claim, the entry of the Confirmation Order shall, on the Effective Date, discharge and release the Debtor and its Estate from any and all Claims, debts and Liens that arose before the Confirmation Date and any and all Claims and debts of the kind described in §§ 502(g), 502(h) or 502(l) of the Bankruptcy Code, including, but not limited to, any Claim or debt based on a deficiency, whether or not:

- i. A Proof of Claim based on such Claim or debt is filed or deemed filed under § 1111(a) of the Bankruptcy Code;
- ii. Such Claim or debt is an Allowed Claim; or

iii. The holder of such Claim or debt has accepted the Plan.

The confirmation of the Plan does not discharge the Debtor from any debt excepted from discharge under 11 U.S.C. § 523.

(c) Effect of Discharge

The discharge and release provided for under the Plan shall have the effects set forth in the Bankruptcy Code, including, but not limited to:

- i. Voiding any judgment obtained against the Debtor on any discharged Claim or debt;
- ii. Operating as an injunction against the commencement or continuation of any action, employment or process or any act to collect, recover or offset any discharged Claim or debt; and
- iii. Operating as injunction against the commencement or continuation of any action, the employment of process or any act to collect, recover or offset any Claim or debt against any property of the Debtor or its Estate, except as otherwise permitted by the Plan or the Confirmation Order.

21. JURISDICTION OF THE BANKRUPTCY COURT

Section 11.1 of the Plan provides that, after the Confirmation Date and after the Effective Date, the Bankruptcy Court will retain the authority and jurisdiction as is allowed under Title 28 of the United States Code, the Bankruptcy Code or other applicable law. Section 11.1 further describes a number of specific matters and proceedings with respect to which the Bankruptcy Court will continue to have jurisdiction, including, but not limited to, (1) proceedings relating to Claims, Interests or rights in, Liens on or title to property the Debtor or its Estate; (2) the enforcement, interpretation or modification of the Plan, the Confirmation Order or any

document, instrument, agreement or action undertaken in connection with the Plan or the Confirmation Order or any order entered in the Reorganization Case before or after the Effective Date; (3) taxed, tax refunds, tax attributes and tax benefits and similar related matters with respect to the Debtor, its Estate or the Reorganized Debtor arising prior to the Effective Date or relating to the period of administration of the Reorganized Case; and (4) applications for compensation or reimbursement of expenses incurred before or after the Effective Date, to the extent provided under the Bankruptcy Code, the Bankruptcy Rules, the Plan or the Confirmation Order.

22. CONDITIONS TO THE EFFECTIVENESS OF THE PLAN

(a) Conditions.

The following conditions must occur and be satisfied on or before the Effective Date for the Plan to be effective on the Effective Date:

- i. The Confirmation Order shall have been signed by the Bankruptcy Court and duly entered on the docket for the Reorganization Case by the Clerk of the Bankruptcy Court in form and substance acceptable to the Debtor;
- ii. There shall not be any stay in effect with respect to the Confirmation Order;
- iii. The Confirmation Order shall be a Final Order; and
- iv. The Plan shall have been approved by the Bankruptcy Court.

(b) Waiver of Conditions.

The conditions set forth above in paragraphs (a) (ii) and (iii) may be waived or modified in whole or in part by the Debtor. The conditions set forth above in paragraphs (a) (i) and (ii) may not be waived or modified in whole or in part by the Debtor.

23. MISCELLANEOUS PROVISIONS

(a) Dates on which Distributions are Made.

All distributions under the Plan to be made to or for the benefit of the holders of Allowed Claims shall be made by the Reorganized Debtor to or for the benefit of the holders of Allowed Claims as and when due in the manner set forth in the Plan, or as soon thereafter within thirty (30) days as is practicable.

All distributions to be made by the Reorganized Debtor to the holders of Allowed Claims shall be made by company checks.

(b) Modification of the Plan.

The Plan may be altered, amended or modified only by the Debtor before, on, or after the Confirmation Date pursuant to § 1127 of the Bankruptcy Code. The Plan may not be altered, amended, or modified without the written consent of the Debtor or Order of the Bankruptcy Court, as the case may be.

(c) Addresses for Distributions to the Holders of Allowed Claims.

Unless otherwise provided in the Plan or a Final Order of the Bankruptcy Court, distributions to be made under the Plan by Debtor to the holders of Allowed Claims shall be made by first class United States mail, postage prepaid, to the latest mailing address set forth in a Proof of Claim timely filed with the Bankruptcy Court by or on behalf of the holders of the Allowed Claim or, if no such Proof of Claim has been timely filed, the mailing address set forth in the Schedules of Assets and Liabilities filed by the Debtor in the Reorganization Case, as amended. It is the duty and responsibility of each holder of an Allowed Claim entitled to participate in distributions under the Plan to notify the Debtor of its most recent address. The Debtor is not required to make any other effort to locate or ascertain the address of the holder of any Allowed Claims.

(d) Cramdown.

If any impaired Class under the Plan fails to vote to accept the Plan, the Debtor has reserved the right to request that the Bankruptcy Court find that the Plan does not discriminate unfairly and is fair and equitable with respect to each such impaired Class, and confirm the Plan pursuant to § 1129(b) of the Bankruptcy Code.

24. RISK ANALYSIS

The following is intended to be a summary of certain material risks associated with the Plan and the Reorganized Debtor, but is not exclusive. Each creditor should analyze and evaluate the Plan and the risks and the other information set forth in this Disclosure Statement as a whole with its, his, or her advisors in determining whether to vote to accept or reject the Plan.

(a) Inherent Uncertainty in the Financial Projections.

The projections set forth in *Exhibits B-2 and B-3* to this Disclosure Statement represent the best possible prediction of future events based on certain assumptions set forth with such projections. These future events may or may not occur, and the projections may not be relied upon as guarantee, representation or other assurance of the actual results that will occur. Because of the numerous risks and inherent uncertainties that will affect the operations of the Reorganized Debtor, the actual results of the Reorganized Debtor may be different from those projected, and such differences may be material and may adversely affect the Reorganized Debtor and its operations.

(b) Tax Consequences.

Consumption of the Plan may have significant tax consequences that may adversely affect the Reorganized Debtor and certain creditors. See Section 25 below.

(c) Other Factors.

In addition, other issues unidentified or unquantified at the present may adversely affect the Reorganized Debtor.

25. TAX CONSEQUENCES OF THE PLAN

(a) Introduction.

**CONSUMMATION OF THE PLAN WILL HAVE SIGNIFICANT TAX CONSEQUENCES THAT MAY ADVERSELY AFFECT THE REORGANIZED DEBTOR AND CERTAIN CREDITORS.**

**THE DEBTOR BELIEVES THAT EACH HOLDER OF A CLAIM SHOULD DISCUSS ANY POTENTIAL INCOME TAX CONSEQUENCES OF THE PLAN WITH COMPETENT TAX COUNSEL IN ORDER TO FULLY UNDERSTAND THE TAX IMPACT OR POTENTIAL IMPACT OF THE PLAN ON SUCH HOLDER OF A CLAIM OR INTEREST.**

(b) Federal Taxes.

The Plan may modify or affect the timing of the federal income tax treatment of Claims.

Debtor makes no representation nor renders any opinion as to what the income tax consequences will be or are likely to be in the case of confirmation of the plan to any creditor. Each member of each class is solely responsible for determining the federal income tax consequences applicable to its own circumstances. Creditors are advised to consult with their tax advisors concerning the individual tax consequences of the plan as it affects their particular claim or interest, including the impact of state and local taxes. No opinion of tax counsel has been sought or obtained in connection with this disclosure statement. The statements contained herein are only general observations and are not to be interpreted or construed as legal advice.

26. ALTERNATIVES TO THE PLAN

The Debtor believes the Plan provides Claimants with the greatest possible value that can be realized on their Allowed Claims and recommends that you vote to accept the Plan. In the event that the Plan is not confirmed, the alternatives for creditors include the filing of another plan by Debtor or another party-in-interest, conversion of the Chapter 11 proceeding to Chapter 7 liquidation, or dismissal of the case. Each of the foregoing alternatives is discussed below.

27. LIQUIDATION UNDER CHAPTER 7 OF THE BANKRUPTCY CODE

(a) Description.

Alternatively, a liquidation of the Debtor could be conducted. For the reasons set forth below, the Debtor believes that the distributions to all Allowed Claims under the Plan will be greater than the distributions that might be received after a liquidation of the Debtor pursuant to Chapter 7 of the Bankruptcy Code. To calculate what a member of each Class of Claims and Interests would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code, the Bankruptcy Court must first determine the dollar amount that would be generated from the liquidation of the Debtor (the "Gross Liquidation Value").

As set forth in the Liquidation Table below, the Gross Liquidation Value must be reduced by the costs of the Chapter 7 liquidation in order to ascertain the possible distributions to holders of Claims and Interests. The Debtor's costs of liquidation under Chapter 7 would likely include at least the following: (1) the fees and expenses of the Chapter 7 trustee, as well as those of counsel and other professionals that might be retained by the Chapter 7 trustee; and (2) commissions and selling expenses. These Allowed Claims, and such other Allowed Claims as might arise in the Chapter 7 liquidation or result from the Reorganization Case, such as tax Allowed Claims, would be paid in full out of the proceeds from a Chapter 7 liquidation before

the balance would be made available to make a distribution on account of non-priority unsecured Allowed Claims.

In determining the likely distributions to the holders of Allowed Claims in a Chapter 7 liquidation case, the Bankruptcy Court will also consider whether, and to what the extent, the Allowed Claims in a Chapter 7 liquidation would be greater than would be the case if the Plan were confirmed, thereby significantly diminishing the recovery of all unsecured creditors in the Chapter 7 liquidation scenario. Additionally, in any Chapter 7 liquidation case, the Bankruptcy Court would have to determine the extent, priority and possible subordination of various Classes of Claims. These issues could result in litigation and Claims that would both delay and reduce substantially the distribution to creditors in any Chapter 7 liquidation case.

The starting point for determining Gross Liquidation Value is determining the liquidation value of the Debtor's assets. In the event of a liquidation of the assets of the Debtor, either under Chapter 7 or by the secured creditors themselves, if the case were dismissed and they proceed to foreclose against their collateral, there would be no chance of any excess value to be available for unsecured creditors or holders of tax penalty Claims.

After considering the effect that a Chapter 7 liquidation is likely to have on the net value of the Debtor's assets, including the adverse effect of a forced sale on the prices obtained for the Debtor's assets, the costs and expenses of a Chapter 7 liquidation, the likely increase in Claims against the Debtor in a Chapter 7 case, and the delay in the distribution, the Debtor has determined that no material liquidation proceeds would be available for distributions to creditors other than the secured creditors. The Liquidation Table below reflects the Debtor's computations of the result of a liquidation.

(b) Liquidation Table



The Debtor estimates the value of its properties as follows:

**PURSELL HOLDINGS, LLC  
LIQUIDATION ANALYSIS**

<b><u>Assets</u></b>	<b><u>Liquidation Value</u></b>
Land (Commercially Zoned)	\$1,000,000.00
Land (Residentially Zoned)	\$350,000.00
Residential Real Estate (Three Homes)	\$600,000.00
Commercial Real Estate (Buckeye Industrial Park – Buildings)	\$5,500,000.00
Commercial Real Estate (Headquarters Building)	\$1,750,000.000
Stock and Interests in Businesses	\$0.00
Accounts Receivables	\$30,000.00
Automobiles	<u>\$60,000.00</u>
<b>Total Assets</b>	\$9,290,000.00
<b>Total Debt</b>	\$16,404,729.53

28. DISMISSAL

Dismissal of the case would have the effect of restoring (or attempting to restore) all parties to their status prior to the filing of the Reorganization Case. The likely consequence of a dismissal is the institution of foreclosure proceedings by one or more of the secured creditors and lawsuits by unsecured creditors who would then attempt to levy on the Debtor's assets. These foreclosures would terminate the Debtor's business operations and virtually assure all other creditors of a zero distribution on their debts. Therefore, the Debtor believes that dismissal of the case is not a viable alternative to the Plan.

29. CONFIRMATION REQUIREMENTS

At the hearing on the confirmation of the Plan, the Bankruptcy Court will confirm the Plan only if the requirements of the Bankruptcy Code, particularly those set forth in §1129, have been satisfied.

30. ACCEPTANCES NECESSARY TO CONFIRM THE PLAN

At the hearing on the confirmation of the Plan, the Bankruptcy Court must determine, among other things, whether the Plan has been accepted by the requisite amount and number of Allowed Claims in each impaired Class. Under the Bankruptcy Code, a Class of creditors is impaired if their legal, equitable or contractual rights are altered by a proposed Plan of Reorganization. If a Class is not impaired, each creditor in such unimpaired Class is conclusively presumed to have accepted the Plan pursuant § 1126(f) of the Bankruptcy Code. All Classes are impaired under the Plan and holders of Allowed Claims in such Classes are entitled to vote for or against the Plan by completing and returning the ballots mailed to them with the Disclosure Statement in the manner set forth in the ballots.

Under § 1126 of the Bankruptcy Code, an impaired Class of creditors and each holder of a Claim in such Class will be deemed to have accepted a Plan if the holder of at least two-thirds in amount and more than one-half in number of the Allowed Claims in such impaired Class for which completed ballots have been received have voted for acceptance of the Plan. An impaired Class of equity Interests and each holder of an Interest in such Class will be deemed to have accepted a Plan if the Plan has been accepted by at least two-thirds in amount of the Interests in such Class who actually vote on the Plan.

If all impaired Classes under the Plan do not accept the Plan, the Debtor intends to request the Bankruptcy Court to confirm the Plan pursuant to § 1129(b) of the Bankruptcy Code. To confirm the Plan under § 1129(b) of the Bankruptcy Code, the Bankruptcy Court must determine, among other things, that the Plan does not discriminate unfairly and that it is fair and equitable with respect to each Class of impaired Allowed Claims that have not voted to accept the Plan.

31. BEST INTEREST OF CREDITORS

To satisfy one of the requirements necessary for confirmation of the Plan, the Debtor must establish and the Bankruptcy Court must find that, with respect to each Class of Allowed Claims under the Plan, each holder of an Allowed Claim in that Class either has accepted the Plan or will receive or retain under the Plan on account of such Allowed Claims property of a value that is at least the amount that such holder would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. Section 27 of this Disclosure Statement entitled “Liquidation Under Chapter 7 of the Bankruptcy Code” contains the Debtor’s analysis of the likely results of a Chapter 7 liquidation of the Debtor. The Bankruptcy must compare the value of the distributions that would be made to each Class in a Chapter 7 liquidation case to the value of the distributions to each Class under the Plan to determine if the Plan is in the best interest of each Class of Allowed Claims. THE DEBTOR BELIEVES THAT THE PLAN IS IN THE BEST INTEREST OF THE HOLDERS OF ALL ALLOWED CLAIMS AND PROVIDES VALUE TO ALL OF THEM AT LEAST IN THE AMOUNTS THEY WOULD RECEIVE IN A CHAPTER 7 LIQUIDATION CASE OF THE DEBTOR.

32. FEASIBILITY

As a condition to confirmation of the Plan, the Bankruptcy Code requires the Bankruptcy Court to determine that confirmation is not likely to be followed by liquidation of the Reorganized Debtor or the need for its further financial reorganization. For purposes of determining whether the Plan meets this “feasibility” standard, the Debtor has projected the ability of the Reorganized Debtor to meet its obligations under the Plan and to continue operations. As shown in the Debtor’s pro-forma financial projections (*Exhibit B-2 and B-3*) the Reorganized Debtor will be able to meet its obligations under the Plan.

The Debtor believes that the results set forth in the financial projections are reasonable and attainable by the Reorganization Debtor and that the Reorganized Debtor will have sufficient funds available to operate and meet the obligations under the Plan. Much effort has been made to ensure that the financial projections and the assumptions on which they are based are reasonable. The Debtor cautions, however, that no representations can be made by the Debtor with respect to the accuracy of the financial projections or the Reorganized Debtor's ability to achieve the projected results. Many of the assumptions on which the financial projections are based are subject to major uncertainties. Some assumptions inevitably will not materialize and unanticipated event may affect the actual financial results. Therefore, the actual results achieved throughout the projection period will vary from the projected results and the variations may be material.

HOLDERS OF CLAIMS AGAINST THE REORGANIZED DEBTOR SHOULD CAREFULLY READ AND CONSIDER THE FACTORS SET FORTH ABOVE AS WELL AS OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THE REORGANIZATION DEBTOR'S ABILITY TO MAKE DISTRIBUTIONS IN ACCORDANCE WITH THE PLAN IS BASED ON THE REORGANIZED DEBTOR'S ABILITY TO EARN FUNDS FROM THE BUSINESS COMPARABLE TO THE PREVIOUS FIVE (5) YEARS' EARNINGS. THE DEBTOR BELIEVES THAT THE PLAN IS FEASIBLE, AND THE DEBTOR URGES THE HOLDERS OF ALL ALLOWED CLAIMS VOTING ON THE PLAN TO VOTE TO ACCEPT THE PLAN.

**THE DEBTOR**

PURSELL HOLDINGS, LLC

By: Michael Pursell, President

By: /s/ Michael Pursell  
By: Michael Pursell  
Title: President

Respectfully submitted,  
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ATTORNEYS FOR DEBTOR

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the above and foregoing was, on this 6th day of October, 2011, filed and served electronically by the Clerk of the Court to all parties receiving electronic notice.

/s/ Frank Wendt  
Attorney for Debtor

